



IMPACT OF NON-MONETARY EMPLOYEE BENEFITS ON MOTIVATION

(A study with reference to Chennai based Information Technology companies)

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Abstract

This study deals with the relationship between non-monetary Employee benefits and Motivation. Benefits could be monetary or non-monetary. Measurement of motivation itself is subjective and so is the impact of non-monetary employee benefits on motivation.

Keywords: Non- Monetary Benefit, Employee, Motivation.

Introduction

This study focuses on the impact of non-monetary employee benefits on motivation. Employee benefits could be monetary or non-monetary. Gone are the days when employees were interested only on monetary benefits. In this globalized era, employees are also keenly interested on non-monetary employee benefits.

Bartol and Martin (1998) relate motivation to the force that stimulates behavior, provide direction to behavior, and underlies the tendency to prevail. In other words individuals must be sufficiently stimulated and energetic, must have a clear focus on what is to be achieved, and must be willing to commit their energy for a long period of time to realize their aim in order to achieve goals.

However, other than motivation being a force that stimulates behavior, Vroom (1964) emphasized on the voluntary actions. Supported by Steers et al. (2004), Vroom defined motivation as "a process governing choice made by persons...among alternative forms of voluntary activity." Similarly Kreitner and Kinicki (2004) assumed that motivation incorporate those psychological processes that create the arousal, direction and persistence of voluntary actions that are goal oriented.

Quite differently from the other definitions, Locke and Latham (2004) identified that motivation influence people's acquisition of skills and the extent to which they use their ability. According to the authors "the concept of motivation refers to internal factors that impel action and to external factors that can act as inducements to action. The three aspects of action that motivation can affect are direction (choice), intensity (effort), and duration (persistence). Motivation can affect both the acquisition of people's skills and abilities; and also the extent to which they utilize their skills and abilities".

An employee who is motivated will perform his best with complete utilization of his skills/abilities/potential. When an employee is highly motivated, his morale will also be high. Positivity is contagious. Motivated employees will at most times ensure that the employees around them (in their team) are also high on energy and synergies. An employee who is highly motivated will also be ready and more than willing to accept change, to learn new technologies and be open to new ideas/suggestions. Highly motivated employees will also co-operate better with the other teams in the organization as well. This will lead to an all round growth and development of these employees.

Impact of non-monetary employee benefits on motivation varies from employee to employee. This impact also varies based on age, sex, marital status, family status, education level, level of experience and several other factors. A company must keep in mind all these factors while offering non-monetary benefits.

For this study, employee benefits are classified as:

1. Health benefits
2. Safety benefits
3. Work schedule needs
4. Love/Personal needs/benefits
5. Esteem needs/benefits
6. Communication system/benefits
7. Self-actualization needs
8. Miscellaneous benefits



Review of Literature

Padaki and Dolke's (2015) study on job-attitudes of supervisors has found lack of recognition, unfavourable superior-subordinate relationship, lack of technically-competent supervision, unfavourable organisational policies and administration and inadequate salary as the major dissatisfiers. Another study conducted by them has also found more or less the same as perceived dissatisfiers.

Harris County (2015) talks about Dental plans in the United States. Costs of traditional indemnity plans have increased 8 to 10 percent annually, whereas dental HMO (Health Maintenance Organization) costs have increased only 5 percent or less per year. Enrollment in managed dental plans kept rising every year and analysts predicted that in the next 10 years more than half of the employees would be included in some form of managed dental plan.

Michael Armstrong (2012) talks about services to employees in his book. Services include help and advice to employees who are sick and on long leave, counseling for domestic problems and retirement benefits. Such benefits can also be through a phone call when an outside agency is involved.

In his book on irrationality, Sutherland (2011) speaks about how rewards and punishments are mis-used. In specific, Sutherland talks about problems associated with material reward. Experiments conducted showed empirical evidence that a large reward devalues a pleasant task. This is explained by the fact that people perceive that tasks cannot be intrinsically interesting or pleasurable. Sutherland suggests that material rewards helps in getting people do something in the short-run. Where tasks are intrinsically pleasurable people who are rewarded will engage in less of an activity after reward is withdrawn compared to people who have never been rewarded. However praise functions in a different way than material rewards and does not devalue tasks. This is because praise can be internalized and is not finite.

Grant and Gino (2010) concluded in their study "A Little Thanks Goes a Long Way: Explaining Why Gratitude Expressions Motivate Prosocial Behavior" that gratitude shown in the workplace can promote "prosocial" behavior the carries throughout the company. In their discussion they state, "Our findings complement this line of research by demonstrating that expressions of gratitude, not only experiences of gratitude, have spillover effects on prosocial behavior. As such, our research suggests that gratitude expressions may have important theoretical and practical implications for encouraging prosocial behaviors that promote cooperation..."

One of the earliest studies by Dayal and Saiyadain (2009) used the original methodology of Herzberg and found sufficient evidence to support the Motivation-Hygiene Theory. They collected data on 20 technical and 20 non-technical personnel, with work experience ranging from one to ten years. All of them were interviewed individually. They were given the following instructions: "Think of a situation when you felt exceptionally good/bad in your recent experience, or in any job that you held before, and tell us what happened. Make sure that you describe only those situations where you yourself were involved". The interviews which were tape recorded were later content analyzed. The rank order based on the percentages of contents and the results of the original study by Herzberg and others (1959) were compared with the Indian sample. The following conclusions were drawn:

- a) Technical and on-technical employees drawn from Indian organizations indicate that the order of the factors in their satisfying and dissatisfying experiences is similar to that of US accountants and engineers, suggesting that people belong to different professions and cultures experience similarity in indicating motivators and hygiene factors.
- b) As far as exceptionally good situations are concerned, both Indian and US sample rank motivators as important and hygiene factors as of low significance to them.
- c) As far as the dissatisfying or exceptionally bad situation are concerned, Indian and US samples varied in their perception of what contributes to dissatisfaction. The US sample sees company policy and administration as the most important hygiene factor contributing to dissatisfaction. The Indian sample sees supervision as the most significant hygiene factor contributing to unpleasant situations.

Singhal and Upadhyay's³ study (2009), on supervisors (N=22), has also found opportunities for promotion, job security, working conditions, work group, opportunities for training, competent and sympathetic supervisors, adequate income and other facilitates, etc. as the major motivational factors.

Isao Ohashi (2005) in his empirical study, analyzed the effects of pension benefits, family conditions, the personal characteristics of older individuals on job satisfaction and reported that the number of hours worked, work environment and type of job than to wages are the major determinants of job satisfaction.



Objectives of the Study

1. To analyze the non-monetary employee benefits offered by IT companies.
2. To find the relation between non-monetary employee benefits and motivation.

Methodology

The following 3 steps Research Methodology is applied to conduct this research. They are:

- 1.Pre-test and measures compilation
- 2.Pilot study
- 3.Main study

In the first stage of pre-testing and measures compilation, the researcher thoroughly investigated literature reviews and obtained statement and scales from previous researchers. These statement and scales are compiled systematically to ascertain employee opinion on benefits and motivation. The further refinement of these statements are done in the pre-test stage. The researcher obtained 30 responses from the employees of IT companies and Cronbach's Alpha method is applied. It is found that Cronbach Alpha co-efficient is found to be 0.797 which is above the benchmark value of 0.75. Therefore the questionnaire passed pre-test procedures and then entered into Second pilot study stage.

In the second stage, the researcher collected 50 responses from the employees of IT companies and the procedure is subject to the refinement through exploratory factor analysis. At this juncture, a meticulous care was taken to verify the cross loadings among the factors. The crossed variables are identified and removed from the analytical domain. This further refines the statements in the questionnaire considered for research.

In the third main study stage, the researcher collected 100 responses from top IT companies in Chennai city. Convenience sampling method is found suitable to obtain the responses with significant perceptual variance among the employees of IT companies. In this stage, the researcher applied confirmatory factor analysis and linear multiple Regression analysis simultaneously to identify the pre-dominant factors of employee benefits, motivation and the respective relationships.

Analysis and Discussion

Here, the researcher considered non-monetary employee benefits motivating employees in IT companies namely:

1. Health benefits
2. Safety benefits
3. Work schedule needs
4. Love/Personal needs/benefits
5. Esteem needs/benefits
6. Communication system/benefits
7. Self-actualization needs
8. Miscellaneous benefits

After reviewing national and international literature regarding motivation, the researcher identified 54 variables pertaining to employee motivation. These variables are responded by employees in IT companies in Likert's five point scale which ranges from strongly agree to strongly disagree. The application of factor analysis by Principal Component method reduced them into 6 pre-dominating factors and the results are presented below:

1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.692
Bartlett's Test of Sphericity	Approx. Chi-Square	4881.379
	df	2556
	Sig.	.000

From the above table, it is found that Kaiser Meyer Olkin measure of sampling adequacy is .692, Bartlett test of sphericity with approximate chi-square value is 4881.379 are statistically significant at 5 percent level. This shows that all 54 variables are normally distributed and fit for data reduction process. The following factors are derived with variants from the exploratory factor analysis.



1. Benefit oriented motivation - 11.375%
2. Psychological oriented motivation - 9.171%
3. Job security motivation - 6.022%
4. Career oriented motivation - 5.623%
5. Promotion policies 5.532%
6. Personal health motivation - 4.977%

This shows that these motivational factors are highly significant in employees perception.

The main aim of this empirical research is to find the influence of non-monetary employee benefits on motivation.

1.2 Influence of Non-monetary Employee Benefits on Motivation

Dependent Variables	R ² value	F value	Significance	Independent variable	T value	Significance
Benefit oriented motivation	0.133	2.670	0.000	Health benefits	1.391	0.000
Psychological oriented	0.300	3.391	0.000	Safety benefits	3.826	0.000
Job security motivation	0.411	3.392	0.000	Work Schedule benefits	2.479	0.000
Career oriented motivation	0.392	3.397	0.000	Personal needs	2.798	0.000
Promotion policies	0.259	3.043	0.000	Esteem needs	2.361	0.000
Personal health motivation	0.375	2.947	0.000	Communication needs	2.351	0.000
	0.496	2.453	0.000	Self-actualization needs	2.321	0.000
	0.354	3.683	0.000	Miscellaneous benefits	2.798	0.000

From the above table, it is found that all the 6 factors are highly influenced by the non-monetary employee benefits offered to the employees in IT companies. They are also ranked in the following table in the order of motivation. The F value is the basis to order the most influential and the least influential non-monetary employee benefits.

1.3 Influence Ranking Based on F Values

Factor	F value	Rank
Miscellaneous benefits	3.683	1
Personal needs	3.397	2
Work Schedule benefits	3.392	3
Safety benefits	3.391	4
Esteem needs	3.043	5
Communication needs	2.947	6
Health needs	2.670	7
Self-actualization needs	2.453	8

Miscellaneous benefits with the highest f value of 3.683 is the most influential and Self-actualization needs with f value of 2.453 is the least influential non-monetary employee benefit impacting motivation of employees in IT companies.

Findings and Conclusion

The empirical research concluded that the Miscellaneous benefits (sabbatical, library, facilities on travel, Canteen facility, transport facility, parking facility to name a few) offered to the employees in IT companies are able to rapidly motivate the employees to increase productivity in the organization. The employees in IT companies personally expect love/personal needs/benefits from the employer and they are ready to exhibit their maximum potentiality to create conducive work environment in the organization. Communication with greater transparency and openness create direct motivation among the employees to accrue maximum benefits to the IT companies.



Gaps in Review of Literature

There are a few studies focusing on self-actualization needs. However a deeper probe into the impact of self-actualization needs fulfillment on motivation is required. Since, Self-actualization needs are higher order needs, such studies need to be done in highly developed societies. This is because, a major proportion of employees are still struggling to make their ends meet in other words fulfill their financial, health and safety needs. Moreover, Maslow's need Hierarchy Theory is no longer applicable to all employees. Few employees skip love needs and esteem needs to fulfill their self-actualization needs.

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