

MONETARY AND NONMONETARY INCENTIVES INFLUENCE ON THE EMPLOYEES IN SBI AND ICICI BANK – A STUDY IN ANDHRA PRADESH

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Abstract:

The present study has demonstrated that the financial incentives such as pay & allowance, incentives, bonus and retirement benefits are considered most vital variables in determining the job satisfaction among the bank employees. The study conducted in the two banks of SBI and ICICI Banks of Andhra Pradesh. The data collected through the 444 respondents. The questionnaire has been divided into three parts: Part – A; Part – B and Part - C. The part – A consists of seven questions connected to respondent's demographic characteristics. The responses are measured using nominal and interval scales. Part – B consists of 38 questions related to the various characteristics of the banking. Part – C consists of 47 questions, all the items are measured by using five-point interval scale. The questionnaire ends with thanks for participation in the study. A combination of descriptive and inferential statistical techniques are used to analyse the data gathered on respondents demographic characteristics, financial and non-financial incentives, job satisfaction and the dependent variable employee productivity. Using the final data set, factor analysis is used to condense the large amount of data collected. For identifying the financial and non-financial incentives, job satisfaction and employee productivity, principal component analysis and VARIMAX rotation is performed to determine the factors to be used in the final analysis.

Introduction :

Indian economy is considered to be one of the oldest economies. There are many evidence which prove the existence of Indian coinage in history. In Rig Veda there is a description of the various coins and their values such as gold, silver, copper and bronze. The other Vedic manuscripts also narrated the various coins like silver, iron, lead and tin and also stated that many large temples were served as bankers. The writings in the ages of Buddha also witnessed the existence of structured money economy in this country. There are some other proofs which demonstrated that there is a strong banking system in the period of Maurya (321 to 185 BC). In this period people used an instrument called “Adesha” to perform the financial transactions. This instrument is like an order gives by the payer to the bank to pay the money to the payee. It is quite similar to the concept of bill of exchange in the modern days.

Concept of the study

Incentive plays the key role of motivator in any kind of organization be it production or service sector. It can add to the efficiency level of any employee and create a desire amongst the employees to give their best to the organization by putting in more energy and working with better

accuracy. These concepts of “incentive”, “reward” and “recognition” can be aptly applied to any sector be it production or service sector or otherwise banking as well (Hackman et al., 2011)¹⁴.

Hence, Incentives could be classified under two core classes:

- Monetary Incentives
- Non – Monetary Incentives

Monetary incentives as the name itself explains are the system of giving rewards directly in the form of cash by giving away payments or additional benefits bonuses etc. Whereas, the Non - fiscal incentives use the method of rewarding the employees with any kind of tangible or intangible benefits other than direct cash payments, thus they are also called as ‘non-cash incentives

Review of Literature

Igbaekemem Goddy, (2020) his main purpose of the research was to ascertain the relationship between monetary incentives and their impact on employee performance. Secondary data was used for collecting data in the research. Results concluded that, giving regular monetary incentives is not the key to all locks. It should also be kept in mind that a balanced mosaic of monetary and non-monetary incentive should be sprinkled as it is well known that “variety is the spice of life” Monetary and non-monetary incentives have different faces, structures and behaviors. Only equilibrium between monetary and non-monetary incentives can grasp the nettle of employees’ needs and wants. Motivation is a mystery, each person defines it in his own terms, conditions and limitations. The study found out that only monetary incentives are now moribund. An individual’s salary is of course the bedrock for him and his family and a way to all mod cons. But what is more important is that the managers go that extra mile to modify money and give it a face of a motivational tool. But to achieve this they meticulously need to examine the living and working conditions of their employees as many a times one man’s meat is another man’s poison.

Adisa Delic et al (2017) focused on “the impact of monetary and non- monetary incentives on job satisfaction”. The data was collected through direct contact with each respondent, their study concluded that monetary factors still have a very strong influence on the overall job satisfaction. Elements such as salary level compared to job complexity, salary comparison across different positions and employers, overtime compensation, financial support for professional development and pension expectations were the most significant material compensation factors that influence the overall level of employee job satisfaction in the banking sector (Chew, 2015)

Objectives

To analyze the research problem, the researcher framed the broad research questions. The research questions mounted for this research study is as follows:

To know the financial and non-financial incentives which provoke the job satisfaction among the banking sector employees

To Understand the impact of financial incentives over the job satisfaction?

Hypothesis of the study

H1₀: Financial incentives will not impact the job satisfaction with respect to:

H1_{0a}: Pay & Allowance;

H1_{0b}: Productivity based Incentives;

H1_{0c}: Bonus;

H1_{0d}: Retirement Benefits

Survey Instrument

The respondents were administered a structured non disguised questionnaire (shown in appendix – A). The questionnaire begins with a brief introduction revealing the purpose and importance of the study besides to statements allaying fears in terms of participation and confidentiality of their responses in the survey. The self-administered questionnaire is developed by using the scales from previous studies. The questionnaire comprises of different scales such as, dichotomous, multiple choice, and Likert's five-point interval scales, and open ended questions. The questionnaire has been divided into three parts: Part – A; Part – B and Part - C. The part – A consists of seven questions connected to respondent's demographic characteristics. The responses are measured using nominal and interval scales. Part – B consists of 38 questions related to the various characteristics of the banking. Part – C consists of 47 questions, all the items are measured by using five-point interval scale. The questionnaire ends with thanks for participation in the study.

Methods of Analysis

After completion of pilot study, full-fledged survey is carried out with the revised questionnaire. For the purpose of data analysis, a coding file was created with a distinctive code assigned to each variable. Further, the responses were coded, in the form of numbers assigned to each response. Data is arranged in an orderly fashion in a summary spread sheet, by counting the frequency of responses to each question. A case analysis for outliers and tests for violations of assumptions is conducted. The total analysis is carried out by using SPSS (Statistical Package for Social Sciences) 23.0. The main aim of this analysis was to examine the linkages between the independent variables and one dependent variable at a time.

A combination of descriptive and inferential statistical techniques are used to analyse the data gathered on respondents demographic characteristics, financial and non-financial incentives, job satisfaction and the dependent variable employee productivity. Using the final data set, factor analysis is used to condense the large amount of data collected. For identifying the financial and non-financial incentives, job satisfaction and employee productivity, principal component analysis

and VARIMAX rotation is performed to determine the factors to be used in the final analysis. Descriptive statistical techniques like mean, standard deviation, and cross tabulations are applied to both customer characteristics; variables associated with the proposed variables in the conceptual model. The frequencies, mean and standard deviation for each variable were presented in the data analysis chapter.

In order to assess the linkage between the financial incentives (Pay and Allowance, Incentives, Bonus and Retirement Benefits), non-financial incentives (Career Development, Job Enrichment, Employee Recognition and Employee Empowerment), job satisfaction and employee productivity the researcher conducted simple linear regression analysis (SLRA) to the each and every proposed hypothetical path. The derived results are summarised in the data analysis chapter

Table Total Population Details

S.No	Place of the Branch	Total No of Employees		No of Employee Considered for the Study	
		SBI	ICICI	SBI	ICICI
1	Guntur	94	121	35 (38%)	35 (29%)
2	Machilipatnam	87	95	35 (41%)	35 (37%)
3	Vijayawada	102	113	35 (35%)	35 (31%)
4	Eluru	69	76	35 (51%)	35 (47%)
5	Rajahmundry	76	84	35 (47%)	35 (42%)
6	Vizag	115	152	35 (31%)	35 (24%)
7	Vijayanagaram	42	52	35 (84%)	35 (68%)
8	Srikakulam	41	56	35 (86%)	35 (63%)
9	Ongole	56	65	35 (63%)	35 (54%)
10	Nellore	74	86	35 (48%)	35 (41%)
11	Chittor	71	87	35 (50%)	35 (41%)
12	Tirupati	92	115	35 (39%)	35 (31%)
13	Anantapuram	59	67	35 (60%)	35 (53%)
14	Kadapa	66	68	35 (54%)	35 (52%)
15	Karnool	76	85	35 (47%)	35 (42%)

Total	1120	1120	464 (42%)	444 (34%)
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Sampling Frame

Sampling frame is considered as the subset of a defined population which acts as source for selecting sample subjects for the study. All the district headquarters and the other main cities i.e totally 15 cities have been considered as the sample frame work for this study. The sampling framework for the study comprises of banks located in the following mentioned cities.

Table – 2 Value Inflation Factor (VIF) for Multicollinearity assumption for Model - 1

Coefficients^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.296	0.128	--	-2.302	0.022	--	--
	Pay & Allowance	-0.042	0.057	-0.033	-0.743	0.458	0.234	4.277
	Incentives	0.171	0.021	0.234	8.003	0.000	0.555	1.803
	Bonus	0.356	0.054	0.514	9.244	0.000	0.382	3.744
	Retirement Benefits	0.749	0.060	0.626	12.381	0.000	0.185	5.399
a. Dependent Variable: Job Satisfaction								

To check the multicollinearity assumption is also the mandatory aspect while going for the regression analysis. To determine the multicollinearity in the model – 1, the researcher adopted variance inflation factor (VIF). Variance Inflation Factor analysis is to be considered to be the most widely-used diagnostic test for testing the multicollinearity assumption in the model. According the specifications, the VIF values for all the proposed variables should be below the threshold level of 1-10 to ascertain low multicollinearity in the model. The variance inflation factor results for model - 1 is tabulated and presented. The results indicate that there is very low multicollinearity as the VIF values are below 5. Hence, we conclude that model – 1 met the multicollinearity assumption

Table – 3 Value Inflation Factor (VIF) for Multicollinearity assumption for Model - 2

Coefficients^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.169	0.104	--	20.944	0.000	--	--
	Career Development	0.888	0.025	0.775	35.814	0.000	1.000	1.000
2	Job Enrichment	0.759	0.031	0.688	32.133	0.000	1.000	2.000
3	Employee Recognition	0.635	0.034	0.655	31.254	0.000	1.000	1.000
4	Employee Empowerment	0.526	0.025	0.585	29.213	0.000	1.000	2.000
a. Dependent Variable: Job Satisfaction								

Testing the linearity assumption is considered to be the basic requirement to conduct the regression analysis. Hence, the researcher conducted the linearity assumption test for the model – 2. This tested is performed through the visual schematic analysis of examining the residual scatter plot. Generally the residual scatter plot elicited standardised residuals on y-axis and the predicted values over the x-axis. If the normality assumption is met in the model, the standardised residuals will scatter randomly around the horizontal line passing through zero. The residual scatter plot for model – 2 is presented. The derived scatter plot elicited that the clustering of residuals are spread along with the horizontal line in a rectangular shape. If the linearity assumption is violated then the scatter plot may displays a c-curved or u-curved structure of distribution around the horizontal line. According to the below scatter plot, there is no such c-curved or u-curved shapes. Hence, we conclude that the linearity assumption is met for model

Table – KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.916
Bartlett's Test of Sphericity	Approx. Chi-Square	43581.678

	df	1081
	Sig.	.000

Source: Primary Data

The results of Kaiser-Meyer-Olkin Measure of Sampling adequacy revealed that the coefficient value is found to be 0.916 which is very high than the threshold value of 0.6; the Chi-Square value is found to be 43581.678 and the p-value is acknowledged as 0.000 which indicates that the collected sample data is adequate and can be used for the further analysis. Further, the researcher conducted the total variance analysis explained in the model. The result of total variance explained in the model is presented in the following table- 3.7. The results evidenced that the total variance explained in the model is found to be 79.146 which can be considered as 80 percent. Hence, we conclude that the adapted variables for this have specific entity to carry forward the research further

Implications of the Study

The derived statistic results of the study revealed that the various financial and non-financial incentives such as pay & allowance, incentives, bonus, retirement benefits, career development, job enrichment, employee recognition and employee empowerment are allied with the job satisfaction in the Indian banking sector. Further the results also intended that the concerned independent variables are affiliated with the job satisfaction to evoke the employee productivity in the Indian banking sector. This research study is triumphs in providing the evidences for the role of various financial and non-financial incentives in determining the employee productivity in the Indian banking sector. We believe that the verdicts of this study engendered numerous implications for both the academia and the banking industry. The academic and managerial implications are provided in the following paragraphs:

Academic Implications

1. The outcomes of this research project has contributed to the existing theory by providing an unique and a complete frame work for evaluating the job satisfaction through the various financial incentives such as pay & allowance, incentives, bonus and retirement benefits in the milieu of Indian banking sector.
2. This research work also evidenced the impact of various non-financial incentives such as career development, job enrichment, employee recognition and employee empowerment to determine the job satisfaction among the banking sector employees.
3. The conclusions of this research project has underwritten to the prevailing theory by catering a inimitable and a comprehensive frame work for evaluating the job satisfaction in the milieu of Indian banking sector.

4. The dissertation deliberated that the lack of empirical knowledge about the effect of various financial and non-financial incentives in generating the job satisfaction. Hence, we conclude that this work is considered to be an unique one to understand the banking sector employees well.
5. In addition, the study has expanded the body of knowledge by exploring and examining the impact of job satisfaction over the employee productivity in the Indian banking sector.
6. Finally, given the absence of published academic literature relating to the employees perception towards the financial and non-financial incentives over the job satisfaction and employee productivity, this study may serve as a departure point for future studies in this area of concern.

Managerial Implications

The findings of this dissertation are also relevant and very much useful to the Indian banking sector. Consistent with previous research and most obvious, the study emphasises over the different various financial and non-financial incentives over the job satisfaction further it may leads to the employee productivity. The resulting facts from this research work aids to the bankers and other stake holders of the banking sector to understand better their employees. Some of the major implications for Indian banking sectors is as mentioned below:

1. The employees perceptions towards the various financial and non-financial incentives in the better way which will enables the bankers in developing the effective strategies to optimise the use of resources in meeting the needs of bank employees. Hence this study can be considered as exclusive one how the various incentives may influence the job satisfaction among the Indian bank employees in India.
2. The current study provided the handful information over the various financial and non-financial incentives the Indian banking industry. As the study provided the accurate analysis over the individual factors impact over the concerned dependent variable, it is believe that the role of incentives and their impact is clearly mentioned.
3. This dissertation also enables both banking industry and researchers to understand the tendency of high potential influencing factors of incentives. This knowledge can be used to identify how their employee retaining strategies are differentiating and what extent employee retentions strategies are effective comparing with their competitors.
4. The findings of this study assuredly helps the bankers to build the risk reduction strategies and taking appropriate measures to attend all classes of task definitions by increasing the employee efficiency and productivity in the organizations.
5. Finally, influence of financial and non-financial incentives on employee productivity and job satisfaction – an empirical analysis for Indian banking sector for its own sake certainly has academic worth. However, a practical use of the results of such investigations as they pertain to the rigors of everyday application in HR management would certainly enhance their value.

Impact of financial incentives over the job satisfaction:

1. The impact of pay & allowance is denoted as 17.3 percent in evoking the job satisfaction.
2. The role of incentives is denoted as 18.7 percent in developing the job satisfaction among the bank employees.
3. The effect of Bonus elicited the impact of 13.8 percent to generate the job satisfaction.
4. The impact of retirement benefits is observed as 11.9 percent over the job satisfaction.

Impact of non-financial incentives over the job satisfaction:

1. Career development's effect over the job satisfaction is denoted as 33.1 percent.
2. The role of job enrichment disclosed the impact of 29.6 percent over the job satisfaction.
3. Employee recognition has the impact of 12.7 percent on the job satisfaction.
4. The role of employee empowerment elicited the impact of 16.2 percent on job satisfaction.

Suggestions

It is observed that both the selected banks recorded the low mean scores with respect to incentives provided by the banks. Hence, it is suggested to the banks to maintain appropriate incentives strategies.

It is observed that the employees perceived that ICICI employees are feeling better about bonus rather SBI bank. Hence, suggested to SBI bank to maintain the enough bonus strategies.

With respect to the retirement benefits the employees are not happy. Hence, suggested to enhance the retirement benefits in both the SBI and ICICI banks.

The role of career development is found to be high in SBI bank. The career development opportunities in both the banks are found to be less. Hence, suggested both the banks to provide the career development opportunities well.

The job enrichment is found to be less in SBI bank compared to ICICI bank. Hence, it is recommended to SBI bank to conduct such programmes where they can do the job enrichment.

The employee empowerment is found to be high in ICICI than SBI bank. Hence, it is suggested to SBI bank to formulate the appropriate programmes for the employee empowerment in their organization.

Conclusion

The present study has demonstrated that the financial incentives such as pay & allowance, incentives, bonus and retirement benefits are considered most vital variables in determining the job satisfaction among the bank employees. Furthermore, the non-financial incentives such as career development, job enrichment, employee recognition and employee empowerment are considered to be the important factors which may elicits the satisfaction levels among the bank employees. However, the study also tested the impact of job satisfaction over the employee productivity also.

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