



THE IMPACT OF NON-MONETARY INCENTIFICATION ON STAFF PRODUCTIVITY : CASE STUDY OF BANKING SECTOR BAHRAIN

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ABSTRACT

Incentives, whether monetary or non-monetary, is considered to be one of the major tool for motivating the employees of an organization. The increasing globalization and implementation of the advanced technology in the workplace drives the organization to struggle for achieving competitive advantage. Thus, in regards to this issue, the majority of the organizations have made the system of rewards and recognitions the major tool to enhance the productivity of the organization through the enhancement of productivity among the employees.

This study focuses on the impact of non-monetary incentivification on the increment of the productivity among the employees of the various banking sector in the Kingdom of Bahrain. It also aims to study the impact of non-monetary incentives on the basis of the major factors such as the employee productivity, rewards and recognition, employee engagement, job innovation and job requirement. To accomplish this aim, the use of quantitative method was done focusing on the various employees of the commercial banks and Islamic Bank in Bahrain.

The empirical study provided with the positive result that non-monetary incentives have the major potential to raise their productivity to the largest extent. It was also found that the rewards and recognitions lead towards the creation of innovative ideas and development of newer techniques in the workplace.

KEYWORDS: non-monetary incentives, employee productivity, employee engagement, job innovation, rewards and recognition, job requirement

I. INTRODUCTION

Staff productivity is one of the paramount concerns in the overall management of any company or organisation. Without staff productivity the performance of the entire organisation would fail to meet its desired aims. In other words, the accomplishment of the mission and vision of an organisation depends primarily on the

level of productivity of its staff. One of the factors identified in this respect is the extent of incentives given to the staff or members of the organisation (Delic et al., 2014).

This study is limited to employees in the banking sector, as their productivity will result in the overall success of the banks and will benefit the public. Most of the banks

believe in providing non-monetary incentives as they have the potential impact to enhance their productivity and also that of the banking sector. In banks, it has been observed that employers prefer non-monetary incentives for their employees as it is believed to remain longer within the employees and this contributes towards their increased productivity and to long-term staff retention. Hence, non-monetary incentives have the potential to raise productivity in the financial sectors of the nation through enhancing the productivity of their employees.

Non-monetary incentives are benefits and rewards given to employees in order to motivate them and to increase their level of satisfaction. The process of giving non-monetary rewards is called non-monetary incentivization. In other words, non-monetary incentives are non-tangible rewards given to the employees as a result of their positive performance in the company (Emerole, 2015).

It is anticipated that by conducting this study the researcher can contribute to providing insights into how non-monetary benefits can affect the productivity of the company. By also analysing the current level of productivity of the staff in the banking sector of the Kingdom of Bahrain, the researcher can provide significant insights into how this is administered and can propose programmes to increase this area of the companies' operations.

II. STATEMENT OF THE PROBLEM AND RESEARCH QUESTIONS

In the current business scenario, the majority of organisations have adopted a common tool of non-monetary incentives as the primary method for motivating their employees to increase their level of productivity to

the highest level. Hence, in this regard, this research was proposed in order to determine the impact of non-monetary incentives on the productivity of employees' in various banking sectors in the Kingdom of Bahrain. This study will address the following research questions:

1. What is the significant impact of non-monetary incentives on employee productivity in the banking sector?
2. What is the significant impact of rewards and recognitions on the productivity of employees in the banking sector?
3. What is the relationship between employee engagement in the banking sector and their productivity level?
4. What is the potential impact of job innovation on the productivity of employees?
5. What is the significant impact of job requirement on the level of productivity of employees in the banking sector?

III. RESEARCH HYPOTHESES

The hypotheses that have been designed for this study are as follows:

- H_{01} : There is no significant impact of rewards and recognition on employee productivity.
- H_{02} : There is no significant impact of employee engagement on employee productivity.
- H_{03} : There is no significant impact of job innovation on employee productivity.
- H_{04} : There is no significant impact of job requirement on employee productivity.
- H_{05} : There is no significant impact of rewards and recognition, employee engagement, job innovation, and job requirement (taken together) on employee productivity.

IV. LITERATURE REVIEW

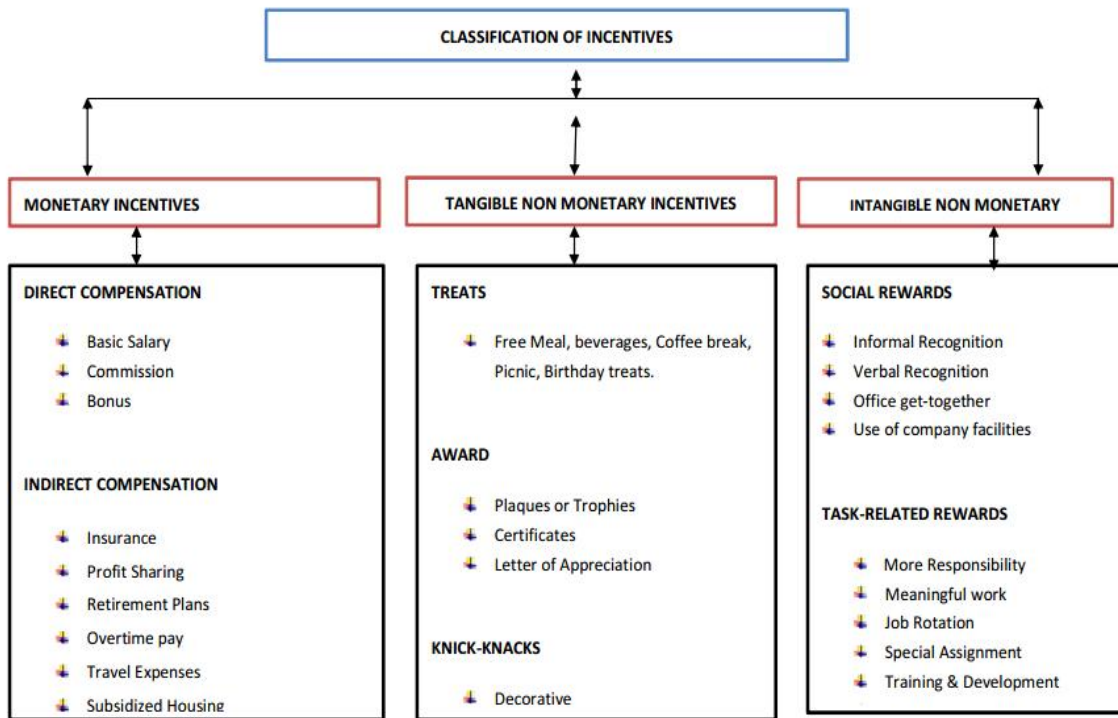


Figure 1: Classifications of Incentives

(Source: Olubusayo, Stephen and Maxwell (2014))

In their study, Abdullah & Wan (2013) observed that in Malaysia the non-monetary incentives can be of different types, such as gift vouchers, tickets to an event, insurance policies, flexibility in working hours, participation in special training and development programmes, promotions, etc. Thus, in relation to these keywords, this section will review some of the studies of non-monetary incentivization that are related to boosting staff productivity and, with that, employees’ productivity in the banking sectors in the Kingdom of Bahrain.

1. Impact of Non-Monetary Incentives on Employee Productivity:-

It has been noted earlier that non-monetary incentives are designed by the employer to boost the level of performance of their employees, along with raising their productivity level. Similarly, Yavuz (2004) conducted a study in the public organisations of Turkey in which it was observed that non-monetary incentives act as a motivational tool and also help them to raise their level of productivity. On this topic, the study will focus on the aspect that non-monetary incentives are the motivation for the employees and thus, for this reason it has been linked with the rising of staff productivity.

2. Relationship between Non-monetary Incentives, Job Innovation, and Job Requirement:-

According to the study by Delic et al. (2014), it can be observed that non-monetary incentives are creating a huge impact on job satisfaction among employees. Employees’ perceptions largely depend on the system of ethical treatment, the system of rewards, and also on fulfilling the requirements of the employees in better ways. In this study, the major focus is on the way in which non-monetary incentives lead to job innovation by the employees and also the fulfilment of some of the requirements mentioned by the employees. The study provides evidence that if the organisation is providing its employees with attractive rewards and recognition, they tend to become more productive and also generate new ideas and concepts. The employees’ experience a sense of job security and with that they desire to enhance the organisation with better performance and productivity. It is also frequently found that an employee who is rewarded with the freedom to express his/her opinion will strive to conceive innovative ideas and to implement those in their work.

3. Impact of Non-monetary Incentification on the System of Rewards and Recognitions and Employee Engagement:-

The study by Waqas and Saleem (2014) demonstrates that the rewards system for employees has always resulting in growth in employee engagement rates along with increased productivity and job satisfaction. Rewards include both monetary and non-monetary incentives, whereas recognition is only gained through non-monetary incentives and it also acts as the major tool for motivating employees and leading them to remain

with the organisation for longer periods of time. Employee engagement largely depends on factors such as the attitude and behaviour of the employees and the opinion they have of the organisation. Thus, using non-monetary incentives, employers can generate positive attitudes and behaviour among the employees. Non-monetary incentives provide the employees with a high sense of employment stability and security. When the employees experience this feeling of security and stability they tend to become motivated and to develop a strong determination to serve the company for a lengthy period of time.

V. RESEARCH METHODOLOGY

1. Conceptual framework:-

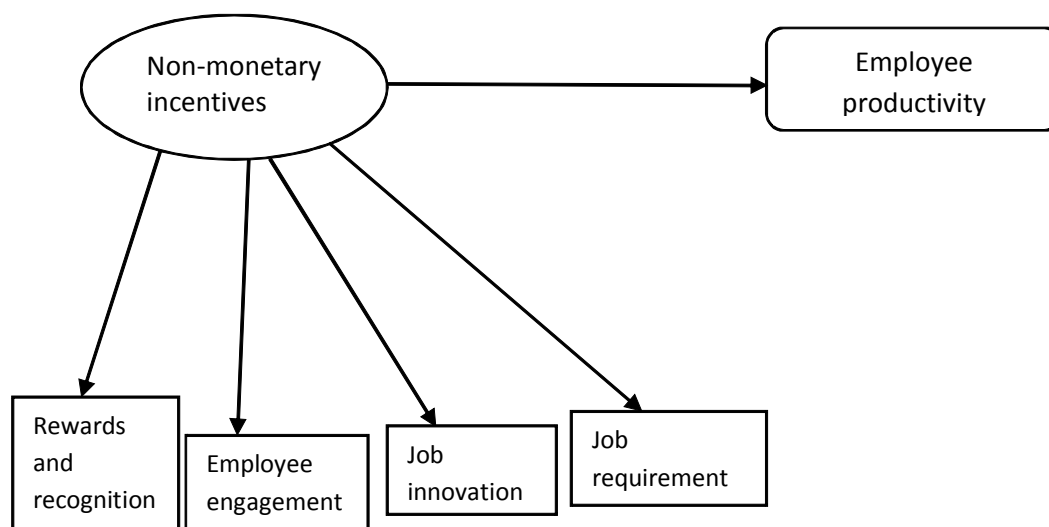


Figure 2: Framework of the Study

(Source: Yavuz, 2004; Ibrar & Khan, 2015; Waqas & Saleem, 2014)

2. Data collection:-

This study aims to determine the impact of non-monetary incentives on staff productivity in the banking sector of the Kingdom of Bahrain. In so doing, it tests a number of specific hypotheses using a survey questionnaire. A quantitative methodology has been adopted for the research design of this study. This methodology helps to determine the particular phenomenon of the research study. A quantitative methodology also has the capacity to derive results that can lead to a definite conclusion.

3. Study Population and Sample:-

The questionnaires were distributed to 200 employees of the various banks of Bahrain through the process of random sampling. In order to understand employees' perceptions of their employers and the organisation in

which they work, the questionnaires were mainly distributed to the lower and middle level managers of the banks.

VI. DATA ANALYSIS

1. Statistical Design used in the study:-

- ◆ Cronbach's Alpha
- ◆ Skewness-kurtosis
- ◆ Bivariate Pearson correlation
- ◆ Percentage and redundancy
- ◆ Simple regression
- ◆ Multiple regressions
- ◆ Multicollinearity

Hypotheses 1: There is no significant impact for rewards and recognition on employee productivity

Table 1

Model F	P-value (F)	R ²	β	P-value (β)
67.076	0.00	0.351	0.517	0.001

F value was 67.076 with P-value less than 0.05 as well as beta value was 0.517 with p-value less than 0.05. So, the hypothesis is negative. Thus, there is a significant impact of rewards and recognition on employee productivity.

Hypotheses 2: There is no significance impact for employee engagement on employee productivity.

Table 2

Model F	P-value (F)	R ²	β	P-value (β)
37.75	0.00	0.233	0.457	0.003

F value was 37.75 with P-value less than 0.05 as well as beta value was 0.457 with p-value less than 0.05. So, the hypothesis aforementioned is negative. There is a significant impact of employee engagement on employee productivity.

Hypotheses 3: There is no significance impact for job innovation on employee productivity.

Table 3

Model F	P-value (F)	R ²	β	P-value (β)
14.193	0.00	0.103	0.228	0.002

The F value was 14.193 with P-value less than 0.05 as well as beta value was 0.228 with p-value less than 0.05. So, the hypothesis aforementioned is negative and it can be stated that there is a significant impact of job innovation on employee productivity.

Hypotheses 4: There is no significance impact for job requirement on employee productivity.

Table 4

Model F	P-value (F)	R ²	β	P-value (β)
20.77	0.00	0.143	0.278	0.021

F value was 20.77 with P-value less than 0.05 as well as beta value was 0.278 with p-value less than 0.05. So, the hypothesis aforementioned is negative. Therefore, it can be deemed that there is a significant impact of job requirement on employee productivity.

Multiple Regressions:-

Hypothesis 5: There is no significance impact of rewards and recognition, employee engagement, job innovation, and job requirement (taken together) on employee productivity.

To test the hypothesis, we used multiple linear regression models

Table 5 below shows that the F value was 17.989 with a p-value of less than 0.05. Thus, the model is significant and the hypothesis is **rejected**. It can therefore be states that, taken together, rewards and recognition, employee engagement, job innovation, and job requirement have a significant impact on employee productivity.

On top of that this table shows that the variable of rewards and recognition, job innovation ,and job requirement in the model has a significant impact with a p-value of less than 0.05, whereas employee engagement do not show a significant impact in the multiple models.

In the following table, the results of the multiple linear regression models have been shown.

Table 5: Multiple Regression analysis for H₀₅

Variables	β	T	P-value (β)
RR	0.444	3.451	0.001*
EE	0.134	1.532	0.177
JI	0.215	3.219	0.013*
JR	0.094	4.021	0.011*
R ²	0.373		
Adjusted R Square	0.361		
F Value	17.989		
P value	0.000*		

*Significant at $p = 0.05$

Similar to the above discussions of the other hypotheses, the final hypothesis also shows that, taken together, rewards and recognition, employee engagement, job innovation, and job requirement have a significant impact of the on employee productivity. The linear regression model indicated that there is a high significant impact of all these four factors combined upon the employee productivity factor. As noted in the earlier discussion, all of these factors have significance for the common factor of employee productivity. These results can find support in the study of Ngatia (2014) who confirmed that non-monetary incentives could enhance the productivity of the employees and increase their morale and motivation to the highest level.

5. RECOMMENDATION FOR FUTURE

- ✦ The organizations must design the form of non-monetary rewards keeping into mind the job requirement, which means the position or designation of the employees
- ✦ The organizations must investigate the multi-dimensional factors of non-monetary incentives that can influence the attitude of the employees towards gaining rewards and recognition
- ✦ All the organizations must focus on the creation of social work atmosphere so that it influences overall job innovation and creation among the employees
- ✦ It is also necessary to determine the definite time interval in a year for the distribution of rewards and recognition to the employees so that it can motivate them to engage within the organization for longer period of time

5.1 Conclusion of the study:-

- ✦ In this thesis, more of the focus was laid upon the use of non-monetary incentives to the bank employees so that they can perform better and raise their productivity to the highest level along with increasing organizational benefits.

- ✦ The study elaborates that the employers must understand the job requirement of the employees and design the non-monetary incentives accordingly
- ✦ The non-monetary incentives indulges the employees to become more productive and grow up with job innovation qualities in their banking and financial activities
- ✦ The entire thesis provides with the fact and result that non-monetary incentives are the best method of increasing the productivity of the employees along with helping the organization to gain employee engagement for longer, who will enrich the organization with creative and innovative skill, knowledge and behavior.

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