



## **Employee Performance and Non-Financial Incentives: A *Qualitative Study on SEGi University Employees***

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### **ABSTRACT**

The objective of this study is to assess the association between employee performance and non-financial incentives as a motivational tool in SEGi University. A semi-structure interview was used to examine the perceptions of employees towards the impact of non financial incentives as a motivational tool in their job performances. 10 SEGi University employees were interviewed: 5 academic employees and 5 non-academic employees. Findings revealed that non-financial incentives have a steady, sustainable impact on the performance of the employees. Therefore, the authors suggest that SEGi University should take the non-financial incentives into consideration as part of their human resource strategies since non-financial incentives can enhance the employees performances.

**Keywords:** Motivation, Job performance, Nonfinancial incentives, Qualitative study.

### **Contribution of Study**

In contrast with most reseach in this area, this study employed a qualitative study. Although non-financial incentives schemes are being implemented in many organizations, little is known about the view of the private university employees of the effects of the non-financial incentives on their job performance. This study attempts to assess the association between employee performance and non-financial incentives as a motivational tool in SEGi University.

## **1. Introduction**

To date, extensive research has focused on financial and non-financial incentive as motivational tool (i.e., Mathauer & Imhoff, 2006) on employees' performance. Studies have revealed that both financial reward (i.e., Mason & Watts, 2010) and non-financial incentives (i.e., Dambisya, 2007) play a prominent role in influencing employees' performance worldwide. In most studies, the objectives were to find ways to motivate employees to increase their performances that enhance the productivity (Arokiasamy, Ismail, Ahmad, & Othman, 2011). Despite many studies on motivation topic focus on the combination of financial rewards and non-financial incentives that enhance the employees' performance (Peterson & Luthans, 2006), there are few studies conducted in Malaysia private University which focus on nonfinancial incentives as a motivational tool.

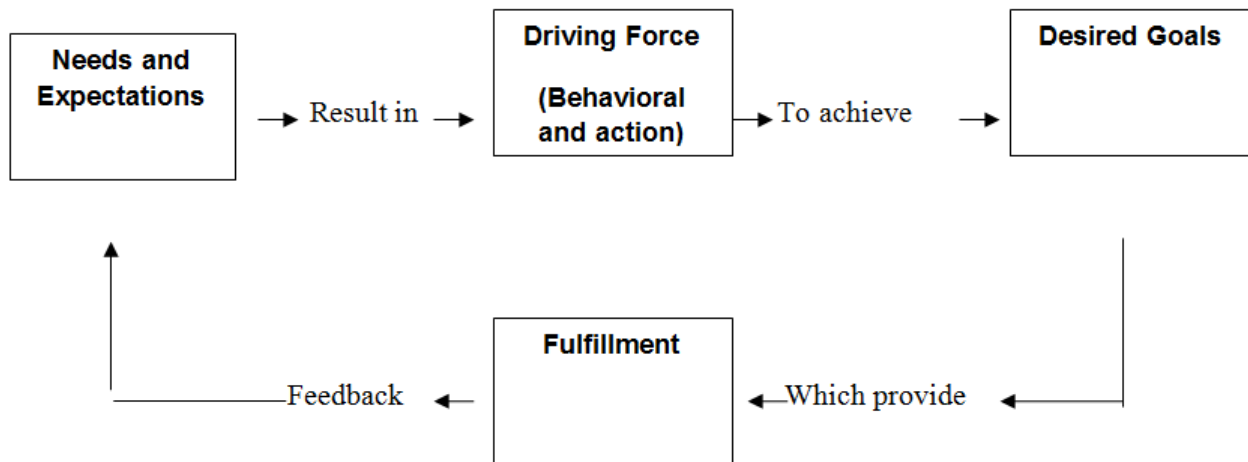
To fill in this gap, the purpose of this study is to assess the association between employee performance and non-financial incentives as motivational tools in SEGi University. By identifying and examining the nonfinancial incentives that motivate the employees, this study helps to improve human resource management strategic functions in SEGi University.

In contrast with most research in this area, this study employed a qualitative study. Although non-financial incentives schemes are being implemented in many organizations, little is known about the view of the private university employees how the effects of the non-financial incentives can improve their job performances.

The paper proceeds as follows. In the next section, we review the literature. Then, we discuss our methodology and present the results of our analysis. The final section concludes with a discussion of the research results and provides recommendation to the university.

## 2. Literature Review

The underlying concept of motivation is some driving force within individuals by which they attempt to achieve the goals and objectives to fulfill some needs and expectations (Mullins, 2007). This concept can be illustrated in Figure 1



**Figure-1.** A simplified Illustration of the basic motivation model.

Source: (Mullins, 2007, p. 253)

Motivation is a combination of skills, knowledge about how to complete the tasks, feelings and emotions and facilitating and inhibiting conditions not under the individual control (Appiah, 2011). Previous studies showed that the employees must be given certain incentives motivators, i.e. bonus or encouragement from superior, to move the organizations towards achieving the goals and objectives (Arokiasamy, et al., 2011). Kudo and Saka (2002) in their exploratory study, identified three major factors that to motivate the knowledge workers; namely, (1) monetary incentive, (2) human resource development, (3) job autonomy. They argued that the company should provide a various degree of incentive motivators to keep the employees motivated.

Both financial rewards and non-financial incentives was found to have significant impact on job performance (Peterson & Luthans, 2006). As Choong, Tan, Keh, Choe, & Tan (2014) study revealed that there was positive correlation between organizational commitment and various incentives motivators. The financial rewards were found to have greater initial impact; however, overtime, non-financial incentives will have the same impact as financial rewards (Peterson & Luthans, 2006).

Peterson and Quintanilla (2003), in their study in higher education institutions , proposed that the employee feel frustrated and dissatisfaction if the non-financial incentives such as autonomy are not adequately provided in the private education. Additionally, Abifarin's study (1997) concluded that non-financial incentives such as work environment and training have greater impact in sustaining improved their performances overtime.

## 3. Methods

The semi-structured interview research design was used in this study. *Purposive sampling technique is used to select the participants with experiences to investigate the judgments on how the nonfinancial factors can motivate the employees in the university. The main advantage of this method enables the researchers to assess the phenomenon of the research area based on their judgments and experiences. It is also suitable for in depth qualitative research to understand the complex phenomena. Nevertheless, this method may tend to produce the risk of personal bias since the respondents may express their opinions on their favorite thoughts (Zikmund 2003).*

The qualitative interviews with both academic and non academic employees explicitly focused on the role and relevance of nonfinancial incentives in job performance. The questionnaire contained 5 open-ended questions. Before prospective respondents agreed to participate in the study, the interviewer informed them about the overall subject of the questions: their belief and views of the role of non-financial incentives as motivational tools in their job performances. Interviews were carried out by taking notes rather than tape-recording since participants refused to be tape recorded. Nvivo 8 was used for the analysis of the coded qualitative data.

## 4. Results

As shown in Figure 2, the respondents were aware of the nonfinancial incentives are important to their job performance, and broadly endorsed, immediate superior supportive and encouragement are important nonfinancial incentives to increase the employee level of motivation and commitment. More importantly, flexibility is the prerequisite for the employees and they believe there is a positive link to the employee performance. Additionally, the respondent also appeared to the nonfinancial incentives such as company trip and promotional opportunities, these nonfinancial incentives are equally important to the financial rewards.

### Question 1

*Interviewer: In your opinions, what are the nonfinancial incentives that keep the University employee motivated? Why do you think so?*

*Interviewee 1: For my personal points of views, encouragement and motivation from immediate superior and organization owner to make people work healthier and provide longer service (Academic Staff, age group 20-30)*

*Interviewee 2: I think the flexible hours, great team work practices, supportive management , opportunity to express the opinions are , as well as work life balance are the most important motivation factors to motivate the employee to increase their performance.(Academic Staff, age group 31-40)*

*Interviewee 3: I personally think other nonfinancial rewards such as company trip, promotional opportunities are equally important as financial motivation factors to motivate the staff.(non Academic Staff , age group 41-50)*

**Figure-2.** Q1. In your opinions, what are the nonfinancial incentives that keep the University employee motivated? Why do you think so?

Figure 3 showed that different age groups of respondents have different point of view with regards to the job satisfaction and nonfinancial incentives. The younger age group more concerned about the receiving recognition, along with the feedbacks from immediate superior are important nonfinancial incentives. Whereas, the middle age group employees feel that financial rewards play an important role to increase job satisfaction; and, it is irreplaceable. The older group employees think that job satisfaction is intertwined with the challenging task as well as self achievement; nevertheless, the company should provide a combination of financial and nonfinancial incentives that help to create job satisfaction.

### Question 2

*Interviewer: Do you think the nonfinancial incentives can increase job satisfaction? Please explain.*

*Interviewee 1: Yes, in certain extent, as long as our efforts are well recognized appreciated, besides monetary rewards, nonfinancial motivation factors such as work flexibility and trust from superior are equally important too, this is important because it create the work pleasure that make employee positive towards the company objectives. (Academic Staff, age group 20 -30 )*

*Interviewee 2: I do not think so; I still feel that financial factors are the main factors that cause job satisfaction. (Non academic staff, age group 31-40)*

*Interviewee 3: Yes, I think nonfinancial factors are interlinked with job satisfaction; people in academic line based on the interest and opportunity available for them to adventure rather than financial return, however, some people change career because of increasing desire in materialist world. .(Academic Staff, 41-50)*

**Figure-3.** Q2. Do you think the nonfinancial incentives can increase job satisfaction? Please explain.

Figure 4 showed that team work is essential to increase the level of productivity. However, respondents explicitly put the managers in respective departments in responsibility for building teamwork spirit in the work environment. They all agree that team building in the work environment have a direct relationship with leadership ability. Furthermore, managers should have the leadership ability or influential ability to lead the employees to achieve productivity and increase the level of performance through team work.

**Question 3**

*Do you think nonfinancial incentives help to increase the employee productivity and performance? Please explain.*

*Interviewee 1: Yes, but it is only applicable to the situation where the team members are willing to share their opinions with the other teammates. (Non academic staff, age group 31-40)*

*Interviewee 2: In some situation yes, if the management are really take care of their staff. . (Non academic staff, age group 41-50)*

*Interviewee 3: Yes, it all depends on the manager personality, if the manager is a good leader, who applies leadership traits to lead their employees, the employees are willing will take extra miles and put in more effort to achieve the company objectives. Leaders or managers should learn on observing the employee trait in the department and provide guidance to them to achieve the objectives, rather than focusing on monetary factor only.(Academic staff, age group 31-40)*

**Figure-4.** Q3. Do you think nonfinancial incentives help to increase the employee productivity and performance? Please explain.

Question 4 is a list of nonfinancial incentives: Job Security, Challenging Job, Good Physical Environment, Promotional Opportunities, and Work Life Balance. The academic and nonacademic employees are required to rank the nonfinancial incentives that keep them motivated in the University. Majority of them has ranked work life balance as the most important and promotional opportunities as the least important incentives.

Respondents were being asked to list whatever other incentives they thought are equally important to them aside of the listed incentives in question 5. Although the respondents felt that the nonfinancial incentives listed in question 4 were important, they also generally felt that the personal traits such as communication skills, good relationship, and willingness to work as a team were important. Furthermore, sincerity and appreciation for their work efforts, medical benefits for family members and the courtesy and care from company toward family members were considered important to motivate the employee. Some of the responses for question 5 were listed in Figure 5.

**Question 5**

*What other nonfinancial incentives (but it is not mentioned in questions 4) you think are important to motivate University staff?*

*Interviewee 1: Willingness to work as a team, good relationship, communication skills (Academic staff, age group 31-40)*

*Interviewee 2: Medical benefits, children study incentive (Non academic staff, age 31-40)*

*Interviewee 3: Sincerity, please say thank you to your staff if they help you. (Non academic staff, age group-51-60)*

**Figure-5.** Q5. What other nonfinancial incentives (but it is not mentioned in questions 4) you think are important to motivate University staff?

## 5. Conclusion

Going by the findings of this study, the authors have confirmed the importance of non-financial incentives (Job Security, Challenging Job, Good Physical Environment, Promotional Opportunities, and Work Life Balance) in getting the best performance from employees. The findings are consistent with the previous studies (i.e., Peterson & Luthans, 2006) which show that non-financial incentives had impact in employees' performance. It is important to note that genuine sustainable performance improvement through employees would contribute to competitive advantage (Luthans & Youssef, 2004). This is important for an industry with extremely high customer expectations and intense competition. Thus, SEGi University should ensure that the non-financial incentives embedded in its programme structure. Such programme must be supported by the top management, and it should be highly visible within the

University thereby conveying a strong message to the employees that their contributions are valued and appreciated.

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