

A Study on the Impact of Monetary and Non-Monetary Benefits on Employee Motivation

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ABSTRACT

In the modern workplace, employee motivation is essential for improving productivity and organizational success. Both monetary and non-monetary benefits play an important role in influencing employee motivation and job satisfaction. Monetary benefits such as salary, bonuses, and incentives provide financial security, while non-monetary benefits such as recognition, career development opportunities, and a supportive work environment enhance employee engagement and commitment. This study aims to analyze the impact of these benefits on employee motivation. The study is based on primary data collected through surveys and supported by secondary data from journals and articles. The findings suggest that a balanced combination of monetary and non-monetary benefits helps organizations effectively motivate employees and improve overall performance.

Keywords: *Employee Motivation, Monetary Benefits, Non-Monetary Benefits, Job Satisfaction, Employee Performance, Organizational Commitment.*

I. INTRODUCTION

Employee motivation is a key factor that influences organizational productivity, efficiency, and overall performance. In today's competitive business environment, organizations recognize that motivated employees contribute significantly to achieving organizational goals. To enhance employee motivation, companies provide various benefits and reward systems that encourage employees to perform effectively and remain committed to the organization.

Monetary benefits such as salary, bonuses, incentives, and financial rewards directly influence employees by satisfying their financial needs and improving their job performance. At the same time, non-monetary benefits such as recognition, career growth opportunities, training and development, flexible work arrangements, and a positive work environment play an important role in increasing employee satisfaction and long-term commitment.

A proper balance between monetary and non-monetary benefits is essential for maintaining high levels of employee motivation and job satisfaction.

This study focuses on analyzing the impact of monetary and non-monetary benefits on employee motivation and how these benefits influence employees' performance and engagement within the organization.

II. OBJECTIVE

- To examine the impact of salary, incentives and bonuses on employee motivation.
- To analyse the relationship of recognition, job security and work environment on employee motivation.
- To compare the effectiveness of monetary and non-monetary benefits in enhancing employee motivation and performance

III. REVIEW OF LITERATURE

Employee motivation has been widely studied as an important factor influencing organizational performance and employee productivity. In modern organizations, both monetary and non-monetary benefits are considered essential tools for motivating employees and improving job satisfaction. Researchers have examined how reward systems influence employee attitudes, commitment, and overall work performance.

A study by Armstrong Michael (2018) highlighted that reward management systems play an important role in motivating employees and improving organizational performance. The study explained that monetary rewards such as salary increases, incentives, and bonuses encourage employees to improve their productivity, while non-monetary rewards like recognition, appreciation, and career growth opportunities contribute to employee satisfaction and long-term commitment.

Paul (2024) analyzed the relationship between financial and non-financial incentives and employee performance. The research found that organizations using both types of rewards experienced higher employee motivation and productivity. The study concluded that effective reward systems help employees remain committed to organizational goals and improve overall performance.

Jha (2022) conducted a study on the impact of monetary and non-monetary rewards on employee motivation. The study found that financial rewards such as salary, bonuses, incentives, and performance-based pay play a significant role in motivating employees to improve their productivity and work efficiency. At the same time, non-monetary benefits such as recognition, appreciation, career development opportunities, and supportive work environments also contribute to enhancing employee engagement and job satisfaction. The research further highlighted that employees feel more valued and committed to the organization when both financial and non-financial rewards are provided effectively. The study concluded that organizations should implement a

balanced reward system that combines monetary and non-monetary benefits to improve employee motivation, performance, and retention.

Study by Sara L. Rynes et al. (2004) examined the relationship between pay and employee motivation in organizations. The study found that monetary rewards such as salary, bonuses, and financial incentives play an important role in motivating employees and encouraging them to improve their work performance. However, the research also highlighted that employees value intrinsic rewards such as recognition, supportive leadership, career development opportunities, and a positive organizational culture. These non-monetary factors contribute significantly to employee job satisfaction, engagement, and long-term commitment to the organization. The study concluded that organizations that effectively combine both financial and non-financial rewards are more successful in enhancing employee motivation, improving performance, and retaining talented employees.

A study by Edward E. Lawler (2000) emphasized the importance of reward systems in motivating employees and improving organizational performance. The study found that monetary rewards such as salary increases, incentives, and bonuses positively influence employee performance. However, the research also highlighted those non-monetary rewards such as recognition, participation in decision-making, and opportunities for growth play a crucial role in increasing employee satisfaction and commitment.

A study by Gary Dessler (2008) examined the role of compensation and benefits in employee motivation. The research found that fair compensation and performance-based rewards encourage employees to work more efficiently. In addition, non-monetary benefits such as recognition programs, training, and career advancement opportunities significantly improve employee morale and organizational commitment.

Overall, the existing literature indicates that both monetary and non-monetary benefits play a crucial role in enhancing employee motivation and

organizational performance. Monetary incentives such as salary, bonuses, and financial rewards provide immediate motivation and help employees meet their economic needs. In contrast, non-monetary benefits including recognition, career development opportunities, supportive work environments, and work–life balance contribute significantly to long-term job satisfaction and employee commitment. Therefore, organizations that effectively integrate both financial and non-financial reward systems are more successful in sustaining employee motivation, improving performance, and strengthening organizational loyalty.

IV. RESEARCH METHODOLOGY

Nature of the Study

The nature of the study is descriptive research. It aims to describe and analyze how online reviews and ratings influence consumer perception, satisfaction, and automobile purchase decisions. Descriptive research helps in understanding the relationship between consumer opinions and their buying behavior.

Data Collection Method

The data for this study was collected through a structured questionnaire distributed through online platforms such as Google Forms and social media. The questionnaire included both demographic questions and opinion-based questions related to monetary benefits, non-monetary benefits, and employee motivation

Primary Data

Primary data was collected directly from employees working in different organizations belonging to various age groups, genders, and job roles. Respondents shared their opinions and experiences regarding the benefits they receive in their organizations and how these benefits influence their motivation and job satisfaction.

Secondary Data

Secondary data was collected from various sources such as published journals, research articles, books, websites, and reports related to employee

motivation and reward management. These sources helped support the primary data and provided theoretical background for the study.

Sampling Design

A non-probability sampling method, specifically the convenience sampling technique, was used in this study. Respondents were selected based on their availability and willingness to participate in the survey

Sample Size

The total sample size for this study was 101 respondents, who actively participated in the online survey. The research instrument used for this study was a structured questionnaire designed to collect both demographic information and employees' opinions regarding the impact of monetary and non-monetary benefits on employee motivation.

Section A: Demographic details such as age, gender, occupation, and work experience.

Section B: Questions related to monetary benefits, non-monetary benefits, and their influence on employee motivation and job satisfaction.

Data Analysis Tools

The data collected from the respondents was analysed using simple statistical tools. Percentage analysis was used to interpret the demographic details and responses obtained from the questionnaire. The collected data was organized, tabulated, and presented using tables and charts for better understanding. This method helps to clearly analyse the relationship between monetary and non-monetary benefits and their impact on employee motivation.

V. POPULATION AND SAMPLE

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Section A: Demographic details such as age, gender, occupation, and work experience.

Section B: Questions related to monetary benefits, non-monetary benefits, and their influence on employee motivation and job satisfaction

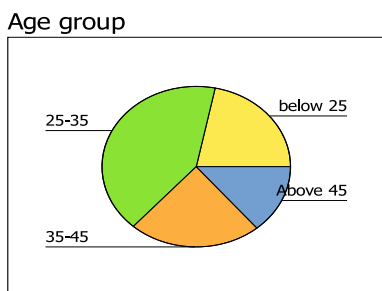
VI. STATISTICAL TOOLS AND ANALYSIS

I. Percentage Analysis:

It is Used to understand the demographic distribution of respondents such as gender, age, and years of experience.

Percentage analysis is used to describe the demographic characteristics of the respondents and to understand their perceptions toward online reviews and ratings in the automobile sector. It helps in identifying the level of awareness, trust, satisfaction, and buying behavior of consumers toward various automobile brands based on online feedback and ratings.

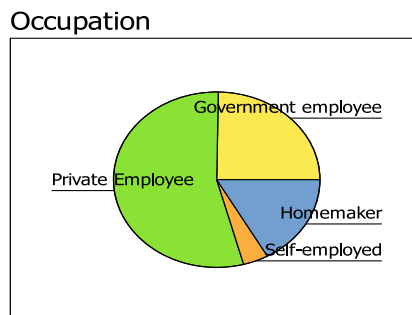
Percentage analysis of age among respondents



Inference

The analysis reveals that most respondents belong to the 25–35 age group, making it the largest segment in the study. This is followed by respondents in the 35–45 age group and those below 25, while individuals above 45 form the smallest group. This distribution suggests that the study mainly represents young and middle-aged individuals who are likely to be in their active working phase, thereby providing relevant insights into employment-related aspects.

Percentage analysis of occupation among respondents

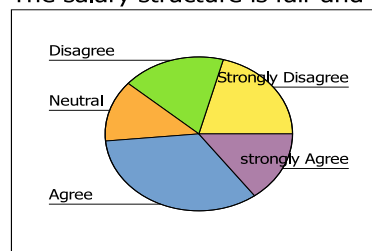


Inference

The data indicates that a majority of the respondents are private employees, accounting for more than half of the total sample. Government employees form the second largest group, while homemakers contribute a moderate share. Only a very small proportion of respondents are self-employed. This clearly shows that the study is dominated by salaried individuals, particularly those working in the private sector, and their opinions are likely to have a strong influence on the overall findings.

Percentage analysis of salary structure is fair and commensurate with the responsibilities

The salary structure is fair and commensurate



Inference:

The data indicates that a majority of the respondents are private employees, accounting for more than half of the total sample. Government employees form the second largest group, while homemakers

contribute a moderate share and very few respondents are self-employed. This shows that the study is mainly dominated by salaried individuals, especially from the private sector. It also suggests that the opinions collected are largely influenced by structured employment conditions, job security, and organizational policies.

II. Chi-Square Analysis:

The Chi-square (χ^2) test is a non-parametric statistical tool used to determine whether there is a significant association between two categorical variables. In this study, the test examines the relationship between gender and the benefits that motivate employees the most.

Test Statistics

	Chi-square	df	Asymp. Sig.
gender	.09	1	.765
Which benefits motivates you the most	52.80	5	.000

Hypotheses

Null Hypothesis (H₀): There is no significant association between gender and the benefits that motivate employees the most.:

Alternative Hypothesis (H₁): There is a significant association between gender and the benefits that motivate employees the most.

Inference

- p-value for gender (0.292) > 0.05 → No significant association between gender and review influence.
- p-value for types of reviews (0.000) < 0.05 → Significant association between types of reviews and consumer perception.
- Customer reviews and star ratings have the strongest impact on automobile buying decisions.

III. Correlation:

Correlation is a statistical tool used to measure the strength and direction of the relationship between two variables. In this study, correlation is used to examine the relationship between satisfaction with the current brand and aspects most satisfied with.

Correlations

		Satisfaction with current brand	Aspects most satisfied with
Satisfaction with current brand	Pearson Correlation	1.000	.376
	Sig. (2-tailed)		.000
	N	90	90
Aspects most satisfied with	Pearson Correlation	.376	1.000
	Sig. (2-tailed)	.000	
	N	90	90

Hypotheses

Null Hypothesis (H₀): There is a no significant relationship between satisfaction with the current benefits and monetary benefits/retention.

Alternative Hypothesis (H₁): There is a significant relationship between satisfaction with the current benefits and monetary benefits/retention.

Inference

- Since the p-value (0.000) < 0.05, the null hypothesis is rejected.
- There is a significant positive relationship between satisfaction with the current brand and aspects most satisfied with.
- This indicates that higher satisfaction with key aspects of the automobile leads to greater overall brand satisfaction.

IV. Regression Analysis:

Used to analyse the relationship between Job Security and the improvement in productivity. Multiple Linear Regression is a statistical tool used to determine the relationship between one dependent variable and one or more independent variables.

In this study, regression is used to analyze whether monetary benefits (salary fairness) and performance-based incentives significantly influence employee motivation and work performance.

Coefficients (Performance based incentives and bonuses motivation to improve your productivity)

	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.34	.43	.00	5.46	.000
The salary structure is fair and commensurate with your responsibilities-	.15	.09	.16	1.65	.102
to what extent do incentives and bonuses influence your work performance	.25	.14	.17	1.71	.090

Hypothesis

Null Hypothesis(H0): There is no significant impact of monetary and non-monetary benefits on employee motivation and performance.

Alternative Hypothesis(H1): There is a significant impact of monetary and non-monetary benefits on employee motivation and performance.

Inference

- Since the p-values for salary fairness (0.102) and incentives (0.090) are both > 0.05 , the null hypothesis is accepted.
- This indicates that there is no statistically significant influence of these monetary benefits on the motivation to improve productivity.
- Hence, these specific monetary factors have a similar, non-significant level of influence on employee work performance within this sample.

VII. FINDINGS

The study reveals that monetary benefits play a significant role in motivating employees within an organization. Financial rewards such as salary, incentives, bonuses, and other monetary benefits provide employees with financial security and encourage them to perform their tasks effectively. Employees who receive adequate monetary benefits tend to feel more satisfied with their jobs and show greater commitment towards their work. These benefits also act as a direct motivator that influences employee performance, productivity, and overall job satisfaction.

In addition to monetary benefits, non-monetary benefits also contribute greatly to employee motivation and engagement. Factors such as recognition, appreciation, career growth opportunities, training and development, and a supportive work environment help employees

feel valued and respected in the organization. These benefits improve employee morale and encourage them to remain committed to their responsibilities. The study highlights that a proper balance between monetary and non-monetary benefits is essential for increasing employee motivation, improving job satisfaction, and enhancing overall organizational performance.

VIII. SUGGESTIONS

The study concludes that both monetary and non-monetary benefits play a vital role in motivating employees in an organization. Monetary benefits provide financial satisfaction and act as an immediate source of motivation for employees to perform better. Employees who receive fair compensation and financial rewards tend to show higher levels of job satisfaction and commitment towards their work.

At the same time, non-monetary benefits such as recognition, appreciation, career growth opportunities, and a positive work environment contribute to long-term motivation and employee satisfaction. These benefits help employees feel valued and supported within the organization. Therefore, maintaining a proper balance between monetary and non-monetary benefits is essential for improving employee motivation, increasing productivity, and achieving overall organizational success.

IX. CONCLUSION

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