

Impact of Monetary and Non- Monetary Incentives on the Performance of Agents in Insurance Sector

S. Heena Sharma

Student, Department of Commerce, Mount Carmel College, Bengaluru, India

Abstract: This paper studies the impact of both monetary and non-monetary incentives on agents in insurance sector in Bengaluru. The purpose of the study to examine the incentive that best suits to motivate and encourage the agents in insurance sector and to find out the significance and value of monetary and non-monetary incentives for the agents. The sample size of the study includes 80 agents and data is collected through questionnaire. The sampling technique used is convenient sampling. The study finds that monetary incentive is preferred more than non- monetary incentive. Bonuses are the key incentive for agents in insurance sector.

Keywords: Monetary incentives, Non-monetary incentives, Work productivity, Performance.

1. Introduction

Motivation is assumed as a vital job in all firms. With the goal for organization to accomplish their targets, they should spur their employee to move in the direction of them. It is imperative for the firm to set up persuasive projects that enhance motivation and subsequently, execution of both the firm and the individual employee. In the present commercial center, where organizations look for a competitive edge, motivation is key for talent retention. Theories of job performance propose that motivation is a key determinant of performance. In insurance sector, the agents form the major employee group. The job of motivational incentive in the work setting will be concentrated to comprehend what causes agents to make a decent attempt to do well, or all the more explicitly what causes the excitement, bearing, direction, and determination of intentional activities that are objective directed.

Money is viewed as the universal help albeit other budgetary and non-monetary motivations and advantages make an extremely uncommon connection among the firm and its workers. Workers perform certain work; satisfy objectives in return of money and different motivations bundles. A few kinds of motivational incentive designs are accessible in businesses in which rewards, transport stipend, medical remittance, increment compensation, month to month leaves, promotion, acknowledgment is incorporated. These motivational incentives support the workers and subsequently profitability improves by influencing the execution, proficiency, fulfillment,

obligation, viability, efficacy and determination of representatives.

2. Review of literature

Gichuru (2015) indicated Connection between motivational incentives and employee performance. The investigation featured that inspiration enhanced dimension of effectiveness of workers where the dimension of a subordinate or a representative did not just rely on his capabilities and capacities. The discoveries further proposed that inspirational motivations influenced worker execution in an association in different routes as expanded yield, boosting representative spirit, enhanced cooperation and enhanced worker relations.

Kaneez Fatima Mamdani and Safia Minhaj in the paper "Effects of motivational incentives on employees' performance: a case Study of banks of Karachi, Pakistan" inferred that however incentives had effect on agents' performance; the workers' were not faithful to their firms and were eager to switch their occupations if better opportunities came their direction. The examination suggests that just money related motivating forces were insufficient. The capacity building projects ought to be started for the workforces which won't just make their work exciting however will likewise expand duty towards their organization. Money is viewed as the general help while other monetary and non-monetary motivators and rewards make an extremely uncommon connection among the firm and its employees. Workers perform certain task; satisfy objectives in return of money and different motivating forces bundles. A few kinds of motivator designs are accessible in enterprises in which rewards, transport stipend, restorative remittance, increment pay, month to month leaves, advancement, acknowledgment is incorporated. These incentives empower the workers and subsequently profitability upgrades by influencing the execution, productivity, fulfillment, obligation, viability and commitment of employees.

Essi Huttu in the paper "The effects of incentives on performance and job Satisfaction" states that All the motivational incentive types are critical however they have distinctive implications for workers. Unique motivating forces have sly effect on execution and job satisfaction. It is observed that there are two unique perspectives in rewarding. These two

viewpoints are efficiency and humankind. Financial incentive forces are the most imperative motivators in remunerating the efficiency viewpoint. For the humankind viewpoint it is critical that employee feel that business is intrigued in employee, their work and prosperity. Acknowledgment, participation, feedback benefits and non-financial motivating forces can satisfy these mankind needs. The compensating of the mankind viewpoint is increasingly vital in creating work fulfillment though the remunerating of the effectiveness perspective influences execution.

Nancy Ijai Imbahale in the paper "Effects of non-monetary rewards towards employee motivation: a case study of technical university of Kenya" showed that employee recognition, rewards and incentives have great impact on the employees' performance. It showed that employees wish that their work is recognized and rewarded as that will help them in their promotions which will boost their career growth. Thus, non-monetary incentives not only motivate employees but also are essential for satisfying the employee's needs. Also, through this the employee gets respect and puts forth his efforts in organizations decision to reach the organizational goals. It is a key factor to improve the job morale and build a motivated working environment.

Muhammad Ijaz1, Azhar khan in the paper "The impact of Non-Financial Incentives on employees' motivation" highlighted the facts that employees get highly motivated by non-financial incentives as they feel secured of holding a permanent job. From positive work environment to recognition and other non-financial incentives forms a tool to motivate the employees to work efficiently. The strategy of feedback from seniors and good interaction between the employees at all levels has given good results for employee motivation to improve his work performance.

3. Statement of problem

Motivating employee is a difficult task and keeping workers roused is a much more prominent challenge. Today, firms are under exceptional pressure to distinguish and actualize programs that will demonstrate efficacy in enhancing workers productivity. It is never enough to expand compensations and anticipate expanded performance; it is more mind boggling than that.

Employee motivation influences profitability and an inadequately spurred work power will be expensive to the association as far as lower profitability and execution, over the top staff turnover, expanded costs, absenteeism and a negative impact on the confidence of co-workers. Merchant and Lee, (2014). The success of an association to a great extent relies upon the nature of its human asset, independent of the business inside which it works. It is considering this that top-level management and supervisors must endeavour to guarantee that their workforce is committed and, in this way, productive. Motivation is viewed as one of the most vital factors in issues identified with HRM. Some companies are known for

experiencing a high attrition rate in spite of providing above average compensation and salaries. This states that money is not the only motivation for employees. Moreover, different factors motivate different people. It is essential for the managers and heads of company to know what can motivate the individual employee and not assume a one size fits all approach.

4. Scope of study

The primary focus of research is to determine the drivers of motivation and the impact it has on agent's performance. In particular, a questionnaire will be given to agents. Demographic factors such as gender will also be included in the study in order to understand the effect they might have on motivation and performance.

5. Objectives of the study

1. To analyse the influence and outcomes of motivational incentives on agent's performance.
2. To identify the degree or importance of agents in achievement of organizational objectives in insurance sector.
3. To investigate the condition of motivation in insurance sector.

6. Limitation of the study

Financial impediments: Insufficient reserve sets as a drawback on the part of the researcher for effectiveness in sourcing for the applicable materials, writing or data and during the time spent for information accumulation (web, poll and meeting)

Time requirement: The researcher at the same time takes part in investigation with other academic work. This thusly eliminates the time dedicated for the examination work.

7. Definition of terms

Motivation:

Motivation is an individual's desire to do the most ideal activity or to apply the greatest exertion to perform given work. Motivation is a human mental trait that adds to an individual's level of responsibility. It is a main force which arouses an individual to develop and maintain a conduct. It is a want that energizes on individual to perform or proceed with an activity dependent on requirements and needs of the person.

Performance:

An ongoing procedure for enhancing the performance of people by adjusting genuine performance to that ideal organization objective. Job performance is characterized as the estimation of the arrangement of workers practices that contribute, either emphatically or contrarily to objective of the firm while task execution are worker practices that are straightforwardly associated with the change of hierarchical assets into the merchandise or services that the firm produces (Colquitt, Lepine and Wesson, 2014).

Incentive:

It is an act or guarantee for greater actions. It is additionally called as an upgrade to more prominent activity. Incentives are something that is given in addition to wage. Anything that can draw in a representative's consideration and rouse them to work can be called as incentives. An incentive goes for enhancing the general performance of a firm. Incentive is arrangement of payment underlining the purpose of inspiration, that is, the conferring of impetuses to laborers for higher generation and efficiency'.

Insurance:

Insurance is methods for security from money related misfortune. It is a type of hazard the board, fundamentally used to fence against the danger of an unforeseen or unverifiable misfortune. A course of action by which an organization or the state attempts to give a certification of remuneration to indicated misfortune harm ailment or death as an end-result of payment of a predetermined premium.

Agent:

An agent is a person who represent an insurance firm and sells insurance policies on its behalf. Agent is a person who does business for another person. a person who acts on behalf of another.

The agent generally receives a commission for this service. He/she attempts to extract the maximum value for the insurance company in all his/her dealings.

8. Research methodology

The present study is an investigation based on agents of insurance sector in Bengaluru. Descriptive research design is used in the study. At hand study is based on both secondary and primary data and a convenient sampling method has been adopted for the survey. The primary data has been collected from Bengaluru.

9. Sources of data

The dimensions of the study are focused on the impact of motivational incentives on agents. The study needed to ascertain existing knowledge regarding effect of motivational incentive on performance of employee. So, the study required both *primary and secondary data*.

- *Primary Data & Tools:*

Primary data is collected from a selection of target respondents based on the research brief through questionnaire.

- *Secondary Data:*

A survey of the existing literature was necessary to identify and ascertain the effectiveness of motivational incentives on performance. The survey looked into research papers, and publications, Reports journals, publications, websites, and books to obtain necessary information and understanding.

10. Sampling design

In the present study the sample size is comprised of 80 agents

in Bengaluru. The study covers the entire city of Bengaluru, State of Karnataka. The sampling technique used in the present study is convenient sampling. Tools used for analysis are mean, anova, tables, etc.

11. Data analysis and Interpretation

Table 1
Gender

		Frequency	Percent
Valid	Male	31	38.8
	Female	49	61.3
	Total	80	100.0

Table 1 shows that 38.8% of the respondents were male which is 31 respondents out of 80 and 61.3% were female which is 49 respondents out of 80. This indicates that majority of the respondents are female.

Table 1
Key incentives for agents

	N	Mean	Std. Deviation
Monetary			
Merit pay	80	3.86	.896
Bonuses	80	4.41	.758
Training	80	3.95	.899
Accommodation	80	3.63	.998
Non- monetary			
Promotion	80	4.34	.810
Fringe benefit	80	3.97	.954
Recognition	80	4.08	1.016
Medical benefits	80	3.89	1.079
Total	80		

The respondents were asked to indicate the key incentive for their performance and motivation. The results are shown in table 2 which are as follows, bonuses are most important incentive for performance of agents with highest mean of 4.41. Again, among monetary incentives bonuses are most preferred with 4.41 and among non- monetary incentives promotion is most preferred incentive with a mean of 4.34.

Table 3
Importance of incentives?

	N	Mean
Monetary incentives	80	3.96
Non- monetary incentives	80	3.89

Table 3 shows when compared to non-monetary incentives, that monetary incentive being the highest with mean of 3.96 is more important for the agents than non-monetary incentive which is of mean 3.89. So, Monetary incentive like bonus, merit pay, training is preferred more than non-monetary incentive.

Table 4
Impact of monetary incentive on performance of agents

	N	Mean
Monetary incentives	80	3.96
Non- monetary incentives	80	3.89

H₀: There is no difference in perception on impact of monetary incentives on agents according to gender.

H₁: There is difference in perception on impact of monetary incentives on agents according to gender.

Table 5
ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.352	1	.352	.946	.334
Within Groups	29.016	78	.372		
Total	29.368	79			

Table 7
ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.003	1	.003	.009	.924
Within Groups	26.619	78	.341		
Total	26.622	79			

As per table 4 and anova results (table 5) there is no statistically significant difference in the mean value between male and female agents on the impact of monetary incentives on performance of agents. Hence the null hypothesis namely "There is no difference in perception on impact of monetary incentives on agents according to gender" is accepted because the significance level is .334 is more than .05.

Table 6
Impact of non- monetary incentives on performance of agents

Gender	Mean	N	Std. Deviation
Male	4.05	31	.557
Female	4.06	49	.601
Total	4.06	80	.581

H₀: There is no difference in perception on impact of non-monetary incentives on agents according to gender.

H₁: There is difference in perception on impact of non-monetary incentives on agents according to gender.

As per table 6 and anova results (table 7) there is no statistically significant difference in the mean value between male and female agents on the impact of non- monetary on performance of agents. Hence the null hypothesis namely "There is no difference in on perception in impact of non-monetary incentives on agents according to gender" is accepted because the significance level is .924 is more than .05.

12. Findings

1. The study shows that most of the agents in insurance sector in Bengaluru consist of females.
2. Among the various incentives like fringe benefit, training, promotion, merit pay, accommodation, recognition, Bonuses is considered as key incentive for motivation and performance of agents in insurance sector.
3. Among the monetary incentives bonuses is most preferred and Promotion is the most preferred incentive among non-monetary incentive.
4. When comparison is made between monetary and non-monetary incentives, Monetary incentive is preferred more than non-monetary incentive by the agents for motivation.
5. Both male and female has no difference in opinion about the impact of monetary and non- monetary incentives on their performance because the ambitions and motivational drives towards work of both male and female is same.

13. Recommendation

1. Incentives are very basic for any type of job. The agents are not the direct employee so it requires more effort to motivate them to achieve the company's goal. As the agents in insurance sector prefer monetary incentives more it is recommended to the insurance companies to enhance their monetary incentive system.
2. Insurance companies must focus in providing effective non- monetary incentives like travel expenses, security, etc. and strike to bring balance in both monetary and non-monetary so that it shapes the attitude of the agents to work for the company.

14. Conclusion

The review of literature and research findings indicates that agents in insurance sector are encouraged and motivated by monetary and non- monetary incentives that enhances their performance. Job satisfaction affects work performance and it can be obtained by effective incentive system. The study showed that there is a significant effect of monetary and non-monetary incentives on job performance of agents. Insurance companies must come up with new incentive scheme to boost their productivity.

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