



NON-MONETARY INCENTIVES AND SUSTAINABLE EMPLOYEES'
PERFORMANCE IN MANUFACTURING INDUSTRY

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ABSTRACT

This study aimed at examining the impact of non-monetary incentives on employees' performance in the manufacturing business. The study's specific goal was to determine the effect of employees' recognition, personal growth, a satisfied work environment, and flexible work arrangements on employees' performance. The research population consisting of 360 personnel from 14 pharmaceutical manufacturing businesses was chosen using stratified sampling approach. The study's instrument was validated by expert assessment, and the reliability test produced a Cronbach's Alpha coefficient ratio of 0.993. Only three dimensions of non-monetary incentives, namely employees' recognition ($B = 0.255, p = 0.00$), personal growth ($B = 0.605, p = 0.00$), and flexible work arrangement ($B = 0.454, p = 0.000$), had significant positive effects on employees' performance, while positive work environment ($B = -0.186, p = 0.00$) had an insignificant negative effect on employees' performance. According to the survey, employees' recognition and personal growth, as well as flexible work arrangements, were important predictors of employees' performance in the manufacturing industry. As a result, the research proposes that employees' recognition and personal growth methods, as well as flexible work arrangements, be improved in order to substantially improve employees' performance.

Keywords: Employee recognition, Flexible work arrangement, non-monetary incentives, Personal growth

1.INTRODUCTION

Reward management refers to the set of strategies, policies, and procedures necessary to ensure that individuals are valued and rewarded for their contributions to achieving organizational, departmental, and team goals. Bussin *et al.*, (2017) defines reward management as the process of creating and implementing policies and strategies that aim to reward employees fairly, equitably, and consistently in line with their contributions to the organisation, as well as the development and maintenance of incentive programs and processes aimed at enhancing organisational, team, and individual performance. Monetary and non-monetary incentives may be utilized in this process.

Monetary incentives are an effective way to enhance direct employees' satisfaction, but non-monetary incentives can increase employees' recognition, motivating them and leading to greater workplace engagement (Bird & Frug, 2019). Non-monetary incentives, such as acknowledgement, training and development opportunities, and flexible work hours, are examples of benefits that can be offered to employees (Bird & Frug, 2019). Providing non-monetary rewards to employees has been shown to increase organisational performance to a great extent (Sureephong *et al.*, 2020).

Research has shown that a significant proportion of college students and working adults place high value on having an impact in their work (Cassar & Meier, 2018). Employees' appreciation, as defined by Andriotis (2018), refers to the recognition of a company's employees for exceptional performance. The level of employees' appreciation provided by an organization is



directly linked to its ability to retain employees and reduce turnover. Swe (2019) notes that businesses with highly successful recognition programs for fostering employee engagement have 31% lower voluntary turnover rates than enterprises with unsuccessful recognition programs.

According to a 2012 Strategic Human Resource Management (SHRM) study, businesses that implement strategic recognition programs reported a mean employee turnover rate that is 23.4% lower than retention at enterprises without any recognition program. Therefore, providing non-monetary incentives, such as recognition and appreciation programs, can have a positive impact on employee engagement and lead to improved organisational performance.

Employees' recognition involves acknowledging and appreciating peoples' behaviour, effort, or business results that go above and beyond normal expectations and align with the organisation's values and objectives. The primary aim of recognising employees, as stated by Amoatema *et al.*, (2016), is to communicate that their work is valued and to foster a sense of ownership and belongingness. Additionally, employees' recognition can boost morale, increase loyalty, and improve job satisfaction. A study conducted by the Hay Group revealed that recognition for good work, respectful treatment, and constructive feedback in the form of coaching significantly enhances employees' satisfaction.

There are various empirical studies on employees' recognition and performance, but they are in varied circumstances. Andriotis (2018), for example, investigated the impact of recognition on employees' performance in Bemis Company and concluded that employees seem to be less pleased in their job if they get little or no acknowledgement. Similar to this, Rajapaksa *et al.*, (2019) found that low compensation, fringe benefits, and job stability had an impact on employees' performance in public educational institutions. Rashmi & Sneha, (2017) explored the impact of incentives on employees' performance. Flexible work practises provide employees the option to work outside of the normal workday (Chung & Van-der-Lippe, 2020). Several types of flexible work schedules allow employees to put in time outside of the typical 9-to-5 workday, as described by Groen *et al.*, (2018). Telecommuting, shortened workweeks, shift work, flextime, and annualised hours are all examples of flexible work practises. Flexible practice is not a new idea and has been utilised by so many organisations. Technological progress has made this feasible. Examples of flexible work practice employed in firms today are; flexitime, which permits an employee to work from home or office; compressed hours, which allows employees to work for more hours in order to receive an off; working less hours each week, which is referred to as "part time"; and job sharing, which enables two individuals to share a full-time position so they can switch off on either two days each week or as agreed upon. In a recent study, respondents said they would prioritise finding a job that allowed for some degree of flexibility if given the choice, hence, the general notion from past research that work scheduling lowers employees' absenteeism. As a consequence of exercising this scheduling flexibility the company's productivity increases. Studies have showed that organisations adopting schedule flexibility are likely to perform better (Ciarniene & Vienazindiene, 2018).

Statement of the Research Problem

High turnover rates are a major source of worry for corporate leaders, and with unemployment rates hitting historic lows, this issue is only exacerbating. The rising competition for talented workers has led to a phenomenon known as "ghosting," where candidates accept a job offer but fail to show up on their start date because they have received a more attractive offer from another employer. The cost and effort required to replace these employees are substantial. The head of Paycor, a leading HR consulting firm in the US in 2020 stated that turnover is a big problem in most industries but the manufacturing industry tend to experience more challenge



in that area. He further pointed that with the right incentive, turnover can be reduced significantly by 138%. Various studies, including those conducted by Nnubia (2020), have established a relationship between non-monetary incentives and employees' performance across different industries, such as banking and manufacturing. The studies found a significant positive correlation between non-monetary incentives and employees' performance. Similarly, Albatal (2019), conducted a research in academic institutions and found that non-monetary incentives have a positive impact on employees' performance.

These findings provide the foundation for the present study, which aims to investigate the relationship between non-monetary incentives and employees' performance in the pharmaceutical manufacturing industry. Specifically, the study focused on medium and large-scale pharmaceutical companies at the local level.

The study determined how these non-monetary incentives, such as employees' recognition, personal growth, flexible work environment and positive work environment affects and increases the performance of employees in the pharmaceutical manufacturing industry in Ota, Ogun State.

Objectives

The broad objective of the study was to look at the impact of non-monetary incentives on employees' performance in the manufacturing industry. The specific objectives were to:

- i. examine the relationship between employees' recognition and employees' performance;
- ii. examine the relationship between personal growth of employees and employees' performance;
- iii. determine the degree of relationship between a positive environment and employees' performance.
- iv. examine the relationship between flexible work arrangements and employees' performance.

2. LITERATURE REVIEW

2.1 Conceptual Clarification

Non-Monetary Incentives

Extrinsic and intrinsic incentives are the two sorts of motivators inside an organisation. Extrinsic incentives are external effects, with monetary benefits being the most prominent. Employees need intrinsic incentives to increase their morale at work, which are psychological needs. These are the non-monetary rewards. Non-monetary rewards and incentives are defined by the Business Dictionary as compensation provided in a transaction that is not monetary in nature. Incentives systems, particularly in the workplace, typically try to excite the recipient, as noted by Alade & Chinedu, (2021). According to Steinhorst and Klockner (2018), financial incentives have a significant detrimental effect on intrinsic motivation, leading to a decrease in organisational performance. Trust-based incentives are not required incentives that are needed for developing intrinsic motivation and subsequent performance among people (Alade & Chinedu, 2021) however, employees' motivation may take on new significance when non-monetary rewards are used. Since money encourages individuals to work, Rheinberg (2020) contends that employees equate labour to monetary incentives and accept job offers only for the compensation purpose. Many psychological and economic research show that contemporary employees care about pay less at work (Rheinberg, 2020). Different incentives inspire workers to put out more effort in an organisation. According to Froese, *et al.* (2019), an



organisation's employees may choose professional development and job satisfaction above incentives and base pay. By understanding the value of intrinsic rewards, organisational leadership strikes a balance between monetary and non-monetary incentives. In addition to adequate compensation, organisational leaders are focused on building a connection between the company and the employees. Non-financial incentives increase performance. According to Srna & Dinc, (2017), non-monetary incentives, such as internal recognition, are powerful rewards in a company and inspire employees to improve their performance. Other motivators include job security, career advancement, strong relationships, and independence. Employees' motivation and performance are impacted by the availability of these incentives and these will result in needs fulfilment (Tongo & Ajayi, 2022).

Employees' Recognition and Performance

The intrinsic benefits for employees can include recognition. Recognizing an employee's contributions to the organisation's success is important (Banya, 2017), employees' motivation depends heavily on it. This method of fostering a sense of community among employees has gained widespread recognition as an effective strategy for increasing employees' morale. The strategy has a big impact on how well an employee performs. When employees believe their efforts are being recognised and rewarded, they are more motivated to contribute to the success of the company. Employees' acknowledgment boosts productivity (Banya, 2017). An affordable strategy for motivating staff is employees' appreciation. To determine how employees' appreciation affects productivity, Bradler *et al.*, (2016) conducted a field experiment. A simple "thank you" from upper management was discovered to have a far greater impact on employees' attitudes than any other kind of gift. The natural reciprocity emerges from boosting their efforts to achieve the organisations' goals. Employees' recognition literature focuses on compensation increases or incentives. Bradler *et al.*, (2016) emphasize that employees' recognition need not be monetary. Organizations may recognise employees in several ways. According to Podmoroff, *et al.* (2017), delivering rewards for performance and off-duty privileges shows employees they are valued and recognised at work.

Employees should have opportunity to climb in rank; when they work hard, their work should be recognised with a higher rank or position, such as from normal worker to supervisor. Podmoroff *et al.* (2017), argues that implementing employee-suggested decisions shows them they are valued. When boosting employees' recognition, organisations should consider certain factors such as peer-to-peer recognition, publicising the recognition, customising it, and making it particular to improve employees' recognition.

Work Environment

Working conditions encompass a wide range of factors, which includes the tools and equipment used, the physical space where work is performed, and the various procedures, methods, rules, and policies that must be followed by employees, whether working independently or in groups. In contrast, the term "work environment" refers to the broader context in which employees conduct their work, encompassing not only the physical setting but also the social and professional factors that shape the work experience. According to Edward and Purba, (2020), the work environment can have a profound impact on employees' attitudes and behaviours, and may lead to psychological changes such as boredom or other forms of stress related to work.

The work environment is critical to ensuring employees' well-being and productivity. Anything that affects employees' ability to perform their job duties, from job-related stressors to the availability of resources, falls under the purview of the work environment. Therefore, creating a positive work environment requires addressing all of these factors in a holistic and comprehensive manner. It involves providing appropriate tools, training, and support, as well



as promoting a culture of respect, inclusivity, and communication. By fostering a positive work environment, employers can help employees thrive, and in turn, achieve better results for the organization (Firman, 2018).

Flexible Working Arrangements

Various studies have investigated the link between granting employees some level of autonomy in their work environment and productivity. According to the Social Exchange hypothesis put forth by Blau in 1964, an improvement in employees' performance could indicate a mutual respect between the employer and employee (De Menezes & Kelliher, 2017). Meanwhile, Avgoustaki and Bessa (2019), proposed that the availability of work-life programs and productivity could be positively correlated, using a slightly different yet comparable approach that referenced Akerlof's Gift Exchange theory from 1982. The Gift Exchange theory suggests that employers who provide benefits and wages that exceed the norm may expect employees to reciprocate through their work performance. Consequently, companies may offer employees greater control over their working conditions as a gift, with the expectation that they will work more and perform better in return. As for informal flexible work arrangements, De Menezes & Kelliher (2017), found that such arrangements could foster a sense of obligation on the part of the employee, leading to a desire for reciprocation and behaviors that the manager would appreciate and may require greater effort.

Intrinsic incentives

People are intrinsically driven when they have a preexisting desire to engage in a behaviour because they find it pleasurable or even rewarding. This kind of motivation occurs when an employee acts without expecting to be rewarded for doing so. Employees just find the duty to be personally rewarding or see it as a chance to learn about and comprehend your potential (Griffin, 2020). Since everyone is distinct, it is all-natural that the factors encouraging them would be different from the other. What some employees see as intrinsic motivation may appear to be extrinsically exciting to others (Rheinberg & Engeser, 2018). According to studies, the over justifying effect has a significantly less impact on behaviour when supplementary incentive focuses on doing something correctly. Getting rewarded for analysing, as an example, possibly will absolutely not lower any sort of desire you may have to study. This is due to the fact that your level is a performance-based reinforcer. They improve your investigating behaviour, although they are contingent upon prospering rather than merely experiencing the motions (Gallus *et al.*, 2021), yet, this does not imply that extrinsic incentive is always harmful; in fact, it may be useful under some circumstances (Gallus *et al.*, 2021). For instance, extrinsic motivation can be useful when someone needs to complete a task they find unpleasant, it can inspire someone to learn new skills or gain experience in an area they aren't particularly interested in, and it can motivate people to complete tasks they aren't particularly interested in (Kerdasi & Azam, 2020).

Non-Monetary Incentives and Performance

Several empirical studies have investigated the relationship between intrinsic motivators and organisational performance, but the findings have been conflicting. According to Rajendran *et al.* (2017), a company's intrinsic values have an impact on employees' performance. The study focused on an agricultural research center in Ethiopia and found a significant correlation between intrinsic incentives, such as job happiness, autonomy, recognition, and job security, and employees' morale, work outcomes, and corporate goals' fulfillment.

Similarly, Albatal (2019), suggests that non-monetary values and rewards may enhance employees' engagement and performance within the company. The author argues that financial compensation has little effect on employees' behavior, improved management cooperation, or



additional work hours. Non-monetary incentives, on the other hand, are easier and less costly to implement in a business.

Peluso *et al.* (2017), underscore the importance of non-monetary incentives in enhancing worker's performance. Their study, "Hidden benefits of reward: A field experiment on motivation and monetary incentives," emphasises the value of motivational speaking in boosting employees' performance. The positive effects of motivational speeches were about 20% higher than those of performance pay, and the ratio of employees' errors decreased by 40%.

Moreover, Gagné *et al.* (2019), found a positive link between perceived organisational performance and human resource management (HRM) strategies that encourage intrinsic work motivations. The authors suggest that HRM initiatives that foster intrinsic incentives improve job satisfaction, professional development, self-evaluation, and engagement, all of which have a favorable impact on the organisation's performance.

Several studies have shown that non-monetary incentives are effective in motivating employees in organizations. Srna & Dinc, (2017) found that these rewards strengthen the link between employees' desired behaviors and organisational performance. Companies that recognise the value of intrinsic incentives as a source of employees' motivation are highly regarded by the public. Moreover, companies that demonstrate appreciation for their employees by providing non-monetary incentives, such as public shows of gratitude, are held in greater esteem.

Other non-monetary incentives that influence employees' happiness in the workplace include promoting employees' autonomy and self-determination, as well as optimising employees' effort. In conclusion, while literature has produced conflicting findings, empirical studies suggest that intrinsic incentives, particularly non-monetary ones, are effective in enhancing employees' engagement, motivation, and performance, which, in turn, has a positive impact on organisational performance. The most prevalent type of employees' incentive is regular evaluation of salary and compensation which are ineffective methods of encouraging employees (Srna *et al.*, 2017).

The Concept of Flexi-Time

Employees have the opportunity to work outside of normal working hours because of flexible work practises (Chung & Van-der-Lippe, 2020). According to Chen, *et al.* (2019), flexible work practices allow employees to work outside of the traditional workday. Telecommuting, shorter workweeks, shift work, flextime, and annualised hours are all examples of flexible work practises (Aziz-Ur-Rehman & Siddiqui, 2019). According to a poll conducted by De Klerk *et al.* (2021), 87% of workers would prioritise flexible work while searching for a new job. Companies nowadays are increasingly aware of the need for innovative employees and are actively recruiting them. As a result, they actively seek out new methods and approaches to hiring new employees.

According to Moen *et al.* (2017), flexible work hours are a crucial part of any organisation's strategy to keep a satisfied and committed staff. Both businesses and employees have benefited from flexible work methods, which are used in both emerging and wealthy nations. Flexible work hours have been shown to provide advantages, according to research. Spurk & Straub, (2020) stated that in today's dynamic labour market, employees benefit from the ability to switch jobs and employers with greater ease which is due to flexible employment relationships and careers; and has resulted in the rate of employee turnover being proportional to the degree with which the company embraces change. Work scheduling lowers employees' absenteeism (Soliman *et al.*, 2017). Organisation's productivity rises as a consequence of implementing scheduling flexibility (Soliman *et al.*, 2017).



Non-monetary Tangible Incentives

In addition to monetary incentives, non-monetary physical rewards and benefits are also financial incentives since they benefit the receivers financially. Extrinsic rewards, such as monetary incentives, include both non-monetary physical incentives and advantages. Studies on non-monetary tangible rewards and their influence on performance are few. One of the reasons is because it is so difficult to put a dollar value on non-monetary physical rewards, which leads to inconsistent results in research (Sureephong *et al.*, 2020). In their meta-analysis, Sureephong *et al.*, (2020) discovered that non-monetary tangible rewards increased performance by an average of 13%. According to Sittenthaler & Mohnen (2020), non-monetary physical rewards are successful because they are widely visible; as a result, their symbolic value is greater than that of other incentives. Non-monetary physical incentives may be more successful than monetary ones since they are often given out immediately after performance. However, in the case of monetary incentives, it may take months for employees to get their rewards. In this instance, the reward-compensation relationship is looser than it would be if the prize were delivered immediately after performance. Motivation and performance may be impacted by this. According to Sittenthaler & Mohnen, (2020), monetary incentives are often misunderstood as a normal element of an employee's salary. In this situation, monetary rewards may not be as effective as they formerly were. Instead, non-monetary physical incentives are well-noted, and employees see them as additional rewards. As a result, non-monetary physical rewards may sometimes be more successful than monetary ones. The fact that individuals have varying tastes in non-monetary physical rewards is an issue (Sittenthaler & Mohnen, 2020). Although one may find a public ovation more appealing, the other may find acknowledgment to be more motivating. Managers have a difficult choice when determining the best reward under various circumstances. Another issue is that people with lower incomes may not value non-monetary physical rewards as highly as those with higher incomes do because of the greater importance placed on financial security (Sittenthaler & Mohnen, 2020). Non-monetary physical rewards are often given out of the blue. This indicates that the incentives are not delivered in accordance with any specific incentive strategy. Since they are unexpected, non-monetary physical rewards do not have the same depressing impact on intrinsic motivation that monetary incentives do (Sittenthaler & Mohnen, 2020). Non-monetary physical incentives, for instance, are not seen as controlling by people since they are not directly tied to performance. Since they are unexpected, non-monetary physical rewards do not suffer from the same limitations as monetary incentives (Sittenthaler & Mohnen, 2020). Non-monetary physical incentives, for instance, are less likely to result in a scenario where employees stop working towards the immediate objective because of incentives than monetary incentives. This is due to the fact that unforeseen rewards do not establish the objective that employees should strive towards. It should be noted, however, that some research has shown that non-monetary physical rewards have often no influence on performance due to unexpectedness (Sureephong *et al.*, 2020). This is due to the fact that employees' behaviour is not influenced by these incentives. The goal-setting theory supports this observation.

Key Performance Indicators (KPI)

Key Performance Indicators (KPI) are performance metrics used by businesses to gauge how effectively they are achieving their objectives. They assist in directing efforts towards a specific goal and assessing whether resources are being allocated appropriately to achieve targets. Personal KPIs may also be established by professionals to evaluate their performance and guide decision-making. Tracking key performance indicators enables firms and individuals to understand their progress and adapt to changing market conditions. Management utilizes a range of KPIs to measure organisational objectives and employees' performance, such as customer acquisition cost, customer lifetime value, customer satisfaction score, sales target %, and so on.



sales by product or service, revenue per FTE, revenue per customer, operating margin, gross margin, return on equity, return on assets, current ratio, debt to equity ratio, working capital, and employee satisfaction rating.

Employees' Performance

Organisational performance is the assessment of an employee's performance in relation to their assigned duties and responsibilities. The purpose of a performance review is to determine how successfully or poorly a person executed a certain task or activity. Motivation is one of the numerous elements that affect an employee's job performance and, as a consequence, organisational performance (Andreas, 2022). Employees who are highly driven will automatically produce higher results than those who are not. There are many additional variables that might affect an employee's performance, even if they are highly motivated. Other factors that affect performance include a person's mindset, the difficulty of the job at hand, the resources at their disposal, and the conditions in which they are working. When employees' performance is subpar, managers must choose the most effective strategies to apply (Widarko & Anwarodin, 2022). In their research, López-Cabarcos *et al.*, (2022) questioned whether or not various ideas might still be used to motivate employees in the twenty-first century.

To guarantee that work is accomplished in line with the plan and goals, organisational performance is evaluated by comparing actual outcomes to anticipated results. Both company competitiveness and firm financial position have an effect on overall organisational performance, thus a positive and welcoming work environment may help (Al-Khajeh, 2018). Financial stability, effectiveness, and efficiency are the three pillars of organisational performance. Financial stability refers to a company's ability to meet its customers' demands on time and to their complete satisfaction (Walter & Vincent, 2018). Schuldt & Gomes, (2022) defines organisational performance as a standard quantifiable technique that assesses industry rating, production level of the firm, and organisational effectiveness.

So many past studies have been conducted on how non-monetary incentives affect employees in various ways. For instance the effect of non-monetary incentives on employees' dedication in Libya's telecommunications industry was investigated by Kerdasi & Azam, (2020). The major goal of the research was to look at how non-monetary incentives (such as career advancement and development opportunities) affect employees' engagement in the Libyan telecoms industry. Regarding the link between non-monetary incentives and employees' commitment, the moderating influence of perceived supervisory support was explored. For statistical analysis, the SPSS and PLS-SEM applications were applied to analyse data. The analysis of the data demonstrated that the theoretical model developed for the research accurately portrayed the significant impact of non-monetary incentives on employee devotion. The correlation between job satisfaction and opportunities for advancement was shown to be moderated by the presence of supportive managers, according to the data. Perceived supervisory support for career prospects had no moderating effect.

Peluso *et al.*, (2017) performed a research on the differential impacts of monetary and non-monetary incentives on employees' attitudes and behaviour. To help businesses create compensation plans that are successful in maintaining positive attitudes and behaviours among their staff, this research aimed to compare the effectiveness of monetary and non-monetary incentive systems. Researchers surveyed 1,092 workers to see how total TRS affected three outcomes (such as job satisfaction, affective commitment, and innovative behaviour at work). Researchers also looked at how basic income, chances for professional growth, and a positive workplace culture contributed to the TRS's desired outcomes. The findings demonstrated that the deployment of a TRS favourably influences the aforementioned outcomes.



In Kazi *et al.*, (2019) study, the impact of non-monetary incentives on worker productivity in the private banking industry of Hyderabad, Pakistan was investigated. The study focused on factors such as recognition, career growth, and flexible working schedules as independent variables, and employee performance as the dependent variable. Data was collected through questionnaires from 50 physically contacted individuals and statistical procedures such as reliability tests and multiple regression statistics were used for data analysis. Results showed a positive correlation between worker performance and non-monetary incentives, with employee appreciation, career advancement opportunities, and work schedule flexibility having a negligible effect.

Similarly, Nnubia (2020) conducted research on the relationship between monetary incentives and employee performance in manufacturing enterprises in Anambra State. A survey was conducted with 1,019 workers from 287 manufacturing enterprises in three senatorial zones. The study found a strong positive correlation between pay, wages, bonuses, and commission with employee performance, suggesting that monetary rewards are essential in human resource management to enhance productivity and growth.

In Rajendran *et al.*, (2017) study, the impact of non-monetary rewards on employee performance was explored at the Bako Agricultural Research Center. Data was collected through questionnaires and interviews from 156 employees and human resource professionals, respectively. The study found a significant relationship between non-monetary benefits and employee job performance. Overall, these studies suggest that both monetary and non-monetary incentives play a crucial role in enhancing worker productivity and organizational growth.

Non-monetary incentives and their connection to employee motivation were studied by Srna & Dinc, (2017). This article set out to investigate how widely used non-monetary incentives are in Bosnia and Herzegovina's public service sector and how much weight is given to them. The research was conducted in part to determine whether or not non-monetary incentives may effectively boost employee engagement in the same way as monetary prizes do. These results may help us better understand how non-cash, non-monetary motivators may have a significant impact on an individual's behaviour and motivation. A total of 129 state employees across all departments participated in the research. Descriptive statistics, correlations, and a non-parametric independent samples test were used to assess the associations between the variables. The study's results showed that the non-monetary incentives are under-utilised in the public sector. Additionally, according to the results, non-monetary incentives constitute a very powerful motivational element and might be extensively and actively exploited in order to achieve greater motivation of the government officials in Bosnia and Herzegovina.

At Sri Lanka's private banking institutions, Pushpasiri and Ratnayaka (2018), investigated the impact of non-monetary awards on employee job satisfaction. The purpose of this research was to investigate, from the point of view of the employees of private banking, the link between non-monetary benefits and job satisfaction. We used a questionnaire to get information from one of the most respected banks in the world. 250 full time employees were randomly picked from the southern area of Sri Lanka. IBM SPSS 23 was used for correlation and regression analysis to learn how non-monetary incentives affect work satisfaction. Promotion, Work Enrichment, and Job Autonomy were employed as non-monetary incentives. Non-monetary benefits and work satisfaction are positively correlated, according to the study results.

Kulwa and Mwila (2022), conducted a study on the effectiveness of non-monetary incentives in motivating secondary school teachers in Kinondoni Municipality, Tanzania. The research aimed to investigate the impact of non-monetary incentives on teacher job performance and identify ways to improve their availability in secondary schools. The study adopted a mixed-



methods approach and a case study design, using interviews, document reviews, and questionnaires to gather data. The sample consisted of 42 participants, including teachers, Heads of Schools, and Ward Education Officers. The results revealed that secondary school teachers in Kinondoni Municipality were dissatisfied with the lack of non-monetary rewards, including professional growth, supportive work environment, respect and appreciation, clear communication, and involvement in decision-making. The research findings suggested that effective secondary school teachers were not receiving appropriate incentives.

Kassim *et al.*, (2017) investigated the relationship between incentive management techniques and employee performance. The study used cash and non-monetary incentives as components of incentive management systems and productivity and tardiness as indicators of employee performance. A cross-sectional survey was conducted on a sample of 281 employees from a population of 751 representatives in selected manufacturing industries. The study found that incentive management practices significantly correlated with employee performance, with financial incentives and non-monetary incentives having a substantial impact on productivity and punctuality. The researchers recommended that incentive plan management and structure adhere to efficient and clearly defined methodologies that are legitimate, realistic, and based on acceptable and standard approaches. Furthermore, incentive administration and procedures should conform to moral values and practices and comply with mechanical benchmarks, files, and systems to mitigate the risks of external environmental volatility on organizational stability and harmony.

Hamza *et al.*, (2022) conducted a research on non-monetary variables impacting employee performance in banking sectors. The major purpose of this study was to examine the non-monetary factors that affect employee performance in the Kurdish region of Iraq and in Erbil specifically. Yet, in order to measure how effectively workers performed during economic downturns, the researcher developed five study assumptions that needed to be examined and measured. As the highest-scoring factor, job security was shown to have the most positive correlation with employee performance in times of economic downturn. Yet, research conducted in Iraq's Kurdistan area revealed that job enrichment had the weakest affect on and correlation with employee performance throughout the country's financial crisis. The suggested research hypotheses were tested by a simple regression analysis.

The impact of incentives on employee productivity was the subject of a research by Daniel (2019). The research looked at how incentives affected employee output. The research examined the connection between incentives and employee productivity in Nigerian businesses, as well as the impact of incentives for productivity on employee output. The Pearson Product Moment Correlation Coefficient was used to process and evaluate the finished surveys. The research found a favourable correlation between incentives and productivity. In addition to monetary incentives, including employees in the process of achieving organisational efficiency is crucial for motivating them since the company cannot function without their cooperation.

Chukwuemeka (2020) conducted a study on the impact of non-monetary incentives on staff performance in selected public organizations in South East Nigeria. The study focused on three federal higher education institutions and aimed to determine if factors such as career advancement opportunities, employee involvement in decision-making, and empowerment positively affected work performance. The research design was a survey, with a sample size of 1276 participants selected using Borg and Gall's technique. The findings revealed that non-monetary incentives improved the performance of government employees, and career progression opportunities, employee involvement in decision making, and employee



empowerment were among the non-monetary incentives that positively influenced employee motivation and increased work performance.

In Sri Lanka's private banking sector, Pushpasiri and Ratnayaka, (2018) investigated the relationship between non-financial incentives (feedback, recognition, and work-life balance) and job satisfaction among employees. The study randomly selected 250 full-time employees from the southern province of Sri Lanka, and the data collected was analyzed using alpha test, correlation, and regression analyses. The results of the study indicate a positive correlation between non-monetary incentives and employee satisfaction, demonstrating that non-monetary benefits improve employee satisfaction.

3. METHODOLOGY

The study employed the use of primary data from selected pharmaceutical companies in Ota, Ogun State, with a well structured questionnaire and the questions on the questionnaires were designed to align with the research hypothesis and other relevant research questions. A five-point Likert Scale was used to measure responses, with a ranking system of 1 to 5. The ranking for each item on the Likert scale was as follows: Strongly Disagree (SD), Disagree (D), Agree (A), Undecided (U), and Strongly Agree (SA). To ensure the validity of the questionnaire, a draft was created and reviewed by academic lecturers who possessed adequate knowledge and experience in the subject matter. Their review aimed to ensure that each item measured the intended construct and to eliminate any ambiguity or complexity in the phrasing of the questions. Cronbach's alpha coefficient was used to test the instrument's dependability, with some experts recommending that all indicators or dimensional scales should have values above the recommended threshold of 0.60. The results revealed values of 0.993 indicating a mark of excellence based on the decision rule. This indicates that the responses acquired from the field work are reliable for data analysis.

Descriptive and inferential statistics were used to collect and analyse the data for this study. Structural Equation Model (SMART-PLS) was utilised for analysing the 360 questionnaire. The study presented its findings using the descriptive statistics of tables and percentages. To experimentally analyse the aims, the study made use of Pearson product moment correlation analysis.

4. RESULTS AND FINDINGS

Each hypothesis was tested using coefficient results from the regression analysis to determine if a significant relationship existed between the dependent and independent variables. Results revealed weak positive correlation of 25% between employee recognition and employee performance. Although the correlation was weak, it was significant at a 1% level of significance (0.01). This provides conclusive evidence of a significant relationship between employees' recognition and employees' performance in the pharmaceutical manufacturing firms that were selected for the study. As a result, the alternative hypothesis which suggests that there is a significant relationship between employees' recognition and employees' performance in the pharmaceutical manufacturing industry was accepted.

For hypothesis two, the Pearson correlation result indicated a strong positive relationship of 60% between personal growth and employees' performance. The level of significance was 1% (0.01), which means that there was a high degree of certainty that the relationship is significant. This result provides conclusive evidence that there is a significant association between personal growth and employees' performance in the pharmaceutical manufacturing industry. Therefore, the alternative hypothesis, which states that there is a significant relationship between personal growth and employees' performance, was accepted.



The Pearson Correlation results for hypothesis three indicated a moderate positive and significant relationship of 45% between flexible work arrangements and employees' performance in the selected pharmaceutical manufacturing firms. The statistical significance is demonstrated by a p-value of 0.01 at a 1% level of significance. These findings provide conclusive evidence of the significant association between flexible work arrangements and employee performance in the pharmaceutical manufacturing industry. Therefore, the alternate hypothesis, which suggests a significant relationship between flexible work arrangements and employee performance, was accepted.

Hypothesis four had its Pearson correlation result revealing a significant negative relationship of 18% between positive work environment and employees' performance in the selected pharmaceutical manufacturing firms. This negative correlation implies that as the positive work environment decreases, employees' performance tends to increase. The result is significant at a 1% level of significance, indicating that the finding is highly reliable. Therefore, the alternate hypothesis that suggests a significant relationship between positive work environment and employees' performance in the pharmaceutical manufacturing industry is rejected, and the null hypothesis is accepted.

Therefore, the research findings of objective one which was to ascertain the extent to which employees' recognition increases the performance of employees in the pharmaceutical manufacturing industry was consistent with a research carried out by Bradler, *et al.*, (2016), to examine the impact of employees' recognition on workforce performance; the result of their study revealed that employees viewed "thank you" as a big part of motivation and made them perform better than they did before the recognition received. It revealed a positive significant relationship between employees' recognition and employees' performance in the studied firm.

It also supports a study carried out by Banya, (2017) on the effect of intrinsic motivation on employees' performance, result revealed that there is a link between employees' recognition and increased performance of employees in the manufacturing industry. The research ends with a few short recommendations for companies to understand the significance of employees' recognition and other forms of intrinsic rewards which can boost employees' output and motivation in the workplace.

Results from objective two revealed a very strong significant and positive relationship between personal growth and employees' performance, with a correlation of 65%. This shows that the lack of it will eventually lead to the lack of motivation by employees in the workplace and reduced performance output from job done. It also supports the results of (Rheinberg & Engeser, 2018) who carried out a study to determine the link between personal growth and performance in the workplace, found that there was a strong correlation between the variables. Their study made use of both WPLS-SEM and PLS-SEM models which met internal consistency reliability, convergent and discriminant validity.

The findings for objective three aligned with the work of Rahman *et al.*, (2020), who conducted a research on the impact of flexible work arrangements during the COVID-19 pandemic on employees' performance. The research revealed a tenuous connection between a flexible work environment and employees' performance. The study concluded that employees' perceptions of their work environment did not have a significant impact on their performance, indicating that there is no correlation between the variables.

In line with objective four, Taşkin and Taşkin, (2021) conducted a study that examined the impact of workplace environment on job satisfaction and perceived productivity, and their findings support the findings of this investigation. The study found that two aspects of



workplace design were found to affect job performance, and job satisfaction was identified as a crucial factor in determining employees' perceived productivity.

5. CONCLUSION

The findings of this research provide the foundation for concluding that non-monetary incentives such as employees' recognition, flexible working environment and personal growth are critical factors in enhancing employees' performance and productivity not just in the pharmaceutical manufacturing companies in Ota, but globally. This is because similar empirical results from Rahman *et al.*, (2020), Taşkin and Taşkin (2021), (Rheinberg & Engeser, 2018) and Bradler *et al.*, (2016) have found that various non-monetary incentives such as employees' recognition, public recognition, annual rewards, flexible working arrangement and work environment which were all considered and corroborated in the research, significantly improve employees' performance.

Pharmaceutical firms, small organisations, and corporations should use these finding to enhance employees' performance if they wish to successfully raise worker productivity and motivation in the workplace. This would help organisations in growing and dominating in their respective sectors.

Recommendations

Based on the aforementioned, this research makes four critical suggestions for the growth of pharmaceutical companies, enterprises and organisations in Nigeria:

- i. Organizations should take into consideration the importance of employees' recognition, as employees' motivation at work tends to increase when they are recognised and appreciated for job done.
- ii. Employers and managers should allow employees grow professionally outside of the working environment, as this is a proven way to increase employees' performance and output.
- iii. Employees should be allowed to grow and achieve goals at their own pace, as micro managing can hinder their growth and overall output.
- iv. The work environment should be made conducive to encourage employees' participation and motivation to carry out task even at the absence of supervisors or managers.

Organisations should strive to create a work atmosphere that encourages employees to be dedicated to the company. When employees are committed to the organisation, they put up greater effort towards achieving greater productivity, thereby making the organisational goal for development and expansion their own.

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