



Libyan international medical university faculty of business administration

The Effect of Incentives on Employees' Performance

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Introduction

Incentives play an important role in motivating employees to give their best performance. Incentives can come in the form of bonuses, extra vacations, or even cash rewards. Offering incentives for specific actions or achievements enables employers to track progress and performance. This in turn encourages workers to remain motivated and focused on their goals.



Terminologies

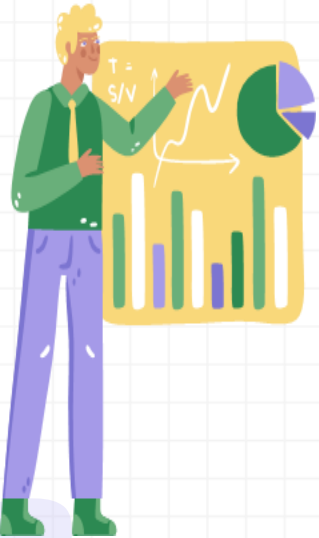
Employee performance: is defined as how an employee fulfills their job duties and executes their required tasks. It refers to the effectiveness, quality, and efficiency of their output. Performance also contributes to our assessment of how valuable an employee is to the organization

Incentives: are an object, item of value, or desired action or event that spurs an employee to do more of whatever was encouraged by the employer through the chosen incentive

Economic incentives: can be referred to as a reward or motivation provided in monetary terms. It produces a desired response from the parties by altering their natural behavior. Examples of incentives are subsidies, tax credits, discounts, and cashbacks.

Social Incentives: A Life-Span Developmental Approach presents a developmental perspective about universal social goals, one that provides an examination of human motivation over the life span.

Moral incentives: Exist where a particular choice is widely regarded as the right thing to do or is particularly admirable among others. An agent acting on a moral incentive can expect a sense of positive self-esteem, and praise or admiration from their community.



Literature review

- ❖ In 30th, feb 2022, a two Indonesian authors, (Fajar Rezeki Ananda Lubis & Vina Winda Sari), has conducted a study that aimed to determine the Effect of Incentives and Work Stress on Employee Performance during the Covid-19 Pandemic. The study targeted the agricultural sector at Kebon Tanah Raja PTPN IV plantation land. A questionnaire was utilized to gather data in accordance with the indications of each variable employed. This study's population included all 323 workers of “KEBON TANAH RAJA PTPN IV” while the number of respondents was 51 and they've took all of them as a sample. The acquired data were then evaluated using multiple linear regression analysis. The research showed that incentives had a 58.9% influence on employee performance during the COVID-19 pandemic and also showed that job stress had a substantial impact on employee performance during the COVID-19 pandemic. According to the findings of the study, the Incentive and Work Stress had a 43.10% influence on employee performance during the COVID-19 pandemic. When compared to job stress, incentive variables have a stronger effect on employee performance.

Literature review

- In 1st Jan 2019, (Cross Ogohi Daniel), the Nigerian author has conducted a study on a title of the Effects of Incentives on Employees Productivity. This study targeted the (Guaranty Trust Bank) in Abuja city. A questionnaire based on the objectives was devised to attain the aim of this study. The study focused on Senior Management and Middle Management in Abuja branches. The respondents for this study were 158 while the sample was 108 employees. The Pearson Product Moment Correlation Coefficient was used to process and evaluate the completed surveys. The findings of the study were that the Organizational strategies that support and focus on the wellness and welfare of employees through non-monetary activities improves their job productivity even more. At a 95% confidence level, pay incentive management moderates the association between incentive management and employee productivity. The findings of the analysis support the argument that implementing fair, reasonable, and equitable incentive systems, procedures, and structures improves the work behavior of the organization's workers and employees, and another important factor in motivating employees is to involve them in the process aimed at achieving organizational effectiveness because the organization cannot function without their cooperation.

Literature review

- In march, 2018 a Kenyan author named (Judith Chepkemoi), has conducted a study on the effect of incentives on employee's performance at Kenya forest service Uasin Gishu county. The study targeted all the employees of Kenya forest service Uasin Gishu county which consists of 8 forest stations with a population of 115 employee. Census method was used to get a sample size of 115 respondents. Descriptive statistics (Percentages, mean and standard deviation) was used to analyze data. The findings of this study have indicated that incentives are essential in organizational performance. It was revealed that incentives can lead to employees becoming more involved in decision making. Respondents also agreed that incentives have led to increased efficiency and improved image of the organization. Kenya's Forest Service and other governmental organizations should embrace the reengineering process in form of employee incentives, according to a study by Martinetti et al., 2003. The response on the issue that incentives lead to reduced employee turnover was supported by a mean 4.017 and a standard deviation of 1.068.

Literature review

- In 2020, two Nigerian authors named (NNUBIA & Amara Lovina), has conducted a study on Monetary Incentives and Employee Performance of Manufacturing Firms in Anambra State. The population of this study consists of the staff of selected manufacturing firms which is 1,019 staff while the respondents was 287 respondent. The sample used for this study was 225 employees. The reliability of the instrument was done using spearman rank order correlation coefficient and the sectional coefficients and the average were respectively 0.80, 0.60, 0.80, and 0.70. the study has shown that Incentive stigma is seen as one of the most important strategies in the human resource management function. Modern corporate organizations have deemed it imperative to incorporate effective monetary incentive scheme as part of their corporate goals and objectives. This is believed to shape a work force focused on strategic performance goals and capable of achieving them. In addition to monetary incentive, contemporary employees want and are increasingly demanding incentive diversity and incentive choice.

Literature review

- (Amballi Adebayo Adetola, Ayinde Abayomi O, Olugbenga Asaolu, & OlayideOlubunmiOlabumuyi), are Nigerian authors who has conducted a study in 31th march 2022, about the effect of work motivation on job performance among healthcare providers in University College Hospital, Ibadan, Oyo State. The study has targeted the Employees of University College Hospitals in Ibadan, Oyo state. The sample of this study was 120 respondents. The study used a quantitative method approach, using Descriptive statistics & inferential statistics. This reveals that Motivation matters a lot to workers and should be a concern of employers and employees. It was concluded that there is a relationship between motivation and performance of healthcare providers shown statistically significant relationship with P-value of 0.000. The institution should look into the factors that best motivate its employees and put them into practice so as to increase the level of job performance and productivity.

Literature review

- In 2021, (Joseph Ato Forson, Eric Ofosu-Dwamena, Rosemary Afrakomah Opoku and Samuel Evergreen Adjavon), are four authors from Ghana which has formulated a study on Employee motivation and job performance: a study of basic school teachers in Ghana. The population of the study was the teachers of basic schools in Ghana which is 678 teachers. 254 teachers have responded to the distributed questioner and 159 of them were chosen as a sample for this study. A quantitative analysis approach was used to analyze data, with the help of Multiple regression and ANOVA analysis. This reveals that a conceptual model was developed with the necessary hypotheses formulated. Using multiple regression and one-way analysis of variance (ANOVA), the causal effect as shown in the model was tested. The aggregated job motivation indicator when regressed on job performance reveals a positive and significant effect. A limitation of the study is its inability to treat job motivation as a mediatory variable as captured in the framework.

Methodologies

I have looked at 17 studies that examine the influence of incentives on employee performance. Researchers employed a quantitative analytic technique to evaluate the data and test a range of factors. To obtain satisfactory results, most researchers and authors used various statistical techniques including regression analysis and least square analysis.



Reflection

Incentives can also create a competitive environment between workers, which can increase motivation and drive employees to perform better. However, it is important to remember that incentives should not be overused. Too much incentive might lead employees to become complacent and even apathetic, while too little incentive might not offer enough reward to motivate employees. It is important to strike a balance between providing incentives and not overusing them. The right amount of incentive can really make a difference in how motivated and productive employees are.



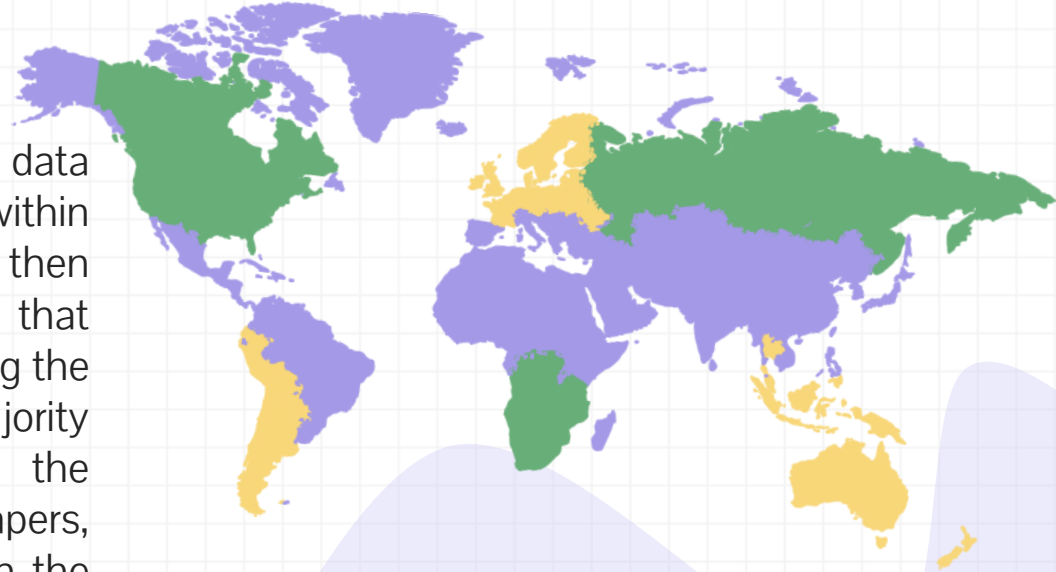
Conclusion



The incentive components addressed in these papers, monetary and nonmonetary incentives in many sectors, are virtually fully implemented as they should be. All statistical results reveal that monetary incentives have a substantial positive relationship and have a positive significant influence on workers' job performance in all of the analyzed articles. A good adjustment in incentive practice can lead to an improvement in employee job performance.

Limitation

after having thoroughly analyzed the data analysis in accordance to the studies within the papers that I have collected, I had then noticed that there are only 2 papers that carried out their data procedures using the primary data method while the majority have been implemented through the secondary data method. All of the papers, studies have been conducted through the quantitative approach, meaning not a single paper has utilized the qualitative approach.



Implication

Implication regarding my topic is determining the studies within the papers that I have collected are retrospectively correlated with one another. If we were to select paper 1, Statistical tests reveal that job stress has a negative and considerable impact on employee performance. Employees are obliged to work even from home during the COVID-19 epidemic, because the company's activities must continue to function, even if done online. Financial incentives are used in this research to inspire employees to enhance their productivity.



Recommendation



Managers will need to proactively find incentives that motivate people to perform well. Financial incentives enhance non-financial incentives in employee incentive systems. Incentive programs would be more effective if they were executed regularly and fairly. This would be compatible with organizational rules and structures backed by senior management.



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Thank you for
Your attention 😊