

A Study on Impact of Financial Incentives on the Performance of Private CBSE School Teachers of Ahmedabad

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Abstract:- Adapting to new teaching strategies in current teaching landscape depends on the motivation of a teacher and the motivation affects the performance of a teacher. With continuously changing teaching environment in higher education, with the advancement of new technologies in teaching field, keeping teachers motivated is a major challenge. It is observed that majority of teachers are not satisfied. Satisfaction of an employee and its performance are interrelated and interdependent with each other. An incentive is the factor that encourages you to do something and a satisfied employee is the combination of 3P's i.e. proactive, productive and positive. The performance of the teachers can be affected due to financial or non-financial incentives they get. Financial incentives are pay and allowances, bonus, retirement benefits etc. Dissatisfaction among the teachers does not only affect their performance, but has impact on one of the most important pillars (students) of the society as well as to the entire society. Through this research, researcher wants to find out the impact of financial incentive on the performance of a teacher as well academic performance of students. To conclude this, data was collected with the help of a questionnaire. The result concludes that there is a positive and significant relationship between financial incentives and the performance of a teacher in higher education. Proper incentive will motivate the teacher to focus on overall performance of their students.

Keywords:- Incentive, Financial Incentives, Motivation, Job Satisfaction and Employee Performance.

I. INTRODUCTION

The tender age of our lives i.e., initial fifteen to sixteen years of our initial lives, we spend more time with our teachers than our parents or siblings, and hence teachers are very important in shaping our future and life, as a whole. A good teacher can do wonders to the life of a student. Like any other profession, the performance of a teacher is also vital, that too in current rapidly changing educational scenario, with online tools, ever changing curriculum, change in organization structure of schools, and demanding learners. Teaching is a profession and teachers are also employees, and as Performance of an employee depends on his/her satisfaction level. Employee performance means how an employee fulfils his or her responsibility given by his immediate superior. Fred Luthans (2010) it defines job satisfaction as "a pleasurable or positive emotional state

resulting from the appraisal of one's job or job experience" and links it to cognitive, affective, and evaluative reactions or attitudes. A satisfied employee is a self-motivated person, and incentive is a tool to motivate employees. An Incentive is anything that motivates a worker to go above and beyond or to follow the employer's instructions, such as a valuable object, desired action, or event. Incentives are of two types: financial and non-financial.

Sumaira Aslam (2014) says that financial incentives encompass monetary perks such as salary, bonuses, fringe benefits, health insurance, and life insurance. These are important variables that impact employees' motivation inside organisations. One cannot undervalue the significance of a motivated staff in enhancing organisational performance. In addition to monetary compensation, the worker anticipates being acknowledged and valued for his contributions and efforts. Based on the results, researchers hypothesise that money is the most important factor in influencing employee motivation since it satisfies desires for belongingness and power as well as basic needs. The influence of non-monetary compensation is crucial in raising employee satisfaction.

When employees receive rewards and incentives, employers and employees can both benefit. When workers are acknowledged for their performance and productivity, their job happiness, morale, and desire to help the business reach its objectives all improve. A healthy work environment has advantages for both employers and employees, and workplace incentives and rewards for workers can significantly boost output. Approximately 50% of all businesses globally face difficulties in retaining their most critical employees. Studies show that an employee typically works for an organisation for four and a half years.

While there are many reasons why an organization's employee turnover rates could be high, the primary culprits in losing talent within your firm are definitely low engagement, a bad workplace culture, and a lack of recognition. Whether or not employees work remotely, employers still need to invest time, energy, and resources in learning how to foster a culture that will lead to a motivated and contented staff.

The process of inspiring individuals to take action in order to achieve desired goals is referred to as motivation. Abraham Maslow (1943) states that Attempts to satisfy the five fundamental needs of an individual are what lead to

motivation: physiologic, safety, social, esteem, and self-actualization. He says that a man has countless needs. If one need is met, another one will arise there. It is the duty of management to find out that at present which level the employee is in need, and what can satisfy it, so that incentive should be provided accordingly hence employee can satisfy the next level of needs. By this only, the employee will be motivated.

Being professionals like any other the performance of teachers also depends upon their motivation level. There are so many researcher papers and research work for the motivation on employees working in public and private sectors like in banks, hospitals, industries etc. but research to find out the relation between the rewards and performance of teachers is very scarce.

The purpose of this study is to find out the impact of financial incentive especially on the performance of the teachers.

Decent financial remuneration and rewards have direct influence on the quality and performance, of teachers. They are encouraged to put more effort into preparation and instruction, and simply just showing up in the classroom are all ways that incentive programmes can drive teachers.

II. STATEMENT OF PROBLEM

In these 23 years of work experience, it has been observed that, lack of proper incentive results into increase in teacher absenteeism, high teacher turnover; reduce in the performance of teachers etc. It has been noticed too that it effect the overall performance of the students.

III. OBJECTIVE

The main objective of this study is to find out the impact of financial incentive especially on the performance of the teachers. By the end of the study the researcher will be able to analyse financial incentives can improve the performance of a teacher in higher education.

IV. LITERATURE REVIEW

In today's fiercely competitive and rapidly evolving world, human resource management has emerged as a major managerial concern. Globalisation, privatisation, and emancipation have given young people more opportunities to select from a wide range of possibilities. Employee movement is increasing. Incentives, both monetary and non-monetary, have become a critical component in employee motivation, morale, and retention. A new perspective is being gained on the idea of financial and non-financial incentive and its utility. (**DhaniShankerChaubey August 2016**)

According to **K. N. Subramaniam**: Incentive is a system of remuneration emphasising the point of motivation, i.e. the imparting of incentives to workers for increased production and productivity.

As per **National Council Educational Research and Training**: Business Studies (2007): Incentive means all measures which are used to motivate people for improving their performance. Mainly there are two types of Incentives. There are two types of incentives: monetary and non-monetary. A monetary incentive is a reward or incentive that may be valued in monetary terms. These incentives are given to workers who exhibit higher levels of physiological, social, and security needs. The common monetary incentives are pay and allowances, profit sharing, stock option, bonus, commission, productivity linked wage incentive, retirement benefits fringe benefits etc. Employees with higher levels of self-actualization and self-esteem are happier with non-monetary incentives and are more motivated by non-monetary rewards; money is not the primary motivator for them. Non-monetary incentives are those that are unrelated to money and that cannot be valued in terms of money. The common means or ways of non-monetary incentives are status, organizational climate, job security, career advancement, job enrichment, employee's recognition, autonomy etc.

When we discuss about employees and their performance, intrinsic and extrinsic motivation plays vital role in the organisation. Extrinsic motivation arises from external factors, while intrinsic motivation stems from within, driven by personal satisfaction, while extrinsic motivation seeks external rewards.

Richard M. Ryan and Edward L. Deci (2000): Critical understanding of the processes involved in both development and education has been made possible by the distinctions between intrinsic and extrinsic motivational methods. We discuss the classical meanings of intrinsic and extrinsic motivation in light of current research and philosophy. The idea of intrinsic motivation is still important because it describes people's innate tendency to learn. It denotes doing something because it is inherently interesting or enjoyable for oneself. However, it is claimed that extrinsic motivation varies greatly in terms of relative autonomy, meaning it might signify either real self-regulation or external control.

While it's clear that intrinsic motivation is an important source of drive, most human behaviour isn't purely motivated by intrinsic factors. The idea of extrinsic motivation is applicable anytime a decision is made in order to accomplish a certain objective. This could be the outcome of any fines or incentives. Therefore, extrinsic motivation—doing something for its own sake as opposed to considering its potential benefits—contrasts with intrinsic motivation. In a poll conducted by Genesis Associates, 85% of the workers said that having an incentive made them more motivated to give it their all. Theoretically, this elevated motivation might result in higher levels of employee engagement, loyalty, and retention. Moreover, 73% of respondents said that the office environment was "excellent" or "very good" during an incentive period.

Abraham Maslow (1943): Declares that attempting to meet one's basic needs—physiological, safety, social, and esteem, and self-actualization— leads to motivation. A person's behaviour may be influenced by the internal stress these needs can cause. The term "physiological needs" refers to the necessities for human survival, such as food, water, shelter, warmth, and sleep. Personal, emotional, financial, and health security are all components of safety needs. It is essential for adults as well as children. A loving relationship, a strong group of friends, and harmonious family dynamics are all components of social needs. It also encompasses the sense of being a part of a social group. Esteem needs refer to those needs which lead to self-confidence and prestige. These needs include for self-respect, recognition, autonomy, status, etc. Self-actualisation defines an individual's goals and motives and its impact on many people or society. The organisation satisfies these needs by allowing the employees to take initiative to become what they are capable of becoming.

Some researcher suggests that there is another way to classify motivation. In this classification not only satisfaction of an employee has been given importance but dissatisfaction is also very important.

Frederick Herzberg's (1959): Outlines that human are motivated by two things: motivation factors and hygiene factors. Motivation requires both of these components: factors that encourage job satisfaction and avoid job discontent through cleanliness. Motivational variables and workplace satisfaction are associated. They take care of necessities like achievement, recognition, and advancement. Motivational factors help people develop professionally and are conducive to job happiness. Aesthetic considerations are important to maintain employee satisfaction in the workplace, even when they are unrelated to job satisfaction. Hygiene factors involve extrinsic pressures such as peer interactions, job policies, and pay grade. The management needed to find and eliminate the reasons for the unhappiness in order to eliminate it. Adding those desirable qualities is necessary to increase contentment. However, this will only work if the sources of the unhappiness are eliminated.

The motivation theory of different researchers is interdependent and interrelated with each other. There are some similarities as well as important difference in the theory of Maslow's and Alderfer. **According to Clayton Paul Alderfer(1969):**The acronym ERG refers to the three areas of basic needs: existence (E), relatedness (R), and growth (G). Existence needs are the essential material necessities we have to survive. They comprise both physiological needs and demands that Maslow categorised as safety-related. Maintaining interpersonal relationships is a relatedness demand. These needs, which are based on interpersonal relationships, line up with Maslow's hierarchy of requirements and wants for love and belonging. Lastly, growth refers to the personal development of an individual. This stands for Maslow's demands for self-actualization and esteem. While Alderfer believes that several needs can be met at once, Maslow believes that needs must be met one at a time and in ascending order. Stated differently, the ERG

hypothesis posits that individuals fulfil their needs in diverse ways and at varying degrees.

As a manager, you play a crucial part in inspiring staff members to excel at their tasks and support the company's culture. Managers can apply a variety of techniques to inspire personnel and help them develop as leaders. They also provide their teams' members with support and care. Managers can become better motivators by being aware of these strategies. In connection of the above information research was done by **Wanjau Mary NgimaJoanesKyongo Vol. 3 No. 14 (Special Issue - July 2013):**He supported the views that effective motivating management is essential if you want your staff to feel appreciated and committed to accomplishing organisational goals. Employees need the chance to meet the higher levels of needs, and motivation is a process that needs to be sustained through good people management. The attitudes of the workers affect their level of production, so managers should be worried about them. The theories also demonstrate that a typical person can learn to accept and seek responsibility under the right circumstances. These also support the researcher's conclusions about the significance of the workplace, working circumstances, interpersonal relationships, organisational policies, job content, and job nature to employee motivation and performance. It has been concluded that it is the duty of the manager to find out the suitable motivational factor and provide it his employees. Some of the motivational methods have great impact on employee performance; some have not because of certain conditions.

Poor incentive systems make it difficult to recruit and keep teachers around the world (**Crehan, 2016; Han and Yin, 2016; UNESCO IICBA, 2017**), which eventually results in excessive absenteeism among teachers (Ramachandran et al., 2018; UNESCO IICBA, 2017). A 2015 study by **KarthikMuralidharan** found that the absence rate for teachers in rural India might reach 23.6%. Both monetary and non-monetary components are used in teacher incentives. The wage ranges and structures, as well as the promotions and career paths, which disproportionately favour seniority over performance, are monetary factors.

The financial incentives may directly affect learning results if designed properly. **NidaKanwal:** The main goal of this study is to pinpoint the financial and non-financial incentives that influence workers' motivation in workplaces. In addition to discussing how important employee motivation is to overall organisational performance, this study also addresses retention strategies and turnover prevention. Furthermore bring up the preferred awards among the staff. Companies and employee classes, such as high level and low level labour, may have different motivating motives. The poll revealed a number of factors, which may be categorised into two groups: money incentives and non-financial rewards that have an impact on employees' motivation. Although monetary awards are crucial for employee motivation, our research shows that non-monetary rewards like appreciation are valued more highly by respondents. Employee motivation, performance, productivity, satisfaction, learning skills, attitude, and

conduct are also impacted by compensation, bonuses, fringe benefits, pensions, and paid time off. Additionally, these variables are independent. Appraisals, incentives, and awards are dependent variables.

Muhammad Ibrar, Owais Khan(2015): The benefit to the employee's job performance makes the incentive more significant than any other type of business, organisation, institution, or educational setting. The fact that human performance is founded on motivation and that this drive can improve with rewards is a natural process. as improved performance is contrasted with no reward. This research study demonstrates how employee performance has a favourable impact on the educational system.

Dorothy Njiraine (2019): As per this research financial incentives help employees perform better. When asked to rate how much incentive pay improves employee performance, the respondents responded affirmatively in the following order: 53.7% said it does so to a large extent, 12.6% to a very great amount, 10.5% to a moderate extent, and 6.3% to a low extent. The responses were in line with the literature review on financial incentive practises, which demonstrated that in order to effectively improve employee performance, businesses must make investments in their well-being, particularly in the financial area.

Sunday Isaac Eneh ,Nwekpa Kenneth Chukwuma&Udu Gabriel O C (October. 2018): Any industrial firm that runs in a competitive and dynamic environment has found success using the organisational approach on compensation increases as a tool to improve employee performance. As per the survey there is substantial association between pay growth and worker productivity in South-South Nigerian cement manufacturing companies. Further research showed that financial incentives inspire employees, and that when their efforts are explicitly rewarded through performance-related remuneration, they are compelled to put forth more effort. In order to encourage employee rivalry and help the company reach its goals, it was determined that employee salaries should be set and increased in accordance with productivity. In order to be more productive, the study advised cement manufacturing companies in South-South, Nigeria, to raise employee salaries as needed and improve the compensation levels offered to staff.

A. Research Framework

Figure 1 shows the research framework of this study. The independent variable is the financial incentives which includes increase in pay; salary, bonus, fringe benefits, health insurance etc. Meanwhile, teachers' performance is the dependent variable.

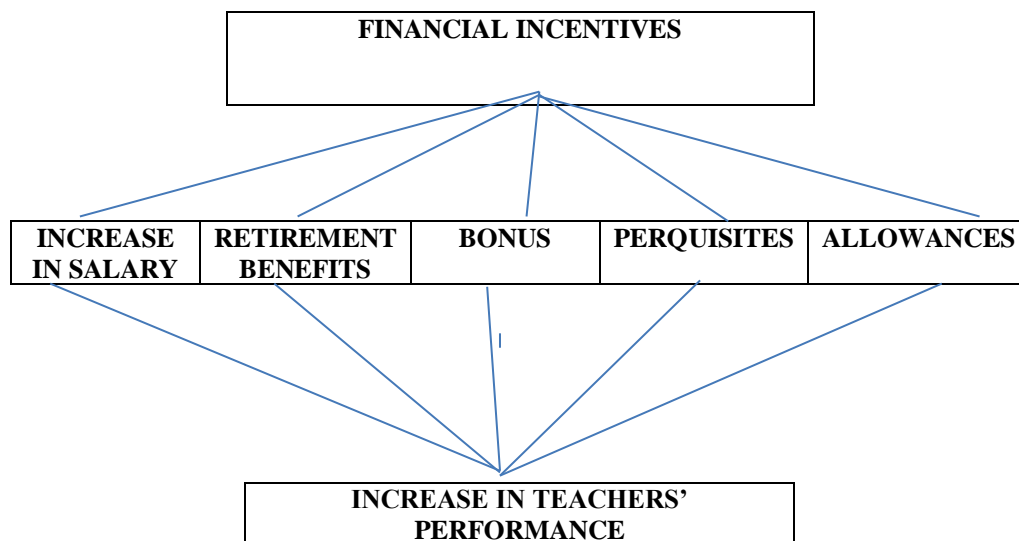


Fig. 1: Framework

Based on the above framework, there is Null Hypothesis & Alternative Hypothesis. The hypothesis is listed below:

B. Hypothesis

The following hypothesis can be formulated on the basis of literature review.

- **H0:** There is no significant difference between the performance of a teacher with incentives and without incentive.
- **H1:** There is significant difference between the performance of a teacher with incentive and without incentive. Performance of teacher will be better after incentive in comparison with before incentive.

V. RESEARCH METHODOLOGY

A. Population & Respondent

The goal of this quantitative descriptive study is to ascertain how a population's performance, a dependent variable, and financial incentive, an independent variable, correlate with one another. The study's participants were students from Ahmedabad, Gujarat's CBSE schools. There were 109 replies in all. The population was randomly sampled using random numbers, and the right numbers of participants were chosen for each stratum in order to achieve the desired representation from the various subgroups of the population and to collect enough data.

B. Data Collection

The researcher focused on primary data that were gathered through observations and questionnaires. Both open-ended and closed-ended questions were included in the surveys to allow for a more thorough answer. Google Form was utilised to save time and money.

Additionally, the researcher watched the teachers as they went about their regular tasks, noting their behaviour and making notes. This made it possible for the researcher to watch how instructors performed and felt about their jobs.

Several forms of descriptive data analysis were used to enter and analyse the gathered data. Following that, a variety of frequency tables, pie charts, bar graphs, and histograms were used to display and explain the data.

VI. RESULTS AND FINDINGS

This section will be on the analysis of the data, namely demographic, correlation, and simple & multiple regressions. A total of 150 teachers were asked to respond out of which a total of 109 responses were responded. This was a response rate of 72% which is considered to be significant enough to provide a basis for valid and reliable analysis about the performance of teachers.

A. Demographic Analysis:

Questionnaires were distributed and collected with the help of Google form. Table 2.1 represents the demographic analysis. Total number of respondents was 109, out of which female were n= 83(76.1%) and male were n = 26(23.9%). Majority of the respondents were married n=100 (91.7%) as compared to single respondents' n= 09(8.3%).

Age wise, maximum of the respondents were between 35 to 44 years n=39 (35.8%). Second highest age group was between the age of 45 to 54 years n= 36(33.0%). Age group between the age of 25 to 34 years and above 54 years have same numbers of respondents n=16(14.7%) each. Only n= 02(1.8%) respondents' were below 25 years.

Majority of the respondents were from Nuclear family n=68(62.4%), which is followed by Joint family n=38 (34.9%) and least numbers were from Joint family n=03 (2.7%).

Number of family members is one of the important factors to decide the requirement of finance in the family. As per this table 47.7% of the respondents have 4 members in their family, 22% of the respondents have 3 members in their family, 20.2% have 6 members, and 5.5% have only 2 members and only 4.6% of the respondents have more than 6 members in their family.

Respondents indicated their work experience below 5 years n=3 (2.7%), between 5 to 10 years n=18 (16.5%), 10 to 15 years n=23 (21.1%), 15 to 20 years n=21 (19.3%), 20 to 25 years and above 25 years both have n=22 (20.2%) each.

Respondents were enough qualified. Majority of the respondent n=83 (76.1%) were Post Graduate; n=18 (16.5%) were Graduate and n=08 (7.4%) were Doctorate.

Respondents hold good professional degree. Out of 109 respondents 73.4% (n=80) were B.Ed., 6.4% (n=7) were M.Ed., Montessori and B.P.Ed. have same n=4 (3.7%) each, and others are 12.8%.

Table 1: Demographic analysis

S.No.	Particulars	N	%
1.	Gender:		
	Male	26	23.9%
	Female	83	76.1%
2.	Marital Status:		
	Married	100	91.7%
	Unmarried	09	8.3%
3.	Age:		
	Below 25 Years	02	1.8%
	25-34 Years	16	14.7%
	35-44 Years	39	35.8%
	45-54 Years	36	33%
	Above 54 Years	16	14.7%
4.	Type of Family:		
	Nuclear	68	62.4%
	Joint	38	34.9%
	Extended	03	2.7%
5.	Number of Family members:		
	2	06	5.5%
	3	24	22%
	4	52	47.7%
	6	22	20.2%
	More than 6	05	4.6%
6.	Total Work experience:		
	Below 5 Years	03	2.7%
	5-10 Years	18	16.5%

	10-15 Years	23	21.1%
	15-20 Years	21	19.3%
	20-25 Years	22	20.2%
	Above 25 Years	22	20.2%
7.	Qualification:		
	Doctorate	08	7.4%
	Post Graduate	83	76.1%
	Graduate	18	16.5%
8.	Professional Degree:		
	B.Ed.	80	73.4%
	M.Ed.	07	6.4%
	B.P.Ed.	04	3.7%
	Montessori	04	3.7%
	Others	14	12.8%

Table 2 exhibits the relationship between dependent and independent variables i.e. financial incentives and motivation of teachers. Different types of financial incentives have been used to analyse the motivation level of teachers. The correlation co-efficient between Allowances and motivation of teachers is ($r=0.98$), between Annual

Increment as per performance and motivation of teachers is ($r=0.96$) whereas between Retirement benefits and motivation of teachers is ($r=0.89$). The correlation co-efficient proves that there is positive relationship between financial incentives and motivation of teachers.

Table 2: The relationship between dependent and independent variables

S.No.	Financial Incentives	R
1.	Allowances	0.98
2.	Annual Increment as per performance	0.96
3.	Perquisites	0.94
4.	Retirement benefits	0.89
5.	Employee Stock Option	0.54

Table 3 depicts the correlation analysis. It shows the relationship between financial incentives and performance of teachers. Different types of financial incentives have been used for analysis. Data shows very high positive correlation among all the financial incentives and performance of teachers.

The correlation co-efficient between performance of teachers & Performance Link wage system is ($r=0.98$), between performance of teachers & Increase in Salary is ($r=0.97$), between performance of teachers & Retirement Benefit is ($r=0.95$), between performance of teachers & Allowances is ($r=0.95$) and between performance of teachers & Paid Leave is ($r=0.83$).

Table 3: Depicts the correlation analysis.

S.No.	Financial incentives	R
1.	Increase in Salary	0.97
2.	Allowances	0.95
3.	Paid Leave	0.83
4.	Retirement benefits	0.95
5.	Performance Link Incentives	0.98

As per the collected data, 94.4% of the respondents either agree or strongly agree that incentives provide motivation to teachers. As a result of the Pearson Correlation Co-efficient being positive, it is concluded that financial incentive can increase the performance of teachers.

As per data collected and a pie chart 92.7% of the respondents accept that there is a Positive Correlation between financial incentives provided to a teacher and his/her performance.

VII. CONCLUSION

From this study intended to explore impact of financial incentives on the performance of private CBSE schoolteachers of Ahmedabad, it can be concluded that financial incentives have a positive and strong bearing on the performance and motivation of teachers.

Despite limitations of the study such as small sample size, the findings conclude fairly well that teachers are motivated by decent financial programs consisting of good salary, increment, and retirement benefits etc. which also gives satisfaction to them.

Competitive salary has the capacity to fulfil the cost of living. By providing financial rewards and other monetary and superannuation benefits will make teachers honoured and motivate them to perform well.

This study can be developer for further research on this subject as financial rewards are the most attractive in difficult economic times and they play a significant role in satisfying the physiological and security needs of employees. Increasing financial rewards have the potential to drive positive employee behaviours and can motivate them, resulted into better performance of teachers.

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