



Impact of Monetary Rewards and Non-Monetary Rewards on Employee Motivation: A Research Study on Directorate General of Immigration & Passports

Umar Daraz¹, Dr. Nazia Malik², *Dr. Saira Siddiqui³

1. PhD Scholar, Department of Sociology, GC University Faisalabad
2. Assistant Professor, Department of Sociology, Government College University
3. Assistant Professor, Department of Sociology, Government College University
E-mail: sairasiddiqui@gcuf.edu.pk *(Corresponding Author)

Abstract

The research purpose is to check the impact of monetary rewards and non-monetary rewards on employees' motivation with special reference to the Directorate General of Immigration & Passports. Rewards motivate the employees to perform better for the success of the organization and also increase motivation. This research is aimed at investigating through questionnaires whether the presence or the absence of rewards can contribute to employees' motivation. It was a quantitative study because data was collected through questionnaires from the Directorate General of Immigration & Passports employees. Convenience sampling was used. The sample size was 137 employees of the Directorate General of Immigration & Passports and responses were received from 105 employees. According to findings of monetary rewards and employee motivation, the linear regression analysis p-value is below the significance level of the p-value. That means their hypothesis is accepted and monetary rewards have a positive effect on an employee's motivation. Non-monetary rewards and employee motivation linear regression analysis p-value is below the significance level of p-value which means their hypothesis is accepted and non-monetary rewards have a positive effect on employee motivation. The findings suggest that monetary rewards are weakly and positively associated with an employee's motivation in the Directorate General of Immigration & Passports whereas, non-monetary rewards are weakly and positively associated with an employee's motivation in the Directorate General of Immigration & Passports. There is a need to improve the non-monetary rewards system in organizations. The management of an organization should improve the employee's salary and give credit to employees for what work they do. The management of the organization should give work under the employee's qualifications and skills.

Keywords: Rewards, Incentive, Monetary Rewards, Non-Monetary Rewards, Employee Motivation

Introduction

In the era of global competition, where enterprises dearly strive to maintain and/or improve absorptive capacity and production efficiency, the retention of skilled workers is at the podium of challenges. The key to managing those problems also lies in the introduction of a suitable reward system that acts as a supplementary source of encouragement for the members of the organization.

Incentives are not limited to monetary ones only but can be presented in different ways, for example, as a recognition award. The awards that are given in a more common practice are the basic pay increments, bonuses, and overtime special payments. Non-monetary remuneration is the other type of benefit, which includes more things than just money. It comprises of such things like stating flexible timing, rewards, and even parking (Sittenthaler and Mohnen 2020).

The reward system is a vital tool used for motivating and retaining employees' sense of loyalty in the company. The monetary rewards contain a vast range of financial incentives, which are monitored through cash payouts, bonus payments, and gift cards. These rewards in turn provide an impetus to employees to perform in line with organizational targets (Erkal and Koh , 2018). Monetary rewards are also on the list and are seen as a stimulating factor in some cases though non-monetary rewards like awards and recognition provide an alternative, unequalled motivational tool for employees to perform at their best (Al-Belushi & Khan, 2017). However, there are also some potential advantages to this reward system. It must be recognized that motivation is multi-dimensional, thereby being determined by both internal and external forces. Nevertheless, financial stimuli can certainly play an encouraging role in employees' performance, but they can hardly provide sufficient long-term motivation for sustained exceptional performance. Internal motivation results in the desire of an employee to keep on growing her/his professional knowledge and to be satisfied with the work performed (Waqas and Saleem 2014).

This study piece focuses on several rewards that any organization could apply and positively influence the level of motivation among employees. Through investigating the rewards both monetary and non-monetary together with their impact on engagement, productivity, and task accomplishment, this study promises to provide a complete view. As Gunawan and Febrianto (2014) propose, the proportion of internal and external motivational effects is going to define whether an organization has a disciplined and enthusiastic workforce.

Review of Literature

Monetary Rewards

Weatherly (2002), Excluded that the monetary incentives that primarily comprise of salary increments, bonuses, profit-sharing schemes, competitive achievements, and commissions. These financial rewards are attributed to employees' contributions and see to it that they will come back to the company. Zaidi's (2011) explained that, the relationship between monetary rewards and employee motivation was investigated. These incentives e.g. pay raises, promotions, and bonuses are meant to be a direct and tangible recognition of the contribution of the employees. The monetary rewards in a competitive business environment serve as a notable incentive that drives employees to surpass productivity levels and achieve the set performance targets.

Ibrar & Khan (2015) claim that overreliance on monetary rewards could result in diminishing marginal utility in the long run. With time employees get used to the financial incentives which later become less motivating. This inference suggests that financial rewards alone could probably not uphold high levels of motivation over a long period. The monetary incentives should not be the only and the main recognition for organizations. They should be combined with other forms of recognition to sustain the motivation. Malhotra et al. (2007) mentioned that the public recognition being given in the form of awards and ceremonies. Such competitions prove to be a source of pride among employees and a driving force for the culture of excellence in the organization. Organizations can create a positive environment to celebrate achievements and identify exceptional contributions which will in turn increase employees' morale and motivation.

Non-Monetary Rewards

Sajuyigbe & Adeyemi (2013) evaluated that the non-monetary incentives as incentives that don't directly involve financial compensation, but they are nonetheless still valuable to the employees. Gratifying these awards is done through appreciation, personal acknowledgment, and possibilities for their own and professional development. This remuneration is essential, as it affects employee motivation and job satisfaction incredibly. Workplace climate can be enhanced by the acknowledgment and recognition of employees for their efforts as they will feel recognized and appreciated.

Ramanathan (2011), recognition is the first step that should be followed to motivate workers because both material (tangible) and symbolic (intangible) recognition increase employee engagement and performance. Workers with diverse backgrounds can feel safer and more connected thanks to non-monetary rewards. This tendency results in the strengthening of employee loyalty as employees perceive that the organization values their work. Moreover, these awards act as encouragement to maintain teamwork and collaboration among members henceforth creating an open and upbeat work atmosphere.

Employees' Motivation

Warsai et al (2009) point out the role of employee motivation that plays a crucial role for organizations to be successful. Inspired, motivated employees would tend to advance the organizational objectives better and the performance, the growth of the organization would be upgraded respectively. Markova & Ford (2011) emphasize that a workplace organized to facilitate active role-taking, provide opportunities for using creativity, and cultivate skill growth would be among the tools most effective in bringing out an optimal level of employee motivation. This, in turn, illustrates the importance of companies adopting an organizational design that adequately enables talent acquisition, training, and preparation of employees. By giving employees occupational chances and empowering those to advance and become better the workforce can generate higher levels of job satisfaction and motivation.

Barnard & Rodgers (2000) explained that the availability of services for workers both from a material standpoint and in time can help improve the worker's expertise and proficiency leading to better outcomes. That is why we should imply the workplaces being supportive and this method along with the monetary and nonmonetary incentive ways could be used for a holistic approach to high motivation.

Materials and Methods

This study used a descriptive quantitative approach to analyze data from employees at the Directorate General of Immigration & Passports in Pakistan. The primary source was a sample of 169 employees from the Faisalabad and Multan Divisions, primarily targeting managerial staff, while secondary data came from previous studies. A standardized questionnaire, adapted from a 2012 survey on motivation and reward systems, was employed for data collection. Convenience sampling was used to select participants, chosen for its practicality. As these data were gathered in person and by email. The study employed SPSS software, incorporating the use of arithmetical techniques like mean analysis, standard deviation, correlation, and regression, which was critical in generating the insights desired.

Results

The data analysis from this case study regarding employee motivation and the reward systems at the Directorate General of Immigration & Passports in Pakistan can provide us with essential pieces of knowledge about how financial and non-financial rewards can be implemented by organizations to boost employee motivation. We shall look at the analysis in terms of age and reward systems, in addition to personnel motivation and reliance.

Table 1. Demographic Analysis

Variable	Element	Frequency	Percentage
Gender	Male	85	81%
	Female	20	19%
Age	Below 25 Years	35	33%
	26-40 Years	60	57%
	41 or Above	10	10%
Qualification	Graduation	48	46%
	Master	50	48%
	MS/M.Phil.	7	6%
Experience	Below 2 Years	31	29%
	2-4 Years	42	40%
	5-7 Years	23	22%
	7 or Above	9	9%

Statistical material shows a vivid male voice (81%) in which one in two people involved fall in the age range of 26-40 years (57%). I found out that a majority of the respondents have a bachelor's degree (46%) and a master's degree (48%). The largest portion of responders working in my company has 2-4 years of work experience (40%). This description says that the sample which is compiled on the basis of this summary includes a young and well-educated workforce with middle work experience.

Table 2. Monetary Rewards Analysis

Monetary Rewards Statement	N	Mean	Standard Deviation
Increasing salary boosts motivation	105	3.96	0.97
Monetary rewards in profit sharing	105	3.96	0.81
Monthly bonuses as a token of hard work	105	3.80	0.67
Monetary rewards based on performance	105	3.73	0.91
Bonuses motivate other employees	105	3.61	1.05

The analysis of monetary rewards, consisting of five statements, indicates a generally positive perception among employees. The mean values ranged from 3.61 to 3.96, suggesting a favorable response. The highest mean was observed in the statement about increasing salaries boosting motivation (3.96), indicating that employees view salary increases as a strong motivator. The

lowest mean was for bonuses motivating other employees (3.61), indicating that while employees recognize the value of bonuses, their impact on broader motivation might be less significant. The standard deviation for these statements ranged from 0.67 to 1.05, indicating moderate to low variability. The highest standard deviation was for the statement about bonuses motivating other employees, suggesting that perceptions on this point vary. This might indicate that not all employees are equally motivated by bonuses or that the distribution of bonuses could be inconsistent.

Table 3. Non-Monetary Rewards Analysis

Non-Monetary Rewards Statement	N	Mean	Standard Deviation
Non-monetary rewards as career opportunities	105	3.67	1.00
Recognition improves performance	105	3.04	1.33
Non-monetary rewards increase competence	105	3.68	0.98
Intrinsic factors increase self-accomplishment	105	3.44	1.01
Customer compliments as a non-monetary reward	105	3.47	0.93

The amount of non-monetary rewards averaged 3.04 to 3.68, consisted of 5 statements out of the analysis, and was slightly lower compared to monetary rewards' variation. The sentence that classifies staff based on the efforts done had a mean score of (3.04), but it had a high standard deviation (of 1.33) which shows that the work with employee recognition might be not consistent, or different I might not have the same value for all the employees.

Employees view career opportunities (3.68) as the highest mean nonmonetary award, implying that the employees relate the nonmonetary rewards as an important aspect of career development. A higher standard deviation for non-monetary incentives was found to usually hold than for monetary compensation, which may indicate greater variability in these employee perceptions. This could imply that what is considered non-monetary rewards is bringing differences from personal preferences to the different approaches of an organization.

Table 4. Employee Motivation Analysis

Employee Motivation Statement	N	Mean	Standard Deviation
Executive motivation enhances performance	105	3.73	1.00
Q12: Monetary rewards increase productivity	105	3.90	1.30
Non-monetary rewards improve participation	105	4.06	1.21
Rewards are important for high-level management	105	3.96	0.97
Intrinsic and extrinsic rewards fulfill employee needs	105	3.96	0.81

The employees were motivated and were seen to have a positive view of their job performance with the mean value ranging from 3.76 to 4.16. The highest average concerned heights of rewards boosting team engagement (4.06), which shows that all directors prefer non-monetary rewards as best employee engagement incentive. The minimum was observed for the performance of the executive motivation (3.73), showing that either there is some ambiguity about the role of the executive motivation to overall organizational performance, or most of the managers side it does. The standard deviation for employee motivation ranged from 0.81 to 1.30, with the highest variation observed in the statement about monetary rewards increasing productivity. This variability might reflect differing opinions on the impact of monetary incentives on productivity, suggesting a need for more consistent reward practices or clearer communication about how rewards contribute to organizational goals.

Table 5. Reliability Analysis

Variable	Cronbach's Alpha	N of Items
Monetary Rewards	0.714	5
Non-Monetary Rewards	0.685	5
Employee Motivation	0.849	5

The reliability analysis, measured by Cronbach's Alpha, indicated acceptable internal consistency for all three components. Monetary rewards had a reliability score of 0.714, suggesting that the items in this section are consistently measuring the same construct. Non-monetary rewards had a lower reliability score (0.685), reflecting the greater variability observed in the standard deviation. Employee motivation had the highest reliability score (0.849), indicating strong internal consistency and suggesting that the statements used to measure employee motivation were well-aligned.

Correlation Analysis

Correlation analysis helps in identifying the relationship between different variables. Positive correlations indicate a direct relationship, while negative correlations indicate an inverse relationship. The strength of the relationship is measured from -1 to +1.

Table 6. Correlation between Monetary Rewards and Employee Motivation

Variable	Pearson Correlation	Sig. (2-tailed)
Monetary Rewards	1	-
Employee Motivation	0.453**	0.000

Note: ** indicates significance at the 0.01 level.

The Pearson correlation coefficient of 0.453 between monetary rewards and employee motivation shows a moderate positive relationship, indicating that as monetary rewards increase, employee motivation also tends to increase. The significance level (0.000) indicates that this relationship is statistically significant.

Table 7. Correlation between Non-Monetary Rewards and Employee Motivation

Variable	Pearson Correlation	Sig. (2-tailed)
Non-Monetary Rewards	1	-
Employee Motivation	0.158**	0.000

Note: ** indicates significance at the 0.01 level.

The Pearson correlation coefficient of 0.158 between non-monetary rewards and employee motivation shows a weak positive relationship. This indicates that while non-monetary rewards have a positive effect on employee motivation, their impact is less pronounced than that of monetary rewards.

Regression Analysis

Regression analysis explores the impact of independent variables on a dependent variable, indicating the proportion of variance explained by the independent variable.

Table 8. Regression between Monetary Rewards and Employee Motivation

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate
Monetary Rewards	0.453	0.205	0.197	0.4617

The R Square value of 0.205 indicates that monetary rewards explain 20.5% of the variance in employee motivation, suggesting that monetary incentives play a significant role in motivating employees.

Table 9. Standardized coefficient for monetary rewards

Coefficients	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
(Constant)	1.774	-	4.235	0.000
Monetary Rewards	0.563	0.453	5.158	0.000

The standardized coefficient for monetary rewards is 0.453, indicating that a one-unit increase in monetary rewards leads to a 0.563-unit increase in employee motivation. This reinforces the significant impact of monetary rewards on employee motivation.

Table 10. Regression between Non-Monetary Rewards and Employee Motivation

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate
Non-Monetary Rewards	0.158	0.025	0.015	0.5114

The R Square value of 0.025 indicates that non-monetary rewards explain only 2.5% of the variance in employee motivation. This lower proportion suggests that other factors have a greater impact on employee motivation.

Table 11. Standardized coefficient for non-monetary rewards

Coefficients	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
(Constant)	3.477	-	12.489	0.000
Non-Monetary Rewards	0.129	0.158	1.629	0.000

The standardized coefficient for non-monetary rewards is 0.158, indicating that a one-unit increase in non-monetary rewards leads to a 0.129-unit increase in employee motivation. This smaller impact reflects the overall weaker correlation and R Square value.

Discussion

The study explored the impact of monetary and non-monetary rewards on employee motivation at the Directorate General of Immigration & Passports. Results showed that monetary rewards had a higher mean satisfaction (3.81) compared to non-monetary rewards (3.46), indicating that employees generally preferred financial incentives. The correlation between monetary rewards and motivation was 0.453, suggesting a positive relationship, while non-monetary rewards had a lower correlation of 0.158.

Regression analysis revealed that monetary rewards accounted for 20.5% of the variation in employee motivation, indicating a significant impact. In contrast, non-monetary rewards explained only 2.5% of the variation, suggesting a smaller influence. The consistency in responses regarding monetary rewards (standard deviation of 0.88) compared to non-monetary rewards (standard deviation of 1.05) further underscored this preference for financial incentives.

The stronger impact of monetary rewards and the positive correlation between non-monetary rewards and motivation implies that non-financial factors like recognition and career development still play a role in motivating employees. Additionally, other factors, such as job satisfaction and working conditions, could also affect employee motivation.

Conclusion

This study examined how monetary and non-monetary rewards affect employee motivation at the Directorate General of Immigration & Passports. The research showed that both types of rewards

positively impact motivation, but monetary rewards have a stronger effect. With a correlation of 0.453, monetary rewards explained about 20.5% of the variation in motivation. Non-monetary rewards, with a correlation of 0.158, contributed only 2.5% to motivation variation, indicating a smaller but still positive impact. The employees prefer monetary rewards, emphasizing the importance of fair pay and financial incentives to keep them motivated. At the same time, nonmonetary rewards like recognition and opportunities for career development also play a role in motivating employees, though to a lesser extent. The organization should consider offering both monetary and non-monetary rewards. This could mean improving salaries, recognizing good work, providing training opportunities, and ensuring employees are given roles that match their skills. Additionally, other factors like job satisfaction, job security, and positive working conditions are important for employee motivation.

References

- Al-Belushi, F., & Khan, F. R. (2017). Impact of monetary incentives on employee's motivation: Shinas college of technology, oman-a case study. *International Journal of Management, Innovation & Entrepreneurial Research* EISSN, 2395-7662.
- Barnard, M. E., & Rodgers, R. A. (2000). How are internally oriented HRM policies related to high-performance work practices? Evidence from Singapore. *International Journal of Human Resource Management*, 11(6), 1017-1046.
- Erkal, N., Gangadharan, L., & Koh, B. H. (2018). Monetary and non-monetary incentives in real-effort tournaments. *European Economic Review*, 101, 528-545.
- Gunawan, R., & Febrianto, H. (2014). The Impact Of Monetary And Non-Monetary Incentives On Employees' motivation In Pt Xyz's Finance Function In Surabaya. *iBuss Management*, 2(2).
- Ibrar, M., & Khan, O. (2015). The impact of reward on employee performance (a case study of Malakand Private School). *International letters of social and humanistic sciences*, 52, 95-103.
- Malhotra, N., Budhwar, P., & Prowse, P. (2007). Linking rewards to commitment: an empirical investigation of four UK call centres. *The International Journal of Human Resource Management*, 18(12), 2095-2128.
- Markova, G., & Ford, C. (2011). Is money the panacea? Rewards for knowledge workers. *International Journal of Productivity and Performance Management*, 60(8), 813-823.
- Pratheepkanth, P. (2011). Reward system and its impact on employee motivation in commercial bank of sri lanka plc, in jaffna district. *Global Journal of management and business research*, 11(4).
- Sajuyigbe, A. S., Olaoye, B. O., & Adeyemi, M. A. (2013). Impact of reward on employees performance in a selected manufacturing companies in Ibadan, Oyo state, Nigeria. *International Journal of Arts and Commerce*, 2(2), 27-32.
- Sittenthaler, H. M., & Mohnen, A. (2020). Cash, non-cash, or mix? Gender matters! The impact of monetary, non-monetary, and mixed incentives on performance. *Journal of Business Economics*, 90(8), 1253-1284.
- Warsi, S., Fatima, N., & Sahibzada, S. A. (2009). Study on Relationship Between Organizational Commitment and its Determinants among Private Sector Employees of Pakistan. *International Review of Business Research Papers*, 5(3), 399- 410.
- Waqas, Z., & Saleem, S. (2014). The effect of monetary and non-monetary rewards on employee motivation and firm performance. *European Journal of Business and Management*, 6(31), 73-82.

- Weatherly, R. L. (2002). Impact of external rewards on internal motivation and job satisfaction (Doctoral dissertation, Texas Tech University).
- Zaidi, F. B., & Abbas, Z. (2011). A Study on the Impact of Rewards on Employee Motivation in the Telecommunication Sector of Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, 3(3), 978-998.