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Significance of Monetary and Non-Monetary Motivation for Employee Retention with Reference to Strategies Adopted by Private Sector Banks

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Abstract: *The most pressing labour management challenges for the foreseeable future are likely to be concerned with employee retention. According to research, organizations that adapt their organizational behaviour to the reality of the modern workplace in the form of the provision of monetary and non-monetary incentives as a part of talent management strategies will be successful in the future. Actually, the dynamics of the workplace must reflect a diverse population made up of people with different motivations, opinions, and values. Value structures are very different from one another and from the past. This phenomenon is especially prevalent in light of the current state of the economy and subsequent corporate downsizings, which exponentially increase the loss of critical employees in private sector banks. This research study shows a correlation between Monetary and Non-Monetary incentives with the employee retention factor of banks on a sample of 150 respondents working in the middle level of Private sector banks.*

Keywords: Motivation**,** Monetary incentives, non-monetary incentives, Employee retention, Private sector banks.

I. INTRODUCTION

It is generally acknowledged that establishing strategies to raise employee job satisfaction is the primary goal of human resource management. Employees expect payment for their services and efforts, both monetary and otherwise. Employee retention refers to the procedures and policies that businesses implement to keep valuable employees from quitting their positions. It entails taking steps to encourage employees to stay with the organization for the longest possible term. An employer must hire knowledgeable employees for the position, but retention is even more crucial than hiring. This is true because many organizations underestimate the expenses associated with losing important employees (Ahlrichs, 2000).

In order to maintain acceptable relationships between management and employees, organizations should develop human resource policies and strategies that reflect their beliefs and principles. These strategies should include selection and recruitment, training and development, and performance management. Some human resource departments, however, only create rules to address current issues or demands (Oakland & Oakland, 2001). The long-term profitability of a company depends critically on keeping good staff.

Non-monetary rewards are the greatest at providing effective work motivation. Employees who were working for financial payback were seen to be taking shortcuts, which led to low-quality output. (Masclet et al., 2003) noted that acknowledgement that is nonmonetary in nature will be favourably accepted. A paper by Stein (2011) also demonstrated the benefits of adopting non-monetary incentives. He stated that the expense associated with non-monetary motivation will be less in comparison to the incentive's monetary value. This is only considering the short term; in the long run, it will be over and beyond the individual's salary, where financial incentives may simply wane without having a significant impact.

II. LITERATURE REVIEW

According to Grela et al. (2008), organizations must concentrate on the factors that influence retention in order to grow and succeed. According to studies, companies are better able to adapt to ongoing organizational change when they have retention strategies that successfully meet the demands of all employees (Gale Group, 2006). Research reveals that trends that are reshaping contemporary retention strategies go beyond the traditional compensation (Feldman, 2000), salary, and benefits packages that are at the heart of employee motivation. A successful retention strategy for employees of any age is to offer job stability in the form of non-cash rewards (Yazinski, 2009). According to studies, ensuring people the stability of their jobs helps them stay employed longer by meeting their desire for acceptance (Redington, 2007).

Non-monetary perks are tangible incentives provided and managed by a business but may not necessarily be financially advantageous to employees (Chiang and Birtch, 2008). People today want more than just monetary rewards for their work. It shows that individuals are looking for something other than money in exchange for their contributions—something that has value and meaning for them (Johnson and Welsh,1999). Non-monetary rewards are increasingly employed to encourage employee performance and increase employee satisfaction (Chiang and Birtch,2008).

Mason and Watts (2010) also thought that there was a considerable correlation between motivated workers and the non-financial rewards they experienced at work. These incentives significantly reduce stress levels, turnover, and absenteeism. This will increase the market, rivalry, profitability, and productivity. Dean (1998) made a comparison between rewards, which are cash, and others that were similar, and he found something very important. When compared to non-monetary incentives, the monetary ones did not provide as much motivation. The maximum-paid employees are not always the performers.

2.1 Problem Statement

Both banks and employees lose money when an employee leaves. Bank employees find financial and psychological costs taxing, while employers find replacement costs and hidden organizational costs to be substantial (Mitchell, Holtom, and Lee, 2001). Since information is lost when an employee leaves their position, it has a significant economic impact when an organization loses any of its critical people.

The employment relationship is facing fundamental difficulties that could affect how motivated and retained talented employees are, and a talent shortage has led to intense rivalry (Flippo, 2001). According to Fitz-enz (1997), an organization's long-term performance greatly depends on its capacity to efficiently manage and use its human resources, which are seen as the most crucial. It is exceedingly expensive to do nothing about high turnover rates since one important person can control the success or failure of an entire department or company.

2.2 Research Objectives

1. To study the employee retention policies as a part of talent management strategies of Private sector banks.
2. To study the relationship between monetary incentives and Employee retention.
3. To study the relationship between non-Monetary incentives and Employee retention.
4. To study the impact of Monetary and Non-Monetary incentives on Employee retention

2.3 Research Hypothesis:

1. **Hypothesis**: There is no statistically significant relationship between monetary incentives and Employee retention
2. **Hypothesis**: There is no statistically significant relationship between Non-monetary incentives and Employee retention
3. **Hypothesis**: The monetary and Non-monetary incentives do not significantly predict the Employee retention

III. RESEARCH METHODOLOGY

In this study, a descriptive research design was used. This is a fundamental research approach that examines the situation as it is right now. It entails figuring out a specific phenomenon's characteristics based on observation. The goal of a descriptive study was to describe or define a subject, frequently by developing a profile of a set of issues, individuals, or events via data collection and tabulation of frequency on research variables or their interactions. Prior to the data collection process starting, it defined the survey's questions, participants, and analysis procedure.

The researcher might develop hypotheses with the help of secondary and tertiary sources of data, which are collected from various papers, books, and references utilized to review the literature. Through a self- designed questionnaire, each employee provides the primary data. The sample for this study was chosen via convenience sampling, which is not based on probability. One week was allotted for the 150 bank workers to complete the questionnaires once they were distributed to them.

IV. DATA ANALYSIS & INTERPRETATION DESCRIPTIVE STATISTICS

Introduction: Summary statistics were calculated for each interval and ratio variable. Frequencies and percentages were calculated for each nominal variable.

Frequencies and Percentages: The most frequently observed category of Gender was Male (n = 86, 58%). The most frequently observed category of Education was Graduate (n = 94, 63%). The most frequently observed category of Age was 20-30 (n = 130, 87%). Frequencies and percentages are presented in Table 1.

Table 1: Frequency Table for Nominal Variables

Variable	*n*	%
Gender		
Male	86	57.33
Female	64	42.67
Education		
Postgraduate	56	37.33
Graduate	94	62.67
Age		
40-50	9	6.00
50-60	3	2.00
20-30	130	86.67
30-40	8	5.33
Banks		
Axis	34	22.67
HDFC	38	25.33
Kotak Mahindra	46	30.67
IDBI	32	21.33
Note. Due to rounding errors, percentages may not equal 100%.		

Reliability Analysis: A Cronbach alpha coefficient was calculated for the Monetary incentives scale, Non-monetary Rewards scale & Employee retention scale. The Cronbach's alpha coefficient was evaluated using the guidelines suggested by George and Mallery (2018) where > .9 excellent, > .8 good,
> .7 acceptable, > .6 questionable, > .5 poor, and ≤ .5 unacceptable.

Table 2

Scale	No. of Items	α	Lower Bound	Upper Bound
Employee retention	9	0.93	0.89	0.95
Monetary rewards	10	0.77	0.70	0.83
Non-Monetary rewards	7	0.77	0.70	0.83
Note. The lower and upper bounds of Cronbach's α were calculated using a 95% confidence interval.				

Null Hypothesis: There is no statistically significant relationship between Monetary incentives and employee retention
The result of the correlation was examined based on an alpha value of 0.05. A significant positive correlation was observed between Monetary incentives and employee retention

(r_p = 0.38, p< .001, 95% CI [0.21, 0.52]). The correlation coefficient between Monetary incentives and employee retention was 0.38, indicating a moderate effect size. This correlation indicates that as Monetary incentives increases, employee retention
tends to increase. Table 3 presents the results of the correlation.

Table 3: Pearson Correlation Results between Monetary incentives and employee retention

Combination	r_p	95% CI	p
Monetary incentives and employee retention	0.38	[0.21, 0.52]	< .001

Null Hypothesis: There is no statistically significant relationship between the Non- Monetary incentives and employee retention

Results: The result of the correlation was examined based on an alpha value of 0.05. A significant positive correlation was observed between Non- Monetary incentives and employee retention (r_p = 0.28, p = .002, 95% CI [0.11, 0.44]). The correlation coefficient between Non- Monetary incentives and employee retention was 0.28, indicating a moderate effect size. This correlation indicates that as Non- Monetary incentives increases, employee retention tend to increase. Table 5 presents the results of the correlation.

Table 4: Pearson Correlation Results between Non-Monetary incentives and Employee retention

Combination	r_p	95% CI	p
Non Monetary Incentives- Employee retention	0.28	[0.11, 0.44]	.002

Null Hypothesis: The monetary and non monetary incentives does not significantly predict Employee retention

Results: The results of the linear regression model were significant, F(2,147) = 37.75, p< .001, R^2 = 0.37, indicating that approximately 37% of the variance in Employee retention is explainable by Non-monetary and monetary incentives. Non-monetary incentives did not significantly predict Employee retention, B = 0.10, t(147) = 1.22, p = .216. Based on this sample, a one-unit increase in Non-monetary incentives does not have a significant effect on Employee retention. Monetary incentives significantly predicted Employee retention, B = 0.88, t(147) = 7.09, p< .001. This indicates that on average, a one-unit increase of Monetary incentives will increase the value of Employee retention by 0.88 units. Table 7 summarizes the results of the regression model.

Table 5: Results for Linear Regression with Non-financial Rewards and Financial Rewards predicting Job Satisfaction

Variable	B	SE	95% CI	β	t	p
(Intercept)	3.66	3.70	[-4.34, 10.59]	0.00	0.89	.513

Null Hypothesis: There is no statistically significant relationship between the Non- Monetary incentives and employee retention

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V. CONCLUSION

Along with certain non-monetary incentives like free meals, transportation paid for, paid time off with family, access to healthcare, etc., salary and bonuses are among the financial incentives used in banks to attract staff.

The better your chances are to make use of benefits like ESOPs, or Employee Stock Option Plans, paid vacations, insurance policies, and opulent housing that is paid for by their employers, the further up in the organizational structure you are in banks.

Additionally, depending on their performance, junior and midlevel employees in many banks may be eligible for some of these benefits.

In other words, these rewards are frequently utilized to keep the top staff, which is part of Talent management strategies.

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