**Enhancing employees’ performance and their retentions through Incentives Programmes: with respect to Higher Education Institutions**

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**ABSTRACT**

Effective reward and incentive schemes has become a tool for the effectiveness of organizations in the 21st century. Incentive schemes, if properly managed, can benefit many organizations. In this era of globalization, we need incentive schemes to help organizations respond quickly to changes in the environment. This article reviews the literature on the impact of incentive schemes on organizational performance. This article concludes that the success of an organization depends largely on how effective the incentive schemes are. This paper recommends that managers establish effective incentive schemes that motivate employees well, as they can improve productivity, responsiveness, and commitment to achieving organizational goals.

**Key Words -** Employee performance; incentives programmes; monetary; non-monetary; retention; higher education institutions;

**I. INTRODUCTION**

There are conflicting opinions about the effectiveness of monetary rewards. Studies show that employees in general, and more experienced employees in particular, learn about work-life balance, employee gratitude, challenging tasks, special projects, etc. motivated by non-financial rewards such as: not only financial benefits, but also non-financial benefits for attracting and retaining employees. However, compensation packages in the form of cumulative rewards are linked to the skills and abilities of individuals, not to experience in today's knowledge economy. The internationalization of education has made higher education institutions competitive in their field. Universities are looking for qualified employees with attractive remuneration packages. Highly qualified teaching staff is the cornerstone of a successful educational institution as they are the highest source of knowledge and educational institutions in the country. Previous research has emphasized that academic staff attach more importance to their internal satisfaction than their external satisfaction. However, studies also emphasize that both internal and external satisfaction predict the satisfaction of the scientific staff. This research examines the relationship between general pay and employee retention in higher education institutions. India is a developing country and is highly dependent on human capital trained by higher education institutions.Educational institutions are social institutions through which society provides its members with knowledge, including basic facts, business skills, and cultural norms and values. The educational institution is responsible for the systematic transfer of knowledge, skills and cultural values within a formally organized structure. Here, the higher education system is highly competitive with the public and private sectors competing for students and funding. In this scenario, having talented, qualified and experienced academic staff on their payroll not only increases their prestige and position in the country but also helps them enroll more students and stay competitive. However, these educational institutions compete with each other and with the industry in attracting and retaining qualified staff. If incentive programmes correctly selected, implemented and monitoredin the form of tangible or non-tangible, it increases employees’ performance. Iincentives increase performance by boosting the employee working performance to accomplish the assigned work, make stronger commitments to set the goals and to achieve them. The program has to provide the meaning, rewards, communication, and support that foster a sense of value.The incentives or rewards determine whether the employees are motivated enough or, if they are not motivated by the rewards given or think that the incentives given to them do not reflect what they have contributed to the organization, then their performance will decrease.

**II. EMPLOYEE PERFORMANCE**

Employee performance is how a staff member performs their duties at work, completes required tasks, and behaves. It helps employees reach their full potential while improving overall performance, which can have a positive effect on the morale and quality of the work produced.

**III. EMPLOYEE INCENTIVE PROGRAMS**

Incentive programs work because they take advantage of human behaviour. Studies outside of higher education have shown that direct rewards increase intrinsic motivation by linking an activity and a goal, so that employees who are rewarded more often are more motivated to perform related tasks. Organizations using employee incentive programs experience a satisfactory success rate in achieving their stated goals when the reward is offered.

**IV. OBJECTIVES OF EMPLOYEES INCENTIVE PROGRAMMES**

Employee incentive programs reward outstanding employees for achieving goals, achieving milestones, or simply doing a good job. These types of programs are designed to motivate, inspire and recognize high performance in the organization. Rewards, incentives and recognition create a happy and harmonious work environment. Organizations use incentive programs to improve employee performance, increase employee retention, and increase organizational excellence. Incentive programs are designed to reward employees for performing certain actions or achieving high results. Rewards, if properly implemented, have a positive impact on organizational goals. According to The Business Journals, employee incentive programs can increase profitability, reward top performers, maintain company values, improve teamwork and morale, and attract top talent. Every organization should encourage the introduction of employee incentive programs into the system to motivate its employees to achieve the organization's goals. Every organization wants to achieve its goal.Employee incentive programs are programs that any organization can use to motivate its employees to achieve a set goal. Employee incentive plans are a type of employee reward structure that uses specific rewards to motivate team members to work harder and achieve specific goals. It is a structured system of rewarding a certain group of people in exchange for the performance of a desired action.Employee incentive programs can be defined in a variety of ways, such as cash rewards, tuition reimbursement, extended leave, flexibility in work arrangements, honours, and awards. Employee incentive programs can be selected that match the needs and personal skills of the workforce and are in line with institutional values. Employee incentive programs are designed to attract employees and retain talent. Incentives themselves are rewards and benefits used to motivate positive behaviour in the workforce. Simply put, we can say that "programs that motivate employees to work towards organizational goals" are called employee incentive programs.

**V. TYPES OF INCENTIVE PROGRAMMES**

Basically, there are two types of incentive programs, namely cash (monetary) and non-cash (non monetary) incentive programs. Some of them are described in the following paragraphs:

**A MONITORY INCENTIVES PROGRAMMES**

**(i) Bonus**

A bonus incentive program is also becoming a very effective way to motivate employees. A bonus is paid to an employee as an incentive for good work during the year. A bonus is a monetary compensation paid to employees who stay in their organization for a certain period of time. The purpose of the incentive bonus program is to promote employee excellence and the organization by providing incentives to eligible employees. whose teamwork and commitment contribute to the success of the Company.

**(ii) Profit-sharing**

Profit sharing is a variable incentive paid to employees when the organization makes a profit. It is measured by growth in revenue or net profit, or both. For example, a certain percentage of the company's profits should be distributed among the employees. Profit sharing is commonly used to motivate employees and encourage them to focus on the long-term success of the company. It is one of the most common examples of employee incentive plans.

**(iii) Retirement Plans**

The pensioner incentive program is an attractive concept for all employees. The United States is one of the few countries where the government allows employers to offer tax-deferred retirement accounts. To ensure a comfortable retirement, more and more companies are exploring new ways to encourage employees to save for retirement.

**(iv) Dearness Allowance**

Employers use profitability to increase the wages of their employees. They provide this benefit to workers in addition to their basic salary. This is a benefit that compensates for rising prices and the cost of living.

Previously, employers did not take cost of living into account when determining workers' compensation. It was expected that inflation would be a temporary phenomenon that would disappear by itself in the shortest possible time. However, over the years the cost of living has risen and inflation has become a constant phenomenon. Therefore, offering high-cost employee incentive programs is a reliable way to attract and retain employees.

**(v) Referral Bonus**

Referral is one of the most effective ways to engage potential employees in the company. Referral employees are interested in finding the "right" person for the job because their reputation is at stake. That's why they take the time to find the right people for the job. A company that offers referral bonuses to employees tends to attract the best employees because the referral is naturally interested in the success of the person they referred. It is also a very economical way to hire.

**(vi) Gift Cards**

Gift cards are one of the most popular ways to reward employees. They offer a personalized touch while letting employees choose the gift that they really want and deserve.

**(vii) Increment incentive**

This is the most and common incentive programme where organization provides incentive towards their extra ordinary works and the task which the employees accomplished in a time bound manner to achieve organizational goal.

**B NON-MONITORY INCENTIVES PROGRAMMES**

1. **Career Development**

Organizations that provide new learning opportunities and support the career development of their employees attract and retain the best talent to do so.To drive this growth, organizations need to provide the right opportunities for learning and development. One of the effective ways to motivate employees is the implementation of specialized training.

1. **Employee Recognition**

Employee recognition incentive programme is the programme where the organization recognize the potential employees. Every employeewants to feel valued. **There are many ways**to recognize employees and show them that organization cares of them.

1. **Travel Incentives**

Offering incentive travel can be a great deal for employees. Business travel is an increasingly popular choice among workers who want to continue earning while seeing the world. Business travellers are entitled to numerous incentives and benefits. These can be discounts on flights and hotels, free car rental, food reimbursement and more.

1. **Awards and Prizes**

A special recognition program is a great way to boost employee morale and reinforce organizational values.Awards like "[Employee of the month](https://blog.vantagecircle.com/employee-of-the-month-award/)" or "Top Performer" are a great way to show the entire team everyone is important and valuable.In-house recognition program can boost employee satisfaction while saving costs for expensive outside rewards.

1. **Employee Mentorship**

A mentorship program is a talent development program or opportunity that pairs skilled, knowledgeable mentors with mentees who can learn from them. Employee mentorship is low-cost, but the biggest impact.It has been found that new employees who are paired with a mentor are twice as likely to remain in their job than those who do not receive mentorship.

**(vi) An Extra Day Off**

Everybody loves an extra day off from work,that's why providing employees with anextra day off is a perfect incentive. If employees achieve the goals set out for them, the organization can reward them with a few hours off/day off. As well as feeling motivated to work harder, employees will feel valued in their workplace because their employer recognizes the hard work.

1. **Fringe Benefits**

Fringe benefits are goodies that organizations offer to employees in addition to their wages. These are usually non-cash benefits, such as health insurance, paid vacation days, or gym memberships. Additional benefits are not only attractive to employees but also to employers. This can reduce the overall cost of taxes and benefits for the employer. Many employers use many unique ways to excite and engage their employees in the workplace.

1. **Suggestion Incentive**

Many companies use reward programs for suggestions to show employees that their opinion matters. When an employee's suggestion results in an increase in revenue, productivity, or efficiency, managers reward the employee for their efforts. The idea behind the employee suggestion is simple: people are more productive when they feel valued. Reward employees for their good ideas, no matter how big or small. It also creates a win-win situation for your company and your employees.

**VI. CONCLUSION**

The organizations need to go beyond their annual senior compensation and incorporate employee compensation programs into their everyday culture. Compensation programs can also increase employee productivity by as much as 44% and motivate up to 66% of employees to stay in their organization. In addition, organizations that use sales incentives have tripled their annual revenues compared to organizations that do not offer sales incentives. And professionals who are content with their interests are more than twice as likely to be satisfied with their work. Employee incentive programs are widespread in the corporate world and in education system. This is a popular way for most organizations to improve employee performance. The term "employee incentive program" is often used interchangeably with an employee compensation program, an employee awards program, or an employee compensation program. award. Its ultimate goal is to increase employee productivity and the overall success of the company.In today’s scenario, we can see that most of the faculty members of higher education institutions (HEIs) are leaving their current organizations due to a lack of motivational programmes, that affects the faculty-student ratio, leads to delays in completion of courses, poor student satisfaction, bad perception etc.If the HEIs implement the employee incentive programme, the retention rate can go up and the HEIs can attract good employees in their system. Motivation through various monetary and non monetary incentive programmes plays a vital role in any organizational system.

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