

Impact of Financial and Non-Financial Incentives on Employee Motivation in Tea Industry

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Abstract

Incentives has been considered as a significant factor when motivating employees in order to obtain better performance. However, the impact of these incentives on employee motivation has been under researched in particular in tea sector in Sri Lanka, resulting high labor turnover in the sector. Therefore, the objectives of this research were to identify the financial and non-financial incentives that motivate employees in tea sector and to examine the impact of incentives in employee motivation on performance of Sri Lankan tea sector. As financial incentives, bonuses, over-time payments, granting EPF/ETF and cost of living allowance were considered while job security, recognition, positive working environment, flexibility in work, promotion and career growth and flexible working hours were considered as non-financial incentives. Sample was equal to the population and data were collected using structured questionnaires from 60 tea factory workers in well reputed tea manufacturing organizations in Sri Lanka. Further, collected data were analyzed by using SPSS and interpreted by using statistical procedures such as Wilcoxon sign rank test, Preference ranking and Multivariate Analysis of Variance(MANOVA). According to the Wilcoxon Sign Rank Test results bonuses (test value=7.285), over-time payments (test value=7.208) and granting EPF/ETF (test value=6.822) proven to have a significant ($p < 0.05$) impact on employee motivation as financial incentives. Whereas job security (test value=7.039), recognition (test value=6.647), positive working environment (test value=6.659), flexibility in work (test value=5.982), promotion and career growth (test value=6.548) proven to have a significant ($p < 0.05$) impact on employee motivation in tea sector. According to the results, tea sector employees prefer more financial incentives than non-financial incentives. Majority of (83% of the sample) preferred financial incentives. According to the results of MANOVA female employees prefer recognition as a motivation tool than male employees ($P = 0.003$). Employees who have worked more than 10 years within the organization prefer more non-financial incentives ($P = 0.022$) and their preference for career growth ($P = 0.000$) as a motivational tool is higher than employees who have worked less than 10 years.

Keywords: Financial incentives, Incentives, Motivation, Non-financial incentives, Tea industry

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