

NON-MONETARY INCENTIVES PREFERENCES AS MOTIVATIONAL TOOL OF NEWLY APPOINTED SALES PERSONNEL OF SOFT DRINK INDUSTRY

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Abstract

Motivated employees are the substantial assets of any organization. Newly appointed employees' behaviour set the tune of an organization's future. So their motivation is an important point to concentrate on for firms' decision makers. This study is a new dimension of the research of Malik et al., (2011), in which newly appointed sales personnel preferences revealed about non-monetary incentives (NMI) as a motivational tool. In this study, the importance of factors of non-monetary benefits like security, social NMI, job related NMI, tangible NMI, relations with peers their effects on motivation of newly appointed sale force of the soft drink industry of Karachi, Pakistan. The findings suggested that, most preferred NMI (ranking wise) for newly appointed sales personnel is tangible non-monetary incentives, job related non-monetary incentives, security, relations with peers and social non-monetary incentives. One interesting finding of the study is consistent with Malik et al., (2011) that newly appointed sales personnel also prefer the monetary benefits to non-monetary benefits.

Keywords: Human resource, non-monetary benefits, newly appointed personel, sales force.

Introduction

Pakistan is one of the largest markets in the Asia Pacific region and potentially a highly lucrative long-term play for fast-moving consumer goods companies (Research & Market, 2010). Now in Pakistan, the soft drink industry is one of the major advertiser in Pakistan especially on high cost media with major celebrities of the region. Pakistan at a time when the country's food, drink and retail industries in general are all actually struggling to attract large-scale multinational investments of this nature (Research & Market, 2007) but famous soft drink (beverages) brands continue making their flavour as the basic choice for drink with outside foods or in hot climate. According to Bashir (2001) soft drink industry is 3rd largest revenue participant of CBR, it giving employment over 500,000 employees directly and indirectly and also supports many other sectors of society such as crown corks, glass bottles, plastic shells, sugar, transport, advertising and media, P.E.T bottles, concentrates etc. In today's environment soft/ energy drinks grow to be a fashion trend and life necessity between family contacts, colleagues and friends (as cited in Malik et al., 2011). As Research & Market (2010) reported that this industry will avail its potential and its sales will increase 39.8% (19.5 billion PKR= 223million \$) up until 2014. Soft drink industry led by global giant brands of Coca Cola and PepsiCo, they enjoying 95% market share and per capita soft drinks consumption in Pakistan is about 20 litres per annum (Malik et al., 2011).

Sales activities is revenue generation efforts of a firm, which performed by the effort of human beings. Some sales function is directly link to final or middle customers which is

pivotal for any firm, which generates major part of the revenue especially in soft drink industry. Therefore, sales force can serve as a competitive advantage and asset for a soft drink business franchise or distributor. Newly appointed employees behaviour set the tune of organization future. So their motivation is important point to concentrate for firms decision makers. Forum (1998) illustrated the possible rationale for sales function of a firm, e.g. grab more market share or sore up the revenue, increase competition, take out the benefit from the new trends, events and occasion, building brand loyalty, building value relationships, boost product life cycle.

Motivation is a process that starts with a physiological or psychological need that activates a behaviour or a drive that is aimed at a goal (Luthan, 1998). In the organizational context, motivation plays an important role in ensuring organizational success as humans are the heart of an organization (Zani *et al.*, 2011). Incentives and incentive systems are fundamental to developing capacities and to translating developed capacities into better performance (United Nations Development Programme, 2006). Motivation is an internal state which forces someone to do particular task or achieve a goal. Hence, motivation depends on motivational factors as like cash reward, appreciation party from firm, this study concentrating on non-monetary incentives which are intangible rewards. Non-financial incentives are the ones that involve no direct transfers of monetary values or equivalents such as holidays, token awards or recreational activities and recognition from superior (Mathauer & Imhoff, 2006). The value of non-financial material incentives seems to be perceived as a function of psychological processes (United Nations Development Programme, 2006). Intrinsic motivation refers to the pleasure and inherent satisfaction derived from a specific activity (Vallerand, 1997). These are indirect benefits which offer or link to an employee and it cannot touch e.g. job related factors, variety of tasks, responsibilities, autonomy, flexible working hours, participation in decision making, development opportunities (Yavuz, 2004). In other words, intrinsic or non-financial incentives are the ones that are not involving money and it is about the job itself that motivates people to work (Zani, *et al.*, 2011).

Literature Review

Famous Maslow (1943) and extender of his theory Alderfer (1973) suggested the satisfaction of employees by non-monetary incentives. Frederick (1959) two factor theory in which 203 accountants and engineers were in sample size also showed the non-monetary benefits like, achievement, recognition, work itself, responsibility and advancement (as cited in Malik *et al.*, 2011). In McGregor (1960) famous theory X and Y, Y factor explained that employees are and like to be self-directed and self-controlled and they seek responsibilities which committed to the organizational objectives. Vroom (1964) suggested that behaviour results from conscious choices among alternatives whose purpose it is to maximize pleasure through non cash rewards and minimize pain (as cited in Malik *et al.*, 2011).

Humans or employees without motivation are not able to carry out the job perfectly (Zani *et al.*, 2011). Lanchance (2000) said that people stay at work for many other reasons, not just for money. Lord (2002) proposed that accomplishment, job responsibility, recognition, etc. are the main motivators and that enhance job satisfaction (Ryan & Deci 2000) and productivity. According to Darling *et al.*, (1997) explained that non-monetary incentives is work better than monetary rewards as it impact is short live e.g. if merchandise credits is offered than employees will constantly be reminded of the incentive (Besley & Ghatak, 2005) each time they look at the gift. Non-monetary incentive systems can encourage or discourage employee and work group behaviour (United Nations Development Programme, 2006). Firms often use hedonic goods or services as non-cash rewards; items that are associated with pleasurable experience rather than more instrumental or functional items (Dhar & Wertenbroch, 2000). Manolopoulos (2008) posit that non-financial incentives or intrinsic motivation are such factors to enhance creativity between employees, opportunity to use initiatives (Knez & Simester 2001) and the perception of work importance in the outside world. Good working relationship with superiors and colleagues are also the determinants of motivation (Zani *et al.*, 2011). Fagbenle, *et al.*, (2004) shared the impact of non-financial incentive on bricklayers' productivity in Nigeria; they suggested that non-financial incentives are more preferred in motivating these employees than financial incentives as it increases the productivity. Naylor *et al.*, (1980) claimed that

anything that might amplify the predicted utility of the award will tend to increase effort expended in pursuit of that award. Marginal propensity to consume windfall gains is higher than that of expected income such as salary (Thaler & Johnson, 1990).

Methodology

Questionnaires developed with minor changes (translated into English) from the study of Yavuz (2004), in which 19 items adopted which measured on five-point Likert scale ranging from 1 = strongly agree to 5 = strongly disagree. The sixty one (61) responses out of 67 (93.85%) sales force personnel of soft drink industry of Karachi (distributor network) found appropriate for further analyses. Out of sixty one (61), 34 were newly appointed (tenure of less than six months) in their respective firms. Questionnaires filled anonymously for instantaneous response. Data collection process lasted for 21 days. Written instructions and purpose of the study were illustrated on questionnaires by covering letter. Data analysis compiled by using statistical package for social sciences (SPSS) version 11 with XP windows.

Hypotheses one and two were tested by correlation matrix

- H1: Which non-monetary factor between security, monetary increments, social non-monetary incentive, and job related non-monetary incentive, tangible non-monetary incentive and relations with peer factors are important for motivation of newly appointed sales personnel in soft drink industry of Karachi?
- H2: Non-monetary incentives are more important than monetary benefits for motivation for the newly appointed sales personnel of soft drink industry of Karachi.

Data Interpretation

Hypothesis one is concerned with the ranking of any causal factors newly appointed sales force personnel willingness to exert more effort in their jobs. Score one (1) being the least important factor and five (5) being the most important factor. The mean scores of the factors are:

Table 4.1: Correlation Matrix of the Job Factors

	Security	Social NMI	Job Related NMI	Tangible NMI	Relations with Peers	Motivation
Security	1	0.711**	0.533**	0.245**	0.611**	0.712**
Social NMI	0.711**	1	0.327**	0.654**	0.289**	0.421**
Job Related NMI	0.533**	0.432**	1	0.647**	0.266**	0.732**
Tangible NMI	0.245**	0.654**	0.647**	1	0.532**	0.817**
Relations with Peers	0.611**	0.289**	0.266**	0.532**	1	0.623**
Motivation	0.712**	0.421**	0.732**	0.817**	0.623**	1

**Correlation is significant at $p \leq 0.05$

Table 4.1 showed that tangible non-monetary incentives (NMI) 0.817 with $p \leq 0.05$ are the most important factor for motivation for the newly appointed (tenure of less than six months) sales personnel in soft drink industry of Karachi. The second most important factor is job related non-monetary incentives (NMI) 0.732 with $p \leq 0.05$, third factor is security 0.712 with $p \leq 0.05$ illustrated in figure 4.1, and relation with peers 0.623 with $p \leq 0.05$ nominated as fourth important factor for motivation by newly appointed sales personnel in soft drink industry of Karachi. The least important factor for newly appointed sales personnel in soft drink industry of Karachi is social non-monetary incentives (NMI) 0.421 with $p \leq 0.05$.

Table 4.2: Correlation Matrix of the incentives types

	Monetary Incentives	Non-Monetary Incentives	Motivation
Monetary incentives	1	0.411**	0.829**
Non-monetary incentives	0.411**	1	0.492**
Motivation	0.829*	0.492**	1

**Correlation is significant at $p \leq 0.01$

Table 4.2 indicated the preference of newly appointed sales personnel of soft drink industry of Karachi between monetary incentives and non-monetary incentives. They proposed that they prefer monetary incentives 0.829 with $p \leq 0.01$ over the non-monetary incentives 0.492 with $p \leq 0.01$. All results of table 1 and table 2 are positives related to motivation, but here this study finding the strong relationship between the all factors or variables.

Conclusion

This study confirmed the mind frame of majority of employees to switching their jobs in Pakistan environment is monetary benefits. The inflation and other economic problems of Pakistan forced the individuals to find the job with better remuneration as compare to their last or existing job. Job ingredients also play a vital role for newly appointed employees in soft drink industry of Karachi to motivate, as hidden or visible challenges or competition produce significant results for organization and individuals. The findings of the study suggest the economic conditions of Pakistan, especially Karachi, security is the first priority the sales force, at present whole Pakistan deprived of job and societal security (Malik *et al.*, 2011). This is obvious preference of sales forces as they have to perform most of their duty outside even in danger zones of particular city (Malik *et al.*, 2011). In tense environment of city, sales force second most preferred non-monetary incentive is relation with peers. As every individual suffering from shortage of basic necessities and facing worse conditions of society, they are looking for strong relationship between their colleagues which eventually give some point of relief (Malik *et al.*, 2011). The least preferred non-monetary incentive in all five is social non-monetary incentives, as newly appointed employees concentrate on job related issues and try to give maximum to fulfil their responsibility so they not come to societal aspect in early days in new organization. Companies managers can motivate their new appointed staff by concentrate more on tangible non-monetary incentives and make new policies for new employees. Difficult economic conditions for general public exposes by the preferences of newly appointed sales force as they preferred monetary incentives which stimulate them which is consistent with Malik *et al.*, (2011). As in small medium enterprises, the non-monetary incentives are not practices much and majority of employees unable to sense the existence, and get inspired from it. Gibbons (2005) and Rotemberg and Saloner (1993) illustrated that, these non-monetary incentives motivate the important stakeholders (employees) to uncover the high level of performance and commitment as Lazear (1986) confirmed that firms can use their wage policy so as to attract certain types of workers,

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