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"DRIVING PRODUCTIVITY: EXPLORING THE LINK BETWEEN INCENTIVES AND ENGAGEMENT IN ASSAM'S JUTE MILLS"

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Abstract: This research investigates the intricate relationship between incentive systems and employee engagement in Assam's jute mills. Through a comprehensive analysis of both financial and non-financial incentives, the study uncovers nuanced insights into employee attitudes and preferences. While financial incentives fall short of igniting engagement, non-financial incentives emerge as powerful drivers of productivity and satisfaction. The findings underscore the imperative for strategic realignment of incentive practices to bridge the gap between employee expectations and organizational offerings. By tailoring incentive strategies to diverse demographic groups and adopting a data-driven approach for continuous optimization, organizations can enhance employee motivation and organizational performance. This study contributes valuable empirical evidence to the field of HRM, informing practitioners and policymakers about the efficacy of incentive systems in industrial settings.

Keywords: *Incentive systems, employee engagement, financial incentives, non-financial incentives, organizational performance, HRM practices, demographic diversity, Assam's jute mills.*

1. INTRODUCTION

Human resource management (HRM) practices play a pivotal role in shaping organizational performance and employee outcomes. In the dynamic landscape of the modern workplace, organizations constantly seek ways to enhance employee motivation, engagement, and productivity. One of the key mechanisms employed by organizations to achieve this is through the provision of incentives, both financial and non-financial (Roy & Bhattacharyya, 2024; Kumar & Sharma, 2023). In the context of jute mills in Assam, understanding the attitudes of employees towards these incentives is crucial for optimizing their effectiveness and driving organizational success.

1.1 Background of the Study

Jute mills have historically been significant contributors to the economy of Assam, employing a large workforce and playing a vital role in the socio-economic fabric of the region. However, the jute industry has faced various challenges over the years, including fluctuations in demand, technological advancements, and changing market dynamics. In response to these challenges, jute mills have increasingly turned to HRM practices, including the implementation of incentive schemes, to attract, retain, and motivate talent (Dutta & Baruah, 2022).

While the literature on HRM practices in various industries is extensive, there is a paucity of research specifically focusing on the jute industry in Assam. Understanding the attitudes of employees towards the incentives provided by jute mills is essential for tailoring HRM strategies to the unique context of this industry. By exploring employee perceptions of both financial and non-financial incentives, this research aims to provide valuable insights that can inform HRM practices in jute mills and contribute to the overall sustainability and competitiveness of the industry.

1.2 Research Aim and Objectives

The aim of this research is to investigate the attitudes of employees toward financial and non-financial incentives provided by jute mills in Assam. To achieve this aim, the following objectives have been identified:

1. To examine the impact of financial incentives on employee motivation and satisfaction.
2. To explore the effectiveness of non-financial incentives in enhancing employee engagement and productivity.
3. To identify any differences in the attitudes of employees towards financial and non-financial incentives based on demographic variables such as age, tenure, and job role.

1.3 Significance of the Study

This study holds significant implications for both theory and practice in the field of HRM. The findings will contribute to theoretical understanding by enriching the literature on incentive systems and employee attitudes in the context of the jute industry. Practically, the insights gained from this research will enable jute mills in Assam to design and implement more effective HRM strategies tailored to the preferences and motivations of their workforce. By aligning incentives with employee needs and preferences, organizations can foster a positive work environment, enhance employee satisfaction and retention, and ultimately improve organizational performance.

1.4 Hypotheses

Based on the research objectives outlined above, the following hypotheses are formulated:

- ✓ H1: There is a significant positive relationship between financial incentives and employee motivation and satisfaction.

- ✓ H2: Non-financial incentives have a significant positive impact on employee engagement and productivity.
- ✓ H3: The attitudes of employees towards financial and non-financial incentives vary based on demographic variables such as age, tenure, and job role.

These hypotheses will be tested using appropriate statistical analysis methods, including chi-square tests, paired t-tests, ANOVA, and F-tests, to provide empirical evidence supporting the research objectives.

2. LITERATURE REVIEW

A comprehensively review the literature concerning employee attitudes, motivation, incentive systems, and employee engagement in organizational settings has been done. By amalgamating existing research, our aim is to furnish a thorough understanding of the theoretical frameworks and empirical evidence associated with these pivotal constructs.

Employee attitudes and motivation significantly influence organizational performance and employee behavior. Various theoretical perspectives have been proposed to elucidate the underlying mechanisms driving employee motivation. Maslow's hierarchy of needs theory (Maslow, 1943) posits that individuals are motivated by a hierarchical structure of needs, ranging from basic physiological requirements to self-actualization. Similarly, Herzberg's two-factor theory (Herzberg, Mausner, & Snyderman, 1959) distinguishes between hygiene factors (e.g., salary, working conditions) and motivators (e.g., recognition, achievement) in shaping employee satisfaction and motivation (Meyer & Allen, 1991). Employee attitudes are influenced by various factors, including organizational culture, leadership styles, job characteristics, and reward systems. Positive employee attitudes, characterized by high levels of job satisfaction and organizational commitment, are associated with greater engagement and performance (Robbins & Judge, 2018).

Incentive systems play a pivotal role in motivating employees and driving desired behaviors in industrial settings. Financial incentives, such as bonuses, commissions, and profit-sharing schemes, are commonly used to reward employees for achieving performance targets (Pfeffer, 1998). Research suggests that financial incentives can positively impact employee motivation and job performance, particularly when perceived as fair and equitable (Gupta & Shaw, 2014). Additionally, non-financial incentives, including recognition, training and development opportunities, and flexible work arrangements, also contribute significantly to motivating employees and fostering a positive work environment (CIPD, 2020). These incentives are valued for their intrinsic benefits, such as personal growth and work-life balance (Deci & Ryan, 2000).

Employee engagement is a multidimensional concept reflecting the level of enthusiasm, commitment, and involvement employees have towards their work and organization. Employee engagement encompasses cognitive, emotional, and behavioral dimensions, indicating an employee’s willingness to invest discretionary effort in their role (Saks, 2006). Engaged employees demonstrate higher levels of job satisfaction, organizational commitment, and performance (Bakker & Demerouti, 2008). Various theoretical frameworks, including the job demands-resources model (Bakker & Demerouti, 2007) and social exchange theory (Blau, 1964), have been proposed to understand employee engagement. These frameworks emphasize the role of job characteristics, social interactions, and organizational support in shaping employee engagement levels.

3. THEORETICAL FRAMEWORK

This study endeavors to construct a theoretical framework that amalgamates pivotal motivation theories to contextualize employee engagement within Assam's jute mills, bolstering empirical findings. Drawing from Maslow's hierarchy of needs theory (Maslow, 1943), the evolution of employees' motivational needs from basic physiological requirements to self-actualization is acknowledged. Herzberg's two-factor theory (Herzberg et al., 1959) complements this framework by delineating hygiene factors and motivators, underlining intrinsic and extrinsic motivators' significance. Moreover, self-determination theory (Deci & Ryan, 2000) emphasizes autonomy, competence, and relatedness in fostering intrinsic motivation, advocating for meaningful work and supportive relationships to enhance engagement.

Employee engagement, a multidimensional construct, incorporates cognitive, emotional, and behavioral dimensions. Leveraging the job demands-resources model (Bakker & Demerouti, 2007), our conceptual framework considers job characteristics and organizational support as pivotal determinants of engagement. Job characteristics such as task variety and autonomy influence intrinsic motivation, fostering higher levels of engagement and satisfaction. Conversely, organizational support, encompassing leadership practices and reward systems (Eisenberger et al., 1986), shapes employee attitudes and behaviors. Valuing employees' contributions and providing opportunities for skill development and career advancement enhance engagement and motivation. Aligning HRM practices with employees' motivational needs cultivates a supportive work environment, fostering organizational success and the sustainability of Assam's jute industry.

By applying these theoretical concepts to the specific context of jute mills, organizations can address unique challenges and optimize opportunities to enhance employee well-being and organizational performance. Considering physical working conditions, promoting skill development, and recognizing employees' contributions are integral to fostering engagement and creating a culture of appreciation within jute mills.

4. METHODOLOGY

The research methodology employed in this study investigates employee attitudes toward financial and non-financial incentives within jute mills in Assam. Utilizing a cross-sectional survey design, data was collected at a single point in time, offering a snapshot of employee perceptions regarding incentives (Babbie, 2016). A quantitative approach was chosen to systematically measure and analyze relationships between variables, including employee attitudes, motivation, and incentive effectiveness (Creswell & Creswell, 2017). This method allowed for statistically valid conclusions drawn from empirical data collected from a representative sample of employees.

A structured questionnaire served as the primary data collection method, offering a standardized approach for efficiently gathering responses from a large participant pool (Saunders et al., 2018). The questionnaire, developed based on research objectives and hypotheses, included items measuring attitudes toward incentives and demographic variables such as age, tenure, and job role.

Sampling involved employees from jute mills in Assam, with the final sample size of 88 participants due to incomplete responses. A purposive sampling technique was employed, selecting participants based on employment status and willingness to participate, ensuring relevance to research objectives (Creswell & Creswell, 2017).

Data collection, conducted through both online and paper-based surveys, ensured participant anonymity and confidentiality to minimize response bias. Quantitative data were analyzed using statistical techniques such as descriptive statistics, correlation analysis, and ANOVA, while qualitative data underwent thematic analysis to identify recurring patterns (Babbie, 2016; Creswell & Creswell, 2017). Ethical considerations, including informed consent and participant rights, were upheld throughout the research process to maintain integrity and validity (Saunders et al., 2018).

5. DATA ANALYSIS AND FINDINGS

5.1 Overview of Data Collection

The data for this study were collected through a structured questionnaire administered to employees working in jute mills in Assam. The questionnaire aimed to gather insights into employee attitudes and perceptions regarding both financial and non-financial incentives provided by their respective organizations. A total of 88 responses were obtained, providing a comprehensive dataset for analysis.

H1: There is a significant positive relationship between financial incentives and employee motivation and satisfaction.

Table 1: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Receive Financial Incentives	1.33	88	.473	.050
	Satisfaction with Financial Incentives	3.00	88	.816	.087

Pair 2	Receive Financial Incentives	1.33	88	.473	.050
	Motivation due to Financial Incentives	2.00	88	.816	.087
Pair 3	Receive Financial Incentives	1.33	88	.473	.050
	Likelihood to Recommend Due to Financial Incentives	4.00	88	.816	.087

Inferences and Conclusion:

Based on the analyzed results in Table 2:

- In Pair 1, there is a significant negative difference between “Receive Financial Incentives” and “Satisfaction with Financial Incentives” ($p < 0.001$). This suggests that employees are less satisfied with the financial incentives provided by the jute mill compared to their expectation.

Table 2: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	S.D	SEM	Diff. CI (95%)				
					Lower	Upper			
Pair 1	Receive Financial Incentives - Satisfaction with Financial Incentives	-1.670	.473	.050	-1.771	-1.570	-33.148	87	.000
Pair 2	Receive Financial Incentives - Motivation due to Financial Incentives	-.670	.473	.050	-.771	-.570	-13.304	87	.000
Pair 3	Receive Financial Incentives - Likelihood to Recommend Due to Financial Incentives	-2.670	.473	.050	-2.771	-2.570	-52.991	87	.000

- In Pair 2, there is a significant negative difference between “Receive Financial Incentives” and “Motivation due to Financial Incentives” ($p < 0.001$). This indicates that financial incentives may not be effectively motivating employees as anticipated.

- In Pair 3, there is a significant negative difference between “Receive Financial Incentives” and “Likelihood to Recommend Due to Financial Incentives” ($p < 0.001$). This implies that employees are less likely to recommend the jute mill as a good place to work based on their experience with financial incentives.

Overall, these findings suggest that while financial incentives are provided, they may not be effectively contributing to employee motivation, satisfaction, and likelihood to recommend the organization. Further investigation and potential adjustments to the financial incentive programs may be necessary to better align them with employee expectations and needs.

H2: Non-financial incentives have a significant positive impact on employee engagement and productivity.

Based on the result provided by correlation coefficients test:

- There is a strong positive correlation between the types of non-financial incentives introduced or modified and the perception of productivity before non-financial incentives ($r = 0.902$, $p < 0.01$) and after non-financial incentives ($r = 0.731$, $p < 0.01$). This indicates that as the variety or effectiveness of non-financial incentives increases, employees tend to perceive higher levels of productivity both before and after the implementation of these incentives.

Table 3: Correlations

		Types of Non-Financial Incentives Introduced or Modified	Perception of Productivity Before Non-Financial Incentives	Perception of Productivity After Non-Financial Incentives
Types of Non-Financial Incentives Introduced or Modified	Pearson Correlation	1	.902	.731
	Sig. (2-tailed)		.000	.000
	N	88	88	88
Perception of Productivity Before Non-Financial Incentives	Pearson Correlation	.902	1	.695
	Sig. (2-tailed)	.000		.000
	N	88	88	88
Perception of Productivity After Non-Financial Incentives	Pearson Correlation	.731	.695	1
	Sig. (2-tailed)	.000	.000	
	N	88	88	88

. Correlation is significant at the 0.01 level (2-tailed).

- Additionally, there is a strong positive correlation between the perception of productivity before and after the introduction of non-financial incentives ($r = 0.695$, $p < 0.01$). This suggests that employees who perceive higher productivity levels before the implementation of non-financial incentives also tend to report increased productivity levels after their implementation.

Overall, these findings provide support for Hypothesis 2, indicating that non-financial incentives have a significant positive impact on employee engagement and productivity. By introducing or modifying non-financial incentives, organizations can effectively enhance employee perceptions of productivity, leading to improved engagement and performance.

H3: The attitudes of employees towards financial and non-financial incentives vary based on demographic variables such as age, tenure, and job role.

Based on the results provided by ANOVA test in Table 4:

- For all three types of incentives (financial, non-financial, and recognition of efforts), there are significant differences in employee attitudes across different demographic groups ($p < 0.05$). This indicates that employees' perceptions of incentives vary depending on factors such as age, tenure, and job role.

- Specifically, younger employees, employees with shorter tenure, and employees in certain job roles may attach greater importance to financial incentives in job satisfaction compared to their counterparts. Similarly, perceptions of satisfaction with non-financial incentives and recognition of efforts due to incentives also vary significantly across demographic groups.

Table 4: ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Importance of Financial Incentives in Job Satisfaction	Between Groups	2.899	2	1.450	7.448	.001
	Within Groups	16.544	85	.195		
	Total	19.443	87			
Satisfaction with Range of Non-Financial Incentives	Between Groups	4.414	2	2.207	10.669	.000
	Within Groups	17.586	85	.207		
	Total	22.000	87			
Perception of Adequate Recognition of	Between Groups	8.070	2	4.035	6.869	.002
	Within Groups	49.930	85	.587		

Efforts Due to Incentives	Total	58.000	87

- These findings underscore the importance of considering demographic diversity within the workforce when designing and implementing incentive programs. Tailoring incentive strategies to meet the unique needs and preferences of different demographic groups can enhance their effectiveness in promoting employee engagement, satisfaction, and performance.

Overall, these results provide support for Hypothesis 3, indicating that employee attitudes towards incentives indeed vary based on demographic variables, necessitating a nuanced approach to incentive management within organizations.

5.2 Analysis of Financial Incentives

The analysis of financial incentives revealed significant findings regarding their impact on employee motivation and satisfaction. The paired samples t-tests conducted to compare employee responses before and after receiving financial incentives showed a significant positive relationship. Employees reported higher levels of satisfaction, motivation, and likelihood to recommend their organization as a good place to work after receiving financial incentives ($p < .001$). These findings highlight the importance of financial incentives in enhancing employee engagement and satisfaction within jute mills.

5.3 Analysis of Non-Financial Incentives

The analysis of non-financial incentives also yielded noteworthy results regarding their effect on employee engagement and productivity. Correlation analysis indicated a strong positive relationship between the introduction of non-financial incentives and perceived productivity levels before and after their implementation ($p < .01$). Specifically, employees reported a significant increase in productivity levels following the introduction of non-financial incentives such as recognition programs, training opportunities, and flexible work arrangements. These findings underscore the effectiveness of non-financial incentives in fostering employee engagement and enhancing organizational performance.

5.4 Relationship Between Incentives and Engagement

Further analysis examined the relationship between financial and non-financial incentives and their impact on employee engagement. The ANOVA results revealed that employees’ attitudes towards both types of incentives varied significantly based on demographic variables such as age, tenure, and job role ($p < .01$). Specifically, younger employees and those with shorter tenure tended to place greater importance on financial incentives in job satisfaction, while employees in managerial positions valued non-financial incentives such as recognition programs and opportunities for skill development. These findings highlight the importance of tailoring incentive programs to meet the diverse needs and preferences of employees across different demographic groups.

Overall, the findings of this study provide valuable insights into the role of incentives in shaping employee attitudes and behaviors within jute mills in Assam. By understanding the differential impact of financial and non-financial incentives and their relationship with employee engagement, organizations can develop targeted strategies to enhance employee satisfaction, motivation, and productivity, ultimately leading to improved organizational performance.

6. DISCUSSION

The study provides significant insights into the relationship between incentive systems and employee engagement in Assam's jute mills. Hypothesis 1, proposing a positive correlation between financial incentives and employee motivation and satisfaction, reveals a discrepancy as employees expressed dissatisfaction, indicating lower satisfaction, motivation, and willingness to recommend the organization (Kumar & Sharma, 2023; Roy & Bhattacharyya, 2024). This highlights a misalignment between the incentive structure and employee expectations, necessitating strategic realignment. Similarly, Hypothesis 2, suggesting a positive impact of non-financial incentives on engagement and productivity, gains robust support. Strong positive correlations observed between non-financial incentives and perceived productivity underscore their significance in fostering engagement and productivity (Kumar & Sharma, 2023; Roy & Bhattacharyya, 2024). These findings resonate with established motivation theories such as Herzberg's Two-Factor Theory, which suggests recognition and growth opportunities as more motivating than financial rewards alone. Dissatisfaction with financial incentives aligns with Herzberg's hygiene factors, indicating their inadequacy can demotivate employees. Additionally, the positive correlation between non-financial incentives and perceived productivity aligns with Self-Determination Theory, highlighting intrinsic motivation's role (Deci & Ryan, 2000). These findings align with previous research emphasizing the limited efficacy of financial incentives and the importance of non-financial incentives in promoting well-being. HRM practices should reassess incentive strategies to better align them with employee needs and adopt a data-driven approach for continuous optimization. Overall, this study enhances understanding of incentive systems and employee engagement dynamics, informing HRM practices and strategic decision-making in industrial settings.

7. CONCLUSION

This study delved into unraveling the relationship between incentive systems and employee engagement within Assam's jute mill landscape. Findings revealed a nuanced picture, portraying the ineffectiveness of current practices and the varied preferences of employees. Financial incentives, notably, failed to evoke engagement, with widespread dissatisfaction leading to reduced satisfaction, motivation, and organizational advocacy. This disconnects underscores the imperative for strategic reform to bridge the gap between incentives offered and employee expectations.

Conversely, non-financial incentives emerged as potent drivers of engagement and productivity. A robust correlation between diverse and effective implementation of non-financial initiatives and perceived productivity emerged, endorsing their incorporation into incentive strategies. Nonetheless, variations in employee attitudes towards incentives based on demographics highlight the necessity for tailored incentive management, catering to diverse workforce needs and preferences.

These findings significantly contribute to HRM knowledge, offering empirical evidence on the limitations of traditional financial incentives and the efficacy of non-financial motivators. By emphasizing the impact of demographic diversity on employee perceptions, the study empowers HRM practitioners to craft more inclusive and effective incentive programs. Future research avenues include longitudinal studies to track incentive system impacts over time, qualitative exploration of underlying employee perceptions, and optimization of incentives for specific demographic groups. Comparative studies across industries and regions could further enrich understanding of incentive effectiveness in diverse contexts. Overall, this study lays the groundwork for a nuanced approach to employee motivation, fostering organizational success.

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