

EFFECT OF INCENTIVES (MONETARY & NON-MONETARY) ON EMPLOYEE'S TURNOVER INTENTION A CASE STUDY OF LESCO

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ABSTRACT

This project is intended to analyze effect of monetary and non-monetary incentive on employee turnover. This topic includes three basic variable, monetary incentives & non-monetary incentives the first two variables monetary incentives and non-monetary incentive are independent variables and the third variables is dependent variable (employee turnover) the both incentives are directly proportional to employee turnover intention. Employee turnover is a process in which employee leave an organization or have to be replaced by the organization. . In this research there are five chapters which are describing to each important work. Each chapter of this research has several parts. The first chapter is introduction, project description, objective and significance of the project. In second chapter the "Literature review" author explain previous study on this topic. The third chapter Research Methodology which is very important it is the main chapter of this research in which described the all result of the study. In 4th chapter all the data analysis has been don and explain with table and graph and interpretation of finding the result. In the last chapter the author Explain the Conclusion, Recommendation and Limitation of this research. This study is conducting the measure the impact and relationship between the incentives and employee's turnover. In this research the author is conducting the main purpose of this research is following

To analyze the effect of "monetary incentive" on "employee turnover intention" in LESCO.

To analyze the effect of "Non-monetary incentive" on "employee turnover intention" in LESCO.

In this study the author used the research methodology. In research method the quantitative research is conducted and questionnaire tool is used for collection the data from different division of LESCO Pakistan. In this research the primary data is collected from the different employee of LESCO and the secondary data is collected from different books, journal and research papers. After collecting the data from respondent then it is coded into SPSS software. Then process data in different statistical test like Mean, Standard deviation, percentage, regression analysis and put the data in table and bar graph. Then this data is analysis and interpretation through the graph and table form. After calculation of all data in SPSS and interpretation on graph then the author make the reasonable Conclusion recommendation and limitation of the research.

Keywords:

INTRODUCTION

This study of research is intended to analyze the Effect of incentives (Monetary & Non-monetary) on employee's turnover intention. It means that monetary and non-monetary rewards affected on

employee turnover in LESCO. This research of topic includes three variables which are related to each other. These variables are monetary incentive (bonuses, commission, festival allowance,

performance bonuses, and salary increment), Non-monetary incentive (Promotion, enjoyment, extra leave, foreign tours etc.) and employee turnover intention. These three variables have relationship to each other. Like to say monetary incentives affects the employee turnover Intention. Similarly Non-monetary incentive also effect to employee turnover intention. The incentive is very important for every organization especially which have sale target to increase the revenue and decreased the employee turnover.

So when the management implement the incentive system for employee then employee turnover decreased (employee will be satisfied with that organization). Therefore in modern business world every organization is adopting these incentive strategies.

As incentive is additional benefit that is given to employees in the form of money or promotion when an employee is extraordinary work or achieve the target of sale in the organization. A business organization has a lot of benefits to adopting the incentive system in the organization.

The non-monetary incentive also play very important role in business organization. Since, it is helpful to decrease employee turnover level for growth of the organization. The incentive system is suitable for the public and private sector organization where the target achievement system is running. So author concludes that there is relationship between incentives and employee turnover.

1.2-Project Description

This study explains the importance of monetary and non-monetary incentive on employee turnover. Employee turnover is process in which employee leave an organization due to certain reason for example not satisfied, better opportunity etc. But overall this study is regarding positive effect of incentives on employee turnover. The incentive system is applied in Business organization. • then employee satisfied with that organization an • the incentive is not applied in organization the • employee turnover increased and employee try t • leave organization to avail better opportunity t • another organization. So this study is intended t • increase the trend of employee to work at LESCO. • Organization through the incentive system. In this project the researcher performs analysis about incentive system effects on employee turnover intentions in LESCO business organization.

1.3-Need of this research

In this research the Monetary and non-monetary incentives are used and then its impact on employee's turnover in the organization is to be analyzed. If this effect seems relevant in this organization surely that would be a contributor in the overall satisfaction and better performance of the organization. So in modern business world it is very useful to research the effects of incentives system to reduce employee turnover intention. After completing this research, researcher came to know how much beneficial of incentive to employee turnover.

1.4-Background of the project

The human capital is recognized to be critical resources of firm performance. The human resource department should manage the issue of employee turnover they should know why employee leave organization. They should be provided the proper recommendations and techniques to the top management for incentive plans to reducing the employee turnover.

The incentive system plays a very important role for the organization. In the current business situation mostly organization is working in incentive system due to which the employee of the organization also takes interest in work with organization. Through incentive system for employee in sales and marketing department even for all departments can decreased the employee turnover. Every employee of the organization wants to recognize his skills and wants to contribute his performance in business organization. Mostly companies use these strategies of incentive to decrease employee turnover and to increase performance of the employee. Some organization use monetary incentive which is paid in the form of money (Rupees) but some incentive are non-monetary following are some non-monetary incentive forms

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- Contribution.
 - Autonomy.
 - Professional Growth.
 - Flexibility.
 - Working Remotely.
 - Extra Leave.
 - Enjoyment
-

The employee intention of turnover is a process in which employee leave an organization or have to be replaced by the organization. So Researcher can

analyze first two variables monetary and non-monetary incentive effects to the employee turnover intention. If these benefits are given to employee then employee does proper work in current position and take the interest in work and employee do not try to apply to other organization because all the benefit already received from current employment and so the employee turnover of the organization decreased.

1.5-Objective

The main objectives of this study are following.

- ❖ To analyze the effect of “monetary incentive” on “employee turnover intention” in LESCO.
- ❖ To analyze the effect of “Non-monetary incentive” on “employee turnover intention” in LESCO.

1.6-Significance

The significance of this research is very important. It determines the benefit of the research topic. Providing the incentive to the employee is not only motivating him to do his work well but it also motivate him to stay longer time at business organization which decreased employee turnover intention. Having these incentives might be reason that they choose to stay at business organization. It is important to keep happy the employees by giving incentives. LESCO organization adopting incentive schemes for the success of business and decrease the employee turnover intention. So researcher result is that incentives systems maintain human capital in business organization which is very important for every business. The Implementation of incentives system is an effective way of making workers remains employed. After this research the researcher comes to know how to reduce employee turnover intention through additional benefit (incentives) to the employee. Researcher also found the impact of monetary & non-monetary rewards on employee turnover in LESCO Pakistan. Both incentives reduce the recruitment cost of human capital due to decrease employee turnover intention.

Chapter-2

Literature Review

2.1-Monetary Incentive:

Burton (2012) suggested in his research that proper reward system should introduce to motivate the employees for getting more production. Financial reward is the best technique to motivate the

employees due to its tendency to fulfill basic requirements. Pay is used as a payment of salary/wages to employees in return of their services in the organizations. Some organizations provide performance reward to the employees who perform well in the organization. Due to the competitive nature work environment in organizations employees expect performance reward/benefits. Fringe benefits are provided to employees for establishing optimistic, motivating culture at work place to increase output. Mohammad Atiq & Afshan Bhatti (2011) found during research that in different age groups there exist a strong relationship between cash incentives and employee turnover. Authors also mentioned that right incentive type and good combination of incentive type is much important in different age groups. This research concludes that companies should offer incentives according to the age groups of employees and nature of business. The employees of organization do not think about changing the job if they find incentives within the organization as high pay relative to market and growth opportunities. Compensation studies show that high relative pay is inversely proportional to employee turnover. (Leonard, 1987; Powel Montgomery and Cosgrove, 1994; Shaw et al., 1998).

Ayuninnisa & Saptoto (2011) predicted that pay level which is monetary incentive type has a strong correlation with employee turnover intention as compared to other dimensions like affective commitment of employee etc. This predictions shows that pay level is much important with respect to turnover intention. Researcher also pointed out that negative correlation existed between pay level and employee turnover intention and satisfaction of pay level was most important other than satisfaction of pay raise. This research showed that pay level satisfaction has indirect/direct impact on employee turnover intention and turnover intention can be minimized by pay level rise. Akhtar, Waheed, Awan, Akmal, Anwar, Saeed, Ali, Qurban (2011) pointed out that strong inverse relationship exists between salary and worker turnover intention which shows that if salary will increase than worker turnover intention will decrease and vice versa. Monetary incentives increase the motivation level of employees and motivation level differs according to the position. At the same time it attracts the employees from labor market to work in the incentive providing

organization. Further when motivation increases due to such type of incentives than as a result workers inspiration, loyalty with organization and productivity also increase. (Gitman & McDaniel, 2007).

Kvaløy, Nieken, Schöttner (2011) performed an experiment in environment which was controlled for check the impact of monetary incentives and its combination with motivational talk. They concluded that motivational talk increase performance only when performance reward also provided with it. Similarly only performance reward reduces performance if motivational talk did not include with it. Combination of both performance reward and performance pay reduces the mistake ratio more than 40 percent and increase output up to 20 percent.

2.2-Non-Monetary Incentive

Yousaf, Latif, Aslam, Saddiqui (2011). Stated that many factors has impact on employees motivation which are divided in two categories financial and nonfinancial rewards. Researcher further said that financial reward has importance in third world countries as Pakistan but at the same time importance of non-financial rewards cannot be eliminated. Human Resource incentive techniques usually adopted to provide motivation to employees so that attachment with organization increases. Incentive may be in the form of benefits, training opportunities for career development and job security (Arthur, 1994). **Kumar, Hossain, Nasrin (2011)** concluded after research that motivation in employees create enthusiasm, job satisfaction, eliminates confusion and fears as a result of this more productivity. Motivation act as tonic for better career planning. They found from research results that non-financial incentives have strong positive correlation with workers motivation. There is no doubt that employees work for money but at the same time they demand recognition, freedom, creativity, job security, good relation, better working environment at work place so that utilize their 100 percent ability. Therefore organization should give importance to non-financial rewards. Tausif (2010) stated that non-financial incentives have strong impact in the form of job satisfaction on education sector employees of Pakistan. They also observed that as age increases satisfaction also increases. Therefore as compared to young employees old employees are more satisfied. Researcher also found that age

difference has impact on association among employee incentive and job satisfaction. **Rashid, Rab, Khalil, Zahid, Moeed (2011)** found during research survey that work life balance is related to rate of turnover of employees. Researcher found that there exists a positive correlation between work life balance and employee turnover rate. Ghayyur & Jamal (2010) stated in their research that work life balance and workers turnover intention are positively correlated to each other regardless of demographic characteristics like designation, gender and age etc. work family disputes cause of problems for workers due to which they think to leave the organization. Flexible working hours has a positive impact on employee's turnover intention. This is talkative issue of establish the balance between working life and personal life. **Maertz, Griffith, Campbell, Allen (2007)** stated in his study that company support and supervisor support has an impact on employee turnover intention. They found that inverse relation exist between company/supervisor and turnover rate of employees. Researcher pointed out that both company/supervisor supports has strong implication over turnover. Therefore supervisor should create supportive culture so that employees intend to retain within the organization. **Gary Dessler (2011)** found that employee recognition has positive relation with performance of the employee. Recognition may be in the form of program as Employee of the year. Many companies use recognition in the form of long service award or as loyalty award for those workers who complete many year service within the company. This recognition technique minimizes the turnover rate of employees. **Bari, Arif, Shoaib (2011)** stated in his research that incentives like freedom, friendly work environment, supervisor support, career growth opportunities and training sessions all have positive relation with employee performance and attitude. **Harunavamwe & Kanengoni (2011)** found that medium level significant relation exist between non-monetary incentives and lower level employee motivation. They determined that no significant relationship exist between monetary reward and employee motivation.

2.3-Employee Turnover Intention

According to Cotton and Tuttle (1986) turnover intention is the chance of an employee whether he will stay or leave the current organization. Employee turnover has negative impact on

organization. Organization Workers can leave it due to many reasons. (Malik et al, 2011) describes that normally turnover has two types : one is voluntary and second is involuntary. Voluntary turnover are due to factors like organizational factors or individual factors. Organizational factors may in the form of salary, the relationship with the director, promotion, better work opportunity; promotion. While individual factors may be in the form of health, further study, and retirement. Involuntary turnover occurs when an employee has fired from his service without his willing. **Wells & Peachey (2011)** describes that voluntary turnover has further two types for understanding. First one is functional turnover and second one is dysfunctional turnover. In functional turnover organization do not appraise the employee positively and expect that employee should abdicate and at the same time employee also want to abdicate. On the other hand in dysfunctional turnover organization appraises the employee positively and expects that employee should stay but at the same time employee also want to abdicate. The plan, purpose, action or special thing with special attitude in individual heart is known as intention. If an employee dissatisfy the next intention in his heart will be turnover and it is the last step before turnover phase. It is combination of different factors like employees work dissatisfaction, turnover intention, search of other job, find possibility of other job (**Slatten, 2011**). **Woods & Macaulay (1989)** during researched about high turnover factor in employees doing job in six chain hotels and restaurants. They found that turnover is affected by two factors one is external factors and second is internal factors. External factors include new opportunities and unemployment rate. While internal factors are include salary, quality of colleagues, supervisor support, working environment and satisfaction about work. David (1989) suggested that there are four main variables that have impact on employee turnover. First one is there are issues in selection process, second one there is no proper structure of employment program, third one is employees are not satisfied with the available opportunities, fourth one is there are issues in management techniques. Gaertner (1999) proposed that there are two factors on which employee turnover decision based one is satisfaction at work place and second is organizational commitment. Work satisfaction has factors like financial support from

colleagues, work schedule, role conflict and working hours. While factors like promotion opportunities, directors' support and work distribution justice have impact on both organizational commitment and on satisfaction at work place.

Sager, Griffeth , Hom (1998) found after research that job stress has impact on turnover intention but relationship between both is inverse. Therefore as stress level increases, organizational commitment and satisfaction at work place decrease. Low level of satisfaction at work place and organizational commitment increase the turnover ratio.

Griffeth, Hom, Gaertner (2000) found during research that satisfaction at work place has the strong relationship with turnover ratio with respect to other satisfaction factors. They found with correlation coefficient square that 20 percent turnover variation occurred due to lower job satisfaction, 13 percent turnover variation due to organizational commitment and 0.9 percent variation due to job stress. Twelve main reasons mentioned by Smith(2009) due to which workers leave the positions in which included misbehave, imbalance of work life, failure of fulfill expectations, worker misalignment, not to get value, deficiency of feedback and coaching, deficiency of decision making, lack of skills, firm's instability, deficiency of appreciation, career growth opportunities deficiency and stagnation.

2.4-Observation Gap

From above mentioned literature review it showed that monetary and non monetary incentive had impact on employee turnover intention. Electricity is distributed in PAKISTAN through different power distribution companies like LESCO, MEPCO, IESCO, PESCO etc. Researcher observed that if these power distribution companies use incentive system than employee turnover will also effect. Researcher selected LESCO distribution company from these different distribution for analyze the impact of monetary and non-monetary incentive on LESCO employee turnover.

2.5-Research Hypothesis

In this study there are three variables the first two variables are independent (Monetary & Non-monetary incentives) variables and the third variable is dependent (Employee

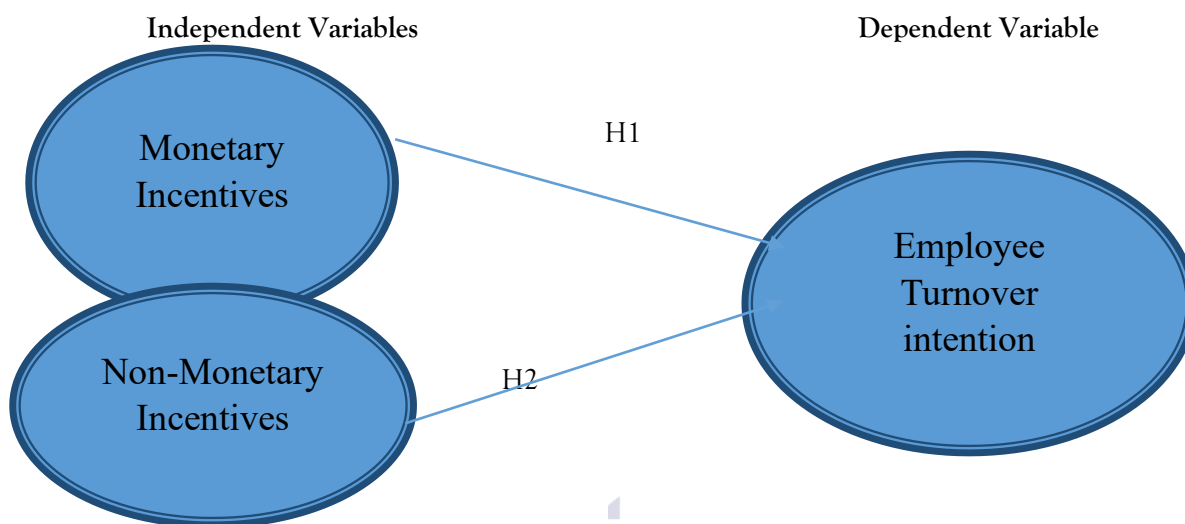
turnover) variable so the hypothesis of this study is following.

- H1: There is significance relationship between monetary incentive and employee turnover intention in LESCO Pakistan
- H2: There is significance relationship between Non-monetary incentive and

employee turnover intention in LESCO Pakistan

Note: Employee turnover is a process in which employee leave an organization or have to be replaced by the organization.

2.6- Research Model Diagram



Above diagram clearly shows that these three variables are related to each other the first two are independent variables and third variable employee turnover is dependent.

Monetary incentives which are in the form of bonuses, commission, allowances, and salary increment have an impact on employee turnover intention and similarly non-monetary incentives (promotion, extra leave, professional growth, and enjoyment) have also an impact on employee turnover intention. Employee turnover is a process in which employee leave an organization or have to be replaced by the organization.

CHAPTER#3

3.1-Research methodology

The research methodology is systematically process to solving the research problems. A research design is arrangement of condition for collection and analysis of data collected from the respondent. For this researcher author choose the quantitative research method because it suitable for this topic of the research. Quantitative data was collected in this research through the questionnaire.

3.2-Data Collection Sources

This study is to analyze the effect of incentive on employee turnover intention. So for this research data was collected by both primary and secondary sources.

3.2.1-Primary data collection:

For this research primary data was collected from the employees of Lahore Electric Supply Company (LESCO) Pakistan.

3.2.2-Secondary data Collection

Secondary data for this research was collect from the following sources.

- <http://www.lesco.gov.pk/>
- Website of other relevant organizations
- LESCO Annual Business report
- Annual international reports
- Research papers and journals
- Relevant books of company

3.3-Data collection Tools/Instrument

In this study researcher used questionnaire as data collection tools because researcher have choose the quantitative data collection method. Through self-

administered questionnaire data was collected from the employee of the LESCO Pakistan. During the survey in the field (different division of LESCO) data was collected from employee. Researcher adopted items of the questionnaire and feedback of employee was taken. Researcher choose the questionnaire as data collection tools

because it is easy & best way of data collection in quantitative study. In this research the author adopted the close ended questionnaire. In the questionnaire the researcher was used 5 point likert scale as following.

Strongly agree 1	agree 2	Neutral 3	Disagree 4	Strongly Disagree 5
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In this research the author used the following adopted items of questionnaire which was asked from respondent for feedback. For each variables and sub variables are following and their relevant questionnaire are following

3.3.1-Detail of Questionnaire

Monetary incentives: For the variable of monetary incentives author used the approximately ten questions from the respondent with different scenarios regarding salary, salary increment, pension benefits, annually bonuses, retirement benefits, profit sharing, early payment of allowances, the put all efforts regarding to financial benefits of employee and took the feed of each financial benefits of the employee of LESCO Pakistan.

Non monetary incentives: For the variable of non monetary incentives the author used approximately ten questions from the respondent and took the feedback of employee. For the non monetary incentive author asked questions regarding to Promotion, Employee recognition, support of supervisor, Job Security, other internal facility, work life balance, independence in work, effective communication, good working condition, job security, Training & development. This material of non material incentive was very effective for the feedback and objective of this research.

Employee Turnover: for the dependent variable employee turnover the author ask same quantity of questions and asked the relevant material of questions regarding to plan to stay with your present employer until retirement, talking to colleagues for change the job, or looking for another job, as soon as possible leave and organization, looking for another job, satisfaction with job or not satisfaction with current job

3.4-Subject/Participant

In this research of work researcher have 30 division of LESCO and each division has 20 employees working in the organization so total population was about $30 \times 20 = 600$ number of employees. So 600 Number of employee were total population out of which 320 numbers of employees was target population which are Officer level to supervisor & managerial level because these were well educated and easily understand questionnaire. In this study the sample size was 175 employees who were calculated by using the online sampling calculator from <https://www.surveysystem.com/sscalc.htm>. Out of 175 samples author get 100% response rate from the respondent

3.5-Field Work /Data Collection

In this section researcher discuss the questionnaire which is main part for this research. Researcher used **adopted** questions which were asked from the respondent (LESCO Employees). In the field work every day researcher visited to each division of LESCO. Provide the questionnaire paper to respondent and after taking the feedback from the employee then this data was coded in SPSS software which is suitable for this type of research. For the data collection researcher used the close ended question from the respondent because through the close ended question researcher get specific answer.

3.6-Data Processing, Analysis Techniques and Interpretation

For the analysis of data collection researcher used the SPSS software which is suitable and best for this type of research and also make graph where they are necessary. Researcher collected data is quantitative type which were be presented in table and graph and then researcher analysis the data by

showing in graph which can be easily understand by reader. All the data collected from the respondent which was processed in SPSS software. In this research author used quantitative method of research and questionnaire used as research tool because it was best for collection of data from the responded and easily get the feedback from respondent. After collection of data it was enter into SPSS software and author analyze the data then calculate Mean, S.D, Regression analysis and then make frequency table, graph of one by one question and its feedback.

As in this study researcher is intended to assess the effect of two independent variables (monetary & non-monetary) over one depended variable (employee turnover intention). Therefore the author have developed the hypothesis and these were tested through the regression analysis because

in statistics regression line show the relationship between two or more variables. Before hypotheses testing demographic analysis were be performed after that mean and standard deviation was tested,

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After survey in the field the responses rate from the respondent was 100% so out of 175 employee author get 100% feedback of employee author get good quality feedback of employee. After found

4.2 Demographic analysis

4.2.1-Gender of Respondents

Demographic analysis: in the demographic analysis author make scale for

Male 1 and for female 2 considered.

	Frequency	Percent	Valid Percent	Cumulative Percent

then reliability and correlation analysis were performed.

CHAPTER # 4 DATA ANALYSIS

4.1-Description

In this study researcher used questionnaire as data collection tools because researcher have choose the quantitative data collection method. Through self-administered questionnaire data is collected from the employee of the LESCO Pakistan. During the survey in the field (different division of LESCO) data was collected from employee. Researcher adopted items of the questionnaire and feedback of employee was taken. Researcher choose the questionnaire as data collection tools because it is easy & best way of data collection in quantitative study. In this research the author adopted the close ended questionnaire. In the questionnaire the researcher used 5 point likert scale as following for the questionnaires

the feedback author process the through different statically test and tools.

For the data analysis purpose author performed the following test using SPSS software

- I. Demographic analysis
- II. Mean
- III. Standard Deviation
- IV. Reliability test
- V. Correlation
- VI. Regression analysis

Valid	MALE	134	76.6	76.6	76.6
	Female	41	23.4	23.4	100.0
	Total	175	100.0	100.0	

Interpretation: As the above table show that out of 175 employee 134 was male and remaining 41 was female so it indicate that 76.6% male and 23.4% female

4.2.2-Age of Respondent

Demographic analysis: in the demographic analysis author make scale 1for less than 25 year old employee 2 for between 25-40 year old employee and 3 for more than 40 year old.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 25	33	18.9	18.9	18.9
	25-40 year	104	59.4	59.4	78.3
	More than 40 year	38	21.7	21.7	100.0
	Total	175	100.0	100.0	

Interpretation: the above table show that 18.9% employee were between 25-40year and more than employee less than 25 year old employee, 59.4% 40 year were 21.7%

4.2.3-Education of Respondent

Demographic analysis: in the demographic analysis author make scale 1for Graduation, 2 for Masters Level, 3 for M.PHIL Level., 4 for PHD level.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduation	70	40.0	40.0	40.0
	Masters	41	23.4	23.4	63.4
	M.PHILE/MS	55	31.4	31.4	94.9
	Phd	9	5.1	5.1	100.0
	Total	175	100.0	100.0	

Interpretation: So the above table shows that 40% Masters Level and 31.4% M.PHIL.and 5.1% employee graduation level. 23.4% employee were employee was PHD Level

4.2.4-Experience of Respondents

Demographic analysis: in the demographic analysis author make scale 1For 1-10 year experience, 2 for 11-20 years experience 3 for more than 20 years experience.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-10 year	33	18.9	18.9	18.9
	11-20 year	82	46.9	46.9	65.7
	More than 20 years	60	34.3	34.3	100.0
	Total	175	100.0	100.0	

Interpretation: So the table show that 18.9% employee have 1-10 years experiences,46.9% employee have 11-20 years experience and 34.3% employee have more than 20 years experience

4.2.5-Working of Respondents

Demographic analysis: in the demographic analysis author make scale 1For 4-8 hours working hours, 2 for 8-12 working hours, 3 for more than 12 hours working hours

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4-8 hours	38	21.7	21.7
	8-12 hours	127	72.6	94.3
	More than 12 hours	10	5.7	100.0
	Total	175	100.0	100.0

Interpretation: This table show that 21.7% employee have 4-8 hours working hours, 72.6% employee was 8-12 hours working hours, 5.7% employee was more than 12 hours working hours.

4.3-Analysis of main variables

There are three variables in this research which are following

- ❖ Monetary incentives-----independent Variables
- ❖ Non-monetary incentive -----independent Variables
- ❖ Employee turnover intention-----Dependent Variables

As in above statement it is show that two independent variables and 1 dependent variable

Description of mean: The means show the central value of the data. In all the data the central value show the average or mean of the data.

Description of Standard Deviation: The standard deviation is a measures the dispersion of the data which show that value how much far from the mean value of the data. The low standard deviation show them to be very closed the mean or average and the higher standard deviation is show them to far from the mean or show the data points are spread out over a large range of values.

4.4 Mean and Standard deviation Test

Descriptive Statistics

	Mean	Std. Deviation	N
MI	2.0280	.32157	175
NMI	1.9543	.37320	175
EMT	3.8794	.44078	175

Interpretation of Mean: As in the above table show that the mean value of MI is 2.02 which shows that mostly respondents are agree with monetary incentives, mean value of NMI is 1.95 which also shows that mostly respondents are agree with non monetary incentives while mean value of EMT is 3.8794 which shows that mostly respondents are disagree with turnover attention.

Interpretation of Standard deviation: The above mention table shows that value of standard deviation is close to the mean because its value is low. A low standard deviation indicates that the data points tend to be very close to the mean, a

high standard deviation indicates that the data points are spread out over a large range of values

4.5-Reliability Test

Description of Reliability: Reliability (internal consistency) test is most commonly used when we have multiple Likert questions in a survey/questionnaire that form a scale and we wish to determine if the scale is reliable. Since in this project researcher used questionnaire which contained Likert scale so reliability test performed and result is as below

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reliable. Since in this project researcher used questionnaire which contained Likert scale so reliability test performed and results is as under.

Reliability statistics

Cronbach's Alpha	N of Items
.049	3

Interpretation of Reliability: Cronbach's Alpha values range from 0 to 1. The value more close to one shows greater reliability and more close to zero

shows least reliability. In this project Cronbach's Alpha value is 0.049 which shows that project scale has least internal consistency (reliability).

4.6 -Correlations

Description of Correlation: Correlation is measure the strength of relation between two or more variables or it is used to measure the strength and direction of relationship that exists between two or more variables measured on at least an interval scale. The Coefficient of Correlation

which is also known as Pearsons correlation coefficient is a measure of the strength of the relationship between two variables. The range of correlation is between from -1.00 to 1.00. The value of correlation 1 indicate the strong and perfect correlation and -1 value of correlation show that negative correlation and if value of correlation is 0 then its show no correlation or weak correlation.

Correlations		MI	NMI	EMT
MI	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	175		
NMI	Pearson Correlation	.683	1	
	Sig. (2-tailed)	.000		
	N	175	175	
EMT	Pearson Correlation	-.240	-.247	1
	Sig. (2-tailed)	.001	.001	
	N	175	175	175
Correlation is significant at the 0.01 level (2-tailed).				

Interpretation of Correlation:Correlation test is performed to determine the relationship between monetary incentives MI, Non monetary Incentives NMI and Employees turnover intention EMT.

- Pearson Correlation coefficient value 0.683 showed that there exists a medium, positive correlation between Monetary and Non monetary incentives, which is statistically significant (r = .683, n = 175, p = .000).
- Pearson Correlation coefficient -0.240 showed that there exists a weak, negative correlation between Monetary and

Employee turnover intention, which is statistically significant (r = -.240, n = 175, p = .001).

- Pearson Correlation coefficient -0.247 showed that there exists a weak, negative correlation between Non Monetary and Employee turnover intention, which is statistically significant (r = -.247, n = 175, p = .001).

4.7- Regression Analysis

Description of Regression: Regression Analysis is a statistical process which is used to predict the

value of a variable based on the value of two or more other variables. The regression analysis shows the effect of independent variables on dependent variable in simple words the regression is relationship between two or more variables. The variable which want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable). The variables which are using to predict the value of the dependent variable are called the independent variables (also known as the predictor or explanatory variables). Researcher performed regression analysis in this project to predict the value of dependent variable employee turnover intention using the values of independent variables monetary and nonmonetary incentives. Below tables represents regression test results

Hypothesis testing: Hypothesis testing is a statistical method which is used in making

statistical decisions using sample or experimental data. Hypothesis Testing is basically an assumption that statistical analyst make regarding population parameter. It is statistical techniques or act in which the statistical author or analyst test the assumption regarding the population. This test is basically act on sample which is taken from the population. The hypothesis testing is used to assess the plausibility of hypothesis by using the sample data which is taken from population. The statistical analyst tests a hypothesis by examining and measuring random sample taken from the target population.

Hypothesis Testing For H1: There is significant relationship between monetary incentives and employee turnover intention

Regression Model Summary

Model	R	R square	Adjusted square	R	Std. Error of the Estimate
1	0.240	0.057	0.052		0.42918

Interpretation of Regression: In the above table of model summary show the 4 column, the first column R=0.240 it is show the measure of quality of prediction of dependent variable which is Employee turnover intention. So the value of R =0.240 which is indicated the good level of prediction.

The R Square coefficient of determination is the proportion of the total variation in the dependent variable employee turnover intention that is explained or accounted for by the variation in the independent variables monetary incentives. In this

project case R Square value 0.057 indicates that independent variables explain 5.7% of the variability of our dependent variable employee turnover intention.

According to our view about 94.3% rests in dependent variability here the H1 test there is one independent variables which are effect to employee turnover so it is 5.7% and remaining 94.3% indicate that there are many other variables which are effect to employee turnover so about 94.3% remaining independent variables

ANOVA TABLE

Model	Sum of square	df	Mean square	F	Sig
Regression	1.1941	1	1.941	10.536	0.001
Residual	31.865	173	0.184		
Total	33.806	174			

Interpretation of ANOVA TABLE: The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1,173) = 10.536$. $P = 0.001$ which shows that regression model is a good fit of the

data. As the significant value is 0.001 which is less than 0.05 so it accepted hypothesis so our hypothesis **H1:** there is significant relationship between monetary incentives and employee turnover is **accepted**

Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.545	.208		21.881	.000
	MI	-0.328	.101	-.240	-3.246	.001

Regression equation: $Y=A+BX$

$EMT=4.545-0.328MI$

Y=Dependent Variable=Employee Turnover

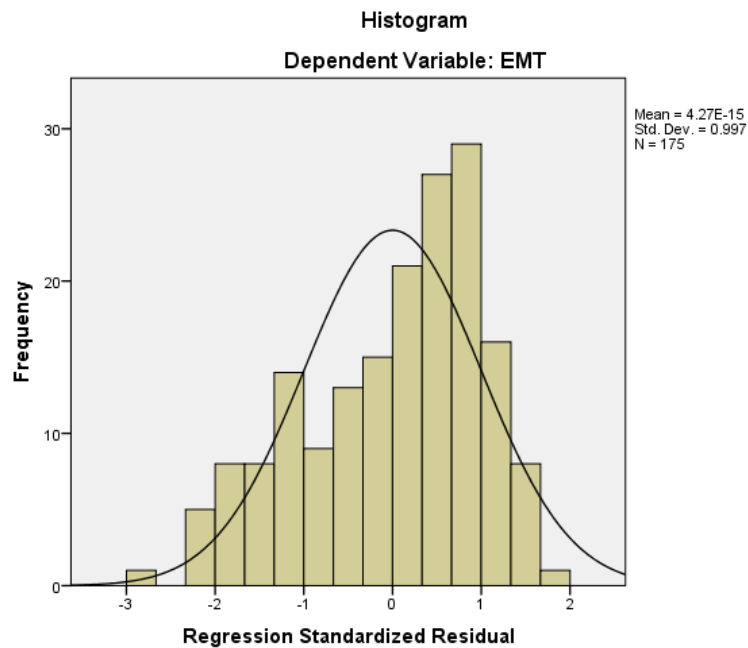
A=Constant Value

B=Regression line Slop

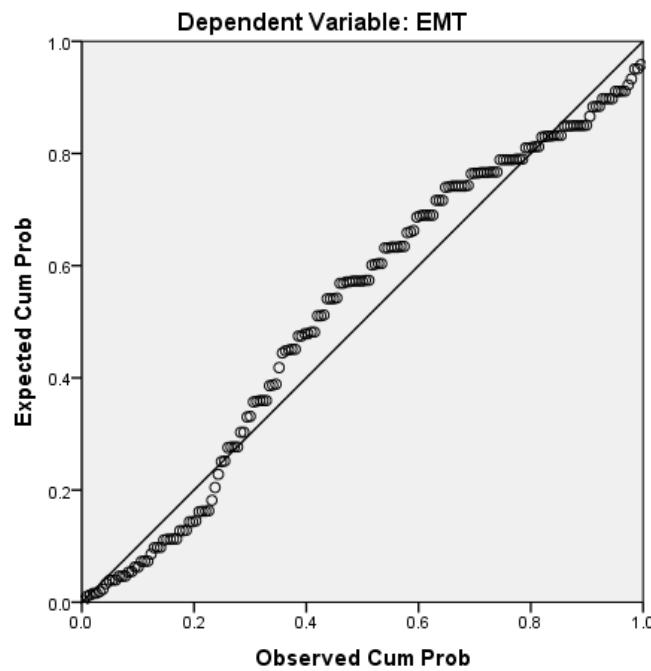
X=Monetary incentive

Interpretation of Regression equation: As the above mentions regression equation indicate that as monetary incentive increased then employee

turnover decreased so our H1 hypotheses proved that it is affected of monetary incentive on employee turnover. So the organization should be properly offered the monetary incentive to their employee. In the above table the standardized Beta value indicate the strength of effect of independent variables to the dependent variable. Higher the beta value indicates the strong effect on dependent variables.



Normal P-P Plot of Regression Standardized Residual



Hypothesis testing for H2

➤ H2: There is significance relationship between Non-monetary incentive and

➤ employee turnover intention in LESCO Pakistan

Regression Model Summary

Model	R	R square	Adjusted square	R	Std. Error of the Estimate
1	0.247	0.061	0.055		0.42838

Interpretation of Regression

In the above table of model summary show the 4 column, the first column R=0.247 it is show the measure of quality of prediction of dependent variable which is Employee turnover intention. So the value of R =0.247 which is indicated the good level of prediction.

The R Square coefficient of determination is the proportion of the total variation in the dependent variable employee turnover intention that is explained or accounted for by the variation in the independent variables non monetary incentives. In this project case R Square value 0.061 indicates

that independent variables explain 6.1% of the variability of our dependent variable employee turnover intention.

According to our view about 93.9% rests in dependent variability here the H2 test there is one independent variables which is effect to employee turnover so it is 6.1% and remaining 93.9% indicate that there are many other variables which are effect to employee turnover so about 93.9% remaining independent variables

ANOVA TABLE

Model	Sum of square	df	Mean square	F	Sig
Regression	2.059	1	2.059	11.223	0.001
Residual	31.747	173	0.184		
Total	33.806	174			

Interpretation of ANOVA TABLE: The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1,173) = 11.223$. $P = 0.001$ which shows that regression model is a good fit of the

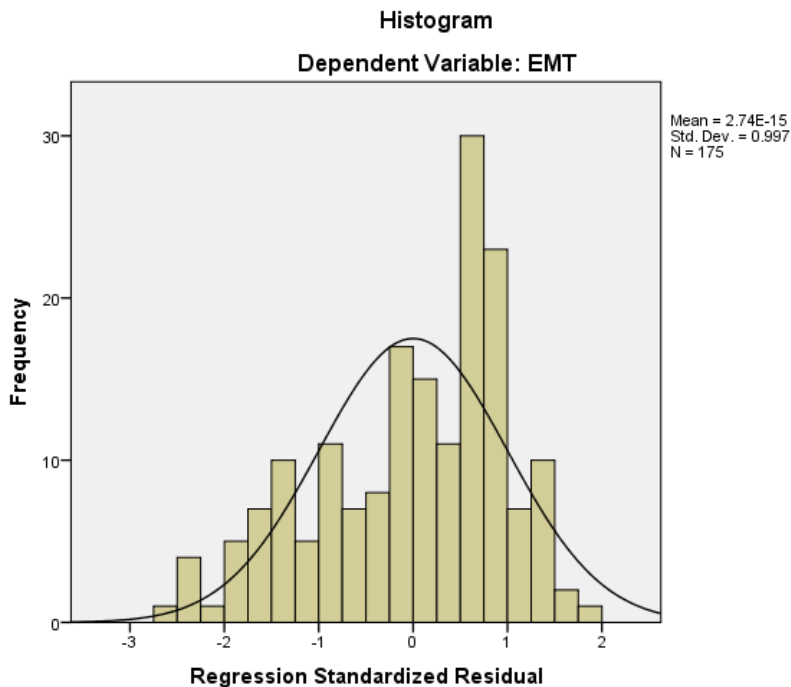
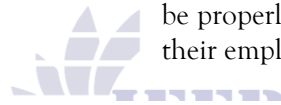
data. As the significant value is 0.001 which is less than 0.05 so it accepted hypothesis so our hypothesis **H2:** there is significant relationship between non monetary incentives and employee turnover is also **accepted**

Coefficients

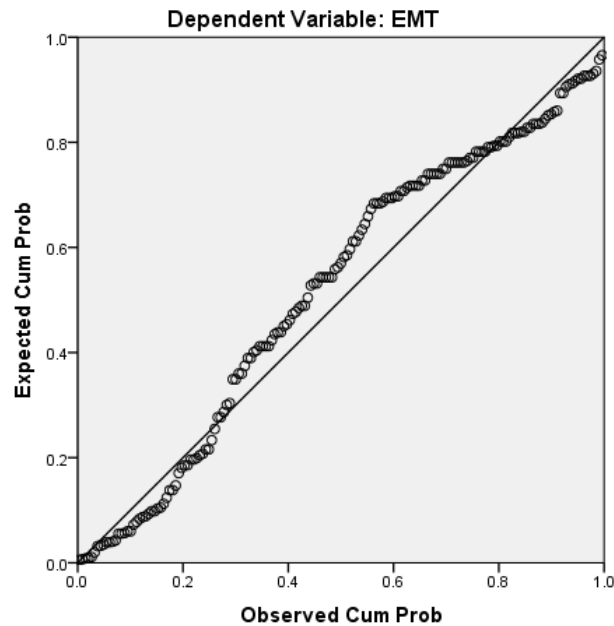
Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1	(Constant)	4.449	0.173	25.701	.000
	NMI	-0.292	0.087	-3.350	.001

Regression equation: $Y = A + BX$
 $EMT = 4.449 - 0.292NMI$
 $Y =$ Dependent Variable = Employee Turnover
 $A =$ Constant Value
 $B =$ Regression line Slop
 $X =$ Non Monetary incentive

Interpretation of Regression equation: As the above mentions regression equation indicate that as non monetary incentive increased then employee turnover decreased so our H2 hypotheses proved that it is affected of non monetary incentive on employee turnover. So the organization should be properly offered the non monetary incentive to their employee.



Normal P-P Plot of Regression Standardized Residual



4.8-Summary (Discussion Section)

The topic of the research project was “Effect of incentives (Monetary & Non-monetary) on employee’s turnover intention” in LESCO. In this project there were two independent variables and one dependent variable. Independent variables were monetary and non monetary incentives and dependent variable was employee turnover intention.

The main objectives of this project were following.

- ❖ To analyze the effect of “monetary incentive” on “employee turnover intention” in LESCO.
- ❖ To analyze the effect of “Non-monetary incentive” on “employee turnover intention” in LESCO.

For check the objectives the hypothesis were generate

- H1: There is significance relationship between monetary incentive and employee turnover intention in LESCO Pakistan
- H2: There is significance relationship between Non-monetary incentive and employee turnover intention in LESCO Pakistan

These research objectives are proved from the regression equation as author has already explained in regression interpretation. In the regression equation all three variables following

Regression equation for H1: $EMT=4.545-0.328MI$

The above equation has two sides’ Left hand side and Right hand side the left hand side show the employee turnover and right hand side has constant value 4.545 and slopes which is negative & independent variable (monetary incentives) so when author put value of independent variable in the equation then the left hand side show the decreased as the value of independent variables increased then the left hand side of the equation decreased..So it is proved from above equation our first objective is proved which impact of monetary incentive on employee turnover.

Regression equation for H2: $EMT=4.449-0.292NMI$

The above equation has two sides’ Left hand side and Right hand side the left hand side show the employee turnover and right hand side has constant value 4.449 and slopes which is negative & independent variable (non monetary incentives) so when author put value of independent variable in the equation then the left hand side show the decreased as the value of independent variables increased then the left hand side of the equation decreased..So it is proved from above equation our 2nd objective is proved which impact of non monetary incentive on employee turnover.

After tests it is found that both hypotheses are correct since there exist a relationship between

monetary and non monetary incentives and employee turnover intention in LESCO. Further it is found that this relationship is negative which means that if monetary or non-monetary incentive increases then employee turnover intention will decrease in LESCO.

Chapter #5

Conclusion, Recommendation and Limitation

This is the final chapter of this research in this chapter author explained the Conclusion, recommendation and limitation of this research. The purpose of the study was to analyze the three variables monetary incentives, Non-Monetary incentives and employee turnover intention in this research the employee turnover is dependent variables and Monetary & non monetary incentives are independent variables. The main purpose of this research is to explore the effect of monetary incentives, Non-Monetary incentives on employee turnover intention.

5.1 Conclusion

In this research our topic was effect of monetary incentive and non monetary incentive on employee turnover. In this topic there are three variables which are monetary incentive, non monetary incentive and employee turnover the first two variables independent variables and third variable was dependent variables and our objective of this research was following

- ❖ This research has been done: To analyze the effect of “monetary incentive” on “employee turnover intention” in LESCO.
- ❖ To analyze the effect of “Non-monetary incentive” on “employee turnover intention” in LESCO.

And our hypotheses of this research was following

- H1: There is significance relationship between monetary incentive and employee turnover intention in LESCO Pakistan
- H2: There is significance relationship between Non-monetary incentive and employee turnover intention in LESCO Pakistan

The purpose to explore people’s perceptions of the use of monetary incentives and non monetary incentives on employee turnover and to ascertain the kinds of monetary incentives non monetary incentives employees considered most beneficial.

The research was informed by the literature on the use of effect of monetary incentives & non monetary incentives on employee turnover. In this study author did research for finding the result of objective. For this research author visited daily basis to LESCO division and collect the data from the employee and take the proper feedback of questionnaire. In this study our population was about 600 employees and out of which 320 employees was target population and out of target population 175 sample taken for feedback of employee. 175 sample of employee was good because out of 175 sample of employee 100% response rate received and each employee give reasonable feedback which tell us they are happy from their organization and working environment & financial rewards are good they are satisfied with them. After statistically calculation of the data received from employee author make the result for the objective which author have to test. For this research author used Mean, Standard deviation and regression analysis. The main test of this research was regression analysis this test tell us what is the effect of independent variables (Monetary incentives & non monetary incentives) on dependent variables (employee turnover). Author separately test of each independent variable on dependent variable. The result of each hypothesis test is accepted because their significant value is less than 0.05 and both objectives were achieved because both independent variables are affected to dependent variable.

The section of regression analysis and interpretation of the regression analysis that both incentives have great relationship with employees turnover in LESCO. It is important to provide employee with right incentives then employee can retain. In this research author also observed that the variation in types of different incentives is important and depends upon their age and educational level.

So analyses of each questionnaire show employee are happy with that organization and they are satisfied with incentives of each type is given to employee. non monetary incentives also provide to the employee. The questionnaire suggested that while use of rewards especially monetary is effect on employee turnover intention. The respondent noted that monetary rewards and benefits given to everyone at each year. It becomes an entitlement which they look up to regardless of their level of performance. In this research author found

through regression analysis employee turnover decreased by offering the incentive to employee these incentive may be monetary and non monetary. As our finding result show that overall monetary incentive and non monetary incentive are negative impact on employee turnover which indicate that decreased employee turnover by offering the incentives to employee. The regression analysis tells us as both incentives implement to LESCO Pakistan. Then employee of LESCO retain for continues employment. The mean value of monetary incentive is 2.02 and non monetary incentive 1.95 so it indicate that mostly employee are agree with questionnaire

During doing this study author found the fact through Mean, Regression analysis and correlation results

- ❖ Employees are agreeing with high salary taken from LESCO.
- ❖ The educational assistance also provide to employee of LESCO as mostly employee are agree with educational assistance.
- ❖ The retirement benefits also good for the LESCO Pakistan
- ❖ The cash incentives of employee are good.
- ❖ The annually salary and increment & allowances payment is also good for LESCO.
- ❖ The promotion and fringes benefits of LESCO are satisfactory for employee.
- ❖ Employee Praised and supervisor support also good for LESCO.
- ❖ The job security is satisfactory not good for the employee of LESCO

5.2-Recommendation

On the basis of my research and conclusion I want to give some recommendations to the LESCO Pakistan. It is recommended that all types of monetary and non monetary incentives of LESCO sector are important for all the employees; they just need it to match with priorities in according with social and professionals studies. After finding the result of data analysis through mean, regression analysis and correlation author recommends following some improvements

- Conducting the employee survey of LESCO sector it is recommended that management should be provide job security to employee because mostly contractual employee are talking to each other to looking for new jobs. Mostly employee is trying to get a permanent job

in any other government sector. Because now the LESCO recruit the new employee on contractually basis. So it is recommend that all the contractual employee make in permanent category.

- This organization should more improvement is financial rewards on special achievement of technical engineer employee.
- LESCO organization should allocate the right award to right person who achieved the target of the organization
- They should be maintain all financial and non financial rewards in proper way or distribute to equally who have right for these awards
- It is recommended that the management should be make good working condition. The environment of the LESCO office is not good
- The LESCO organization should remain stain all the financial benefits for employee and also improve their non monetary benefits because the non monetary benefits increased the performance level of the employee and decreased the employee turnover
- According to our practically experience as organization happy to employee by giving financial and non financial rewards then employee retain the working for employment
- To control the employee turnover the LESCO should be every year increased their marker base salary or according to need of employee
- The medical facility for employee and their family member should be improved

All the above recommendation explains from the questionnaire feedback and through regression analysis and calculated finding result of this research

5.3 Limitation

- As in this research author used only two independent variables which effect to dependent variables. There are so many other variables which are effect to employee turnover so due to short time author used only two independent variables

- In Future author may used other independent variables for examples relationship with colleague, commitment with organization, communication and politics of organization, reputation of organization, future scope of organization
- In this research as time was short due lockdown situation because everything was closed and mostly employee was staying at home only short staff was working in the organization
- Any company policies are 100% understand by managers of that company, but to get time for meeting with manager is difficult and they do not provide proper information.
- In LESCO It is very difficult to take the actually information regarding the employee benefits especially externally person.
- As LESCO has some internal policies that not share exactly to outsider. LESCO have enough budgets to maintain all employee benefits, monetary and non monetary benefits both.
- Researcher questionnaire was consisting of close ended questions. On the other hand open ended questions give more and more information about the perception of consumers.

Dedication

I am very excited & thankful to my parents, teacher and my family member who always encourages me on daily basis and guide me in practical & professional life during my Research work in LESCO Pakistan. I say my deepest thanks to my teacher for taking part in giving essential advices and direction in practical life.

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“Praise to Almighty Allah, most Gracious, and most Compassionate, who bestowed upon me the power and encourages making well this project”

I am very thankful to ALLAH Almighty who enabled me to complete my task which is given by university for the practical & professional life and I also want to thanks to all my teachers and the management of LESCO Pakistan,

especially the HR Manager and Admin manager. I am also thankful to Virtual university of Pakistan who provide us a platform to polish our skill and provide a quality of education which is easy for everyone who want to take education at own selected time at home and selected campus in our door step. I hope to continue cooperation with all of you in the future INSHA ALLAH

5.4-REFERENCE

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