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## **The Impact of Non-Financial Tools on Policing: Khyber Pakhtunkhwa Perspective**

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### **Abstract**

*Motivation plays the role of creative catalyst in improving employee's performance. The current study is an effort to determine employee's motivation and performance from non-financial tools. Based on previous literature, standard multiple regression model was examined and model fit was found. Findings reveal that non-financial tools have strong impact on employee's motivation and performance. Pearson correlation shows positive significant correlation of non-financial tools with employee's motivation and performance. Furthermore the study discusses various effective non-financial tools for improving employee's performance. The findings may be useful for legislatures in general and police Forces in particular to understand and enhance the impact of non-financial incentives on their performance.*

**Keywords:** Non-financial tools, employee's motivation, employee's performance, Police Force

In today's globalization every organization drives both for financial and non-financial success. Every organization expects that employees should act and behave for success of organization by exerting extraordinary efforts to achieve organizational goals, aims and objectives. For achieving strategic goals, the personal needs of employees needs to be met first. Motivation is one of the main indicators that present employee interest and loyalty towards organization. It is a vital tool to energize, direct and maintain employee's efforts to attain organizational goals and is used to make configuration between employee's personal needs and organizational goals. According to (Shanks, 2007) personal needs and organizational goals are the two significant indicators of employee motivation. Due to this fact every organization design own motivational mechanism with some strategic goals to achieve success. It includes raising employee's productivity, satisfying employee's psychological needs, directing the behavior of individuals towards goals and to bring willingness and enthusiasm towards work. It also helps the organization not only to motivate, maintain, and retain existing employees but also to attract capable and potential shapes all around.

Ability, opportunity and willingness to perform are considered three essential aspects of individual productivity (Steers, Porter, & Bigley, 1991). The ability of an employee is analyzed, evaluated and judged at the beginning of selection process and are enhanced by training and development programs. Hence only capable and potential candidates are appointed whose abilities may be further strengthened. These individuals are provided opportunity to exercise and show their skills and abilities, but opportunity and abilities may not work until and unless individual willingness. Therefore organizations use different motivational tools and techniques to arise individual's willingness to get the ultimate performance goals.

Many contemporary research studies support the effectiveness of non-monetary incentives as a motivating practices in the private sectors. However, to the best of our understandings, previous studies haven't examined the impact of non-financial incentives on employee's motivation and performance in Policing of Khyber Pakhtunkhwa. In government sector only the financial motivators are considered significant and thus the salaries of employees are raised periodically with the passage of time but there exist no proper mechanism for consideration and enhancement of non-financial motivators. Hence the primary goal of this study is to explore, analyze and evaluate the relationship between employee's performance and non-financial motivators and how non-financial motivators can be used along with financial motivators to further strengthening employee's relationship and to get maximum performance results.

Police department is considered one of the most notable departments because it plays a very imperative role in the safety, security, peace and ensuring law and order situation in a country. In Pakistan and especially in Khyber Pakhtunkhwa although the salaries of Police Force have been raised consistently in previous budgets but still the performance is not as per expectations. Therefore the study is conducted on K.P.K Police force with the aim to improve the performance of Police force by using non-financial motivators along with financial motivators to improve police Force performance in Khyber Pakhtunkhwa.

### **Practical and Theoretical Significance**

Financial and non-financial tools are used for employee's motivation however it is challenging to use adequate level of financial incentives in the public sector due to financial constraints.

Due to these limitations it may be argued that the use of non-monetary incentives may be effective in motivating employees as a substitute or in addition to inadequate monetary incentives. Thus it is used not only to compensate the inadequacy of financial incentives but also to satisfy employees other psychological needs like social interaction, belongingness, recognition, respect, attention, a feeling of achievement, autonomy, feeling of self-worth, developing one's full potential and feedback about performance etc.

Safety and security of health, wealth and honor is very important for the progress of a society and it may be possible only when the police force work with full potential and enthusiasm. Hence this study is conducted to determine the relationship between non-financial tools with motivation and performance of police force in K.P.K and how these tools can improve the performance of K.P.K Police force. This study may be helpful to demonstrate the importance of non-financial tools of motivation along with usage of financial tools of motivation. It may also be fruitful for ensuring peace, stability and law & order situation of the province due to having fully satisfied employees. Thus society may progress and compete with other nations.

### **Literature Review**

Employee's motivation is considered imperative factor to make an alignment between organizational goals and employees personal needs. According to (Caulton, 2012; Ivancevich, Matteson, & Konopaske, 1990) , ERG content theory demonstrate the significance of both financial and non-financial motivators. This theory is based on three categories of needs along with a vibrant explanation of satisfaction progression model and frustration regression model. When people are satisfied in getting lower-needs then they will move up to the next category in hierarchy and when people are not getting their higher needs then the lower needs will re-emerge. Existence needs are physiological needs which are satisfied with food, shelter, benefits, and working conditions (Moore & Shantall, 2003). Relatedness needs are explained as desire for interpersonal relationship and it can be attained by good relationship with supervisors, subordinates, colleagues and family. Growth need is desire to be creative and productive by using one's skills and abilities. Both ERG and Maslow's theory of needs are of same opinion but ERG theory describe that employee may be motivated at the same time

irrespective of the hierarchical order. (Salin, 2003) argue that employee may be motivated via providing good working conditions, recognition and group attitude.

Motivation is a wide and complex concept and can be achieved when all factors are given due attention. It includes both financial and non-financial techniques (Mathauer & Imhoff, 2006; Shepherd & DeTienne, 2005). ERG theory by Aldefer and Maslow hierarchy of needs theory focuses on both financial and non-financial tools of motivation while Human relations theory emphasize on the use of non-financial motivators (Arnolds & Boshoff, 2002; Koltko-Rivera, 2006; Mathauer & Imhoff, 2006). People work and perform their duty because of many reasons. These are they love their job, have passion, commitment, intrinsic motivation and in the exchange they expect security, status, recognition and most dominantly money. Money gets desired outcomes. The dominant role of money for motivation of an individual has also been explained by financial theory of motivation which is based on simple economic assumption that “more is better”, in another words a rational individual always give preference to more of a good thing then less and hence one can say that high financial incentives will results more motivation and better performance outcomes as compared to small financial incentives.

Previous studies show that financial motivators are the most powerful factors that affect employee’s motivation and work performance, for instance (Bonner & Sprinkle, 2002; Rynes, Gerhart, & Parks, 2005) found that the introduction of an individual monetary incentive raise the productivity of employees while other type of rewards do not have such strong influence (Fagbenle, Adeyemi, & Adesanya, 2004). Financial motivators guide the behavior of people as if people are paid for well-specified behaviors; they are more likely to practice those behaviors (McDonald, Harrison, Checkland, Campbell, & Roland, 2007). (Jewell & Jewell, 1987) argues that financial motivators can be used to motivate individuals with other desired results as by products, as monetary rewards could be a strong motivator and the effect of these monetary rewards some time results other beneficial outcomes for instance employees retention. According to (Long & Shields, 2010) monetary rewards enable an individual to satisfy different basic needs as food and shelter and some higher-level needs as belongingness to a group and having mastery in one’s work, therefore monetary rewards could be very powerful

motivators to raise employee's performance and also to attract, maintain and retain potential workforce. For instance financial rewards enable employees to serve their families in a better way, enjoy spending on leisure activities and purchase status symbols to satisfy their higher-level needs. However (Chiang & Birtch, 2012; Lawler, 2000) argue that different studies has shown that only financial rewards are not enough to motivate employees because the financial rewards may not always reflect what they think or what they actually do. Hence non-financial motivators are very important for employee's motivation along with financial motivators. Different studies were conducted on non-financial motivators and many of them were widely appreciated for example, (Nelson, 2006) argue that employees prefer to have "Full appreciation for work done by them", "Feeling of things" and "Interesting work", these factors were ranked high by employees (Gagné & Deci, 2005). (Dewhurst, Guthridge, & Mohr, 2009) found that praise from managers, attention from leaders and the opportunity are effective non-financial motivators. (Baldoni, 2005) describe that some of the top incentives that satisfy employees have no cost to organization. These may be verbal or written thanks and praise among public.

Grant and Parker (2009) argue argue that financial rewards alone are not enough to motivate employees completely because it may not necessarily improve the quality of job; what is generally believed job enrichment. Job enrichment technique of motivation based on non-financial tools has been adopted by many companies which increased their productivity. One of its examples is Google, which has given a provision to its engineers to spend 20% of their working time, to work on whatever project they want to work and in whatever way they want to work. This has results several successful products like Gmail and Google News, demonstrating that a new way of motivation can work in business environment. Similarly (Lameck, 2011) argue the positive impacts of use of non-financial tools for improvement of Police performance. (Cho, Johanson, & Guchait, 2009) argue that job satisfaction, pride in organization, relations with fellow workers, relation with superiors, treatment by management, opportunities to use ideas, opportunity to offer suggestions at work and appreciation of one's work are significant factors for employees in a position. (Madlock, 2008) found that motivating language of supervisors has a greater impact on subordinate's performance because of significant correlation between these two and the same thing has also been proved by a

survey conducted on nursing staff. According to (Mathauer & Imhoff, 2006) line managers also play a very important role if they use non-financial motivators such as praise and feedback to motivate their employees and guide their behavior. (Rogier & Padgett, 2004) found that advancement opportunities, flexible work schedule and opportunity to learn new skills are three critical non-monetary rewards preferred by employees. (Fehr & Falk, 2002) demonstrated that managers using non-monetary rewards receive positive experience. (Bana, 2009) argue that in public sector organizations of Tanzania employees like non-monetary rewards as much as they like monetary rewards. They prefer job related non-monetary rewards more than social or any other tangible non-monetary incentive. Based on above facts authors may argue that non-monetary rewards has a deep relationship with employees motivation and performance. Therefore the study intends to determine the relationship of non-monetary rewards with employee's motivation and employee's performance.

Many theories emphasize the importance of both financial and non-financial techniques of motivation (Mullins, 2007). Financial techniques of motivation are based on direct cash rewards. According to (Werther & Davis, 1993) salaries, wages, fringes benefits, time-rate-pay, piece-rate pay, commission, shares and options, pensions, perks and allowances, bonuses schemes, profit related pay, insurance, gain sharing and seniority pay are considered as financial tools of motivation. Whereas, non-financial techniques of motivation do not involve direct cash payment but it is used to satisfy employees' psychological needs to arouse intrinsic motivation. Appreciation certificates, written or verbal thanks, tour offering, medal awards, sympathetic help with personal problems, health services, housing facilities, good working conditions, comfortable uniform, education facility for kids, gift offering and recognition, assignment abroad, responsibility, job security, job enlargement, job enrichment, job rotation, team working and empowerment, suggestions schemes, communication, study leave, vacations, recreational facility and flexible schedules are considered as effective non-financial techniques of motivation among today's employees (Kovach, 1995; Lameck, 2011).

Previous literature contains many theories regarding employee's motivation. Majority of these theories emphasizes the significance of both financial and non-financial tools of motivation. These theories have been classified into process and

contents theories. (Mullins, 2007) argues that process theories describes motivation in the form of a rational cognitive process which occurs in individuals for example Adams equity theory whereas content theories define motivation in terms of need satisfaction, for example Maslow's hierarchy of needs theory. These theories describe motivation from two different perspectives but agree that both on financial and non-financial techniques are necessary for proper stimulation. In practice most of Pakistani organizations in general and government organization in specific consider and use financial tools for motivation and don't give due consideration to non-financial techniques despite of extreme needs. Based on above for and against arguments the authors are interested to explore that whether non-financial tools has any impact on employee's motivation and performance or not. The proposed study aims to demonstrate to what extent non-monetary incentives exist and are utilized to motivate Police Force in Khyber Pakhtunkhwa province of Pakistan and whether they have the potential to motivate Police Force as much as monetary incentives. The secondary aim of the study is to determine the extent of non-monetary incentives in motivating potential for the Police force in Khyber Pakhtunkhwa province of Pakistan and which incentive employees prefer.

### **Research Methodology**

The survey instrument consists of three segments. 1<sup>st</sup> segment contain questions regarding the utilization of different non-financial tools. It was developed after extensive literature study and was tested via pilot study and test retest for enhancing the validity and reliability of the instrument prepared; while second and third segments were adopted from University of the Fraser Valley (UFV) staff evaluation on employee's motivation. It includes four dimensions, ranging from job satisfaction, career development, loyalty and turnover intention while 3<sup>rd</sup> segment contains questions regarding measurement of employee's performance. Data was collected through survey questionnaire in face to face meetings from three districts of KPK including Swat, Bunir and Dir. Total 186 questionnaires were distributed among police forces and 120 responses were received. Respondents were selected through random sampling.

**Results and Analysis**

Pearson correlation matrix shows highly significant positive relationship of employee’s motivation and performance with non-financial tools of motivation. Furthermore, employees motivation and employees performance are also positively correlated as shown in Table 1.

Tables 1  
*Correlation Analysis*

		Emplye_prfm	Motvtn	Nonfncltool
Emplye_prfm	Pearson Correlation	1	.798**	.842**
Motivation	Pearson Correlation	.798**	1	.976**
Nonfncltool	Pearson Correlation	.842**	.976**	1

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

Data complete the assumptions of Standard Multiple Regression Model. From analysis significant multiple regression model was found (Table 2). It may be argued that employee’s motivation can be explained by 45.8 percent due to non-financial tools of motivation. It may be argued that non-financial tools are accounted for 45.8 percent variations in motivation. Thus it has larger effect on individual motivation (Table 3).

Table 2  
*ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Regression	14.466	16	0.904	5.329	.000 <sup>a</sup>
Residual	17.135	101	0.17		
Total	31.601	117			

Table 3  
*Model Summary*

R	R Square	Adjusted R Square	Std. Error of the Estimate
.677 <sup>a</sup>	0.458	0.372	0.41189

Looking for individual predictive power of each variable in standard multiple regression it was found that appreciation certificates, written/ verbal thanks and medals/awards are accounted for greater variation in motivation among other variables while comfortable uniform and team working and empowerment has least impact on employee’s motivations, hence authors argue that the increase of appreciation certificates and awards may boost employee’s motivation and ultimately satisfaction. These results assemble with the findings of Human



relations theory, which also emphasize non-financial tools for creating motivation among employees.

Analysis also yielded significant model fit for standard multiple regression (Table 4) and authors conclude that employee’s performance may be increased by 43.9 percent from the utilization of non-financial tools (Table 5).

Table 4  
*ANOVA*

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	10.445	16	0.653	4.944	.000 <sup>a</sup>
Residual	13.337	101	0.132		
Total	23.783	117			

Table 5  
*Model Summary*

R	R Square	Adjusted R Square	Std. Error of the Estimate
.663 <sup>a</sup>	0.439	0.35	0.36339

Looking for individual predictive power of each variable in standard multiple regression it was observed that appreciation certificates, written/verbal thanks, and medals/awards, sympathetic help with personal problems, health services, job enrichment/job rotation, study leave and vacations/ recreational facility account for greater variation for employee performance over non-financial tools of motivation.

### **Conclusion**

Employee motivation may be explained in terms of two variables, i.e. financial and non-financial variables. This study focused on the utilization of non-financial tools of motivation. Findings reveal that employee’s motivation and performance are affected by the utilization of non-financial techniques to a greater extent. It was also observed that that appreciation letters, offering thanks and awards are considered as the most effective non-financial tools, which creates greater motivation among employees. Whereas sympathetic help in domestic and or personal problems, health services, job enrichment, study facilitation and recreational facilities are also reported to have an effective role in motivating employees to work in the best interest of the organization. The findings may be useful for the employers to utilize non-financial tools to motivate employees and thereby improve their performance. The case of police force in KPK may

be specified for improving their performance and reducing corruption and malfunctioning in policing. The findings may also be useful to the current initiatives of the government to enhance the performance of police forces in the province.

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