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A Study on the Link Between Incentives and Production Output in Premier Shoes

Mr. Sudharsan S[1], Dr. D. Chitra[2]

Sudharsan.S Student, Master of Business Administration, Panimalar Engineering College, Chennai – 600123

Dr. mickle Aancy, Professor, Master of Business Administration, Panimalar Engineering College, Chennai – 600123

Abstract

This study examines the relationship between incentives and production output in Premier Shoes, a labour-intensive footwear manufacturing company. The study focuses on the influence of financial and non-financial incentives on employee motivation, productivity, and work behaviour. Primary data were collected through structured questionnaires and supported by secondary data from journals and previous research studies. Statistical tools such as percentage analysis, weighted average, correlation, t-test and ANOVA were used for analysis. The findings reveal that incentives have a significant positive impact on production output, encouraging employees to exert extra effort and improve performance standards. Financial incentives, especially cash bonuses and piece-rate wages, emerged as strong motivational factors. However, moderate satisfaction regarding fairness and effectiveness of the incentive system indicates scope for improvement. The study concludes that a well-designed incentive system enhances productivity, supports employee motivation, and contributes to organizational efficiency.

Keywords: Incentives, Production Output, Employee Motivation, Financial Incentives, Productivity, Footwear Industry.

1.0 Introduction

Incentives may be broadly defined as financial and non-financial rewards designed to motivate employees to perform tasks efficiently and contribute toward organizational goals. These rewards act as external motivators that influence employee attitudes, commitment and work behaviour. Properly designed incentive systems encourage employees to exceed basic job requirements, maintain performance consistency and align their personal goals with organizational objectives.

The relevance of incentives is particularly significant in manufacturing industries where productivity is directly influenced by labour efficiency, skill application and process coordination. In the footwear manufacturing industry, employees are engaged in activities such as cutting, stitching, assembling, finishing and quality inspection, where individual performance directly affects production output.

Financial incentives such as bonuses, piece-rate wages, overtime pay and performance-linked rewards motivate employees to increase effort and improve productivity. Likewise, non-financial incentives such as recognition, job security and career growth opportunities contribute to morale and sustained performance. A properly designed incentive system not only increases output but also supports quality standards, reduces wastage and strengthens organizational efficiency.

The present study attempts to analyze the relationship between incentives and production output in Premier Shoes and assess whether the existing incentive system contributes effectively to employee productivity.

2.0 Problem Statement and Research Objectives

2.1 Problem Statement

In manufacturing organizations, incentives are widely used to improve employee productivity and increase production output. However, there is uncertainty regarding whether existing incentive systems truly motivate employees and improve output without affecting quality standards. Some employees may perceive incentive systems as unfair or ineffective, while excessive pressure to earn incentives may influence rework and product quality. Therefore, there is a need to study the

relationship between incentives and production output and evaluate the effectiveness of the present incentive system at Premier Shoes.

2.2 Research Objectives

- To study the impact of incentives on production output at Premier Shoes.
- To analyse the impact of financial incentives on employee productivity and production output.
- To examine the influence of incentives on work quality, consistency and rejection rates.
- To evaluate employee perceptions regarding the transparency and effectiveness of the current incentive system.
- To suggest suitable measures for improving incentive systems to enhance output and employee satisfaction.

3.0 Review of Literature

Daniel, Cross Ogohi (2019) examined the relationship between employee productivity and incentives and found a positive correlation between incentives and productivity. The study concluded that financial and non-financial incentives significantly improve employee performance.

Nnubia, Amara Lovina (2020) found that financial incentives such as bonuses and performance-based rewards positively influence organizational growth and worker productivity

Ibrahim and Abiddin (2023) studied the effects of incentives on worker productivity and concluded that incentives significantly boost employee engagement and productivity outcomes.

Liu and Liu (2022) examined incentives and job performance and found that financial incentives positively affect employee performance and motivation.

Diksha and Ramesh Kumar Garg (2024) identified a strong association between incentives and employee performance, emphasizing the importance of both monetary and non-monetary rewards.

Yuary Farradia (2022) concluded that incentive wages and years of service positively influence worker productivity.

Allu Neeraja (2025) found financial incentives to be effective in improving efficiency and recommended broader incentive systems for long-term retention.

Getahun Tafesse (2019) reported that financial and non-financial incentives have a significant positive effect on employee performance and productivity.

Dr. V. Prabhakar (2018) observed that although financial incentives increase productivity, their long-term success depends on job satisfaction and work nature.

Mohan Mishra (2021) concluded that monetary incentives have a major impact on organizational performance and employee motivation.

4.0 Research Methodology

4.1 Research Design

The type of research design adopted in this study is Descriptive Research. Descriptive research is used to describe the existing conditions, attitudes, and perceptions of employees regarding incentives and production output in Premier Shoes. It helps in understanding the relationship between financial and non-financial incentives and their influence on employee productivity, work quality, and performance consistency. this research design is appropriate for the study because it focuses on collecting factual information from employees through structured questionnaires and analysing their responses using statistical tools such as percentage analysis, correlation, t-test, and ANOVA. It describes the present state of the incentive system and examines how it affects production output without manipulating any variables. Descriptive research provides a systematic and accurate picture of the phenomenon under study and helps in drawing meaningful conclusions regarding the effectiveness of incentives in improving productivity and organizational efficiency.

4.2 Sampling Technique

Simple random sampling is a probability sampling method where a subset of individuals (a sample) is randomly selected from a larger population. Every member of the population has an exactly equal and independent chance of being selected, ensuring the sample is unbiased and representative.

4.3 Data Collection

Primary data were collected through structured questionnaires. Secondary data were gathered from journals, books and previous research studies.

4.4 Empirical validation

The data collected for the study were analyzed using appropriate statistical techniques to test the hypotheses and validate the research findings. Methods such as Correlation Analysis, Independent Sample t-test, and ANOVA were applied to examine the relationship between incentives and production output and to determine the significance of differences among the variables. Correlation analysis was used to measure the strength of association between incentives and employee productivity, while the t-test and ANOVA helped identify significant differences in employee perceptions regarding incentives and production output. This empirical validation process ensures that the findings of the study are reliable, valid, and scientifically supported.

5.0 Results and Discussion

5.2 ANOVA Analysis

ANOVA: Analysis of Variance (ANOVA) is used to test whether significant differences exist among multiple groups with respect to perceptions of incentives and production output.

Significance Level

The level of significance used in this study is 5% (0.05).

Decision Rule

If p-value < 0.05 → Reject Null Hypothesis (H_0)

If p-value > 0.05 → Accept Null Hypothesis (H_0)

Hypothesis

Null Hypothesis (H_0): There is no significant difference among groups regarding perception of incentives and production output.

Alternative Hypothesis (H_1): There is a significant difference among groups regarding perception of incentives and production output.

TABLE SHOWING ANOVA OF THE VARIABLE

variable	values
F-value	4.013
Significance (p-value)	0.020

Inference

It is inferred that there is a significant relationship among the variables considered, showing that employee perceptions regarding incentives differ and have an impact on production output.

Discussion

The ANOVA results indicate that incentives influence production output across different employee groups. This suggests that incentive schemes affect employees in varying degrees, but overall contribute positively toward productivity enhancement. The findings support the importance of designing incentive systems that are equitable and aligned with employee expectations.

5.3 Correlation Analysis

Table Showing Analysis of Correlation Between Variables

Variables	Correlation (r)	Significance
Incentives & Production Output	Positive Relationship	Significant

Interpretation

The correlation results show a positive relationship between incentives and production output, indicating that as incentives improve, employee productivity also tends to increase.

Discussion

The positive relationship suggests that incentive schemes contribute to motivating employees and improving work performance. This indicates that effective incentive policies can strengthen both productivity and organizational efficiency.

6.0 Implications for Future Research

Future studies can be extended to other manufacturing industries to compare the effectiveness of different incentive systems. Further research may also focus on long-term impact of incentives on employee retention, quality performance and organizational growth. Advanced statistical tools can be used to gain deeper insights into motivational factors affecting productivity.

7.0 Conclusion

The study concludes that incentives have a significant positive relationship with production output in Premier Shoes. Financial incentives, particularly cash bonuses and piece-rate wages, strongly motivate employees to improve performance. Incentives also encourage employees to exert extra effort and maintain consistency in output.

However, the study reveals moderate satisfaction regarding fairness and effectiveness of the present incentive system, indicating the need for improvement. A balanced incentive structure linking both productivity and quality can contribute to sustained employee motivation, higher production output and long-term organizational success.

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