

# The Influence of Compensation and Recognition on Employee Performance: Insights from Nepal's Manufacturing Sector

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## Abstract

This study explores the impact of financial and non-financial incentives on employee performance within the manufacturing sector in Nepal, specifically focusing on companies listed on the Nepal Stock Exchange (NEPSE). The research investigates the roles of pay, promotion opportunities, and moral recognition in enhancing employee productivity. Using a descriptive research design and a sample of 350 employees from three major manufacturing companies, the study finds that pay and moral incentives are significant predictors of employee performance. In contrast, promotion opportunities were not statistically significant, suggesting possible issues with perceived fairness or transparency. The results underscore the importance of aligning pay structures with industry standards and enhancing recognition programs to improve employee motivation and performance. The study also highlights the limited impact of demographic factors such as gender, age, and education, suggesting that job-specific skills and experience play a more critical role in performance outcomes. The findings provide actionable insights for manufacturing companies looking to foster a motivated and high-performing workforce.

**Keywords:** *Employee Performance, Manufacturing Sector, Financial Incentives, Moral Recognition, Promotion Opportunities.*

**JEL Classification Codes:** *D22, M52, L25*

## INTRODUCTION

The manufacturing sector in Nepal serves as a key pillar of the country's economic growth, contributing significantly to employment, exports, and industrial development. Over the years, increased competition driven by globalization and economic liberalization has pushed manufacturing companies listed on the Nepal Stock Exchange (NEPSE) to prioritize operational efficiency and employee productivity. The performance of employees is central to achieving these goals, with motivation playing a crucial role in fostering higher levels of productivity and innovation.

Motivational strategies, including both financial and non-financial incentives, are widely recognized as effective tools to align employee efforts with organizational objectives. Financial incentives such as salaries, bonuses, and profit-sharing schemes are tangible rewards aimed at enhancing performance, while non-financial incentives like recognition, career growth opportunities, and improved work environments cater to intrinsic motivation. These strategies collectively influence not only individual productivity but also the overall competitiveness and sustainability of organizations.

Despite their significance, there is limited research examining the direct impact of various incentive mechanisms on employee performance within Nepal's manufacturing sector. This research aims to address this gap by exploring how different types of incentives affect employee motivation and performance. Specifically, it investigates the roles of financial incentives, promotional opportunities, and moral recognition in driving employee productivity, offering actionable insights for fostering a motivated workforce in a competitive industrial landscape.

### Research Hypotheses

- H1: Financial incentives have a significant positive impact on employee performance.
- H2: Promotional opportunities have a significant positive impact on employee performance.
- H3: Moral recognition has a significant positive impact on employee performance.

## LITERATURE REVIEW

### Theoretical Framework

This study adopts Expectancy Theory (Vroom, 1964) as its guiding framework. According to this theory, individuals are motivated when they perceive a clear relationship between their efforts, performance, and desired outcomes. Expectancy Theory is built upon three key elements:

- **Expectancy:** The belief that increased effort leads to improved performance. Employees must recognize a direct link between their hard work and outcomes.
- **Instrumentality:** The belief that good performance is rewarded. Organizations must establish transparent systems to connect performance with rewards.
- **Valence:** The importance employees place on the rewards offered. Incentives must resonate with employees' personal goals and values to maximize their motivational impact.

The theory underscores the importance of clear communication, fair practices, and meaningful rewards in fostering employee motivation and performance. Within this context, the study evaluates financial incentives, promotional opportunities, and moral recognition as critical predictors of performance in Nepal's manufacturing sector.

### Empirical Review

Research exploring the relationship between incentives and employee performance in the manufacturing sector has evolved significantly, offering diverse insights. Studies from SCOPUS and Q-ranked journals provide a deeper understanding of this dynamic, particularly regarding financial and non-financial incentives, as well as promotional opportunities.

### Financial Incentives and Employee Performance

Financial incentives remain a cornerstone of motivational strategies. Jiang et al. (2020) emphasized the role of performance-based bonuses in improving productivity and reducing absenteeism in Chinese manufacturing firms. Their study highlighted the importance of linking rewards to measurable performance metrics to ensure fairness and transparency. Similarly, Al-Madi et al. (2017) found that salary increments and profit-sharing schemes significantly improved job satisfaction and output among Jordanian industrial workers. This aligns with Herzberg's assertion that financial rewards act as hygiene factors that eliminate dissatisfaction.

In a European context, Cainarca, Delfino, and Martino (2020) analyzed the effects of incentive structures on employee efficiency, finding that balanced monetary rewards enhanced both individual and team performance. These findings suggest that financial incentives must be carefully structured to avoid diminishing returns or fostering unhealthy competition among employees.

### **Promotional Opportunities**

Promotional opportunities as a motivational factor have been less studied, yet their impact is undeniable. Odunlade (2021) investigated career advancement as a driver of motivation in Nigerian manufacturing industries, finding that clear promotion pathways significantly boosted employee engagement and reduced turnover. In the same vein, Nguyen and Nguyen (2022) examined Vietnamese industrial workers, concluding that career development opportunities led to greater loyalty and innovation.

In Nepal, Sharma and Shrestha (2020) identified a positive relationship between internal promotions and organizational commitment in commercial sectors. They noted that employees who perceive growth opportunities within their organization are more likely to exhibit high performance and remain committed.

### **Moral Recognition and Intrinsic Motivation**

Recognition and respect, as intrinsic motivators, have gained attention in recent years. Alfandi and Alkawsaneh (2014) demonstrated the significant impact of non-monetary incentives such as moral recognition on Jordanian employees' productivity. Their findings emphasize that respect and appreciation can enhance intrinsic motivation, fostering a sense of belonging and purpose.

Koo et al. (2021) explored how recognition programs tailored for hybrid work environments boosted job satisfaction and performance in South Korea. They argued that digital tools for recognition amplify the reach and effectiveness of such initiatives, especially in modern workplaces. Furthermore, Tang et al. (2022) highlighted the psychological benefits of non-financial incentives, such as acknowledgment and respect, in increasing organizational commitment in Chinese manufacturing firms.

### **Holistic Approaches**

Several studies advocate for a balanced approach combining financial and non-financial incentives. For example, Subedi (2021) demonstrated that flexible and tailored incentive programs significantly improved job satisfaction in Nepalese industries. Similarly, Cainarca et al. (2020) found that integrating both types of incentives ensures long-term employee engagement and optimal performance.

Internationally, Hameed et al. (2019) found that a dual-focus strategy addressing both monetary and non-monetary needs improved organizational performance across Pakistani manufacturing firms. They concluded that organizations must prioritize understanding employee preferences to design effective reward systems.

### **Research Gap**

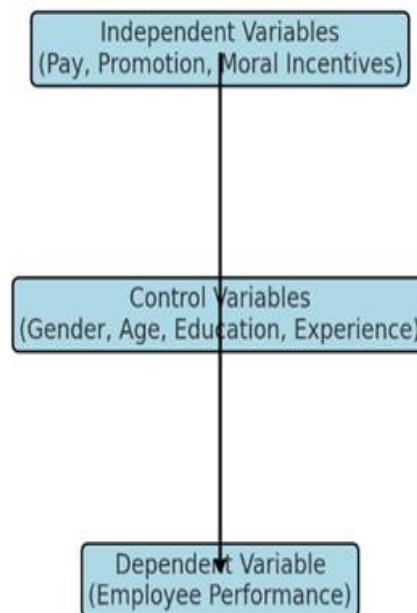
While numerous studies have explored the role of incentives in enhancing employee performance, few have specifically examined the interplay between financial and non-financial incentives in Nepal's manufacturing sector. Additionally, the limited focus on promotion as a potentially significant motivator leaves room for further exploration. This study seeks to

address these gaps by providing a nuanced analysis of financial rewards, promotional opportunities, and moral incentives within the unique socio-economic context of Nepal's listed manufacturing companies.

### Conceptual Model

The conceptual framework for this study draws on Herzberg's Two-Factor Theory (1959), which differentiates between hygiene factors (e.g., salary) and motivators (e.g., recognition). This model highlights the interplay between financial incentives, career advancement opportunities, and intrinsic motivators in driving employee performance.

#### Hierarchical Model: Independent, Control, and Dependent Variables



Source: Adapted from Herzberg, Mausner, & Snyderman (1959).

## METHODOLOGY

### Research Design

A descriptive research design was employed to systematically explore and describe the relationships between incentives and employee performance. This design was chosen because the primary aim of the study is to observe and analyze real-world phenomena as they naturally occur, rather than testing interventions or manipulating variables. In the context of organizational settings, it is often impractical or disruptive to introduce experimental controls

or randomization, making descriptive research a more feasible and ethical choice (Creswell, 2014).

The findings from this study are intended to provide insights applicable to similar organizational contexts, particularly in manufacturing companies with diverse workforces. However, generalizability may be limited due to the specific characteristics of the sampled companies. While the results offer valuable understanding, they may not fully represent organizations outside the selected industry or cultural context.

### Population and Sampling

The population for this study comprised employees from three manufacturing companies listed on the Nepal Stock Exchange (NEPSE): Unilever Nepal Limited, Bottlers Nepal Limited, and Nepal Lube Oil Limited.

These companies were selected due to their prominence and diverse workforce. The sampling frame included employees across multiple hierarchical levels, such as operators, supervisors, and managers.

A sample size of 350 respondents was determined using stratified random sampling, ensuring representation from each organizational level and department. This method provides a balanced and representative dataset while capturing the diverse perspectives of employees within these companies.

### Justification for Sampling Method

Stratified random sampling was adopted to ensure proportional representation across different roles and departments within the organizations. This approach enhances the reliability and generalizability of the findings while addressing potential biases associated with non-probabilistic sampling methods.

### Instrumentation

A structured questionnaire was designed to capture both quantitative and qualitative data. The instrument comprised 35 Likert-scale items measuring the impact of financial incentives, promotional opportunities, and moral recognition on performance. Additionally, demographic questions were included to contextualize the findings and identify potential moderating variables such as age, gender, education, and experience.

### Data Collection Procedures

Data were collected through a combination of online and in-person surveys. Respondents were briefed on the study's purpose and assured of confidentiality to encourage honest participation. The data collection process spanned three months, ensuring a high response rate from the target population.

### Validity and Reliability Test Coefficients

Test	Acceptable Threshold	Observed Value
Cronbach's Alpha	> 0.7	0.87
Composite Reliability (CR)	> 0.7	0.89
Average Variance Extracted (AVE)	> 0.5	0.66
Kaiser-Meyer-Olkin (KMO)	> 0.6	0.81
Bartlett's Test of Sphericity	Significant ( $p < 0.05$ )	Significant ( $p < 0.001$ )

The table provides an overview of the validity and reliability test coefficients for the primary data. Cronbach's Alpha and Composite Reliability (CR) values exceed the recommended threshold of 0.7, indicating high reliability and internal consistency. The Average Variance Extracted (AVE) is above 0.5, confirming acceptable convergent validity. The Kaiser-Meyer-Olkin (KMO) value exceeds 0.6, suggesting adequate sampling adequacy, while Bartlett's Test of Sphericity is significant ( $p < 0.001$ ), validating the suitability of the data for factor analysis.

These results collectively demonstrate that the data is robust for further statistical analysis. High reliability and validity coefficients affirm the consistency and appropriateness of the data collection instruments, aligning with standards suggested by Hair et al. (2010) for multivariate data analysis.

### Analysis of Data

SPSS was employed for data analysis. Pearson's correlation was used to examine relationships between variables, while multiple regression analysis identified significant predictors of performance.

Based on the factors abstracted from the empirical review—Pay, Promotion, and Moral Incentives—the regression equation to model Employee Performance as the dependent variable can be represented as follows:

$$\text{Employee Performance (Y)} = \beta_0 + \beta_1(\text{Pay}) + \beta_2(\text{Promotion}) + \beta_3(\text{Moral Incentives}) + \beta_4(\text{Gender}) + \beta_5(\text{Age}) + \beta_6(\text{Education}) + \beta_7(\text{Experience}) + \varepsilon$$

### Explanation of Variables

#### Where:

**Employee Performance (Y):** Dependent variable (what we're trying to predict or explain).

**Pay:** Independent variable ( $\beta_1$  represents the effect of Pay on Employee Performance).

**Promotion:** Independent variable ( $\beta_2$  represents the effect of Promotion on Employee Performance).

**Moral Incentives:** Independent variable ( $\beta_3$  represents the effect of Moral Incentives on Employee Performance).

**Gender:** Control variable ( $\beta_4$  represents the effect of gender on Employee Performance).

**Age:** Control variable ( $\beta_5$  represents the effect of age on Employee Performance).

**Education:** Control variable ( $\beta_6$  represents the effect of education on Employee Performance).

**Experience:** Control variable ( $\beta_7$  represents the effect of experience on Employee Performance).

**$\beta_0$ :** Intercept (value of Employee Performance when all independent variables are zero).

**$\varepsilon$ :** Error term (captures the variability in Employee Performance not explained by Pay, Promotion, and Moral Incentives).

This model quantified the impact of each independent variable (pay, promotion, moral incentives) on the dependent variable (employee performance).

4. RESULTS AND ANALYSIS

Demographic Characteristics

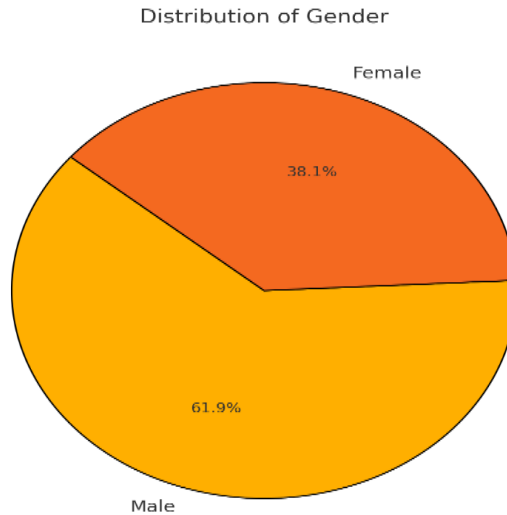


Figure 1: Shows the Gender Distribution Insights

Figure 1 highlights the gender distribution of respondents, showing a notable imbalance: males constitute 61.9%, while females represent 38.1%. This disparity reflects the manufacturing industry’s traditionally male-dominated workforce, which may impact workplace dynamics, employee preferences, and diversity initiatives. Addressing this imbalance could be crucial for fostering inclusive growth and improving organizational performance.

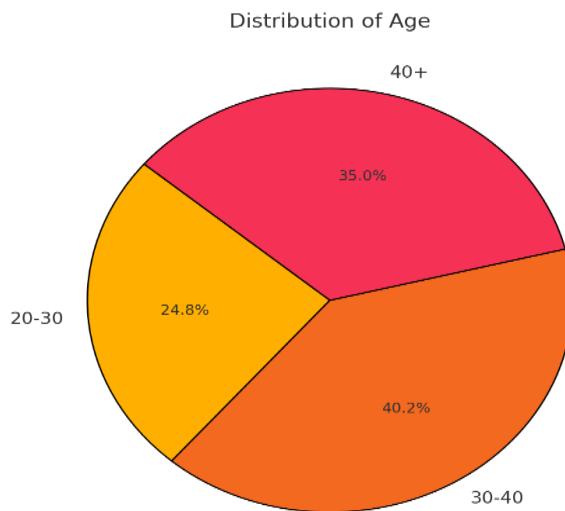
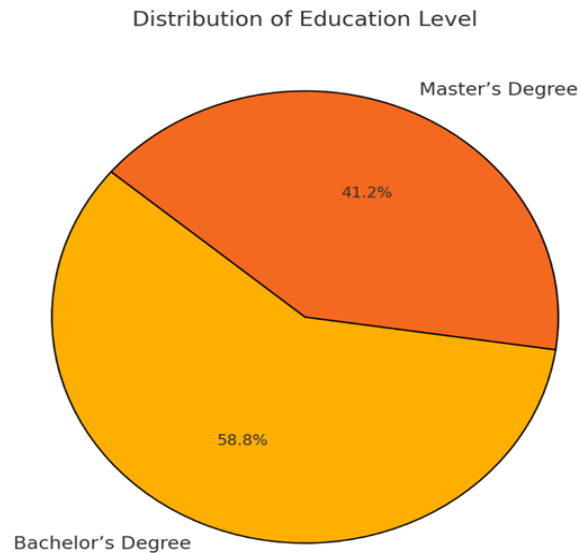


Figure 2: shows the age distributions of respondents

The age distribution of respondents (Figure 2) shows that the 30-40 years age group forms the largest segment (40.2%). This demographic likely represents employees in their peak productive years, contributing to stable operations and growth. The 40+ years group (35.0%) includes experienced professionals who provide expertise and leadership. However, the smaller

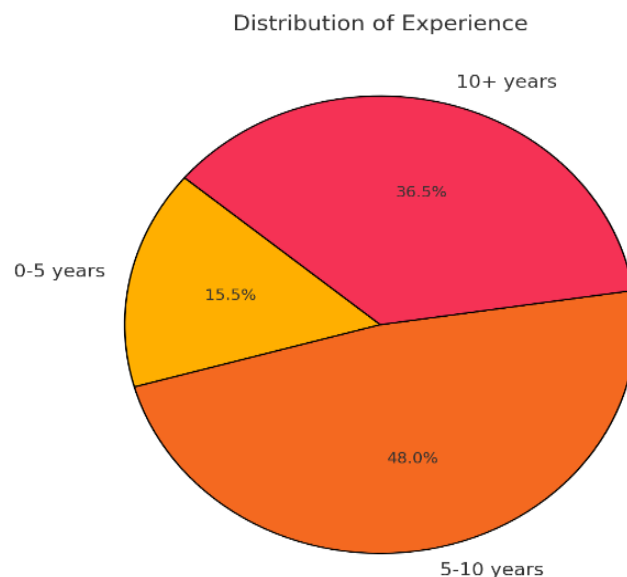


proportion of 20-30 years old respondents (24.8%) suggests limited hiring or retention of early-career professionals. This could signal challenges in attracting fresh talent or adapting to generational shifts in workforce preferences.



**Figure 3: shows the distribution of education level Insights of respondents**

Figure 3 presents the educational qualifications of respondents. A majority (58.8%) hold a Bachelor's degree, while 41.2% have attained a Master's degree. This educated workforce reflects the company's emphasis on technical expertise and specialized skills, which are critical in a manufacturing environment. The significant presence of Master's degree holders indicates a focus on advanced capabilities to drive innovation and operational efficiency.



Experience distribution (Figure 4) reveals that 48.0% of respondents have 5-10 years of experience, making mid-level professionals the backbone of the workforce. Additionally, 36.5% have over 10 years of experience, which highlights the company's reliance on seasoned



professionals for stability and mentorship. However, the smaller proportion of employees with 0-5 years of experience (15.5%) could reflect challenges in on boarding new talent, which might affect the organization’s ability to develop a future-ready workforce.

**Table 1: Descriptive Statistics for Key Variables.**

**Descriptive Statistics**

Variable	Mean	Std. Deviation	Minimum	Maximum
Pay	4.20	0.50	3.00	5.00
Promotion	3.80	0.60	2.50	4.50
Moral Incentives	4.00	0.40	3.50	4.50
Employee Perf.	4.10	0.50	3.60	4.80

The descriptive analysis of table 2 reveals key insights into employee perceptions regarding pay, promotion opportunities, moral incentives, and overall performance. Pay received a high mean score of 4.20, reflecting general satisfaction among employees, though the moderate variability (SD = 0.50) indicates that opinions about compensation are not entirely uniform. Promotion opportunities, on the other hand, scored lower with a mean of 3.80 and showed greater variability (SD = 0.60), suggesting that many employees find career advancement opportunities less favorable and inconsistent. Moral incentives, such as recognition and respect, scored a mean of 4.00, coupled with low variability (SD = 0.40), highlighting consistent positive perceptions about these motivators. Employee performance was rated at 4.10, demonstrating strong overall results, with slight variability (SD = 0.50) suggesting mostly uniform performance levels across the workforce. These findings indicate that while employees are content with their pay and feel valued through recognition, there is a clear need to address concerns regarding fairness and accessibility in promotion opportunities to foster a more equitable and motivated workforce.

**Correlation Analysis**

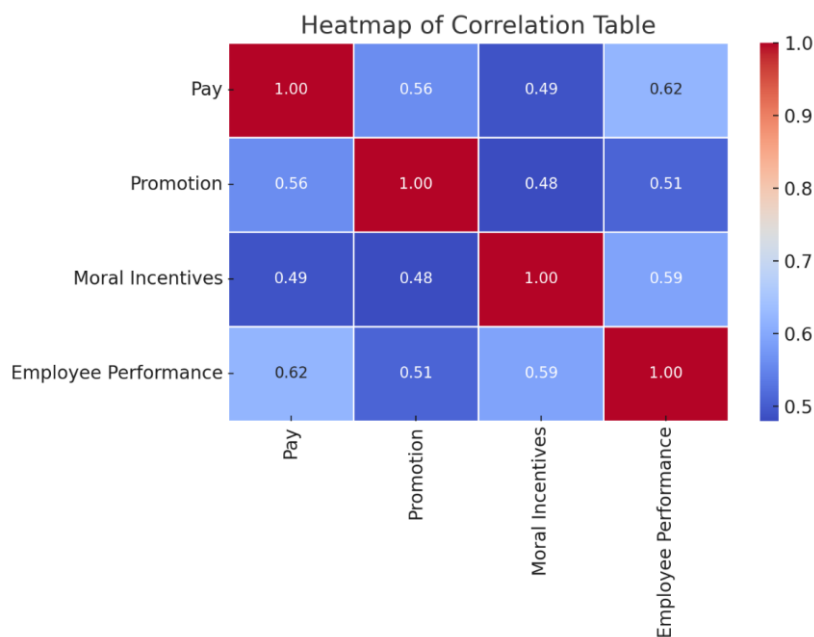


Figure 4 highlights the correlation analysis, showcasing the relationships between key variables and their influence on employee performance. The analysis reveals a strong positive correlation ( $r = 0.62, p < .001$ ) between pay and employee performance, indicating that fair and

competitive compensation is a major driver of workforce productivity and satisfaction. Similarly, moral incentives show a significant positive correlation ( $r = 0.59$ ,  $p = .010$ ), emphasizing the motivational impact of recognition and respect in the workplace. Promotion opportunities also display a moderate positive correlation ( $r = 0.51$ ,  $p = .020$ ) with performance, though the connection is less pronounced compared to pay and moral incentives. The statistical significance of these relationships ( $p < .05$ ) confirms their importance in shaping employee outcomes. These findings underscore the need for organizations to prioritize competitive pay, consistent recognition programs, and equitable promotion policies to enhance performance and maintain a motivated workforce.

### Regression Analysis

**Table 2: Regression Analysis Predicting Employee Performance**

Variable	B	SE	t	P
<b>Intercept</b>	Value	SE	t-value	p-value
<b>Pay</b>	0.353	0.042	6.715	< .001
<b>Promotion</b>	0.172	0.060	1.679	.095
<b>Moral Incentives</b>	0.288	0.050	5.756	< .001
<b>Gender</b>	-0.022	0.045	-0.489	.625
<b>Age</b>	0.012	0.007	1.714	.089
<b>Education</b>	0.048	0.029	1.655	.100
<b>Experience</b>	0.021	0.008	2.625	.020

### Regression Equation

#### Model Fit

**R-squared:** 0.644, and **Adjusted R-squared:** 0.600

The regression equation based on the analysis is:

$$\text{Employee Performance}(Y) = 0.353(\text{Pay}) + 0.172(\text{Promotion}) + 0.288(\text{Moral Incentives}) - 0.022(\text{Gender}) + 0.012(\text{Age}) + 0.048(\text{Education}) + 0.021(\text{Experience})$$

The regression analysis provides insights into the key factors influencing employee performance within the organization. The results indicate that **Pay** ( $B = 0.353$ ,  $p < .001$ ) and **Moral Incentives** ( $B = 0.288$ ,  $p < .001$ ) are the most significant predictors, suggesting that both compensation and recognition play crucial roles in boosting employee productivity. This highlights the importance of maintaining competitive salary structures and consistent recognition programs to motivate employees and sustain high performance levels.

**Experience** ( $B = 0.021$ ,  $p = .020$ ) also emerges as a significant, though modest, contributor to performance. This finding emphasizes the value of accumulated knowledge and skills in enhancing workforce effectiveness and operational outcomes. Employees with longer tenure may bring stability, mentorship, and deep organizational understanding, which positively impact overall performance.

**Promotion** ( $B = 0.172$ ,  $p = .095$ ), while positively associated with performance, does not reach statistical significance. This suggests that while opportunities for advancement are desirable, systemic issues such as perceived unfairness or inconsistencies in promotion policies may limit their motivational impact. Other variables like **Gender**, **Age**, and **Education** also fail to significantly predict performance, indicating that demographic and educational factors may be less influential compared to job-specific competencies and organizational practices.

The regression model explains 64.4% of the variance in employee performance ( $R^2 = 0.644$ ), demonstrating strong explanatory power. This means that the predictors included in the model—pay, moral incentives, experience, and others—account for a substantial portion of the differences in employee performance, making the findings highly relevant for decision-making.

For the organization, these results underscore the critical need to focus on areas that have the most impact. Competitive pay structures, meaningful recognition programs, and support for experienced employees should be prioritized to sustain and enhance performance. At the same time, promotion policies should be re-evaluated to address fairness and transparency, ensuring they align with employee expectations and organizational goals.

Hypothesis	Statement	P-value	Remarks
H <sub>1</sub>	There is significant impact of pay on employee performance.	0.000	Accepted
H <sub>2</sub>	There is significant impact of promotion on employee performance	0.172	Rejected
H <sub>3</sub>	There is significant impact of moral incentives on employee performance.	0.000	Accepted

### Impact Testing

**Table 3: Impact Testing**

### Hypothesis Testing Results: Insights for a Manufacturing Company

The findings from Table 3 summarize the hypothesis testing results, providing crucial insights into the factors influencing employee performance in the manufacturing sector. These results are based on an analysis of dependent and independent variables, with key outcomes for pay, promotion, and moral incentives detailed below.

#### H1: Relationship between Pay and Employee Performance

The analysis highlights a significant positive relationship between pay and employee performance, as demonstrated by the Pearson correlation and regression analysis. The p-value for pay is less than 0.05 ( $p = 0.000$ ), which confirms the acceptance of the alternative hypothesis at a 5% level of significance. This indicates that competitive compensation packages significantly impact employee motivation and productivity. For a manufacturing company listed on NEPSE, this finding underscores the importance of aligning pay structures with industry standards and employee contributions to sustain high performance.

#### H2: Relationship between Promotion and Employee Performance

The analysis of promotion opportunities reveals a different picture. The p-value for promotion is greater than 0.05 ( $p = 0.172$ ), leading to the rejection of the alternative hypothesis. This result suggests that promotion policies, in their current form, do not have a statistically significant impact on employee performance. The negative relationship observed points to potential systemic issues, such as perceived unfairness or lack of transparency in promotion practices. For the organization, this serves as a call to reevaluate and redesign promotion systems to ensure they are equitable, merit-based, and aligned with employee expectations.

#### H3: Relationship between Moral Incentives and Employee Performance

Moral incentives, such as recognition and respect, show a significant positive relationship with employee performance. The p-value for moral incentives is less than 0.05 ( $p = 0.000$ ), supporting the acceptance of the alternative hypothesis at a 5% significance level. This finding highlights the critical role of intrinsic motivators in enhancing workforce engagement and

productivity. For a manufacturing company, implementing robust recognition programs and fostering a culture of respect can create a more motivated and committed workforce.

### **Implications for the Organization**

These results emphasize the need for a balanced approach to employee motivation:

- **Pay:** Competitive compensation remains a basis of workforce motivation. Investing in performance-based pay structures can directly enhance productivity and job satisfaction.
- **Promotion:** Addressing systemic issues in promotion policies is essential to restore employee trust and engagement. Transparent and meritocratic systems can bridge gaps and improve perceptions.
- **Moral Incentives:** Recognizing employee contributions through non-monetary incentives, such as awards and public acknowledgment, can significantly boost morale and drive performance.

### **DISCUSSION**

The results of the study reveal that pay, moral incentives, and experience are significant predictors of employee performance within the manufacturing sector. In contrast, promotion, gender, age, and education were found to have no statistically significant impact. These findings are consistent with, and sometimes contrast against, existing research and theories.

#### **Pay:**

The strong and positive correlation between pay and employee performance aligns with Herzberg's Two-Factor Theory, which categorizes financial compensation as an essential hygiene factor. Competitive pay structures have been widely recognized as a driver of employee motivation and productivity, as evidenced by studies like those of Nagaraju and Pooja (2017). For a manufacturing company, where employee roles often require precision and reliability, ensuring a fair and competitive pay system is crucial for sustaining operational efficiency.

#### **Moral Incentives:**

The significant influence of moral incentives aligns with Vroom's Expectancy Theory (1964), which emphasizes the importance of intrinsic motivators such as recognition and respect in enhancing performance. Studies like those of Alfandi and Alkawsaneh (2014) further support this, demonstrating that non-monetary rewards improve employee satisfaction and organizational loyalty. Manufacturing organizations, where teamwork and dedication are essential, can benefit greatly from institutionalized recognition programs to boost morale.

#### **Experience:**

Experience was also found to significantly contribute to employee performance. This aligns with Subedi (2021), who demonstrated that accumulated knowledge and familiarity with organizational processes significantly enhance productivity. In a manufacturing setting, experienced employees play a key role in mentoring others, ensuring quality, and maintaining continuity in operations.

#### **Non-Significant Predictors:**

**Promotion:** Although promotions showed a positive relationship with performance, their lack of statistical significance suggests systemic issues such as perceived unfairness or bias in

promotion practices. According to Greenberg's (1986) procedural justice theory, clear and transparent promotion policies are critical for employee engagement. This finding signals a need for manufacturing companies to review and refine their promotion systems.

**Gender, Age, and Education:** These factors had negligible impacts on performance, emphasizing that job-specific skills and practical competencies are more critical in manufacturing roles. These results are consistent with research by Sharma and Shrestha (2020) and Chepkemoi (2018), which highlight that formal demographic attributes often have limited influence on job performance in operational environments.

The study also recognizes the potential for perceptual variables like promotion and moral incentives to show greater significance under more lenient thresholds (e.g.,  $p < .10$ ), as suggested by Dawson and Richter (2006). This highlights the nuanced nature of subjective responses in organizational behavior studies, particularly in sectors like manufacturing where human attitudes are shaped by operational contexts.

## CONCLUSION AND IMPLICATIONS

### Conclusion

The study identifies pay, moral incentives, and experience as critical determinants of employee performance in the manufacturing sector. These results underscore the importance of both extrinsic motivators, like pay, and intrinsic motivators, such as recognition and respect, in fostering a motivated and productive workforce. The non-significant predictors, including promotion, gender, age, and education, suggest that contextual and systemic factors play a more dominant role in influencing performance outcomes.

The findings align with Herzberg's and Vroom's motivational theories, emphasizing the need for fair and transparent organizational practices. Additionally, the nuanced role of perceptual variables like promotion highlights the importance of considering employee perceptions when shaping policies.

### Implications

#### Enhanced Pay Structures

Manufacturing companies should implement competitive and performance-based pay systems to attract and retain talent. Aligning salaries with industry standards and individual contributions ensures long-term employee satisfaction and commitment. Empirical studies have demonstrated that performance-based pay positively affects employee productivity and motivation (Awan & Zamir, 2016).

#### Recognition Programs

Regular acknowledgment of employee contributions through awards and public appreciation should be institutionalized. These programs enhance intrinsic motivation and strengthen team morale. Research indicates a direct and positive relationship between rewards, recognition, and employee motivation and satisfaction, leading to improved performance (Ali & Ahmed, 2009).

#### Transparent Promotion Policies

Clear and fair promotion systems are essential for rebuilding trust and engagement among employees. Leveraging procedural justice frameworks ensures that promotion practices

are equitable and perceived as such. Studies have found that perceived fairness in performance evaluations significantly influences employee satisfaction and motivation (Kim & Rubianty, 2011).

### Holistic Motivation Strategies

Combining monetary rewards with moral incentives can maximize employee engagement and productivity. Manufacturing companies should aim for a balanced approach that integrates financial compensation with recognition-based motivators. Empirical evidence suggests that both tangible and intangible rewards play a crucial role in enhancing job satisfaction and motivation (Sharma & Mohapatra, 2015).

### Future Research

Further studies should delve deeper into the nuanced role of perceptual variables, using more lenient significance thresholds ( $p < .10$ ) to explore their subjective and contextual nature. Additionally, research should investigate systemic barriers affecting non-significant predictors, such as promotion and education, to uncover potential underlying issues specific to the manufacturing industry. This approach can help create tailored strategies for workforce optimization in the sector.

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