The Impact of Incentives on Functionality Performance
-A Case Study of ElOuedUniversity-

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Abstract:

The study aims to measure the effect of (incentives) on (functionality performance)- case study of El-oued University in Algeria. Our study relies on a model that measures the impact of each of the financial, moral, and social incentives on functionality performance in the institution. The descriptive method was used to describe the variables of the study, and the inductive approach to judge the whole through the part. The data and the information were collected through the questionnaire form in a number of 150 forms. We use also the SPSS statistical program to estimate the standard model. The study reached a conclusion that incentives of all kinds have a positive effect on functionality performance of EL-OUED University.

Keywords: Incentives; financial incentives; moral incentives; social incentives; functionality performance.

Jel Classification Codes:M12, M51, M52 , M53 , M54 .

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1. Introduction :

In the production system, human being is considered significant inputs and influential force in defining the identity of the modern organization and in shaping the features of its future. It also represents a vital tool in achieving growth and development. The inseparable relation that exists between productivity and human is one of the interdependence, interactive and integrative relation. By taking into account the worker's moral, social, and financial side as well as his working conditions, he feels as an effective member and an important resource in the organization's activity, which result in improving performance and achieving high productivity. In the developed countries, studies have shown that the progress of institutions related to the efficiency of workers. This efficiency is the result of the policies that gave great attention to the individual through financial, moral and social incentives, which positively affect the rate of worker's productivity and economic institutions.

1.1 The problem of the study:

We pose the following problem:**How incentives affect theFunctionality performance in University of EL-OUED?**

1.2 The hypotheses: The formulated hypotheses are the following:

- **H1:** There is financial incentives' effect on Functionality performance in University of EL-OUED at level ($\alpha \leq 0.05$).
- **H2:**There is Moral incentives' effect on Functionality performance in University of EL-OUED at level ($\alpha \leq 0.05$).
- **H3:** There is an impact of Social incenties on Functionality performance in University of EL-OUED at level ($\alpha \leq 0.05$).

2. Conceptual Framework :

(Meridith,2015) explained that incentives is any used tools that support an employee or employees to improve their work and effort. (Hartman, K and M,1994) state that incentives are medium employee used to perform their duty of the employment contract, that is,toreward employee for work. Generally, an incentive programme (payment or plan) is any planned reward with the final goal of recognizing employeesspecificachievments. It is expected that incentive in form of payment will promote the possibility of the favorableproductivebehaviour in the employee. (Cross, 2019, p48)

Another definition to Incentives is any compensation or concrete motive that is given to an employee in payment form. Incentives are also the objective criteria used when aperson needs to create quantifiable criteria for their performance. Incentives are classified into two kinds: moral and concrete incentives. Moral incentives is the indirect rewarding to individual through certification, such as appraising. Concrete incentives isthedirect compensation to person by offering a bonus. In reference toACA(the American Compensation Association) compensation is defined as the cash and non-cash remuneration given by an employer in return to the employee's provided services. (Wei &Yaoping, 2022, p02-03)

Hasibuan clarify that incentives are any additional rewarding given to certain workers whose performance is above standard. This incentive is a way for supporting the fair principle in giving compensation. In addition, incentives are motivations expressed in the form of remuneration based on high level of performance and a sense of recognition from the organization of employee and his contributions to the company or organization. (Dona et al, 2020, p02)

The essence of incentives is to create linkebetweendesired behavior and the result that makes the workers feel more valuable (Whetten&Cameron, 2007). When talking about non-monetary rewardingin the workplace, it plays a vital role in the employee recognition tothe provided compensation (Khan et al., 2013). The institutions that pay more attention to non-monetary tools, such asincreasing vacation and family benefits,it considered as supporting to their employees and caring to their interest one. Rewards are significant factors that clarify certain job aspects that contribute positively to the organization economic benefits such as(promotion, resposibilities and verbal recognition.) (Alkhaliel, 2013, p1085).

3. Incentive impact analysis

There is an old saying said: " you can take a horse to the water, but you cannot force it to drink; it will drink only if it is thirsty - so with people". They will act the way they want, or they should be push to do it by motivating them. Whether it is to excel on the workshop floor or in the 'ivory tower', they must be driven to or motivated to do it, either internally or by stimulating them externally. Are they born to be self-motivated or should be push to do it? Yes and no. If no, they have to be motivated; people can and must learn this skill. This is essentially for the success of any business and its survival. Performance is the application of ability and motivation (VINAY, 2014, p224)

Functionality performance = f(ability)(motivation)

In any organization, employers need something to drive them to work. Usually, their salary works as a stimulus. However, to keep them motivated there should be other necessary incentive packages and programs. A worker must be motivated to work for an institution, if no, his performance in the work will deteriorate. Therefore، it is compolsury need for nawaday's competitive era to provide variety of desired motivations and benefits to employees to keep their performance on the track. Therefore, incentives have positive effect on the work in accomplishing the organization's goals.

Financial incentives and motivations positively affect the loyalty and commitment of employees. Employees stay in an institution because of the leaving cost and given benefits by the organization. Therefore, it is significant to foster the relationship with employees in a way that enhance their loyalty to the institution. Financial incentives and motivations guaranty the continuity of the employment relationship since it create of commitment, so firms must adopt plans that contain financial incentives and motivations such as (promotion, bonus, profit sharing or gain and worker stock ownership etc)(Saba, 2011, p259).

4. Review of Literature:

There are many researches, which examine) incentives) and their effects on several variables, among them :

The study (Wei.L&Yaoping.L, 2022) examined the effect of (incentives) on (job performance) in hospitals in Shandong. From the results, it is abvious that there is an impact of (monetary-incentives) on (JP). The study (Mrestyalt, Kh et al, 2020) used the empirical analysis to determine the relation that exist between (monetary-incentives) and (JP) in Islamabad and Rawalpindi, Pakistan' hospitals. The results showed that one of the major factors that makes employees in loyalty to their organization are the monetary incentives, which leads to further increased towards job performance. Moreover, when organizations provide monetary incentives at premium to their workers, this guarantees their existence in the organizations for a longer period.

The study (Nnubia, A.L, 2020) examined the impact of (monetary-incentives) on (workers' P) in Anambra State manufacturing firms. The result of study showed the positive relation that exist between salary, wages and workers performance, and between commission and workers performance. The study (Judith, Ch 2016) measured impact of (incentives) on (workers P) at Kenya forest service UasinGishu County. The finding of the study indicated that incentives are important in institutional performance. The results of the study (Ali, E &Tugay A. 2012) showed relation between (the financial, non-financial incentives) and (the work satisfaction of employees) in food sector- Central Anatolian Region -Turkey. The result showed that the attitudes towards financial incentives have a stronger effect on work satisfaction.

The research of (Al-Angari,1999) emphasized that the positive financial incentives do not please workersq of Riyadh Region Governorate. (Condlyet al.2003) examined 600 studies, which revealed that the overall average impact of all incentive plans in all work settings were a 22% gain in performance. Ağırbaş et al. (2005) conclude that factors such as) promotion and appreciation; improving work place opportunities; decreasing dismissal risk)have vital effects on work satisfaction. According to Perry (2006), financial incentives enhance significantly the task performance, but effectiveness dependent on institutional condition. (Milne.2007) research results appeared as reward and recognition plans had positive impact on motivationand performance and within an institution.

5. **The method and tools used:**

In this section, we explain the methodology followed in the study by highlighting the community and sample of the study, the methods and tools of data collection, the statistical methods used in analyzing the data of the questionnaire.

5.1 Population and sample:

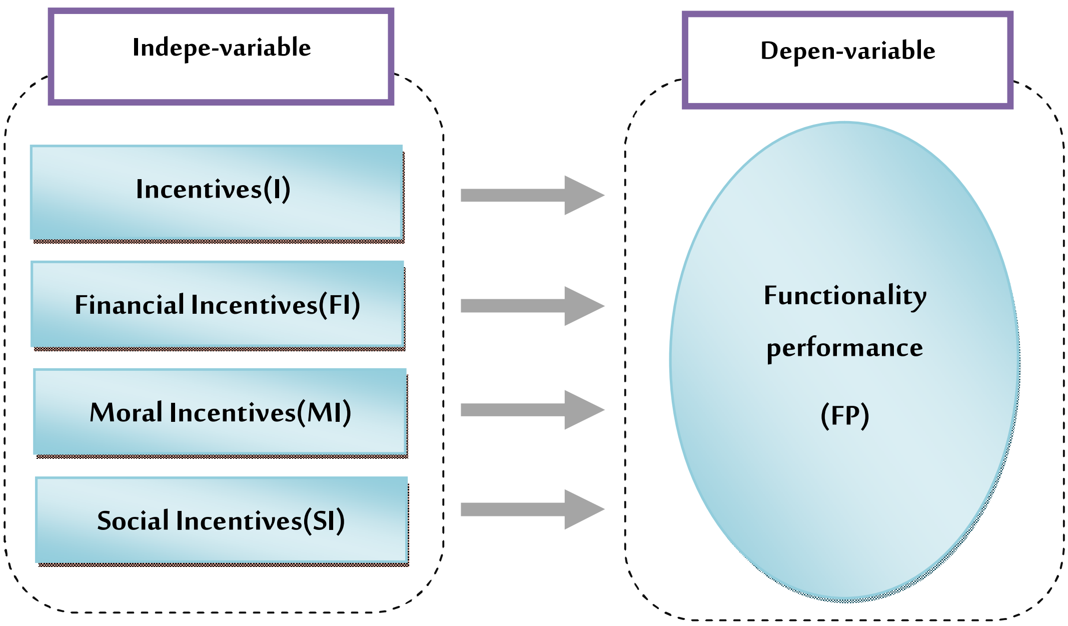
The aims of the study is to measure the effect of (incentives) on (functionality-performance). The community of the study was limited to professors and employees of El Oued University in Algeria. Professional and scientific experience is taken into consideration, for the reason of having the ability and capability to judge the questionnaire by answering his questions. The sample number reached 150 individuals, distributed among various faculties and specialities. It can be considered an accurately representative sample of the community of the study as it bears various characteristics and features of the community individuals.

5.2 Study Variables:

Based on the study' objectives and the posed problem, the study model was based on the following variables:

- The independent variable is represented through (Incentives) and it has been divided into three dimensions, namely financial incentives, moral incentives and social incentives.
- The dependent variable is determined in (Functionality Performance) and it has been represented through questions and phrases that cover various aspects and reflect its level in the institution under study

Fig N° 1: Study Variables



Source: Prepared by the researcher

5.3 Methods and tools:

5.3.1 The study Method:

The method enables us to simplify the subject of research, reveal scientific facts and identify the causes and consequences. Due to the nature of the topic, the study focused on the inductive approach which relies on judging the whole through the part, as well as the descriptive approach to describe and analyze data and information, and then to present and discuss the results.

5.3.2 Tools used in the study:

In order to reach the desired objectives, to find answer to the posed problem, and to prove the validity or invalidity of the hypotheses, the study focused on its applied part on the questionnaire as a tool for collecting data and information which included two parts:

- The first part contains five questions related to general information and personal data of the sample members, namely (Gender, Age, Educational Qualification, Years of Work, CurrentJob).
- The second part consists of two axes, which are the following:
  - The first axis is related to (independent-variable) represented by (Incentives).
  - The second axis is related to (dependent-variable) represented by (Functional Performance).

After distributing and collecting the questionnaire, we relied on Excel to display and analyze the data. In order to be able to process the data we also relied on a set of methods available in the program SPSS V.25.

6. Results and discussion:

6.1 Testing the stability and validity of the questionnaire:

The stability and validity of the questionnaire is checked by:

- **Validity of the questionnaire:** the validity of the scale was verified by calculating (Pearson correlation) coefficient. The following table shows that:

Table N°1: Pearson correlation coefficient testing

Model	Pearson C C	(Sig)
FI	0.848	0.001
MI	0.891	0.000
SI	0.913	0.002
FP	0.942	0.003

Source: the researcher based on (SPSS V.25)

The table above shows us that the values of the correlation coefficients came to be very acceptable, with statistically significance values is smaller than (0.05%), so the questionnaire is considered fairly valid to measure.

- **Stability of the questionnaire –(Cronbach's alpha) Testing:** We relied on (Cronbach's Alpha) coefficient in calculating the questionnaire' stability, and the following table shows this:

Table N°2: Cronbach's alpha coefficient results

Model	N of (phrases)	Cronbach's Alpha
FI	04	0.722
MI	04	0.795
SI	04	0.836
FP	8	0.893
Scale (ALL V) ALL	20	0.938

Source: the researcher based on (SPSS V.25)

From the results of the above table, we note that the (Cronbach's Alpha) coefficient is greater than (0.6) and therefore the study tool has a high stability coefficient that allows it to achieve the study's objectives and the stability of the results.

6.2 Discussion of the results :

6.2.1 The analysis of the results of the questionnaire axes:

Based on converting the respondents 'answers into quantitative data using the 5-point Likert Scale and calculating the weighted arithmetic mean, we show the results of (arithmetic mean) and (standard deviation) for each of the axes of the study, and then we determine the general direction of the respondents' answer according to the following table:

Table N°3:Reliabilityanalysis

Model	Mean	Std. Deviation	Results
Financial incentives	3.59	0.969	Agree
Moral incentives	3.42	0.789	agree
Social incentives	3.47	0.653	agree
Functionalityperfomence	4.01	0.782	agree

Source: the researcher based on (SPSS V.25)

According to the table above, it becomes clear that:

- Financial incentives has got an (A-Mean) of 3.59 and a (Std.Deviation) of 0.969, which reflects the approval of the sample members on the amount and type of financial incentives provided by the institution under study.
- Moral incentives has achieved an (A-Mean) of 3.42 and a (Std.Deviation) of 0.789 which means the acceptance of the sample members that the institution encourages its members through moral incentives.
- Social incentives has received an (A-Mean) of 3.47 and a (Std.Deviation) of 0.653 which indicate the agreement of the sample on the institution's interest in providing social incentives.
- Functional performance has achieved an (A-Mean) of 4.01 and a (Std.Deviation) of 0.782, which reflects the approval of the sample members on the level of functional performance provided.

6.2.2 Hypothesis Testing: The hypotheses have been formulated to study are :

- **H1:** There is an effect of (Financial I) on (FP) in the institution at the level ($\alpha \leq 0.05$).
- **H2:** There is an effect of(Moral I) on (FP) in the institution at the level ($\alpha \leq 0.05$).
- **H3:** There is an effect of (Social I) on (FP) in the institution at the level ($\alpha \leq 0.05$) .

To test the validity of these hypotheses, the multiple linear regression analysis was used, which measures the impact of independent variables (FI, MI, SI) on the dependent variable (FP). The following is the results of estimating the multiple linear regression:

Table N°4: the correlation between (I) and (FP)

Model	ß	T	SIG	R-Sq
FI	0.221	1.856	0.037	**0.992**
MI	0.235	1.987	0.031	
SI	0.394	2.978	0.018	

Source: the researcher based on (SPSS V.25)

From the above table, we note that:

- The coefficient of determination is equal to 99%, that is, incentives explain functionality performance by 99%, which is a very acceptable percentage.
- It is also clear from the analysis' result that there is a positive impact of (FI) on (FP) on the institution on the value of the coefficient β=0.22, which came out positive and on the (t) test, whose value was (1.856) with a level of significance (0.037), which is smaller than the level of 5%. Based on the results of the statistical analysis the first hypothesis is accepted, which states that (there is an effect of (FI) on the (FP) of the institution at the level of significance ($\alpha \leq 0.05$)).
- It is also clear from the results of the analysis that there is a positive effect of (MI) on (FP) in the institution, through the value of the coefficient β=0.23, which came out positive, and on the (t) test, whose value was (1.987) with a level of significance (0.031), which is smaller than the level of 5%. Based on the results of the statistical analysis the first hypothesis is accepted, which states that (there is an effect of (MI) on the(FP) of the institution at the level of significance ($\alpha \leq 0.05$)).
- It is also clear from the results of the analysis that there is a positive impact of(SI) on (FP) in the institution, through the value of the coefficient β=0.39, which came out positive, and on the (t) test, whose value was (2.978) with a level of significance (0.018), which is smaller than the level of 5%. Based on the results of the statistical analysis the first hypothesis is accepted, which states that (there is an effect of (SI) on the (FP)of the institution at the level of significance ($\alpha \leq 0.05$)).

7.Conclusion:

After studying the impact of (Incentives) on (Functionality-Performance) - case study of El-oued University, we reached the following results :

- ✓ The results show an acceptable degree of satisfaction by the respondents, to the provided financial, social, and finally moral incentives, also with the level of functionality performance .
- ✓ There is a positive effect of(Financiall) on (functionality-performance) in the institution. Thus providing better financial incentives will lead to improving functionality performance .
- ✓ There exist a positive effect of (Morall) on (functionality-performance), which confirms the importance, and values of moral incentives for the individual working in the institution. Thus, the institution can improve the performance of the individual and increase their productivity by focusing on moral incentives .
- ✓ There is a strong positive impact of (sociall) on (functionality-performance) in the institution; therefore, the institution should pay more attention to the social side of the individuals. Thus, meeting the various social needs of the employees will develop their performance and achieve the institution's goals.

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