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A STUDY ON THE INFLUENCE OF MONETARY AND NON-MONETARY REWARD SYSTEMS ON THE PERFORMANCE OF DEVELOPMENT OFFICERS WORKING IN LIFE INSURANCE CORPORATION IN CHENNAI CITY

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ABSTRACT

The present study examines the influence of monetary and non-monetary reward systems on the performance of Development Officers working at the Life Insurance Corporation of India in Chennai. Development Officers play a crucial role in the sales and promotion of life insurance products, agent supervision, and the achievement of organizational targets. In the context of increasing competition in the insurance sector, understanding the effectiveness of reward mechanisms has become essential for enhancing employee performance. The study adopts a descriptive research design and is based on primary data collected from 281 Development Officers through a structured questionnaire using a five-point Likert scale. The study used purposive sampling. Statistical tools, such as descriptive and regression analyses, were used to test the hypotheses. The findings reveal that both monetary and non-monetary reward systems significantly and positively influence employee performance. While monetary rewards such as salary, incentives, and bonuses contribute to performance, non-monetary rewards such as recognition, promotion opportunities, and training have a comparatively stronger impact. The study concludes that an integrated reward strategy combining financial and non-financial incentives is essential for sustaining high performance levels among Development Officers in the life insurance sector.

KEYWORDS: Monetary Rewards, Non-Monetary Rewards, Employee Performance, Development Officers, Life Insurance Corporation of India, Reward Systems.

INTRODUCTION

Human resources (HR) is the most important part of any business, especially in service-oriented fields, where employee performance directly impacts the company's productivity, customer satisfaction, and long-term success. Employees in the insurance sector are the primary point of contact between the insurers and their policyholders, so their motivation and performance are critical to the company's success. The Life Insurance

Corporation of India (LIC) is one of the most important insurance companies in India. It helps people save money, protects their finances, and supports the country's economy. Development Officers are very important to LIC because they are responsible for hiring, training, and supervising agents, as well as for growing the business and meeting the company's goals. Motivation, ability, and support from the organization are all important factors in how well an employee does their job. Among these factors, reward systems, both monetary and non-monetary, have become effective means for improving employee motivation and performance. (Armstrong, 2010). Monetary rewards such as salary, bonuses, commissions, and allowances directly meet employees' financial needs and are often tied to measurable performance outcomes. Previous research indicates that performance-based financial incentives enhance productivity, efficiency, and goal achievement, particularly in sales-oriented, target-driven positions such as those held by Development Officers. (Gerhart & Fang, 2015). However, modern HR literature stresses that financial incentives alone may not be adequate to maintain long-term employee performance. Non-monetary rewards, including recognition, opportunities for career advancement, training and development, job security, autonomy, and supportive leadership, are equally significant in influencing employees' psychological engagement and intrinsic motivation (Deci & Ryan, 2000). Non-monetary rewards contribute to employees' sense of belonging, self-worth, and organizational commitment, which in turn influence discretionary effort and sustained performance (Kuvaas, 2006). In the case of public-sector organizations like LIC, reward management is even more important given structured pay systems, limited flexibility in monetary compensation, and rising performance expectations amid competition from private insurers. Development Officers at LIC are under increasing pressure to increase business volume, retain agents, and meet productivity standards while adhering to the company's rules and policies. So, to improve performance and motivation, it is important to combine monetary and non-monetary reward systems in a way that works (Perry, Hondeghem, & Wise, 2010). Empirical evidence from prior studies indicates that a balanced reward system combining financial incentives with recognition, career growth, and supportive work environments yields superior performance outcomes compared to reliance on monetary rewards alone (Shields et al., 2016). Nevertheless, existing research on reward systems in the Indian insurance sector has predominantly focused on agents or general employees, with limited empirical attention to Development Officers, particularly within the LIC framework and in regional contexts such as Chennai City. Chennai, a major metropolitan center and a significant insurance market in India, provides a suitable setting to examine the effectiveness of reward systems on employee performance. The diverse socio-economic background of employees, competitive market dynamics, and evolving customer expectations make it imperative to understand how Development Officers perceive and respond to different reward mechanisms. Against this backdrop, the present study examines the influence of monetary and non-monetary reward systems on the performance of Development Officers at the LIC of India in Chennai. By empirically analyzing the relative contributions of both reward dimensions, the study aims to provide insights to assist policymakers and HR managers in LIC in designing more effective reward strategies that enhance performance, motivation, and organizational effectiveness.

REVIEW OF LITERATURE

Reward systems have long been recognized as a critical human resource management practice influencing employee motivation and performance. Armstrong (2010) emphasized that an effective reward system aligns employee interests with organizational goals by motivating individuals to perform at higher levels. Monetary rewards such as salary, incentives, bonuses, and commissions have been found to directly and measurably influence employee performance, particularly in target-oriented and sales-driven roles. Gerhart and Fang (2015) empirically demonstrated that performance-based pay positively affects

productivity when rewards are clearly linked to outcomes and perceived as fair by employees. While monetary rewards play a significant role, scholars argue that they are insufficient to sustain long-term performance in isolation. **Deci and Ryan's (2000)** Self-Determination Theory highlights the importance of intrinsic motivation, suggesting that non-monetary rewards such as recognition, autonomy, career development, and meaningful work enhance employees' internal drive to perform. **Kuvaas (2006)** found that non-monetary rewards contribute significantly to affective commitment and intrinsic motivation, which in turn positively influence job performance. These findings suggest that employees respond not only to financial compensation but also to psychological and social rewards. In the context of public sector organizations, reward management presents unique challenges due to rigid pay structures and standardized compensation systems. **Perry, Hondeghem, and Wise (2010)** noted that public sector employees are often motivated by non-monetary factors such as job security, recognition, and public service motivation. Studies in service-oriented public organizations indicate that a balanced reward system combining monetary and non-monetary elements leads to improved performance and employee satisfaction (**Shields et al., 2016**). Empirical studies in the insurance sector reveal that reward systems significantly influence employee performance, motivation, and retention. However, much of the existing research has focused on insurance agents or general staff, with limited attention given to managerial and supervisory roles such as Development Officers. Moreover, region-specific studies examining reward systems in LIC, particularly in metropolitan contexts such as Chennai City, remain scarce. This highlights a clear research gap and underscores the need for the present study to examine how monetary and non-monetary reward systems influence the performance of Development Officers working in LIC.

PROBLEM OF THE STUDY

The performance of Development Officers (DO) is crucial to achieving the organizational goals of the Life Insurance Corporation of India (LIC). In a highly competitive and dynamic insurance environment, motivating Development Officers to perform effectively has become a major challenge. Reward systems, both monetary (such as salary, incentives, and bonuses) and non-monetary (such as recognition, promotion, and career growth opportunities), are considered important tools for enhancing employee performance. However, differences in performance levels among Development Officers indicate that the existing reward systems may not equally influence all employees. There is limited empirical evidence on how monetary and non-monetary rewards affect the performance of Development Officers at LIC, particularly in Chennai. Therefore, the study examines whether and to what extent monetary and non-monetary reward systems influence the performance of Development Officers working at LIC in Chennai.

OBJECTIVES OF THE STUDY

- To examine the influence of monetary reward systems on the performance of Development Officers working at the Life Insurance Corporation of India in Chennai.
- To examine the influence of non-monetary reward systems on the performance of Development Officers working at the Life Insurance Corporation of India in Chennai.

HYPOTHESES OF THE STUDY

- **H₁:** Monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai.
- **H₂:** Non-monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai.

RESEARCH METHODOLOGY

The current study adopts a descriptive research design to examine the influence of monetary and non-monetary reward systems on the performance of Development Officers (DOs) working at the LIC of India in Chennai. The study population comprises Development

Officers who are directly involved in selling life insurance products, supervising agents, mobilizing premiums, and achieving business targets. A sample of 281 Development Officers was selected using purposive sampling to ensure adequate representation. Primary data were collected using a structured questionnaire with a five-point Likert scale ranging from strongly disagree to strongly agree, covering constructs related to monetary and non-monetary rewards and performance indicators. Secondary data were gathered from official reports, journals, and relevant literature. The collected data were analysed using descriptive statistics, correlation, regression analysis, and other relevant inferential techniques to test the relationship between reward systems and employee performance. The methodology ensures the instrument's reliability and validity and provides empirical evidence to support the study's objectives.

RESULTS AND DISCUSSIONS

Table 1
Demographic Profile of Development Officers (N = 281)

S. No	Variable	Category	Frequency (N)	Percentage (%)
1	Gender	Male	210	74.7
		Female	71	25.3
2	Age Group (Years)	Below 30	36	12.8
		31 – 40	84	29.9
		41 – 50	97	34.5
		Above 50	64	22.8
3	Educational Qualification	Graduate	122	43.4
		Post Graduate	121	43.1
		Professional Qualification	38	13.5
4	Work Experience (Years)	Below 5	44	15.7
		5 – 10	80	28.5
		10 – 15	92	32.7
		Above 15	65	23.1
5	Monthly Income (₹)	Up to ₹1,00,000	102	36.3
		₹1,01,000 – ₹1,50,000	115	41.0
		Above ₹1,50,000	64	22.8
6	Marital Status	Married	218	77.6
		Unmarried	63	22.4

Table 1 presents the demographic profile of the 281 Development Officers working at the Life Insurance Corporation of India in Chennai. By gender, a majority of respondents are male (74.7%). In comparison, female Development Officers account for 25.3%, indicating that the profession remains male-dominated, though a notable proportion of women are actively engaged in insurance sales roles. In terms of age distribution, the largest group falls within the 41–50 years category (34.5%), followed by 31–40 years (29.9%), above 50 years (22.8%), and below 30 years (12.8%). This suggests that most Development Officers are in their mid-career, with considerable professional maturity and market experience. Regarding educational qualifications, 43.4% of respondents are graduates, 43.1% are postgraduates, and 13.5% hold professional qualifications. This indicates that most Development Officers are well qualified academically, which may positively influence their managerial and sales capabilities. In terms of work experience, 32.7% have 10–15 years, followed by 28.5% with 5–10 years, 23.1% with more than 15 years, and 15.7% with less than 5 years. This reflects a workforce with substantial industry exposure and stability. About monthly income, 41.0% earn between ₹1,01,000 and ₹1,50,000, 36.3% earn up to ₹1,00,000, and 22.8% earn above

₹1,50,000, suggesting that a significant proportion of Development Officers fall within the middle- to high-income brackets, possibly linked to performance-based incentives. Finally, the majority of respondents are married (77.6%), while 22.4% are unmarried, indicating that most Development Officers have family responsibilities, which may influence their motivation and performance orientation. Overall, the demographic profile reflects a predominantly experienced, middle-aged, academically qualified, and financially stable group of professionals engaged in life insurance sales activities.

Development officers' perception of monetary benefits offered by the LIC

Table 2

Results of descriptive statistics of development officers' perception of monetary benefits offered by the LIC

S. No	Monetary Benefits Dimensions	Mean	SD
1	Salary and Allowances	3.82	0.742
2	Performance-Based Incentives	3.96	0.689
3	Commissions and Bonuses	4.08	0.662
4	Retirement and Long-Term Financial Benefits	3.71	0.781
5	Medical and Welfare-Related Financial Benefits	3.64	0.813
	Overall Monetary Benefits	3.84	0.737

Table 2 presents the descriptive statistics on Development Officers' perceptions of the monetary benefits offered by the Life Insurance Corporation of India. The overall mean score of 3.84 (SD = 0.737) indicates that respondents generally hold a positive perception of the monetary benefits provided by LIC. Among the dimensions, *Commissions and Bonuses* recorded the highest mean value (4.08, SD = 0.662), suggesting that performance-linked financial rewards are highly valued and strongly appreciated by Development Officers. This is followed by *Performance-Based Incentives* (Mean = 3.96, SD = 0.689) and *Salary and Allowances* (Mean = 3.82, SD = 0.742), indicating satisfactory perceptions regarding regular and incentive-based earnings. However, lower mean scores were observed for Retirement and Long-Term Financial Benefits (Mean = 3.71, SD = 0.781) and Medical and Welfare-Related Financial Benefits (Mean = 3.64, SD = 0.813), indicating moderate satisfaction in these areas. Overall, the findings suggest that Development Officers perceive direct performance-related monetary benefits more favorably than long-term or welfare-related financial benefits.

Development officers' perception of non-monetary benefits offered by the LIC

Table 3

Results of descriptive statistics of development officers' perception of non-monetary benefits offered by the LIC

S. No	Non-Monetary Benefits Dimensions	Mean	SD
1	Recognition and Appreciation	3.61	0.681
2	Career Growth and Promotion Opportunities	3.30	0.719
3	Training and Skill Development	3.94	0.704
4	Work-Life Balance and Job Flexibility	3.34	0.763
5	Supportive Work Environment and Leadership	3.86	0.658
	Overall Non-Monetary Benefits	3.61	0.705

Table 3 presents the descriptive statistics on Development Officers' perceptions of the non-monetary benefits offered by the Life Insurance Corporation of India. The overall mean score of 3.61 (SD = 0.705) indicates a moderately positive perception toward non-monetary benefits. Among the dimensions, *Training and Skill Development* recorded the highest mean value (3.94, SD = 0.704), suggesting that Development Officers highly appreciate opportunities for learning and professional growth. This is followed by *Supportive Work Environment and Leadership* (Mean = 3.86, SD = 0.658), reflecting favorable perceptions regarding managerial support and organizational climate. *Recognition and Appreciation* show

a moderate mean score (3.61, SD = 0.681), indicating that acknowledgment practices are reasonably satisfactory. However, mean scores are lower for Work–Life Balance and Job Flexibility (Mean = 3.34, SD = 0.763) and Career Growth and Promotion Opportunities (Mean = 3.30, SD = 0.719), suggesting that respondents perceive scope for improvement in these areas. Overall, the findings suggest that while LIC provides appreciable non-monetary benefits, greater emphasis on career advancement and work–life balance could further enhance employee satisfaction.

The impact of Monetary reward systems on the performance of Development Officers working at the Life Insurance Corporation of India in Chennai

Hypothesis 1: Monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai.

Model Summary

R-Value=0.486, R² Value=0.233, F-value=72.69, and p-value=<0.001**

Table 4
Regression Results Showing the Influence of Monetary Reward Systems on Performance

Predictor Variable	β (Standardized)	S.E.	t-value	p-value	Decision
Monetary Reward Systems	0.486	0.057	8.526	< 0.001	Significant
Decision: Hypothesis supported					

Hypothesis 1 examines whether monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai. The regression results indicate a strong and positive relationship between monetary reward systems and employee performance. The R-value of 0.486 indicates a moderate positive correlation between the variables, while the R² of 0.233 indicates that monetary reward systems explain 23.3% of the variation in performance. The F-value of 72.69, with a p-value < 0.001, indicates that the regression model is statistically significant and well-fitted. Further, the standardized beta (β) coefficient of 0.486 indicates that monetary reward systems have a positive and meaningful impact on performance. The t-value of 8.526, which is statistically significant at the 1% level (p < 0.001), further confirms the strength of this influence. This suggests that improvements in monetary rewards, such as salary, incentives, bonuses, and commission, are associated with higher levels of performance among Development Officers. Therefore, the hypothesis stating that monetary reward systems significantly influence the performance of Development Officers is supported.

The impact of non-monetary reward systems on the performance of Development Officers working at the Life Insurance Corporation of India in Chennai

Hypothesis-2: Non-monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai

Model Summary

R-Value=0.538, R² Value=0.289, F-value=99.26, and p-value=<0.001**

Table 5
Regression Results Showing the Influence of Monetary Reward Systems on Performance

Predictor Variable	β (Standardized)	S.E.	t-value	p-value	Decision
Monetary Reward Systems	0.538	0.054	9.963	< 0.001	Significant
Decision: Hypothesis supported					

Hypothesis 2 examines whether non-monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai. The regression analysis reveals a strong and positive relationship between non-monetary reward systems and performance. The R-value of 0.538 indicates a moderate-to-strong positive correlation between non-monetary rewards and employee performance. The R² value of 0.289 indicates that non-monetary reward systems account for 28.9% of the variation in performance. The F-value of 99.26 with a p-value less than 0.001 confirms that the regression model is statistically significant. The standardized beta (β) coefficient of 0.538 demonstrates that non-monetary reward systems have a substantial positive influence on performance. The t-value of 9.963, which is significant at the 1% level ($p < 0.001$), further confirms the strength of this relationship. This indicates that non-monetary rewards such as recognition, promotion opportunities, job security, training, and appreciation play a crucial role in enhancing the performance of Development Officers. Therefore, the hypothesis stating that non-monetary reward systems significantly influence performance is supported.

DISCUSSION

The findings of the present study reveal that both monetary and non-monetary reward systems significantly influence the performance of Development Officers working at the Life Insurance Corporation of India in Chennai, with non-monetary rewards having a stronger effect. These results are consistent with recent empirical studies. For instance, **Nkomoki and Chomba (2024)** reported that monetary incentives, such as salary increases and bonuses, significantly enhance employee motivation and job satisfaction, whereas non-monetary rewards, such as recognition, career development, and work–life balance, exert a stronger and more sustained influence on performance. Similarly, **Mwita and Tefurukwa (2023)** found that integrated reward systems combining financial and non-financial incentives improved employee productivity and organizational commitment. Furthermore, **Alhmod and Rjoub (2022)** emphasized that non-monetary rewards, such as appreciation, empowerment, and professional growth opportunities, positively affect employee engagement and performance outcomes. The present study supports these contemporary findings by demonstrating that while monetary rewards, such as incentives and commissions, directly stimulate target achievement among Development Officers, non-monetary rewards, such as recognition, promotion prospects, and training opportunities, play a more substantial role in enhancing long-term performance and commitment. Thus, the results underscore the importance of adopting a balanced, comprehensive reward strategy to sustain employee performance in the life insurance sector.

CONCLUSION

The present study was conducted to examine the influence of monetary and non-monetary reward systems on the performance of Development Officers working at the Life Insurance Corporation of India in Chennai. The study's findings clearly indicate that both monetary and non-monetary reward systems have a significant positive influence on the performance of Development Officers. While monetary rewards such as salary, incentives, bonuses, and commissions directly motivate employees to achieve sales targets, non-monetary rewards such as recognition, promotion opportunities, job security, and training programs demonstrate a comparatively stronger influence on performance. This suggests that financial incentives alone are not sufficient; employees also value appreciation, career growth, and organizational support in sustaining high levels of performance. Therefore, the study concludes that a balanced, integrated reward system combining monetary and non-monetary components is essential to enhance the performance of Development Officers in the life insurance sector. By strengthening reward policies and aligning them with employee expectations, LIC can improve productivity, motivation, and long-term organizational success.

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