Exploring the Nexus of Financial Incentives and Employee Motivation in Financial Sector: A study of Pakistan

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Abstract

The main objective of this study is to find out the financial incentive factors behind employee motivation, especially in financial institutions in, Pakistan. Salary, housing allowance, and medical insurance were independent variables, and employee motivation was dependent. The sample size was 300, only collected from 190 financial institutions in Pakistan. Questionnaires collect primary data via Google Forms. We used a random sampling method for sample selection. Correlation analysis suggests that all variables have a strong positive correlation (r>0.70)—regression analysis is used to check the effect of financial incentives on employee motivation. The findings suggested that salary, housing allowance, and medical insurance have positive statistical significance (p<0.05) on employee motivation. This research supports that all organizations should focus on financial rewards to employees' motivations for better organizational performance.

Keywords: financial incentives, financial sector, employee motivation.

Introduction

Motivation plays a fundamental role in achieving goals and business objectives, and it is equally significant for businesses operating in a team-based setting as in a workplace comprising independently working employees (Good et al., 2022). It is crucial to have a strong alignment between the aims, values, and mission of the organization and the working environment of each representative. This alignment is essential in fostering and maintaining a high level of motivation, which can ultimately lead to increased productivity, improved work quality, and financial gains across all departments. Furthermore, contemporary hierarchical viewpoints emphasize cultivating motivation, responsibility, and commitment (Worley et al., 2022). Enhancing compensation policies is crucial in motivating employees to deliver high performance, engagement, and dedication (Salanova&Kirmanen, 2010). However, as stated by the Marketing Resource Center (2009), it is observed that senior Management needs to pay more attention to the employees within their organizations in many organizations. If senior Management prioritizes the workforce by implementing financial incentives, the

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organization's outcomes will likely change significantly. This is because the workforce is consistently motivated by the prospect of increased financial incentives. According to Brennan (2022), using financial incentives can effectively encourage workers, leading to a reduction in turnover rates and a rise in profits. However, it is important to note that this perspective focuses solely on the impact of financial incentives and does not include other organizational elements that contribute to the overall performance of a systematic organization. Several studies have found that a significant number of managers in organizations utilizes financial incentives as a means to enhance productivity, work satisfaction, and employee attitudes (Singh &Ramdeo, 2023; Alketbi&Alshurideh, 2023; Barati& Ansari, 2022).

On the contrary, several researchers have reported divergent findings about the relationship between employee motivation and financial incentives. While some studies have indicated good outcomes, suggesting a correlation between the two, other researchers have identified a negative association. According to scholarly literature, the workforce or employees are considered the primary assets of a successful organization. Employees must have a positive attitude towards the corporation. The main objective of managers is to ensure that the corporation's goals and business objectives are effectively communicated to all employees. These objectives should be explicitly stated in the organization's mission and vision statements (Shaw, 2011).

Furthermore, managers must possess a comprehensive understanding of the desires and requirements of their employees. This knowledge can then be effectively communicated to top-level Management, enabling them to create opportunities for enhanced financial incentives. Undoubtedly, this approach will greatly contribute to achieving our organizational objectives. The availability of comprehensive information to managers enables organizations to establish robust relationships with their employees, fostering high commitment and engagement in all aspects of organizational work. It is particularly important as organizations often rely on financial incentives to motivate employees toward achieving organizational goals. According to Camlin et al. (2022), employee satisfaction is driven by two primary factors: the fulfillment of employees' personal needs and desires and the alignment of these with the company's organizational objectives. Moreover, Lewis identified the significance of alignment between organizational objectives and employee aspirations.

Conversely, job dissatisfaction ensues when employees' goals still need to be fulfilled. Consequently, this dissatisfaction can adversely affect consumer services, repeat purchases, and customer loyalty, ultimately impacting the profitability and productivity of the organization. In contemporary times, librarians encounter numerous obstacles inside library environments, whether internally or externally. One prominent issue is the need for more financial incentives for librarians, which affects institutional performance. Notably, these challenges are pervasive among librarians globally, including those operating within industrialized nations. In the context of financial incentives for librarians, universities must establish appropriate performance measures to ensure the effective functioning of their employees within relevant organizations. This practice will enhance organizational performance, productivity, and profitability, enabling universities to outperform competitors in the market and cultivate consumer loyalty. This study examines the impact of financial incentives on employee motivation inside financial institutions in Pakistan. The primary aim of this study is to examine the factors that contribute to employee motivation inside organizations and determine the significance of this relationship in terms of evaluation. Various organizations employ different motivation theories, each with merits and potential impact. Determining the most effective theory among them and its relative influence compared to others is a crucial inquiry. This study aims to assist organizations in enhancing employee motivation, thereby mitigating turnover rates and assessing how much employees contribute to the organization (Higgins et al., 2022).

The financial sector in Pakistan provides a wide range of compensation and benefits to its employees. Salary, bonuses, housing allowances, medical insurance, commissions, profit-sharing, and other financial benefits are all included. The study focuses on how well these incentives work, how they are implemented, and how well they motivate workers. This metric represents the starting salary for workers in the financial sector in Pakistan. It is essential to financial incentives and helps get and keep the best people on board. The research will examine how different income ranges affect work-related factors like morale, fulfillment, and dedication. A housing allowance is a monetary perk given to workers to help them find and pay for a place to live. This element of the remuneration package can improve workers' well-being. This study examines the impact of housing allowance on employee motivation for their jobs, loyalty to their employers, and their level of intrinsic motivation. Employees are less likely to suffer financially due to medical bills when they have access to healthcare services thanks to medical insurance. The safety and happiness of workers may be affected by this factor. This research examines the connection between medical insurance and worker attitudes, worries, and contentment. Employee motivation and the effects of salary, housing allowance, and medical insurance will be studied. The study's overarching goal is to learn how financial incentives affect employee dedication to their jobs and the company in tandem with other motivating variables.

Financial incentives play a critical and indispensable part in the development of every organization, serving as a foundational pillar without which an organization would be unable to sustain itself in the contemporary world. The issue of financial incentives among employees is prevalent in nearly every firm. The introduction of financial incentives has had a significant impact on the performance outcomes of organizations, leading to notable differences when compared to past years of successful organizations. The impact of financial incentives on employees' personal and organizational aims is mediated by employee satisfaction with these incentives. Furthermore, a correlation exists between employee compensation and the overall performance of a corporation. This study examines the financial incentives organizations utilize to incentivize their staff inside financial institutions in Pakistan. Furthermore, this research endeavor aims to address the existing knowledge deficit, specifically within the context of Pakistan. The findings of this study will catalyze financial institutions in Pakistan, encouraging them to enhance their profitability and productivity through financial incentives for their staff.

The proposed study will examine the complex interplay between financial incentives and employee motivation in the financial sector of Pakistan. This research examines the current state of employee motivation, the widespread structures of financial incentives in the financial sector, and the complex relationships between these factors. The project will collect quantitative data from a representative sample of Pakistan's financial industry workers through online questionnaires. The data will be analyzed thoroughly, with statistical methods for numerical data. The study's goal is twofold: to add to the existing literature on motivation and incentives and to provide actionable ideas for improving incentive schemes to boost employee motivation. By focusing specifically on the financial sector in Pakistan, this study aims to fill an important knowledge gap about the relationship between financial incentives and employee motivation in this region. Research Objectives are given below.

- To identify the factors of financial incentives which help to increase employee motivation.
- To identify the effect of salary on employee motivation.
- To identify the effect of housing allowance on employee motivation
- To identify the effect of medical insurance on employee motivation.

Research questions are given as under:

- Do financial incentives boost employee motivation in Pakistan's financial sector?
- Does salary increase employee motivation in the financial sector of Pakistan?
- Does housing allowance increase employee motivation in the financial sector of Pakistan?
- Does medical insurance increase employee motivation in the financial sector of Pakistan?

Theoretical Framework and Hypothesis Development

There is much research on employee motivation and performance. Motivation is crucial for enhancing performance and accomplishing organizational goals. Carsrud et al. (2017) defined "motivation" as inspiring others to achieve their aims. Internal and external energy factors influence an individual's work-related behavior, determining its form, direction, intensity, and duration. Motivating staff to perform at their best is a challenging challenge for Management. GirdwichaiSriviboon (2020) found that training, motivation, working environment, structures, systems, and processes can effectively or negatively impact individual performance. Individuals want equitable compensation for their contributions to the company above others. Personal factors such as motivation, attitudes, and behaviors can impact total success. Motivating employees to learn and grow fosters a culture of creativity and innovation: employee attitudes, skills, behavior, and performance. Firms must motivate and retain personnel for improved performance and productivity growth to be competitive. Giving people duties might inspire them to work hard and accomplish their best. Al-Ahmadi (2009) found that motivation boosts efficiency through boosting effort and creativity. They also found that motivated employees operate more productively by exceeding expectations at work. A study by Ogunode and their colleagues found that intrinsic rewards directly affect employee performance.

Intrinsic rewards inform employees of their performance and push them to work more to be recognized (Ogunode et al., 2023). Encourage employees to take more interest in their work and strive harder to fulfill their tasks properly. According to Lee and Rhee (2023), employees are motivated by both intrinsic and extrinsic rewards, resulting in job satisfaction. The study concluded that job happiness and performance are interdependent. According to Huselid (2023), monetary prizes can motivate and improve employee performance, leading to considerable firm-level returns. The bank created an environment where workers felt trusted and driven to make decisions, leading to higher motivation and improved performance. Nguyen et al. (2023) found that motivated employees perform their jobs well, leading to positive outcomes.

Financial Incentives

AdilAlbalush&Devesh (2023) found a significant effect of financial incentives on employee motivation in Oman. He has compared the financial and non-financial sector results and found that salary is the biggest incentive that affects employee motivation. Zebua&Chakim (2023) researched Raharja High School and found a positive effect of human resources management, financial incentives, and performance on employee motivation. Elrayah&Semlali (2023) studied sustainable reward strategies, financial incentives, and employee motivation. The importance of sustainable HR practices grows annually. COVID-19 made benefits and pay schemes more significant for employees. Working surroundings are one of the biggest elements affecting employees' lives. This quantitative study examines how sustainable total incentive strategies affect talented education employees' performance, satisfaction, and motivation. Data came from an annual OECD poll. One hundred fifty-three thousand six hundred eighty-two teachers from 47 countries and economies participated in this poll. The annual survey aims to produce accurate, credible, and comparable population estimates based on sample data. The study found a favorable association between sustainable rewards, employee performance, contentment, and motivation. These findings may affect society and business, particularly education.

By kova et al. (2023) stated that employees are crucial to company success. Top Management takes strategic and operational decisions as well as functional ones. The study examines how bonus payments motivate top managers. This study used a pre-designed questionnaire to interview 147 top managers of 70 Ukrainian IT product companies. Pairwise comparisons determined the key inspiring and demotivating elements. The impact of bonuses to top managers on company profit, total revenue, ROI, department performance indicators, and top manager personal performance indicators was confirmed. Top manager motivation is 96% correlated with incentive payouts. The regression model of increased bonuses on top management motivation is 92% reliable.

The results show that company owners can motivate top managers by raising bonus payments. The effectiveness of bonuses as financial incentives to drive senior managers to meet KPIs has also been shown. Most top managers will improve KPIs for bonuses. The study shows that top managers benefit from financial incentives. Khoso & Raza (2023) researched the effect of salary on job satisfaction. They suggest that Job satisfaction is key to improving job performance. The best learning and growth of university students depends on the teacher. This study focuses on job satisfaction and instructor performance in Sindh public sector universities. The empirical data came from structured questionnaires. A systematic questionnaire was provided to 500 working academics. They found a positive effect of salary on job satisfaction. Memon et al. (2019) examined job satisfaction, salary, and housing allowances among female instructors in NaushahroFeroze private schools. Job happiness is crucial in academia and business. The salary, coworker connection, housing allowances, and working environment scales assess job satisfaction in this study. Researchers used random sampling for quantitative study and numerical analysis. Only female teachers in private schools in District NaushahroFeroze completed the survey. Then, a co-relation test was performed to prove hypotheses and determine variable relationships.

There is a prevailing belief that open-area organizations and not-for-profits should strive for greater efficiency in their operations and conduct (Waitzberg et al., 2022). Hence, introducing modifications in the open segment is characterized by presenting executive practices and systems originally developed for the business sector. These include planning procedures, market analysis, and performance management (Münzel et al., 2019). One of the most significant challenges is the implementation of professional incentive structures, particularly introducing "pay for performance" schemes in public organizations (Hardman, 2019). The underlying assumption of this study is that effectively implemented performance-based compensation schemes enhance the efficiency of the public sector and positively influence employee motivation (Saunders et al., 2003). The influence of financial incentives and rewards on individuals' commitment or loyalty in the global context is widely acknowledged to be positive. Employees choose to remain in an organization because the cost of quitting is greater than the benefits gained from being a part of the group (Saunders et al., 2003).

In contemporary society, many occupations are remunerated through performance-based compensation or possess a component that involves financial remuneration contingent upon individual performance. The ease of navigating one's execution has led to the utilization of monetary incentives based on tangible achievements, deemed advantageous and feasible, and consequently, are widely employed in contemporary culture. It suggests that individuals in different roles, particularly at a certain level, such as Managers, or those who have achieved a significant level of success. Sales and Consulting are rewarded for their efforts based on observed performance measures (Saunders et al., 2003). Providing compensation in a reverse manner aims to incentivize individuals to enhance their motivation and effort toward completing tasks, ultimately resulting in benefits for the business. Several incentives are introduced by employing this particular payment method, and a modification in one's behavior is anticipated to achieve the optimal outcome for the business (Ibid).

Employee Motivation

Specialists have defined motivation differently, depending on their context, environment, condition, and situation. However, the primary focus of this study is on the interaction between workers and their employers, as well as the impact of compensation on employee performance and organizational outcomes. The concept of inspiration derives from the term reason. According to Asaari et al. (2019), as defined by Webster's Dictionary, intention motivates an individual to engage in a particular action.

When considering the application of this phrase to the workplace context, it refers to the actions undertaken by Management that influence employees' attitudes and behaviors toward attaining organizational goals. According to the study conducted by Saunders et al. in 2003, In light of the given information, it is evident that the user's text lacks the necessary Furthermore, it is widely believed that both financial and non-financial incentives motivate employees. The cultivation of an ideal mindset fosters increased levels of organizational commitment as a result of job satisfaction. This phenomenon consequently fosters consumer loyalty as contented employees prioritize meeting the requirements and desires of customers. A company's financial performance is also enhanced when there is an improvement in customer loyalty. Inspiration refers to motivating employees to align their actions with organizational strategies to achieve the shared goals of employees and the business (Talukder et al., 2014).

Long- and short-term Incentives and Motivation

Salanova and Kirmanen (2010) propose that providing long-term rewards, as opposed to short-term rewards, is a more effective motivator for researchers, leading to more creativity and innovation in their work. This research suggests that the effectiveness of momentary incentives in motivating workers may be limited. Instead, it is recommended to prioritize long-term motivators, such as opportunities for advancement and training, to assure future growth and maintain effective employee motivation. Moreover, certain researchers have posited that the optimal incentive scheme that motivates exploration differs fundamentally from conventional pay-for-performance schemes employed to incentivize enterprises. The implications of the discoveries above suggest that it is necessary to develop diverse incentive systems tailored to different job categories and levels of personnel. This is because what may be persuasive for class A is unlikely to be feasible for class B. The implications of this phenomenon for directors involved in the rehearsal process need an evaluation and determination of the most suitable and effective incentives to provide for employees at different levels within their organization (Kim et al., 2022). When a business chooses to provide various monetary prizes and incentives, the performance of employees is likely to be influenced, as individuals have their desires and needs. It might result in a shift in performance compared to earlier levels. The attainment of this objective can be facilitated through financial resources, whereby the firm can leverage the assistance of its employees to reach its goals effectively. Additionally, the corporation can control staff turnover, a prevalent concern across all organizations (Asniwati, 2022).

Empirical Literature Review

A study conducted by Lucas et al. (2021) investigated the impact of monetary incentive factors on motivation in Australian government infrastructure projects in the non-private sector. The primary objective of this study was to identify the motivational factors that influence the achievement of financial goals through rewards. The study encompassed four significant case studies of large-scale construction projects. Examining factors that motivate individuals to perform tasks was contingent upon conducting interviews with senior project team members (Goel et al., 2021).

The findings indicate that the effectiveness of accompanying inspiration operators, when organized by their impact, is comparable to that of the Financial Incentives Motivation design in achieving the objectives of the Financial Incentive Mechanism. These objectives include fair contract opportunity allocation and Management, potential future project opportunities with the client, harmonious project relationships, early contractor involvement in design stages, and value-driven tender selection processes. Neglecting these crucial acquisition activities may lead to sub optimal performance in achieving financial incentive system objectives, notwithstanding the underlying principles of finance design, which emphasize the dependence of reward value on several factors. Motivators have the potential to serve as a substantial enhancement to any project management strategy aimed at achieving objectives. If individuals rely solely on financial incentives as their primary source of motivation, they are more likely to experience failure (Amin et al., 2021).

A study was conducted by Acha and Masaraure (2021) in South Africa. The objective was to depict the relationship between the Chief Executive Officer (CEO) and corporate compensation inside an African financial services business. Explorations encompassed a quantitative approach involving systematic and well-documented investigations conducted over multiple years. The study employed several fundamental quantitative methods, namely bivariate regression analysis, multiple regression analysis, and analysis of variance, to measure and analyze the data. These data highlight the impact of macroeconomic patterns on the interconnection between the job-related power of administrative personnel and the effects of financial fragility. The stated outcomes about the utilization of tact and the development of administrative power will be the primary challenges that compensation boards of trustees will encounter in maintaining an optimal relationship between these two entities. A study conducted by Mabaso et al. (2021) investigated employee motivation.

The information was analyzed using several regression analysis techniques and correlation matrices. The findings revealed that the three independent variables (work motivation, leadership effectiveness, and time management) account for 27.2% of the employee performance variance (adjusted R2 = 0.272). Each autonomous factor contributed to the performance of the workforce. In light of recent findings about the contemporary examination, it has been recommended that businesses, individual asset managers, and other leaders within organizations should exhibit heightened concern for the well-being of their employees in order to cultivate a workforce that contributes significantly to the success of the organization (Angin et al., 2021).

The study conducted by Burgess and Rato (2003) examined the role of motivational factors in the public domain. The main objective of their research was to construct a survey about the key issues surrounding the division of public pay implementation and compile a comprehensive list of its impacts. Furthermore, I contemplated the potential differences in incentives between public sector employees and private sector workers, specifically about ideal motivations. If such differences exist, I wondered which types of incentives would be more suitable for the public sector. According to Burges and Rato (2003), the author argues that performance-based pay is more significant in the public sector when compared to private organizations. This finding pertains to the performance of diverse activities, varying principals, the challenge of characterizing and measuring yields, and the issue of the intrinsic motivation of professionals within the same setting. The study found that implementing low-controlled motivation strategies was advantageous regarding task performance and job organization. It highlights the need to promote improved performance through non-financial incentives, occasionally as substitutes for effective monetary rewards.

Kok et al. (2021) conducted a case study in Tanzania, focusing on the utilization of Marie as a means to identify various motivators. The objective was to identify the factors that necessitate reliance on efficiency development, leading to enhanced laborer resolution and superior outcomes. The analyst employed a combination of survey administration and meetings to gather crucial data, subsequently examined using quantitative and qualitative methodologies. In their study, Kok et al. (2021) identified limitations arising from inadequate and incomplete output related to human resource strategies, particularly incentive plans. The researchers concluded that motivation is essential for employees to achieve high performance in their job roles.

Research Model

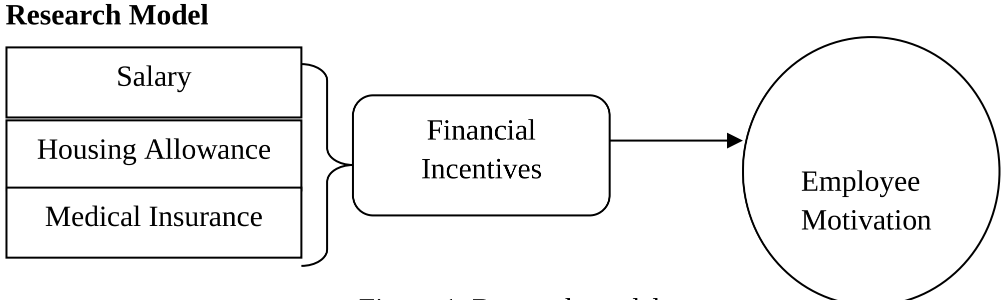

Figure 1. Research model.

H1= Salary has a positive and significant effect on employee motivation in the financial sector of Pakistan.

H2= Housing allowance has a positive and significant effect on employee motivation in the financial sector of Pakistan.

H3= Medical insurance has a positive and significant effect on employee motivation in the financial sector of Pakistan.

Research Methodology and Data Collection

This research study is descriptive because previously used questionnaires were used for data collection. The primary data is obtained through a ten-question questionnaire related to financial incentives and employee motivation with two demographic items.

This research collects information from 300employees from 190 financial institutions in Pakistan from four provinces. It includes banks, insurance companies, mutual funds, capital markets, and money markets. The result indicated that the organizations better understand the environment suitable for the organization and society, and it would help to remove the flaws between financial incentives and employee motivation.

The selected population of this research is people from Pakistan. Through the structured questionnaire, the researcher collected data from employees working in financial institutions in Pakistan.

The sample was selected through convenience sampling of non-probability sampling techniques for filling questionnaires. It is easy and convenient to collect data with the help of structured questionnaire responses about the research topic. Since the population was unknown, we collected a sample of 300 employees.

Table 1

Data Description

Variable	Abbr.	Measurement	Source
Salary	S	Salary Scale (7 items)	(Marks & Harold, 2011)
Housing Allowance	HA	Housing allowance Scale (14 items)	(Quartey&Attiogbe, 2013)
Medical Insurance	MI	Medical Insurance Scale (19 items)	(Akin & Erdogan, 2007)
Employee Motivation	EM	Employee Motivation Scale (10 items)	(Gopal & Chowdhury, 2014)

The table presents the data summary; the data was collected via questionnaires. Our research model has three independent variables (Salary, housing allowances, and medical insurance) and one dependent variable, employee motivation. The salary is measured by 7-Likert scale items adopted from (Marks & Harold, 2011). The housing allowance is measured by 14-likert scale items adopted by (Quartey &

Attiogbe, 2013). Medical insurance is measured by 19-likert scale items adopted by (Akin & Erdogan, 2007). Employee motivation is measured by 10-likert scale items adopted by (Gopal & Chowdhury, 2014).

We used various methodologies, such as reliability, correlation, and regression analysis. A psychometric test or questionnaire's internal consistency or reliability is assessed using Cronbach's alpha, also known as coefficient alpha. It measures how comparable test items are, assuming that items measuring the same concept should have similar results (Leontitsis&Pagge, 2007). A simple indicator of the degree of association between two variables is provided. It helps assess if the relationship is strengthening or weakening and in what direction it is moving. The Pearson correlation is a common starting point for data analysis. It aids in detecting possible correlations between variables that may require additional research with more sophisticated methods. (Dutilleul et al., 2000) Predictions are frequently made using regression analysis. Predicting the value of a dependent variable for new or future data points requires first establishing a relationship between independent variables and the dependent variable based on prior data. Regression can be used to make predictions, such as how much money someone will make depending on their education degree, years of job experience, and other characteristics. (Sarstedt et al., 2019). Our research model is:

$$EM_t = \alpha_0 + \beta_1 S_t + \beta_2 HA_t + \beta_3 MI_t + \mu_t$$

Where t refers to time, α is the intercept, $\beta's$ are the slopes of independent variables. EM is employee motivation, HA is housing allowance, MI is medical insurance, and μ is residuals in the research model.

Research Analysis

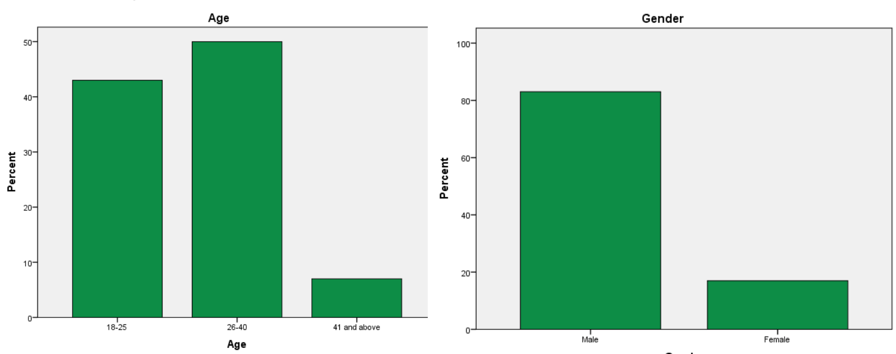

Figure 2: Demographic Results

Figure 2 presents the statistical data about selecting research samples, indicating that the researchers obtained 300 replies for their study. The gender distribution of participants in this research study consisted of 183 males and 117 females. The age distribution of the respondents in our study is as follows: 129 individuals fall within the 18-25 age range, 150 individuals fall within the 26-40 age range, and 21 individuals are aged 41 and beyond. Based on the data, it can be inferred that persons between the ages of 26 and 40 exhibit a higher level of responsiveness. Consequently, the younger generation is more inclined to pursue careers inside financial institutions.

Table 2

Reliability Statistics

Scales	Cronbach's Alpha
Employee Motivation	.733
Salary	.732
Housing Allowance	.643
Medical Insurance	.786
All scales	.869

Table 2 presents Cronbach's alpha scores of 0.733 and 0.732 for the "Employee Motivation" and "Salary" items, respectively, which are rather high and comparable. That indicates that these components enhance the scale's reliability as a whole. It would need more than one off the scale to boost its validity. A Cronbach's alpha 0.643 was found for the "Housing Allowance" variable. This one is slightly lower than the other items on the scale, suggesting a weaker correlation. However, dropping this item may not drastically improve the scale's validity. Cronbach's alpha for "Medical Insurance" is 0.786, the highest of all items. This indicates that the item is helping maintain the reliability of the entire scale. A Cronbach's alpha of 0.869 across all scales indicates high levels of internal consistency. I indicate that the items collectively measure a consistent concept associated with worker incentives and perks.

Table 3

Descriptive Statistics

Var.	N	Mean	Std. Deviation	Skewness	Kurtosis
EM	300	3.3445	.24343	-.244	-.245
S	300	3.2334	.45632	-.453	.355
HA	300	3.5432	.43532	-.424	.353
MI	300	3.3534	.78364	-.543	.545

Table 3 presents the descriptive statistics of the model. The mean values for all variables, namely EM, S, HA, and MI, exhibit a range of approximately 3.2 to 3.5, suggesting a very uniform level of evaluation across these categories. The standard deviations exhibit variety among the variables, indicating distinct amounts of dispersion or variability within the dataset. The skewness values for all variables are negative, suggesting that the distributions exhibit a modest leftward skew. Its observation implies an increased concentration of data points towards the upper range of the scale. The values of kurtosis exhibit variability. The presence of negative values for the excess kurtosis (EM), skewness (S), and heavy-tailedness (HA) indicates that the distributions in question exhibit a significantly lower degree of peakedness and possess tails that are less heavy when compared to a standard normal distribution. Positive kurtosis in the context of MI suggests that the distribution exhibits a somewhat higher degree of peakedness and possesses heavier tails than a standard normal distribution. The statistics supplied indicate that the variables under consideration exhibit generally stable averages. However, they demonstrate differing degrees of dispersion, asymmetry, and peakedness. The observed skewness and kurtosis values fall within an acceptable range, suggesting that the data distributions do not exhibit significant skewness or heavy tails. Nevertheless, the understanding of skewness and kurtosis is contingent upon the particular context of the data and the objectives of the investigation.

Table 4
Correlation Estimations

		EM	S	HA	MI
EM	Pearson Correlation	1	.722**	.754**	.845**
S	Pearson Correlation	.722**	1	.846**	.845**
HA	Pearson Correlation	.754**	.846**	1	.897**
MI	Pearson Correlation	.845**	.845**	.897**	1

Table 4 presents the correlation estimation results. There is a positive linear link between all of the variables, as indicated by the positive correlation coefficients. Furthermore, the coefficients are quite high, indicating a substantial relationship between the variables. Therefore, larger values of one variable are typically accompanied by larger values of the other variables. There may be significance to concluding the relationships between these variables based on their high levels of correlation. Some examples of such potentially interrelated aspects within your study's subject include employee motivation, salary, housing allowance, and medical insurance. Remember that correlation does not equal causation; thus, additional research and expertise in the relevant field are required before any conclusions can be drawn. Also, if you want to use these variables as predictors in a regression analysis, you should know that significant correlations could indicate multicollinearity. Because of multicollinearity, it may not be easy to separate the contributions of separate predictors to the outcome.

Table 5

Regression Analysis

	Employee Motivation			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Salary	0.94	4.2343	1.34233	0.000
Housing Allowance	0.72	3.0332	1.43432	0.000
Medical Insurance	0.22	3.3433	1.05342	0.000
C	0.622	2.3433	0.34534	0.000
R-squared		0.72		
Adjusted R-squared		0.71		
F-statistic		12.43		
Prob(F-statistic)		0.000		

Table 5 presents the regression analysis of the model. The t-statistic indicates the number of standard errors away from zero, the coefficient estimate is. The coefficient's statistical significance relative to 0 is the focus of this test. Results with smaller p-values (Prob.) are more likely to be significant. R2 = the proportion of variation in the dependent variable (in this case, "Employee Motivation") that can be accounted for by changes in the three independent variables (in this case, "Salary," "Housing Allowance," and "Medical Insurance"). In this scenario, the model successfully accounts for around 72% of the variation in worker motivation. The adjusted R-squared value (0.70) accounts for the complexity of the model by considering the number of predictors. It can be used to evaluate the relative merits of models with varying amounts of predictors. The relevance of the model as a whole can be evaluated using the F-statistic.

There is a significant contribution from at least one independent variable to explaining the variance in the dependent variable if the p-value (Prob.) is small. Coefficients represent the estimated shift in "Employee Motivation" due to a shift of one unit in each independent variable (all other factors being held constant). The p-values for the corresponding t-statistics for all coefficients are very small (near

0), indicating that the coefficients are statistically significant. With an R-squared of 0.72, the model predicts that "Salary," "Housing Allowance," and "Medical Insurance" together account for around 72% of the variation in "Employee Motivation." It can be concluded that the model is statistically significant because the F-statistic is significant (F-statistic) = 0.000). We can infer from the regression model that "Salary," "Housing Allowance," and "Medical Insurance" all play a significant role in determining "Employee Motivation." However, context, any confounding factors, and regression analysis assumptions must be considered, as with any statistical analysis.

We consider the p-values for hypothesis testing. Since ($B=0.94$, $p>0.05$) it supports 1st hypothesis. Salary has a positive and significant effect on employee motivation in the financial sector of Pakistan. ($B=0.72$, $p>0.05$) supports 2nd hypothesis, so housing allowances have a positive and significant effect on employee motivation in the financial sector of Pakistan. ($B= 0.22$, $p>0.05$) supports 3rd hypothesis that medical insurance has a positive and significant effect on employee motivation in the financial sector of Pakistan.

Discussion

Important insights that resonate with prior research are revealed in the discussion of the study's findings on the connection between financial incentives and employee motivation within the financial sector in Pakistan. Employees are significantly more motivated when offered financial incentives such as a higher income, a housing stipend, or health coverage. In line with this is the work of Locke and Latham (2002), who found that monetary incentives were significantly more effective than other forms of reinforcement at boosting performance. Studies such as Deci's Self-Determination Theory (1985) support that extrinsic rewards like monetary incentives can boost employees' overall motivation, demonstrating a positive association between these financial incentives and employee motivation. Our results are consistent with those of other research done under comparable conditions. For instance, a study by Khan and Farooq (2019) in the Pakistani banking sector found that employees were more dedicated to their jobs and the company when paid more. Our findings are consistent with this since employees often reported that income was a major factor influencing their performance incentive. According to the research by Ahmad et al. (2017), who showed the positive influence of non-monetary incentives on employee well-being and satisfaction, housing allowance and medical insurance appeared as key contributors to employee motivation. However, it is crucial to recognize the complex relationship between monetary incentives and other sources of motivation. Our research shows that monetary incentives are beneficial but have the greatest impact when combined with a positive work environment, opportunity to learn and grow, and a shared sense of meaning. It agrees with the findings of Deci and Ryan (2000), who found that balancing employees' intrinsic requirements for autonomy, competence, and relatedness with their extrinsic benefits is important. However, some workers wonder if the long-term viability of motivation is based entirely on monetary rewards. This idea is consistent with the "hedonic adaptation" discussed by Diener and Biswas-Diener (2002), which suggests that the motivational effect of higher pay may wear off after the initial boost. Therefore, businesses must provide employees with a rewarding working environment that provides opportunities for personal and professional development in addition to monetary compensation. Our findings confirm that financial incentives such as pay, housing subsidies, and health insurance significantly motivate workers in Pakistan's banking and finance industry. These results corroborate other studies that found monetary rewards to be an effective way to motivate workers. They also stress the importance of incorporating intrinsic elements and creating a positive work environment as part of a larger motivating strategy that includes these incentives. This research adds to our understanding of what motivates workers and why and highlights the significance of local, industry-specific context in driving motivational dynamics.

Conclusion

Our study explored the effect of financial incentives (salary, housing allowance, and medical insurance) on employee motivation in the financial sector of Pakistan. We proposed three hypotheses. The research found that salary, housing allowances, and medical insurance positively and significantly affect employee motivation ($p>0.05$). A significant and positive correlation exists between financial incentives and employee motivation. The study found that respondents were satisfied with the financial sector payment mechanism. Respondents responded to all payment components to address the issue of more financial benefits. It suggests that fair payment practices such as overtime, extensions, and summers accept employee motivation. Further, we found that fair financial incentives are offered to employees based on their labor and achievements. While practical means financial incentives can match employee demands, they may also be determined by comparing incentives offered by other organizations.

Theoretical Implications

The findings of this study have theoretical implications for employee motivation. First, this study examines how salary affects employee motivation. The current analysis highlights that salary has a crucial impact on causal explanations to avoid traditional correlation with employee motivation. This study found that salary boosts job happiness and motivation. Salary helps explain how to improve employee motivation. Second, this study was conducted in Pakistan, a wealthy nation with little research in this area. Housing allowance, medical insurance, and employee motivation in Pakistan's financial sector have received minimal research. Through an independent variable, the study found applicable correlations between housing allowance, medical insurance, and employee motivation. It suggests greater investigation into Pakistani employee motivation techniques.

Policy Implications

This study suggests some practical implications for the employees that revisiting financial package in this hyperinflation era, the transformation to performance based financial reward is greatly needed to reinforce the brain to reduce the drain to other countries. It is psychologically obvious that employees in financial sector work in financial transactions and if the financial reward, salary and allowances are not at par in providing the services and getting the return in that would naturally reduce the motivation and efficiency. The government must emphasize the successful case studies of transitionally developed economies for increasing the productivity. The employees' job cadre is in a great need to streamline and the new parameters like financial rewards on outstanding performance should be highlighted to get the efficiency.

Limitations and Recommendations

This study made scientific and practical contributions. As with any study, this one has limitations that must be addressed. First, generalizing from 300 employees could be more problematic. Accessibility and getting full-time staff to respond limited the number of responses. Second, 61% of the study participants were men. It mirrors Pakistani's male-dominated industrial sector; however, it may not apply to women. It also explains why this study's respondents are more driven by financial well-being than moral incentives. Pakistani culture holds males responsible for the financial security of their families, which may make working women more concerned and motivated by non-monetary incentives. Men performed 61% better with monetary incentives; when a female sample was used, non-monetary incentives increased performance by 39%, but financial incentives had little to no effect. A bigger sample size comprising other economic locations in the country may provide more definitive and wide-ranging results to confirm these findings, validate, and extend our study model. Future qualitative investigations may provide a better grasp of this topic. Future research should include government entities due to the survey's focus on private and semi-private Pakistan's industrial businesses. Future researchers could explore other mediating characteristics such as employee self-motivation, drive, tenure, and loyalty. Job nature-based incentives like proximity to family, regional location, and virtual or entirely virtual application are attractive variables for further investigation.

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