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ORIGINAL PAPER

THE IMPACT OF SALARY AND NON-SALARY MOTIVATION ON THE WORK EFFICIENCY OF GENERATION Z

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Key words: motivation, financial incentives, non-financial incentives, Generation Z.

Abstract

The aim of the study was to analyse the significance of monetary and non-monetary forms of motivation for the engagement and work performance of the study group comprising members of Generation Z, as well as to identify the motivators considered by the respondents to be the most effective. The study was conducted using a diagnostic survey method involving a questionnaire. The results indicate that, within the study group, significant importance is attached primarily to flexible working hours and job security. Among financial motivators, discretionary bonuses and profit-sharing were highly rated, which respondents associated with a sense of appreciation and influence on the organisation's operations. The results of the study may serve as a guide for employers in designing incentive schemes better suited to the expectations of Generation Z employees; however, due to the deliberate and non-random selection of the sample, they apply exclusively to the group of respondents surveyed.

WPŁYW MOTYWACJI PŁACOWEJ I POZAPŁACOWEJ NA EFEKTYWNOŚĆ PRACY POKOLENIA Z

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Słowa kluczowe: motywacja, zachęty płacowe, zachęty pozapłacowe, pokolenie Z.

Abstrakt

Celem badań była analiza znaczenia płacowych i pozapłacowych form motywowania dla zaangażowani i efektywności pracy badanej grupy przedstawicieli pokolenia Z oraz identyfikacja motywatorów uznawanych przez respondentów za najskuteczniejsze. Badanie przeprowadzono metodą sondażu diagnostycznego z wykorzystaniem kwestionariusza ankiety. Uzyskane wyniki wskazują, że w badanej grupie istotne znaczenie przypisywane jest przede wszystkim elastyczności czasu pracy oraz stabilności zatrudnienia. Wśród motywatorów płacowych wysoko oceniono premie uznaniowe oraz udział w zyskach, które respondenci wiązali z poczuciem docenienia oraz wpływu na funkcjonowanie organizacji. Wyniki badania mogą stanowić wskazówkę dla pracodawców w zakresie kształtowania systemów motywacyjnych lepiej dostosowanych do oczekiwań pracowników pokolenia Z, jednak ze względu na celowy i nielosowy dobór próby odnoszą się wyłącznie do badanej grupy respondentów.

Introduction

The modern labour market is undergoing rapid changes driven by technological progress as well as social and economic shifts. In this context, the methods used to effectively motivate employees are of paramount importance, as carefully selected motivational methods and tools influence not only the level of engagement but also work efficiency. From an organisational perspective, this means that incentive schemes must be designed to take account of employees' diverse needs whilst also supporting the achievement of the organisation's overall objectives (Knap-Stefaniuk *et al.*, 2018, pp. 186-187).

One group that has been gaining increasing prominence in the labour market in recent years is Generation Z, comprising those born after 1995. Members of Generation Z, having grown up in an era of widespread digitalisation and rapid access to information, may view the importance of job security, flexible working hours and opportunities for development differently (Wojtoszek, 2023, pp. 174-175). Employers face the difficult challenge of creating an effective incentive scheme that will not only attract young employees but also boost their productivity and commitment to their work.

In organisational practice, both financial incentives – which are directly linked to pay and additional financial benefits – and non-financial incentives – which include opportunities for development, flexible working hours and job security – are utilised (Beck-Krala, 2013, p. 66). However, the effectiveness of individual tools is not the same for all employee groups, which is why it is important to investigate which of them are considered to have the greatest impact on Generation Z employees.

The originality of the topic lies in the combination of a human resource management perspective and a sociological analysis of the expectations of the younger generation of employees. From a human resource management perspective, this topic has practical significance, as it enables incentive schemes to be better tailored to the needs of those starting or advancing their careers. From a sociological perspective, however, the study enables a better understanding of Generation Z's attitudes, values and expectations regarding work. The research gap concerns the need for further investigation into how young employees assess the importance of monetary and non-monetary forms of motivation, and which of these factors they consider to have the greatest impact on their professional performance.

The aim of the study was to analyse the significance of financial and non-financial incentives for the work performance of the study group comprising members of Generation Z, and to identify the motivators they consider to be the most effective. The research findings can be utilised in organisational practice, particularly by employers, managers and HR departments, to support the design of incentive schemes better suited to the expectations of young employees. The research was conducted using a diagnostic survey method involving a questionnaire. The article is empirical in nature, and the results presented should be treated as preliminary and applicable solely to the group of respondents studied.

The remainder of the article presents the basic theoretical issues concerning monetary and non-monetary motivation, characterises the specific characteristics of Generation Z in the labour market, discusses the methodology of the research conducted, and then presents and interprets the results of the authors' own research. The article concludes with conclusions regarding the significance of selected motivators for the work performance of Generation Z employees and recommendations relating to human resource management practice.

Literature review

Employee motivation and productivity are key factors in improving an organisation's efficiency (Chi *et al.*, 2023, p. 1). Thanks to motivation, people are able to achieve more with greater commitment. Motivation is regarded as a force that drives and sustains an individual's actions, enabling them to achieve their goals (Piotrowska & Puchała, 2012, p. 8).

In organisations, the most commonly used motivational tools include both financial and non-financial incentives. The most common financial incentives are: basic pay, company shares, pay rises, company bonds, bonuses, coverage of training costs, awards, company cars, company cars, position-related allowances, paid leave, supplementary pension schemes, and allowances for overtime or work on Sundays and public holidays (Oleksyn, 2017, pp. 241-242). Financial incentives are not the only way to reward employees. The most commonly used non-financial motivators include: promotion, authority, access to information, a high degree of autonomy, flexible working hours, work organisation, praise, recognition, communication, self-fulfilment, and job security or occupational safety (Krzysztofek & Kumańska, 2011, p. 48). The effective implementation of both financial and non-financial incentives requires a careful and precise understanding of employees' expectations, taking into account factors such as length of service, level of professional development and individual preferences. It should be emphasised that a significant proportion of Generation Z employees focus primarily on salary levels, followed by additional benefits such as bonuses or rewards, which influence their motivation and commitment to their duties (Kozłowski & Czaplicka-Kozłowska, 2016, p. 371). The literature highlights the importance of demographic variables, such as age, stage of life and marital status, which may influence the effectiveness of the motivational tools employed. An appropriate incentive scheme provides for separate incentives available to every employee, as well as those intended for selected individuals with exceptional performance (Adamik & Nowicki, 2012, p. 385).

Employee motivation changes over time; therefore, implementing carefully selected measures can effectively influence its level, which in turn leads to increased productivity (Conradty & Bogner, 2022, p. 1). A properly designed system increases staff engagement, improves productivity and supports professional development, taking into account the intensity and regularity of its implementation (Ścibiorek, 2010, pp. 133-135). The motivation process is a multi--stage one. It begins when an employee feels that something important is missing; they then recognise an opportunity to satisfy their needs and take action to achieve their goals. The next stage is the implementation of the plan, following which it is evaluated. The employee then receives a reward or punishment that affects their needs. They analyse the result obtained, which may lead to the emergence of new needs or changes to existing ones (Zając, 2014, p. 117). It should be emphasised that an employee's level of commitment and determination in striving to achieve the desired results increases when they feel more motivated (Walkowiak *et al.*, 2013, p. 114).

We distinguish between three main categories based on the method of influence, namely coercion, incentives and persuasion (Tab. 1).

Coercive tools include negative incentives such as criminal sanctions or threats. Persuasive tools, on the other hand, focus on effective communication by involving the employee in the change process. Incentive tools are based on positive stimuli, such as rewards, bonuses or recognition. At the same time, motivational tools can be divided into financial and non-financial, as well as monetary and non-monetary (Czerwińska-Lubszczyk & Jankowiak, 2024, p. 13).

It is essential to adapt incentive schemes to generational differences, as these influence professional expectations and attitudes. In the literature, Generation Z is defined as the group of people born between 1995 and 2010 (Solif & Critikian, 2023, p. 388). A generation also known as the 'social generation', which frequently features in popular culture and is analysed from a sociological perspective (Roy

Table 1

Employee motivation tools

<table>
<tr><th rowspan="3">Coercion</th><th rowspan="3">Persuasion</th><th colspan="3">Incentives</th></tr>
<tr><th colspan="2">economic</th><th rowspan="2">non-economic</th></tr>
<tr><th>financial</th><th>non-financial</th></tr>
<tr><td>– orders
– prohibitions
– instructions
– guidelines
– work standards
– regulations
– work instructions</td><td>– consultation
– negotiation
– joint goal-setting
– participation in management
– leadership styles
– promotional tools</td><td>– types of remuneration
– pay scales
– components of remuneration
– remuneration structure</td><td>– non-cash rewards
– social benefits
– shares and bonds</td><td>– flexible working hours
– flexible working arrangements
– promotions
– opportunities for professional development
– autonomy in carrying out tasks and making decisions
– a positive working environment</td></tr>
</table>

Soruce: Czerwińska-Lubszczyk & Jankowiak (2024, p. 13).

et al., 2022, p. 435). Generation Z strives to change the world, having experienced many difficult global events. Their priority is to prepare themselves as well as possible for life and to make full use of the capital they possess (López-Santacruz & Guízar-Mendoza, 2022, p. 23).

The values and principles held by Generation Z have a significant influence on their professional attitudes and expectations of employers. The table below (Tab. 2) illustrates generational differences in terms of preferred values and principles.

Table 2

Generational differences based on personal values

Description	Generation Z
Career goals	Dynamism
Key trait	A desire to fast-track one's career
Work-life balance	Rejection of a step-by-step approach
Job security	Work-life balance is the top priority
Professional development	Lack of interest in a permanent job; A tendency towards dynamic change; Stability solely in the form of an employment contract

Source: Wasiluk & Bańkowska (2021, p. 143).

The shifts in mindset across generations are reflected not only in attitudes towards work, but also in the way duties are carried out. The relationship between the employee and the organisation is also undergoing a transformation, leading to a redefinition of roles and expectations of staff. Contemporary enterprises increasingly treat staff as a key factor for success, on a par with suppliers, customers and end-users (Springer & Basińska-Zych, 2018, p. 54).

Research methodology

The study was conducted using a diagnostic survey method based on a questionnaire. The study involved 142 respondents belonging to Generation Z – i.e., people born between 1995 and 2010. The survey involved participants from various sectors. The selection of respondents was purposeful and non-random; therefore, the results are indicative and apply solely to the group surveyed. A total of 142 people took part in the survey, including 78 women and 64 men from Generation Z. The survey was conducted online, which made it possible to gather a wide range of data in a relatively short time. The research question focused on the impact of financial and non-financial incentives on the work performance of Generation Z employees. The aim of the study was to determine which motivational strategies respondents perceive as most effective in increasing their commitment and work performance.

The questionnaire used in the study contained 20 questions, of which 14 required a single choice from the options provided, whilst 6 allowed respondents to select more than one answer.

Results of our own research

The gender breakdown of the sample shows a slight predominance of women, who accounted for 54.9% of all respondents. Among the women, 25.35% were in the 20–25 age group, whilst 29.58% were in the 25–30 age group. The proportion of men in the sample was 45.1%; in this group, 19.01% of respondents were aged 20–25, and 26.06% were in the 25–30 age group.

The respondents participating in the survey represented a wide range of professional roles, which enabled a multi-dimensional perspective to be gained regarding the assessment of financial and non-financial motivation (Fig. 1). The largest group consisted of directors and owners, who accounted for 24.65% of the total. The next categories were specialists (21.13%) and supervisors and managers (20.42%) – i.e., individuals performing tasks requiring specialist knowledge, as well as those responsible for managing teams and organisational processes. Administrative staff accounted for 19.72% of the sample, whilst manual workers accounted for 11.27%. The smallest share was recorded in the 'other' category, covering positions not covered by the adopted classification, which accounted for 2.82% of respondents.

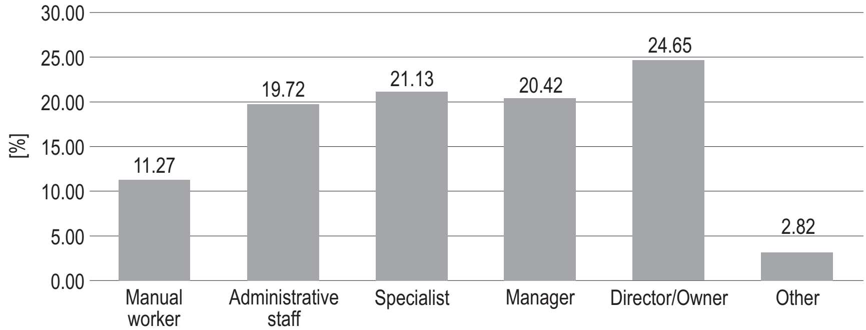

Fig. 1. Workstation
Source: own compilation based on research.

Respondents reported varying levels of gross monthly pay, as shown in Figure 2. A comparison of pay levels with length of service reveals a clear correlation between the length of one's working life and the amount of income earned. Those with shorter lengths of service were more likely to report salaries in the lower pay brackets, whereas as professional experience increased, so did the proportion of respondents earning higher salaries. This is particularly evident in the group of people with over 15 years' work experience, where a higher proportion of respondents reported a gross monthly salary exceeding PLN 15,000.

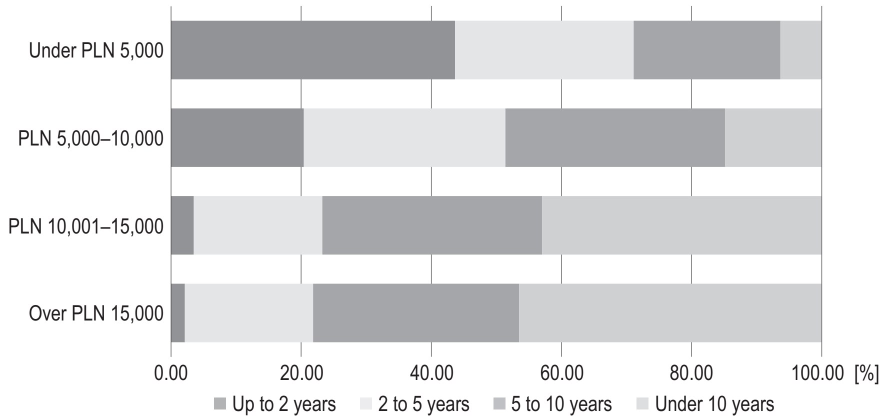

Fig. 2. Gross monthly salary by length of service
Source: own compilation based on research.

Figure 3 shows the breakdown of respondents by working model, covering on-site, remote and hybrid working. The largest proportion of respondents reported working on-site, accounting for 56.34% of responses. Remote working accounted for 23.94% of respondents, whilst 19.72% of respondents indicated a hybrid model. The results indicate that, despite the development and increasing prevalence of flexible forms of work organisation, on-site work remains the dominant employment model in the sample.

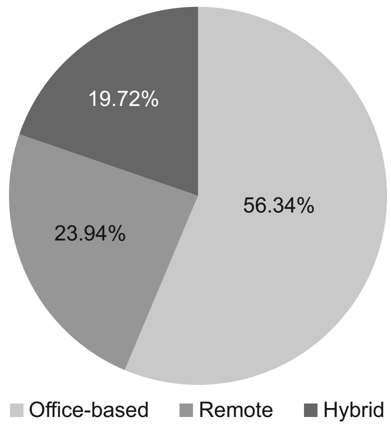

Fig. 3. Working model

Source: own compilation based on research.

Respondents rated their own level of work motivation on a five-point scale, where 1 indicated a very low level of motivation and 5 a very high level. The lowest rating was given by 10.56% of respondents, which may indicate a relatively small proportion of people declaring a very low level of professional commitment. The most frequently selected answers were ratings 3 and 5, each receiving 26.06% of responses. This means that within the sample, it is possible to identify both a group of people with a moderate level of motivation and respondents declaring a very high level of motivation at work. The variation in responses may stem from differing employment conditions, the remuneration systems in place, the organisational atmosphere, and individual factors influencing the level of employee engagement.

The results obtained indicate a mixed assessment of the current incentive scheme among the group of respondents surveyed (Fig. 5). The largest proportion of respondents, amounting to 28.87%, rated the scheme at the lowest level, which may indicate the presence of significant shortcomings in the tools used to motivate staff. At the same time, 19.01% of respondents gave the highest rating, indicating that for some of the respondents, the current incentive arrangements are satisfactory. The distribution of responses confirms the mixed reception of the

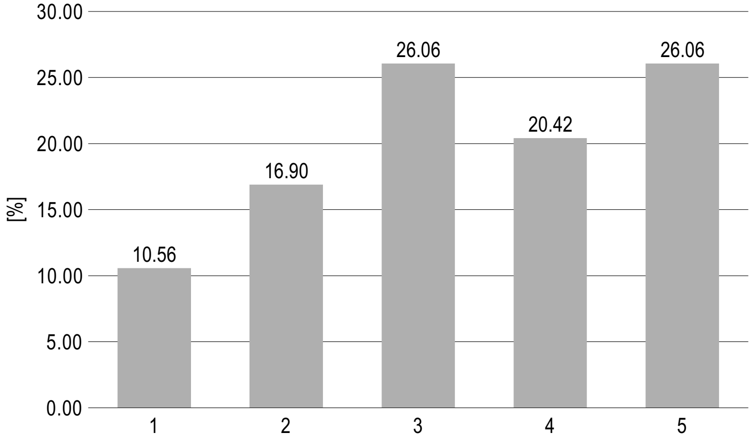

Fig. 4. Respondents' assessment of their level of motivation at work
Source: own compilation based on research.

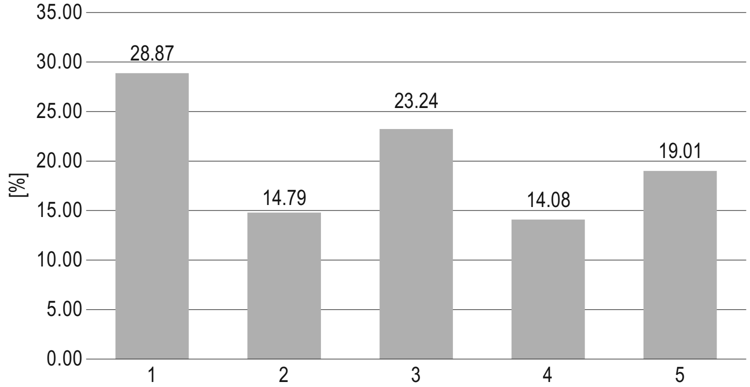

Fig. 5. An assessment of the organisation's existing incentive scheme
Source: own compilation based on research.

incentive scheme and may indicate a need for further analysis and improvement, particularly in areas that do not meet the expectations of a significant proportion of employees.

Based on the results obtained, it can be concluded that financial factors play a significant role in shaping respondents' motivation to work (Fig. 6). The greatest influence was attributed to high pay, which was cited by 36.62% of respondents. Share in company profits and incentive bonuses were also significant, indicated by 33.80% and 28.87% of respondents respectively. These results confirm that the remuneration system and additional financial incentives are among the key tools for motivating employees.

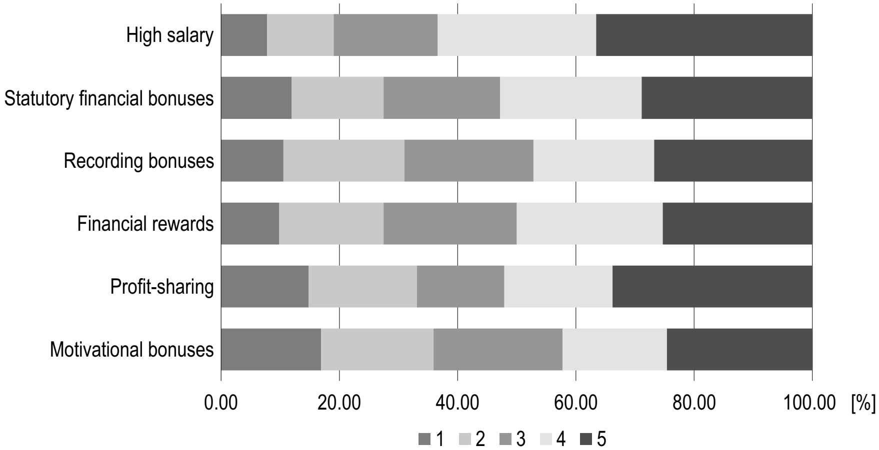

Fig. 6. The impact of pay incentives on work motivation
Source: own compilation based on research.

Figure 7 shows the forms of non-financial motivation preferred by respondents. The most frequently cited category was the prospect of promotion, chosen by 21.18% of respondents, which demonstrates the significant importance of career development prospects in shaping employee engagement. Job security and access to training also played an important role, highlighting the need for job security and skills development. Flexible working hours and the possibility of remote working were also recognised as motivating factors, though their importance was relatively lower. The results suggest that effective incentive schemes should take into account the diverse needs of employees, combining opportunities for development, a sense of stability and flexible forms of work organisation.

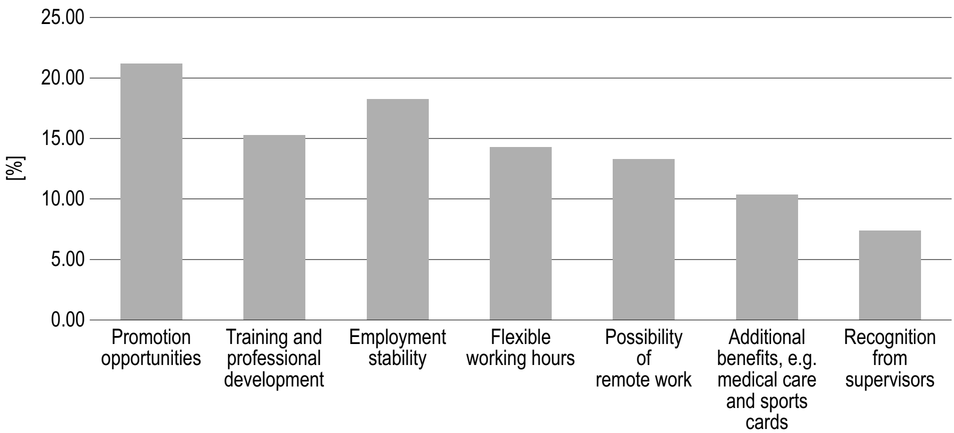

Fig. 7. The most important non-financial forms of motivation
Source: own compilation based on research.

The survey results shown in Figure 8 indicate that job security and flexible working hours are among the most important factors motivating employees. Job security received the highest percentage of responses, with 42.25% of respondents identifying it as a significant motivational factor. Flexible working hours were also highly rated, cited by 38.03% of respondents. The results confirm that, in addition to financial aspects, a sense of job security and the ability to better adapt work arrangements to individual needs are of significant importance for employee motivation.

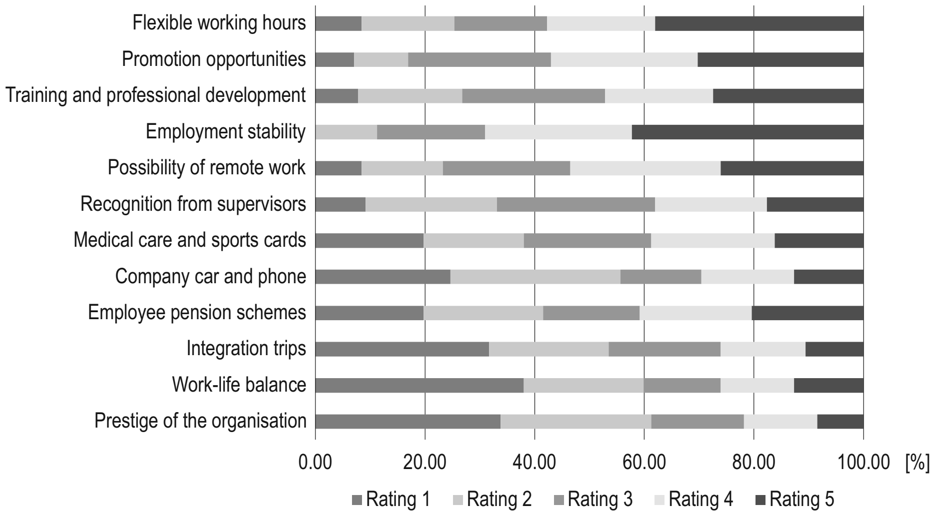

Fig. 8. The impact of non-financial incentives on work motivation
Source: own compilation based on research.

The ability to tailor working hours to individual needs and a sense of job security are factors that significantly influence staff engagement and productivity. Considerable importance was also attached to opportunities for promotion, as well as training and professional development, which points to the growing role of career prospects in the workplace. Factors such as the organisation's prestige and recognition from superiors, cited by 8.45% and 7.39% of respondents respectively, were of relatively lesser importance. This may suggest that respondents focus more on the direct benefits of employment than on the organisation's image or interpersonal aspects. The findings indicate that an effective incentive scheme should prioritise job security, opportunities for professional development and flexible working arrangements, enabling duties to be better tailored to employees' individual needs.

Conclusions

The aim of the study was to analyse the impact of financial and non-financial forms of motivation on the level of engagement among young Generation Z employees, and to identify the motivators they consider most effective. The research indicates that Generation Z's expectations regarding work differ from the traditional perception of employee motivation, which is based mainly on pay. Although financial factors continue to play a significant role, non-financial elements related to flexibility, job security and opportunities for professional development are also becoming increasingly important.

An analysis of the results suggests that flexible working hours and job security were of particular importance to the group surveyed. This points to the need for employers to combine organisational arrangements that provide a sense of security with the ability to adapt work to employees' individual needs. In terms of financial motivation, high pay was considered most important, though discretionary bonuses and profit-sharing also played a significant role. This may indicate that young employees expect not only an appropriate level of pay, but also a sense of appreciation and a genuine link between their own commitment and the organisation's performance.

The findings can be applied in human resources management, particularly when designing incentive schemes aimed at young employees. Organisations should take into account not only attractive remuneration, but also transparent bonus schemes, opportunities for promotion, access to training, flexible working arrangements and measures to enhance the sense of job security. Implementing such solutions can contribute to increased engagement, improved work efficiency and greater employee loyalty to the organisation.

The added value of this research lies in identifying which motivational factors are particularly important to members of Generation Z. The findings can serve as a basis for further improving companies' HR policies, particularly with regard to developing incentive schemes tailored to the expectations of the younger generation of employees. Generation Z expects employers to demonstrate transparency, adopt a modern approach to work organisation, and provide solutions that align with their needs and lifestyle. Companies that are able to adapt their motivational strategies accordingly can gain an advantage in the process of attracting and retaining young employees.

It should be emphasised, however, that the study has certain limitations. The results apply solely to the sample group of respondents and should not be generalised to the entire Generation Z. Another limitation is the self-reported nature of the survey, as respondents' answers reflect their subjective opinions and feelings. In future, it would be worthwhile to expand the research to a larger and more diverse sample, including representatives from various industries, job roles and regions. It would also be worthwhile to compare the expectations of Generation Z with those of older generations of employees, which would allow for a more comprehensive assessment of differences in attitudes towards financial and non-financial incentives.

Translated by Author

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