
NON-MONETARY INCENTIVE AS A MOTIVATIONAL FACTOR

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ABSTRACT

In today's changing scenario, we find that each & every organization is playing a vital role in the growth & development of its employees by motivating and encouraging them through some incentives. Organization works at a very large scale or level. Hence it has to be very conscious about the motivation of employees for achieving organization objective. There are many ways to motivate employee's i.e. monetary and non-monetary incentives. In this paper, my focus is to identify the positive relationship between non-monetary incentives and employees motivation. However, the source of data collection is secondary based. This paper studies the various theories and views presented by the researchers in this relevant field of motivation. Findings of this paper have suggested that there is a direct positive correlation & impact of non-monetary incentives on employee's motivation.

KEY WORDS:-

Incentives, Non-monetary incentives and employee's motivation.

INTRODUCTION

An **Incentive** is something which influences the person to achieve organization goals. It activates human needs and creates the desire to work. Thus, an incentive is means to motivation.

Motivation:- Motivation by definition refers to what activates, directs human behavior and how this behavior is sustained to achieve a particular goal.¹

Non-monetary Incentive is an act or promise for greater action. It is also as a called stimulus to greater action. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Besides the monetary incentives there are non-monetary incentives also. The incentives which cannot be measured in terms of money are under the category of "Non- monetary incentives".

Research shows that some employees are primarily motivated by financial rewards, and will dramatically improve their performance to achieve organization goals. On the other hand, some other employees may see motivated through non financial rewards. This second group of employees is more likely to be motivated to improve their performance through the use of nonmonetary rewards such as being thanked publicly at a departmental function, having lunch with the head of the organization, or receiving an extra day off. The

desired outcome of rewards and recognition programs is to improve performance. Non-monetary recognition can be very motivating, helping to build feelings of confidence and satisfaction. **An American Society for Training and Development (ASTD)** report on employee retention research identified consistent employee recognition as a key factor in retaining top-performing workers.

Correlation between Incentives, Non-monetary incentives and Motivation

Besides the monetary incentives, there are certain non-monetary incentives also which can satisfy the employees and can increase their motivation level.

In this paper we are focusing on the various incentives given to the employees to motivate them but our main focus is on the nonmonetary incentive as a motivational factor. We generally assume that only monetary incentives motivate the employees but it's not true always in every situation sometimes non-monetary incentives also motivate employees to do better job in the organization. But this ratio also varies from person to person or may be in genders.

Through non-monetary incentives we can motivate the employees by providing them various benefits to get the maximum of their capabilities so that they are exploited and utilized maximally, these benefits are given below

1.	To increase productivity
2.	To drive or arouse a stimulus work
3.	To enhance commitment in work performance
4.	To psychologically satisfy a person which leads to job satisfaction
5.	To shape the behavior or outlook of subordinate towards work
6.	To inculcate zeal and enthusiasm towards work

LITERATURE REVIEW:

The aim of this paper is to find out what the reward practices in use in the organization are and how and why the rewards are impacting the employee motivation.

There are some of the important views given by the various researchers in this relevant field of motivation like Motivation has to do with a set of independent/dependent variable relationships that explain the direction, amplitude, and persistence of an individual's behavior, holding constant the effects of aptitude, skill, and understanding of the task, and the constraints operating in the environment (**Campbell & Pritchard, 1976**).so on that basis as well we can say that Motivation is the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining a goal. Thus from the various definitions it can be seen that primary concerns while discussing motivation are what energizes, channelizes, and sustains human behavior.

By definition, managers are individuals who achieve goals through other people. The saying "*If you want something done right, do it yourself*" is very true as it is very difficult to find people who could do a challenging job well than to do it yourself.

In this study focus will only be on one of these causes of unsatisfactory performance, namely, lack of motivation. There are various theories and approaches to employee motivation, but according to **Carrell et al. (1995:700)** there is one important aspect about motivation, and that is to determine what the employee wants and offer it as a reward for good performance. One of management's most difficult tasks is to determine employee needs and to create an environment in which those needs are satisfied. According to **Carrell et al. (1995:701)**, management can make use of various common techniques to motivate the unmotivated:

- Create meaningful goals and objectives;
- Invite employee participation;
- Let employees know where they stand;
- Reward good work;
- Treat employees fairly;
- Ensure that work is as interesting as possible;
- Learn cultural differences, and
- Enable employees to grow and develop.

Motivation was described by **Robbins (2003, 155)** as the result of interaction between individual and situation. Robbins acknowledged that people have different needs and the interaction of the situation and individual can be either reinforcing or hindering one's motivation.

Mitchell (1982, 82) said that motivation means "those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed."

One of the techniques to motivate employees and improve job performance is to reward good work. It has also been one of the most challenging techniques to identify the most suitable reward and to implement it in such a way that the business benefits.

It is therefore important to look at reward systems, view the alternatives available and understand them. According to Kreitner, **Kinicki and Buelens (1999:250)** the focus is on four important components:

- Types of rewards;
- Reward norms;
- Distribution criteria, and
- Desired outcomes.

This study also focus will be on non-monetary reward systems to motivate employees to improve their job performance. The researcher is aware that lack of motivation can impact negatively on job performance and this has led to the main problem statement, namely:

Armstrong and Murlis (1994:40) say that the objectives of reward systems include the attraction, motivation and retention of employees at all organisational levels. Over the past couple of years, collective bargaining instead of plant level bargaining has forced employers to adhere to pay

structures that are negotiated at national level. This has taken away the **flexibility** of implementing certain incentives and monetary rewards to motivate **people** who perform admirably.

According to Armstrong and Murlis (1994:40) non-financial rewards focus on the needs most people have, although to different degrees, such as achievement, recognition, responsibility, influence and personal growth.

Gross (1995:133) says that there are an almost infinite variety of non-cash rewards that companies can hand out to recognize the contribution of employees. He mentions examples of a simple thank you note to a paid trip to the Caribbean. Other examples include T-shirts, vouchers for the canteen, pins and caps. Parker, **McAdams and Zielinski (2000:191)** say that non-cash awards carry “trophy value” in that they have great staying power because each time you look at that television set or plaque you are reminded of what you or your team did to earn it. **Thorpe and Homan (2000:143)** mention non-financial rewards such as recognition, career opportunities, status, responsibility and achievement. Non-monetary rewards do not only have payoffs in improvement in performance, but also benefit the workers. It is therefore important to look at the benefits to low skilled employees.

Non-monetary rewards generally motivate employees because they recognize the employees’ intrinsic needs. These are the needs that need to be satisfied on a long-term basis, because they come from within the employee.

Hellriegel, Jackson and Slocum (1999:466) refer to various need theories that motivates employees. In Maslow’s hierarchy of needs theory the intrinsic needs refer to affiliation, esteem and self actualisation, while in Alderfer’s ERG theory they refer to related and growth needs.

Non-monetary rewards are more varied and unique than monetary rewards and offer major advantages. They help meet employees’ needs for recognition, growth and responsibility and most can be relatively inexpensive. In the organisation, non-monetary rewards range from small merchandise rewards to Certificates of appreciation.

The technical requirements are equally varied, ranging from rewards with no documentation (certificates of appreciation) to rewards requiring management’s signature (external rewards) before being submitted to the employees. (**Office of Human Resources Management, 2002**).

According to Spangenberg (1994:229) a survey was conducted by the American Productivity Centre where 99,9 per cent of respondents said that “recognition for a job well done is important or very important” as a motivational factor. In this survey it was ranked above competitive salary and pay for performance.

Armstrong and Murlis (1994:40) say that non-financial rewards can be focused on the needs most people have and they include the following five needs:

a) Achievement

Armstrong and Murlis (1994:40) define the need for achievement as the need for competitive success measured against a personal standard of excellence.

b) Recognition

One of the most powerful motivators is recognition and it is necessary, because people need to know not only how well they have achieved their objectives, but

also that their achievements are appreciated. Praise is probably the most common way of giving recognition, but there are other forms of recognition such as long service awards, status symbols of one kind or another, sabbaticals and work-related trips abroad, all of which can be part of the total reward process. The importance of recognition is defined by **Armstrong and Murlis (1994:41)** as a key part of the value set of the organisation and this would be reinforced by education, training and performance appraisals.

c) Responsibility

According to **Armstrong and Murlis (1994:41)** responsibility is one of the most effective ways of motivating people. People need to be made responsible for their own work and to be rewarded accordingly. Individuals are motivated when they are provided with the means to achieve their goals.

d) Influence

According to **Armstrong and Murlis (1994:41)** people can get motivated by the drive to exercise power. McClelland's research established that although the need for power is as important to some people as is the need for achievement, the need for affiliation was always present.

e) Personal growth

According to **Hellriegel et al. (1999:466)**, self-fulfillment or self-actualisation is the highest need and therefore the ultimate motivator. Maslow defines self-fulfillment as the need to develop potentialities and skills. Although people will search for these opportunities, the organisation should clarify the scope for growth and development within the company to give the individual the opportunity to achieve his potential within that specific company.

OBJECTIVES

- To identify the direct positive relationship between the Non-Monetary incentives & employee motivation.
- To evaluate and identify the relationship between non-monetary incentives offered on employee motivation and job satisfaction.

RESEARCH METHODOLOGY

In conducting the research project, secondary sources were consulted like

- A computer scan was conducted using the Internet to identify Sources related to the research topic.
- Related research already undertaken was studied.
- A literature study was conducted to identify the key elements of motivation and reward systems.

HYPOTHESIS

- Employees perceive incentive schemes as a tool to improve organizational success.

FINDINGS

The finding of the study was based on the aspects of Observed effects, on data analysis of secondary data. These findings were compared against hypotheses.

The purpose of this paper was to analyze and interpret the data obtained from the secondary sources. The analysis and interpretation was done according to the terms and objectives of this paper.

On the basis of above cited detailed discussion & views of various researchers and also the various secondary source of data collection, it has been totally proved that there is a great impact of non-monetary rewards on employee motivation as well instead of monetary only. In this paper we have also found that there is a direct positive correlation between the various Non-Monetary incentives & Motivation of employees. After doing depth analysis of this paper & studies of various researchers it has been observed also that not always monetary incentives motivate the employees in any organization rather than non-monetary rewards also to motivate employees in any organization. In fact if we see the majority of female employees so it's much more than the male employees in case of non-monetary rewards but this is not our topic of discussion in this paper. It's common and natural at maximum places but here we gathered the data regarding overall employees. So, it's not necessary always to provide monetary incentives only to the employees rather than we can provide them non-monetary as well. To prove the objective of this paper we took the case study of one organization at Turkey:

In this case study, one of the research questions in the present study is "what the concept of non-monetary incentive reminds you of". This question was formulated as an open ended question in the questionnaire. When the answers are categorized, there are about 15 different responses. The five most frequently repeated responses can be classified as "activities that aim to increase the motivation and efficiency of Personnel other than money", "verbal or written appreciation", "promotion", "don't know", "psychological satisfaction". As it is seen, most of the employees evaluate the concept of non-monetary incentive as something addressing psychological needs. The other responses to this question are; social activities, gifts, respect, flexible working hours, employee of the month, job rotation, celebration, assignments abroad, responsibility and training. Tangible non-monetary incentives such as food baskets, gift certificates, pen sets, key chains, clothing, and items with the organizations logo etc. are hardly stated as a non-monetary incentive by the employees. This may suggest that the employees are not likely to consider them as incentives that aim to motivate them but as entitlements in the workplace. The subjects' responses to this question are generally successful in matching either social or job-related non-monetary incentive categories. On the basis of this survey done by Turkish organization it is totally clear that there is a great impact of non-monetary incentives on employee's motivation.

CONCLUDING REMARKS

It can be concluded that non-monetary rewards play as important role in reward schemes as monetary rewards. Remuneration packages should integrate monetary rewards to satisfy the basic needs of

employees like clothing, food, shelter and transport. It is imperative that the basic needs are first satisfied with monetary rewards.

Non-monetary rewards will satisfy the hierarchy of needs over and above physiological needs and should be included in reward systems. A survey could be conducted to establish what employees perceive as valuable non-monetary rewards specifically linked to the life cycle phase of the majority of the employees. When the life cycle phase of the employees has been established, the various non-monetary rewards related to the needs that employees have in that life cycle should be determined. We will find at times divergent views on motivation also as the organization should concentrate only on growing business and achieving organization goals by motivating its employees through various incentives.

In this research paper, I have tried to identify the impact of non-monetary rewards on employees motivation in an organization. However, in the light of motivation, we can say that not only monetary but non-monetary incentives as well play a vital or crucial role to motivate the employees in an organization in regard to achieve organization objectives. This paper has also proved the objective that there is a direct strong positive relationship between non-monetary incentives and employee motivation. All employees are not motivated always through monetary rewards only rather than some of employees are motivated through non-monetary rewards as well.

Finally, I believe in the study of this paper that there is a great impact of non-monetary incentives as well on employee motivation instead of only monetary incentives. It has also found that there is a direct link of motivation and rewards (non-monetary) which organization gives to its employees for encouraging them to achieve organizational objective.

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