

Non monetary system of reward



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Despite its wide use in most of today's organizations, non monetary system of reward has its negative effects. While dealing with job enrichment as a form of non financial incentive, employees are usually given complex tasks to carry out. If the employees do not have the right skills to carry out the task, this could lead to expensive mistakes being made thus could be costly to the company. In empowerment, workers require adequate training on necessary skills to make decisions. Such training may be costly for the overall company.

Employees may also end up making decisions which could have detrimental effects to the whole organization. Complete delegation of power and authority may lead to its misuse and misuse of the company's resources thus this method of reward system may be undesirable. Team work could lead to diminishing of a worker self worth as individuals shield behind the group's contribution. Also, it is hard to measure performance while problems may arise due to lack of cooperation. Responsibility is also not clearly defined thus making it hard to enhance accountability (Legge, 2005).

Other than the non monetary incentives, monetary incentives are also used in an organization as motivating factors. The most common form of financial incentive is the use of salaries and wages. All individuals work to gain money to help in their day to day's purchases. To make them a motivating factor, employers may raise them thus attracting and retaining the workers. One way of the method used in awarding financial rewards is the piece rate method. Under this method, a worker is paid on units produced for a period of time.

This motivates the worker to produce more so as to get the extra pay thus increasing the overall productivity of the organization. Performance related pay is also another form of monetary incentive. This entails paying workers who attain preset goal which are valued periodically by managers. This serves to motivate workers to be efficient. Profit sharing and share ownership are also forms of monetary incentives. In profit sharing, the workers are given part of profits while in share ownership; shares of the company are awarded to employees.

Employees are motivated to work so as to accumulate more profits so as to get a larger share or more number of shares (Millmore, Lewis, Saunders, Morrow & Thornhill, 2007). Financial rewards are advantageous in that like wages and salaries, they are easier to apply in an organization. Piece rate method of payment help in motivating workers to increase their speed thus increases productivity. This method does not offer leave pays thus reduces such costs to an organization. Profit sharing method and use of fringe benefits increases the workers loyalty and commitment to an organization's goals.

Unlike in non financial method of motivation, this method is easier to monitor and control. The share ownership method of reward helps in creating a sense of ownership and workers are bound to work harder as they become owners of the organization (Price, 2007). Monetary form of reward system however is not without disadvantages. To begin with, it does not put into consideration psychological factors which affect the productivity of an individual. This method is also disadvantageous in that it focuses of the short run objectives of an organization.

The future of the organization is important in ensuring that the organization thrives. Conclusion Motivating employees is vital for the survival of an organization. No single method is sufficient on itself to motivate employees and to earn their commitment. Different situations call for different motivational strategies and managers should apply the most appropriate method. For most of the successful companies, a combination of both the financial and non financial reward system is used. An organization should strive to balance these two forms of reward system to derive the maximum productivity.

Reference: Armstrong M. , Murlis H. & Group H. (2007): Reward Management: A Handbook of Remuneration Strategy and Practice. ISBN 0749449861 Published by Kogan Page Publishers ChernetBlackStar B. (2008): Business: Non-Financial Rewards to Motivate Your Staff. Retrieved on 26th December 2008 from; <http://www.ecademy.com/node.php?id=108342>. Legge K. (2005): Human Resource Management: Rhetorics and Realities. ISBN 1403936005 Published by Palgrave Macmillan Woods M. (1997): Non-financial rewards gain value in retaining employees