

# [Motivation through monetary and non monetary benefits](https://assignbuster.com/motivation-through-monetary-and-non-monetary-benefits/)

? The main Objective of this research is to determine either the monetary benefits or non-monetary benefits have great impact on motivation.

? Through what ways increase employee s interest towards job and their motivation towards organizational goals.

? Decide the role of intrinsic and extrinsic motivation to enhance organizational performance.

? To find out whether Pay dissatisfaction has numerous undesirable consequences or not and see how pay satisfaction increases organizational commitment

? Also look into a matter that how status is more important than money and why motivate employees towards the organizational goal is possible by assigning them good status.

Article 1

Ignacio Falgueras Sorauren. (2000). Non-Monetary Incentives: Do People Work Only for Money, Vol. 10, No. 4. Retrieved from http://www. jstor. org/stable/3857840

Mr. Ignacio Falgueras Sorauren conducted this research in 2000 in which he investigates the problem related to motivation in organizations. Actually this problem occurs when people tend to follow their own interests rather than firm s common goals. Primarily author try to address this problem by giving them some economic proposals but the study showed that economic proposal doesn t decrease conflict of interest and not able the people to purse firm s common goal rather than follow their personal interest. These economic proposals further create more problems but after that researcher through thorough study reveals that non-monetary incentives are most important to motivate people towards organizational goals because money is not the solution of every problem.

As you can find lot of variables in this article, but with respect to my topic Motivation through monetary and non-monetary benefits help me to identify the dependent variable as organizational goal and independent variable is Employees interest towards job and their motivation towards organizational goals . So it shows that organizational goal is dependent on employee s interest towards job and their motivation towards organizational goals through some non-monetary incentives.

Apart from monetary benefits there is a strong need of non-monetary benefits to purse employees towards firm common goals. Some non-monetary benefits include making job challenging and interesting so in this way they know what they are doing and produce positive results for the organization. In order to make job interesting and challenging money would not always play a big role because money is neither the motivator nor the major one. Researchers reveal that most of the time money leads to conflict of interest and the most important opposition of money is its incapability to reduce the conflict of interests born in any organization. So organization needs to set a common goal communicated with their employees, thus enables them to bring unity among their employees and in this way conflict problem has also resolve. Non-monetary incentive in shape of communicating organizational goal and setting targets for the team, make the employees to work for organizational interests rather than personal interest.

This article is extremely relevant to my topic which helps me to understand that non-monetary incentives have great role to play for the achievement of organizational goals. Through these incentives inject motivation in employees to prefer organizational goals over their personal interest. Along with that the best way to motivate people is treating them as human beings because it is really essential to consider all human aspects to gain excellent results.

Article 2

Judy Cameron., & W. David Pierce. (1994). Reinforcement, Reward, and Intrinsic Motivation: A Meta-Analysis, Vol. 64, No. 3. Retrieved from http://www. jstor. org/stable/1170677

Two Researchers Judy Cameron and W. David Pierce wrote a research paper titled as Reinforcement, Reward, and Intrinsic Motivation: A Meta-Analysis in 1994 to examine the effects of reinforcement and reward on intrinsic motivation. So in this paper they have conducted 96 experimental studies from different groups to compare rewards and non-rewards effect on intrinsic motivation.

In this article I found Intrinsic Motivation as dependent variable, whereas reinforcement and rewards are independent variables. Thus, it shows that in order to bring intrinsic motivation there is need to be some good reinforcement and rewards.

As I mentioned above they conducted 96 experiments and the results showed that reward does not decrease intrinsic motivation. Intrinsic motivation is the motivation that comes from inside the person and he gets pleasure while doing job or performing any particular task. When researcher scrutinizes the communication process he finds out that intrinsic motivation can increase through verbal praise. The reward is given to an employee on the completion of the task and it has an insignificant negative effect on intrinsic motivation as measured by the amount of time spent on the task. Because that person is self motivated so there is no need to give any rewards to that person but on the other way around concentration of employee s increases towards there job and they try to do the same task in shorter span of time and also in this way bring the efficiency in their work and higher intrinsic motivation. They further conducted five more studies about reinforcement and results reveal that reinforcement does not effect any individual intrinsic motivation. So it shows that you can reinforce your employee regarding the completion of job and that will not hurt their intrinsic motivation. In the end article leave us with one question it is not clear yet what effect reinforcement or reward have on intrinsic motivation. They consider some studies have opposing trend and not relevant because of outside of the researcher paradigm.

This article is highly relevant to my study on motivation through monetary and non-monetary benefits. As intrinsic motivation does not increase when employee gets a reward but some times brings efficiency. Whereas reinforcement does not hurt employees intrinsic motivation so intrinsic motivation has a mix trend with respect to benefits.

Article 3

Scott Jeffery. The Benefits of Tangible Non-monetary incentives, Retrieved from http://www. businessgroupinc. com/PDFs/The%20Benefits%20of%20Tangible%20Non%20Monetary%20Incentives. pdf

Mr. Scott Jeffery the writer of the article which is titled as The Benefits of Tangible Non-monetary incentives talks about that some tangible non-monetary benefits are much more motivational for employees as compare to monetary incentives. And by doing that we can bring better reward system through which the organization easily gains their desired Objectives. One thing we have to keep in mind that in order to increase more performance, non-monetary incentive must be equal or greater than cash incentives because if you provide lower value non-monetary incentives that might be not as effective as high value cash incentives.

In this important article I establish tangible non-monetary incentives as independent variable where as motivation is our dependent variable. Therefore motivation in employees is depending on your independent variable non-monetary incentives and this statement sounds true because there is high probability of bringing motivation in employee s trough non-monetary benefits.

There are some very important points discussed in this article like, nowadays organizations use very small amount of tangible non-monetary benefits which are very small percentage of total employee compensation. In this research researcher discussed some explanations through which we get an idea that nowadays firms are not using this kind of incentives. Psychological process which increased motivational power of tangible non-monetary incentives is both emotional and cognitive (involves mental process). As you get to know about the power of tangible non-monetary benefits and when these two different cognitive and emotional processes gets together this mean that they toil together in decision making. Justifiability is cognitive because people have to consider the difficulty they have face in order to justify the purchase of tangible non-monetary benefits. On the other way around the nature of these justifiability concerns are more effective. The writer mentioned in this article that the prize which is earned on the basis of good performance makes an employee to think about his achievement, consider as a cognitive process and even have a higher utility when other people get to know about your achievement. So, it shows that motivation or organizational goals are our dependent variables, whereas non-monetary incentives are independent. So I can conclude the article by saying that tangible non-monetary incentives boost employee motivation and has the ability to improve the efficiency of the organization.

The article is highly relevant to my research which helps me to understand the role of emotional Psychology in order to motivate employees and how it enables the organization to achieve their desire goals.

Article 4

Rizwan Saleem. (2005). A study on the effect of monetary Benefits (pay) and work motivation on job satisfaction. Retrieved from http://papers. ssrn. com/sol3/papers. cfm? abstract\_id= 1529064

Mr. Rizwan Saleem from Mohammad Ali Jinnah University in 2005 wrote a research paper titled as A study on the effect of monetary Benefits (pay) and work motivation on job satisfaction . This study is conducted from the banking sector with respect to understand the effect of pay and work motivation on job satisfaction. For that they done exploratory research by developing the questionnaire in order to measure the level of pay, work motivation, and job satisfaction as well as achieve the effect of pay and work motivation on job satisfaction.

In this article I discover dependent variable as Job satisfaction where as monetary benefits and work motivation is our independent variables. This means that job satisfaction is depending upon monetary benefits that employee is getting and along with that how well the employee is motivated towards the job. So the combination of both helps to achieve Job satisfaction for an employee.

As the study showed about the psychology of human mind regarding job satisfaction is that person is self motivated to do that job or task and gets pleasure while doing that job. The rule of the thumb is that the more satisfied the employee, the higher the organizational performance. Further research reveals that there is a difference between intrinsic and extrinsic motivation. In this article intrinsic motivation is defined as the motivation to perform an activity in order to experience the pleasure inherent in the activity. The cognitive evaluation theory says that rewards interpret an employee s competence and determine their intrinsic motivation. In this article we conclude that pay is independent variable and job satisfaction is depending upon it. Facts reveal that extrinsic incentives often crowd out intrinsic motivation which then reduces discretionary effort of workers.

Research has revealed that motivation has different intrinsic and extrinsic motivation. According to Deci, Connell, & Ryan intrinsic motivation can be defined as the motivation to perform an activity for it, in order to experience the pleasure and satisfaction inherent in the activity. According to cognitive evaluation theory and self determination theory it is rewards that are interpreted as information about one s competence and satisfy individuals need for autonomy, will enhance intrinsic motivation. In this article we conclude that pay is independent variable and job satisfaction is depending upon it. According to experiential facts, extrinsic incentives often crowd out intrinsic motivation which in turn reduces discretionary effort of workers. Researcher also found that overall the employees were satisfied with their jobs and have their interest in their job. By employing these two independent variables showed that job satisfaction comes automatically and study also proves that in this way employees were more motivated to work for the organization.

This article is relevant to my study in a sense that how motivation along with monetary benefits creates job satisfaction for an employee. It helps me to understand that monetary benefits also play a vital role in order to motivate employees and enhance their job performance.

Article 5

Thomas Li-Ping Tang., & Randy K. Chiu. (2003). Income, Money Ethic, Pay Satisfaction, Commitment, and Unethical Behavior: Is the Love of Money the Root of Evil for Hong Kong Employees?, Vol. 46, No. 1. Retrieved from http://www. jstor. org/stable/25075086

Mr. Thomas Li-Ping Tang and Mr. Randy K. Chiu in 2003 through empirical study come up with a research titled as Income, Money Ethic, Pay Satisfaction, Commitment, and Unethical Behavior: Is the Love of Money the Root of Evil for Hong Kong Employees? . The research scrutinize a model involving income, the love of money, pay satisfaction, organizational commitment, job changes, and unethical behavior among 211 full-time employees in Hong Kong, China.

In this article I found Organizational commitment as a dependent variable whereas pay satisfaction monetary benefits and love of money are independent variables. So pay satisfaction and good monetary benefits enable the employees to meet the organizational commitment.

The study shows quite a few relation between important variables, to mention a few important ones it showed that love of money was negatively related to income and pay satisfaction and the love of money was also negatively related to ethical behavior which means that if you have a strong love for money you cannot easily resist unethical behavior. Pay satisfaction was positively related to organizational commitment. These relations show that income or money is not the cause of evil but the lust for money is the root to all unethical behavior within an organization. It has been highlighted in the article that the findings of this research shouldn t be interpreted that money is an evil as money itself is a key motivator for employees. There has been an increase regarding the importance of money as a career goal.” Pay dissatisfaction has numerous undesirable consequences”, e. g., turnover, theft, workplace deviance, and unethical behaviors in organizations and might have direct impact on company s strategic decisions and image. So there is need to provide good pay and monetary benefits to your employees in order to get the desired objectives.

This article is related to my topic in a sense that by providing good monetary benefits to your employees, you eliminate the negative consequences such as high turnover, theft and dissatisfaction this further help them to meet the organizational commitment.

Article 6

Hoimonti Ganguly. (Oct., 1974). Role of Status and Money as Motivators among Middle viromnmManagement, Vol. 10, No. 2. Retrieved by http://www. jstor. org/stable/27765445

Ganguly has conducted a research on the relative importance of Money and status on the motivation level of the middle managers of an organization. The study aimed at measuring the effect of both money and status separately on the commitment level of the employees and then to see which one is more important. Research revealed that status plays a more important role than money for middle managers and this is explained by the fact that the lower-end needs of the middle managers are reasonably fulfilled thus their satisfaction from the job will increase more if their status is improved as compared to the same increase in monetary reward.

Money and most importantly Status are the independent variables of the research and the dependent variable is the motivation of managers towards the organizational goals. It has been observed that the correlation between status and motivation is particularly strong in case of middle managers. So it shows that in order to achieve organizational goals and motivate people towards their assigned task, there need to give them a status or position in the company that status is going to be self motivator.

It has been further observed that the findings of this research hold true across all the stratifying variables like age, income, experience and qualification thereby strengthening the credibility of the research. The research also shows that younger managers are particularly sensitive to status. Managements that are trying to raise the motivation of its employees towards the organization goals should try to cultivate a corporate culture that meets the managerial needs of status. The research was further taken to define the different components of status and it was revealed that intrinsic factors like power, self-esteem, and self-actualization were important in defining status, rather than extrinsic incentives such as fringe benefits and white-collar work. Another important thing that should not be overlooked is that that status is to a great extent defined by the type of work assigned, task performed and result achieved. It has been suggested that linking status with performance tends to improve motivation greatly.

This article supports my topic in a way that motivation of middle level managers is not only depending upon the monetary and non-monetary incentives but also depend upon the higher status which is one of the non monetary reward. However it s crucial to take into consideration the different components of status which may vary from organization to organization.

Article 7

S. K. Bhatia. (Jan., 1985). Job Motivation of Executives: An Empirical Study, Vol. 20, No. 3. Retrieved from http://www. jstor. org/stable/27768826

Increased motivation of the executives of an organization is very essential for its success not only because they make all the strategic decisions for the firm but also because of the fact that they influence and motivate all the employees working under them. S. k. Bhatia conducted empirical research on the job motivation of the executives. In the study he has aimed to identify a wide variety of factors that affects the motivation level of the executive and the importance they attach to these factors. He has conducted the research by primarily using surveys as his research tool. The article highlighted that monetary benefits, better job security, good working environment, job content, recognition, work-itself, responsibility, opportunity for growth and advancement and sense of achievement are significant factors that should be considered while making policies to increase motivation for the executives.

I t has been observed that job content plays a very significant role in determining the level of satisfaction. Majority of employees who find their work duties boring and not contributing towards their advancement tend to have lower levels of motivation where as the ones who were satisfied with their job content directly derived job motivation and were more than willing to bend their energies for organization s benefit. Apart from the job content majority of the respondents answered that a positive perception of the executives is really important. Positive perception was a factor that was further researched upon by Bhatia and it was revealed that it encompasses a wide variety of factors, some of them that the employees mentioned were recognition, responsibility, opportunity for growth, work-itself, advancement, sense of doing good for the society and a sense of achievement.

In this article Perception of the job is considered as a very vital factor controlling and defining the motivation of the executives thus in this empirical study it is taken as an independent variable which is determined by a wide variety of factors and vary from person to person and the variable that is dependent upon the perception of the employee is the job motivation. This means if the person changes his perception about their job and particularly if it changes in positive manner than organization performance definitely increases.

Perception of the job is considered as the most significant psychological factors identified by all the Motivational theories. The findings of the research make it imperative

to lay emphasis on intrinsic motivating factors identified by Herzberg in his two-factor theory. Along with that there is the marked difference in the degree of perception of executives belonging to three categories (i. e. first level, second level and middle level and above). The general trend is that higher the category of executives, the better the degree of perception of job and consequently the higher level of motivation. A large majority of executives are willing to shoulder greater level of responsibility showing their positive attitude towards the job. In the same way a large percentage of the survey population responded that they do not experience stagnation in their jobs and thus get enough opportunities for advancement in their careers which meet their need of self actualization. However on the other end of the spectrum are some respondents who said that they are over burdened and experience less opportunities for growth and advancement. Some first level executives complain that they need more training courses to improve their abilities. The executives have given useful and practical suggestions for bringing about an overall improvement in their job performance and functioning of the respective departments.

Article 8

Harvey S. James, Jr. (2003). Why Does the Introduction of Monetary Compensation Produce A Reduction in Performance? Retrieved from http://papers. ssrn. com/sol3/papers. cfm? abstract\_id= 481942

Mr. Harvey S. James conducted the research in 2003through which he tries to find the answer of the question that why monetary benefits lead to decrease in performance. Through his observational study he revealed that extrinsic incentives usually crowds out intrinsic motivation. This article demonstrates that how the increase in monetary incentives starts displacing intrinsic motivation to act in the interest of principal. And basically they found out that the motivation of the person distracted when his intrinsic motivation is attacked by extrinsic incentives and in this way his preferences, objectives diverted towards incentives.

In this article intrinsic motivation is our independent variable whereas explicit incentives is a dependent variable.

It is observed that lot of people want to work without explicit incentives and when you increase their monetary benefits it will lead to decline in their effort. This change of effort takes place because now his motivation towards work is dependent upon extrinsic incentives e. g. lot of employees are interested towards certain job but there is a prize for one, then each and every one of them try to dominate each other and start working for personal interest rather than organizational interest. This decline in responsibility shows that there is a tradeoff people face either by intrinsically satisfied at a higher cost or get extrinsic satisfaction from being compensated. But on the other way around when the people have strong intrinsic motivation then it becomes difficult for explicit incentives to crowd out intrinsic motivation of people. Further he explains that teaching uncritically to workers in the interest of organization; incentives are also align if the workers work according to organization interest and such thing might be lead to counterproductive. Murdock s in 2002 through its analysis revealed that incentive contracts and intrinsic motivation are complementary because focusing on healthy work ethics rather than organization interest is followed by most of the organizations these days but on the other way around by giving these incentives increase the intrinsic motivation. And the major cause behind these kinds of incentives is to increase organizational efficiency and to produce the best result for the organization.

This article is highly relevant to my study through which I come to know that the basic purpose of incentives is to employee s motivation towards organizational goals but most of the time it proves wrong for highly intrinsic motivated people, on the other way around author says that sometimes extrinsic incentives don t crowd out intrinsic motivation as well.

Article 9

Dan Ariely, Anat Bracha, Stephan Meier. Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially. Retrieved from http://papers. ssrn. com/sol3/papers. cfm? abstract\_id= 1010620

This article titled as Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially written by Dan Ariely, Anat Bracha and Stephan Meier. This paper scrutinize image motivation in which the focus is to be liked by others and treated well regarded, in their eyes. Prosocial behavior (doing good) is one of their drivers. Also determine whether extrinsic monetary benefits (doing well) have unfavorable effect on Prosocial behavior because of crowding out of image motivation. According to definition image is the presentation of ones behavior to other people. So this exclusive property showed that image is most important part of motivation to behave prosocially. Research also showed that when extrinsic motivation relate with image motivation then it is less effective in public than in private.

I derive Motivation and extrinsic motivation as dependent variable whereas monetary incentives and behaving prosocially are dependent variable.

It is revealed in the study that motivation is crowded out by monetary incentives which illustrates that monetary incentives are counterproductive for public prosocial activities as compare to private one. Through exploratory research researcher finds out that there hypothesis supports them because monetary incentives severely depends on visibility, monetary incentives are much more effective helping them privately rather than publicly Prosocial activities. As we know extrinsic motivation is a motivation that comes from outside of an individual and other way around people wants to be seen doing good without extrinsic incentives, these people want to be respected in the eyes of other people, they want other people to appreciates them and to consider them they are doing good job. But with extrinsic incentives there motive to work well deteriorates because extrinsic incentives makes them work for money or some other factors but they don t want people to consider that they are doing well. so in this way they are not get effective and their image value decreases.

The signaling element of a product greatly influences its purchase thus if the government gives a subsidy on a particular technology that is environment friendly then the fact that whether the particular product is a publicly used product or not will greatly influence the buyers motivation to buy the product. The purchase of the environment friendly technology will confuse the buyer that how does his purchased is viewed by the public, is that made because the buyer is genuinely concerned about the environment or is it just to avail the tax benefit or is it bought just to create an image that you are a responsible citizen. Thus the government should carefully consider all its policies and should take into account the unintentional damage to signaling that their policy results in. Another option for providing the extrinsic incentive is to provide it without making it public, it will give the same effect as if the extrinsic incentive does not exists. This could be further elaborated by using the example that most of the donors for social causes do not make their identity public so that the signaling effect does not crowd outs their true cause. To conclude it is better to have less extrinsic incentives for visible Prosocial activities so that these incentives do not erode the moral aspect.

This article is highly relevant to my study which gives me further knowledge about the effect of extrinsic incentives on motivation and if the person is not extrinsically motivated he wants to appreciate and considered that he is doing a good job. So different people is motivated through different ways.

Article 10

Andrew Ballentine., Nora McKenzie., Allen Wysocki., & Karl Kepner. The Role of Monetary and Non-Monetary Incentives in the Workplace as Influenced by Career Stage. Retrieved from http://edis. ifas. ufl. edu/hr016

This article titled as The Role of Monetary and Non-Monetary Incentives in the Workplace as Influenced by Career Stage written by Andrew Ballentine, Nora McKenzie, Allen Wysocki and Karl Kepner.

In the corporate environment manager these days constantly trying to create strong motivational environment in the organization through which all the workforce work towards the organizational goal together. For that they use monetary and non-monetary benefits to motivate them in workplace. There can be diverse kinds of monetary benefits which have a similar impact on associates. An example could be a mutual fund is one of monetary benefits provided through company insurance program or pension plans. Different people in an organization has different needs and there are different incentives for the employee of different age group. Nowadays organizations are replacing their traditional motivational incentives to newer ones according to the needs of younger generation. Along with that article also states that there are different monetary and non-monetary benefits at each stage of employee career e. g. a nature of an incentive is different for higher management of organization hierarchy as compare to lower level management.

So I derive dependent variable as motivation, interest, and job satisfaction whereas career stage and Generation in which you born are Independent variables in this article.

The basic reason of monetary benefit is to reward the employee s for excellent performance in their job by giving them money. Profit sharing, stock options, project bonuses and warrants are some types of monetary incentives. On the other way around the rationale behind non-monetary incentives is to reward the employees for excellent performance in their job by giving them opportunities. Flexible work hours, pleasant work environment and training are some of the examples of non-monetary benefits.

Furthermore author also revealed that monetary and non-monetary incentives differ in the efficiency, functions and correctness depending upon the nature of incentive. Another researcher Alfie Kohn in 1993 presents his point of view that monetary incentives encourage Obedience to the work in an organization rather than risk-taking approach because most rewards are given on the basis of performance and people don t want to take risk their jobs. So in this way employees are not encouraged from being creative in work place.

One of the most important aspects of the study is desired monetary incentives differ from career stage of employee and also from which generation he belongs to. Survey conducted by American Association of Retired Persons has shown that retired people are motivated to work for flexible schedules, part time hours, and temporary employment and they are known as Mature workers who were born between 1930 and 1945. Whereas baby boomers those who were born between 1946 to 1963 wants retirement planning , flexible retirement options, sabbaticals and job training as their non-monetary incentives. Further the next generation Generation X ers those who were born between 1964 and 1981 like flexible work schedule, professional development, feedback, tangible rewards and work environment as their non-monetary incentives. And Generation Y ers those who were born after 1982 wants flexible work schedules, professional development, feedback, tangible rewards and work environ