

# [Difference between monetary and non monetary benefits business essay](https://assignbuster.com/difference-between-monetary-and-non-monetary-benefits-business-essay/)

Psychological theory through this study by developing a conceptual model that is used to empirically test the effect of performance measurement and compensation system on employee motivation. The study was conducted on two major hypotheses including firstly, the Perceived transparency, fairness and controllability over the different elements of the compensation system have a positive relationship with extrinsic motivation. And secondly, the perception of transparency, controllability and fairness of the promotion opportunities has a positive effect on intrinsic motivation. The research site central in this study is a division of a Dutch company, listed at the Amsterdam Stock Exchange, the Dutch section of Euronext. To test the hypothesized relationships between the perceptions of the compensation system and the two types of motivation we use OLS regression. This is appropriate since the dependent variable, constructed from an average of 6 or 7 statements, and therefore no longer an ordinal variable, meets the standard statistical requirements for OLS regression. For interpretation purposes of the coefficients, the independent and dependent variables of these regressions were measured on a logarithmic scale. For regressions with work satisfaction, turnover intent and sick leave as dependent variables an ordered profit model was used. This model is suitable for regression with an ordinal dependent variable resulting from the usage of a single construct. The research was conducted using certain demographic control variables including education, gender, organizational groups, and categories of tenure. It was also based on three important characteristics including transparency, fairness and controllability. They found out that the transparency and the controllability of the compensation system were found to have no effect on the level of extrinsic motivation. Moreover, the level of intrinsic motivation is not influenced by any of the characteristics of the monetary compensation system. However, two perceived characteristics of promotion opportunities have a significant positive effect on intrinsic motivation. The control variables that are significantly correlated with extrinsic motivation are the individual employee characteristics gender and task tenure. The significant control variables in the regression explaining variations in intrinsic motivation are age and the organizational department where the employees are working. In addition, they found out that work satisfaction is significantly positively affected by the fairness of the monetary compensation and the transparency and controllability of promotion opportunities. Work satisfaction is also significantly negatively related with the transparency of monetary compensation, an unexpected result. But for further studies to use this research, three limitations of this research study are to be considered. The first one is the difficulty to investigate the causality of the relationships. Consistent with the expectancy theory, motivation is based on the expected value of the rewards (monetary compensation and promotions). Motivation in turn is linked to performance. Performance in turn is an input parameter into the performance measurement and evaluation system. Second limitation is that the research site was a single Dutch company. This leads to the limitation that researchers were unable to identify the practical boundaries of this study and the possibility of generalizing the results. The third limitation is related to the research methodology. In the methodology used they were not able to combine the questionnaire with hard data that illustrate the actual level of effort displayed by the employees. Some might argue that the researchers implicitly assumed that motivation is a beneficial parameter that should be maximized. (Herpen, Praag, & cools, 2003)

Another aspect would include an extensive research existing on the value of incentive systems; however, conflicts among their findings required that a detailed statistical analysis of existing literature be conducted. The statistical technique – known as a “ meta-analysis” — was used to assess and evaluate trends and information from more than 45 studies. In addition, web-based questionnaires and telephone interviews provided survey input from a sample of 145 U. S. organizations that use incentive systems. The research focused on comparison between tangible and intangible incentives and what kind of structures best support these forms of incentives. The basis of the research was on three basic variables, utility, control and goals. Employees will be motivated if they find that the incentives task is worth the effort, they have the ability to earn the award if they choose to and the goals are both specific and challenging. Other than that, they also based their research on the conditions that determine the need to have an incentive program. The found out that the type of tangible (cash or monetary) award used in incentive programs is always trapped in a net of variables that affect performance outcomes in an interactive way. Length of the program, actual and perceived value of the award, complexity of the desired performance change and effectiveness of program implementation are among the variables that interact with award type, making it difficult to isolate the effect of that single variable. This research found that monetary incentives produced a 27 percent overall increase in performance while non-cash incentives yielded an average of 13 percent higher performance. (Stolovitch, Clark, & Condly, 2002).

A research paper talks about the Role of Non-Monetary and Monetary Incentives play in the Workplace under the influence of Career Stage. It suggests that the monetary incentives that are required differ for associates based on generation and career stage. This research paper has related its work to the findings of the American Association of Retired Persons (AARP). In the AARP surveys the generations included “ Mature Workers” (the ones born in-between 1930’s and 1945), the “ Baby Boomers” (the ones born between the years 1946 and 1963), the “ Generation X’ers” (the ones born between the year 1964 and 1981), and also “ Generation Y’ers” (the ones born after the year 1982). From the research they gathered that Non- Monetary and Monetary incentives have different roles, which are of appropriateness and effectiveness, that depends on the kind of incentive and the generation it is catering to. They also referred to the research and arguments of Alfie Kohn (1993) who said that by decreasing associates’ motivation, interest, and job satisfaction incentives actually hamper companies and associates. Its rather the opposite of idea that lies behind the theory of incentives. Incentives should be based onto considering the workers for whom they were formed. Equity between non-monetary and monetary incentives should be based on satisfying various needs and wants of associates of varying generations and ages. After these conclusions, there is a possibility that the organizations and managers will consider the age group and the generation to which the employees belong as an important variable when deciding on monetary and non-monetary benefits. (Ballentine, McKenzie, Wysocki, & Kepner, 2002)

Another study was conducted on two major hypotheses including firstly, the Perceived transparency, fairness and controllability over the different elements of the compensation system have a positive relationship with extrinsic motivation. And secondly, the perception of transparency, controllability and fairness of the promotion opportunities has a positive effect on intrinsic motivation. The research site central in this study is a division of a Dutch company, listed at the Amsterdam Stock Exchange, the Dutch section of Euro next. To test the hypothesized relationships between the perceptions of the compensation system and the two types of motivation we use OLS regression. This is appropriate since the dependent variable, constructed from an average of 6 or 7 statements, and therefore no longer an ordinal variable, meets the standard statistical requirements for OLS regression. For interpretation purposes of the coefficients, the independent and dependent variables of these regressions were measured on a logarithmic scale. For regressions with work satisfaction, turnover intent and sick leave as dependent variables an ordered profit model was used. This model is suitable for regression with an ordinal dependent variable resulting from the usage of a single construct. The research was conducted using certain demographic control variables including education, gender, organizational groups, and categories of tenure. It was also based on three important characteristics including transparency, fairness and controllability. They found out that the transparency and the controllability of the compensation system were found to have no effect on the level of extrinsic motivation. Moreover, the level of intrinsic motivation is not influenced by any of the characteristics of the monetary compensation system. However, two perceived characteristics of promotion opportunities have a significant positive effect on intrinsic motivation. The control variables that are significantly correlated with extrinsic motivation are the individual employee characteristics gender and task tenure. The significant control variables in the regression explaining variations in intrinsic motivation are age and the organizational department where the employees are working. In addition, they found out that work satisfaction is significantly positively affected by the fairness of the monetary compensation and the transparency and controllability of promotion opportunities. (Herpen, Praag, & cools, 2003)

This study focuses on factors that influenced morale among the Russian workers thus developing a great measure of morale. Utilizing survey data collected in 1995 and 2002, the paper focuses on identifying main factors which influenced the morale of the Russian workers. The first step in our analysis is to construct an appropriate measure of employee morale. Given ambiguities in the literature regarding how to measure morale, three different morale measures were constructed in order to evaluate the robustness of the research results. Part I describes the rationale underlying the researchers composite measures of morale, as well as identifies how participants in the two Russian surveys scored on these measures. Part II identifies hypotheses regarding the factors that influence morale among Russian workers and the methodology that was used to test these hypotheses. Consequently, the analysis is focused on evaluating the influence of expected rewards on morale, with controls for gender, age, and other worker characteristics. Funding constraints prohibited drawing a representative sample of employees in either 1995 or 2002. Thus, I view this analysis of morale among Russian workers as preliminary and exploratory in nature, designed to take the first step in evaluating the extent to which paradigms associated with employee morale in developed market economies are relevant to the Russian culture and the emerging business and economic system. Three important variables were taken. First was Morale Measure1, which integrates two measures that have been identified in the literature – organizational commitment and job satisfaction — into a single composite measure. Second is Morale Measure 2, which incorporates a broader interpretation of morale, adding items reflecting involvement with and loyalty to the company while still adhering to the job satisfaction/organizational commitment framework. (Linz, 2006)

Job enrichment is rather a continuous management function. Positive KITA gives us several pull factors that may allow us to attract and motivate an employee towards better work practices rather then just pushing them around. Just like a stimulus is required for physiological growth of individual similarly better environmental conditions as job enrichment may spur growth in an organization by many ways. (Herzburg, 1987)

Employee being the most important for the success of an organization and in order to enhance employee commitment there’s a need to create job satisfaction among them and so should be the prime consideration in an organization pertaining to managing the employee performance and to take it to higher levels.

The purpose of this study is to examine the relationship between job satisfaction and organizational commitment of employees in Malaysia. The framework of this study composed of three factors of job satisfaction, i. e. job design, salary and welfare, and the management which were based on the works of Herzberg’s (1959) Two Factors Theory. While the dimensions of organizational commitment, i. e. affective, continuance and normative were conceptualized based on the model developed by Meyer and Allen (1991). The respondents were collected from one of the Malaysian public universities in Malaysia and a total of 103 employees answered questionnaires. The data gathered was analyzed with various analyses methods such as Pearson correlations and multiple regressions using SPSS package. The findings suggest that there is a significant weak relationship between job design and affective commitment, and no significant relationship between other factors of job satisfaction and organizational commitment. Recommendations and discussions for future research are provided. (Tat & Amran, 2007)

The relationship between satisfaction with compensation and work motivation. The dimensions i. e. fixed pay, flexible pay, and benefits were examined with regard to satisfaction with compensation. The work motivation on the other hand was studied using the effort and performance dimensions. Literature research as well as practical survey consisting of self-administered questionnaire was used to study the population in question, which were managerial cadre employees of the sales departments of the cellular service providers in Lahore. The relationships between satisfaction with compensation and work motivation were analyzed by using Chi Square and correlations. The main findings of the study were: 1) satisfaction with compensation can be factor of work motivation. 2) flexible pay is not a motivating factor in the jobs which the employees were holding. 3) benefits do not have a significant impact on work motivation. (Ghazanfar, Chuanmin, Khan, & Bashir, 2011)

The hospitality industry is renowned for its ‘ pressure cooker’ environment of long hours and high turnover, particularly among front line staff. However, there have been relatively few investigations into the life of supervisors and managers in the industry. Utilizing surveys, the study set out to identify the motivational factors that directly impact on this category of employees. Factors such as appreciation, interesting job, good working conditions, career opportunities and loyalty by the organization were ranked as the top five motivators. The findings challenge a long-standing perception of Cypriot hospitality stakeholders who suggest that money is the major motivator. It was also found that the motivators are the same irrespective of gender, and age. However, these are likely to change as one move within the management hierarchy. (Zopiatis & Constanti, 2007).

Employees who are highly satisfied with communication respond more positively toward motivation components, and they are more likely to perform well in their job when they are motivated. (Chiang, 2008). The study of intrinsic and extrinsic motivation in which responses were seen towards punitive controlling, non punitive controlling and also towards autonomy supportive supervisory methods showed that the participants experienced highest and lowest levels of intrinsic motivation in these supervisory methods. (Richer & Wallerand, 1995)

Use of enforcement is likely to undermine a subject’s intrinsic motivation. Therefore, Reinforcement is strongly discouraged because the rate of behavior without reinforcement is considered to drop down below baseline levels (Perez, 1997)

Through a study carried out in Romania it was found that there are several factors which caused effectiveness in motivation of the senior managers which included recognition, appreciation, responsibility and the need for achievement thus proved to be the main driving forces behind the managers. (Tirpe & Tirpe, 2008)

Morale is often considered as having a direct relationship with organizational performance but the most important factor which has significance in maintaining the morale is the inter organizational trust. By paying attention to the collaborations people make in the decision making processes of an organization, considering and remembering the promises being made to them, making attempts to increase their organizational skills and making the employees believe that their skill or they will not be misused creates a sense of trust that plays a huge role in boosting the morale and would then improve the organizational performance. (Fard, Ghatari, & Hasiri, 2010)

A two-fold psychological study was carried out by Wanda Roos, aiming at finding out the relationships of job satisfaction in relation with the dimension of employee motivation which included dynamism, energy, and synergy, intrinsic and extrinsic motives including the domains of corporate culture consisting of performance, decision-making, human resource and relationships was deeply studied. Secondly, the research included the relationships between employee motivations; job satisfaction and corporate culture with a number of variables that were age, tenure, gender, seniority and educational level were explored. The findings indicated a very significant three-way connection between employee motivation, job satisfaction and corporate culture. The age, gender, tenure, education level and seniority of employees also proved to affect employee motivation, job satisfaction and corporate culture. (Roos, The relationship between emploee motivation, job satisfaction and corporate culture, 2005)