

Appraisal of The Use of Non-Financial Incentives as Motivational Tools: A Concept Review

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Abstract:

The inclusion of motivational strategies in any organization is majorly aimed at improving workers effectiveness and efficiency. However, it seems that most organizations' focus is only on financial motivational strategies. So, the focus of this paper therefore is to bring into limelight some non-financial motivational strategies that are not adequately utilized. The paper also examines the Concept and theory of motivation, meaning of non-financial incentives, types of non-financial incentives, goal and objectives of non-financial incentives and problems and challenges of non-financial incentives. The paper recommends that both management and workers should re-orientate themselves towards effective use of non-financial motivational strategies for enhanced productivity among others.

Introduction

Organizational theorists widely believe that manpower is one of the most important assets of an organization because things are getting done through employees. The success of an organization in realizing its objectives heavily depends on the performance of its employees. Many organizations have failed to achieve their set objectives not because they do not have adequate factors of production but because the human aspect of the factor has not been properly handled with the care it deserves, hence, its inability to bring out the skills and commitment to achieving the organizational goals.

It is a popular opinion that the success or otherwise of any organization whether private or public, business or educational depends largely on the extent of the contribution made by the workforce towards the achievement of the organization's goals and objectives. It is on the foregoing ground, that organizational theorists seek the need to encourage, stimulate and gear up the personnel which led to the theory of motivation. Thus, it is apparent that in the absence of willingness to perform; capacity and opportunity will not generate the desired results. If the situation is to be explained by a proverb; you can take the horse to the water but you cannot make it drink.

In pursuant of the foregoing, Nwagwu (2004) observes that good conditions of service, good personnel policies, respect for the worth and dignity

of individual staff members, assignment of responsibilities, appreciation and reward of contributions and hard work are all sources and ingredients of staff morale, job satisfaction and high productivity. Motivational theorists averred that, there are various strategies that can be employed to sensitize workers to perform, which may be financial or non-financial.

It seems that the use of non-financial motivational strategies has not been adequately tapped to bring out the best out of the workers in different organizations. Thus, the focus of this paper is to examine the concept and theory of motivation and meaning of non-financial incentives, types of non-financial incentives, goals and objectives of non-financial motivation, problems and challenges of non-financial incentives among others.

The Concept and Theory of Motivation and Its Implications on Non-Financial Incentives

Motivation is an old notion that has been around since time immemorial. Human beings being psychological creatures, motivation, be it intrinsic or extrinsic, has always had an effect on behaviour. Employers need to consider the demands of the labour force and understand what is necessary to inspire modern employees (Albalushi & Devesh 2023). Edirisooriyaa (2014) research found that intrinsic rewards directly influence the employee performance. It declared that

in cases where they receive intrinsic rewards, they get to know their performance and get motivated to work harder so that they can be rewarded. The term "motivation" is derived from the word "motive" which means a reason for action. The term has been used to mean the contemporary (immediate) influences on the direction, vigor and persistence of action" (Atkinson, 1964), Motivation is how behaviour gets started, is energized, is sustained, is directed, is stopped and what kind of subjective reaction is present in the organism while all this is going on" (Jones, 1955), Motivation is a process governing choices made by persons or lower organisms among alternative forms of voluntary activity (Vroom, 1964). Also, motivation is a psychological process that cause the arousal, direction, and persistence of voluntary actions that are goal directed (Mitchell, 1982). Motivation set of processes concerned with the force that energizes behaviour and directs it toward attaining some goals (Baron, 1983). Motivation an internal drive to satisfy an unsatisfied need' (Haggins, 1994). All these different definitions offer some implications about human behaviour, First, there are some drives (needs) that make individuals behave in certain ways, and second, individual behaviour is goal oriented. Motivation is a continuous process which starts with needs, continues with goal-oriented behaviour and ends with satisfaction of needs.

While a general definition for motivation can be given as "the degree to which an individual wants and chooses to engage in certain specified behaviours" motivation in the work place refers to the degree to which an individual wants and tries hard to do well at a particular task or job (Mitchell, 1982). Motivation of employees is a focus of attention because it may be a means to reduce and manipulate the gap between employees' actual and desired state of commitment to the organization and to inspire people to work both individually and in groups. The challenge for the organization is to find out what its employees' values, and goals are and where they overlap with the organizations'.

Peretomode and Peretomode (2005) observed that there are basically three categories of theories of motivation and job satisfaction that managers can use to improve their understanding of why employees behave as they do in the company. From the above

assertions, Motivation could be seen as the idea of the inner processes that cause people to act to reach certain goals or satisfy their needs. It is a core element of human behaviour that is usually determined by a number of factors, including the desires one has, expectations, and stimuli within the environment. Motivation in the context of organisational behaviour plays an important role in improving the performance, engagement and satisfaction of employees (Florea, Croitoru, & Florea, 2025). The theories of motivation, like the Hierarchy of Needs created by Maslow, the Two-Factor Theory by Herzberg and the Self-Determination Theory by Deci and Ryan, discuss the impact of various factors on the work and goal orientation in a person who finds it intrinsic and extrinsic. These theories underline the need to fulfil the lower-level needs and create a feeling of accomplishment and self-development in developing a motivated workforce.

Non-financial incentives are also important in motivating people by meeting the intrinsic needs, including the need to be recognised, career advancement and purpose. Such incentives may include offering a chance to gain skills, an opportunity to give relevant feedback, a good organisational culture, and a sense of belonging and ownership within a team. Non-financial incentives can help promote job satisfaction and motivation, as the Herzberg theory suggests, because they take care of the intrinsic factor that helps make the working environment better (Rashid, et. al 2025). Although financial incentives are necessary, studies indicate that non-financial incentives may at times provide greater sustainability because they result in greater emotional attachment to work, resulting in increased commitment, job satisfaction and overall performance of the organisation.

These are content, process and integrative approaches. The content theories are concerned with the factors within the person that start, energize, direct, maintain and stop behaviour. They attempt to specify the needs, which motivate people, or what motivates behaviour. The process theories focus on explaining how individual behaviour is energized, directed, sustained and stopped. The integrative approaches attempt to synthesize ideas of other theories of motivation and job satisfaction.

Content theories: There are several content theories but of more relevant to this topic is that of Maslow's need hierarchy theory. Maslow views motivation as the dynamic force which activates the individual. It also holds motivation as simply the drive to reduce a tension caused by an unsatisfied need. Donnelly et al in Peretomode (2005) defines unsatisfied need as a deficiency of something within the individual, and it provides the spark that begins the chain of events leading to behaviour.

Maslow argued that human beings are not only very complex animals, but they also have a number of needs affecting their behaviour in life. These needs are arranged according to a hierarchy of importance. He classified them in five categories ranging from basic physiological needs to the complex self-actualization needs. This hierarchy of basic life needs can be related to satisfaction on the job and off the job" Klatt et al in Peretomode and Peretomode (2005). Toby (2000) observes that leaders really get to know who they work with: get to know what individuals in the organization can do well, what they enjoy doing, what their strengths and weaknesses are, and what they want and need from the system. He further emphasized that what a good leader can do is to create a climate which is supportive in which people will motivate themselves on the basis of their varying needs.

Concept of Non- Financing Incentives

Lornby, (2006) simply defines incentives as something that encourages to do something. Non-financial incentive therefore is the use of non-monetary means as a motivational tool to make an employee desire to work harder. The concept of incentive, "reward" and recognition" are quite interrelated and complementary in the context of employee motivation. When the issue is motivation, one of the first things that comes to one's mind is the concept of incentive, which refers to any means that makes an employee desire to do better, try harder and expend more energy. Non-monetary or non-cash incentives do not involve direct payment or cash and they can be tangible or intangible.

In his contribution, Nilay (2004) observes that motivational strategies may not necessarily be financial but non-financial incentives. Thus, it is any means employed by employers to bring out the best

performance out of their employees to the attainment of the organizational goals

The concept of incentive helps to encourage specific behaviour or goals that are not supported by the existing compensation. These behaviours or goals can be reducing operating costs, solving a particular operational problem, making useful suggestions, improving citizens' satisfaction, preventing a major damage, helping the peers, complying with the rules and regulations of conduct in the work environment etc. Thus, it is particularly important for the public sector that some kind of non-financial incentive mechanisms exist to promote employees to contribute more, and to do more than what is expected from them.

Non-financial incentives a bit differently, yet all of them are focused on their non-monetary nature and their ability to motivate. According to Colic, Arapovic, and Mekic (2022), non-financial incentives are employee motivational mechanisms that go beyond the salary and incorporate such aspects of a workplace as the possibility of career growth and professional development, which is becoming increasingly significant compared to the role of financial compensation in an organisation. Altassan (2024) also emphasises that non-financial rewards, including good working environments, recognition, and opportunities for professional development, are especially important to employees of small and medium enterprises and strongly associated with job commitment and job satisfaction.

Types of Non-Financial Incentives

It has been observed from the foregoing that needs vary from one person to another. It therefore implies that what motivates a worker in a particular situation may not motivate another worker, hence, the need to examine the following non-financial incentives which are used as motivational strategies by organizations. Nilay, (2004) classified Non-financial incentives into the following three broad categories:

- (a) tangible non-financial incentives
- (b) social non-financial incentives; and
- (c) job related non-financial incentives

Tangible non-financial incentives

Tangible non-financial incentives refer to the tangible items such as desk accessories, coffee mugs, watches,

trophies, rings, tie pins, clothing, gift certificates, key chain, discounted goods, free tickets to various facilities etc. Or they can be some services provided by the organization such as free food/beverages, childcare centre, bus service, internet access, club privileges, etc. They can be awarded as a recognition to a good performance or any single contribution or may be offered in the workplace to create positive working atmosphere for the employees.

Social non-financial incentives are related with superior-subordinate relationships and the social activities within the organization. Superiors being sincere and caring in communicating with subordinates and valuing their opinions, the degree of informal or formal recognition for a good job, various social activities in which employees of the same organization get together in an informal way for celebrating something or just to release the stress of the work etc. all contribute to the creation of a working atmosphere that employees feel themselves valuable as part of an entity. This in turn has the potential to motivate employees without offering monetary incentives.

Job related non-financial incentives have the potential to motivate employees intrinsically. Job with variety of tasks, responsibilities, autonomy, flexible working hours, participation in decision making, development opportunities etc. are very important in satisfying employees' certain needs and they may lead to a feeling that the job itself is worth exerting more effort without need to any external incentive.

In the light of these explanations, all three categories of non-financial incentives have the potential to meet various needs of public employees without involving significant costs for the organization. It is also important to bear in mind that the basic monetary needs of subsistence must be adequately met with an employees' income before a non-financial incentive can be effective.

In support of the above, Peretomode (2005), Wiscombe (2002), Nelson (2001), Gale (2002) and Spitzer (1998) submitted that there is a strong link between non-cash incentives and improved job motivation. It was further noted that the correlation between the monetary value of rewards and motivation is not yet high in most jobs as the best on the job performers are not necessarily the highest paid ones.

In furtherance to this, Nwangwu (2004) and Toby (2000) in their contributions listed the following as types of non-financial incentives that can be used by an organization to motivate their workers towards achieving the organizational goals.

- (i) Good office accommodation
- (ii) Provision of coffee during office hours
- (iii) Allocation of responsibilities
- (iv) Organized Transport Scheme
- (v) Internet Access/facilities
- (vi) Recognition and praise
- (vii) Job enrichment
- (vii) Feedback about performance
- (ix) Autonomy to perform on the job
- (x) Goal setting etc.

Goals and Objectives of non-financial motivation

The goal of any motivational strategy is to give room for improved productivity which will thereafter reduce the production cost and increase organizational profitability.

However, non-financial motivational strategies can be used to achieve the following set goals;

- a. Create good image/impression about the workers
- b. Create sense of belonging among the workers
- c. Capacity development through job enrichment

Also, Peretomode and Peretomode (2001) observed that the following are the goals and objectives of compensation policies:

- a. To attract competent employees
- b. To retain employees in the organization
- c. To motivate employees to work
- d. To positively influence the attitude and behaviours of the employees
- e. To enhance the performance of the organization
- f. To comply with federal/state labour laws and regulations.

Problems/Challenges of Non-Financial Incentives

The problems and challenges facing the use of non-financial incentives as motivational tools is multi-faceted, some of which are discussed below:

- i. **Bureaucratic process:** Personnel involved in a social organization are classified and managed using bureaucratic guidelines. The way and manner members of staff are being motivated have been slated in every organization's condition of service. Thus, making it difficult for management to deviate

from or use their discretion to alter the already laid down motivational strategies, which in most cases are financial incentives.

- ii. **Workers' Mindset:** Hornby (2006) defines mindset as a set of attitudes or fixed ideas that somebody has and that is difficult to change. Most workers see motivational tools as only financial benefits such as bonus; overtime allowance derived from their place of work. Thus, the workers' frame of mind is not the same with the purpose for which non-financial incentives are introduced. The use of this strategy to encourage or motivate workers seems not appreciated to the fullest by the workers. A major challenge in this regard is the fact that the workers' interpretation of incentives has been built around what comes into their purse in monetary terms, hence, little or no recognition is attached to any other form of incentives. Having regard to the foregoing, it becomes a problem for the institution's management team to really know or be able to understand the type of non-financial incentives that their employees will appreciate to trigger them towards optimum performance.
- iii. **Inadequate infrastructural Facilities:** Generally, there are inadequate infrastructural facilities such as office accommodation, lecture halls, office furniture and fittings, equipment in the institution. All these are part of non-financial incentives needed by staff to act as catalyst to boost their morale while performing their duties. For instance, if comfortable and well-furnished office accommodation is provided workers' productivity and efficiency will increase as there is the tendency for them to stay longer than necessary in their offices than when they are to sit on wooden chairs that can easily bring discomfort to the users. Also, when lecturers are to lecture in large halls with public address system, they will lecture conveniently as they will have no reason shouting at the top level of their voices for students to hear them which will, in turn, reduce fatigue and stress on the part of lecturers.
- iv. **Leadership Behaviour:** The opinion of a leader towards a specific method of reinforcement is also a determinant of the extent to which workers are motivated. Ijeoma (2004) noted that management activities such as planning, organizing, and decision-making are in dormant cocoons until the

leader triggers the power of motivation in people and guides them towards goals. It is expected that the leader is one who is able to get things done by enlisting the help of others. Peretomode (1991) observes that leadership is the ability to persuade others to work towards defined objectives enthusiastically, the human factor that keeps a group cohesive and motivated towards goals. From the foregoing, it should be noted that a successful leader must take into consideration those factors that can help him/her get the willing cooperation of the one being influenced. To achieve this, he must not be an autocratic leader who wants task performed without considering the subordinates' frame of mind, health condition and a means of motivating them towards achieving set goals.

- v. **The Working Environment:** Non-financial motivational strategies are multifaceted, what motivates a worker to perform in an environment may not motivate another worker in different environment. The working environment must be conducive enough to enhance optimum performance. For example, a worker will be motivated to work more during the hot weather if his office is installed with a functional air-conditioner than another office with a ceiling/standing fan that blows hot during the same weather condition. A careful examination of all offices in the college shows that it is only in the offices of the principal officers that such facilities exist.

In this technological era, one will expect that members of staff, especially the senior staff and all academic staff should be enjoying adequate provision of internet services to enhance information gathering which will, in turn, serve as a motivating factor for optimum performance but, then this is not the case. Of importance to, is the continuous or round the clock academic calendar of the institution, which has not been given the academic staff to enjoy the annual leave entitlements. This situation is negatively affecting the health of this category of workers. No wonder, the medical services of the institution in a circular recently advised all members of staff to check their blood pressure regularly as it was noticed that the incidence of the ailment is becoming rampant among workers. It is on this note that Imogie (2007)

observes that one of the major problems of tertiary education in Nigeria is demoralized staff and students due to an environment that is not conducive to teaching, learning research and scholarship.

Conclusion

A cursory look at all the types of non-financial incentives presented in this paper and the challenges/problems reveal that the use of fund in meeting these demands cannot be over looked. It on his foregoing premise that, the management of different organizations needs adequate funding to be able to implement the varying categories of non-financial incentives that are available at their disposal. This paper concludes that, a well-packaged non-financial incentive will no doubt encourage their staff to work well and grow in the organization instead of looking for greener pastures which may, in turn, lead the organization to loosen most of their competent hands.

Suggestions

The following suggestions were made:

- i. It is essential to provide adequate instructional facilities to enhance productivity within the organization.
- ii. The working environment should be conducive enough to improve employee performance and well-being.
- iii. Management should implement an open-door policy to foster transparency and effective communication between employees and leadership.
- iv. Workers should be oriented toward non-financial motivational incentives that can boost morale and performance, especially in strategic locations as part of a feedback technique within the organization.
- v. Management should install opinion boxes in strategic locations to encourage employees to provide feedback, thereby improving organizational practices.

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