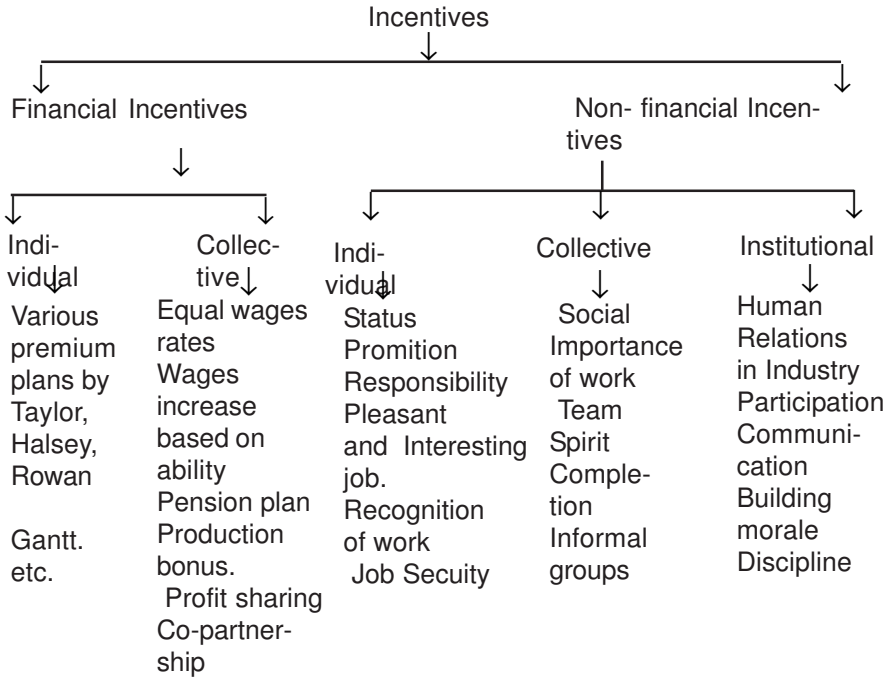
Individuals have both financial needs and non-financial needs. On the basis of these two needs, management uses two different types of techniques for motivation. These are financial incentives and non- financial incentives.From the following chart we may understand different financial and non- financial incentives.



8.7.1 FINANCIAL INCENTIVES

Financial incentives imply that more payment of money to the worker is an important motivating factor. Financial incentives are also called monetary incentives. These include wages, salaries, bonus, prize, income on investment and dividend. Money has the highest exchange value. So people can satisfy their needs through money. Of course, monetary incentives can be for the positive work. Such as amount of money paid to increase production or to do more work. On the other hand, monetary incentives may be for negative work, such as for not doing a work or doing less work, prize is given as on less absence etc. Moreover, financial incentives may be given personally as well as collectively.

8.7.2 NON-FINANCIAL INCENTIVES

Non-financial incentives imply all social and psychological attractions through which workers are encourged to fulfil their best and more work. Though money is an impotant incentive, yet workers do not work only for money. They also want to take incentives for satisfying their social and psychological needs. Non-financial incentives improve the workers interest in work, minimise accidents, and create interest in organisations. Non- financial incentives may be personal, collective and institutional.

Distinctions between financial and non- financial incentives-

Financial incentives differ from non- financial incentives in the following ways.

S. No	Basis of tives Distrinction	Financial Incentives	Non- Financial Incen-
1.	Mode	Financial incentives are given in terms of money such as wages, salary, bonus, commission	Non- Financial incentives are not given in terms of money
2.	Basis of Determination	Financial incentives are determined on the basis of cost of living, agreement of service, benefits offered by the competitors. etc.	Non - financial incentives are determined on the basis of nature of job, attitude of management and aspirations of employees.
3	Level	Financial incentives are used to motivate employees and workers	Non- financial incentives are used to motivate managerial personnel, such as Directors, managers, chairman etc.

Table 8.1: Distinction between Financial and non-financial incentives



ACTIVITY

1. Money holds the key to work motivation in modern business organisation" Do you agree with this statement. Give reasons for your answer.

2. "Non- financial incentives are as strong motivators as the financial incentives" Mention few situations, where employees want to enjoy both non- financial and financial incentives.



CHECK YOUR PROGRESS

Q5: What is McClelland's Theory of Needs?

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Q6: Write any four features of Goal Setting Theory.

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8.8 LET US SUM UP

Motivation is highly individualistic. Motivation is a process of influencing to influence others, to do your will through the possibility of gaining reward. Different theories of motivation have been developed by different authorities. A.H. Maslow has developed a need hierchy model, which includes five needs of human such as physiological needs and safety needs, social needs, esteem needs and self actualisation needs. According to him these human needs tend of follow a basic hierarchical pattern from physiological needs to the self- actualisation needs. On the other hand, Mc Gregor introduced Theoy X and Theory Y. These theories are based on the dual nature of human beings. The Theory X assumes that average people are basically lazy and dislike work. The Theory Y assumes that person does not inheretly dislike work. On the basis of these two theories management can formulate various incentive schemes. There are financial and non - financial incentives.