



MONETORY AND NON-MONETORY INCENTIVES (AN- ANALYTICAL ASSAY)

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ABSTRACT

A reward plays an important role in the health and well being of workers. An incentive can be monetary or non-monetary. Monetary rewards that can be included in HRH are monetary and non-monetary incentives. Rewards play an important role in the employ's satisfaction and best performance in the company. Different studies have shown that rewards change the mode of working of employees. This article covers some historical theories of motivations and in the light of those theories it gives an analysis of incentives being practices in Pakistan. Human resources are the key element of service delivery. Even in the most well resourced and technologically advanced countries the interactions between health professionals and their patients remain at the heart of service provision. Accordingly to my searches from the literature of incentives the monetary incentives are the more advantageous than the non-monetary incentives.

KEYWORDS: Monetary rewards that can be included in HRH are monetary and non-monetary incentives.

1. INTRODUCTION

An incentive scheme is a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time. Incentive programs are mostly used in human resource management to motivate employees and in to attract and adhere the patients to the particular hospital.^[1]

2. Types of incentive

An incentive can be monetary or non-monetary. Monetary rewards that can be included in HRH are monetary and non-monetary incentives. Cash, non cash incentives, Gift cards/certificates, Merchandise, travel and experiential are the examples of monetary incentives. Non-monetary incentives are used to reward participants for excellent behavior through opportunities. Non-monetary incentives may include payroll, flexible work hours, or premium contributions, health savings, training, or reimbursement accounts, or even paid sabbaticals. This may include T-shirts having banner logos, stickers, etc. Different organizations use different incentive schemes to motivate the employees. This essay will explain the incentive schemes. The coverage of this essay is the systematic review of literature on efficacy and value of the monetary or non-monetary incentives.

According to the author (Zurn et al. 2005; Hongoro & Normand 2006; Kingma 2003; Caldwell & Kingma 2007) Non-financial incentives include flexibility in working time, provision of work autonomy and recognition of work.

3. Types of monetary incentives

3.1 Financial incentives

Financial incentives are integral to the employment contract. According to the Hongoro and Normand (2006 p.1311) "at least half of the variation in turnover can be attributed to financial incentives".

3.2 Financial incentives and job satisfaction

Financial incentives have a positive effect on motivation. It is very important for strategically administrative institutions at premises to determine the extent these incentives on the job satisfaction levels of workers. So it should be determined that which incentive should be accepted or rejected by the workers, managers must know the interest of the employees. Public relations also help to format the policies by determining the relationship between some demographical variables financial incentives and non-financial incentives related to the attitudes of employees in terms of job satisfaction.

A study was done in 2012 by Al-Nsour (2012) where he examined the effects of financial and non-financial incentives at Jordanian university in terms of organizational performance. Results showed a significant relation between financial and non-financial incentives and organizational performance in accordance with the data obtained from that study. The results showed that financial incentives were highly regarded than non-financial incentives.

A study done by Burgess and Ratto (2003) showed that incentive pay to improve public-sector efficiency and the evidence on its effects.

A study on the applications of the financial incentive on the motivations of employees in term of the performance was done by the author Naldöken et al. (2011). He concluded that the medical employees, benefited with the financial incentives were positively motivated as compare to the other ones by this application.

I am showing here a diagram how financial and non-financial incentives leads to the job satisfaction

3.3 Monetary incentives and employee performance

Monetary incentives is a good motivational tool on employee performance in a society like ours; where the cost of living is very high. Employees motivation is one of the major problems to be faced in both public and private sector is how to motivate their employees in order to improve performance. Economics is largely based on the assumption that monetary incentives improve performance. The effects of monetary incentives are unambiguously positive a large monetary incentive improves employee performance.

Monetary rewards and the high cost of living in Pakistan

Let's take an example of an individual who has possessed skills, ability and knowledge but will not do much without being motivated. But an individual with skills, ability and knowledge along with motivation combination is some to succeed. Motivation can be defined as the willingness to work. It is the drive and stimulation, which enables individual to perform their work. In the eye of some people motivation is money and most people are motivated by money. Monetary rewards is a very good motivator in developing countries due to high cost of living and low quality of lives which they are facing. The man does work to make money. So money is the most critical incentive to works but when money is taken away, how many health workers will continue to work in Pakistan. Pakistan is a developing country and the man here needs money to survive, to complete the basic needs of the life. By completing the basics needs of life by providing the monetary incentives the performance of the worker can be increased highly. If we take the example of a developing country like Nigeria, employee in both public and private sectors are sometimes owed between 3-6 months' salary and upto the time they have not resigned, still they continue to work not because they love to work and nor they value the job but they know that they will be paid. The truth here is that primarily, people are motivated by economic rewards.

Prepaid incentives prove to be more effective than the pending rewards, or postpaid. The greater the incentive value, the greater the increase in response rate. To have an increase in the response rate, to explore the intrinsic activity of the workers, some strategies can be adopted

like (1) Salary, Wages and Conditions of Service, (2) money, (3) staff training

3.4 Salary a best monetary incentive:

Salaries can act as best motivator and de-motivator. Job rate, payments, personal allowances, fringe benefits like holidays with pay, pensions are some of the components of the salary packages. These components are very important to consider.

3.5 Money as monetary incentives

Money is the most prominent motivational strategy as said by the Akintoye (2000). As far back as 1911, according to the Frederick Taylor money is the most important factor in the motivation of the industrial workers to achieve greater productivity at the community level. The choice of the job demonstrate the motivational power of the money, said by the Katz, in Sinclair, et al. (2005) according to him money is very powerful that it retains, attracts and motivate individuals to intrinsically motivated and show a higher performance. For example if a health professional has another job offer having identical characteristics with his/he current job, but more financial rewards more pay, more facilities as compare to the previous job, there is 100% chances of the professional to be motivated by the second job and accept the new Job offer.

3.6 Staff Training of the employees

High productivity of an organisation depends on the motivational level and the workforce effectiveness. Irrespective of the automation of the organisation Training of the staff is an indispensable strategy for motivating health workers. All the Human resource for Health Management (HRH) organizations must have good training programmes. This will give the health professional opportunities for development and self-improvement so that he can meet the challenges and requirements of new health policies and techniques to perform a task. Managers can stimulate the HR employees by Information Availability and Communication with them. (Olajide, 2000) Motivation is to give relevant information on the consequences of their actions on others. According to this author it seems that as is no known organization to him in which workers of the different hierarchy of the departments cooperate, collaborate and communicate with one another. Information availability produce a powerful peer pressure, like two or a more persons running together will be able to run fast if they run alone or run without awareness of the difference of the other runners. By sharing information, subordinates compete with one another.

3.7 Motivation and monetary incentives

Pay plans with higher variable proportions can lead to higher levels of intrinsic motivation. Self-determination theory offers a parsimonious explanation of the effect of extrinsic rewards on intrinsic motivation.

Self-determination theory (SDT) explains that human behavior is driven in large part by the need to feel competent and autonomous. All forms of feedback like verbal evaluation or a financial rewards are interpreted by the recipient in terms of the degree to which his or her competence and autonomy needs are being met. Therefore a bonus or financial incentive, can confirm or inform a health providers's self-awareness of his or her level of competence or autonomy. Because people may not share the same level of their own knowledge, so variable pay is likely to have differential effects.

The author McCullagh (2005) says that Intrinsic motivation can be defined as an individuals need to feel competency and pride in something. Like, athletes who are intrinsically motivated don't participate in sports for apparent reward but only satisfaction and pleasure they get from the activity itself. According to the author Weinberg & Gould (2003) Accomplishment, Stimulation Knowledge are 3 types of intrinsic motivation.

3.8 Goal Setting Theory of Motivation

Goal Setting Theory was developed by Murry & Stephen (1979) it states that performance and motivation are higher when the individuals set specific goal. When there is a feedback on performance on the goals that are difficult but accepted this motivates the worker. Participation of the health workers in goal setting is also important for setting agreement to the acceptance of higher goals.

Example

Sambo and Mantami (1984) has observed that as long as goals are agreed upon, demanding goals lead to better performance than easy ones. Thus, this theory is in line with the concept of Management by Objective (MBO).

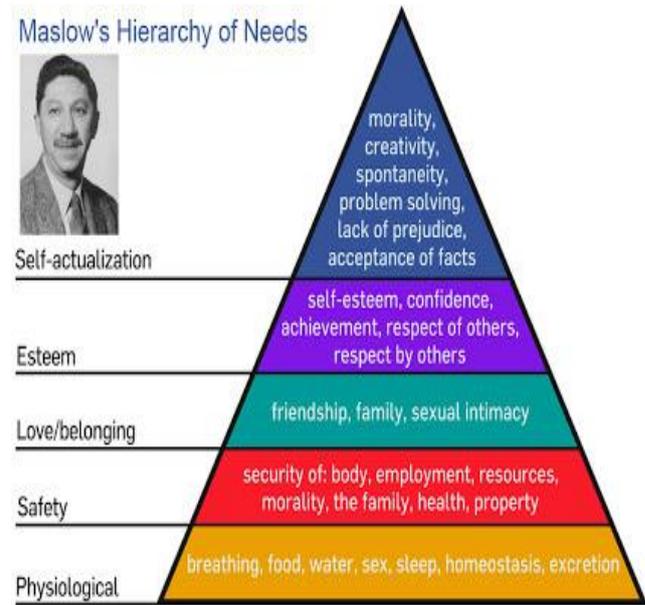
3.9 Equity Theory

This is the need based theory that is concerned with the thinking and perceptions of the people that how they are being treated as compared to the others. The judgment of the individuals subjective about fairness of the reward influence the motivation he/she gets in relative to his or her input. The input which includes the factors such as experience, effort and education as compared to the rewards of others. If health workers think that they are rewarded in-equitably, they may become un-satisfied, by

becoming desperate by the inequitable distribution of rewards they may decrease the quantity quality of their performance or may even resign from the organization. If the rewards are equitable in the perception of the health workers, they will probably continue at the high level of their output. If the people think that the rewards are greater than what they expect they will work harder.

3.10 Need based theory of Maslow and monetary incentives

A Psychologist Mr. Abraham Harold Maslow in 1943 suggested the Theory of Human Motivation (Figure 1).



These are the motivational needs in the eye of the Maslow, which he suggested for the people. Monetary incentives play an important role in fulfilling of these needs. when there are rewards, there is intrinsic motivation, when there is intrinsic motivation, there is higher response rate of the worker, higher the response rate higher are the output of the services health services provided by the HRH .

Here I am explaining the literature of rise in intrinsic motivation and compensation. Due to change in salary plans. (Table 1)

Table 1: Literature of rise in intrinsic motivation and compensation

	Study	Compensation Plans: Defined	Proportion of Sample	Findings regarding intrinsic motivation and compensation
Interval: Objective	Cravens et al 1993	Proportion of income which is fixed.	Not reported	Not significant bivariate Correlation NS
	Oliver & Anderson 1994	Percent of salary in compensation plan	Not reported	Not significant bivariate Correlation NS
	Roman et al 2005	Percent of commission.	Not reported	Not significant bivariate

				Correlation NS
Categorical	Oliver & Anderson 1995	*Lo variable *Mid 45/55 var/fix) *High variable	Lo Variable n=91 Mid Variable n=136 Hi Variable n=120	Mixed has highest intrinsic Motivation S positive at mid point.
	Yilmaz 2005	* Combination * Full Commission	Combin. n=116 Full commission n=50	Model examining link between intrinsic motivation and compensation methods. NS performance the same for both
	Pullins 2001	*All Salary *Mixed *All Commission	Hi salary= 1 firm Mixed =14 firms No Salary=4 firms	Depends on clarity of requirements of commission. Negative when unclear. Positive when clear.
Interval: Subjective	Babakus, et al 1996	One firm: 75% salary and 25% commission.	All respondents from 1 firm	Positive correlation between Intrinsic motivation & commission pay Significant Positive
	Baldauf, Cravens & Grant 2002	Ranges from all salary to all commission.	Not reported	Positive correlation between Intrinsic motivation & commission pay Significant Positive
	Baldauf, Cravens &	Ranges from all salary to all commission.	Not reported	
	Miao & Evans 2007	Not reported	Not reported	Positive covariation between compensation & task enjoy. Significant Positive Strong covariance between Intrinsic Motivation and behavior control. Significant Negative

3.11 Wages and conditions of the services

The amount of the wages which is paid to workers is an important element for attracting people to determine a career in the delivery of the health service. It also provides different ways of competitions among potential employers in national and international health services.

Satisfactory wages and allowance and perception that wages are fair when compared to other peers and colleagues at the local level enhance the adherence of health workers to their and reduce the pull of international opportunities of employment.

Examples of wages

In October 2004, Malawi launched a major Sector Wide Approach (SWAp), pooling funds from major donors into the Ministry of Health Budget. As part of SWAp, salaries at most grades of nurse and physician rose 40% to 60% (Record & Mohiddin 2006).

3.12 Performance-linked payments in HRH

Bonuses are the performance linked premium as an additional service to the pays and daily wages. Bonus is one of the ways to attract health workers to practice in rural areas of Pakistan like village sides. Bonuses play an additional role here because some factors act as disincentives for health workers to practice in rural areas. These factors are lack of professional opportunities, lack of community organisational infrastructure, high demand for services

Examples

I am explaining here a live example of FGPC Islamabad Pakistan, where there is a distinct difference in the services of the health department of the hospital.

Monetary incentives have always been a source of motivation for employees of every profession and health care workers are no exception. I can cite a number of examples to support this claim. Last week I had a group discussion with the staff of the emergency department of FGPC, Islamabad. They are all paid 10% of the basic pay as a bonus because of the hectic and high pressure environment in which they have to work. From top to bottom, all of the staff was satisfied with their working conditions and agreed unanimously that the bonus motivated and inspired them to take on the extra work and do it well.

Another example is of the post grad trainees of the same hospital. Each department has a limited number of paid seats on which they can hire post graduate students. To get the required working experience and to become eligible for their exam, many of the trainees are forced to work on honorary basis. This, according to the unpaid trainees, is nothing short of a gross inequality. They feel depressed and desolate because after putting in all the hard work they don't get rewarded for it at the end of the day. While their peers, doing the same amount and quality of work, are getting paid for it. This leads to a hostile workplace environment and poor performance from the unpaid students.

Again I would like to quote an example of FGPC Hospital, Islamabad. While working on my essay I met a group of clerks from the administration department and they gave me another insight into how the human nature is wooed by monetary incentives. At the end of each fiscal year, depending on their performance, one of these clerks is paid a single salary as a bonus. So they are inspired to work harder, better and with more dedication to get that coveted prize at the end of the road.

Bonuses paid to individual health professionals will vary significantly according to the type of job and the duties the individual has. Performance incentives are often incorporated into the contracts of senior consultants and managers; the incentives reflect overall organisational outcomes and, in turn, the greater capacity and personal responsibility of consultants and managers to influence those high level outcomes.

3.13 NON-FINANCIAL INCENTIVES

There are some non-financial incentives of the monetary incentives these are proper consultative planning, long-term strategic planning within the framework of health sector planning, sustainable financing mechanisms, like national budgets, donor funds and national budgeting through the SWAP (sector-wide approach) or general budgeting support, instead of project-specific funds.”

4. Non-monitory incentives

The literature on incentives suggests that the followings non-monitory incentives are valued by health professionals: (1) Access to formal and informal education and training; (2) Effective clinical and personal (3) Supervision and mentoring; (4) considered and supportive approach to lifelong learning and personal development.

4.2 Workload management

Heavy workloads of patients and unmanageable staffs are a common concern among health professionals. They are contributing to low motivation, poor performance and burnout; so they may result in health professionals dissatisfaction and leaving their current job or abandoning health sector job altogether.

5 Characteristics of an effective incentive scheme for health professionals

An effective incentive scheme must have the following characteristics like Clear objectives, Realistic and deliverable Reflects health professionals, needs and preferences Well designed, strategic and fit-for-purpose, Contextually, appropriate, Fair, equitable and transparent, Measurable, Incorporates, financial and non-financial elements

6. CONCLUSIONS

Human resources are the key element of service delivery. Even in the most well resourced and

technologically advanced countries the interactions between health professionals and their patients remain at the heart of service provision. Accordingly to my searches from the literature of incentives the monetary incentives are the more advantageous than the non-monitory incentives.

Incentives, both financial and non-financial, provide one tool that governments and other employer bodies can use to develop and sustain a workforce with the skills and experience to deliver the required care.

Monitory incentives results in immediate performance of the worker's direction, duration of working and intensity of working.

Monitory incentives leads to strategic development when immediate level of involvement of the workers is required.

Monitory incentives changes the behaviour of workers towards the projects, and increase the value of the work in the work in the eye of the health worker.

It effects the goal expectancy of the projects and leads to the goals achievement as soon as possible.

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