

Motivation, Maslow's Need Hierarchy Theory of Motivational & Financial & Non-financial Incentives

1 Mark Questions

1. Give any two examples of employee recognition as a non-financial incentive. (Delhi 2014C)

Ans. Two examples of employee recognition are:

- (i) Installing awards or certificate for best performance.
- (ii) Displaying on the notice board or in company news letter about the achievement of employee.

2. Give any two characteristics of organisational climate that influence the behaviour of individuals and act as a non-financial incentive. (All India 2014)

Ans. Characteristics of organisational climate are:

- (i) Reward orientation
- (ii) Individual autonomy

3. List any two non-financial incentives. (Compartment 2014)

Ans. Non-financial incentives include

- (i) Status
- (ii) Career advancement

4. Why is motivation called a complex process? (Compartment 2014; Delhi 2013)

Ans. Motivation is a complex process as individuals are heterogeneous in their expectations, perceptions and reactions. Different people have to be motivated differently as any one type of motivation cannot have a uniform effect on all the members.

5. What is meant by motivation? (All India 2013)

Ans. Motivation is the process of stimulating people to act voluntarily to accomplish desired goals.

6. Name the term used in management which stimulates people to take up work voluntarily. (HOTS; All India 2011)

Ans. 'Motivation' stimulates people to take up work voluntarily.

3 Marks Questions

7. Huma is working in a company on a permanent basis. As per the job agreement, she had to work for 8 hours a day and was free to work overtime. Huma worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realised that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.

- By quoting the lines from the above para, identify the needs of Huma which she is able to fulfil.
- Also explain two other needs of Huma followed by the above needs, which still remained to be Satisfied.

Ans. (i) 'No one showed concern and enquired about her health', the quoted line depicts that her affiliation/belongingness needs are not fulfilled.

(ii) The two other needs which still remain to be satisfied according to Maslows' Need Hierarchy Theory are:

- **Esteem needs** These include fulfilment of needs such as self-respect, autonomy status, recognition and attention.
- **Self-actualisation needs** It is the highest level of need in the need hierarchy theory. These needs include growth, self-fulfilment and achievement of goals.

8. Kavya is working in a company on permanent basis. As per the job agreement, she had to work for 8 hours a day and was free to work overtime. Kavya worked overtime. But even after working for long hours and putting in her best efforts, no recognition was given to her by her boss. Due to overtime, she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realised that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.

- Identify and explain the needs of Kavya discussed in the above para, by quoting the lines.
- Also explain two other needs of Kavya followed by the above needs, which still remained to be satisfied. (Foreign 2014)

Ans. (i) 'No one showed concern and enquired about her health', the quoted line depicts that her affiliation/belongingness needs are not fulfilled.

(ii) The two other needs which still remain to be satisfied according to Maslows' Need Hierarchy Theory are:

- **Esteem needs** These include fulfilment of needs such as self-respect, autonomy status, recognition and attention.
- **Self-actualisation needs** It is the highest level of need in the need hierarchy theory. These needs include growth, self-fulfilment and achievement of goals.

9. Rahim was working in an enterprise on daily wage basis. It was difficult for him to fulfil the basic needs of his family. His daughter fell ill. He had no money for his daughter's treatment. To meet the expenses of her treatment, he participated in cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted.

- **By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of cycle company.**
- **Also, explain two other needs of Rahim followed by above needs that are still to be satisfied. (VBQ; Dehll 2013)**

Ans. (i) 'The cycle company offered him a permanent pensionable job which he happily accepted'. This quoted line has cleared that basic physiological need of Rahim is satisfied by this.

(ii) After the physiological need Rahim strives for:

- **Safety/Security needs** They are concerned with physical, economic and social security.
- **Social need** After getting security from the society, Rahim wants affection, sense of belongingness, acceptance and friendship.

10. Explain any three assumptions of Maslow's Need Hierarchy Theory. (All India 2012)

Ans. Assumptions of Maslow's Need Hierarchy Theory are:

- People's behaviour being affected by their needs.
- There are many needs of people and their order or priority can be made.
- Motivation ends with the satisfaction of needs. After that, the next higher need serves as a motivator.

11. What is meant by non-financial incentives? List any two non-financial incentives. (Delhi 2011C; All India 2009)

Ans. Non-monetary or non-financial incentives are those incentives which do not involve monetary benefits. These incentives are based on factors which give us a feeling of satisfaction of doing or accomplishing something worth-while to the workers. The two non-financial incentives are:

(i) Participation in management decisions.

(ii) Job security.

12. What is meant by financial incentives? State any two financial incentives. (All India 2011; Delhi 2009C)

Ans. Financial incentives refer to incentives which are in direct monetary form and serves to motivate people for better performance.

Two financial incentives are:

(i) Pay and allowances Salary is the basic monetary incentive for every employee. It includes basic pay, dearness allowances and other allowances.

(ii) Productivity linked wage incentives Some incentives plans link wages with productivity of an individual or that of the group to motivate him/them to produce more.

4 / 5 Marks Questions

13. Define motivation. How does it improve efficiency and facilitate the accomplishment of organisational goals?(Delhi 2012,2008C)

Ans. It is the process of stimulating people to act voluntarily to accomplish desired goals.

In other words, motivation refers to the way a person is enthused at work to intensify his willingness to use his potentiality for the achievement of organisational objectives. It is through motivation that managers attempt to inspire the employees to work for the organisation.

According to William G Scott, 'Motivation means a process of stimulating people to action to accomplish desired goals'.

Motivation improves the efficiency The level of performance of employees depends not only on individual abilities but also his willingness to achieve a high level of performance. Motivation induces employees to work better and to use their full potential. Thus, motivation helps in increasing productivity and overall efficiency.

Motivation facilitates the accomplishment of organisational goals Management can achieve the goals effectively by motivating the subordinates. The motivated employees contribute to the fulfillment of the assigned tasks with their best efforts. In the existence of an effective system of motivation, the worker cooperate voluntarily with the management towards the accomplishment of organisational goals

14. Explain any four non-financial incentives. (All India 2011)

or

To satisfy the social and psychological needs, which types of incentives are needed? Explain any five types of such incentives. (HOTS; All India 2008)

Ans. To satisfy the social and psychological needs, non-monetary incentives are needed.

Various types of non-financial incentives are as follows:

(i) Job security Generally, workers prefer security of job. It is an assurance by the

employer that the worker will continue in the employment. It eliminates uncertainty about the earnings and job and have a positive impact on the efficiency.

(ii) Participation in management's decisions The active participation of workers and their representatives in decision-making helps in securing cooperation and commitment of workers towards organisational goals.

(iii) Employee recognition It is one of the most important motivator. It helps in improving the attitudes of employees and at the same time, motivates them to put their best efforts. Efficiency and innovations of the workers should be recognised and praised. Recognition can be given by appreciating the work, installing awards and certificates, display of achievements on the notice board, etc.

(iv) Job enrichment Assignment of challenging Jobs is a significant non-financial incentive. Assignment of challenging work to subordinates provide opportunities for maximum development ' and helps them to reach upto the point of self-realisation.

(v) Status In the organisation context, status means ranking of positions in the organisation. The status of a person is reflected in his authority, responsibility, pre-requisites and recognition. Psychological, social and esteem needs of an individual are satisfied by status.

15. Ayasha Ltd assured their employees that inspite of recession, no worker will be retrenched from the job.

- **Name and explain the type of incentive offered to the employees.**
- **Explain one more incentive of the same category. (HOTS; Delhi 2010)**

Ans. (i) Job security Ayasha Ltd offered non-financial incentive i.e. 'job security'. It refers to the stability about future income and work so that the employees do not feel worried on these aspects and work with great zeal. Workers may not prefer jobs with higher wages or salaries which do not carry security.

(ii) Employee recognition programmes The other incentive of this category is employee recognition. When the services of an employee is recognised, he feels morally upgraded and his confidence level goes high. He prepares himself to take new challenges.

Recognition can be given by

- Congratulating the employee for good performance
- Displaying the achievement of an employer on a notice board or company news letter
- Installing awards or certificates for best performance, etc
- Distributing moments and complimentaries like T-shirts, etc.

16. Blue Birds Ltd offers to its employees to issue shares at a price which is less than the market price.

- **Name and explain the type of incentive offered to the employees.**
- **Explain one more incentive of the same category. (HOTS; All India 2010)**

Ans. (i) Co-partnership By offering its employees issue of shares at a price less than the market price, Blue Birds Ltd offered 'co-partnership' which is a financial incentive. The company did so, to motivate its employees so that they work with great zeal. All types of such incentives are measured in monetary terms. By offering such incentives, the company motivates its people to improve their performance. These incentives may be provided on individual or group basis.

(ii) Bonus It is an incentive offered over and above wages/salary to the employees. Monetary benefits have only limited utility in increasing the motivation of employees. After the basic needs have been met, the role of money in motivating the employees is generally decreased.

17. Motivation plays an important role in the success of management. Explain any four points of importance of motivation in the light of the statement. (Delhi 2010) or

Describe the role of motivation in directing function of management. (Delhi 2009C; All India 2009)

Ans. Importance of motivation are as follows: (Any four)

(i) Changes negative attitude to positive attitude Sometimes, workers have indifferent or negative attitude towards work. Motivation helps to build a positive attitude towards work through suitable rewards, positive encouragement and praise for good work.

(ii) Improves efficiency Motivation influences the level of performance of employees which depends not only on individual abilities but also on their willingness to achieve a higher level of performance. Motivation infuses willingness to work. In this way, motivation bridges the gap between the ability to work and willingness to work.

(iii) Helps to introduce changes smoothly Whenever some changes are brought in the organisation, employees resist change. However, with proper motivation, employees can be convinced that the proposed changes will bring additional rewards to the employees. This will help them to readily accept the changes.

(iv) Creates supportive work environment Organisation offers various rewards to their employees to satisfy their diverse needs. They offer monetary rewards, promotional opportunities, recognition of efficient work and involvement of employees in decision-making. These bring satisfaction among employees. Such satisfaction leads to cordial relationship between the employer and employee.



(v) Reduction in employees' turnover Motivation creates confidence and loyalty in the subordinates. The rate of employment or employees turnover is reduced. This results in maintaining a stable work force. The skill and experience of employees continue to be available to the advantage of the organisation as well as the employees.

18. Maslow's Need Hierarchy is considered fundamental to understand the motivation. Explain the role of need hierarchy in motivation. (All India 2008)

Ans. Maslow's Hierarchy of Need refers to the systematic arrangement of human needs. It is considered fundamental to understanding of motivation. Motivation has a direct link with needs. People have wide range of needs.

Maslow classified human needs into five categories in order of priority:

(i) Physiological needs These needs include the needs for food, water, clothing, and shelter. These are also called the basic needs and are common to all individuals. The fulfillment of these need is necessary for the survival of human beings

(ii) Safety and security needs These needs provide security and protection from emotional and physical harm, e.g. job security, stability of income, pension plans, etc.

(iii) Affiliation/Belonging needs These needs refer to affection, sense of belongingness, acceptance and friendship.

(iv) Esteem needs These needs concern with the desire to prove one's worth in the eyes of others, e.g. self-respect, self-confidence, etc.

(v) Self-actualisation needs This need is related to the development of one's potential to fullest possible extent.

A manager must understand the needs and wants of people in order to motivate them to work. A satisfied need can no longer persuade/motivate a person. It is only the next higher level need that can motivate a person. For satisfaction of these needs, management must offer different incentives, financial or non-financial. e.g.

(i) Physiological needs For this, they offer monetary incentives, e.g. good salary/wages and comfortable working conditions.

(ii) Safety and security needs For these needs, they offer job security, pension, insurance, etc.

(iii) Social Needs For satisfaction of these needs, they encourage team-building and provides workers, the opportunity to interact socially.

19. 'It is only motivation through which the managers can inspire their subordinates to give their best to the organisation'. In the light of this statement, explain any five points of importance of motivation. (All India 2008)

Ans. According to William G Scott, 'Motivation means a process of stimulating people to

action to accomplish desired goals.’

Importance of motivation

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6 Marks Questions

20. Explain the following non-financial incentives:

- **Status**
- **Organisation climate**
- **Career advancement opportunities (All India 2013)**

Ans. Non-financial incentives are used to motivate employees to improve their performance. These incentives are not measured in terms of money, rather they provide psychological and emotional satisfaction.

(i) Status In business terms, status means ranking of positions in the organisation. The authority, responsibility, rewards, recognition, perquisites and prestige of job indicate the status given to a person holding a managerial position. It satisfies psychological,

social and esteem needs of an individual.

(ii) Organisation climate Organisational climate refers to the sum total of characteristics like individual autonomy, reward orientation, consideration to employees, risk-taking, etc. A positive climate serves as an incentive, supportive relationships, knowledge of work done, healthy competition for superior performance, etc are motivating factors.

(iii) Career advancement opportunity Most of the employees want to explore in their career. An organisation can motivate its employees by providing them opportunities for in-service training and promotion. In other words, if the employees are provided the opportunity for their advancement and growth and to develop their potentiality, they feel very much satisfied and become more committed towards the organisation goals.

21. Money is not the only motivator. Then what else is required to motivate employees? Explain by giving any four points. (HOTS; Delhi 2010c)

or

Human beings cannot be motivated only through monetary incentives. Non-monetary incentives are also necessary to motivate them. Explain any four such non-monetary incentives. (All India 2009)

Ans. Non-financial incentives are used to motivate employees to improve their performance. These incentives are not measured in terms of money, rather they provide psychological and emotional satisfaction. Money is not the only motivator. The non-financial incentives have to be used in addition of financial incentives.

Types of non-financial incentives

To satisfy the social and psychological needs, non-monetary incentives are needed. Various types of non-financial incentives are as follows:

(i) Job security Generally, workers prefer security of job. It is an assurance by the employer that the worker will continue in the employment. It eliminates uncertainty about the earnings and job and have a positive impact on the efficiency.

(ii) Participation in management's decisions The active participation of workers and their representatives in decision-making helps in securing cooperation and commitment of workers towards organisational goals.

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