



---

***A Study on the Impact of Incentives on Motivation Level of Employees Working in Public Limited compared to Private Limited Companies with special reference to Nagpur City***

---

**Dr. N M Mapawala**

*(Ph.D., M.Com, M.Phil, ICWA(1<sup>st</sup>))*

**Retired Associate Professor,**

*Sindhu Mahavidyalaya,*

*P.O. Box 440017 –Nagpur, Maharashtra, India*

**Nishad Ahemed**

*(Ph.D., (pursuing) MBA, BCA)*

**HR Head,**

*Pride Distributor Pvt. Ltd.,*

*P.O. Box 440008 –Nagpur, Maharashtra, India*

---

***Abstract***

---

The employees in the organization need to be motivated so as to have higher productive efficiency. Various organizations use variety of ways to increase the motivational levels of the employees working in the organizations. The companies choose among different financial and non financial incentives to motivate the employees and consequently increase their productive efficiency. Apart from the incentives the socio economic background of the employees also affects the motivation level of employees. This paper aims to study impact the socio economic background of the employees on the motivation level of employees working in selected public limited companies compared to private limited companies.

**Key Words:** Motivation level, Incentives, Public & Private limited companies

***Introduction:***

***1. Motivation:***

Motivation is mainly a psychological concept. It refers to the forces, operating within an individual, which impels him to act or not to act in a certain way. Motivation is one of the most important factors affecting human behaviour. Motivation, in most general sense, is an attempt to explain why behaviour takes place. Motivation may be defined as the complex force inspiring a person at work in the organization to intensify his/her desire and willingness to use his/her potentialities for achievement of organizational objectives. According to Likert, motivation is the core of management. The word motivation is derived from the Latin word "movere" which means "To move". Motivation is an internal state or condition (sometimes described as a need, desire or want) that serves to the activate or energize behaviour and to give it direction to internal state or condition that activates behaviour desire or want that energizes and directs goal oriented behaviour influence of needs and desires on the intensity and direction of behaviour. Motivation refers to a state that directs the behaviour of the individual towards certain goals. Motivation has been defined as: the psychological process that gives behaviour purpose and direction. It is necessary to distinguish between the meanings of the terms need, motive, goal and drive.

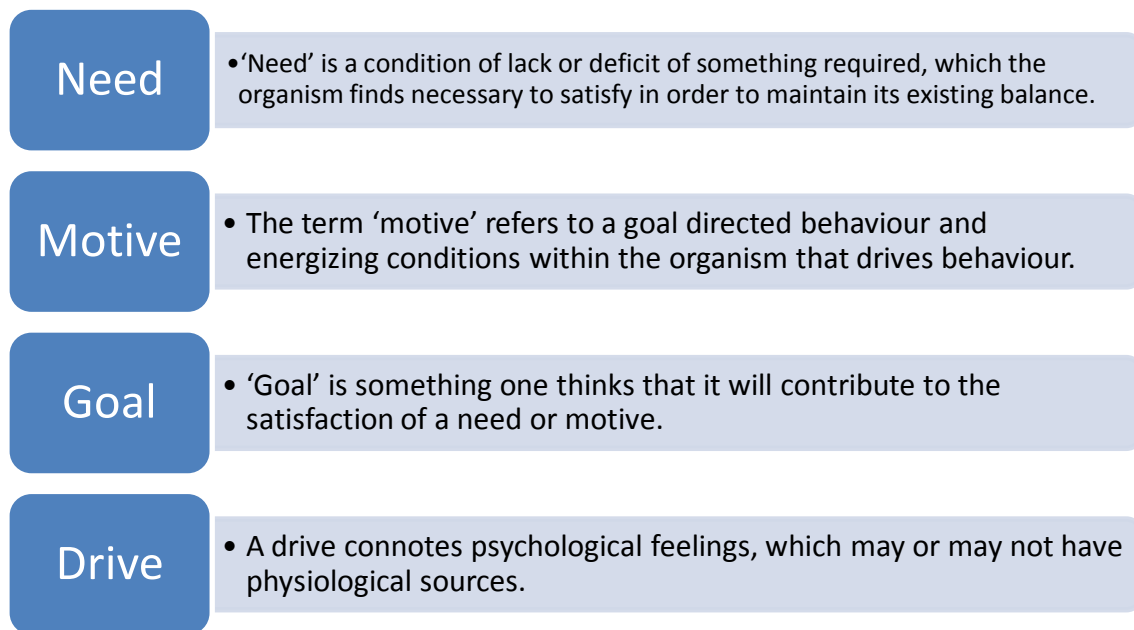


Figure: 1

**2. Characteristic Features of Motivation:**

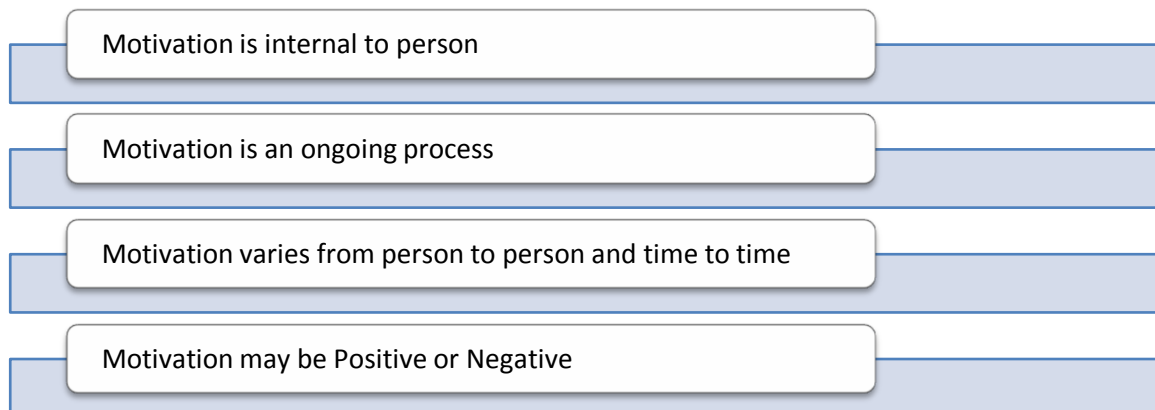
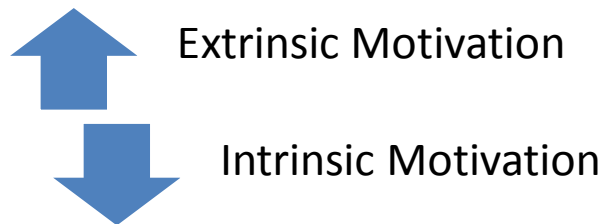


Figure: 2

1. Motivation is internal to person: Motivation is an internalized feeling. It is a psychologically generated behaviour which forces a person to act.
2. Motivation is an ongoing process: Motivation is a continuous activity. It goes on endlessly because needs and desires are many. One need may give rise to the other. They are numerous and motivate persons for their satisfaction.
3. Motivation varies from person to person and time to time: Motivation is different for different persons and also varies according to time and place because wants are different to different people at different times and places. Moreover, motivation is a psychological phenomenon and it is difficult to make a clear assessment as to what exactly is the cause of motivation.
4. Motivation may be Positive or Negative: Positive or incentive motivation is based on Reward. According to Flippo "Positive motivation is a process of attempting to influence others to do one's will through the possibility of gain or Reward." People work for incentives in the form of four "P"s of Motivation: Praise, Prestige, Promotion and Pay cheque. Negative or fear motivation is based on fear and force. Fear causes persons to act in a certain way because they are afraid of the consequences if they do not act. If workers do not work, they are threatened with mechanism.

**3. Types of Motivation:**



**Figure: 4**

**3.1 Extrinsic motivation:**

Extrinsic motivation has been the fuel for many of man’s activities – from education to the workplace. It is what is done to or for people to motivate them. It is related to ‘tangible’ Rewards such as salary and fringe benefits, security, promotion and condition of work. It is easily controlled by the superiors. Extrinsic motivation is concerned with external motivators which employees’ enjoy- pay, promotion, status, fringe benefits, retirement plans, health insurance schemes, holidays and vacations and the like. Mostly these motivators may be associated with financial Rewards.

**3.2 Intrinsic Motivation:**

Intrinsic motivation is motivation, which comes from within a person. It is an emotional preference for a task that gives us pleasure and enjoyment. Intrinsic motives are those, which are satisfied by internal reinforces. Intrinsic motivation is the self-generated factors, which influences people to behave in a particular way or to move in a particular direction. They are related to psychological Rewards such as the opportunity to use one’s ability a sense of challenge and achievement, positive recognition, and being treated in a caring and thoughtful manner. They are those that individuals receive for themselves. Intrinsic motivation arises from having “a strong emotional interest in an activity and a sense of freedom and autonomy related to it.”

**4. Public & Private Limited Company:**

A company is an artificial person formed by law. It’s an alliance of individuals having a separate legal entity, perpetual succession & common seal. Its capital is generally divided into transferable shares, subject to certain conditions.

The most popular classification of companies is Private (Pvt. Ltd.) and Public (Ltd.). Both private and public limited companies have its own advantages and disadvantages.

**4.1 Distinguish Features:**

| Features   | Public limited company | Private limited company                    |
|--|------------------------|--|
| Minimum members                                      | 7                      | 2  |
| Minimum directors                                    | 3                      | 2  |
| Maximum members                                      | Unlimited              | 200  |
| Minimum capital                                      | 500000                 | 100000                                     |
| Invitation to public                                 | Yes                    | No   |
| Issue of prospectus                                  | Yes                    | No   |
| Quorum at AGM  | 5 Members              | 2 Members                                  |
| Certificate for commencement of Business (Mandatory) | Yes                    | No   |
| Term used at the end of name                         | Limited                | Private Limited                            |
| Managerial remuneration                              | No restriction         | Cannot exceed more than 11% of Net Profits |
| Statutory meeting (Mandatory)                        | Yes                    | No   |
| Features   | Public limited company | Private limited company                    |
| Minimum members                                      | 7                      | 2  |
| Minimum directors                                    | 3                      | 2  |
| Maximum members                                      | Unlimited              | 200  |
| Minimum capital                                      | 500000                 | 100000                                     |
| Invitation to public                                 | Yes                    | No   |



**Research Objectives of the Study:**

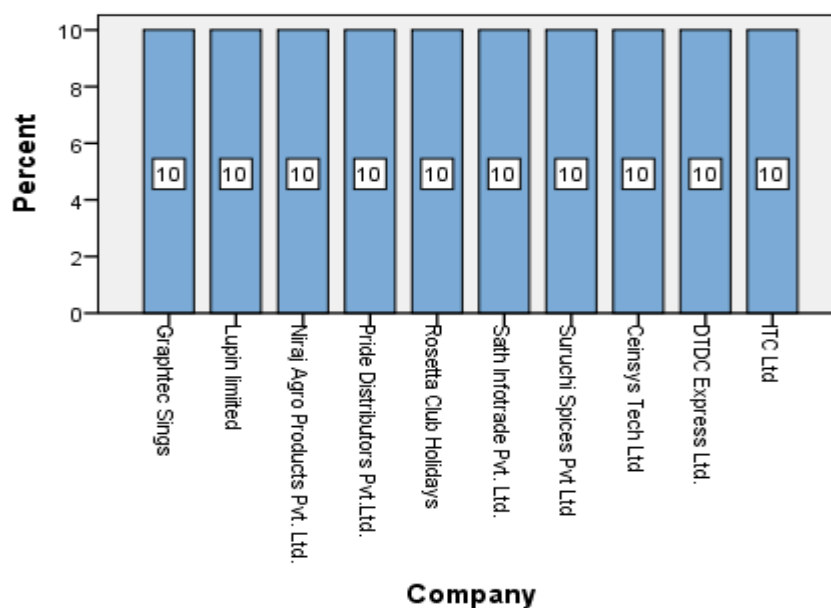
1. To study the impact of the socio economic background of the employees of public limited company on their motivation level.
2. To study the impact of the socio economic background of the employees of private limited company on their motivation level.

**Data Analysis:**

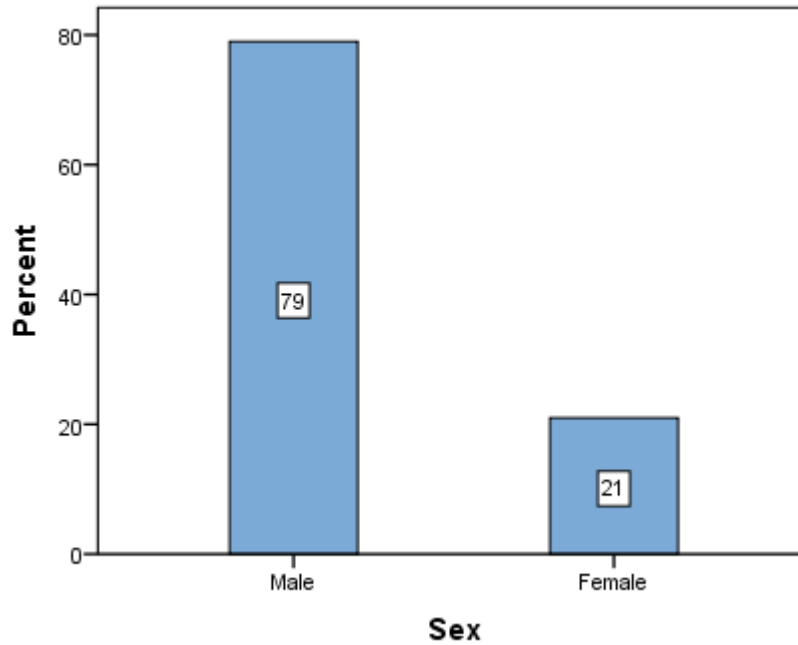
**Data Analysis**

**Company**

|                               | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------------|-----------|---------|---------------|--------------------|
| Valid Graphtec Sings          | 50        | 10.0    | 10.0          | 10.0               |
| Lupin limited                 | 50        | 10.0    | 10.0          | 20.0               |
| Niraj Agro Products Pvt. Ltd. | 50        | 10.0    | 10.0          | 30.0               |
| Pride Distributors Pvt.Ltd.   | 50        | 10.0    | 10.0          | 40.0               |
| Rosetta Club Holidays         | 50        | 10.0    | 10.0          | 50.0               |
| Sath Infotrade Pvt. Ltd.      | 50        | 10.0    | 10.0          | 60.0               |
| Suruchi Spices Pvt Ltd        | 50        | 10.0    | 10.0          | 70.0               |
| Ceinsys Tech Ltd              | 50        | 10.0    | 10.0          | 80.0               |
| DTDC Express Ltd.             | 50        | 10.0    | 10.0          | 90.0               |
| ITC Ltd                       | 50        | 10.0    | 10.0          | 100.0              |
| Total                         | 500       | 100.0   | 100.0         |                    |

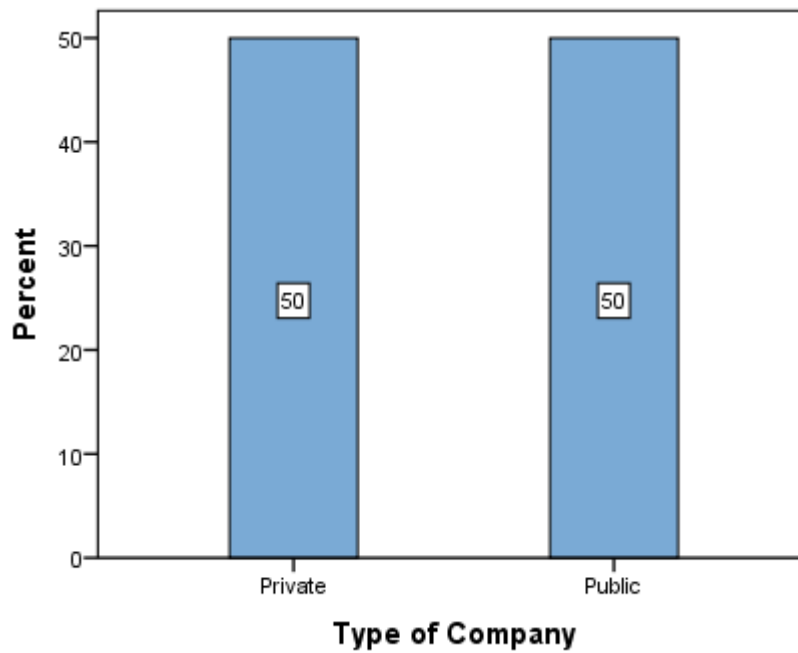


In order to make the effective comparison five companies each from Private Sector and Public Sector were selected and responses of the employees were recorded

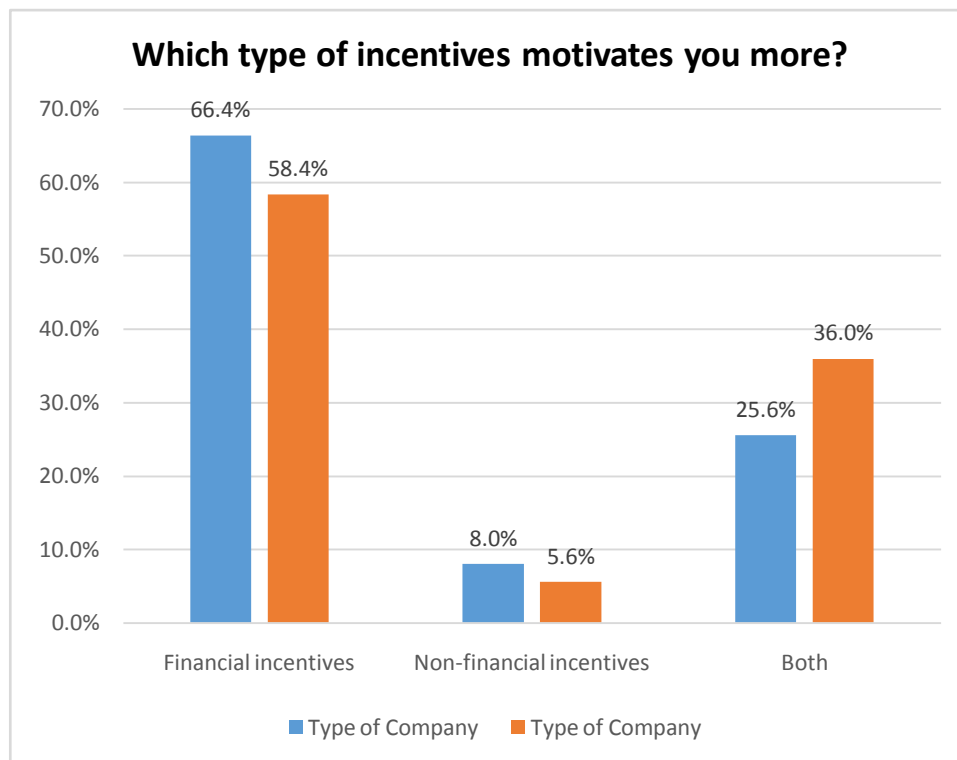


Type of Company

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Valid Private | 250       | 50.0    | 50.0          | 50.0               |
| Valid Public  | 250       | 50.0    | 50.0          | 100.0              |
| Total         | 500       | 100.0   | 100.0         |                    |

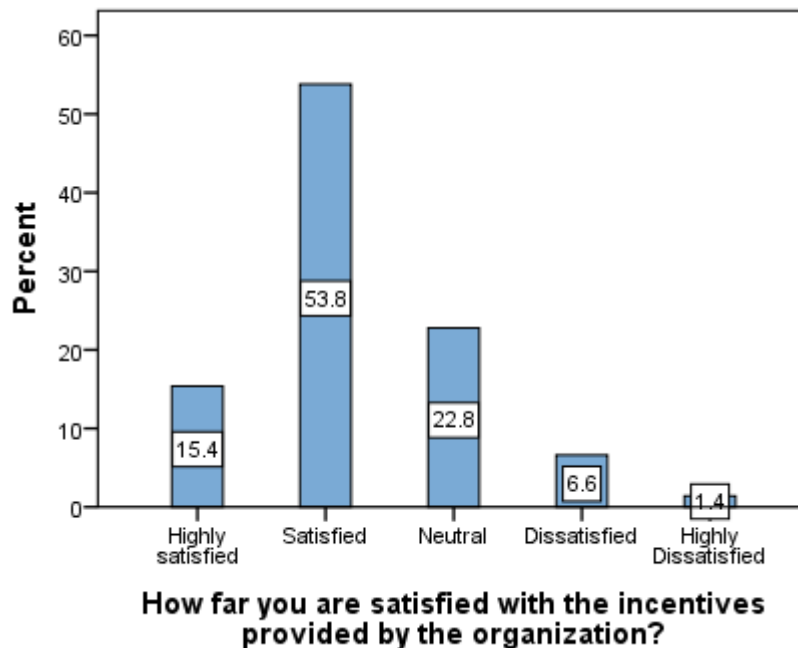


| Which type of incentives motivates you more? |                 |        |
|--|-----------------|--------|
|  | Type of Company |        |
|  | Private         | Public |
| Financial incentives                         | 66.4%           | 58.4%  |
| Non-financial incentives                     | 8.0%            | 5.6%   |
| Both   | 25.6%           | 36.0%  |



### How far you are satisfied with the incentives provided by the organization?

|                     | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Highly satisfied    | 77        | 15.4    | 15.4          | 15.4               |
| Satisfied           | 269       | 53.8    | 53.8          | 69.2               |
| Neutral             | 114       | 22.8    | 22.8          | 92.0               |
| Dissatisfied        | 33        | 6.6     | 6.6           | 98.6               |
| Highly Dissatisfied | 7         | 1.4     | 1.4           | 100.0              |
| Total               | 500       | 100.0   | 100.0         |                    |



**Interpretation:**

1. The responses for the research were taken from the employees of ten different companies, 10% each i.e. 50 respondents each were from Graphtec Sings, Pride Distributors Pvt. Ltd., Niraj Agro products Pvt. Ltd., Suruchi Spices Pvt. Ltd., Rosetta Club Holidays, Ceinsys Tech. Ltd., Lupin Limited, Sath Infotrade Pvt. Ltd., DTDC Express Ltd. and ITC Ltd.
2. Out of the total respondents 79% of the respondents are male and remaining 21% are female.
3. The majority of the respondents i.e. 74% respondents belong to private company and only 26% respondents are from private company.
4. Out of the total private company employees 66.4% said financial incentives motivates them and 58.4% of public employees agreed to the same. 36% of the public company employee said they are motivated by both financial and non-financial incentives and only 25.6% of private employees felt the same. Non-financial incentives motivate only 8% of the private company employees and 5.6% of public company employees.
5. Out of the total respondents 53.8% are satisfied with the incentives provided by the organisation, 15.4% are highly satisfied. 22.8% are neither satisfied nor dissatisfied, whereas, 6.6% are dissatisfied and remaining 1.4% are highly dissatisfied. Thus it is said that incentives are the major source of motivation for the employees.

**Conclusion:**

It is concluded from the above analysis of data that there is insignificant association between level of motivation and socio-economic background of Employees of public limited & private limited companies.





---

**References:**

- Kleinginna, P.Jr and A.Kleinginna, **Motivation and Emotion**, Prentice Hall, New Jersey, USA, 1981, Pg 263.
- Raju R.S and Parthasarathy., **Management Text and Cases**, Prentice Hall of India,Pvt Ltd, New Delhi, India, 2000, Pg 149-157.
- Herzberg. F., **The Motivation to Work**, John Wiley and sons, New York, USA, 1959, Pg 252.
- Skinner C.E., **Educational Psychology**, 4th ed, Prentice Hall of India Private Limited, New Delhi, India, 1993, Pg 389-415.
- Pool, S.W. (1997). Relationship of Job Satisfaction with Substitutes of Leadership, Leadership Behavior, and Work Motivation. *The Journal of Psychology*, 131(3), 271-283.
- <https://evoma.com/business-centre/what-is-the-difference-between-private-and-public-limited-company-2/>