ЕКОНОМИКА
ISSN 0350-137X, EISSN 2334-9190, UDK 338 (497,1)
Vol. 72, july-september 2026, № 3
P. 93-101

Jelena Aranđelović[1]
Pavle Brzaković[2]
Darjan Karabašević[3]
Faculty of Applied Management, Economics and Finance in Belgrade, University Business Academy in Novi Sad

SCIENTIFIC REVIEW ARTICLE
DOI: 10.5937/ekonomika2603093A
Received: May 05, 2026
Accepted: Jun 14, 2026

STRATEGIC EMPLOYEE MOTIVATION THROUGH NON-MATERIAL INCENTIVES: A MANAGERIAL PERSPECTIVE

Abstract

Drawing upon these best understandings of motivation, this article provides a holistic view of the empirical evidence for managers to incorporate those non-material incentives, including public recognition, autonomy, flexible work schedules, and developmental opportunities, to enhance employees' motivation and ultimately firm performance. This paper focuses on intrinsic motivation, sustained engagement, and better work outcomes. Studies confirm that while psychological safety and focused development improve knowledge sharing and workforce capability, public recognition and flexible work schedules consistently contribute to greater performance and engagement. With that being said, this article offers valuable insights for the development of context-sensitive, successful non-monetary incentive schemes.

***Key words**: employee motivation, non-material incentives, self-determination theory, job demands, psychological safety, work design, recognition, flexible work, employee engagement*

***JEL classification:** O15, M12*

СТРАТЕШКА МОТИВАЦИЈА ЗАПОСЛЕНИХ КРОЗ НЕМАТЕРИЈАЛНЕ ПОДСТИЦАЈЕ: МЕНАЏЕРСКА ПЕРСПЕКТИВА

Апстракт

Ослањајући се на најбоље разумевања мотивације, овај рад пружа холистички поглед на емпиријске доказе који менаџерима омогућавају да укључе нематеријалне подстицаје, укључујући јавно признање, аутономију, флексибилно радно време и могућности за развој, како би побољшали мотивацију запослених и на крају учинке фирме. Овај рад се фокусира на унутрашњу мотивацију, одрживо ангажовање и боље радне резултате.

[1] jeja.arandjelovic@gmail.com, ORCID ID 0009-0001-8869-9228

[2] pavle.brzakovic@mef.edu.rs, ORCID ID 0000-0001-5184-9627

[3] darjan.karabasevic@mef.edu.rs, ORCID ID 0000-0001-5308-2503

Студије потврђују да, иако психолошка безбедност и фокусирани развој побољшавају размену знања и капацитете радне снаге, јавно признање и флексибилно радно време константно доприносе већим учинцима и ангажовању. Уз то речено, овај рад нуди вредне увиде за развој контекстуално осетљивих, успешних шема немонетарних подстицаја.

Кључне речи: *мотивација запослених, нематеријални подстицаји, самоодређење, захтеви посла, психолошка сигурност, дизајн посла, признање, флексибилан рад, ангажовање запослених*

Introduction

Teams are being pushed by managers beyond money, more and more. Non-material rewards like public recognition, autonomy, flexible work, and opportunities for further development cultivate authentic motivation and involvement (Omazić et al., 2011). And these factors enhance motivation, meaning, autonomy, and growth, and not just in the short run. This type of experience correlates with learning, retention, and enhanced organizational performance. Managers are not, however, able to see and appreciate how and why it influences their decisions, either in context. But it must also be seen that, for reasons of important boundary conditions. Such an approach presents a theoretical and empirical point of view, which evidences the effective use of non-material motivation. This analysis looks at three primary theories, each from a different perspective. First of all, Self-Determination Theory (SDT) implies that motivation is affected by three underlying factors: autonomy, competence, and relatedness (Deci & Ryan, 2012). Organisations that meet these needs allow employees to demonstrate stronger internal motivation. Second, Herzberg's motivation-hygiene theory distinguishes motivators (like recognition, responsibility, and growth) from hygiene factors (salary, policies, and working conditions). Satisfaction and motivation are driven by only motivators. Third, the Job Demands-Resources (JD-R) model proposes job resources, including autonomy, feedback, and support, increase engagement and protect well-being at peak demand. Two other key elements that other studies mention are also important: psychological safety, which is the belief that taking risks on a team is safe to do so that employees can learn and articulate; and work design theory, which considers autonomy, significance, and feedback essential for motivating work. Citations substantiate all three of these central theoretical claims.

Literature Review

Non-material incentives are management actions that exist purposefully to influence work and learning beyond pay. They essentially serve to meet psychological needs, generate interest, and induce high-energy, hard work in a positive environment. For instance, periodic peer recognition during meetings provides tangible, actionable rewards. Such examples translate theory into practice in a way which demonstrates its utility. The following sections outline four primary non-material incentives and summarise key supporting evidence. Recognition links effort with competence and

social value, a central pathway in SDT and a Herzberg motivator. Timely and authentic recognition enhances performance, in real field experiments. One field study reported increased output due to surprise public recognition, particularly among high performers (Bradler et al., 2016). Stajković and Luthans (1997) states that meta-analyses found positive performance boosts from social recognition, feedback, and goal-oriented reinforcement. The presence of recognition also increases engagement as perceived return on personal investment is increased (Kahn, 1990). A big part is making sure that recognition that is given is specific and credible, both for employees and for their bosses. Do not lean too much into rankings and prioritize fairness and transparency in order to mitigate favouritism or the crowding-out effect of a business (Colquitt, 2001). Autonomy is central to self-determination theory (SDT), a motivational model, as a crucial job attribute with significant increases in meaningfulness and responsibility (Hackman & Oldham, 1976). The literature of work design research correlates autonomy – the freedom and control over work methods and timing – with job satisfaction and job performance (Humphrey et al., 2007). "Time and place" (both location- and time-out options – e.g., at home and at work) work autonomy is provided by remote or flexible work arrangements. A well-documented experiment in a Chinese travel agency resulted from remote work led to 13% increase in performance and halved turnover, but promotion levels were reduced as the on-location visibility got reduced (Bloom et al., 2015). Meta-analyses/reviews of telecommuting and flexibility reveal both the positive and contingent effects. It is said to depend on task interdependence, communication infrastructures, or managerial practice (Gajendran & Harrison, 2007; Allen et al., 2013). Managers must commit to a few tasks if flexible work plans are to genuinely foster autonomy. Give meaningful options for time and tasks to the employees. Recognize how employees feel and put themselves in the situation, developing trust. Organizations can avoid controlling practices that decrease intrinsic motivation by integrating flexibility with supportive management. Job crafting, however – when employees reconfigure work tasks, relationships or perceptions – helps companies better align roles with employees' strengths and values. Job crafting is supported by resources and defined goals, and engagement levels increase (Bakker & Demerouti, 2017). Managers need to set clear outcomes and guardrails, coordinate for work that is interdependent, and track the equity impacts, so that flexibility is inclusive. Psychological safety has been linked to increased voice, experimentation and error-learning in teams (Edmondson, 1999). Psychological safety is a predictor of performance, citizenship, and engagement, even controlling for associated traits (Frazier et al., 2017). Managers can take non-material levers to use to model fallible behaviour, such as openly admitting errors in team meetings, or ask real inquiries like "What can we learn from this?" to promote a learning environment. Also important is good practice for holding blameless post-mortems and normalizing dissent. By identifying learning behaviours (e.g., raising risks early) and outcomes, create a safety climate for reinforcement. Developmental chances fulfil competence needs and demonstrate durable reciprocity. Several meta-analytic approaches show that training and development benefit individuals and organizations – enhancing human capital, knowledge transfer and performance (Aguinis & Kraiger, 2009). Development expands the resources that sustain engagement and resilience in the JD-R model (Bakker & Demerouti, 2017). Researchers have shown a link in research between feedback, coaching, and learning resources and greater vigor, dedication, and absorption (Schaufeli

& Bakker, 2004; Bailey et al., 2017). Based on the Self-Determination Theory, Job Demands–Resources model, and work design theory, non-material incentives fulfil crucial strategic roles in organizations. Such incentives are important for (1) meeting psychological demands for autonomy, competence, and relatedness, (2) increasing resources for long-term engagement, and (3) a learning culture in the organization that promotes employee voice and ongoing learning. Examples include ongoing feedback and recognition practices, which are instrumental drivers of not just basic psychological needs (e.g., self-determination) but also active participation and choice at work. However, to achieve the maximum potential of non-material incentives, firms need clearly established connections between certain incentive sources and their motivational goals and institutions and processes of delivery and monitoring performance and related organisational effects. It guarantees that interventions make systematic links to motivation and goals, hence aiding in effective and sustainable change. In the synthesis of the SDT, JD-R, and work design theory, we find three major processes that NMI mechanisms work through: need satisfaction (autonomy, competence, and relatedness for increased quality of motivation), resource building (enhances engagement and ameliorates work demands), and climate shaping (paving the way for greater employee voice and ongoing learning). However, operationalizing these mechanisms requires: first of all, clearly defining causal processes (for instance, recognition promotes perceptions of competence); second, creating positive organizational structures (e.g. regular performance dialogues, ongoing peer feedback); thirdly, analyzing equity and justice perceptions in a systematic manner for procedural fairness (Colquitt, 2001); lastly monitoring the leading indicators (engagement and psychological safety) as well as primary outcomes (performance and retention) to an extent consistent to the research process. This consolidated, in-depth methodology ensures that there is no duplication and makes sure each and every design principle is focused on the function it is used for.

Implementation Roadmap

Phase 1 – Diagnose: Use well-validated instruments like the Utrecht Work Engagement Scale (UWES-9) and Edmondson's Team Psychological Safety Survey to conduct a full assessment of job demands, resources, employee engagement, and psychological safety. And integrate some other psychometric tools like the Maslach Burnout Inventory (to quantify workplace stress) and the Psychological Capital Questionnaire (based on employees' self-efficacy, optimism, hope, and resilience). Aggregate these numbers with qualitative perspectives derived from semi-structured interviews or open-ended surveys to illustrate specific times when the pressures of the job consistently come before the resources available to keep productive people working. In their assessments at this stage, culturally responsive assessment techniques should also be part of the process; for example: anonymous digital surveys can mitigate power distance biases (e.g., anonymous digital surveys in hierarchical organizations to reduce power distance biases and ensure candid feedback), or bilingual facilitators for multilingual environments so that people from different backgrounds in the workplace could help employees' trust build up the confidence and also respond to information accurately (Balducci et al., 2009).

Phase 2 – Design: Design Work together to define the recognition processes (e.g., a formalized peer-nomination process with a defined list of objectives, criteria, roles autonomy, and personal development plans by collaborating to design workshops or design-thinking workshops which is done in the design process by relevant individual employee groups.) Institutionalize non-physical motivation, implementing micro-practices, e.g., weekly "learning showcase" meetings, and hold to showcase some skills where team members share skills developed or lessons learned. Implement the Perceived Organizational Support scale to assess employees' overall sense of organizational appreciation and value. Examine the influence of existing cultural norms such as power distance or collectivistic values on the design of rituals and incentive mechanisms to validate appropriateness and legitimacy (Balducci et al., 2009).

Phase 3 – Pilot: Implement proposed interventions in controlled, time-limited pilots, typically over 6–8 weeks, based on well-defined hypotheses (for example, "Will public recognition increase cross-departmental collaboration?") and standardized measures of success (e.g., changes in UWES scores or in participation rates). Employ mixed-methods evaluation of both pre- and post-intervention surveys and real-time feedback mechanisms, such as digital suggestion boxes, organized focus groups, and staff diaries. Watch for culturally specific barriers (e.g., reluctance to engage in recognition drives in high-context cultures, hesitation to contribute critical feedback) and adjust pilot procedures to promote engagement, and authentically record employee sentiment (Balducci et al., 2009).

Phase 4 – Scale: This stage is to standardize and incorporate the things that change engagement, performance, or retention. If the target indicators are not met, then we will phase out or redevelop. Conduct periodic equity audits. This includes systematic analyses of incentive allocation patterns by demographic group (e.g., quantitative comparisons of recognition awards across different departments or sexes or of different tenure levels) to avoid disparities and maintain fairness. Throughout the scaling process, adapt your communication strategies and change management initiatives to fit current organizational culture. For example, if a situation calls for the use of influential internal opinion leaders, adopt collectivist organizations. You can also hold town hall sessions to help get buy-in throughout the organization. The implementation continues to be responsive and sustainable, across heterogeneous organizational landscapes, by embedding cultural and contextual considerations at every level (Balducci et al., 2009).

Contributions of Emerging Scholars and Regional Perspectives

Recent studies by Karabašević et al. (2015; 2016; 2016a; 2016b; 2018) have highlighted the use of multi-criteria decision-making in human resource management (HRM), especially in recruitment and performance evaluation. Therefore, they illustrated the utility of quantitative models in increasing transparency and objectivity in personnel recruitment that enhances employee sense of fairness and recognition. Whereas Mirčetić et al. (2022) emphasized new concept of HRM, particularly green competencies, as critical for organizational performance. This connection between quality of decision making and motivating climate underscores an underappreciated managerial lever of non-material incentives. More recent contributions also broaden the discussion. For

example, Saks (2006) developed a social exchange model of engagement, suggesting that when organizations provide non-material resources, employees respond with increased levels of dedication and citizenship behaviour in return. Osterman (2010) stressed the need for leadership behaviours that allow climates to stimulate engagement resources. These perspectives deepen the theoretical framing and highlight the need for managerial decision-making of employee experience design.

Discussion and Conclusion

Extensive analysis of non-material incentives requires a scrutinizing of methodological limitations (such as reliance on self-reported survey instruments, narrow representation of participants and potential selection biases) and situational contingencies which characterise current studies. The dominance of self-report data makes findings vulnerable to social desirability biases, recall errors, and self-assessment errors, and thus, the extent of statistical conclusion validity and risk of overestimation of effect sizes increases. Additionally, the continual reliance on small, or monolithic, sample characteristics limits external validity and its generalizability to the larger organizational context. For practitioners, this highlights the need for prudent extrapolation, and the need to supplement quantitative findings with qualitative knowledge on multiple levels and for replication into other locations. These methodological restrictions inform recommendations that are practical: organizations are suggested to test out non-material incentive programs using measurement instruments, carefully collect multi-source feedback, and tailor interventions to the diverse workforce, the managerial skillset, or the technological environment in which those incentives take effect. Furthermore, organizational moderators – factoring in the level of employee interconnectedness, technological resources, and perceived fairness of operational process – have a great impact on non-material effects on motivation. For example, not customizing work-life arrangements or recognition systems to specific operating or occupational environments may inadvertently discourage career progress, or foster a sense of unfairness. Thus, this explicit recognition of such limits informs the planning and enforcement, and so can increase the probability that these interventions would produce their intended motivational and performance effects in the context of a specific organisational situation. However, in order to elaborate on the circumstances when non-material inducements might be less effective – or even counterproductive we must examine three important moderators of situational feedback, and each is illustrated with practical examples.

The presence of the union on its face can limit how non-monetary incentives are rolled out and enforced. In heavily unionized manufacturing industries, collective bargaining agreements might be enforced as a means of negotiating collective recognition, with standard recognition processes and an emphasis on financial rewards, thus reducing managerial discretion to offer individualized non-monetary rewards, for example, spontaneous public recognition or flexible scheduling. Second, the completeness and quality of technologies that facilitate remote work are critical drivers to the effectiveness of telework-related incentives. At a global consulting firm, the use of advanced collaboration software and secure remote enablement can create a setting for the employees to work effectively and independently remotely. On the other hand, small organisations that only have a few years of digital

infrastructure need to put these efforts into practice, otherwise staff engagement in terms of motivation will be undermined by unreliable access times and interrupted processes. Third, organizational culture is an essential determinant of the acceptance of non-material incentives. As an illustration, such initiatives could be viewed by employees in a hierarchical, risk-averse organization as dubious at best, which could deter employees with low trust that such initiatives will work in reality. On the other hand, the most effective means of encouraging employee participation through non-material incentives are a participative leadership, innovation culture. These are examples suggesting the necessity of aligning non-material incentives with the particular organizational environment that may result in their best motivational effect. Future studies should look at the effects of team safety and leadership on the effect of job crafting and the effects between multiple non-monetary motivators and one intervention in the long run. This article contributes to the literature by synthesizing well respected motivational theories with new emergent empirical evidence into a comprehensive managerial lens concerning non-material incentives. For Serbia and the larger Southeast European (SEE) region, the strategic power of these activities is compounded by the backdrop of emerging economic changes, where employee's engagement is closely tied with perceptions of fairness, safety and acknowledgment of recognition. In reality, as an example, the Serbian IT sector leader is a good place here, but the application of these techniques is relatively new, an example. The company implemented a systematic, transparent peer recognition program in response to employee feedback, achieving measurable improvements in retention and engagement. The regional example illustrates, not only the importance of such non-material incentives to resolving particular contexts, but also reinforces the generalizability of underlying motivation principles. Effective transfer across international or organizational settings, however, requires adaptation of practices/policy to local cultural and institutional parameters, but the main principles of fairness, acknowledgment, and security provide a strong foundation to create motivation of employees across disparate contexts.

The management approach based on non-material motivators like recognition, autonomy, flexibility, development, and psychological safety is in line with leading motivational theories and empirical evidence. Organizations that structure work and social spaces in ways that foster fundamental needs, build resources, and promote learning are better able to realize sustained improvements in engagement and performance and do not solely depend on financial rewards. Managers are a key way to ensure fairness, monitor progress, and continuously refine practices. And as a wrap-up, managers could query: which non-material incentive would they prototype this quarter? The challenge leads to action and creates a culture of experimentation and continuous improvement.

References

Aguinis, H., & Kraiger, K. (2009). Benefits of training and development for individuals and teams, organizations, and society. *Annual review of psychology*, 60(1), 451–474. https://doi.org/10.1146/annurev.psych.60.110707.163505

Allen, T. D., Johnson, R. C., Kiburz, K. M., & Shockley, K. M. (2013). Work–family conflict and flexible work arrangements: Deconstructing flexibility. *Personnel psychology*, 66(2), 345–376. https://doi.org/10.1111/peps.12012

Bailey, C., Madden, A., Alfes, K., & Fletcher, L. (2017). The meaning, antecedents and outcomes of employee engagement: A narrative synthesis. *International journal of management reviews*, 19(1), 31–53. https://doi.org/10.1111/ijmr.12077

Bakker, A. B., & Demerouti, E. (2017). Job demands–resources theory: taking stock and looking forward. *Journal of occupational health psychology*, 22(3), 273–285. https://doi.org/10.1037/ocp0000056

Balducci, C., Fraccaroli, F., & Schaufeli, W. B. (2009). Psychometric properties of the Italian version of the Utrecht Work Engagement Scale (UWES-9). *European Journal of Psychological Assessment*.

Bloom, N., Liang, J., Roberts, J., & Ying, Z. J. (2015). Does working from home work? Evidence from a Chinese experiment. *The Quarterly journal of economics*, 130(1), 165–218. https://doi.org/10.1093/qje/qju032

Bradler, C., Dur, R., Neckermann, S., & Non, A. (2016). Employee recognition and performance: A field experiment. *Management Science*, 62(11), 3085–3099. https://doi.org/10.1287/mnsc.2015.2291

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O., & Ng, K. Y. (2001). Justice at the millennium: a meta-analytic review of 25 years of organizational justice research. *Journal of applied psychology*, 86(3), 425–445. https://doi.org/10.1037/0021-9010.86.3.425

Deci, E. L., & Ryan, R. M. (2012). Self-determination theory. *Handbook of theories of social psychology*, 1(20), 416–436. https://doi.org/10.4135/9781446249215.n21

Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative science quarterly*, 44(2), 350–383. https://doi.org/10.2307/2666999

Frazier, M. L., Fainshmidt, S., Klinger, R. L., Pezeshkan, A., & Vracheva, V. (2017). Psychological safety: A meta-analytic review and extension. *Personnel psychology*, 70(1), 113–165. https://doi.org/10.1111/peps.12183

Gajendran, R. S., & Harrison, D. A. (2007). The good, the bad, and the unknown about telecommuting: meta-analysis of psychological mediators and individual consequences. *Journal of applied psychology*, 92(6), 1524–1541. https://doi.org/10.1037/0021-9010.92.6.1524

Hackman, J. R., & Oldham, G. R. (1976). Motivation through the design of work: Test of a theory. *Organizational behavior and human performance*, 16(2), 250–279. https://doi.org/10.1016/0030-5073(76)90016-7

Humphrey, S. E., Nahrgang, J. D., & Morgeson, F. P. (2007). Integrating motivational, social, and contextual work design features: a meta-analytic summary and theoretical extension of the work design literature. *Journal of applied psychology*, 92(5), 1332–1356. https://doi.org/10.1037/0021-9010.92.5.1332

Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of management journal*, 33(4), 692–724. https://doi.org/10.2307/256287

Karabašević, D., Stanujkić, D., Đorđevic, B., & Stanujkić, A. (2018). The weighted sum preferred levels of performances approach to solving problems in human resources management. *Serbian Journal of Management*, 13(1), 145–156. https://doi.org/10.5937/sjm13-12589

Karabašević, D., Stanujkić, D., & Urošević, S. (2016). The MCDM approach for personnel selection based on the SWARA and ARAS methods. *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies*, 21(80), 43–52.

Karabašević, D., Stanujkić, D., Urošević, S., & Maksimović, M. (2016a). An approach to personnel selection based on SWARA and WASPAS methods. *Bizinfo Blace*, 7(1), 1–11. https://doi.org/10.5937/bizinfo1601001K

Karabašević, D., Stanujkic, D., Urošević, S., & Maksimović, M. (2015). Selection of candidates in the mining industry based on the application of the SWARA and the MULTIMOORA methods. *Acta Montanistica Slovaca*, 20(2).

Karabašević, D., Zavadskas, E. K., Turskis, Z., & Stanujkić, D. (2016b). The framework for the selection of personnel based on the SWARA and ARAS methods under uncertainties. *Informatica*, 27(1), 49–65. https://doi.org/10.15388/Informatica.2016.76

Mirčetić, V., Ivanović, T., Knežević, S., Arsić, V. B., Obradović, T., Karabašević, D., Vukotić, S., Brzaković, T., Adamović, M., Milojević, S., Milašinović, M., Mitrović, A., & Špiler, M. (2022). The Innovative Human Resource Management Framework: Impact of Green Competencies on Organisational Performance. *Sustainability*, 14(5), 2713. https://doi.org/10.3390/su14052713

Omazić, M. A., Vlahov, R. D., & Klindžić, M. (2011). The role of material and non-material rewards in reducing barriers to change acceptance. In *International Conference on Economics, Business and Management* (Vol. 2, pp. 10–14).

Osterman, P. (2010). Job design in the context of the job market. *Journal of Organizational Behavior*, 31(2-3), 401–411. https://doi.org/10.1002/job.639

Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources, and their relationship with burnout and engagement: A multi-sample study. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 25(3), 293–315. https://doi.org/10.1002/job.248

Stajković, A. D., & Luthans, F. (1997). A meta-analysis of the effects of organizational behavior modification on task performance, 1975–95. *Academy of Management journal*, 40(5), 1122–1149. https://doi.org/10.2307/256929