

## **Business Week begin 29 March - Motivated Workforce**

### **Learning Intention:**

- By the end of these lessons you will understand ways a business motivates staff

### **Success Criteria:**

- You must be able to understand financial and non-financial motivation tools
- You should be able to describe financial and non-financial motivation tools
- You could state advantages and disadvantages of financial and non-financial motivation tools

### **Lesson Information**

The lesson contains information how to motivate the workforce

### **Pupil Task:**

- Attend the Live Lesson (watch the posting of the Live Lesson on Teams)
- Read the theory notes
- Complete the 10 multiple choice questions

## Motivated Workforce



Motivation refers to how driven and happy an employee is in their role. If an employee is motivated, they are more likely to do a good job and work hard. Motivation is very important for attracting employees, retaining employees and general levels of productivity in a business.

Having a motivated workforce has a range of advantages, such as lower levels of absenteeism, retention of workers and low levels of staff turnover, improved relations between management and workers, improved worker performance, improved quality and improved customer service.

**Lower levels of absenteeism** - employees taking fewer days off for sickness or other reasons. Motivated employees are more likely to be willing to work, rather than staying off.



**Retention of workers** - low levels of staff turnover. This is very important for businesses, as employees that stay in a business have experience and keep recruitment costs low. Less training is also required.

**Improved relations between management and workers.**

This could mean that employees are more likely accept changes without dispute, and will be less likely to take either legal or industrial action against managers.

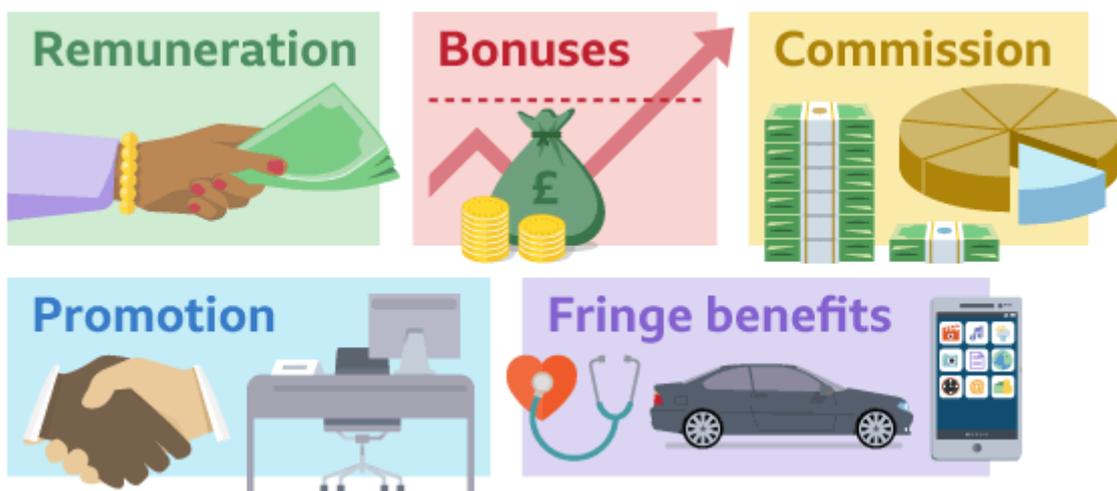


**Improved worker performance.** Motivated employees will generally work harder, arrive on time, and focus on their daily duties. Productivity levels could increase and the overall output of a business may be higher.

**Improved quality and improved customer service.** Motivated employees are more likely to work to a higher standard and put more effort into creating higher quality products. Those in service industries are also more likely to provide a higher level of customer service and be more enthusiastic about their role.



## Financial methods of motivation



Businesses can use a range of methods to motivate their employees. Financial motivation involves motivating employees with money and things associated with money. The main methods of financial motivation used in business are wages, salaries, performance related pay, profit sharing, and financial fringe benefits.

**Wages** are an amount of money paid to an employee based on a number of factors, such as time rate, piece rate and overtime. It is important that a business pays a fair wage, which is similar to competitors, in order to keep good employees. Wages are used in a range of different roles such as retail employees, manufacturing employees and restaurant employees.



**Time rate** is where an employee is paid based on the amount of hours they work.

**Piece rate** is where an employee is paid based on the amount of products they produce.

**Overtime** is where an employee is paid an additional amount of money for working beyond their contracted hours.

**Salaries** are a set amount of money paid to employees. Employees are paid a set amount per year, which is split into equal amounts each month. Salaries are usually paid in professional positions such as managers, teachers, doctors and pilots.



**Profit sharing** is where a business gives employees a share of the business profits. This means that employees are likely to work harder - if the business makes more profit then each employee will gain more money.

**Performance-related pay** is payment that is based on the performance of employees - the better an employee performs, the more they are paid.

**Bonus** is a form of additional remuneration, this is money paid to an employee for excellent performance. For example, in an electronics shop, a salesperson might be awarded a £500 bonus at the end of the year for selling a large number of TVs, or a customer services operator may get a bonus for having high customer satisfaction ratings.



**Commission** is money paid in addition to a normal wage or salary to help motivate employees, or for hitting targets. Commission is usually given as a percentage of a sale or a specified amount of money per sale. For example, if a salesperson sells a car, they might receive 25 to 30 per cent of the profit as commission.

## Fringe benefits

Many businesses use fringe benefits as a form of financial motivation. Fringe benefits are additional employment perks awarded to employees, such as staff discounts, a company car, a company mobile phone, free holidays, additional holiday allowance, free parking or transport, or free food and drink. Fringe benefits are often ways of saving employees money rather than providing them with additional money.

## Non-financial methods of motivation

Non-financial methods of motivation involve motivating employees in ways that don't involve money. Non-financial methods of motivation include job enlargement, job rotation, job enrichment, empowerment and training.

**Job enlargement** involves employees being provided with additional tasks as part of their daily role, for example a shop worker may work on both the tills and stacking shelves. The aim of job enlargement is to make a role more interesting and varied to motivate employees.

**Job rotation** involves an employee having more variety in their day-to-day role. It can motivate employees by avoiding them becoming bored with their job. There are two types of job rotation.

In the first type of job rotation, the employee has a number of **different job**

**roles** in the business. For example, in a car manufacturing plant, this could mean an operator applying bumpers for part of the day, lights for part of the day and then wheels for the rest of the day.

In the second type of job rotation, the employee has a range of **different duties** within their role. For example, a software developer might spend part of the day developing a website and part of the day developing a software package.



**Job enrichment** involves enhancing employees' roles through providing a wider range of more challenging tasks for them to complete during the working day. In addition, job enrichment often means giving employees more responsibility, allowing them to make more decisions and enabling them to have more of a say in how they complete their role. However, they continue to work at the same level in the chain of command.

Common methods of job enrichment include:

- completing a variety of tasks
- having more flexibility in how a role is carried out
- making more decisions
- having more control of tasks and duties
- developing additional skills
- enhancing knowledge

Job enrichment has a number of potential benefits, such as increased motivation, lower absence rates, increased productivity and higher staff retention.

**Empowerment** refers to the degree to which employees are able to make decisions about their day-to-day roles. Being more empowered means an employee has the ability to make more decisions, whereas being less empowered means an employee has limited decision-making responsibility.

Having a high level of empowerment can be a significant motivator for employees as it can make them feel valued and trusted by their employer.

### **Training**

Training involves either on-the-job or off-the-job methods that aim to build skills, knowledge and experience. Training can motivate employees by making them more confident in their role, giving them valuable skills which may lead to future promotion, and making employees feel that they are valued by a business.



## Tasks

For each question below choose the correct answer.

What is motivation?	
<input type="checkbox"/>	Motivation refers to how driven and happy an employee is in their role
<input type="checkbox"/>	Motivation is how much an employee is paid
<input type="checkbox"/>	Motivation refers to how likely an employee is to stay in a business

How is productivity linked to motivation?	
<input type="checkbox"/>	Motivation is not directly linked to productivity
<input type="checkbox"/>	Less motivated employees are likely to increase the productivity levels of a business
<input type="checkbox"/>	More motivated employees are likely to increase the productivity levels of a business

What is remuneration?	
<input type="checkbox"/>	The amount of money an employee receives on top of their wage
<input type="checkbox"/>	The amount of pay an employee receives
<input type="checkbox"/>	Giving employees items for free or at a discount

What is a bonus?	
<input type="checkbox"/>	A payment in addition to a normal wage or salary for exceptional performance
<input type="checkbox"/>	The amount of money an employee earns per week
<input type="checkbox"/>	Money given when an employee is given a promotion

Which of these is an example of a fringe benefit?	
<input type="checkbox"/>	Additional payment
<input type="checkbox"/>	A company car
<input type="checkbox"/>	Additional responsibilities

What is empowerment?	
<input type="checkbox"/>	Where an employee is given additional roles and responsibilities
<input type="checkbox"/>	Where managers make all important decisions for employees
<input type="checkbox"/>	Where employees have decision-making authority in their own roles

Which of these best describes job rotation?	
	Having a large amount of variety and completing a range of job roles
	Employees being able to make decisions about their own job role
	Having a range of fringe benefits that change regularly

Which of these is an example of job enrichment?	
	Being allowed to do a completely different role in a business
	Being provided with additional responsibilities and tasks
	Being praised regularly for doing a good job

What is the difference between a wage and a salary	
	A wage is where an employee is paid the same amount each month. A salary is based on piece rate or time rate.
	A salary is where an employee is paid the same amount each month. A wage is based on piece rate or time rate.
	A salary is the amount paid to an employee for completing their normal role. A wage is when an employee works more than their contracted hours.

What does absenteeism refer to?	
	How much time an employee takes off work
	The amount of employees leaving a business
	The amount of work completed by an employee