How to use: Learn, cover, write and check

Topic 2.5.4 Motivation

Key Vocabulary

Motivation – the desire to do the best you can

Remuneration – all the financial rewards received from work, both direct and indirect

Fringe benefits – rewards you get from work that are non-financial such as a company car or free membership of a club

Salary – an annual amount paid to employees, usually divided into 12 equal payments

Wage – an hourly rate

Overtime – working more than your contracted hours. Sometimes paid at a rate above your usual pay

Bonus – extra payments over and above your basic wage, often related to a target

Commission – being paid a percentage of the value of a sale you made

Promotion – being given a more important job in the organisational structure

Job rotation – having several tasks to do at work to remove the boredom of doing the same thing all the time

Job enrichment – being given a range of activities and responsibilities, some more complex than others

Autonomy - the independent power to decide what you are going to do at work

Core Knowledge

Having staff who want to work, want to do the best job possible and are committed to the success of the business is important because

- Higher productivity
- Attracts the best employees to apply for vacancies
- Lower staff turnover, so lower recruitment costs
- Better quality production or customer service, leading to repeat customers and less wastage
- More ideas from staff

Why is motivation important?

motivated workers → high productivity → increased output → higher profits

unhappy workers → low productivity → low output → low or no profits

Financial methods

- Payment, i.e. a wage or salary
- Fringe benefits (more likely in private sector)
- Bonuses
- Commission
- Promotion

Non-financial methods

- Job rotation
- Job enrichment
- Autonomy

Be aware:

- Remember earning more money does not motivate staff to work harder – they may be pleased but won't do any more
- Financial rewards cost the business, so can affect profit margins, unless greater sales and revenue can be generated or cost savings
- Don't confuse job rotation and job enrichment
- Don't assume that staff want to do the littlest amount of work

Wider Business World

Avon – sales representatives are paid a commission rate

Clothing retailers – use job rotation, e.g. time on tills, time on changing room, time on shop floor

Synoptic Links

Costs & revenue – remuneration impacts on fixed costs; commission on variable costs, therefore affecting profit margins

Training – employees who are invested in tend to be more motivated

Business aims – bonuses can be related to targets, which usually relate to the business aims