

Chapter 6: Motivating Workers

Why people work

- Money- to pay for necessities and some luxuries
- Security
- Social needs (affiliation)- feeling part of a group or organization, meeting people, making friends at work
- Esteem needs (self-importance)- feeling important
- Job satisfaction- the enjoyment derived from feeling that you have done a good job

Motivation

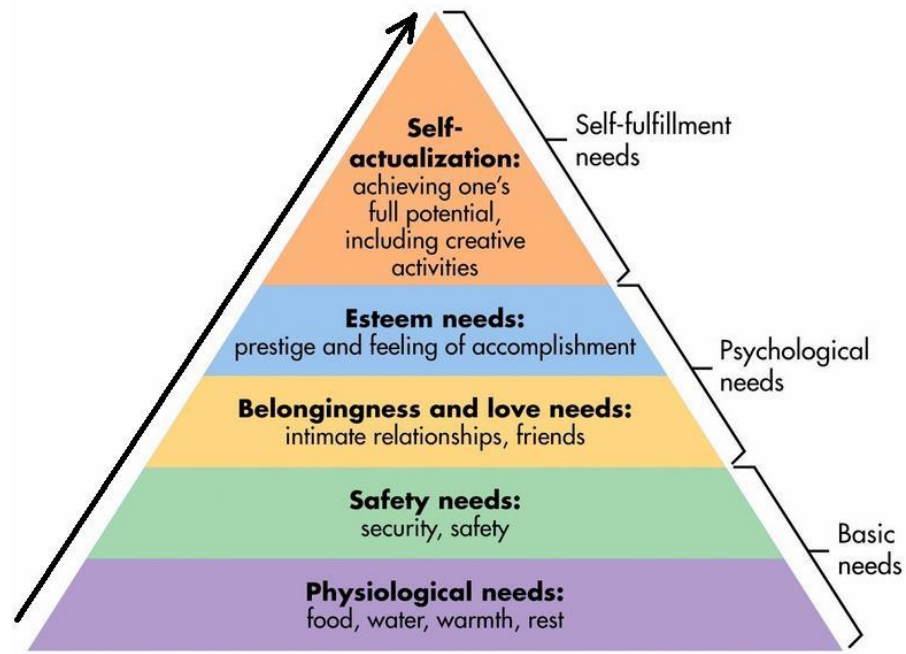
- Motivation is the reason why employees want to work hard and work effectively for the business
- Well motivated workers → high productivity → increased output → higher profits
- Unhappy workers → do not work effectively → low output → lower/no profits

Motivation Theories

F W Taylor

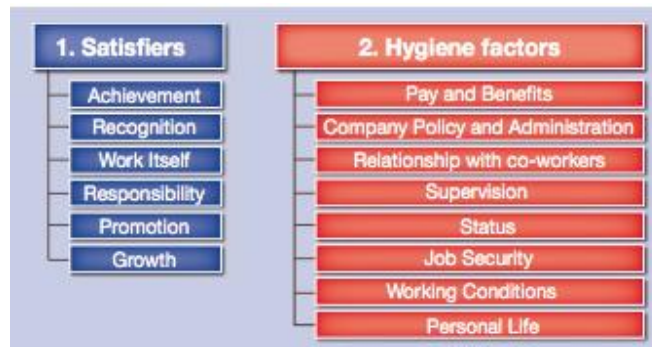
- Taylor based his ideas on the assumption that all individuals are motivated by personal gain and therefore, if they are paid more, they will work more effectively. He broke down their jobs into simple processes and then he calculated how much output they should be able to do in a day, if they produced this target output they would be paid more money.
- Taylor's ideas resulted in big productivity gains and were adopted by many businesses.
- However there were several criticisms of his ideas:
 1. They were too simplistic- employees are motivated by many other factors and not just money
 2. You can pay an employee a lot of money but if they have no job satisfaction there will be no efficiency or productivity gains
 3. A practical problem arises if you cannot easily measure an employee's output

Abraham Maslow



Herzberg

- According to Fredrick Herzberg humans have two sets of needs; one is for the basic animal needs, which he called 'hygiene' factors or needs, and the second is for a human to grow psychologically, which he called motivational needs or motivators.
- According to Herzberg the hygiene factors must be satisfied; if they are not satisfied, they can act as motivators to workers.



Motivating factors-financial rewards/motivators

- It is the responsibility of management, and often the Human Resource department to motivate the workers
- There are three factors which can motivate employees:
 1. Financial rewards
 2. Non-financial rewards
 3. Introducing new ways to give job satisfaction

Financial rewards

Wages

- A wage is a payment for work, usually paid weekly
- Wages are often paid every week, sometimes in cash and sometimes into a bank account
- When calculating wages to be paid, they can be worked out in a number of different ways:
 1. Time Rate- This is payment by the hour (payment for a period of time)
 2. Piece Rate- This is where workers are paid depending on the quantity of products made-the more they make, the more they are paid.

Salaries

- A salary is payment for work, usually paid monthly
- Commission is payment relating to the number of sales made
- Profit Sharing is a system whereby a proportion of the company's profits is paid out to the employees
- A bonus is an additional amount of payment above the basic pay as a reward for good work
- Performance related pay is related to the effectiveness of the employee where their output can be easily measured
- Share ownership is where shares in the company are given to the employees so that they become part owners in the company
- An appraisal is a method of assessing the effectiveness of an employee

Motivating factors- non financial rewards/motivators

- Fringe benefits are non-financial rewards given to the employees
- Non-financial rewards may include:
 1. Company vehicle (car)
 2. Discounts on the firm's products
 3. Health care paid for
 4. Children's education fees paid
 5. Free accommodation
 6. Share option
 7. Generous expense accounts
 8. Pension paid for by the business
 9. Free trips abroad/holidays
- **Job satisfaction** is the enjoyment derived from feeling that you have done a good job
- **Job rotation** involves workers swapping round and doing each specific task for a limited time and then changing round again
- **Job enlargement** is where extra tasks of a similar level of work are added to a worker's job description
- **Job enrichment** involves looking at jobs and adding tasks that require more skill and or responsibility