

MOTIVATION (2.2)

(Chapter 11 - AS level 2.2)

Motivation is the internal and external factors that encourage people to take actions that lead to achieving a goal.

Motivation is the reason why employees want to work hard and work effectively for the business.

Money is the main motivator. Other factors that may motivate a person to choose to do a particular job may include **social needs** (need to communicate and work with others), **esteem needs** (to feel important, worthwhile), **job satisfaction** (to enjoy good work), **job security** (knowing that your job and pay are secure- that you will not lose your job).

So why do businesses want to motivate their workers? Well, there are multiple benefits that come with having a motivated workforce :

- ✓ **Low absenteeism** - absenteeism is where workers purposefully don't show up for work, motivated employees will want to work and even do overtime / additional work
- ✓ **Low labour turnover** - employees who enjoy their work will be less likely to leave their job, reducing the costs of labour turnover (having to recruit and train new workers). Also, having a high labour turnover can reflect badly on the businesses and dissuade people from wanting to apply for the jobs there
- ✓ **High productivity** - a highly motivated workforce will be more productive and work more effectively, leading to less wastage and better quality products/service
- ✓ **Workers make suggestions** - motivated employees will be more likely to offer useful suggestions and to contribute in ways other than what they're obligated to
- ✓ **Workers prepared to accept responsibility** - employees who like their job will often actively seek promotion and responsibility

Risks of having an unmotivated workforce :

- **Lateness + absenteeism + high labour turnover** - people who don't enjoy their job will not feel as obligated to show up on time, or at all
- **Poor performance** - poor quality work, low levels of work or greater waste of materials. Waste of materials adds to cost and poor quality work damages business reputation
- **Accidents** - poorly motivated workers can be more careless, concentrate less on their work or distract others, and this increases accidents
- **Poor response rate** - workers do not respond very well to orders or leadership

Human needs

Human needs are commonly used to refer to the drivers of peoples' actions, the motives behind human behaviour. Human **work needs** often include :

- The ability for people to feed and clothe themselves
- The ability to provide shelter
- The respect of others
- Improvement in lifestyle
- Ability to make a positive contribution
- Opportunity to satisfy their ambitions

Motivation theories

There are a multitude of motivation theories, but we need to focus on the 6 best known theorists. The theorists are : **Taylor**, **Mayo**, **Maslow**, **Herzberg**, **McClelland** and **Vroom**.

Taylor

F. W. Taylor came up with 'The Theory of Economic Man', where he based his ideas on the assumption that workers were motivated by money alone, therefore increasing pay would increase productivity (amount of output produced).

He proposed the **piece-rate system**, whereby workers get paid for the number of output they produce. So in order to gain more money, workers would produce more..

He also suggested a **scientific management** in production organisation, to break down labour and improve output per worker and productivity.

This is the scientific management approach step by step:

1. **Select workers** to perform a task.
2. **Observe** them performing the task and note the key elements of it.
3. **Record the time** taken to do each part of the task.
4. **Identify** the quickest method recorded.
5. **Train** all workers in this quickest method and not allow them to make any changes to it
6. **Supervise** workers to ensure that this 'best way' is being carried out and time them to check that the set time is not being exceeded.
7. **Pay workers** on the basis of results

Limitations of Taylor's theory:

- ✗ Not everyone is motivated solely by money, there are various other motivators in the modern workplace, such as social motivators. It really all depends on the employee, everyone is motivated by different things
- ✗ Piece rate system doesn't ensure quality, and can't really apply to the service industry

Mayo

Elton Mayo is best known for his 'Hawthorne effect' conclusions. He first believed that workers productivity was mainly affected by working conditions (heating, lighting etc.) but after doing numerous experiments he came to the conclusion this wasn't the case. He then did more experiments to find out what truly improves motivation and productivity. This is what he found :

The Hawthorne effect – the conclusions of Mayo's work

- Changes in working conditions and financial rewards have little effect on productivity
- Motivation is improved when workers are consulted and included by managers
- Working in teams and developing a team spirit can improve productivity
- Employees enjoy making decisions that affect themselves (like when to take breaks etc.)
- Groups can establish their own targets or norms and this adds to job satisfaction

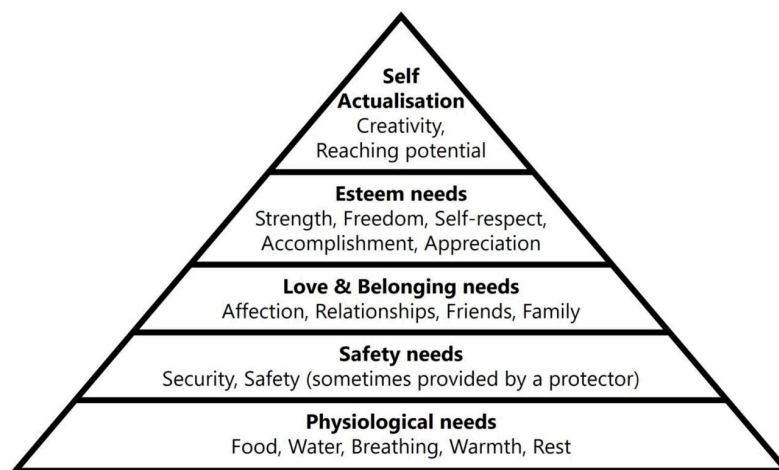
Limitations of Mayo's theory :

✘ Can't be applied to a business with an autocratic leadership, where communication is one way, from top to bottom, and employees are just expected to follow orders without being involved in decision making

Maslow

Abraham Maslow came up with “**Maslow's hierarchy of needs.**”

This shows that employees are motivated by each level of the hierarchy going from bottom to top. Managers can identify which level their workers are on and then take the necessary action to advance them onto the next level. It is possible to also go down the hierarchy as well as up.



1. **Physical needs** - employees will want income from employment high enough to meet essential needs like food, water, shelter etc.
2. **Safety needs** - employees will want a contract of employment with some job security – a structured organisation that gives clear lines of authority to reduce uncertainty; ensuring health and safety conditions are met
3. **Social needs** (Love/belonging needs) - employees will enjoy working in teams or groups and ensuring good communication to make workers feel involved and fulfilled
4. **Esteem needs** - employees will want recognition for work done well – being respected and appreciated by others for the work you do
5. **Self actualization** - is the sense of self-fulfilment reached by feeling enriched and developed, this can be achieved by employees being given challenging work and succeeding. It is not however achieved by many people, and can be short-lived

Limitations of Maslow's hierarchy of needs :

- ✗ Not everyone will have the same needs stated in the hierarchy
- ✗ It can be difficult to determine when exactly a need has been met
- ✗ Money may also be necessary to satisfy someone's esteem needs as well as physical needs
- ✗ Once a need is met it stops being a motivator

Herzberg

Frederick Herzberg's has a 2 factor motivation theory where he states that people have two sets of needs - **hygiene factors** and **motivators**.

According to Herzberg, the hygiene factors need to be satisfied, if not they will act as de-motivators to the workers. However hygiene factors don't act as motivators as their effect quickly wears off. Motivators like **job enrichment** will truly motivate workers to work effectively.

Basic animal needs called 'hygiene factors' :

Hygiene factors are the aspects of a worker's job that have the potential to cause dissatisfaction, improving them could prevent dissatisfaction but may not motivate.

- Company policies and administration
- Salary
- Supervision - over supervision can upset workers
- Relationships with others - superior and subordinates
- Working conditions - poor working conditions can lead to dissatisfaction
- Status and security

Needs that allow the human being to grow psychologically, called the 'motivators':

Motivating factors (motivators) are the aspects of a worker's job that can lead to positive job satisfaction.

- Achievement
- Recognition for their work
- The work itself
- Being given responsibility
- Advancing in their career
- Job enrichment - achieved by giving workers more challenging and fulfilling work

In conclusion, a business could offer higher pay, improved working conditions and less heavy-handed supervision of work. These would all help to remove dissatisfaction but they would all be quickly taken for granted. If work is not interesting, rewarding or challenging, then workers will not be satisfied or motivated to offer their full potential whatever the pay level offered to them. That is why **motivators** are so important.

Limitation of Herzberg's two factor theory :

✖ Job satisfaction and job productivity isn't always related, some people are motivated solely by money and don't feel the need to get on with their coworkers, be praised, take more responsibility by being given more work etc.

Process theory : Process theories emphasise how and why people choose certain behaviours in order to meet their personal goals and the thought processes that influence behaviour. The two process theorists covered in the book are **Henry McClelland** and **Victor Vroom**

McClelland

Henry McClelland is a *process theorist*, and he said there are 3 types of motivational need:

achievement motivation, authority/power motivation and affiliation motivation.

He stated that these three needs are found in different degrees in all workers and managers.

The mix of motivational needs depends on a person's or manager's behaviour / characteristics.

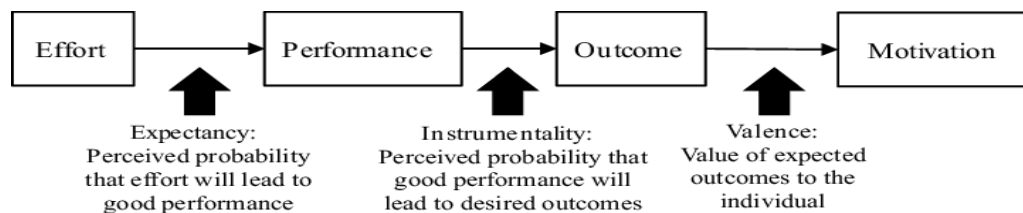
- **Achievement motivation** - a person with a strong motivational need to achieve and advance in their careers, they often require a lot of feedback and enjoy feeling a sense of accomplishment. Is the attitude of successful business people and entrepreneurs
- **Authority/power motivation** - a person with a dominant need to give orders, they have the desire to control and make an impact by motivating others. They have a strong leadership instinct. The attitude of good managers and leaders

- **Affiliation motivation** - a person with the need for friendly relationships and interaction with others, have the need to be liked and appreciated. The attitude of good team members

Vroom

Victor Vroom suggested that individuals choose to behave in ways that they believe will lead to outcomes they value. His expectancy theory is based on the following three beliefs :

- **Expectancy** - The degree to which people believe that putting effort into work will lead to a given level of performance
- **Instrumentality** - The confidence of employees that they will actually get what they want if they put in the work
- **Valence** - The depth of the want of an employee for money or satisfaction



Different payment methods (financial motivators)

The most common payment systems are:

- hourly or time-based wage rate
- piece rate
- salary
- commission
- performance-related pay
- bonuses
- profit sharing

Time based wage rate

Is a common form of payment to a worker made for each period of time worked (per hour)

Advantages :

- ✓ Gives workers a sense of security and are easily able to calculate their wages
- ✓ May minimise wastage of materials as workers are not in a hurry
- ✓ Simple system, businesses are easily able to determine costs of wages

✓ Most suitable for jobs in the service industry (ie. waitress), where the jobs output can't be measured but a salary isn't suitable

Disadvantages :

- ✗ Workers may not produce as much, as they're getting paid by the hour not by output
 - ✗ The productive and unproductive worker will get paid the same amount, this can be demotivating
 - ✗ Quality isn't always ensured, workers may not put as much effort in as getting paid regardless
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Piece rate

Payment to a worker for each unit produced, so the amount of money made depends on the output they produce.

Advantages :

- ✓ Encourages more output will be produced as employees will want maximise their wages
- ✓ Unit costs will be known (as employees getting paid per piece) so easier to set prices

Disadvantages :

- ✗ Doesn't provide much security for workers, what happens if a machine breaks down and they cant produce? This can be demotivating
 - ✗ Quality of products produced may be poor as more focus is put into making as many as possible rather making them as good as possible
 - ✗ Efficient workers who put time into each product may feel demotivated as they're getting the same or less pay as inefficient workers
 - ✗ Can only really be applied to production industries, not so much service industry or office jobs
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Salary

Is an annual income that is usually paid on a monthly basis. It is linked to a person's position, status and experience. (so good for management etc.)

Advantages :

- ✓ It provides income security to the employees of the business - this can improve their work
- ✓ It helps businesses determine their costs per year
- ✓ It is suitable for jobs where output is not measurable - i.e office jobs
- ✓ It is suitable for management positions where staff are expected to put in extra time to complete a task or assignment.

Disadvantages :

- ✗ Income is not directly related to effort/productivity, so may negatively affect quality
- ✗ May lead to complacency - they stop working as hard because they're getting paid anyways

✖ Salaries must be regularly assessed to decide whether employees should be moved up a salary band, this can be time consuming

Commission

Commission is a payment made to a salesperson for each sale made. Usually a percentage of their sales made. The higher the sales, the more the pay.

Advantages :

- ✓ will encourage salespersons to sell more products and increase profits
- ✓ businesses will only have to pay employees when they're making money, this will force employees to be more efficient in selling the products

Disadvantages :

- ✖ Can be very stressful and demotivating to the salespeople, if they don't make a sale they don't have an income
 - ✖ Lack of income security
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Performance-related pay

Employees are paid based on their performance, basically a bonus scheme to reward staff for above-average work performance. An appraisal (assessing the effectiveness of an employee by senior management through interviews, observations, comments from colleagues etc.) is used to measure this performance and a pay is given based on this.

Advantages :

- ✓ Staff are very much motivated to improve their performance to get more money
- ✓ Managers set targets for employees to achieve to determine their abilities and pay, this can help direct and give them purpose
- ✓ Appraisals help businesses determine which employees are good and who to fire
- ✓ Workers more likely to feel as if they're being paid fairly

Disadvantages :

- ✖ Could be subject to manager favouritism, managers may be biased towards employees they like/dislike
 - ✖ Can be conflict amongst employees who may feel as if its a competition, this has a negative impact on team working
 - ✖ Will not be motivating towards employees who aren't financially motivated (i.e they care more about being liked, appreciated, working in teams etc.)
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Bonuses

Bonus is an additional amount paid to workers for good work. It is usually given to employees in addition to their contracted wage or salary.

Advantages :

- ✓ Incentivises employees to always work hard and to go above and beyond
- ✓ Employees who are given a bonus will be very appreciative towards the company, increasing employee loyalty

Disadvantages :

- ✗ Can be costly for the company
 - ✗ Can lead to jealousy amongst the workforce
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Profit-sharing

A bonus for staff based on the profits of the business – where a proportion of the company's profits is distributed to workers.

Advantages :

- ✓ Workers will be motivated to work better so that a higher profit is made
- ✓ As the bonuses are paid out of profits, the scheme does not add to business costs
- ✓ Workers more likely to accept cost reduction measures and changes that benefit the business

Disadvantages :

- ✗ less return of dividends for actual shareholders (the owners of the business)
- ✗ can be costly to set up and operate, especially in large firms with many employees
- ✗ less retained profit to be reinvested back into the business

Additional info related to profit-sharing :

Share ownership: a similar scheme to profit sharing where shares in the firm are given to employees so that they can become part owners of the company. This will increase employees' loyalty to the company, as they feel a sense of belonging

Different types of non-financial motivators

Seeing as not everyone is motivated by money, and businesses can not always afford to use financial motivators, businesses often (if not only) use non-financial methods of motivation.

- fringe benefits
- job rotation
- job enrichment
- job enlargement
- job redesign
- opportunities for training
- quality circles

- worker participation
- opportunities for promotion

Fringe benefits

Fringe benefits are non-financial rewards given to employees. Examples of fringe benefits include :

- Company vehicle/car
- Free healthcare
- Children's education fees paid for
- Free accommodation
- Free holidays/trips
- Discounts on the firm's products

Advantages :

- ✓ Provides benefits that employees may otherwise not have, this will increase employee loyalty
- ✓ Can be a low-cost method

Disadvantages :

- ✗ May not be as motivating as actual financial rewards
 - ✗ Can still be a financial burden on business
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Job rotation

Job rotation involves workers swapping around jobs and doing each specific task for only a limited time and then changing round again. This increases the variety in the work itself and will allow managers to move around workers to do other jobs if somebody is absent.

For example : in a factory where workers will move from retrieving products from the machine to labelling the products to packing the products to putting the products into huge cartons

Advantages :

- ✓ The tasks themselves are not made more interesting, but the switching of tasks may avoid boredom among workers
- ✓ Workers become more skilled in more tasks
- ✓ Workers can replace an ill coworker or a coworker quitting, able to continue production
- ✓ Helps identify where employees work best

Disadvantages :

- ✗ Can be costly and time consuming to train employees in all tasks
- ✗ Some employees better/worse at tasks than others, may affect quality - having someone perform a task they're bad at
- ✗ Employees may not enjoy doing certain tasks - decreasing motivation

Job enrichment

Job enrichment involves adding tasks that require *more* skill and responsibility to a job.

This gives employees a sense of trust from senior management and motivates them to carry out the extra tasks effectively. Some additional training may also be required.

For example - a receptionist employed to welcome customers will now, as a result of job enrichment, deal with telephone enquiries, schedule meetings, etc...

Advantages :

- ✓ Can increase employees motivation when given more trust and responsibility
- ✓ Can make work interesting for employees - as work becomes more challenging
- ✓ Workers can become skilled in various different areas

Disadvantages :

- ✗ Workers may expect to be paid more for having to do more work
 - ✗ Some workers may be incapable of taking on more responsibility and more challenging tasks, leading to poor quality in service/production
 - ✗ May involve having to train workers, this increases costs
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Job enlargement

Job Enlargement is where extra tasks of *similar* level of work are added to a worker's job description. These extra tasks will not add greater responsibility or work for the employee, but make work more interesting. (don't get confused with job enrichment.)

For example - a worker hired to stock shelves will now, as a result of job enlargement, arrange stock on shelves, label stock, fetch stock etc

Advantages :

- ✓ Work can become more interesting for workers without adding extra stress and responsibility, this can increase job satisfaction
- ✓ Workers able to learn a variety of different skills

Disadvantages :

- ✗ Increased workload can stress out employees
 - ✗ Will require some training costs
 - ✗ Employees have more to do so less time to spend on certain tasks which can reduce quality
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Job redesign

Job redesigning involves the restructuring of a job – usually with employees' involvement and agreement – to make work more interesting, satisfying and challenging.

It is similar to job enrichment, but job enrichment tends to be done for the benefit of motivating employees, while job redesign is often more of a benefit for the company in that the job and its processes are being reviewed/improved to save time, improve efficiency, lower costs and/or resources.

For example - Bank employees are encouraged and trained to sell financial products to customers – not just to serve at tills

Advantages :

- ✓ Increases business efficiency and can lead to additional profit

Disadvantages :

- ✗ Employees may expect to be paid for any additional work asked to be done
 - ✗ Additional costs for training
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Opportunities for training

Providing training will make workers feel that their work is being valued. Training also provides them opportunities for personal growth and development, thereby attaining job satisfaction.

Advantages :

- ✓ Motivates employees thus increasing productivity and job satisfaction
- ✓ A more qualified workforce will produce better results

Disadvantages :

- ✗ Costs of training
 - ✗ May lead to employees leaving a business as they are now better qualified to be employed with other companies
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Worker participation

Worker participation is when workers are actively encouraged to become involved in decision-making within the organisation. It can be introduced at different levels of a business operation. Workers can be encouraged to become involved in decision-making at the team or work group levels.

Advantages :

- ✓ Gives employees more responsibility, makes them more motivated and loyal to business
- ✓ A form of job enrichment
- ✓ Adds to team working morale

Disadvantages :

- ✖ Isn't suited to all styles of management (i.e a business with autocratic management)
- ✖ Can be time consuming

Opportunities for promotion

Providing opportunities for promotion will get workers to work more efficiently and fill them with a sense of self-actualisation and job satisfaction.

Advantages :

- ✓ Motivates employees to continually work harder in order to be up for the chance of promotion

Disadvantages :

- ✖ Are not always available, not a reliable form of motivation