



PEOPLE IN ORGANIZATIONS

MOTIVATION

HOW IMPORTANT IS PAY FOR MOTIVATING WORKERS?

Many studies have been undertaken to try to explain what motivates workers. There seems to be some agreement that pay and benefits are important in encouraging staff to work well, but these are not necessarily the most important factors. Work enjoyment, work challenges and recognition for work well done – these are the factors most frequently quoted by employees when asked what keeps them with their current employer. Compared to job satisfaction and pay, benefits (financial and non-financial) have a smaller role in terms of recruitment, retention and motivation.

HOW IMPORTANT IS PAY FOR MOTIVATING WORKERS?

A recent employee survey led to the following response rate in answer to the question:

What increases your morale and motivation?

Increased pay	65%
Increased bonuses	28%
Recognition from managers	22%
Career development through training	20%
Improved career prospects	17%
Option to work flexible hours	17%
Increased benefits, such as holidays/pensions/discounts	15%
Better work environment	11%
Help with childcare	7%
Option to work from home	6%

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Research carried out by the cellphone company O2 found that 85% of employees would be more loyal to their company if they were praised for the work and 100% suggested that they would stay in their jobs longer if thanked more often and more effectively. Just under 50% of workers had either never been thanked by their companies or could not remember the last time they were. Finally, managers should take note that 71% of workers would be willing to work harder if they got more recognition for the work they did.

Points to think about:

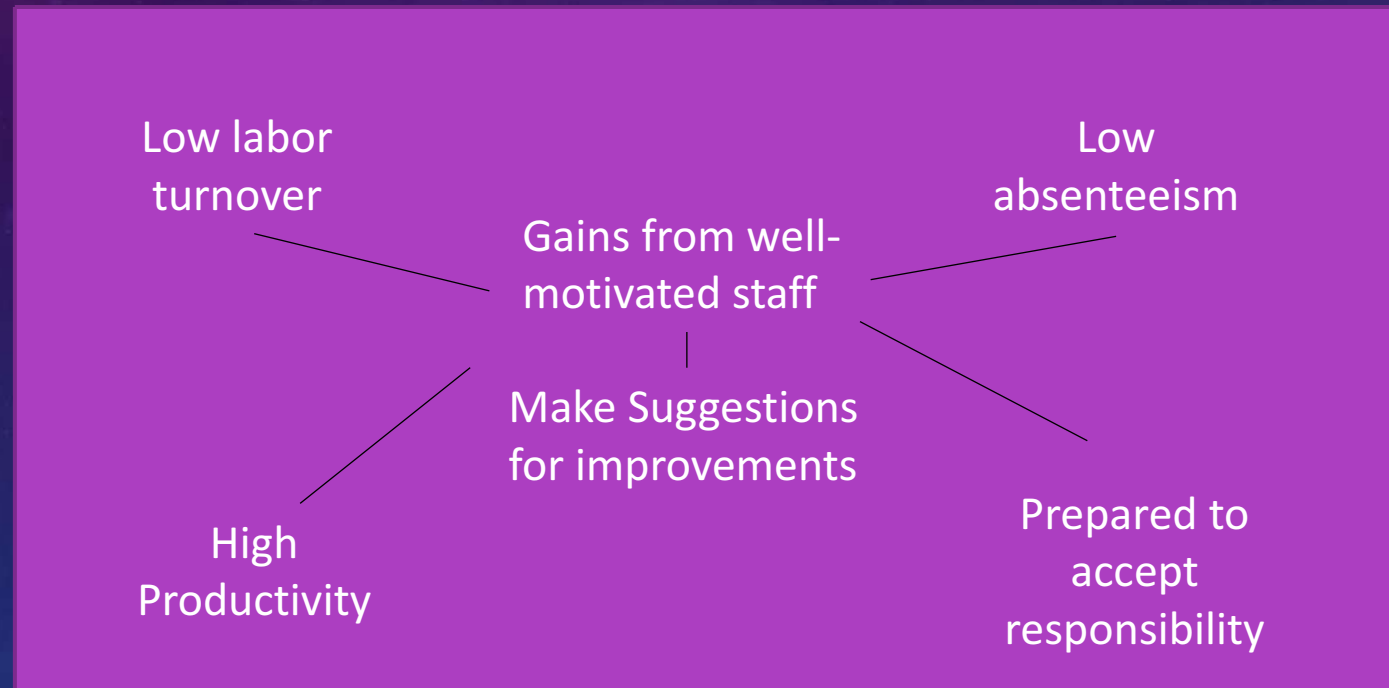
- Why do you think a motivated workforce is important to any business?
- Explain why 'loyalty' and 'working harder' are important to a business of your choice.
- Why do you think 'recognition' is important to so many workers? Is it important to you?



MOTIVATION

THE INTERNAL AND EXTERNAL FACTORS THAT STIMULATE PEOPLE TO TAKE ACTIONS THAT LEAD TO ACHIEVING A GOAL.

WHAT IS MOTIVATION – AND WHY DOES IT MATTER?



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SOME INDICATORS OF POOR STAFF MOTIVATION	
Absenteeism	Deliberate absence for which there is not a satisfactory explanation; often follows a pattern
Lateness	Often becomes habitual
Poor performance	Poor-quality work; low levels of work or greater waste of material
Accidents	Poorly motivated workers are often more careless, concentrate less on their work or distract others, and this increases accidents
Labor turnover	People leave for reasons that are not positive; even if they do not get other jobs, they spend time in trying to do so
Grievances	There are more of them within the workforce and there might be more union disputes
Poor response rate	Workers do not respond very well to orders or leadership and any response is often slow.

WHAT IS MOTIVATION – AND WHY DOES IT MATTER?

There are many theories of motivation, but we will concentrate on six of the best-known theorists.

1. F.W. Taylor (1856-1917) and scientific management
2. Elton Mayo (1880-1949) and the human relations theories
3. Abraham Maslow (1908-1970) and the hierarchy of human needs
4. Frederick Herzberg's (1923-2000) and the 'two-factor theory'
5. David McClelland (1917-1998) and motivational needs theory
6. Victor Vroom (1932-) and expectancy theory



SELF-ACTUALIZATION

A SENSE OF SELF-FULFILLMENT REACHED BY FEELING ENRICHED AND DEVELOPED BY WHAT ONE HAS LEARNED AND ACHIEVED.



JOB ENRICHMENT

AIMS TO USE THE FULL CAPABILITIES OF WORKERS BY GIVING THEM THE OPPORTUNITY TO DO MORE CHALLENGING AND FULFILLING WORK.



HYGIENE FACTORS

ASPECTS OF A WORKER'S JOB THAT HAVE THE POTENTIAL TO CAUSE DISSATISFACTION, SUCH AS PAY, WORKING CONDITIONS, STATUS AND OVER-SUPERVISION BY MANAGERS.



MOTIVATING FACTORS (MOTIVATORS)

ASPECTS OF A WORKER'S JOB THAT CAN LEAD TO POSITIVE JOB SATISFACTION, SUCH AS ACHIEVEMENT, RECOGNITION, MEANINGFUL AND INTERESTING WORK AND ADVANCEMENT AT WORK

MOTIVATION IN PRACTICE

Very few people would be prepared to work without financial reward. Pay is necessary to encourage work effort. However, the question is whether pay is *sufficient* to generate motivation and how pay should be calculated.

PAYMENT OR FINANCIAL REWARD SYSTEMS



Hourly Wage Rate

- Payment to a worker made for each hour worked.
- The most common way of paying manual, clerical and 'non-management' workers.
- This method offers some security to workers but it is not directly linked to the level of output or effort.



Piece Rate

- A payment to a worker for each unit produced.
- A rate is fixed for the production of each unit, and the workers' wages therefore depend on the quantity of output produced.
- The piece rate can be adjusted to reflect the difficulty of the job and the 'standard' time needed to complete it.

PAYMENT OR FINANCIAL REWARD SYSTEMS



Salary

- Annual income that is usually paid on a monthly basis.
- The most common form of payment for professional, supervisory and management staff.
- The salary level is fixed each year and it is not dependent on the number of hours worked or the number of units produced.



Commission

- A payment to a sales person for each sale made.
- This is most frequently used in personal selling, where the salesperson is paid a commission or a proportion of the sales gained.
- It can make up 100% of the total income – reducing security – or it can be in addition to a base salary.
- Teamwork is not encouraged with commission-based pay – each individual salesperson will be keen to grab each new customer for themselves.

PAYMENT OR FINANCIAL REWARD SYSTEMS



Performance-related pay (PRP)

- A bonus scheme to reward staff for above-average work performance.
- The main aim is to provide further financial incentives and to encourage staff to meet agreed targets.
- It requires the following procedure:
 - Regular target setting, establishing specific objectives for the individual
 - Annual appraisals of the worker's performance against the pre-set targets
 - Paying each worker a bonus according to the degree to which the targets have been exceeded.



Profit Sharing

- A bonus for staff based on the profits of the business – usually paid as a proportion of basic salary.
- The essential idea behind profit-sharing arrangements is that staff will feel more committed to the success of the business and will strive to achieve higher performances and cost savings.
- This is designed to establish the workers as part owners of the business.

PAYMENT OR FINANCIAL REWARD SYSTEMS

Fringe Benefits

- Non-cash forms of reward including:
 - Company cars
 - Free Insurance
 - Pension
 - Private health insurance
 - Discounts on company products
 - Low interest rate loans

MOTIVATION IN PRACTICE

If pay is accepted as being insufficient to ensure that workers are motivated to work to their full potential, then other non-financial methods need to be considered. The attraction of these is obvious: if they can promote motivation without adding to the pay bill, then unit costs should fall and competitiveness increase.

PAYMENT OR FINANCIAL REWARD SYSTEMS



Job Rotation

- Increasing the flexibility of the workforce and the variety of work they do by switching from one job to another.
- Rotation may relieve the boredom of doing one task and it can give the worker multi-skills, which makes the workforce more flexible.



Job Enlargement

- Attempting to increase the scope of a job by broadening or deepening the tasks undertaken.
- It can include both job rotation and job enrichment, but it also refers to increasing the 'loading' of tasks on existing workers, perhaps as a result of shortage of staff or redundancies.

PAYMENT OR FINANCIAL REWARD SYSTEMS



KEY TERMS

Job Enrichment

- Involves the principle of organizing work so that employees are encouraged and allowed to use their full abilities – not just physical effort.
- The three key features of it are not always easy to apply in practice, but employers are increasingly recognizing the benefits to be gained by attempting to implement them:
 - Complete units of work so that the contribution of the worker can be identified and more challenging work offered.
 - Direct feedback on performance to allow each worker to have an awareness of their own progress
 - Challenging tasks offered as part of a range of activities, some of which are beyond the worker's recent experience.



KEY TERMS

Job Redesign

- Involves the restructuring of a job – usually with employees' involvement and agreement – to make work more interesting, satisfying and challenging.
- Job redesign is closely linked to job enrichment.
 - Journalists now have to be IT experts to communicate through the wide range of technological media.
 - Bank employees are encouraged and trained to sell financial products customers.

PAYMENT OR FINANCIAL REWARD SYSTEMS



Quality Circles

- They are voluntary groups of workers who meet regularly to discuss work-related problems and issues.
- Meetings are not formally led by managers or supervisors, they are informal and all workers are encouraged to contribute to discussions.
- Workers are usually paid for attending and the most successful circles may be awarded with a team prize.



Worker Participation

- Workers are actively encouraged to become involved in decision making within the organization.
- Opportunities for worker participation in a workshop or factory might include involvement in decisions on break times, job allocations to different workers, job redesign, ways to improve quality and ways to cut down wastage and improve productivity.

PAYMENT OR FINANCIAL REWARD SYSTEMS



Team Working

- Production is organized so that groups of workers undertake complete units of work.
- This approach to work places each member of staff into a small team of employees.
- This may lead to:
 - Lower labor turnover
 - Improving the product and the manufacturing process
 - Consistently higher quality

I REALLY HATE MY JOB