

**BUSINESS:** *Creating informed, discerning employees, consumers and future leaders*

## 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

### 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

### Don't be a "man on the street"

- 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

