

## Chapter22

### Methods of motivation at work

#### Overviews

1. The financial method of motivation: remuneration, bonus, commission, promotion, fringe benefits.
2. The non-financial methods of motivation: job rotation, job enrichment, and autonomy

**Remuneration:** money paid to employees for their work or services.

**Time rate:** payment system based on the amount of time employees spend at work

**Gross pay:** pay before deductions such as tax

**Net pay:** pay after deductions such as income tax, pension, student loan

**Overtime:** rate of pay above the normal rate to compensate employees for working extra hours

#### Motivating Factors

: There are 3 factors which are financial rewards, Non-financial rewards and introducing ways to give job satisfaction.

**1 Financial Reward Motivators:** involved with monetary basis

Financial Rewards	Advantages	Disadvantages
<b>1. Wage</b> : payment for work, usually paid every week.	<ul style="list-style-type: none"><li>• Employees receive money every week/day.</li><li>• If employees work overtime, they can receive extra payment.</li></ul>	<ul style="list-style-type: none"><li>• It is a waste of time to calculate every week.</li></ul>
<b>2. Time Rate</b> : payment by the hour	<ul style="list-style-type: none"><li>• It is easy to calculate.</li></ul>	<ul style="list-style-type: none"><li>• Good or bad workers receive the same amount.</li></ul>

<p><b>3. Piece Rate</b>                  : payment by the amount of product is made.</p>	<ul style="list-style-type: none"> <li>• Piece rate can motivate workers to work faster and more outputs are produced to meet customers' demand.</li> </ul>	<ul style="list-style-type: none"> <li>• Employees concern only quantity but not quality.</li> <li>• Piece rates cannot be used if work cannot be measured.</li> </ul>
<p><b>4. Performance-related pay (PRP)</b>                  : payment system designed for non-manual workers where pay increases are given if performance targets are met.</p>	<ul style="list-style-type: none"> <li>• To reward workers whose output is difficult to measure.</li> </ul>	<ul style="list-style-type: none"> <li>• The assessment from the manager may be biased.</li> <li>• The performance target is impossible to achieve.</li> </ul>
<p><b>5. Bonus payment</b>                  : payment in addition to basic wage for reaching targets or in recognition for service.</p>	<ul style="list-style-type: none"> <li>• Bonus is paid in addition to the basic wage.</li> <li>• The bonus is paid when target is met.</li> </ul>	
<p><b>6. Commission</b>                  : payment based on the value of sales, usually a percentage of sales made.</p>	<ul style="list-style-type: none"> <li>• The payment is based on the sales generated by a salesperson.</li> </ul>	
<p><b>7. Promotion</b>                  : promotion comes with higher pay.</p>	<ul style="list-style-type: none"> <li>• Motive workers in the ways of internal recruitment</li> </ul>	
<p><b>8. Fringe benefits</b>                  e.g. car / discount on firm's products /training</p>	<ul style="list-style-type: none"> <li>• It can attract and retain better qualified employees.</li> </ul>	

## **2.Non-financial reward:** job rotation, job enrichment, and autonomy

**2.1 Job rotation:** the periodic changing of jobs or tasks. Eg. Moving from HR to marketing.

<b><u>Advantages</u></b>	<b><u>Limitation</u></b>
<ul style="list-style-type: none"><li>• Reducing boredom</li><li>• Employees benefit from wider training.</li><li>• Motivating workers</li></ul>	<ul style="list-style-type: none"><li>• Lower productivity as workers learn new jobs and take time to settle in.</li><li>• Worker motivation is not guaranteed. They may change from a boring job to another.</li></ul>

**2.2 Job enrichment:** Giving employees greater responsibility and recognition by vertically extending their work role.

<b><u>Advantages</u></b>	<b><u>Limitation</u></b>
<ul style="list-style-type: none"><li>• Giving employees a challenge will develop their unused skills and encourage them to be more productive.</li></ul>	<ul style="list-style-type: none"><li>• Workers who are unable to make it may not respond to incentives.</li><li>• Not all workers react in the same way to job enrichment as motivation.</li></ul>

**2.3 Autonomy;** giving workers the authority to make choices and decisions about the way they work (sometimes called empowerment).

<b><u>Advantages</u></b>	<b><u>Limitation</u></b>
<ul style="list-style-type: none"><li>• This helps to motivate workers as they feel they are trusted.</li><li>• Employees are more self confidence and their works are recognized.</li></ul>	<ul style="list-style-type: none"><li>• Workers may not receive extra pay.</li><li>• Worker may not be confidence enough to take all responsibilitis.</li></ul>