Chapter 13: Motivation at work

Motivation

People work for a number of reasons. Most people work because they need to earn money to survive, while others work voluntarily for other reasons. **Motivation** is the reason why people work, and it **drives** them to work better. Therefore, managers try to find out what motivate workers and use them to encourage workers to work **more efficiency**. This results in higher **productivity**, increased **output**, and ultimately higher **profits**.

- Nowadays, machinery is more common in businesses which results in increased productivity as well. However, the amount that a well motivated workforce can produce must still be recognised, since employees are a firms greatest assets!

Motivation theories

People work very hard when they are working for themselves. When they work for other people, less so. Managers have been looking into what makes employees contribute their fullest to the company and these studies have resulted four main theories of motivation.

F.W.Taylor

Theory:

- **Money** is the main motivator.
- If employees are **paid more**, they **work more**.
- Work is broken down into simple processes, and **more money** is paid which will increase the **level** of **productivity** an employee will achieve.
- The **extra pay** is **less** than the **increased productivity**.

Cons:

- Workers are seen rather like **machines**, and this theory does not take into account **non-financial motivators**.
- Even if you pay more, there is **no guarantee** of a productivity rise.
- It is **difficult** to **measure** an employees output.

Maslow

Maslow created what is know as the **hierarchy of needs**.

In this diagram, there are 5 different types of motivation:

- **Physiological needs:** basic requirements for survival.
- **Security needs:** the need to by physically safe.
- **Social needs:** the need to belong and have good relationships with co-workers.

- **Esteem needs:** the need for self-respect and to be respected by others.
- **Self-actualisation needs:** the need to reach your full potential and be promoted.

Businesses realise that the more **levels of motivation** are available to workers, the harder they will work. Maslow also suggest that each level of motivation **must**be **achieved before** going to the **next level**. Once one level of motivation is met, more of that will **no longer** motivate the employee.

Cons:

- Some levels are **not present** in some jobs.
- Some rewards belong to **more than one level** on others.
- Managers **need** to **identify** the levels of motivation in any job before using it to motivate employees.

Herzberg

To Herzberg, humans have **hygiene factors**, or basic animal needs of humans. We also have **motivational factors/motivators**, that are required for the human to grow psychologically.

Hygiene factors:

- Status.
- Security.
- Working conditions.
- Company policies and administration.
- Relationship with supervisor.
- Relationship with subordinates.
- Salary.

Motivational factors:

- Achievement.
- Recognition.
- Personal growth/development.
- Advancement/promotion.
- Job satisfaction.

To Herzberg, if the hygiene factors are **not satisfied**, they will act as**demotivators**. They are **not motivators**, since the motivating effect quickly wears off after they have been satisfied. True motivators are are Herzberg's motivational factors.

McGregor

McGregor splits his theory into what managers believe. One type believes in **theory X**, while the other type believes in **theory Y**. Here is the table:

Here are some differences in how a **X manager** will work and how an **Y manager**will work:

- X managers believe that people are naturally lazy, and has to be pushed with **external factors** to work harder. (e.g. higher pay).

- Y managers believe that people want to do a good days work but need a good **environment** to do the work. A better environment is an**internal factor**.
- X managers will try to provide **incentives** and **supervision** for employees to work hard.
- Y managers will try to provide a **favourable environment** so that employees can enjoy their work.

Theory's like **Taylor's theory** are X theories, while others like **McGregor's theory** are Y theories. People may say that money is the main motivator, but studies have shown that many people leave jobs because other motivational factors are not available to them.

Why do people work?

Here is a summary of why people work:

- **Money**: to satisfy needs and wants.
- **Security**: knowing that you are physically safe and have job security.
- **Social needs**: to belong to a group, making friends at work.
- **Esteem needs** (self importance): feeling important, feeling the job you do is important.
- **Job satisfaction**: enjoyment from the feeling of having done a good job.

Motivating factors - financial motivators

There are three ways to motivate a workforce:

- financial motivators
- non-financial motivators
- ways to increase job satisfaction

Financial rewards

Pay may be the basic reason why people work, but different kinds of pay can motivate people differently. Here are the most common methods of payment:

Wages

Wages are paid **every week**, in **cash** or straight into the bank account, so that the employee does not have to wait long for his/her money. People tend to pay wages to manual workers. Since wages are paid weekly, they must be calculated every week which takes time and money. **Wages clerks** are paid to do this task. Workers get**extra pay** for the **overtime** that they do. There are some ways that wages could be calculated:

Time rate: Time rate is payment according to how many **hours** an employee has worked. It is used in businesses where it is difficult to measure the output of a worker.

- + Easy to calculate the wage of the employee. A **time-sheet** must be filled out by the Accounts department to calculate the wage.

- - Both good and bad workers get paid the same wages. Therefore, more**supervisors** are needed to maintain good productivity. a **clocking-in system** is needed to know how many hours an employee has done.

Here is an example of a wage slip and time-sheet:

Name:..... Employee no:.....

Employer:..... Payment date:.....

Payments		Deductions		To date	
Basic wage	450.00	Income tax	110.00	Tax code	489L
Overtime	50.00	National Insurance	45.00	Tax week	3
		Pension	50.00	Tax	310.54
		Trade Union fees	10.00		
Total	500.00	Total	215.00	Net pay	£285.00

Name:_____ Employee no:_____

Department:_____

Standard rate of pay: $10 per hour
Overtime rate of pay: $15 per hour
Basic number of hours per week: 40

	Start time	Finish time	Total hours
Monday	16.00	24.00	8
Tuesday	16.00	24.00	8
Wednesday	16.00	24.00	8
Thursday	16.00	24.00	8
Friday	16.00	24.00	8
Saturday	16.00	18.00	2
Sunday	–		

Total hours for week = 42

40 hours at $10 = $400
2 hours at $15 = $30
Gross pay = $430

They show:

- **Basic pay + Overtime = Gross Pay**
- **Gross pay - Deductions = Net Pay**

Deductions include:

- Taxes
- Pension
- Union fees
- National insurance: entitles the payee to short-term **unemployment benefits**, **sickness benefits** and **state pension**.

<u>Piece rate</u>: Piece rates are paid depending on **how many units** they have produced. There is usually a base pay (**minimum wage**) and the piece rate is calculated as a bonus on how many units were created. Piece rates are found in businesses where it is possible to measure a workers productivity.

- + Encourages workers to work **faster** and produce **more goods**.
- - Workers will often **neglect quality**, and businesses will need a**quality control system** which is **expensive**.
- - Workers who **focus** on **quality** will **earn less**. **Tension** is caused when some workers **earn more** than others.
- - If **machinery breaks down**, employees earn less. That is why there is a guaranteed **minimum pay**.

Salaries

Salaries are paid **monthly**, and normally straight into the **bank account**. They are usually for **white collar workers**. A salary is counted as an **amount per year** that is divided into **12 monthly accounts**. You **do not** usually receive**overtime**. Managers only need to pay their workers once a month, and since the amount is transferred by the bank, the manager loses much less time and money calculate salary.

Salaries are usually a standard rate, but other **rewards** could be given to employees:

- **Commission:** A **percentage** is paid, usually to sales staff, depending on the **value** of **goods** they have sold. Workers are encouraged to sell more. However, they could persuade customers to buy products they don'r really want, making the company look bad. Just like the piece rate, in a bad month where there are little sales, worker's pay will fall.
- **Profit sharing:** Employees receive a **percentage** of the **profits**made. However, they will get nothing if the business doesn't make a profit. This is often used in the service sector, where it is hard to find an employees contribution to the company.
- **Bonus:** A **lump sum** paid to employees who have done well. It is usually paid at the end of the year or before holidays. However, this could cause jealousy between workers. Giving bonuses to a **team** works better.
- **Performance related pay:** Employee pay is linked to the**effectiveness** of their work. It is often used in organisations where it is hard to measure productivity. It uses the system of **appraisal**: employees are observed and their colleagues are interviewed to determine their effectiveness. Afterwards, the immediate superior of the employee has a meeting with them to discuss their effectiveness.
- **Share ownership:** Employees receive some **shares** from the company. They will either benefit from **dividends** or **sell** the shares when their **price** has **risen**. They will be more **motivated** because they feel like a **part** of the company.

Motivating factors - non-financial motivators

There are other factors that motivate people in a business, and they are often called**perks** or **fringe benefits**. They may be having free accommodation, free car, etc... However, when you look at it, it is just money in different forms. Here is a list of these motivators:

- Children's education.
- Discounts on company products.
- Free Healthcare.
- Company vehicle.
- Free accommodation.
- Share options.
- Expense accounts.
- Pension.
- Free holidays.

Job satisfaction:

Employees will become more motivated by **enjoying** the job they do. Job satisfaction can come in different ways. However, there are some **factors** that**demotivate** employees if they are not satisfied, and must be satisfied before the motivators can take effect. Here are some things that make workers' jobs satisfying:

- Pay.
- Promotion.
- working conditions.
- Fringe benefits.
- Management
- Working hours.
- The nature of the work itself.
- Colleagues, etc...

Herzberg and Maslow stresses that things such as **responsibility** recognition **is also crucial** to provide job satisfaction. Letting workers contribute to the job would also help, making jobs less boring and more creative. Here are some policies to increase job satisfaction:

Job rotation:

Workers in a **production line** can now change jobs with each other and making their jobs not so boring. It helps **train** the employee in different aspects of their jobs so that they can **cover** for other employees if they do not show up.

Job enlargement:

Adding tasks of a **similar level** to a worker's job. Job enlargement simply gives more **variety** to employees' work which makes it more enjoyable.

Job enrichment:

Adding tasks of a **higher level** to a worker's job. Workers may need **training**, but they will be taking a step closer to their **potential**. Workers become more**committed** to their job which gives them more satisfaction.

Autonomous work groups or teamworking:

This is when **group** of workers are given **total responsibility** to organise themselves and perform a task. This makes the employees feel more **important**, as well as giving them a sense of **belonging** when they are part of a team. If they organise themselves differently every time, the team could get **job enlargement**and **job enrichment** too!

Leadership

Studies have shown that leadership has a great impact on worker's motivation. Good managers have **leadership skills** that **inspire** their workers to work better, as well as

directing them with a common **goal**. Managers use many styles of leadership, and they can be summarised into 3 main styles:

Autocratic leadership:

- The manager **controls all aspects** of their subordinates' **work**.
- They keep themselves **separate** from employees.
- Employees are expected to obey every **command** and **cannot contribute** to decisions.
- Communication is only **top-down**.

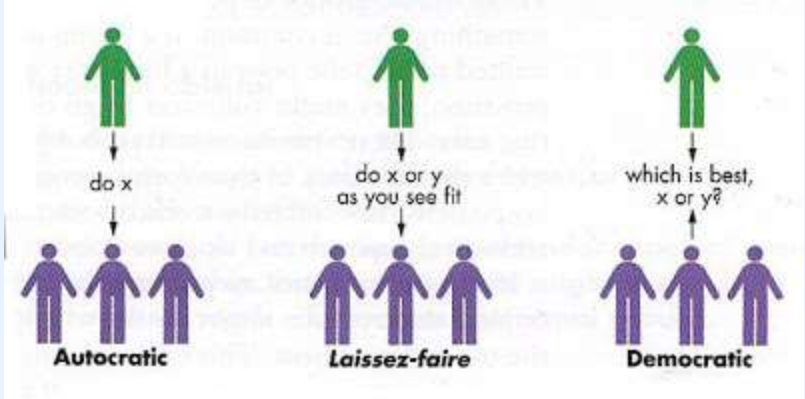
Laissez-faire leadership:

- **Objectives** are shown to employees, but the task is **completely delegated** to them.
- **Communication** can be **difficult** since **clear instructions** are not given.
- The manager has a **limited role** in this type of leadership.

Democratic leadership:

- The manager **discusses** tasks with his employees before making decisions.
- Communication will be **two-way**, both top-down and bottom-up.

Here is a diagram to summarise the leadership styles:



The style of leadership used can vary depending on situations where they are the most effective.

Formal and informal groups

A **formal group** is an **official** group that is formed to do a specific task in an organisation. An **informal group** is a group of people which are formed**independently** by themselves. They are not official, but the people in the group have a **common interest** or **cause**. Both of these groups are needed in business, and let's see why in this example. e.g. a school might create a football team (formal group) but the players need to bond together to play effectively (informal group).

Formal groups in business

Departments withing a business are good examples of formal groups. From time to time different groups might be set up to cope with different problems or do different tasks.

Sometimes people from different departments could come together in a group to do a **team project**.

Informal groups in business

There are can be many informal groups in a business that can increase the motivation of workers because they have a true sense of **belonging**. e.g. There is a group of factory workers who are interested in basketball, and they form an informal group, as a result, when they get back into their formal group they are likely to co-ordinate better with each other.

There are other scenarios where two departments **merge** to become one, making them one formal group. However, the people from these former departments still see themselves as **separate** from each other. These two groups of people will refuse to co-operate until they are also **merged** into an **informal group**. Therefore, informal groups should be handled carefully in business to yield the best results.

Regular meetings, free holidays, sporting events and such things could be organised to create informal groups and use them in a more positive way to avoid them getting into the way of business activity.