

Knowledge and Understanding

Motivation

Analysis

Method	Definition	Financial / Non financial	Advantage	Disadvantage
 Bonus	Lump sum of money for reaching a target	Financial	-only get it if target reached -increases production or sales	-target may be too high -lump sum may be small
Profit sharing	% of profit paid to employees 	Financial	-workers feel part of a team -will aim to be efficient so the business makes more profit	-if the business doesn't make any profit then employees get no reward -it depends on the percentage of profit that the business decide to share
Increase salary 	Lump sum split between 12 months (increased)	Financial	-workers get more pay which is guaranteed -keeps highly skilled staff within the business	-workers may not become more productive or efficient -depends how much the increase is by
Increase wage	Workers are paid more per hour	Financial	-workers get more pay per hour and will want to work more hours	-workers may not become more productive or efficient -depends how much the increase is by
Fringe benefits	Workers are given additional benefits such as company car, gym membership 	Financial	-benefits a worker may not be able to afford themselves -attractive to potential employees -leads to worker loyalty	-some employees may not appreciate the benefit -may be very expensive for the business

Method	Definition	Financial / Non financial	Advantage	Disadvantage
Working environment 	Better facilities such as staffroom, drinks machines, canteen	Non financial	<ul style="list-style-type: none"> -workers enjoy coming to work -they feel the business values them enough to have nice facilities 	<ul style="list-style-type: none"> -it's not financial and employees may not benefit/enjoy
Job rotation 	Workers move around different work stations in the business	Non financial	<ul style="list-style-type: none"> -workers get variety and to learn new skills -workers get to try different tasks 	<ul style="list-style-type: none"> -workers may not like change or are not as good at all tasks -workers will require additional training which increases costs
Award scheme 	The worker is given recognition of hard work. Can be a certificate or employee of the month	Non financial	<ul style="list-style-type: none"> -workers feel valued -workers feel their hard work is recognised 	<ul style="list-style-type: none"> -some workers may feel they aren't recognised as it is only once a month -may create conflict between workers who don't get recognised
Job enrichment	Workers are given more responsibility	Non financial	<ul style="list-style-type: none"> -workers feel valued and that their opinion matters -workers feel trusted that they can make decisions 	<ul style="list-style-type: none"> -workers may make the wrong decision -workers may feel that they are making all of the decisions and are not supported
Job enlargement 	Workers are given more tasks to complete	Non financial	<ul style="list-style-type: none"> -workers have lots of tasks to do so they don't get bored -workers get a sense of achievement from completing tasks 	<ul style="list-style-type: none"> -workers may be overwhelmed by the amount of jobs they have to do -workers may rush to get jobs finished which can effect quality

Knowledge

1. What is a bonus?
2. What is job enrichment?
3. What is profit sharing?
4. What is job enrichment?
5. What is job rotation?
6. What is an award scheme?
7. What is the difference between a salary and a wage?

Evaluation

The following are possible financial motivation. What does their impact depend on?

Bonus?

Wage increase?

Salary increase?

Profit sharing?

Application and Analysis

Walkers LTD are looking to motivate their production workers. They have completed a staff survey and employees feel that they are not valued and that employees are feeling unmotivated. They are considering introducing either award schemes or increased wage.

1. **Analyse the benefit of Walkers LTD increasing the wage of production workers. 3 marks**

2. **Analyse the benefit of Walkers LTD using an award scheme. 3 marks**

3. **Recommend whether Walkers LTD should use an increase in wages or award scheme to motivate production workers. 3 marks**