

GCE AS/A LEVEL



WJEC GCE AS/A LEVEL in BUSINESS

Teaching topics in line with
the AO's
Financial and non-financial motivation
(2-2.5 hours)



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Financial and non-financial motivation (2-2.5 hours)

In the specifications:

(WJEC Unit 2, Eduqas AS Component 2 and Eduqas A Level Component 1)

Financial and non-financial methods of motivation	Explain financial methods of motivation including piece rate, commission, bonus, salary, profit sharing, share ownership and performance related pay.
	Explain non-financial methods of motivation including consultation, job design, job enlargement, job rotation, job enrichment, empowerment, team working and flexible working.
	Evaluate the appropriateness of various financial and non-financial methods of motivation for a business and its stakeholders.

Step 1 (before the lesson):

Students research the different financial and non-financial methods of motivation. This allows AO1 to be done independently which frees up more lesson time for AO2, AO3 and AO4.

Resource: WJEC Eduqas Business Opportunities and Functions Chris Stockton 2016, Chapter 30.

Example research:

Financial methods of motivation	Description
Piece Rate	Workers are paid per each item produced to speed up productivity.
Commission	Usually referred to as a percentage of the sale that workers receive.
Bonus	Given as a reward for above average performance sometimes as a Christmas bonus for loyalty to the business.
Salary	Whereas wages are paid per hour, salaries are annual and the worker receives the same pay each month regardless of hours worked.
Profit Sharing	A team bonus where staff collectively share the extra profits made.
Share Ownership	When employees receive shares and dividends rather than actual cash bonuses to keep the worker more loyal as they become part owners.
Performance Related Pay (PRP)	Similar to a bonus, it is a financial reward for above average performance when targets have been met/exceeded.
Fringe Benefits	Other forms of financial motivation including company car, free healthcare, pension, sickness benefits, subsidised travel and discounts.

Non-financial methods of motivation	Description
Consultation	Gaining the views of employees in the decision making process.
Job Design	Jobs are challenging, interesting and varied, that allow decision making.
Job Enlargement	Giving workers more tasks to do within their job (not management tasks).
Job Rotation	Giving workers more variety of work to complete.
Job Enrichment	Empowerment and enlargement: giving workers more variety and more interesting jobs to complete but also at a higher responsibility level so that work is a learning process for workers (Herzberg).
Empowerment	Giving workers more power to control their own job and make decisions.
Team Working	Employees working together on tasks.
Flexible Working	E.g. home working, flexible hours, hot desking, allowing employees to work during times that suit their individual needs.

Step 2 (10 minutes):

Assess AO1 during the first few minutes of the lesson through questioning as a starter activity.

Step 3 (30 minutes):

Assess AO2 by giving students business scenarios/case studies to encourage application of knowledge.

Students to be given 2-3 different business scenarios; they have to try and link types of financial and non-financial methods of motivation that could work in that type of business in order to motivate the workforce.

Example business scenario/case study:

- A car insurance business that employs 50 low-skilled workers
- A nightclub that employs mainly university students
- Your school/college looking at ways to motivate teachers
- A high quality dine-in restaurant employing specialist chefs and front of house workers
- A TV manufacturing business such as Samsung

If the scenario changed to a hairdresser's salon and your answer still makes sense, you haven't applied your knowledge correctly.

Example answer:

50 low-skilled workers selling car insurance:

Financial motivation:

- Could get paid per car insurance sold (piece rate).
- Or commission say 10% of every car insurance policy sold.
- Or get given a target to sell 5 policies per day and receive bonuses/PRP for meeting monthly targets.
- Fringe benefits such as free car insurance for the workers.

Non-financial motivation:

- Staff meetings to consult sales staff on the best techniques used to make car insurance sales so it can be embedded into company policy.
- Or empower employees to use their own ways of making sales rather than follow a company script when talking to customers. Employees could also be given the power to offer their own discounts to customers that are reluctant to renew their insurance policy.
- Rotate staff between car insurance sales and dealing with car insurance claims to give workers more variety of work.
- Staff can pick the hours they would like to work as it is likely that car insurance claims can happen 24/7 so employees are needed most hours during the day/evening.

Step 4 (30 minutes):

Assess AO3 by asking students to explain why each method of motivation chosen is appropriate for each business scenario linking to theories where appropriate.

Scenario: 50 skilled low-skilled workers in car insurance:

Financial motivation methods selected are appropriate because:

- There is a direct link between how hard a worker works and the pay received (F.W Taylor, Vroom).*
- *Workers are low skilled, possibly not career driven and so will respond well to hard work when there is a link between financial reward and effort (F W Taylor, Maslow – need 1).*
- *A lot of workers may own a car themselves and have an understanding of car insurance and so the added fringe benefit makes it less likely the worker will leave the business as it's an extra cost the worker would have to pay without the job.*

Non-financial motivation methods selected are appropriate because:

- The better workers will feel a sense of achievement through being recognised in having effective sales techniques that should be embedded into company policy. The best workers therefore may stay with the business for longer. (Maslow – esteem, Herzberg – recognition).*
- *Giving workers power over their own script and discounts will allow workers to flexibly change their method of sales depending on the personality and stubbornness of the customer who may or may not have already decided to change car insurance policies. By doing this the worker may gain more sales and be happier working for the company as they can put their own spin on the job, leading to higher productivity and lower labour turnover. (Maslow – esteem, Herzberg – job enrichment).*
- *A variety of work will make the worker less bored as otherwise they would be doing one repetitive job managing one part of the car insurance process, meaning that they could come across less enthusiastic on the phone to customers. (Herzberg – motivators – interesting work).*
- *Workers may have young children or dependents to look after and will be more willing to work for the business and put in a better shift if the hours worked suit the personal needs of the workers. Single parents and those who care for family members do want to work and will be happier working if the business can fit around their own needs, meaning that not only will workers be more motivated to work but the business can employ the best staff possible who make the most sales. (Maslow – security and social).*

Step 5 (30 minutes):

Assess AO4 by asking students to explain why the financial and non-financial methods selected may have drawbacks, plus why the methods not selected for each business scenario were not appropriate for the business. This will allow a final judgment to be made on the depend on factors that considers the factors that determine the choice of financial/non-financial methods of motivation businesses should use.

Scenario: 50 skilled low-skilled workers in car insurance:

Problems with motivation techniques

- *Financial motivators: Workers may rush their sales techniques to gain more sales with an adverse effect on customer service (quantity of sales rather than quality).*
- *Non-financial motivators: As workers are low skilled, allowing them more authority and freedom over the work may not improve standards and could lead to an inconsistent service.*
- *Non-financial motivators: Job rotation goes against the arguments for specialisation of workers who may become more productive doing one rather than multiple roles.*
- *Non-financial motivators: If all staff has the same flexible needs then the business may struggle to get enough workers during the busiest rush hour times of the day.*

Why other motivational techniques are not appropriate for this business

- *Profit sharing may not seem fair if employees make different levels of sales to one another but receive the same bonus (jealously).*
- *Share ownership will only work if the company is an ltd or plc.*
- *Job enrichment may not work if the skill levels of the workers are low, not in a job for a career or that money is the main reason for working. Workers may see this as added stress and not motivation.*
- *Team working: Customers could get annoyed if it takes more than one worker to sort out the customers query regarding the car insurance.*

Depends on factors

Overall the factors that determine which method of motivation is most suitable are:

- *The main reason why the worker has the job (money gain versus career aspirations).*
- *Whether employees individual work can be measured so individual bonuses/financial incentives can be given or whether team motivation incentives should be used.*
- *Whether financial incentives may adversely affect the quality of the product/service (rushed work).*
- *The skill and aspiration level of the employees determine which type of non-financial motivators are too risky, e.g. empowering low skilled staff/students just looking for money while studying.*

Step 6 (30 minutes):

Classwork timed exam preparation

Case study:

Kev-air is a small airline operator based in Cardiff Airport that flies passengers to many European destinations. The business differentiates itself as a cheaper budget airline offering lower prices than other airlines. As a result of the low-cost low-price model, they have found that staff at Kev-air do not get as many motivational incentives compared to larger major airlines. Kev-air pays salaries to its workers in line with other major airlines and would like your help in improving the motivation

levels of its staff. Both managing directors are considering including both financial and non-financial incentives, but both believe that non-financial incentives are more appropriate for its pilots and cabin crew staff.

1. Describe two benefits of a motivated workforce [4]

	AO1
3-4 Marks	Two benefits described with clear understanding.
1-2 Marks	One benefit described with clear understanding, or two benefits briefly described with limited understanding.

2. Explain two financial motivators suitable for pilots and cabin crew at Kev-air [6]

	AO1	AO2	AO3
2 Marks	Good knowledge of financial methods of motivation. Two methods correctly described.	Good application to Kev-Air. Both methods of motivation relate clearly to pilots and cabin crew / the situation at Kev-air.	Good analysis of why both financial methods of motivation would be suitable.
1 Mark	Limited knowledge of financial methods of motivation. One method correctly described.	Limited application to Kev-Air. There is an attempt to relate these methods of motivation to how it could work for pilots or cabin crew at Kev-air.	Limited analysis of why one financial method of motivation would be suitable.

3. Discuss whether non-financial methods of motivation are suitable methods of motivation for pilots and cabin crew in Kev-air? [8]

	A02	A03	A04
3 Marks		Excellent analysis of why non-financial methods are appropriate.	Excellent well balanced evaluation of the appropriateness of non-financial motivators. Clear judgements are made.
2 Marks	Good application of the appropriateness of non-financial methods of motivation for pilots and cabin crew at Kev-air.	Good analysis of why non-financial methods are appropriate.	Good, reasonably well balanced evaluation of the appropriateness of non-financial motivators. Valid judgments are made.
1 Mark	Limited application of the appropriateness of non-financial methods of motivation for pilots and cabin crew at Kev-air.	Limited analysis of why non-financial methods are appropriate.	Limited evaluation of the appropriateness of non-financial motivators with unsupportive judgements.