

Asda provides



The buy as you earn scheme allows employees to buy ASDA shares and save tax at the same time, it will allow the employee to buy shares from gross salary and save tax. This is a tax efficient share buying scheme that ASDA provides to its entire staff. ASDA employees buy shares at the market price from their gross pay each period before income tax and national insurance is deducted. The benefit that the employee can have is the value of share they buy is more than the net pay they give up to buy them. ASDA gives it employee a choice on how much they wish to pay, the shares are held in a trust for the employee while they are employed by ASDA until they decided to sell them.

This is one of the motivational strategies as it is like buying shares at a discount price. Since you can save income tax and national insurance on the pay and use it to buy shares. Employees can also gain extramoneywhen ASDA share prices grow. Someone who has brought a share can receive dividends twice a year, either in cash or more shares. There will be no income tax or national insurance to pay on the gross salary employee use to buy the shares at any time, they also provide their employee extreme options to transfer shares into an ISA and benefit from a tax free gain if they decided to sell them.

This is one major motivational strategy used by ASDA as it enables staff to join in the overall success of ASDA, the share save plan it offers permits both full-time and part-time employees to buy only shares, as I mentioned earlier by Taylor it is sought that we are only motivated by money, therefore this is one of the most effortless ways for the staff to generate extra money, this therefore should appeal to mainly all the staff. Also is it is available to both

full and part time allows it to motivate everybody. If the employee buys shares within the business, they are not only workers, but they will feel that they are also a part of the family and history of the business.

This in itself is a motivating element as it fulfils Elton Mayo's theory that staff are all largely motivated by having their social needs met, as the share plan makes them feel accepted and gives them a feeling of togetherness their social demands are met, in addition to this it also accommodates Taylor's belief that money is the key motivator, for this reason ASDA include this share scheme within their business as it will hugely motivate staff. One negative about this strategy is that again, it may not cater for all of the staff's needs. For instance employees who are 18-24 may have different priorities to older members of ASDA.

They may prefer to have cash in hand rather than a share of ASDA as they may not truly understand the reimbursement from the scheme, therefore it could be beneficial for ASDA to educate all the staff on how the share scheme could benefit them and this would then motivate all staff. However, not all who are 18-24 would be unresponsive there will be only certain people who may not find it motivating as there can be issues and risks in buying shares.

Another reason for the share strategy to be potentially de-motivating is because of the various terms and conditions it requires. Employees who have long term plans to be an ASDA share holder can only enjoy the benefit of now income tax or national insurance to pay but those who don't plan to be long term share holder do have a lot of drawbacks. If somebody wished to

draw shares less than 3 years after buying them they will have to pay income tax and national insurance based on the current market value of the share on the date of withdrawal. For example if the market price of ASDA shares was £5.30 and I sold 10 shares I would receive 10£5.30 but I would have to pay income and national insurance on that £53. If I decided to withdraw shares between 3 and 5 years after buying them I am still required to pay tax and national insurance.

The amount I will have to pay is based on the lower of: the price I used to buy them or the market value of my share on the date I decided to withdraw them. For example if the market price of ASDA shares is now £6.00 and I sold 10 shares would receive 10£6=£60 but I will have to pay income tax and national insurance on the lower of the price I used to buy them: £40 and the market price £60, so I would pay income tax and national insurance on £50. If I decided to withdraw my share after more than 5 years after buying them I will have no tax or national insurance pay. For example 10£6.50=£65 and I would pay no income tax or national insurance at all.

Originally this strategy seems to be very motivational. As it clearly shows an employee would be able to save various payments but if you go deeper into the depth of the terms and conditions it doesn't seem to be extremely motivational. It is clearly a strategy to only those employees who have very long term plans to stay employee for ASDA. Students who are working part time in contrast might not take this strategy as a motivational factor that will make them work harder. ASDA has very initially clarified that if a person is incareerbreak, resignation, dismissal, retired for made redundant the scheme will come to an end. The share must be taken out from the plan and

transferred in the employee's name. The employee will have to pay income tax and insurance. For a short term worker this strategy is clearly not motivational at all and therefore an employee may feel that this hare scheme is not beneficial for them, therefore they will not find it as appealing as those staff members who are planning on working at ASDA long term.

However along with all of this there is a crucial motivating factor of employees buying shares with ASDA, many people forget the point that ASDA is now a part of the US giant supermarket Walk-Mart. ASDA employees has found themselves pitched into the American stock market after the British chain's take over by US Wal-Mart, the deal has meant that workers exercise their rights under the company's employee share ownership scheme, the will no longer be given UK-listed ASDA shares.

Instead they will get Wal-Mart shares, which are listed in America. ASDA's move across to the US has meant that the share value has massively increased, as the employee will now receive a larger amount for their contribution of shares. This will motivate staff as they are part of such a big organisation and they will be able to generate a larger amount of money through their shares. This is one of the factors that makes ASDA different from all other supermarkets in Britain and it is also one of the major competitive advantages, the fact that they have stores in the US also.

On the other hand one reason for the share stargery not being very motivating is the risk of entitlement to state benefit tax and work related payments. It may be affected if the gross pay falls below £90 a week, or national insurance falls below qualifying levels as a result of buying shares

via this scheme. Staff want to think twice either to risk money in shares which can go down as well as up or make 100% that employee is qualified for state benefits or tax credit. All these factors again make the share strategy a little less motivating for the staff.

One alternative strategy would be to get rid of 'buy as you earn' scheme and only provide employees with 'share success' and 'save as you earn' scheme. Though there are certain levels of risk always involved when purchasing shares the 3 years withdrawal 3 to 5 years withdrawal condition doesn't imply. The employee can choose between the amounts of money they want to save between £5-£250 every four weeks. The amount that an employee has to choose will be taken away from the pay after tax every 4 weeks and held in a share save account on the employees behalf. At the end of the saving contract the employee can use the savings and bonus to buy ASDA shares at the option price. This is the market price, less a discount and is at the start of the scheme. Towards the end of the saving contract the employee will also receive a guaranteed tax free bonus. This scheme seems to be very easy and straight forward which can be ideal for an employee and this can be a major motivational factor. Overall the saving scheme gives employees a sense of belonging and will encourage motivation and retention. A share scheme means that staff will be rewarded for staying at the company, enabling them to feel a part of the company's success, and not like someone that can be easily replaced. As employees must remain in a scheme for at least three or five years to receive the benefits, they can also be an effective retention tool.

Another motivating factor of this is that with this plan, you get share options worth 25% of your basic pay. After three years, half of these become available, and you get any gain the share option has made in the form of Wal-Mart shares at no cost to yourself. After six years, the other half of your allowance becomes available in the same way. This again motivates staff as they will be gaining extra money within the business without doing any extra cost, ASDA are therefore fulfilling Taylor's theory as they are giving staff extra cash in order to motivate them, also as they are going out of their way to produce perks for the staff it makes the employees reach a higher level on Maslow's hierarchy of needs as they have the feeling of belonging and in turn highly motivating staff,

Pension:

Mainly all businesses offer their employees a pension scheme, however ASDA have produced a strategy which is different from the rest and also highly motivates their staff. The ASDA pension scheme offers a defined benefit pension scheme which means that benefits are based on pay and how long you're in the scheme. The pension scheme allows the workers to plan their future and ensure that once they leave work they have enough money even once they have retired and left work to support themselves. The ASDA pension package includes a lifetime pension from the age of 65 with the choice of cash.

Furthermore the pension money is not taxed so the amount that gets generated is higher than if money was to be taken off. This is a particular motivating factor as once an employee is 65 they will have a large amount of

savings which is tax free also ASDA pay all of the admin costs too.

Employees who want to participate pay around 4.75% of their salary everyday. Employees build up a pension based on their pay and benefit reports will show how pensions build up every year. All the payments made by the employee and the ASDA payments go into one account and when it's time to pay benefit, it all comes from the one big fund. This is a major motivational factor that motivated employees as they have the thought in the back of their mind that once they retire, they will be able to relax and have a settled down retirement.