

Comparing finance motivation with non- finance motivation



**ASSIGN
BUSTER**

Motivation is willing to exert high level of toward organizational goals, condition the capability to meet some people need. (Hall. et al., 2008: 374) According to some business analysis, employee motivation is a good method to improve the productivity of organization. While people get motivation, they will have a reason to put more energy on what they are doing. (Echeat, 2005) Consequently motivation is an important management tool that lifted the work team ability. Therefore, this article will discusses what kind of method is more suitable to motivate employees and reason. There are a considerable number of different ways to motivate employees, including financial motivation and non-financial motivation.

Motivate staff must determine which is financial motivation or non-financial motivation. This will depend on which factors have contributed to staff, in addition, it may also be the company's budgetary constraints and cannot compensate for any increase in salaries or bonuses, therefore, non-financial incentives are required to submit. Low-wage workers may dissatisfy with their work, as a result, the non-financial incentives will not be an effective motivation. Consequently, it is important to find a balance between them.

Although the financial motivation has little value, most firms still use money as a main incentive. There are a variety of payment systems that a company use to motivate staff. For example wages and salaries, piece-rate, fringe benefits, free house, the educational fee of children, the cars, the credit card and share ownership which provided by the companies. (Hall. et al., 2008: 381) Taylor scientific management motivation had stated that employees were heavily linked financial factor to meet their maximum gain, people acted individual, not grouped, and people acted like machine. For a pair day <https://assignbuster.com/comparing-finance-motivation-with-non-finance-motivation/>

payment related to piece work could maximum employees' potential ability and motivated and high payment in return. (Hall. et al., 2008: 375)

Money is the most direct way of motivate employees. People will think about salary when are looking for a job. For instance, there are 17, 300 employees accept financial incentives in stock and bonuses. As a result, HBOS also accept cash reward system after merger. Each of HBOS's 65, 000 employees will awarded free shares worth between £500 and £3, 000 and totaling £70 million. Workers will also benefit from two staff share pounds. Staff worked hard who after got money award. Moreover, to follow the HBOS shares went up more than 56% over the last three years. (BBC News, 2007)

Consequently, according to the case, it not only reveals the money has encouraged, but also it is a kind of important incentive way.

Financial motivation make a significant improvement on company's performance, non financial motivation also plays a key role during the continuous development. There are four kinds of main methods of non-financial motivation, including job enrichment, job enlargement, team working and empowerment. Job enrichment means enable workers to be more interested in challenging and complex task. Workers should have the opportunity to complete a work unit as a whole rather than individual task. This method can stimulate job enlargement or job rotation, because it increases the complexity and challenging, rather than provide diversification simply. Secondly, Job enlargement is simply give workers more tasks to do, just like a similar nature and complexity. Teamwork, that is to say employees in the group or team work. In the team work, a person can more easily establish friendships and have a sense of belonging to a whole, a unit or <https://assignbuster.com/comparing-finance-motivation-with-non-finance-motivation/>

group. Team work has other advantages too. Team work can lead to greater production flexibility, employees may be multi-skilled (and can do more than one person's work), because they learn from other team members or a formal job rotation. It means that they can cover any absence from work; they can quickly adapt to new production technologies. Finally, give the power or authority to staff so that they can decide how to finish their work. (tutor2u, 2010)

Even though the money may be an incentive to work; at work, payment does not change the way people pay more. Staffs need an incentive to combine. That is why the Royal Bank of Scotland (RBS) offers so many non-financial incentives to improve personal life. RBS is one of the most important powers of the employees which is the good performance of the level of progress. RBS encourage citizens ' make it happen' through the personal development. It means that RBS encourages staff to grow and develop their skills and abilities. This in turn help RBS change to a company. Employees agree development needs with line manager in their annual performance evaluation. This is recorded in the personal development plan. Development may involve more training so as to acquire new knowledge and skills. This can improve their promotion prospects, and allow employees to improve the organization and their total rewards. (thetimes100, 2010) Consequently, In RBS, employees enjoy Total Reward-A specific wages and benefits far beyond salary. It offers each staff not only just money, but also a personal choice, just as working hours and safety.

In conclusion, in the view of financial cost there are two variety companies.

One with less number of employees so that managers can easily supervise <https://assignbuster.com/comparing-finance-motivation-with-non-finance-motivation/>

and control. Company can use finance motivate employees who does not need through evaluation process. Another one is a large company which has a significant number of employees. Managers cannot pay attention to every employee; therefore, they can encourage active employees to work by non-financial motivation. Because no company is interested in paying high capital as a reward for their employees. Relative to non-finance motivation, it is a good choice. In my view, non-financial motivation is suitable for both large enterprises and small firms, I suggest that company could use non-financial motivation to encourage staff, because not only does it widely applicated but also save money.

Reference

1. BBC News (2007) (online) Staff benefit from HBOS profits http://news.bbc.co.uk/2/hi/uk_news/scotland/6403271.stm

(Access date: March 16, 2010)

2. Echeat (2005) (online) Motivating Employees in the Workplace <http://www.echeat.com/essay.php?t=27630> (Access date: March 16, 2010)

3. Hall, D, R. Jones, C. Raffo and A. Anter (2008) Business Studies 4th edition, Harlow, Essex, Pearson Education (Access date: March 16, 2010)

4. Tutor2u (2009) (online) Motivating employees – financial rewards http://tutor2u.net/business/gcse/people_motivation_financial_rewards.htm (Access date: March 16, 2010)

5. Tutor2u (2009) (online) Motivating employees – non financial rewards

[http://tutor2u.](http://tutor2u.net/business/gcse/people_motivation_non_financial_rewards.htm)

[net/business/gcse/people_motivation_non_financial_rewards. htm](http://tutor2u.net/business/gcse/people_motivation_non_financial_rewards.htm)

(Access date: March 16, 2010)

6. Thetimes100 (2010) (online) Motivation at RBS – Total Reward

[http://www. thetimes100. co. uk/case-study-motivating-through-total-](http://www.thetimes100.co.uk/case-study-motivating-through-total-reward-106-258-4.php)

[reward-106-258-4. php](http://www.thetimes100.co.uk/case-study-motivating-through-total-reward-106-258-4.php) (Access date: March 16, 2010)