

# Combining financial and non financial motivation methods commerce essay



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Economically, motivation is the characteristic required to accomplish ambitions which will provide the staff with reasons to take up responsibilities efficiently (Huitt, 2010). Numerous firms are used to taking advantage of a variety of motivation approaches, which can assist in making great profits, in order to boost competitiveness for existence in the highly competitive market. Basically, motivation methods are divided into two distinct sections which are named financial and non-financial methods. However, a prevalent viewpoint states that financial methods are more effective and the majority of employers consider it as the more important element. Nevertheless, not all agree with this statement and the answer remains dubious to this question. This essay will cover both financial and non-financial motivation methods to demonstrate that the former is primary since it meets the staff's foundational economic demands and the latter is for further requirements such as esteem needs and self-actualization and finally conclude that executives should consolidate them for successfully operating a company.

Financial methods, which are chiefly money-led, are absolutely efficient in motivation because it can fulfill employees basic economical needs. Hall(2008) states that employees work mainly because of wages or salaries. To workers, earning more money means leading a more comfortable and enjoyable life. Hence, money is an extremely efficient motivator to employers. In order to achieve a higher level of performance and productivity, firms have tried varieties of motivating approaches. For instance, Marks & Spencer, a prosperous supermarket firm in Britain, achieves it through increasing the minimum wages and salaries for workers (Eiroline, 2010). According to Taqaylor's scientific management theory,

money is the linchpin to motivate and the income of workers will depend on what they contribute. (People and Organizations, 2010). Therefore, financial methods seem to be treated as the most essential avenues. Profit sharing which means offering the staff part of profits is its outstanding symbol. For instance, Tesco, the largest supermarket industry in the UK, shares £50 million with more than 100, 000 of its employees after holding £38 million worth on behalf of them. This measure will unite both the employers and employees to the goal and the motivation methods will really function (Tutor2u, 2010). Consequently, financial methods prove to strengthen motivation to a great extent.

However, financial motivation methods also have certain insufficiencies. Above all, based on Taylor's theories, it may focus too much attention on the money and ignores that workers can never be viewed as machines and there is no perfect rule to suit all (People and Organizations, 2010). Furthermore, financial methods also have some operating problems. It is suggested that production needs quantities of raw materials, equipment and some other essential conditions. Nevertheless, sometimes these cannot be satisfied. For instance, if the equipment breaks down but servicemen fail to overhaul it. It may lead to that workers cannot exceed the target and the motivation method will be ineffective. Moreover, other humanistic factors like jealousy results in the inefficiency in motivation methods for workers tend to envy the colleagues who receive more extra rewards. It results in serious problems, such as damage in relationship and finally it is sure to weaken motivation methods.

Argument which holds financial methods tends to lay excessive emphasis on money and overlook the importance of employees' psychological needs.

Although money is the foundational element to employees, sometimes financial incentives also count for little. Maslow's motivation theory (2010) states that the lower levels of demand that are in the pyramid structure will be no more an effective motivator after satisfaction. Therefore, after meeting employees' physical requirement, financial methods soon become weaker. Additionally, motivation methods should be taken differently because workers responded to distinct areas. For instance, in accordance to McGregor's Theory X and Theory Y, financial motivation can be more efficient if workers are not enthusiastic enough, but to workers who are committed and responsible, not only money but also non-financial should be carried out into practice (The times 100, 2010).

Non-financial methods play an essential role in the motivation system as well because workers are satisfied in further areas such as psychological demands. Numbers of firms have identified some effective non-financial factors. Based on Maslow's theory, workers are accordingly interested in non-financial factors such as esteem needs and self-actualization (Tutor2u, 2001). Hence, job enrichment, a common non-financial method which can satisfy these psychological demands, is willing to provide employees' more enjoyable and challenging tasks (Orpen, 2001). In addition, it offers chances for employees to test themselves and workers can obtain great sense of achievement finally. For example, Volvo AB, a leading automobile firm in Sweden, starts new job enrichment comprised of job rotation and

management councils and it successfully streamlines production efficiency (Volvo's HR Practices, 2010).

Another effective motivation method is team working, which can take effect beyond expectation. First of all, it meets workers' social needs like sense of belonging. Moreover, it can be an extra advantage to a firm since it may bring great flexibility of production, as employees tend to be more multi-skilled. (Motivation Employees, 2010). For instance, large organizations such as Corus and Travis Perkins are aware of the importance of team working and hence put it into practice. In this case, not only has this measure given satisfaction to its workers social belonging needs, but also it has succeeded in increasing greater productivity. (The times100, 2010) Therefore, non-financial method is indispensable to motivation because it meets the staff's further requirement.

In conclusion, financial motivation methods are effective because money can satisfy the basic need of the staff and lead to a high quality life. Therefore, financial method is the foundation to motivate workers. Furthermore, non-financial measures can meet employees' requirement in distinct areas such as humanistic needs and more efficiency on production and services.

Therefore, financial methods are primary and fundamental and non-financial methods are for further needs through discussion. A successfully operated firm should consider carrying both of them into practice in order to make the most efficient motivation methods and finally succeed in business.

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