

# Importance of both financial and non financial motivation commerce essay



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It is widely believed that an effective management system of motivation in a company will directly influence employees to achieve their goals and businesses objectives (Accel-team, 2010). According to Accel-team (2010), motivation can be explained in financial and non-financial aspects. Financial rewards can be defined as using money as an incentive to employees for improving productivity. In contrast, non-financial rewards motivate employees by job enlargement, team working, and quality control circles etc. The below argument will show that financial and non-financial motivations are both determinants which affect employees through investigation.

Taloy year pointed out that the best way to motivate people at work is by money. In other words, those workers who produce more in a fair day can receive more payment (Accel-team, 2010). The main reason for workers to go to work is that they can earn money to consume (Accel-team, 2010).

Thus, workers are encouraged to work as efficient as possible they can (Accel-team, 2010). For example, Tesco is one of the top three retails in UK (Thetimes100, 2011). There are over 3700 stores and 440000 employees globally, which is very difficult to organize well (Thetimes100, 2011).

However, Tesco makes good use of incentive payment to motivate employees (Thetimes100, 2011). Tesco not only give employees increased income, but also use targeted benefit to support the varied lifestyles of employees (Thetimes100, 2011).

Furthermore, Fringe benefits prefer to provide their worker some ' in kind' rather than in cash (Accel-team, 2010). For instance, company cars and private health insurance may lead to good performance of employees in a company (Accel-team, 2010). As another example that the fortune magazine

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states that Google is a company which is listed on the top 50 companies to best work for (Ezinearticles, 2008). Google provide their staff some usual perks which certain health cares and children facilities by allowing workers to bring their pets to work (Ezinearticles, 2008). The result for these series of Fringe benefits not only reduces the number of sick-leave days, but also can bring a good environment for workers.

Nevertheless, financial rewards are not the only method that satisfies employees. There are non-financial rewards, which are as important as financial reward (Changingminds, 2011). Fredrick Herzberg of needs has claimed that both financial and non-financial rewards play significant roles in motivation (Changingminds, 2011). This is show in Figure 1, physiological need is at the bottom of the pyramid, such as wages for worker to be used each week or providing workers a good working environment (Changingminds, 2011). If the physiological needs are satisfied, employees' needs will move to the next level which is called safety needs, such as living in a safe area or job security. As the level goes up in the pyramid, the financial factors will not satisfy the worker's need while non-financial rewards motivate employees (Changingminds, 2011).

Figure 1 (Changingminds, 2011)

In order to motivate employees in higher levels in Maslow's hierarchy of needs, it is necessary for business to consider more in non-financial rewards such as job enlargement and team work quality control circles. Job enlargement involves giving workers more jobs to avoid repeating doing the same job. In other words, they can change their jobs and tasks, so that they

will not feel bored. For example, KFC invested more than 240 million Yuan for 20 million employees over a 17-year period when it entered China market (Robroad, nd). The reason for KFC to use such a large amount of money to train their employees is that it aims to improve employees' ability to deal with different jobs and tasks (Robroad, nd).

Meanwhile, team work is another good way to combine pooled talents to work more efficiently. For example, one of the worldwide leaders in luxury automobiles BMW believed that teamwork helps workers trust each other and share their ideas by brainstorming, which hence helps the company run more efficiently (Swampfox, nd). Therefore, BMW spent thousands of money to make workers learnt how to trust and communicate better through a series of practice by using ultimate driving machine (Swampfox, nd).

Finally, quality control circles are able to improve the nature of job directly. Staff can meet regularly to study and solve production problems. In addition, they also have abilities to help the company to make decisions. The well known computer company IBM does well in this area, employees in IBM can take part in decision making and bring some useful ideas for the company (Ocities, nd). At the same time employees feel that they are trusted and powerful when they were making an attempt to solve the problem (Ocities, nd). Therefore, non-financial motivation such as job enlargement, team work and quality control circles are also effective ways to motivate employees.

In summary, it is necessary for a company to make sure what the employees really need and choose financial rewards or non- financial rewards to encourage them. There is no doubt that fair day pay and fringe benefits are

still reasons why people keep working. However, non-financial rewards which include job enlargement, team work and quality control circles are more attracted for some higher educated employees, which are equally as important as financial rewards. Therefore, businesses need to balance each of them and make the most use of them to motivate the staffs.

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