

Motivating staff

What is motivation?

Motivation is essentially about **commitment to doing something**. In the context of a business, motivation can be said to be about

“The will to work”

However, motivation is about more than simply working hard or completing tasks. Entrepreneurs and staff can find motivation from a variety of sources.

Motivation can come from the enjoyment of the work itself and/or from the desire to achieve certain goals e.g. earn more money or achieve promotion.

It can also come from the sense of satisfaction gained from completing something, or achieving a successful outcome after a difficult project or problem solved.

Why does motivation matter in business? In short, people’s behaviour is determined by what motivates them. The performance of employees is a product of both their abilities (e.g. skills & experience) and motivation. A talented employee who feels de-motivated is unlikely to perform well at work, whereas a motivated employee can often deliver far more than is expected from them!

Benefits of a well-motivated workforce

A well-motivated workforce can provide several advantages:

- **Better productivity** (amount produced per employee). This can lead to lower unit costs of production and so enable a firm to sell its product at a lower price
- **Lower levels of absenteeism** as the employees are content with their working lives
- **Lower levels of staff turnover** (the number of employees leaving the business). This can lead to lower training and recruitment costs
- **Improved industrial relations** with trade unions
- Contented workers give the firm a **good reputation** as an employer so making it easier to recruit the best workers
- Motivated employees are likely to **improve product quality** or the customer service associated with a product

Does money motivate employees?

Though there are many reasons why people work for a living, it is undeniable that money, or other financial rewards, play a key role in motivating people in the workplace.

There is a wide variety of ways in which a business can offer **money** (or “**financial rewards**”) as part of the “pay package”, including:

- **Salaries:** fixed amounts per month or year for performing a role; these are common for most managerial positions (e.g. Accountant, Payroll Manager)
- **Benefits in kind (“fringe benefits”)** – very common in businesses of all kinds; these include staff discounts, contributions to travel costs, staff uniforms etc
- **Time-rate pay:** pay based on time worked; very common in small businesses where employees are paid per hour.
- **Piece-rate pay:** pay per item produced – becoming less common
- **Commission:** payment based on the value of sales achieved.
- Other **performance-related pay:** e.g. bonuses for achieving targets
- **Shares and options:** less common in small businesses, but popular in businesses whose shares are traded on stock markets
- **Pensions** – becoming less common and generous. Small businesses tend not to offer pension benefits.

In most cases, an employee might expect to have a mixture of the above in a pay package.

How important is money as a motivator? It is widely accepted that poor or low pay acts as a de-motivator. Someone who feels undervalued or under-paid may soon leave to find better-paid employment. However, it is less clear that paying people more results in better motivation. For most people, motivation (the will to work) comes from “within”. More money can help us feel better about our work, but it is unlikely to encourage us to work harder or to a higher standard.

Other than through pay, how can managers better motivate their staff?

An entrepreneur or small business owner is in a good position to be able to motivate his/her staff. The business owner is likely to know personally each member of staff and have a close understanding of their skills, abilities and attitude at work.

Here are some ways in which the small business can keep staff motivated:

- **Job enlargement** – give staff a greater variety of tasks to perform (not necessarily more challenging) which should make the work more interesting. This often happens anyway in a small business where staff handle a variety of tasks (e.g. the office manager might also handle the telephone, payroll and customer accounts)
- **Job enrichment** – this involves workers being given a wider range of more complex and challenging tasks surrounding a complete unit of work. This should give a greater sense of achievement.
- **Empowerment** means delegating more power to employees to make their own decisions over areas of their working life. Encouraging contributions and ideas for how to run or develop the business is linked to empowerment too.
- **Communication:** regular and honest communication about what is going on in the business is a key part of keeping employees motivated.