



Why Do People Work?

- Money is probably at the top of your list!

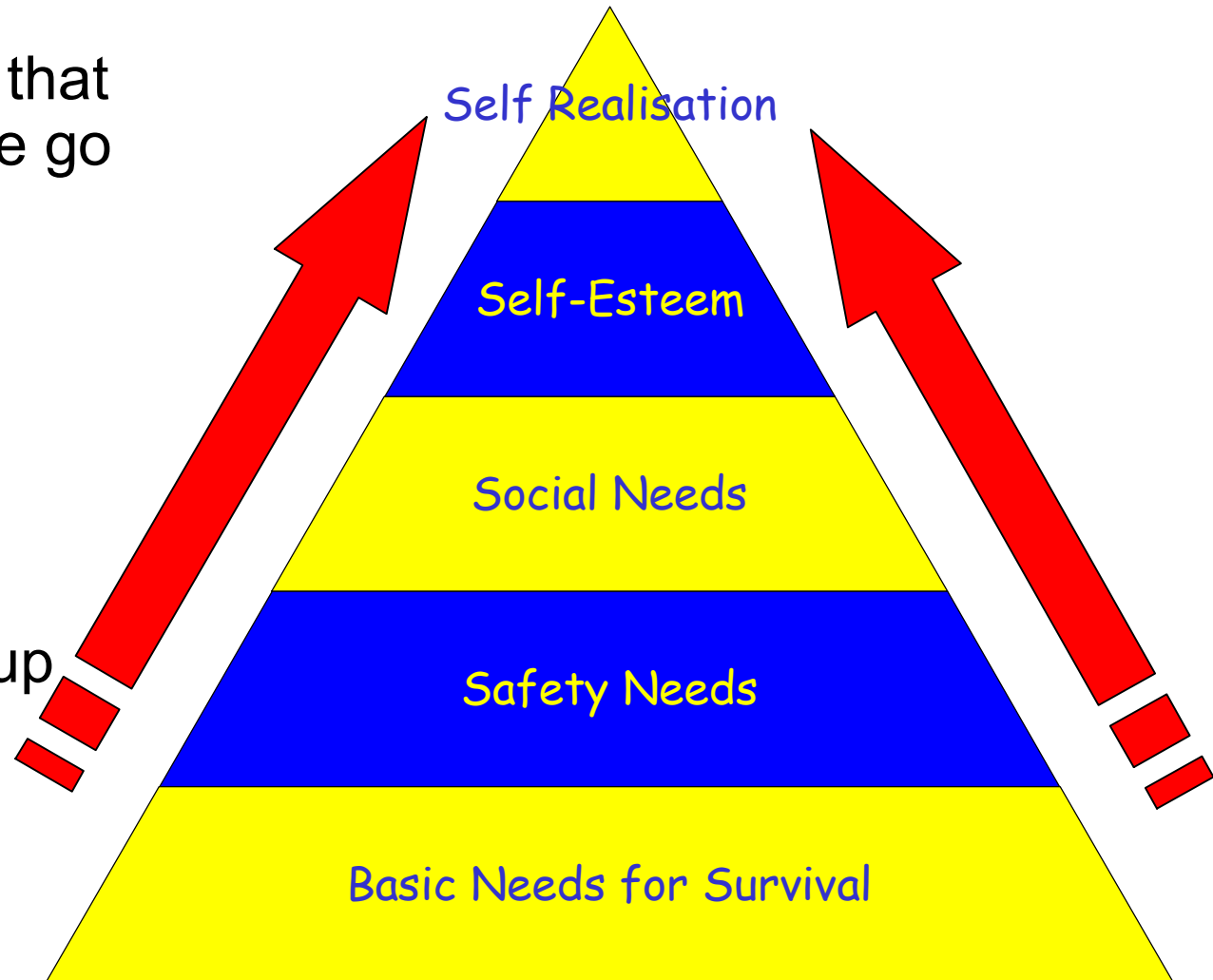


- However, there are other reasons:
 - To make new friends
 - To have job security
 - For a sense of achievement/importance
 - To have a sense of identity
 - To satisfy ambition
- There is little doubt that most people work to satisfy their needs and wants
- This idea was developed by **Abraham Maslow**



Maslow's Hierarchy of Needs

- Maslow believed that the reason people go to work changes
- He created a Hierarchy
- Which he thinks people will work up





Motivation

- Workers need to be motivated to work hard
- The things that motivate workers can be split into two groups:

Monetary Rewards

- This involves giving the worker more money, e.g.
 - Increases in Pay
 - Bonus Schemes
 - Staff Discounts
 - Shares in the company



Non-Monetary Rewards

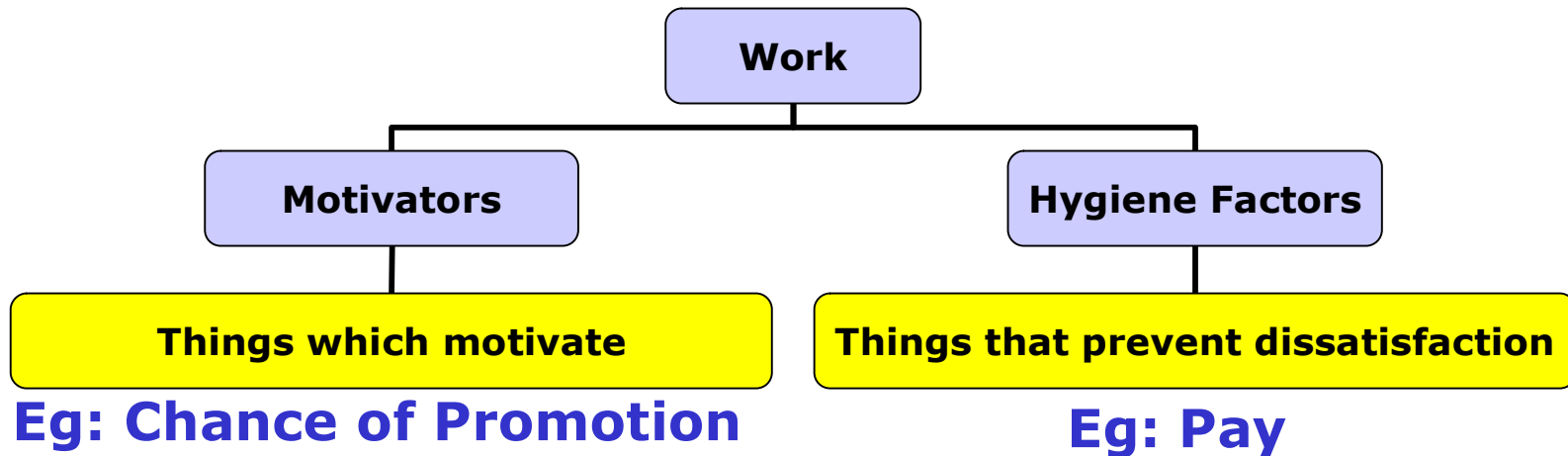
- This involves giving rewards other than cash, e.g.
 - Company Car
 - Free Health Care
 - On-Site Creche





Herzberg's Two Factor Theory

- **Frederick Herzberg** decide to ask workers what motivated them
- From this he developed his **TWO-FACTOR THEORY**
 - Herzberg found that it is possible to split the things that motivators into 2 groups – but not based around money.
 - Instead he split them according to **MOTIVATORS** and **HYGIENE FACTORS**:





How Do Businesses Achieve This?

● There are three ways in which businesses can allow workers to obtain these:

➤ **Motivation through organisation**

■ This refers to the way their work is organised

➤ **Motivation through leadership**

■ This refers to the type of boss workers have

➤ **Motivation through pay**

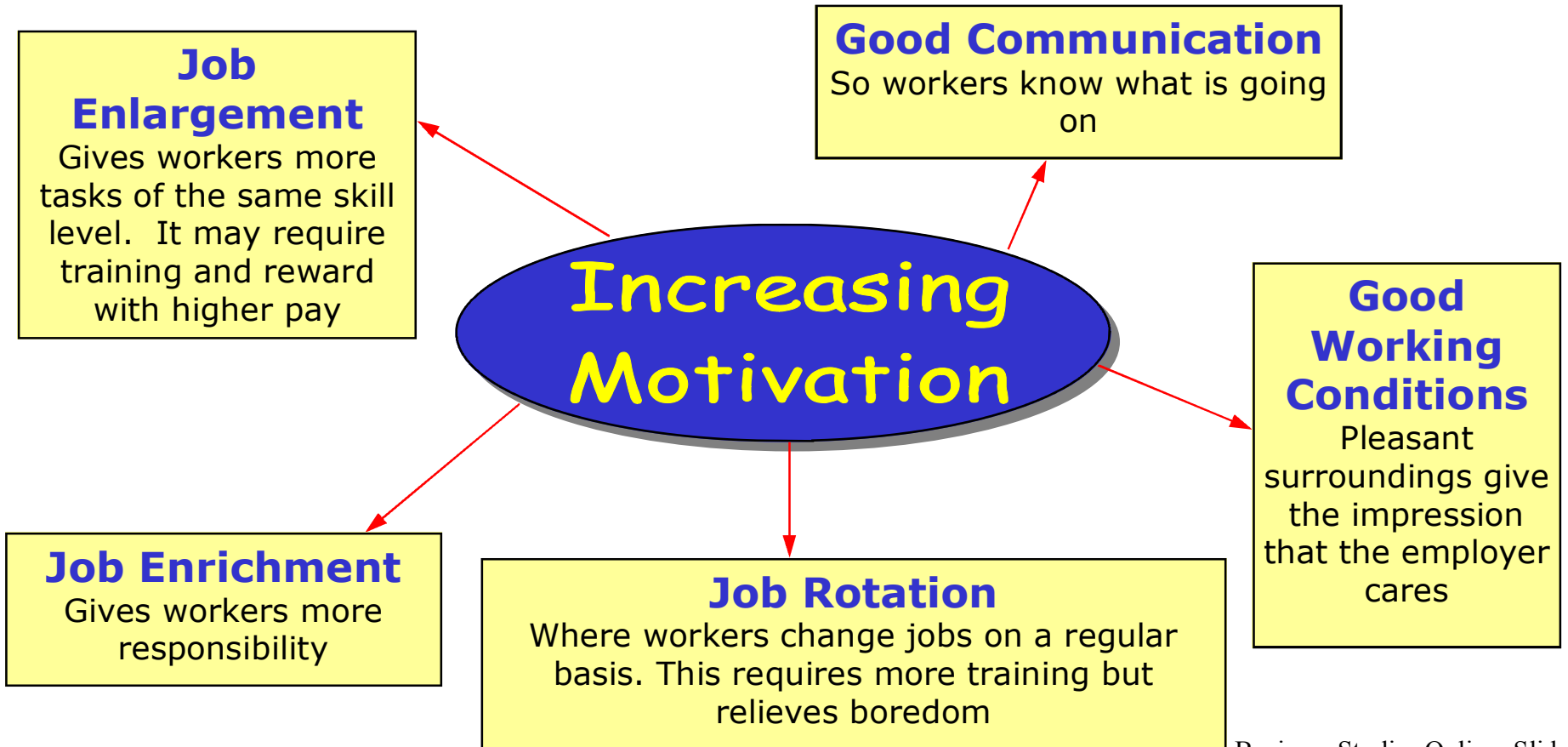
■ This refers to the way in which workers are paid





Motivation Through Organisation

- The way that the workplace is organised will affect workers motivation
- There are 5 ways in which motivation can be increased:





Motivation Through Leadership

- The type of boss they have to work with will affect the effort that workers apply
- There are 3 types of leadership styles:

Types of Leader

Laissez-Faire

- Workers can do what they think
- Gives workers opportunities
- Can create stress

Democratic

- Listens to workers views
- Good for skilled workers

Autocratic

- Tells people what to do
- Good when quick decisions are needed
- Can de-motivate





Motivation Through Pay

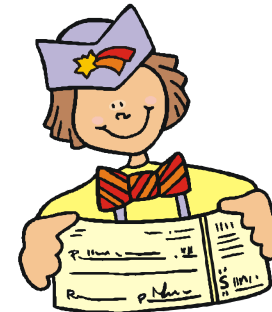
- Firms can use different payment methods to encourage workers to work harder:

Payment Method	Definition	Advantage	Disadvantage
Flat Rate	Paid according to number of hours worked	Useful in service industries	No incentive to work harder
Piece Rate	Paid according to production	Gives incentive to work quickly	Lower quality products
Commission	Paid a percentage of the value sold	Useful for sales staff	Can result in low basic wage
Profit Sharing	Workers get a small share of profits	Creates a “team” feeling	All employees get the same
Share Ownership	Workers are given free shares	Increases loyalty	Only available to LTDs and PLCs



Paying Workers

- When workers are paid they should receive a pay slip
- This should include the following information
 - **Gross Pay**
 - How much was earned
 - **Statutory Deductions**
 - Money taken out for things that have to be paid, including
 - ◆ Income Tax (PAYE)
 - ◆ National Insurance Contributions
 - **Voluntary Deductions**
 - Money taken out for things the worker has chosen to pay, including
 - ◆ Pension Contributions
 - ◆ Trade Union Fees
 - **Net Pay**
 - This is the amount that is left.
 - Often called “Take home pay”





A Real Pay Slip

● A real pay slip might look something like this:

PAY ADVISE FOR: POLYMER RECORDS DATE: 06/11/2001

1 Mr N Tufnel
Polymer Records
Brinsby
Kent

PAYMENTS			DEDUCTIONS	
Description	Units	Amount	Description	Amount
Basic salary		£1583.34	PAYE	£252.54
			NAT INS	£125.43

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STATISTICAL DATA

YTD Gross	12175.97
YTD Taxable gross	12175.97
YTD Tax deducted	1913.18
YTD NAT INS - EE	954.37
YTD NAT INS - ERS	1129.24
ERS NAT INS	148.64

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ADDITIONAL INFORMATION

Tax code	438L	Gross pay	1583.34
Tax period	08	Total deductions	377.97
NAT INS number	BJ586497S	Net Pay	1205.37
Cost code	5PRL785JD85		

5 6 7 8 9

General Details

Gross Pay

Tax code

Week in the tax year

Employee's N.I. Number

Reference for the company

Income Tax & N.I. Deductions

Payments made so far this tax year

The important bit! Your net pay!



An Exam Style Pay Slip

- A typical pay slip in an exam might look something like this:



CARLTON PRESS LTD.			
Date: 28 March, 2003		Name: Sunil Mandraker	
Emp No. 22548		Nat Ins. YW523784A	
<i>Pay and Allowances</i>	£	<i>Deductions</i>	£
Salary	1100.00	Income Tax	196.10
Commission	108.80	National Insurance	84.62
		Pension	113.48
Total Gross Pay	1208.80	Total Deductions	394.20
NET PAY		814.60	