

IGCSE Business Studies: Human needs and rewards

Human needs and rewards

Role of work in satisfying human needs

Maslow's hierarchy of needs



Methods of financial rewards

Time rates

Payment by the hour.

- It is easy to calculate
- Hard working and lazy workers would get paid the same. To maintain the quality of the good or service, supervisors would need to be hired to maintain the quality. This would increase costs for the business.

Piece rates

Payment by the number of products made.

- This would encourage workers to work faster
- The product would be made as fast as possible and therefore the quality of the good would be ignored
- It may not be fair as workers who are careful in their work and workers who do not put as much effort into their work may be paid unfairly.

Bonus payments

This is usually paid at the end of the year which rewards some hardworking workers a lump sum of money.

- It would encourage workers to work harder
- But it could be biased as there is not definite measure as to how they should be rewarded.

Performance rates

This is pay linked to the effectiveness of the employee

Profit sharing

In addition to their basic salary a portion of the profits may be shared with the employees.

- It would motivate the worker to work harder and to take pride in their job as it could contribute to the businesses profits.
- It would be difficult to identify the worker who contributed to the increased profits.

Non-financial rewards

Fringe benefits – These are benefits which the employee can gain as rewards

Examples:

- Health care
- Free accommodation
- Discount on the businesses products
- Discount on food

Management styles and motivation methods

Motivation – It is the reason for why an employee would work hard and effectively.

Motivated workers → Higher productivity → Higher output → Increased profits

Unmotivated workers → Low Productivity → Low output → Decreased profits

Job satisfaction

When the employees feel good from doing a good job.

Examples:

- Financial and non-financial rewards
- Level of responsibility delegated to the employee
- Chance for promotion
- Status of the job
- How the workers are being treated

Job rotation

When employees occasionally swap jobs to increase the variety of jobs. This could ensure that the workers know how to do all the jobs in the line so if there are some workers who are sick someone can replace them.

Job enrichment

Adding extra jobs which involve more responsibility and skill to employees. This can increase productivity and the employee can gain greater job satisfaction.

Styles of management

Autocratic

Democratic

Laissez-faire