**Employee Motivation Cost-Benefit Analysis**

Employee Motivation Cost-Benefit Analysis

Workplace motivation is the level of energy, creativity, and commitment that an employee brings to the workplace. Regardless of the economy's state, finding ways to motivate employees is a critical concern among many employers. Competing theories often emphasize providing either incentives or empowerment to foster employee motivation. Small businesses often struggle to promote employee motivation. However, employers must be aware of the effects of low employee motivation, such as disinterest, complacency, and widespread discouragement (Ramlall, 2004). In week two, I identified voluntarily helping their employees in times of need, engaging all the employees in decision making, showing empathy, and building empathy as some of the ways organizations can create support systems to motivate employees. Companies should perform a cost-benefit analysis of the motivation strategies to come up with better decisions. Companies should evaluate the benefits of employee motivation and then subtract the costs related to that action. The analysis determines whether the revenue created is sufficient to cover the action or the company should go for other financially feasible projects.

Employee engagement is essential both in theory and practice. It has been found that employee motivation is a method of gaining competitive engagement to generate a competitive benefit enhance performance. Many companies also consider the opportunity costs in the decision-making process because it helps them analyze the alternative benefits that could have been gained when choosing one alternative from another (Carr & Tang, 2005). Workplaces that implement employee motivation measures, such as employees, have less monetary costs, but the rewards are significant. The cost of a motivation program typically relies on the individual business.

 A company derives a lot of benefits from employee motivation. Reduced costs are one of the benefits. Companies that motivate employees are more likely to retain their workforce because employees are happier and attract better talents. Companies save the money they would have used for turnover costs. Another benefit is increases sales and revenue because motivated employees are more productive. There are other intangible benefits such as improved employee morale and engagement, reputation, and customer satisfaction due to improved company performance. Companies also experience less absenteeism as employees have fewer missed days and showcase lower levels of stress. Including employees in decision-making helps them feel like an essential part of the business and may lead to better decisions.

On the other end, employee motivation strategies identified have some costs for the company. The highest cost is salaries. The company must pay the individuals involved in the running of the employee motivation more money. Companies may also have to spend money to assists their employees in need (Pererva et al., 2018). There is also a cost of time, as the management invests many hours as they propose, craft, and implement motivation programs. Technology and infrastructure and ongoing costs such as supplier subscription and vendors also affect the business. The company also must allocate monthly or annual budgets to reward and recognize employees 9 Nohria, Groysberg, & Lee, 2008). Other costs, such as employees and customers, are intangible. There is also the cost of potential risk such as reputational risks due to non-provision of employee motivation and loss of necessary industry talent to coemption. There is a cost of the time it takes for the employees to show appreciation. Involving employees in decision-making as a motivation strategy may work against the company. Employees may push for decisions that favor them while the business gets little benefit from it. For example, involving employees in decisions involving salaries and compensation may make a company pay more to them, which reduces profit. Employee motivation also has some sunk costs. The initiative to assist employees in need, for example, personal problems, costs the company money that cannot be recovered. Additional salaries and benefits such as health insurance and retirement account contributions cannot be retrieved by companies regardless of the employee motivation program's outcome. Companies experience opportunity costs because the money used for monetary motivation could have been used to expand the business.

Employee motivation can be attained through employee engagement, motivation, or a combination of both. Companies must perform a cost-benefit analysis to determine whether to undertake specific employee motivation strategies. Companies' benefits from employee motivation include reduced turnover costs, reduced absenteeism, increased revenue and sales, and increased productivity. However, employee motivation costs include time, technology, infrastructure, increased salaries, loss of talent if competitors are offering more, and opportunity costs.

References

Carr, A. E., & Tang, T. L. P. (2005). Sabbaticals and employee motivation: Benefits, concerns, and implications. *Journal of education for business*, *80*(3), 160-164.

Nohria, N., Groysberg, B., & Lee, L. (2008). Employee motivation: A powerful new model. *Harvard business review*, *86*(7/8), 78.

Pererva, P., Hutsan, O., Kobieliev, V., Kosenko, A., & Kuchynskyi, V. (2018). Evaluating elasticity of costs for employee motivation at the industrial enterprises. *Problems and Perspectives in Management*, *16*(1), 124-132.

Ramlall, S. (2004). A review of employee motivation theories and their implications for employee retention within organizations. *Journal of American Academy of Business*, *5*(1/2), 52-63.