



## THE TIMES 100

### BUSINESS CASE STUDIES

#### Motivation - ARM

Individuals work for many different reasons. Financial rewards are frequently a key factor in influencing why individuals undertake certain jobs. However, money is not everything. Employees want to enjoy their work, be challenged by it and achieve personal fulfilment. For many people, their careers are on-going learning experiences. This is known as **intrinsic motivation**. When individuals are intrinsically motivated, they are interested in their work. Put simply, it creates enjoyment whilst enabling them to achieve and contribute to desired goals. However, individuals also need **extrinsic motivation**. This is motivation arising from factors outside the immediate work that an individual undertakes. For example, this might include pay, conditions, grades and promotional opportunities.

ARM is the world's leading semiconductor intellectual property supplier. The ARM **business model** involves the design and **licensing** of intellectual property in the field of semiconductor chips. ARM's main technology is its microprocessor which is at the heart of most modern gadgets. Technology from ARM is used in 95% of the world's mobile phone handsets and in over a quarter of all electronic devices which include virtually all tablet computers, all smart phones, digital cameras,



set top boxes and digital televisions. ARM has a diverse global workforce of 2,050 employees. Its HR strategy is focused on global learning and development, talent management and appropriate reward systems in order to develop and retain the skills and expertise its people need to create **innovative** solutions. ARM describes employee engagement as '*commitment to the job, manager, team and organisation which drives effort and intent to stay, resulting in improved performance and retention*'. Research has shown that a 10% increase in employee commitment can lead to a 6% increase in effort. Ensuring high levels of motivation amongst its employees is integral to ARM's HR strategy. Teamwork is of vital importance within this innovative environment.

Motivation is the level of commitment individuals have to what they are doing. Motivation theory is concerned with how individuals behave in the workplace. By understanding what motivates individuals it is possible to create an efficient workplace. It also helps to ensure that employees are happy at work and will work with more enthusiasm and focus on the goals of the organisation. Research has indicated that around 75% of an organisation's employees are neither *engaged* nor *disengaged*. Considering ARM's description of how engagement can drive performance, this means that, if more of these employees were engaged, the organisations could expect to improve performance. Motivating people benefits not just the individual. It also provides significant benefits for the business. For example, ARM employees work in teams and are encouraged to produce solutions to problems. This all helps not just the business but also their personal development. ARM demonstrates how it gains employee engagement through the various elements of its HR strategy of global team working:

- “ Buying into and sharing common values supports a collaborative approach to innovation.
- “ Sharing knowledge helps to develop relationships and networks within the business and leads to the creation of new ideas.
- “ Developing talent through training to acquire or improve expertise benefits individuals but also helps to ensure ARM will have key skills despite global shortages in some areas.



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- “ Providing opportunities for individuals to grow into new roles also supports succession planning for future leadership.
- “ Various reward systems, including equity in the firm, recognise individual and team effort.



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### Questions

1. What is motivation?

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2. Explain the difference between intrinsic and extrinsic motivation.

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3. Explain some of the ways that ARM motivates its workers.

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4. Analyse the reasons why it is important for firms, like ARM, to have a motivated workforce

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### Task

*Scenario – James Fish has just opened a Cake Shop in his local town. He has hired four other members of staff including a chef and three shop assistants. He is keen to ensure his staff are motivated and happy in their work.*

Put together a Motivation Plan for James, explaining the different things he can put in place to motivate the employees. Complete the plan by outlining to James the likely benefits he will receive if he follows your plan.

### What have you learned?

Create a cartoon strip to explain some of the elements of motivation you have learned. You can do this by hand or using an appropriate app on a mobile device.