Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**11. Financial incentives Mark: /14**

1. Scarlett is a trainee accountant. This year her annual salary was £26 000. Each year she receives a 3% pay rise and a 5% one off bonus if targets are met.
   1. What was Scarlett’s annual salary last year? /2 marks

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* 1. What is Scarlett’s monthly salary this year? /1 mark

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* 1. If Scarlett achieves her targets next year how much will her performance related pay bonus be worth? /3 marks

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1. Shaun is a production operator in a firm that assembles children’s toys. Shaun works 38 hours per week and receives a standard payment of £7 per hour. In addition he can earn 25p per toy assembled. However this is only paid if satisfactory quality levels are met. Last week Shaun assembled 400 toys. However 10% failed to meet the correct standard.
   1. What was Shaun’s standard pay last week? /1 mark

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* 1. What was Shaun’s piece rate pay last week? /2 marks

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1. Fred is a sales assistant in a local shoe shop. He works an average of 10 hours a week earning £55. In addition he receives 4% commission on all sales. Last week Fred worked an additional 5 hours and sold a total of £1 350 worth of shoes.
   1. How much money did Fred earn last week? /3 marks

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* 1. What % of Fred’s wages is from his commission payments? /2 marks

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What are the advantages and disadvantages of using commission

as a financial motivator for sales people?