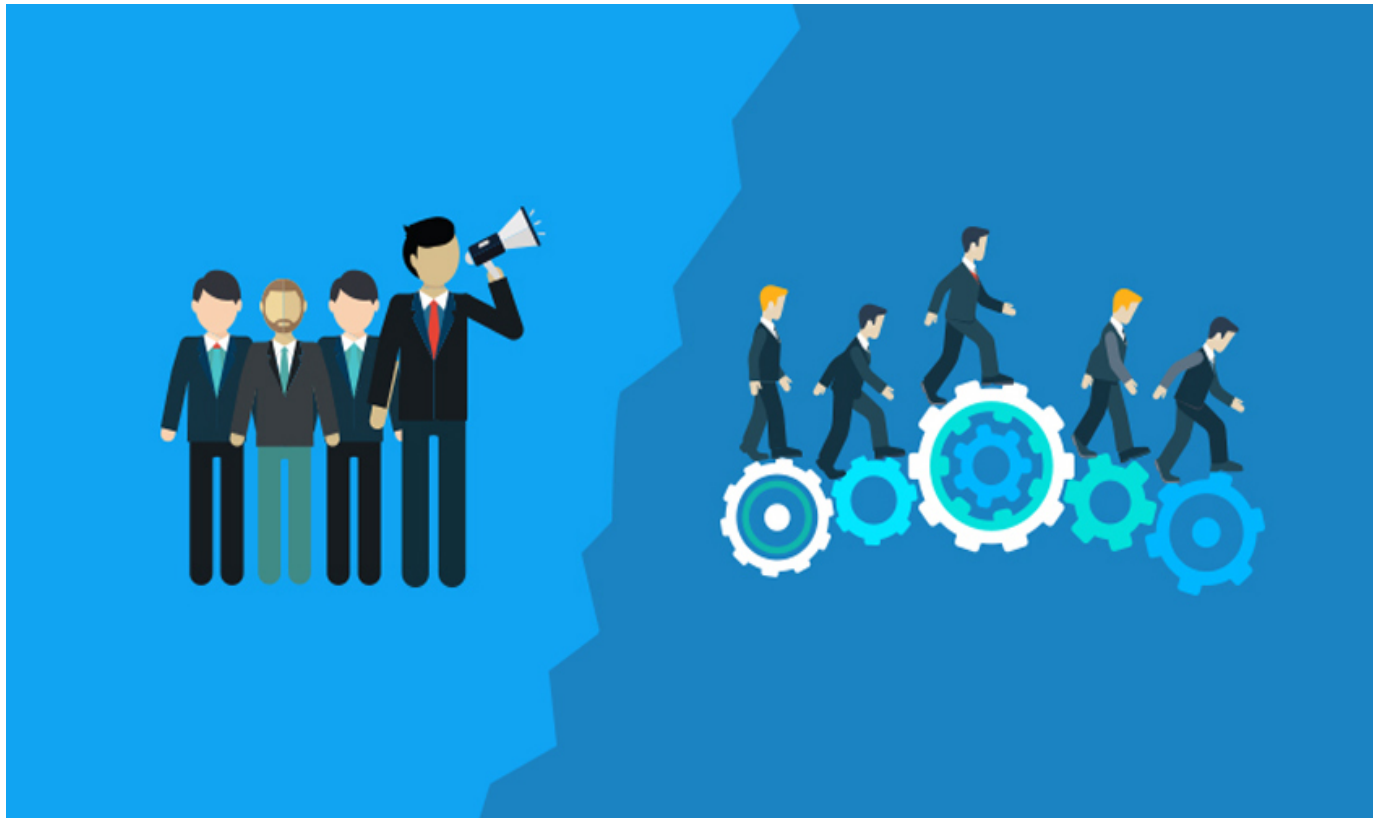


Fundamentals of Management

1



Part Four: Leading

2

- Chapter Eleven: Motivating and Rewarding Employees
 - Define and explain motivation.
 - Compare and contrast early theories of motivation.
 - Compare and contrast contemporary theories of motivation.
 - Discuss current issues in motivating employees.



Motivation

3

- To get employees to put forth maximum work effort, managers need to know how and why they are motivated.
 - The secret to being an effective motivator is understanding each individual's unique needs.



Motivation

4

- Motivation refers to the process by which a person's efforts are energized, directed, and sustained toward attaining a goal.
 - The definition has three key elements:
 - ✦ Energy
 - A measure of channeled intensity or drive.
 - ✦ Direction
 - Effort directed toward and consistent with organizational goals.
 - ✦ Persistence
 - Putting forth continuous effort to achieve those goals.



Motivation

5

- Motivating high levels of employee performance is an important organizational concern and managers need to keep looking for answers.
 - A recent Gallup poll found that a large majority of U.S. employees – some 64 percent are not excited about their work.
 - ✦ “Employees are essentially ‘checked out.’ They’re sleepwalking through their workday, putting time, but not energy or passion, into their work.”



Maslow's Hierarchy of Needs Theory

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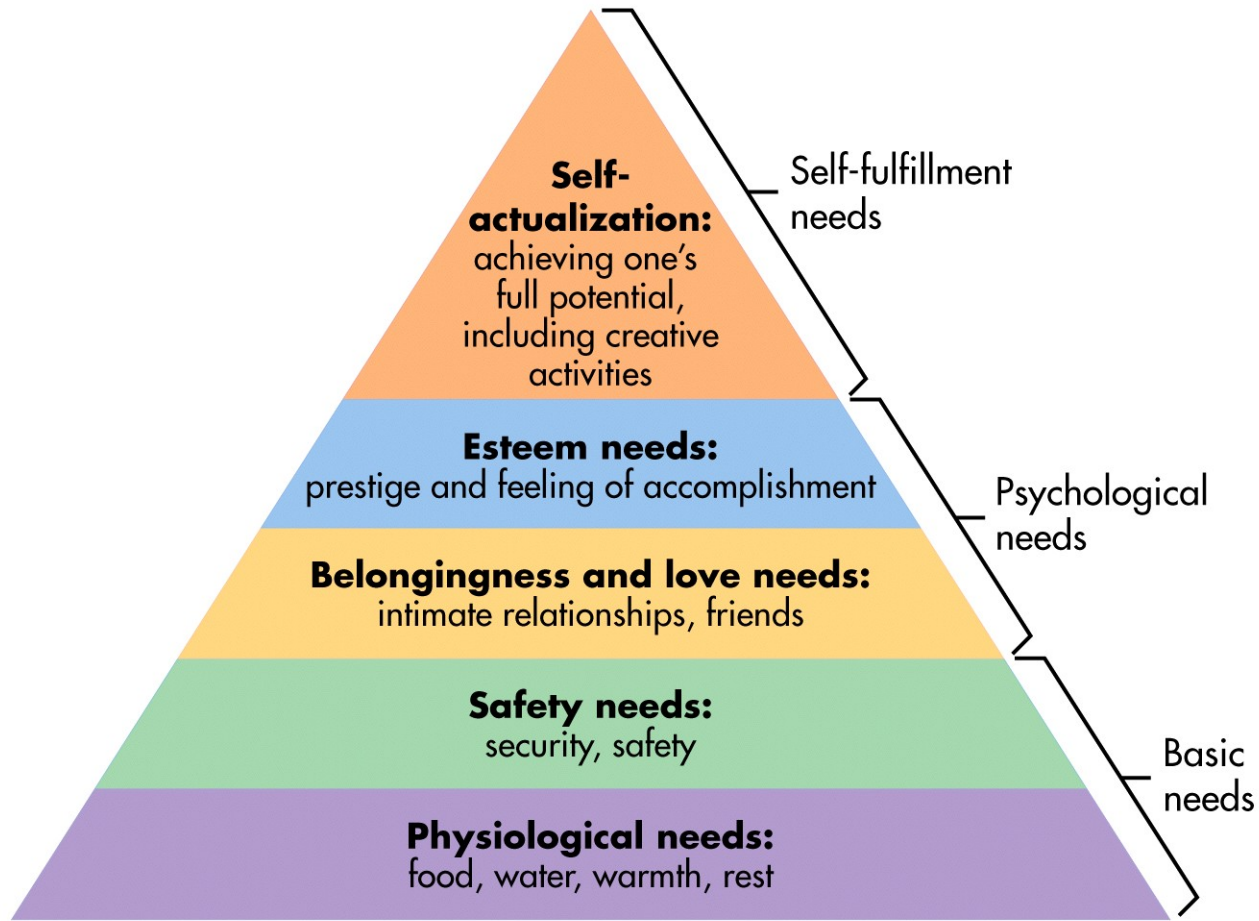
- Abraham Maslow – a psychologist – proposed that within every person is a hierarchy of five needs: from the physiological to self-actualization
 - Each level must be substantially satisfied before the next becomes dominant; an individual moves up the hierarchy One level to next.
 - Lower level needs are satisfied predominantly externally, while higher-level needs are satisfied internally.
 - ✦ Managers use this knowledge to satisfy EE's needs.
 - ✦ Once a need is satisfied, it no longer motivates.

five



Maslow's Hierarchy of Needs Theory

7



McGregor's Theory X and Theory Y

8

- Based on two assumptions about human nature:



- Theory X

- ✦ A negative view of people that assumes workers have little ambition, dislike work, want to avoid responsibility, and need to be closely controlled to work effectively.

- Theory Y

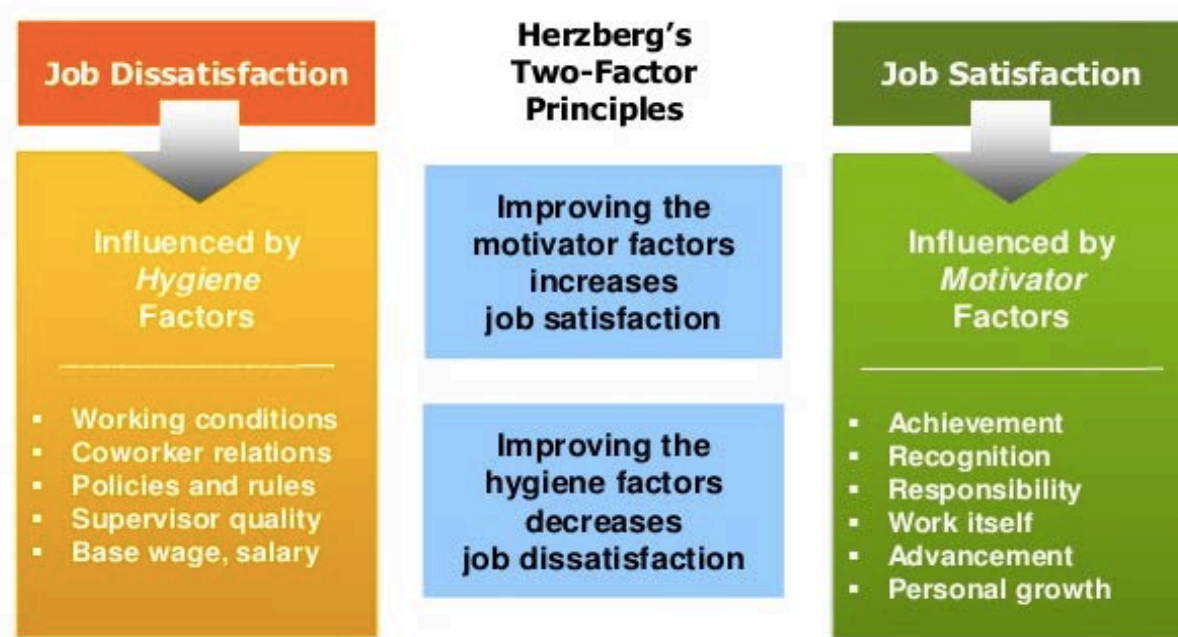
- ✦ A positive view that assumes employees enjoy work, seek out and accept responsibility, and exercise self-direction.
- To maximize EE motivation, use Theory Y practices – Allow EE's to participate in decisions, create responsible and challenging jobs, and encourage good group relations.

Herzberg's Two-Factor Theory

Motivation-Hygiene Theory

9

- Intrinsic Factors (Motivators) are related to job satisfaction, while Extrinsic Factors (Hygienes) are associated with job dissatisfaction.



McClelland's Three-Needs Theory

10

- The following three acquired (not innate) needs are major motives in work:
 - Need for Achievement
 - ✦ The drive to succeed and excel in relation to a set of standards.
 - Need for Power
 - ✦ The need to make others behave in a way that they would not have behaved otherwise.
 - Need for Affiliation
 - ✦ The desire for friendly and close interpersonal relationships.
 - The best managers tend to be high in need for power, and low in need for affiliation.

3

Goal-Setting Theory



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- Specific goals increase performance and difficult goals, when accepted, result in higher performance than do easy goals.
 - Performance is often higher when EE's participate in setting goals.
 - Performance is also higher when EE's receive feedback on progress.
 - Three other contingencies besides feedback influence the goal-performance relationship:
 - ✦ **Goal Commitment**
 - An internal locus of control and participation in goal-setting.
 - ✦ **Adequate Self-Efficacy**
 - An individual's belief that they are capable of performing a task.
 - ✦ **National Culture**
 - Americans assume subordinates will be reasonably independent, people will seek challenging goals, and performance is considered important by both managers and subordinates.

Job Design

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- If you look closely at what an organization is and how it works, you'll find that it is composed of thousands of tasks. These tasks are, in turn, aggregated into jobs.
 - Managers should design jobs deliberately and thoughtfully to reflect the demands of the changing environment, the organization's technology, and EE's skills, abilities, and preferences.
 - ✦ When jobs are designed like that EE's are motivated to work hard.

I 
My Job

Job Design

13

- According to Hackman and Oldman, any job can be described in terms of the following five core job dimensions:
 - 1. Skill Variety
 - ✦ Degree to which the job requires a variety of activities so the worker can use a number of different skills and talents.
 - 2. Task Identity
 - ✦ Degree to which the job requires completion of a whole and identifiable piece of work.
 - 3. Task Significance
 - ✦ Degree to which the job affects the lives or work of other people.

The logo for 'THE JOB' is displayed in a bold, gold, serif font against a black rectangular background. The text is arranged in two lines, with 'THE' on top and 'JOB' below it.

Job Design

14

- According to Hackman and Oldman, any job can be described in terms of the following five core job dimensions:
 - 4. Autonomy
 - ✦ Degree to which the job provides freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out.
 - 5. Feedback
 - ✦ Degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information about the effectiveness of one's performance.

The logo for 'THE JOB' is displayed in a bold, gold, serif font against a black rectangular background. The text is arranged in two lines, with 'THE' on top and 'JOB' below it.

Job Characteristic Model (JCM)

15

- The JCM provides significant guidance to managers in job design for both individuals and teams.
 - Skill Variety – Task Identity – Task Significance
 - ✦ EE's experience meaningfulness of the work.
 - Autonomy
 - ✦ EE's experience responsibility for outcomes of the work.
 - Feedback
 - ✦ EE's gain knowledge of the actual results of the work activities.
- The more these conditions characterize a job, the greater the EE's motivation, performance, and satisfaction with the work, and the lower his or her absenteeism and the less likelihood of his or her resigning from work.



Equity Theory

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- Equity Theory, developed by J. Stacey Adams, proposes that EE's compare what they get from a job (outcomes) in relation to what they put into it (inputs) and then compare their input-outcome ratio with those of relevant others.
 - If the ratio is inequitable, whether under-rewarded or over-rewarded, the EE will attempt to do something about it.
 - ✦ The result might be lower or higher productivity, improved or reduced quality of output, increased absenteeism, or voluntary resignation.

EQUITY

Equity Theory



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- The referent – the other persons, systems, or selves individuals compare themselves against in order to see equity – is an important variable.
 - The “persons” category includes other individuals with similar jobs in the same organization but also includes friends, neighbors, or professional associates.
 - The “system” category includes organizational pay policies, procedures, and allocation.
 - The “self” category refers to input-outcome ratios that are unique to the individual.
 - ✦ It reflects personal experiences and contacts, and is influenced by criteria such as past jobs or family commitments.

Equity Theory

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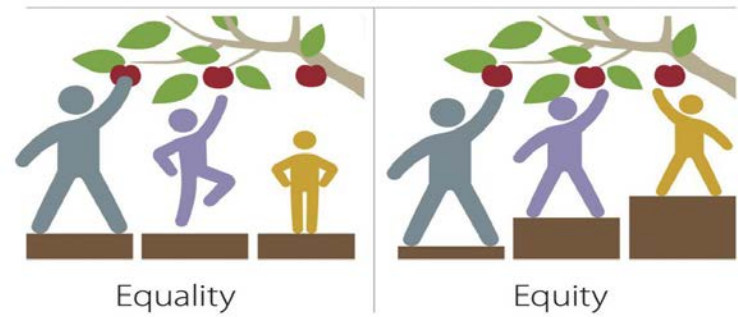
- Originally Equity Theory focused on Distributive Justice, which is the perceived fairness of the amount and allocation of rewards among individuals.
 - Most recent research has focused on looking at issues of Procedural Justice, which is the perceived fairness of the process used to determine the distribution of rewards.
 - ✦ Distributive justice has a greater influence on EE satisfaction than procedural justice.
 - ✦ Procedural justice tends to affect an EE's organizational commitment, trust in his or her boss, and intention to quit.



Equity Theory

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- What are the implications for managers?
 - Consider openly sharing information on how allocation decisions are made, follow consistent and unbiased procedures, and engage in similar practices to increase the perception of procedural justice.
 - ✦ By increasing the perception of procedural justice, EE's are likely to view their bosses and the organization as positive even if they're dissatisfied with pay, promotions, and other personal outcomes.



Expectancy Theory

20

- Victor Vroom's Expectancy Theory states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.
 - It includes three variables or relationships:
 - ✦ Expectancy – Instrumentality – Valence



Expectancy Theory

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1. Expectancy or Effort-Performance Linkage

- The probability perceived by the individual that exerting a given amount of effort will lead to a certain level of performance.

2. Instrumentality or Performance-Reward Linkage

- The degree to which the individual believes that performing at a particular level is instrumental in attaining the desired outcome.

3. Valence or Attractiveness of Reward

- The importance that the individual places on the potential outcome or reward that can be achieved on the job. It considers both the goals and needs of the individual.



Expectancy Theory

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- Expectancy Theory from perspective of EE:
 - How hard do I have to work to achieve a certain level of performance, and can I actually achieve that level?
 - What reward will performing at that level get me?
 - How attractive is the reward to me, and does it help me achieve my own personal goals?
 - ✦ Whether the EE is motivated to put forth effort at any given time depends on their goals and their perception of whether a certain level of performance is necessary to attain those goals.

WHAT
TO
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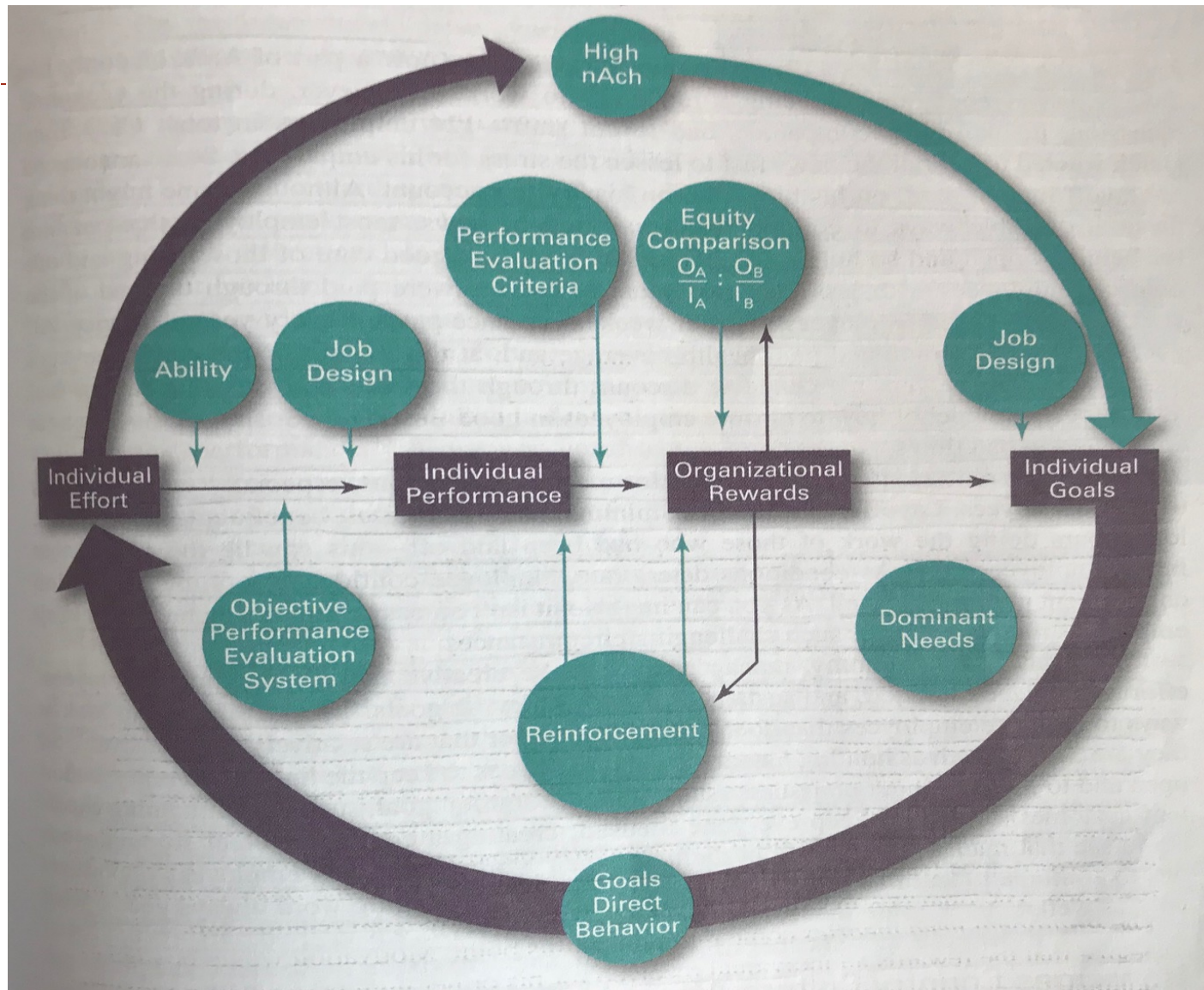
Expectancy Theory

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- The key to Expectancy Theory is understanding an individual's goal and the linkage between effort and performance, between performance and rewards, and finally, between rewards and individual goal satisfaction.
 - Managers should align EE awards with their individual needs.
 - ✦ Managers must recognize that no universal principle explains what motivates individuals, and they must understand why EE's view certain outcomes as attractive or unattractive.



Integrating Motivation Theories



Current Motivation Issues

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- Current studies of EE motivation are influenced by some significant workplace issues:
 - Motivating in tough economic circumstances.
 - Managing cross-cultural challenges.
 - Motivating unique groups of workers.
 - And designing appropriate rewards programs.



Current Motivation Issues

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- Motivating in tough economic circumstances:
 - In an uncertain economy, managers have to be creative in finding inexpensive ways to keep their EE's efforts energized, directed, and sustained toward achieving goals.
 - ✦ Solicit input from and improve communication with EE's.
 - ✦ Establish common goals (i.e. customer service) to keep focus.
 - ✦ Create an improved work culture to strengthen team.
 - ✦ Allow opportunities for EE's to learn and grow.
 - ✦ Offer encouragement.



Current Motivation Issues

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- Managing Cross-Cultural Challenges:
 - In today's global environment, managers can't automatically assume that motivational programs that work in one geographic location are going to work in others.
 - ✦ Most current motivation theories were developed in the United States by Americans and may not work well in other countries.



Current Motivation Issues

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- Despite recognized cross-cultural differences in motivation, a number of cross-cultural consistencies can be found.
 - The desire for interesting work seems important to almost all workers, regardless of their national culture.
 - Intrinsic factors, such as, achievement, recognition, responsibility, the work itself, advancement, and personal growth are also seemingly universal consistencies in motivation.

CONSISTENCY
IS 

Current Motivation Issues

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- Motivating unique groups of workers:
 - In order for managers to do an effective job of motivating unique groups of EE's, they will need to understand the motivational requirements of these groups, including:
 - ✦ Diverse employees
 - ✦ Professionals
 - ✦ Contingent workers



Current Motivation Issues

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- **1. Motivating a Diverse Workforce**

- To maximize motivation among today's workforce, managers need to think in terms of flexibility.
 - ✦ Men place more importance on having autonomy in their jobs than do women. In contrast, the opportunity to learn, convenient and flexible work hours, and good interpersonal relations are important to woman.
 - ✦ Having the opportunity to be independent and to be exposed to different experiences is important to Generation Y EE's, whereas older workers may be more interested in highly structured work opportunities.
 - ✦ The needs of a single moms with children may differ from a single EE.
 - ✦ Work-life balance, flexible hours, telecommuting, job sharing, need to be evaluated as well.

Learning Flexibility



Current Motivation Issues

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• 2. Motivating Professionals

- Professionals have a strong and long-term commitment to their field of expertise. To keep current in their field, they need to regularly update their knowledge, and because of their commitment to their profession they rarely define their workweek as 8AM to 5PM - five days/week.
 - ✦ Job challenge ranks higher as a motivator than money and promotions.
 - ✦ They like to tackle problems and find solutions.
 - ✦ They want their work to be seen as important.
 - ✦ Their chief reward is the work itself.
 - ✦ Professionals also value support.



Current Motivation Issues

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• 3. Motivating Contingent Workers

- As full-time jobs have been eliminated through downsizing and other organizational restructurings, the number of openings for part-time contract, and other forms of temporary work have increased.
- ✦ Contingent workers don't have the financial security or stability that permanent EE's have, and they don't identify with the organization or display the same commitment that other EE's do.
 - An opportunity to become an EE of the organization is a motivating factor for the contingent worker, therefore, training is valued.

TEMPORARY

Rewards Programs

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- Employee rewards programs play a powerful role in motivating appropriate EE behavior.



- 1. Open-Book Management

- ✦ A motivational approach in which an organization's financial statements are shared with all EE's as they participate in workplace decisions.
- Used to motivate EE's to make better decisions about their work, be better able to understand the implications of what they do and how they do it, and see the ultimate impact on the bottom line.
 - By sharing this information, EE's begin too see the link between their efforts, level of performance, and operational results.

Rewards Programs

34

- Employee rewards programs play a powerful role in motivating appropriate EE behavior.
 - 2. Employee Recognition
 - ✦ Programs that consist of personal attention and expressions of interest, approval, and appreciation for a job well done.
 - Recognition is the most powerful workplace motivator.
 - But, recognition doesn't have to come from managers alone.
 - Some 35 percent of companies encourage coworkers to recognize peers for outstanding work efforts.



Rewards Programs

35

- Employee rewards programs play a powerful role in motivating appropriate EE behavior.
 - 3. Pay-for-Performance
 - ✦ PFP programs are variable compensation plans that pay EE's on the basis of some performance measure.
 - Performance measures might include such things as individual productivity, team or work group productivity, departmental productivity, or the overall organization's profit performance.
 - Making some or all of an EE's pay conditional on some performance measure focuses his or her attention and effort toward that measure, then reinforces the continuation of the effort with a reward.



Rewards Programs

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- It's hard to keep EE's productive during challenging times, even though it's especially critical.
 - The key with any rewards program is continuing to show EE's that the company cares about them.
 - ✦ The value in companies comes from EE's who are motivated to be there, and managers have to give EE's a reason to want to be there.



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