

Motivation: Concepts and Applications In Decision Making

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Lecture 10



Motivation

Defining Motivation

Motivation is the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal—specifically, an organizational goal.

Three key elements:

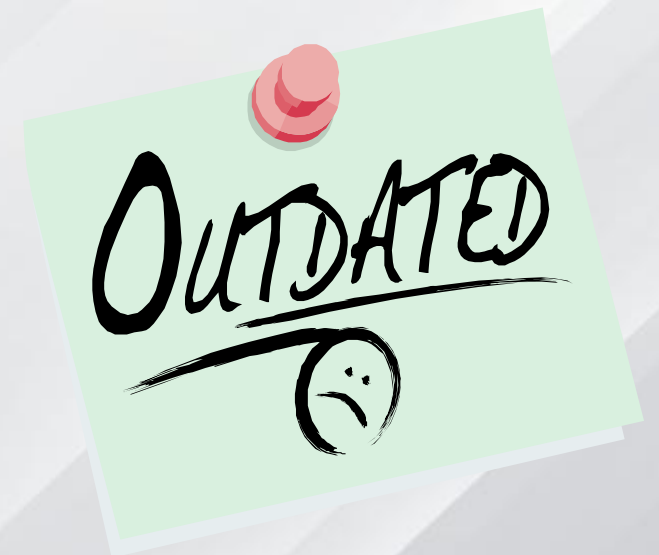
- Intensity: how hard a person tries.
- Direction: effort that is channeled toward, and consistent with, organizational goals.
- Persistence: how long a person can maintain effort.



Early Theories of Motivation

These early theories may not be valid, but they do form the basis for contemporary theories and are still used by practicing managers:

- Maslow's Hierarchy of Needs Theory
- Alderfer's ERG (Existence, Relatedness, and Growth)
- McGregor's Theory X and Theory Y
- Herzberg's Two-Factor Theory
- McClelland's Theory of Needs



Maslow's Hierarchy of Needs

There is a hierarchy of five needs. As each need is substantially satisfied, the next need becomes dominant.

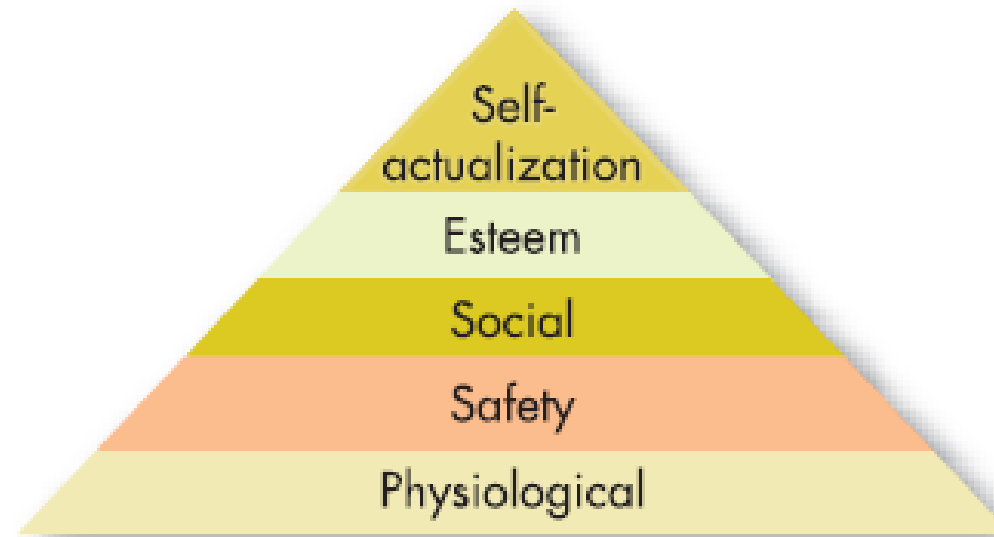
Assumptions

- Individuals cannot move to the next higher level until all needs at the current (lower) level are satisfied.
- Must move in hierarchical order.
- Social – esteem – self actualization are higher level needs
- Rest are lower level

Maslow's Hierarchy of Needs (cont'd)

Figure 5-1

Maslow's Hierarchy of Needs



Source: Adapted from A. H. Maslow, *Motivation and Personality*, 3rd ed., R. D. Frager and J. Fadiman (eds). © 1997. Reprinted and electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

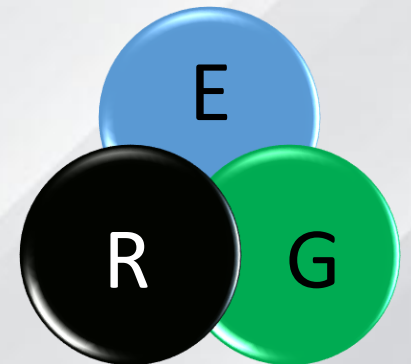
Alderfer's ERG Theory

A reworking of Maslow to fit empirical research.

Three groups of core needs:

- 1.Existence (Maslow: physiological and safety)
- 2.Relatedness (Maslow: social and status)
- 3.Growth (Maslow: esteem and self-actualization)

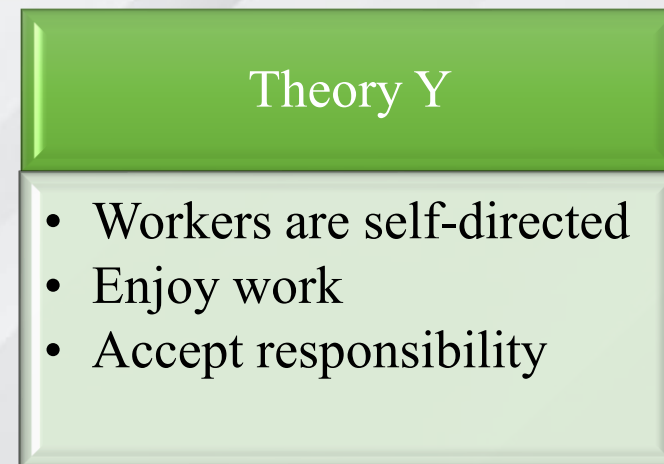
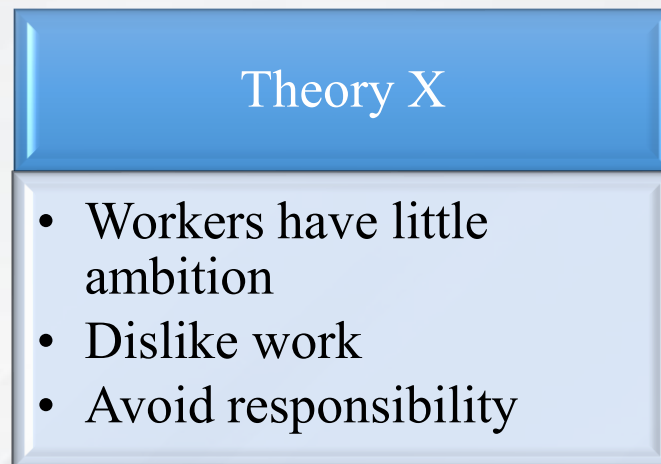
- Removed the hierarchical assumption.
- Can be motivated by all three at once.
- Popular, but not accurate, theory.



McGregor's Theory X and Theory Y

Two distinct views of human beings: Theory X (basically negative) and Theory Y (positive).

- Managers that were studied used a set of assumptions based on their view.
- The assumptions molded their behavior toward employees.



McClelland's Three Needs Theory

Need for Achievement (nAch)

- The drive to excel, to achieve in relation to a set of standards, to strive to succeed.

Need for Power (nPow)

- The need to make others behave in a way that they would not have behaved otherwise.

Need for Affiliation (nAff)

- The desire for friendly and close interpersonal relationships.

People have varying levels of each of the three needs.

- Hard to measure.

Performance Predictions for High nAch

People with a high need for achievement are likely to:

- prefer to undertake activities with a 50/50 chance of success, avoiding very low- or high-risk situations;
- be motivated in jobs that offer high degree of personal responsibility, feedback, and moderate risk;
- not necessarily make good managers—too personal a focus (most good general managers do NOT have a high nAch);
- need high level of nPow and low nAff for managerial success.

Good research support, but it is not a very practical theory.

Contemporary Theories of Motivation

There are several current theories of motivation:

- Cognitive Evaluation Theory
- Goal-Setting Theory
 - Management by Objectives (MBO)
- Self-Efficacy Theory
 - Also known as Social Cognitive Theory or Social Learning Theory
- Reinforcement Theory
- Equity Theory
- Expectancy Theory



Cognitive Evaluation Theory

Providing an extrinsic reward for behavior that had been previously only intrinsically rewarding tends to decrease the overall level of motivation.

Major implications for work rewards

- Intrinsic and extrinsic rewards are not independent.
- Extrinsic rewards decrease intrinsic rewards.
- Pay should be noncontingent on performance.
- Verbal rewards increase intrinsic motivation; tangible rewards reduce it.

Self-concordance

- When the personal reasons for pursuing goals are consistent with personal interests and core values (intrinsic motivation), people are happier and more successful.

Locke's Goal-Setting Theory

Basic premise:

Specific and difficult goals, with self-generated feedback, lead to higher performance.

Coach: “do your best X win 3/0”

Difficult goals:

- Focus and direct attention.
- Energize the person to work harder.
- Difficulty increases persistence.
- Force people to be more effective and efficient.

Locke's Goal-Setting Theory

Relationship between goals and performance depends on:

- goal commitment (the more public the better!);
- task characteristics (simple, well-learned);
- culture (best match is in North America, less in the Arabs)

Conclusion: difficult but specific goals are strong motivators

Setting specific, challenging goals for employees is the best thing managers can do to improve performance.

Implementation: Management by Objectives

- MBO is a systematic way to utilize goal-setting.
- Goals must be:
 - tangible;
 - verifiable;
 - measurable;
- Corporate goals are broken down into smaller, more specific goals at each level of organization.
- Four common ingredients to MBO programs are:
 - goal specificity;
 - participative decision making;
 - explicit time period;
 - performance feedback.



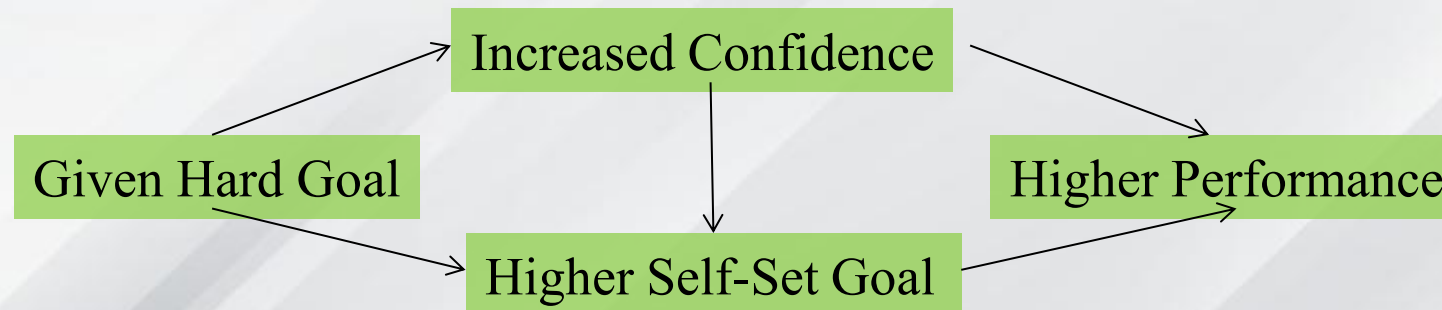
Bandura's Self-Efficacy Theory

Self-Efficacy: An individual's belief that he or she can perform a task.

- Higher efficacy is related to:
 - greater confidence;
 - greater persistence in the face of difficulties;
 - better response to negative feedback (work harder).
- Self-Efficacy complements Goal-Setting Theory.

Figure 5-3

Joint Effects of Goals and Self-Efficacy on Performance



Increasing Self-Efficacy

1. Enactive mastery

- Most important source of efficacy.
- Gaining relevant experience with task or job.
- ‘Practice makes perfect’.

2. Indirect modeling

- Increasing confidence by watching others perform the task.
- Most effective when observer perceives the model to be like him- or herself.

Increasing Self-Efficacy (cont'd)

3. Verbal persuasion

- Motivation through verbal conviction.
- Pygmalion and Galatea effects—self-fulfilling prophecies.

4. Stimulation

- Getting ‘psyched up’—emotionally aroused—to complete task.
- Can hurt performance if emotion is not a component of the task.

Reinforcement Theory

Similar to Goal-Setting Theory but focused on a behavioral approach rather than a cognitive one.

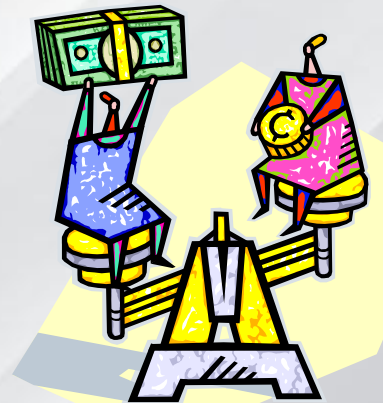
- Behavior is environmentally caused.
- Thought (internal cognitive event) is not important—Feelings, attitudes, and expectations are ignored.
- Behavior is controlled by its consequences—reinforcers.
- Is not a motivational theory but a means of analysis of behavior.
- Reinforcement strongly influences behavior but is not likely to be the sole cause.



Adams' Equity Theory

Employees compare their ratios of outcomes-to-inputs of relevant others.

- When ratios are equal: state of equity exists—there is no tension as the situation is considered fair.
- When ratios are unequal: tension exists due to unfairness.
 - Under rewarded states cause anger.
 - Over-rewarded states cause guilt.
- Tension motivates people to act to bring their situation into equity.



Equity Theory's 'Relevant Others'

Can be four different situations:

Self-inside

- The person's experience in a different job in the same organization.

Self-outside

- The person's experience in a different job in a different organization.

Other-inside

- Another individual or group within the organization.

Other-outside

- Another individual or group outside of the organization.



Reactions to Inequity



Employee behaviors to create equity:

- Change inputs (slack off).
- Change outcomes (increase **output/lower quality**).
- Distort/change perceptions of self.
- **I used to think I am working at a moderate pace but now I know**
- **I am working more than others**
- Distort/change perceptions of others.
- **His job is not as stimulating as I thought it was**
- Choose a different referent person.
- **I may not be doing as much as my brother-in-law, but I am doing more than my father**
- Leave the field (quit the job).

Reactions to Inequity (cont'd)

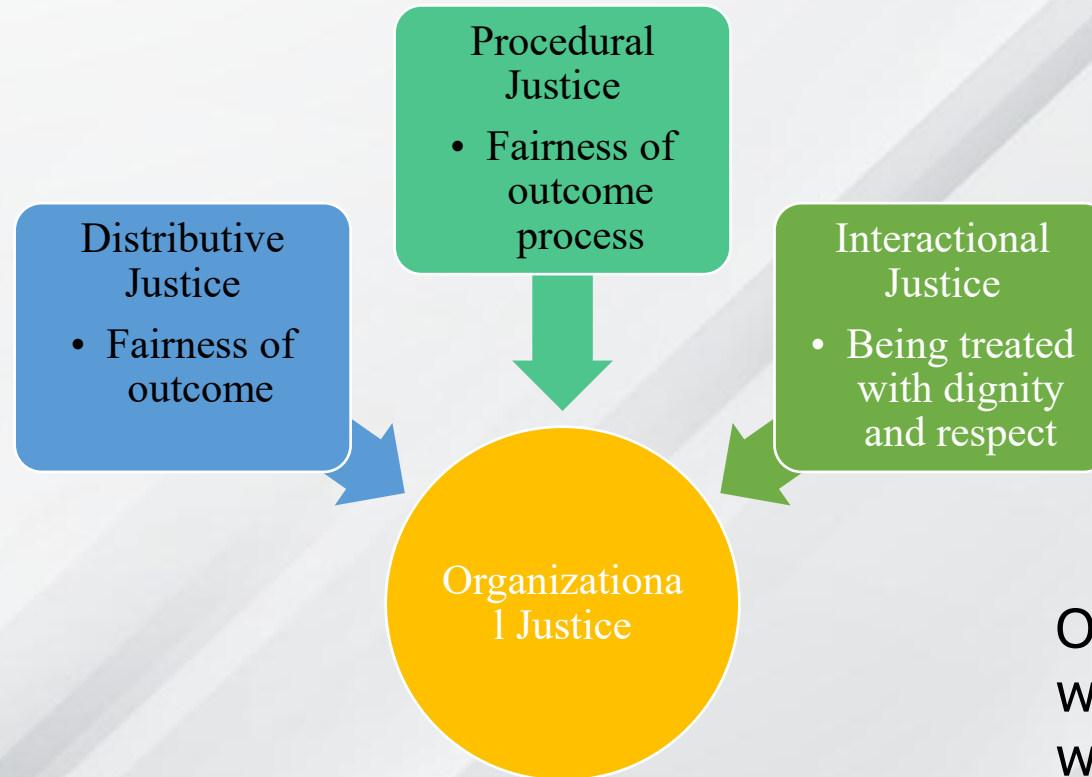
Propositions relating to inequitable pay:

- Paid by time:
 - Overrewarded employees produce more.
 - Under-rewarded employees produce less with low quality.
- Paid by quality
 - Overrewarded employees give higher quality.
 - Under-rewarded employees make more of low quality.

Justice and Equity Theory

FIGURE 5-4

Model of Organizational Justice



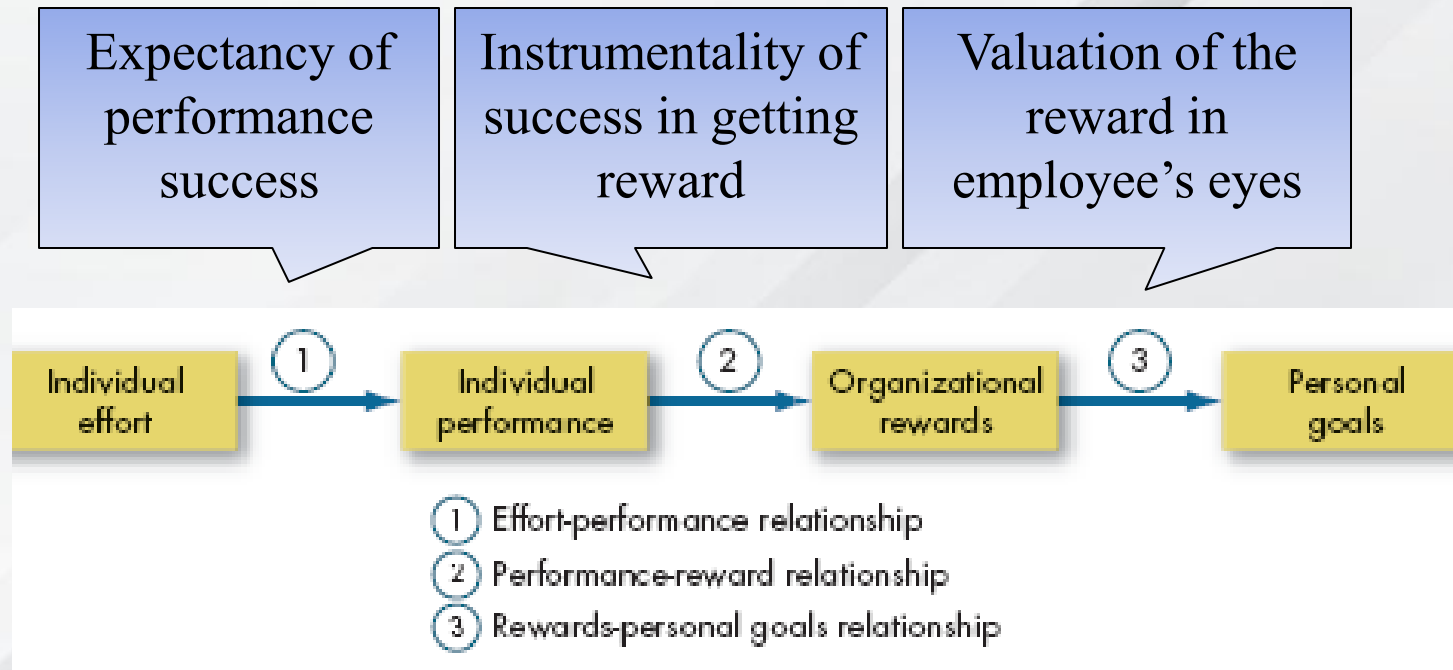
Overall perception of what is fair in the workplace.

Vroom's Expectancy Theory

The strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of the outcome to the individual.

Figure 5-5

Expectancy Theory



Motivation by Job Design: The JCM

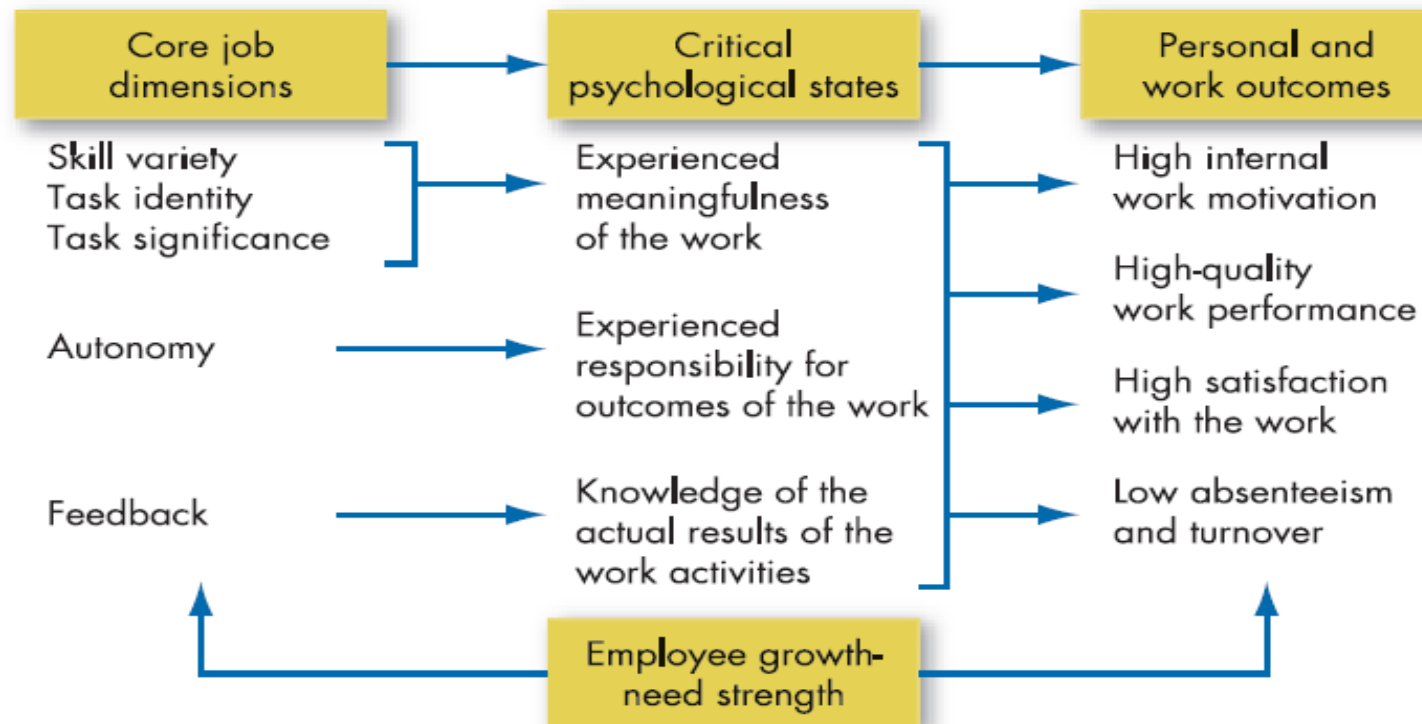
The **Job Characteristics Model (JCM)** is Hackman and Oldham's concept that any job can be described through five core job dimensions:

- Skill variety: Requirements for different tasks in the job.
- **A garage owner doing everything: mechanical, bodywork,**
- Task identity: Completion of a whole piece of work.
- Task significance: The job's impact on others.
- Autonomy: Level of discretion in decision making.
- Feedback: Amount of direct and clear information on performance.

The Job Characteristics Model

Figure 5-6

The Job Characteristics Model



Source: Adapted from J. R. Hackman and G. R. Oldham, *Work Redesign* © 1980; pp. 78–80. Reprinted and electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

Employee growth-need strength moderates the relationships.

How Can Jobs Be Redesigned?

Job Rotation

- The periodic shifting of a worker from one task to another.

Job enlargement

- The horizontal expansion of jobs.

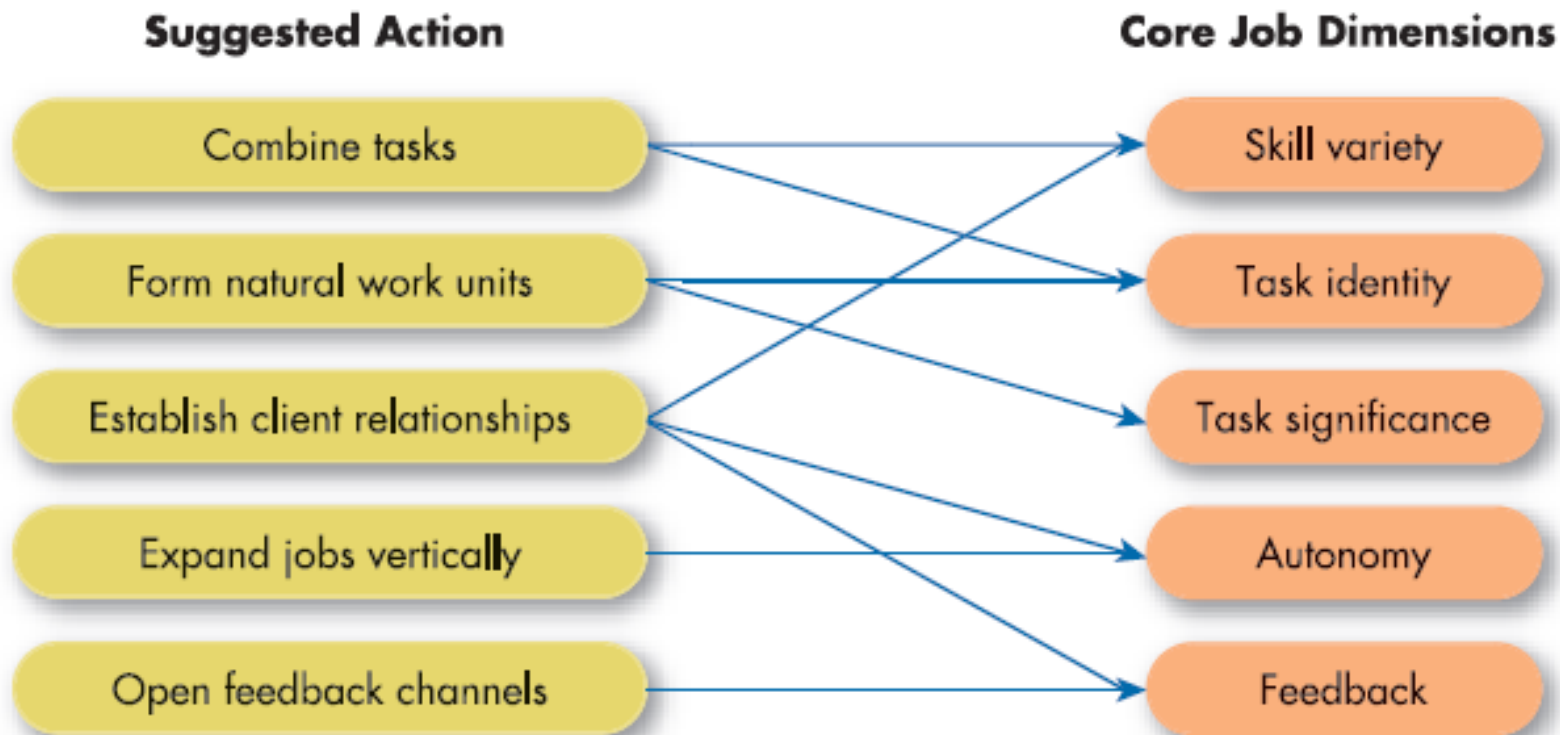
Job enrichment

- The vertical expansion of jobs.

Guidelines for Enriching a Job

Figure 5-7

Guidelines for Enriching a Job



Source: J. R. Hackman and J. L. Suttle (eds.), *Improving Life at Work* (Glenview, IL: Scott Foresman, 1977), p. 138. Reprinted by permission of Richard Hackman and J. Lloyd Suttle.

Alternative Work Arrangements

Flextime

- Employees work during a common core time period each day but have discretion in forming their total workday from a flexible set of hours outside the core.

Job sharing

- The practice of having two or more people split a 40-hour-a-week job.

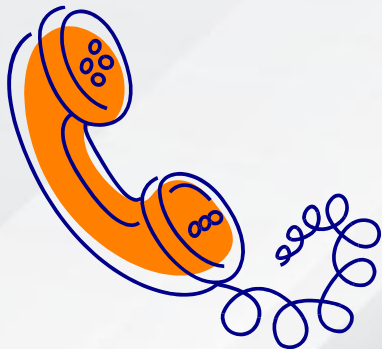
Telecommuting

- Employees do their work at home at least two days a week on a computer that is linked to their office.

Reasons For and Against Telecommuting

For

- Larger labor pool.
- Higher productivity.
- Less turnover.
- Improved morale.
- Reduced office-space costs.



Against

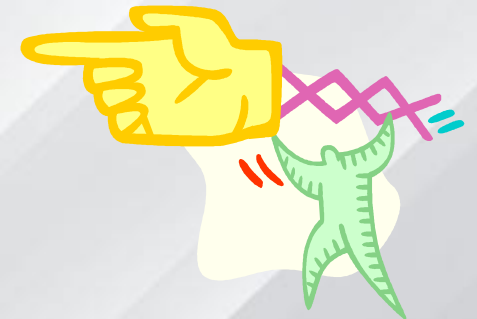
- Less direct supervision of employees.
- Difficult to coordinate teamwork.
- Difficult to evaluate non-quantitative performance.
- Employees may not be as noticed for their efforts.

Employee Involvement

A participative process that uses the input of employees to increase their commitment to the organization's success.

By increasing worker autonomy and control over work lives (involvement), organizations:

- Increase employee motivation.
- Gain greater organizational commitment.
- Experience greater worker productivity.
- Observe higher levels of job satisfaction.



Types of Employee Involvement Programs

Participative Management

- Subordinates share a significant degree of decision-making power with their immediate superiors.

Representative Participation

- **Works councils**
 - Groups of nominated or elected employees who must be consulted for any personnel decisions.
- **Board representative**
 - An employee sits on a company's board of directors and represents the interests of the firm's employees.

Quality Circle

- A work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions.

Four Major Strategic Reward Decisions

1. What to pay? (pay structure)
2. How to pay individuals? (variable pay plans and skill-based pay plans)
3. What benefits to offer?
Do we offer choice of benefits? (flexible benefits)
4. How to build recognition programs?



1. What to Pay—Pay Structure



Internal equity

- The worth of the job to the organization.
- Determined by job evaluations.

External equity

- The competitiveness of the company's pay relative to pay elsewhere in the industry.
- Determined through pay surveys.

Choose organizational position

- Pay leaders:
 - Greater employee loyalty.
 - Attracts better-quality employees.
- Pay laggards—accept high turnover for low hourly costs.

2. How to Pay—Variable Pay Programs

A portion of an employee's pay is based on some individual and/or organizational measure of performance.

Piece Rate

- Workers are paid a fixed sum for each unit of production completed.
- Weakness: not feasible for many jobs.

Merit-Based

- Based on performance appraisal ratings.
- Gap increasing between average and top-performers.
- Weaknesses: validity of system based on annual appraisals, pay pool can be small, unions strongly resist.

Bonuses

- Rewards recent performance.
- Weakness: employees consider this a pay.

2. How to Pay—Skill-Based Pay Programs

Also known as competency- or knowledge-based pay—sets pay based on skills or number of jobs an employee can perform.

Profit Sharing

- Organization-wide programs that distribute compensation based on some established formula designed around a company's profitability.

Gain Sharing

- An incentive plan in which improvements in group productivity determine the total amount of money that is allocated.

Employee Stock Ownership Plans (ESOPs)

- Company-established benefit plans in which employees acquire stock as part of their benefits.

3. What Benefits to Offer—Flexible Benefits

Employees tailor their benefit program to meet their personal need by picking and choosing from a menu of benefit options.

Modular Plans

- Predesigned benefits packages for specific groups of employees.

Core-Plus Plans

- A core of essential benefits and a menu-like selection of other benefit options.

Flexible Spending Plans

- Allow employees to use their tax-free benefit dollars to purchase benefits and pay service premiums.

4. How to Build Recognition Programs

Intrinsic rewards: stimulate intrinsic motivation

- Personal attention given to employee.
- Approval and appreciation for a job well done.
- Growing in popularity and usage.

Benefits of programs

- Fulfill employees' desire for recognition.
- Inexpensive to implement.
- Encourage repetition of desired behaviors.

Drawbacks of programs

- Susceptible to manipulation by management.

- **Introduction to AI in Decision Making**

- **Definition of AI:**

- Artificial Intelligence refers to the simulation of human intelligence processes by machines, particularly computer systems. These processes include learning (acquiring information and rules for using it), reasoning (using rules to reach approximate or definite conclusions), and self-correction.

- **Purpose of AI in Decision Making:**

- AI assists decision-makers by providing tools that process and analyze information at a scale and speed beyond human capabilities. By interpreting complex data, AI enables organizations to make more informed decisions.

- In today's fast-paced environment, organizations across various sectors—from healthcare to finance—are adopting AI systems to maintain competitiveness. By integrating AI into their decision-making processes, businesses can respond more effectively to market changes and customer needs.

- **Benefits of AI in Decision Making**

- **Data Analysis:**

- AI systems can sift through large datasets quickly to identify trends and insights. For example, retailers use AI to analyze customer purchase history, optimizing inventory and marketing strategies based on predictive insights.

- **Predictive Analytics:**

- By evaluating historical data, AI can forecast future trends and behaviors. In finance, predictive models can assess credit risk or market movements, enabling proactive decision-making that optimizes returns.

- **Reduced Bias:**

- Human decisions can be subject to cognitive biases. AI, when trained properly, can help standardize decisions based on data rather than subjective notions. For instance, in hiring processes, AI can evaluate candidates based solely on qualifications and experience.

- **AI Tools and Technologies**

- **Machine Learning:**

- Algorithms that enable systems to learn from data and improve over time without being explicitly programmed for specific tasks. Tools like TensorFlow and scikit-learn are popular among data scientists for building predictive models.

- **Natural Language Processing (NLP):**

- AI technologies that allow machines to understand and interpret human language. Applications include chatbots for customer service, sentiment analysis tools that gauge public opinion, and automatic summarization of documents.

- **Robotic Process Automation (RPA):** Software that automates repetitive, rule-based tasks traditionally performed by humans. RPA tools like UiPath and Blue Prism can streamline workflows and improve accuracy, freeing up human resources for higher-level decision-making.

- **Challenges and Ethical Considerations**

- **Data Privacy:**

- The collection and use of personal data for AI analysis raise significant privacy concerns. Organizations must comply with laws and regulations, such as GDPR, to ensure robust data protection.

- **Transparency:**

- AI systems should be transparent in their decision-making processes, allowing users to understand how decisions are made. This is particularly crucial in sensitive applications like healthcare and criminal justice, where decisions have significant consequences.

- **Dependence on Technology:**

- Over-reliance on AI can lead to skills degradation among human decision-makers. Organizations should strike a balance between leveraging AI capabilities and maintaining human oversight to ensure critical thinking and contextual understanding are preserved.



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