

# 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.

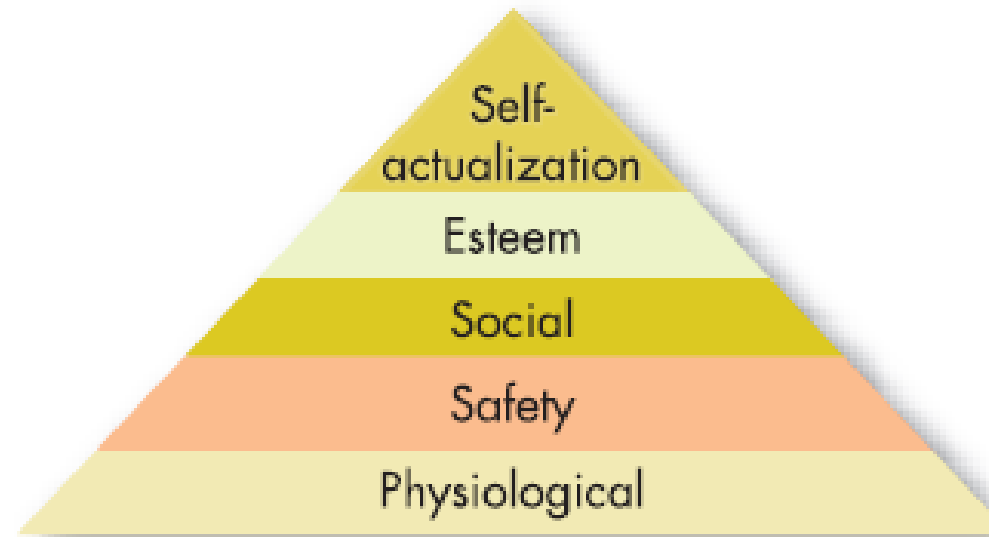
## Assumptions

- 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



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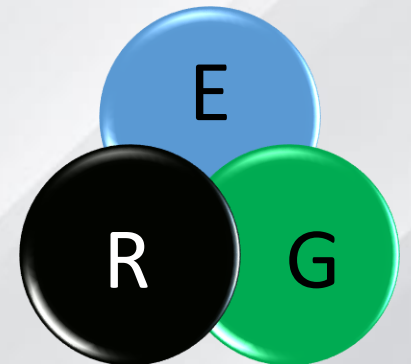
# Alderfer's ERG Theory

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)

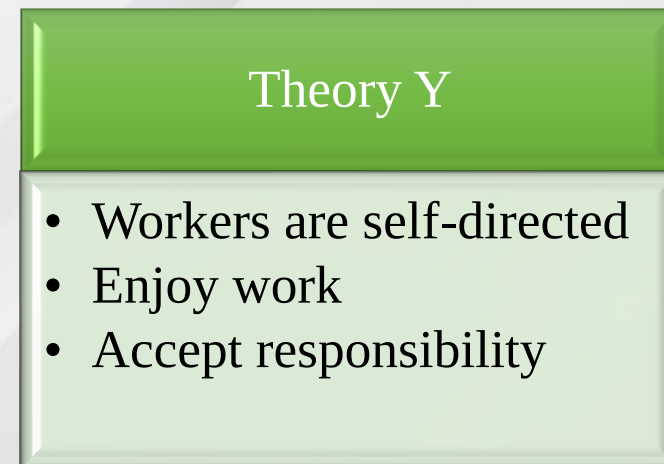
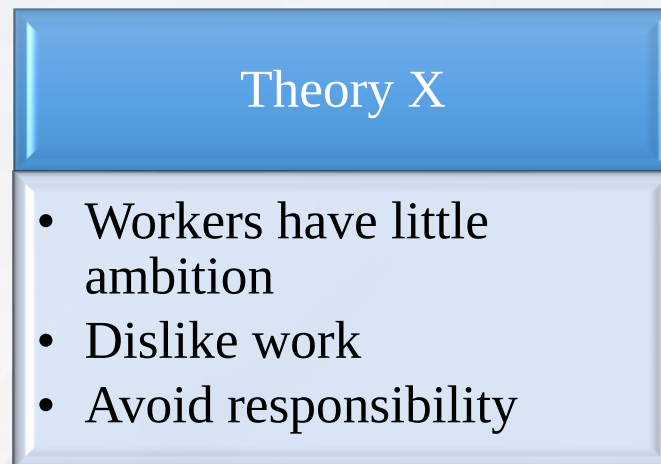
- Removed the hierarchical assumption.
- Can be motivated by all three at once.
- Popular, but not accurate, theory.



# 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.



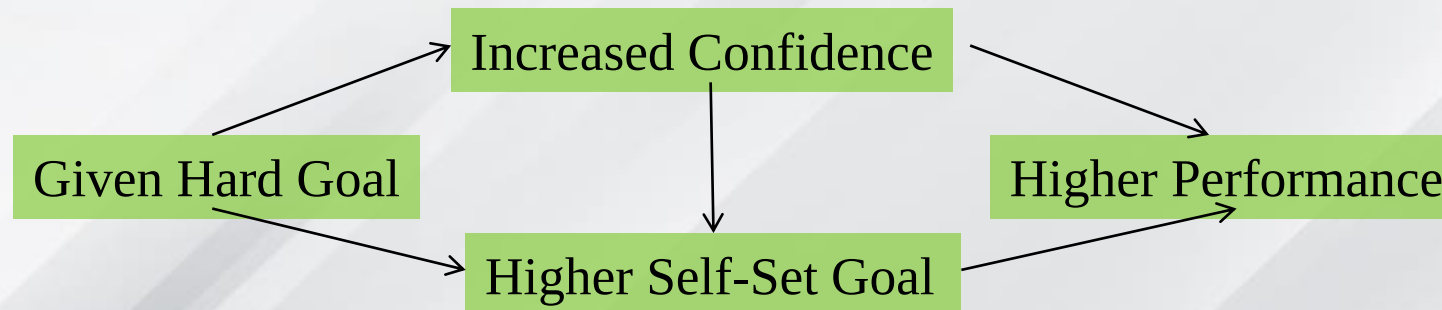
# Bandura's Self-Efficacy Theory

**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.

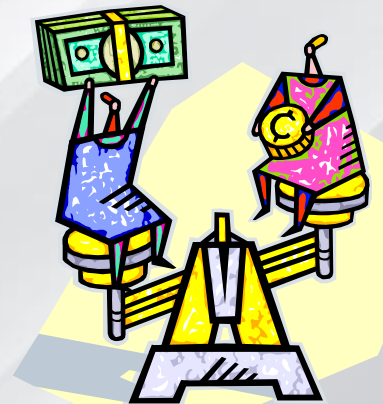
- Behavior is environmentally caused.
- Thought (internal cognitive event) is not important—Feelings, attitudes, and expectations are ignored.
- Behavior is controlled by its consequences—reinforcers.
- Is not a motivational theory but a means of analysis of behavior.
- Reinforcement strongly influences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

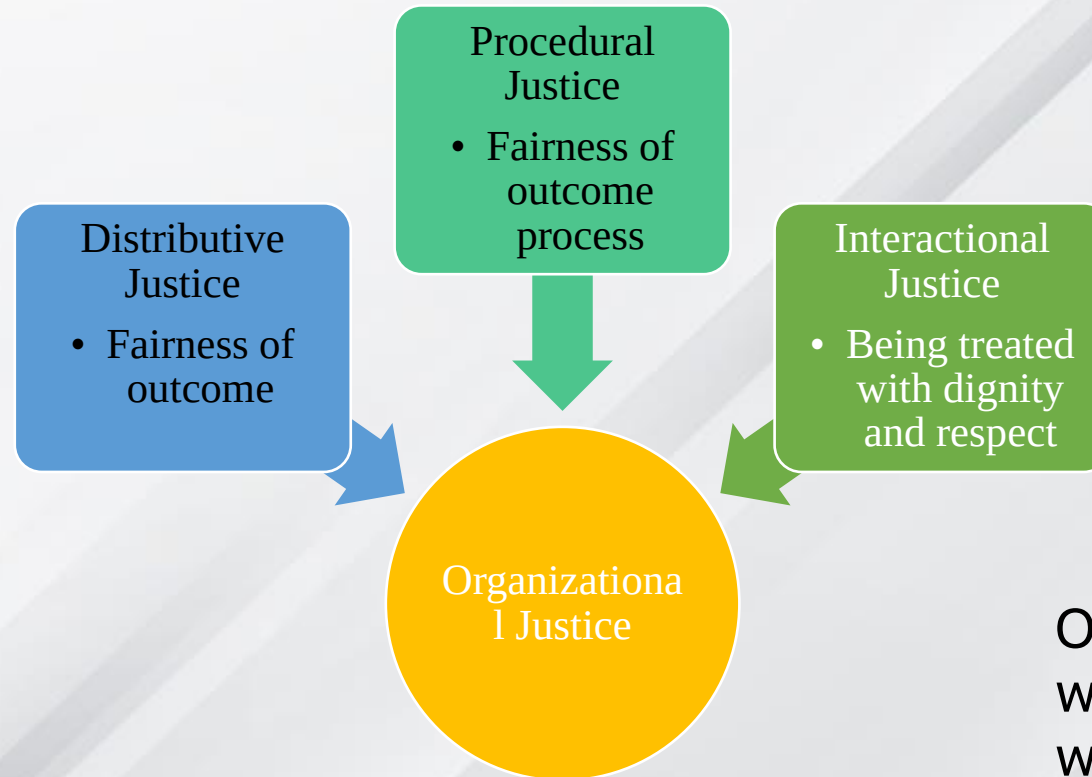
## Propositions relating to inequitable pay:

- 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

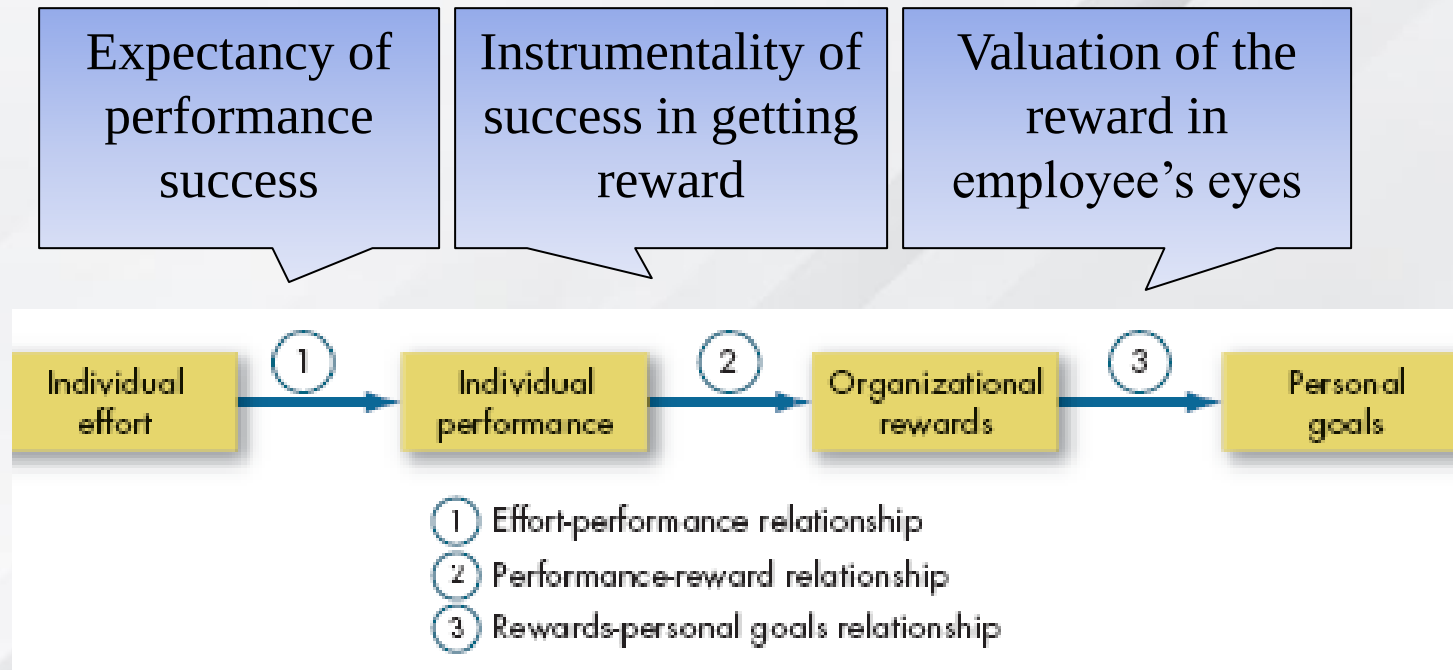


# Vroom's Expectancy Theory

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

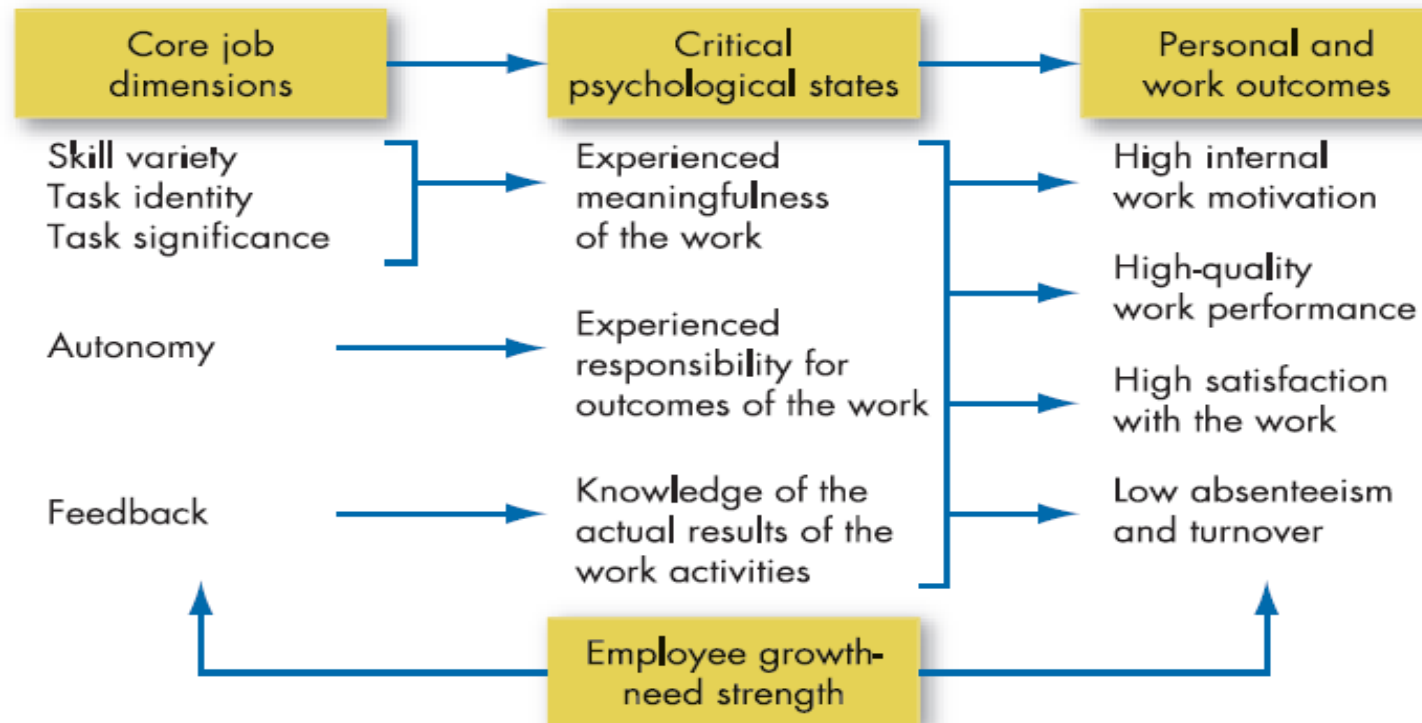
The **Job Characteristics Model (JCM)** is Hackman and Oldham's concept that any job can be described through five core job dimensions:

- 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.

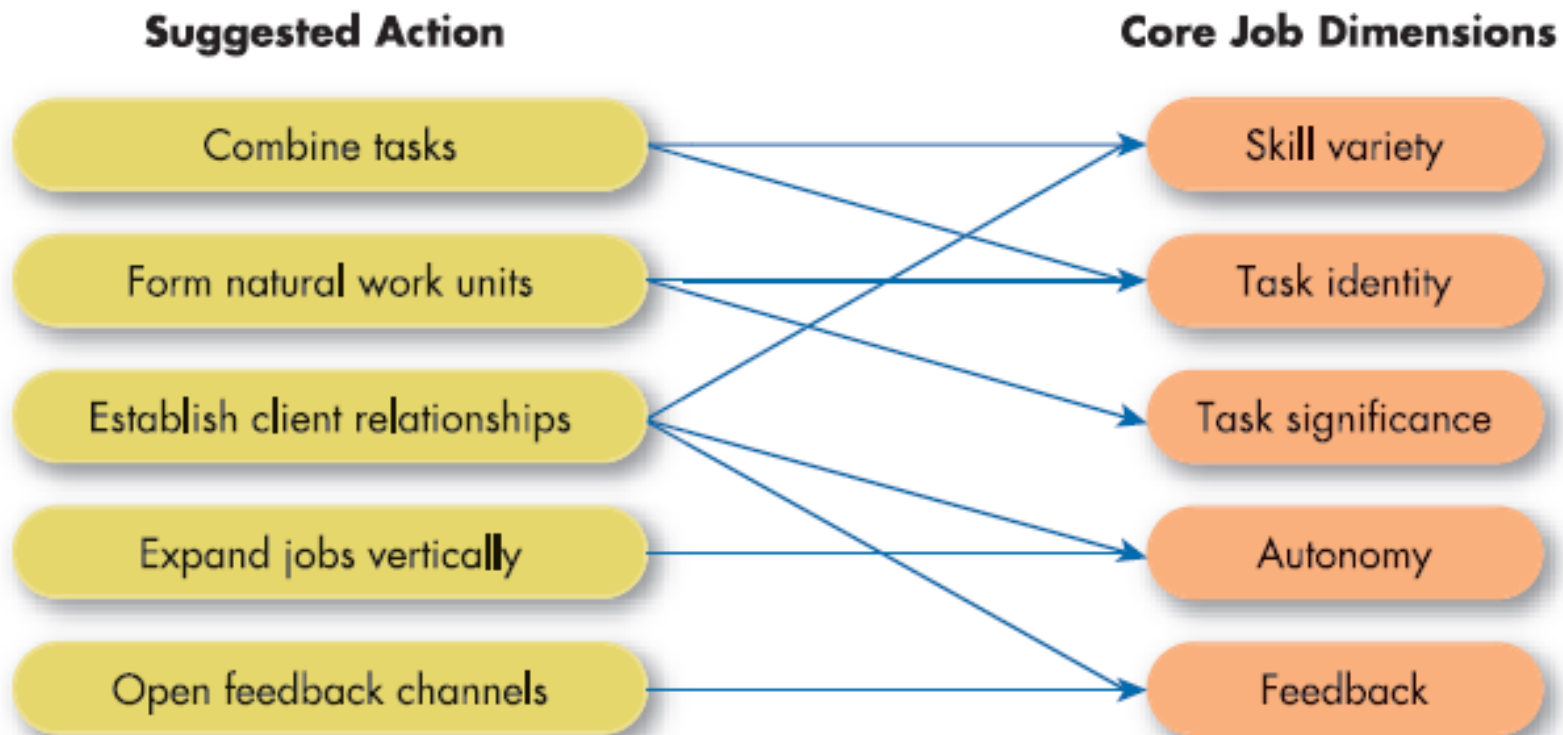
## **Job enrichment**

- 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.

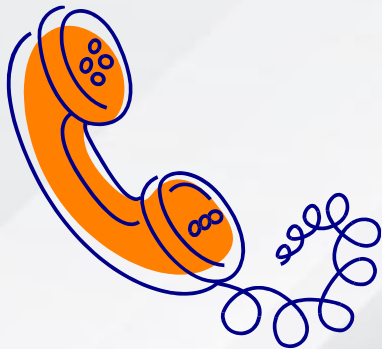
## **Telecommuting**

- 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

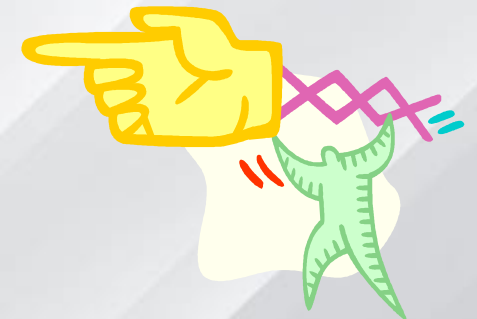
- Less direct supervision of employees.
- Difficult to coordinate teamwork.
- Difficult to evaluate non-quantitative performance.
- Employees may not be as noticed for their efforts.

# 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.



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