

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Directing**

**Motivation – Theories & Techniques**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# OUTLINE

## What Is Motivation?

- Define motivation.
- Explain motivation as a need-satisfying process.

## Early Theories of Motivation

- Describe Maslow's hierarchy of needs and how it can be used to motivate.
- Discuss how Theory X and Theory Y managers approach motivation.
- Describe Herzberg's motivation-hygiene theory.
- Explain Herzberg's views of satisfaction and dissatisfaction.

# **OUTLINE (cont'd)**

## **Contemporary Theories of Motivation**

- **Describe the three needs McClelland proposed as being present in work settings.**
- **Explain how goal-setting and reinforcement theories explain employee motivation.**
- **Describe the job characteristics model as a way to design motivating jobs.**
- **Discuss the motivation implications of equity theory.**
- **Contrast distributive justice and procedural justice.**
- **Explain the three key linkages in expectancy theory and their role in motivation.**

# OUTLINE (cont'd)

## **Current Issues in Motivation**

- **Describe the cross-cultural challenges of motivation.**
- **Discuss the challenges managers face in motivating unique groups of workers.**
- **Describe open-book management, employee recognition, pay-for-performance, and stock option programs.**

# What Is Motivation?

- Motivation
  - Is the result of an interaction between the person and a situation; it is not a personal trait.
  - Is the process by which a person's efforts are energized, directed, and sustained towards attaining a goal.
    - ❖ Energy: a measure of intensity or drive.
    - ❖ Direction: toward organizational goals
    - ❖ Persistence: exerting effort to achieve goals.
  - Motivation works best when individual needs are compatible with organizational goals.

# Early Theories of Motivation

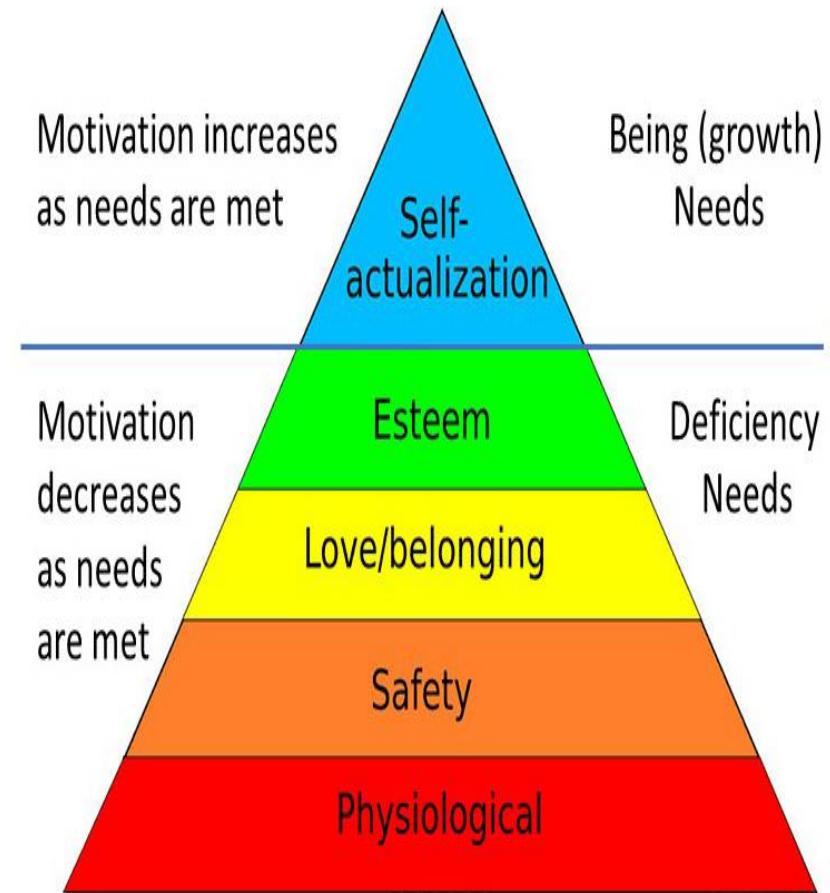
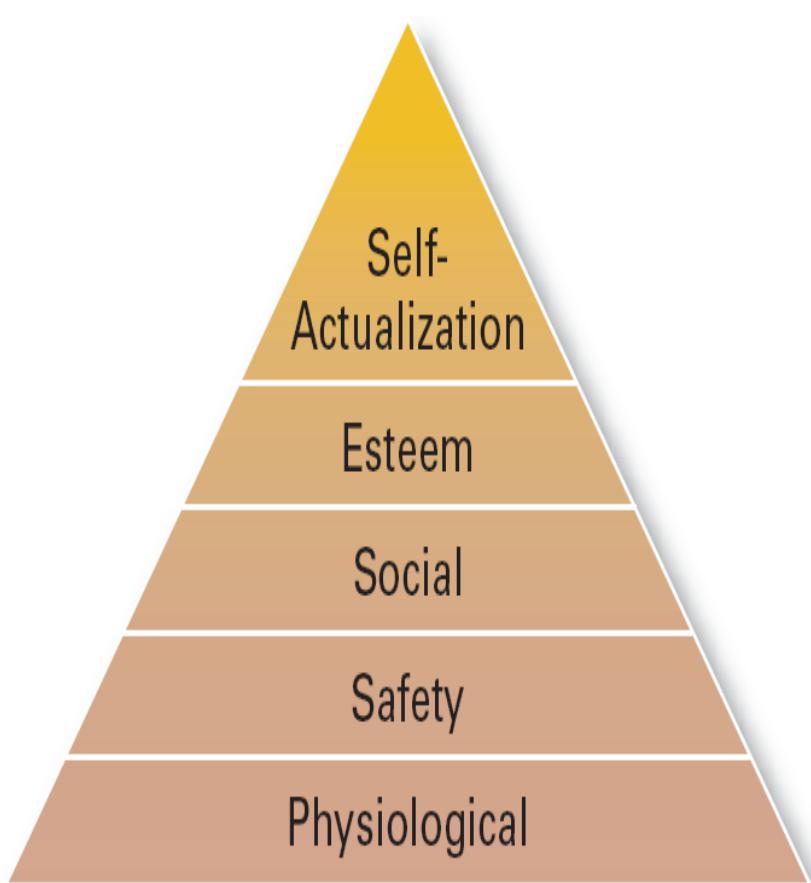
- Maslow's Hierarchy of Needs
- MacGregor's Theories X and Y
- Herzberg's Two-Factor Theory

# Early Theories of Motivation

- **Maslow's Hierarchy of Needs Theory**

- Needs were categorized as five levels of lower- to higher-order needs.
  - ❖ Individuals must satisfy lower-order needs before they can satisfy higher order needs.
  - ❖ Satisfied needs will no longer motivate.
  - ❖ Motivating a person depends on knowing at what level that person is on the hierarchy.
- Hierarchy of needs
  - ❖ Lower-order (external): physiological, safety
  - ❖ Higher-order (internal): social, esteem, self-actualization

## Maslow's Hierarchy of Needs



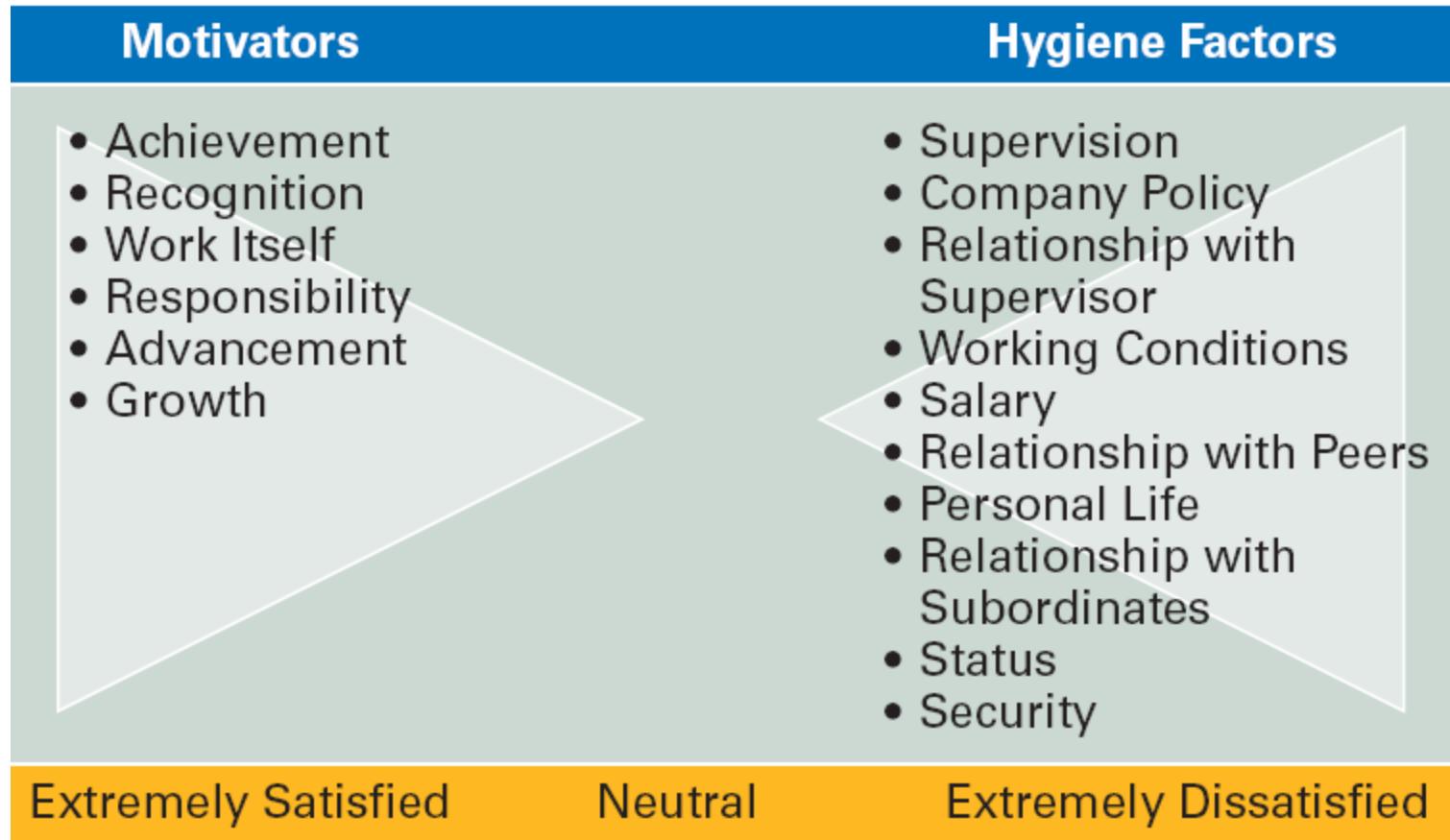
# Early Theories of Motivation (cont'd)

- McGregor's Theory X and Theory Y
  - Theory X
    - ❖ Assumes that workers have little ambition, dislike work, avoid responsibility, and require close supervision.
  - Theory Y
    - ❖ Assumes that workers can exercise self-direction, desire responsibility, and like to work.
  - Assumption:
    - ❖ Motivation is maximized by participative decision making, interesting jobs, and good group relations.

# Early Theories of Motivation (cont'd)

- Herzberg's Motivation-Hygiene Theory
  - Job satisfaction and job dissatisfaction are created by different factors.
    - ❖ **Hygiene factors:** extrinsic (environmental) factors that create job dissatisfaction.
    - ❖ **Motivators:** intrinsic (psychological) factors that create job satisfaction.
  - Attempted to explain why job satisfaction does not result in increased performance.
    - ❖ The opposite of satisfaction is not dissatisfaction, but rather no satisfaction.

## Herzberg's Motivation-Hygiene Theory



## Contrasting Views of Satisfaction-Dissatisfaction

### Traditional View

Satisfied                                  Dissatisfied

### Herzberg's View

Motivators	Hygiene Factors
Satisfaction	No Satisfaction
No Dissatisfaction	Dissatisfaction

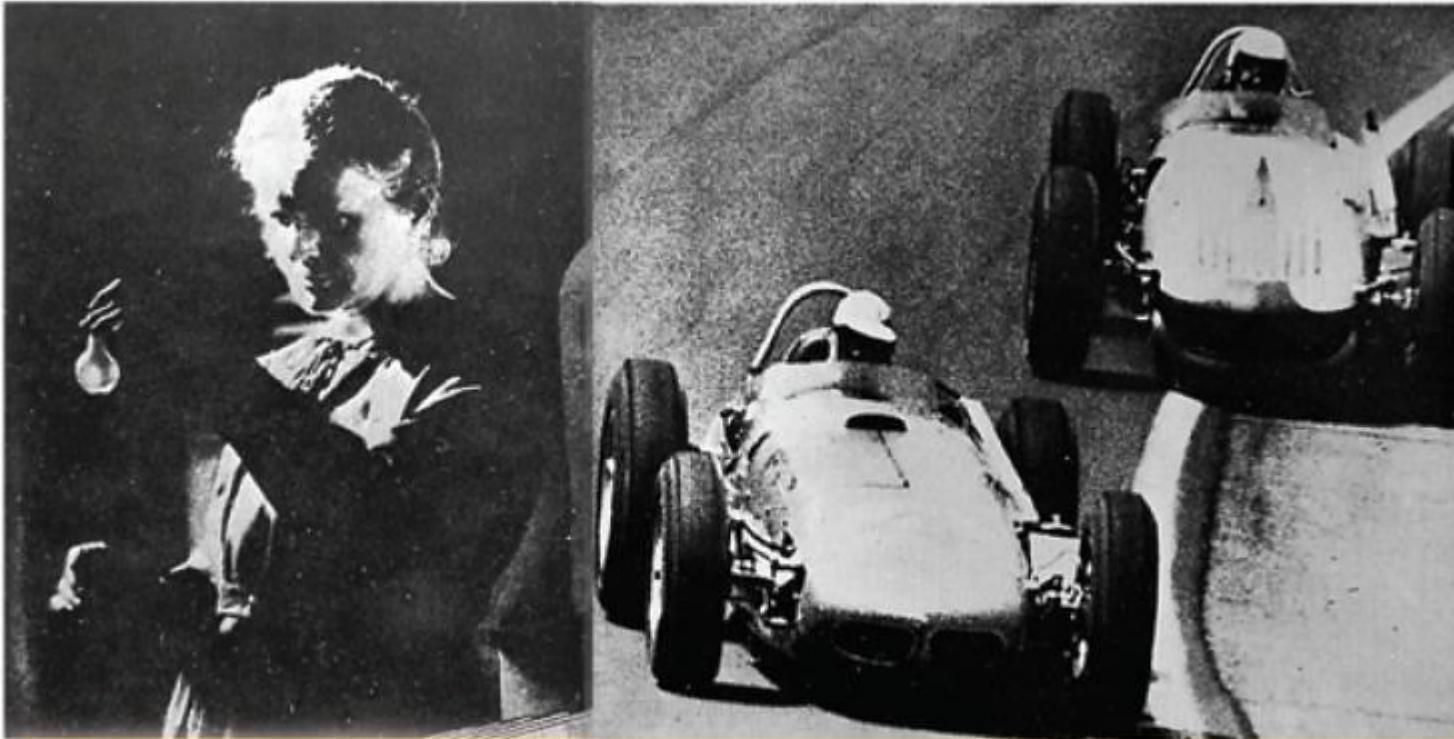
# Contemporary Theories of Motivation

- Three-Needs Theory
- Goal-Setting Theory
- Reinforcement Theory
- Designing Motivating Jobs
- Equity Theory
- Expectancy Theory

# Motivation and Needs

- Three-Needs Theory (McClelland)
  - There are three major acquired needs that are major motives in work.
    - ❖ Need for achievement (nAch)
      - The drive to excel and succeed
    - ❖ Need for power (nPow)
      - The need to influence the behavior of others
    - ❖ Need of affiliation (nAff)
      - The desire for interpersonal relationships

## Examples of Pictures Used for Assessing Levels of nAch, nAff, and nPow



nAch: Indicated by someone in the story wanting to perform or do something better.

nAff: Indicated by someone in the story wanting to be someone else and enjoy mutual friendship.

nPow: Indicated by someone in the story desiring to have an impact or make an impression on others in the story.

# Motivation and Goals

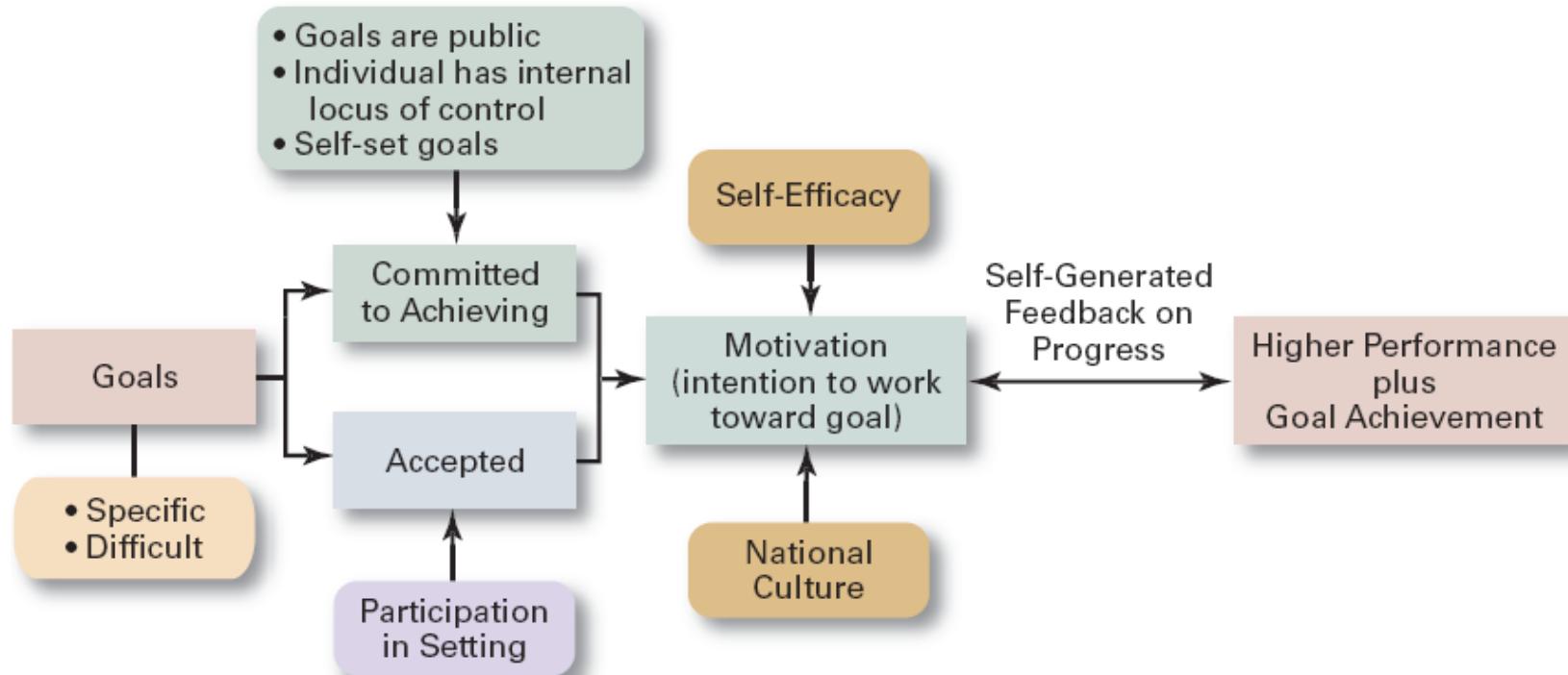
- Goal-Setting Theory

- Proposes that setting goals that are accepted, specific, and challenging yet achievable will result in higher performance than having no or easy goals.
- Is culture bound to the U.S. and Canada.

- Benefits of Participation in Goal-Setting

- Increases the acceptance of goals.
- Fosters commitment to difficult, public goals.
- Provides for self-feedback (internal locus of control) that guides behavior and motivates performance (self-efficacy).

# Goal-Setting Theory



# Motivation and Behavior

- Reinforcement Theory

- Assumes that a desired behavior is a function of its consequences, is externally caused, and if reinforced, is likely to be repeated.
  - ❖ Positive reinforcement is preferred for its long-term effects on performance
  - ❖ Ignoring undesired behavior is better than punishment which may create additional dysfunctional behaviors.

# Designing Motivating Jobs

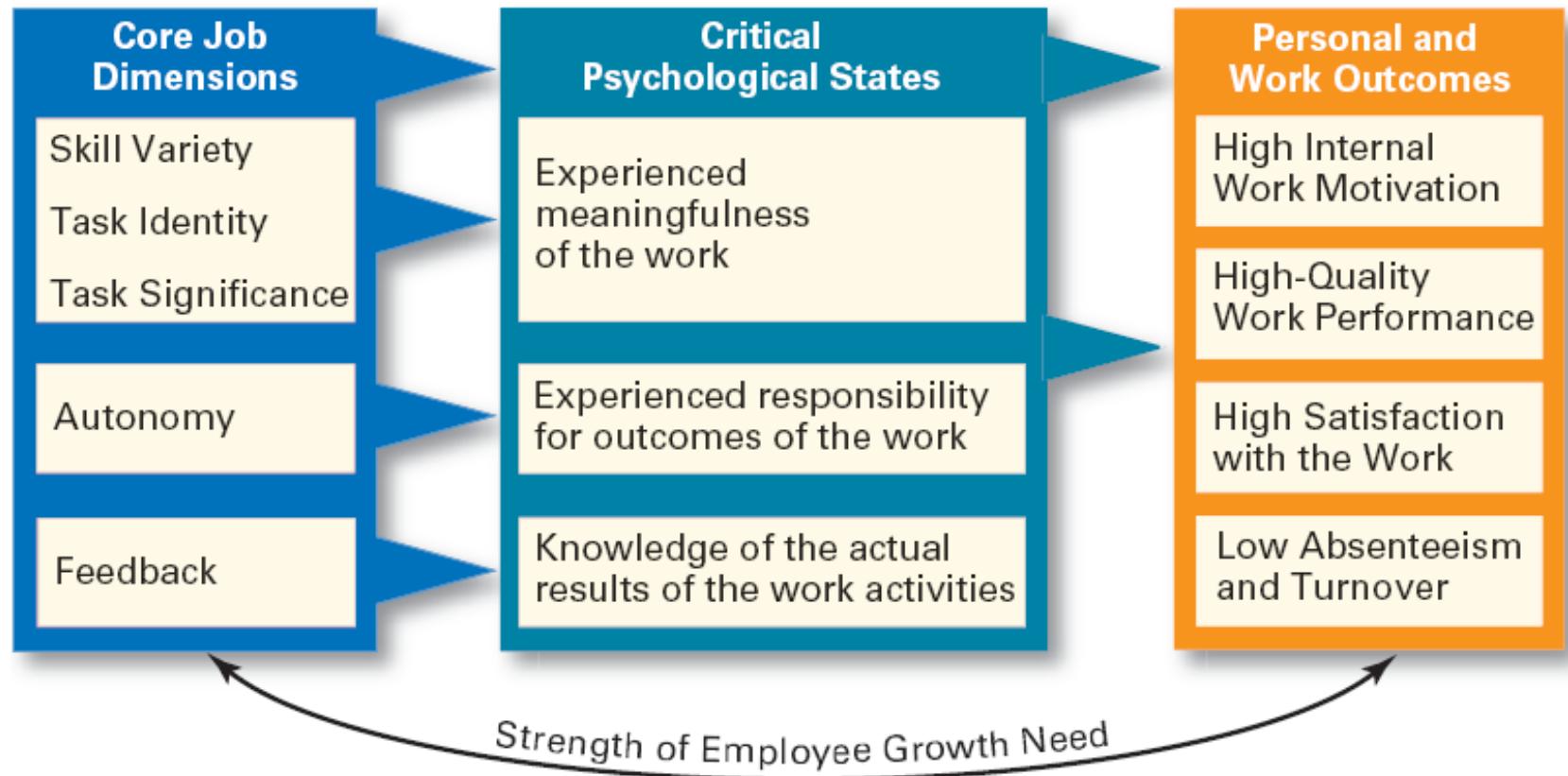
- Job Design
  - The way into which tasks can be combined to form complete jobs.
  - Factors influencing job design:
    - ❖ Changing organizational environment/structure
    - ❖ The organization's technology
    - ❖ Employees' skill, abilities, and preferences
  - Job enlargement
    - ❖ Increasing the job's scope (number and frequency of tasks)
  - Job enrichment
    - ❖ Increasing responsibility and autonomy (depth) in a job.

# Designing Motivating Jobs (cont'd)

- Job Characteristics Model (JCM)

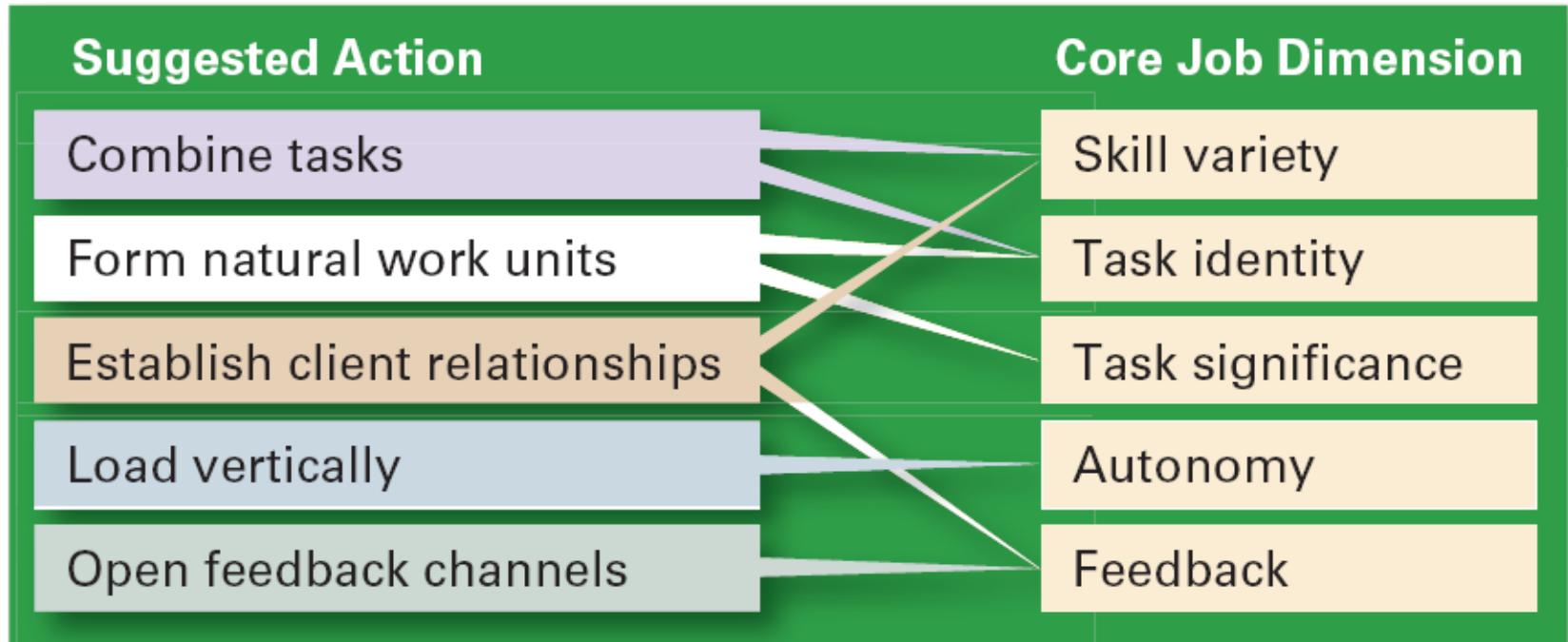
- A conceptual framework for designing motivating jobs that create meaningful work experiences that satisfy employees' growth needs.
- Five primary job characteristics:
  - ❖ **Skill variety:** how many skills and talents are needed?
  - ❖ **Task identity:** does the job produce a complete work?
  - ❖ **Task significance:** how important is the job?
  - ❖ **Autonomy:** how much independence does the jobholder have?
  - ❖ **Feedback:** do workers know how well they are doing?

## Job Characteristics Model



**Source:** J.R. Hackman and J.L. Suttle (eds.). *Improving Life at Work* (Glenview, IL: Scott, Foresman, 1977). With permission of the authors.

## Guidelines for Job Redesign



**Source:** J.R. Hackman and J.L. Suttle (eds.). *Improving Life at Work* (Glenview, IL: Scott, Foresman, 1977). With permission of the authors.

# Designing Motivating Jobs (cont'd)

- Suggestions for Using the JCM
  - Combine tasks (job enlargement) to create more meaningful work.
  - Create natural work units to make employees' work important and whole.
  - Establish external and internal client relationships to provide feedback.
  - Expand jobs vertically (job enrichment) by giving employees more autonomy.
  - Open feedback channels to let employees know how well they are doing.

# Motivation and Perception

- ## Equity Theory

- Proposes that employees perceive what they get from a job situation (outcomes) in relation to what they put in (inputs) and then compare their inputs-outcomes ratio with the inputs-outcomes ratios of relevant others.
  - ❖ If the ratios are perceived as equal then a state of equity (fairness) exists.
  - ❖ If the ratios are perceived as unequal, inequity exists and the person feels under- or over-rewarded.
  - ❖ When inequities occur, employees will attempt to do something to rebalance the ratios (seek justice).

# Motivation and Perception (cont'd)

- **Equity Theory (cont'd)**

- Employee responses to perceived inequities:
  - ❖ Distort own or others' ratios.
  - ❖ Induce others to change their own inputs or outcomes.
  - ❖ Change own inputs (increase or decrease efforts) or outcomes (seek greater rewards).
  - ❖ Choose a different comparison (referent) other (person, systems, or self).
  - ❖ Quit their job.
- Employees are concerned with both the absolute and relative nature of organizational rewards.

## Equity Theory

---

Perceived Ratio Comparison <sup>a</sup>	Employee's Assessment
$\frac{\text{Outcomes A}}{\text{Inputs A}} < \frac{\text{Outcomes B}}{\text{Inputs B}}$	Inequity (underrewarded)
$\frac{\text{Outcomes A}}{\text{Inputs A}} = \frac{\text{Outcomes B}}{\text{Inputs B}}$	Equity
$\frac{\text{Outcomes A}}{\text{Inputs A}} > \frac{\text{Outcomes B}}{\text{Inputs B}}$	Inequity (overrewarded)

<sup>a</sup> Person A is the employee, and person B is a relevant other or referent.

# Motivation and Perception (cont'd)

- **Equity Theory (cont'd)**

- **Distributive justice**

- ❖ The perceived fairness of the amount and allocation of rewards among individuals (i.e., who received what).
      - Influences an employee's satisfaction.

- **Procedural justice**

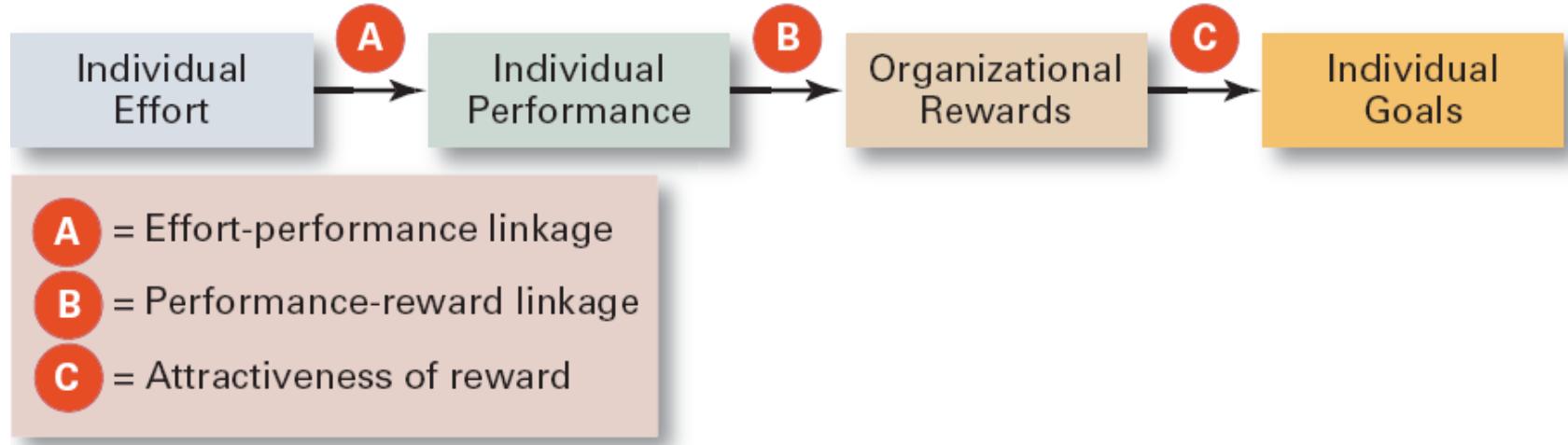
- ❖ The perceived fairness of the process used to determine the distribution of rewards (i.e., how who received what).
      - Affects an employee's organizational commitment.

# Motivation and Behavior

- **Expectancy Theory (Vroom)**

- 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.
- Key to the theory is understanding and managing employee goals and the linkages among and between effort, performance and rewards.
  - ❖ **Effort:** employee abilities and training/development
  - ❖ **Performance:** valid appraisal systems
  - ❖ **Rewards (goals):** understanding employee needs

## Simplified Expectancy Model



# Motivation and Behavior (cont'd)

- **Expectancy Relationships**

- **Expectancy (effort-performance linkage)**

- ❖ The perceived probability that an individual's effort will result in a certain level of performance.

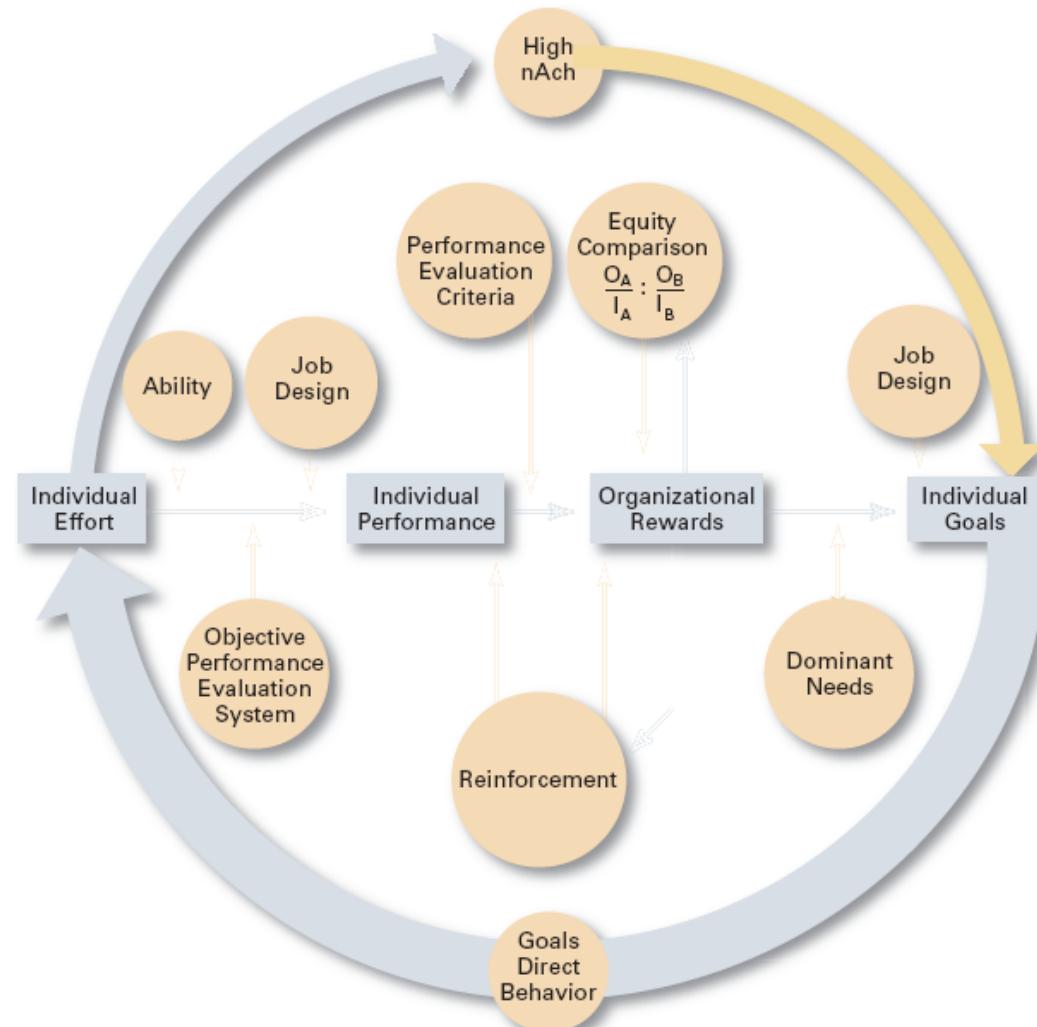
- **Instrumentality**

- ❖ The perception that a particular level of performance will result in the attaining a desired outcome (reward).

- **Valence**

- ❖ The attractiveness/importance of the performance reward (outcome) to the individual.

# Integrating Contemporary Theories of Motivation



# Current Issues in Motivation

- Cross-Cultural Challenges

- Motivational programs are most applicable in cultures where ***individualism*** and ***quality of life*** are cultural characteristics
  - ❖ Uncertainty avoidance of some cultures inverts Maslow's needs hierarchy.
  - ❖ The need for achievement (nAch) is lacking in other cultures.
  - ❖ Collectivist cultures view rewards as "entitlements" to be distributed based on individual needs, not individual performance.

- Cross-Cultural Consistencies

- ❖ Interesting work is widely desired, as is growth, achievement, and responsibility.

# Current Issues in Motivation (cont'd)

- Motivating Unique Groups of Workers
  - Motivating a diverse workforce through flexibility:
    - ❖ Men desire more autonomy than do women.
    - ❖ Women desire learning opportunities, flexible work schedules, and good interpersonal relations.

# Current Issues in Motivation (cont'd)

- Flexible Work/Job schedules

- Compressed work week

- ❖ Longer daily hours, but fewer days

- Flexible work hours (flexitime)

- ❖ Specific weekly hours with varying arrival, departure, lunch and break times around certain core hours during which all employees must be present.

- Job Sharing

- ❖ Two or more people split a full-time job.

- Telecommuting

- ❖ Employees work from home using computer links.

# Current Issues in Motivation (cont'd)

- Motivating Professionals

- Characteristics of professionals

- ❖ Strong and long-term commitment to their field of expertise.
    - ❖ Loyalty is to their profession, not to the employer.
    - ❖ Have the need to regularly update their knowledge.
    - ❖ Don't define their workweek as 8:00 am to 5:00 pm.

- Motivators for professionals

- ❖ Job challenge
    - ❖ Organizational support of their work

# Current Issues in Motivation (cont'd)

- Motivating Contingent Workers
  - Opportunity to become a permanent employee
  - Opportunity for training
  - Equity in compensation and benefits
- Motivating Low-Skilled, Minimum-Wage Employees
  - Employee recognition programs
  - Provision of sincere praise

# Current Issues in Motivation (cont'd)

- Designing Appropriate Rewards Programs
  - Open-book management
    - ❖ Involving employees in workplace decision by opening up the financial statements of the employer.
  - Employee recognition programs
    - ❖ Giving personal attention and expressing interest, approval, and appreciation for a job well done.
  - Pay-for-performance
    - ❖ Variable compensation plans that reward employees on the basis of their performance:
      - Piece rates, wage incentives, profit-sharing, and lump-sum bonuses

# Current Issues in Motivation (cont'd)

- Designing Appropriate Rewards Programs (cont'd)
  - Stock option programs
    - ❖ Using financial instruments (in lieu of monetary compensation) that give employees the right to purchase shares of company stock at a set (option) price.
    - ❖ Options have value if the stock price rises above the option price; they become worthless if the stock price falls below the option price.

## Recommendations for Designing Stock Options

Design Question	Choices	Recommendations
Who receives them?	<ul style="list-style-type: none"><li>• Broad-based or restricted</li></ul>	Match company growth prospects, management style, and organizational culture.
How many?	<ul style="list-style-type: none"><li>• Large or small percentage of employee income</li><li>• Many or few options in previous grants</li></ul>	Match company growth prospects.
What terms?	<ul style="list-style-type: none"><li>• Vesting*</li><li>• Maturity</li></ul>	<p>Know that large, previous grants may increase recipient risk aversion. Should match business cycle. Terms shorter than 10 years can create stronger pay-for-performance relationships.</p>
How often?	<ul style="list-style-type: none"><li>• Fixed or variable schedule</li></ul>	<p>Predictable grants may reduce incentive alignment prospects. Internal equity issues may result from schedules that result in a variety of exercise prices.</p>

\* Vesting refers to the time that must pass before a person can exercise the option.

**Source:** P. Brandes, R. Dharwadkar, and G.V. Lemesis, "Effective Employee Stock Option Design: Reconciling Stakeholder, Strategic, and Motivational Factors," *Academy of Management Executive*, February 2003, p. 84.

## Recommendations for Designing Stock Options (cont'd)

Design Question	Choices	Recommendations
What price?	<ul style="list-style-type: none"><li>• Fair-market value</li><li>• Premium</li><li>• Discounted</li><li>• Indexed</li></ul>	Employees must view stock option exercise prices as feasible and believe that chosen benchmarks are appropriate.
What ownership?	<ul style="list-style-type: none"><li>• Holding requirements after exercise</li><li>• Ownership guidelines</li></ul>	<p>Requiring recipients to hold some of their shares after exercise encourages better incentive alignment.</p> <p>Clear general ownership guidelines can also increase incentive alignment.</p>

**Source:** P. Brandes, R. Dharwadkar, and G.V. Lemesis, "Effective Employee Stock Option Design: Reconciling Stakeholder, Strategic, and Motivational Factors," *Academy of Management Executive*, February 2003, p. 84.

# From Theory to Practice: Guidelines for Motivating Employees

- Use goals
- Ensure that goals are perceived as attainable
- Individualize rewards
- Link rewards to performance
- Check the system for equity
- Use recognition
- Show care and concern for employees
- Don't ignore money

# Questions? - Motivation.

- What motivates you? Why?
- Are you very motivated to do things or do you need motivation?
- What activity do you have no motivation to do?
- What is a great motivational quote?
- Have you read any good motivational books or articles? What were they about?
- Does motivation come from inside a person or from their environment? Explain why you think so.
- How can you help someone who has no motivation?
- How often do you exercise or workout? What is the best way to motivate yourself to work out?
- What song do you listen to for motivation?
- What do you think of motivation posters in offices, do they actually help?