RV COLLEGE OF ENGINEERING®, BENGALURU-560059

(Autonomous Institution Affiliated to VTU, Belagavi)



**Herzberg’s Two Factor Theory**

**Contemporary Theory of Motivation: Adam’s Equity theory**

PROJECT REPORT

***Submitted by***

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| **MANOJ KUMAR B V** | 1RV23CS407 |

**Under the Guidance of**

**Dr. Sandhya S**

**Associate Professor**

**Department of Computer Science and Engineering**

**R.V College of Engineering**

***in partial fulfilment for the requirement of 5th Semester***

***PRINCIPLES OF MANAGEMENT AND ECONOMICS(HS251TA)***

**Academic Year 2024-25**

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**CERTIFICATE**

Certified that the project work titled **Herzberg’s Two Factor Theory,**

**Contemporary Theory of Motivation: Adam’s Equity theory,** is carried out by Manoj Kumar BV (1RV23CS407),who is a bonafide student of R. V. College of Engineering, Bengaluru, in partial fulfillment of the curriculum requirement of 5th Semester ***Principles of Management and Economics (HS251TA)*** during the academic year **2024-2025**. It is certified that all corrections/suggestions indicated for the internal Assessment have been incorporated in the report.

**Signature of Faculty In-charge                                                       Head of the Department**

**Dept. of CSE, RVCE**

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**ABSTRACT**

Herzberg’s Two-Factor Motivation Theory classifies employee motivation into two categories: motivation factors (e.g., achievement, recognition, responsibility, and growth) and hygiene factors (e.g., company policies, salary, supervision, and working conditions). The theory suggests that while the absence of hygiene factors causes dissatisfaction, their presence does not enhance motivation. In contrast, motivation factors directly influence employee motivation. This study aimed to test Herzberg’s theory using quantitative research on 162 white-collar municipal employees in Turkey. A Likert scale and percentage distribution analysis were employed to assess the relevance of these factors. The results partially supported Herzberg’s theory, as hygiene factors like salary, company policy, and work conditions were found to be significant motivators, while motivation factors such as responsibility and recognition played a lesser role than expected. Interestingly, salary's motivating effect decreased as workers’ average income increased.

Additionally, Adams’ Equity Theory was examined, which proposes that employees assess workplace fairness by comparing their input-output ratios with those of their peers. Inputs include skills, time, and effort, while outputs encompass salary, status, and promotions. Employees perceive inequity when their contributions do not align with their rewards, leading to demotivation and decreased productivity. The study highlights the importance of fairness in employee satisfaction and behavior, reinforcing that employees who feel equitably treated exhibit higher motivation and performance.

**INTRODUCTION**

In the realm of organizational behavior and management, understanding employee motivation is a critical aspect of fostering a productive, engaged, and satisfied workforce. Motivated employees contribute not only to the success of an organization but also to a positive workplace culture, improved performance, and lower turnover rates. Given the complexities of human behavior, various theories have been developed to explain what drives employees to perform at their best. Among these, Herzberg’s Two-Factor Theory and Adam’s Equity Theory stand out as influential models that provide valuable insights into employee motivation and workplace dynamics.

1. **Herzberg’s Two-Factor Theory**

Herzberg’s Two-Factor Theory, also known as the Motivation-Hygiene Theory, suggests that employee satisfaction and dissatisfaction are influenced by two distinct sets of factors: motivators (intrinsic factors) and hygiene factors (extrinsic factors). While motivators, such as recognition, achievement, and career growth, drive employees toward higher performance and job satisfaction, hygiene factors, such as salary, company policies, and working conditions, primarily prevent dissatisfaction but do not necessarily enhance motivation. This theory underscores the importance of creating an environment where employees are not only satisfied with their basic working conditions but also provided with opportunities for growth and self-fulfilment.

1. Overview