

CHAPTER 16:

MOTIVATING EMPLOYEES

LEARNING OUTLINE

Follow this Learning Outline as you read and study this chapter.

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.

LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

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.

LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

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.

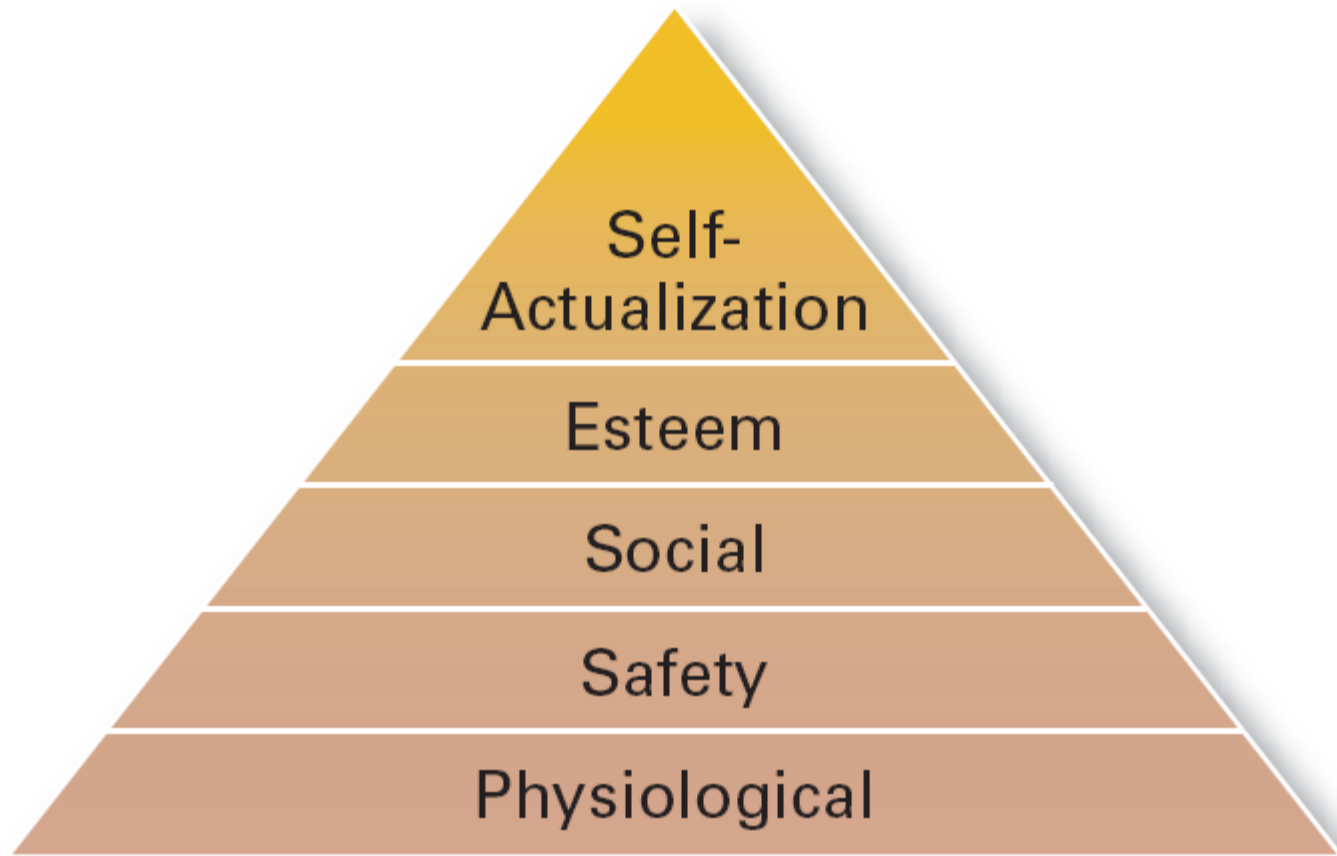
Early Theories of Motivation

- 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

Exhibit 16–1 Maslow's Hierarchy of Needs



Maslow's Hierarchy of Needs Theory

- **Physiological needs:** A person's needs for food, drink, shelter, and other physical requirements.
- **Safety needs:** A person's needs for security and protection from physical and emotional harm, as well as assurance that physical needs will continue to be met.
- **Social needs:** A person's needs for affection, belongingness, acceptance, and friendship.
- **Esteem needs:** A person's needs for internal esteem factors such as self-respect, autonomy, and achievement and external esteem factors such as status, recognition, and attention.
- **Self-actualization needs:** A person's needs for growth, achieving one's potential, and self-fulfillment; the drive to become what one can become.

- **Managers using Maslow's hierarchy to motivate employees do things to satisfy employees' needs.**
- **But the theory also says that once a need is substantially satisfied, an individual is no longer motivated to satisfy that need.**
- **Therefore, to motivate someone, it is important to understand what need level that person is on in the hierarchy and focus on satisfying needs at or above that level.**

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.

McGregor's Theory X and Theory Y

- **Unfortunately, no evidence confirms that either set of assumptions is valid or that being a Theory Y manager is the only way to motivate employees.**

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.

Exhibit 16–2 Herzberg's Motivation-Hygiene Theory

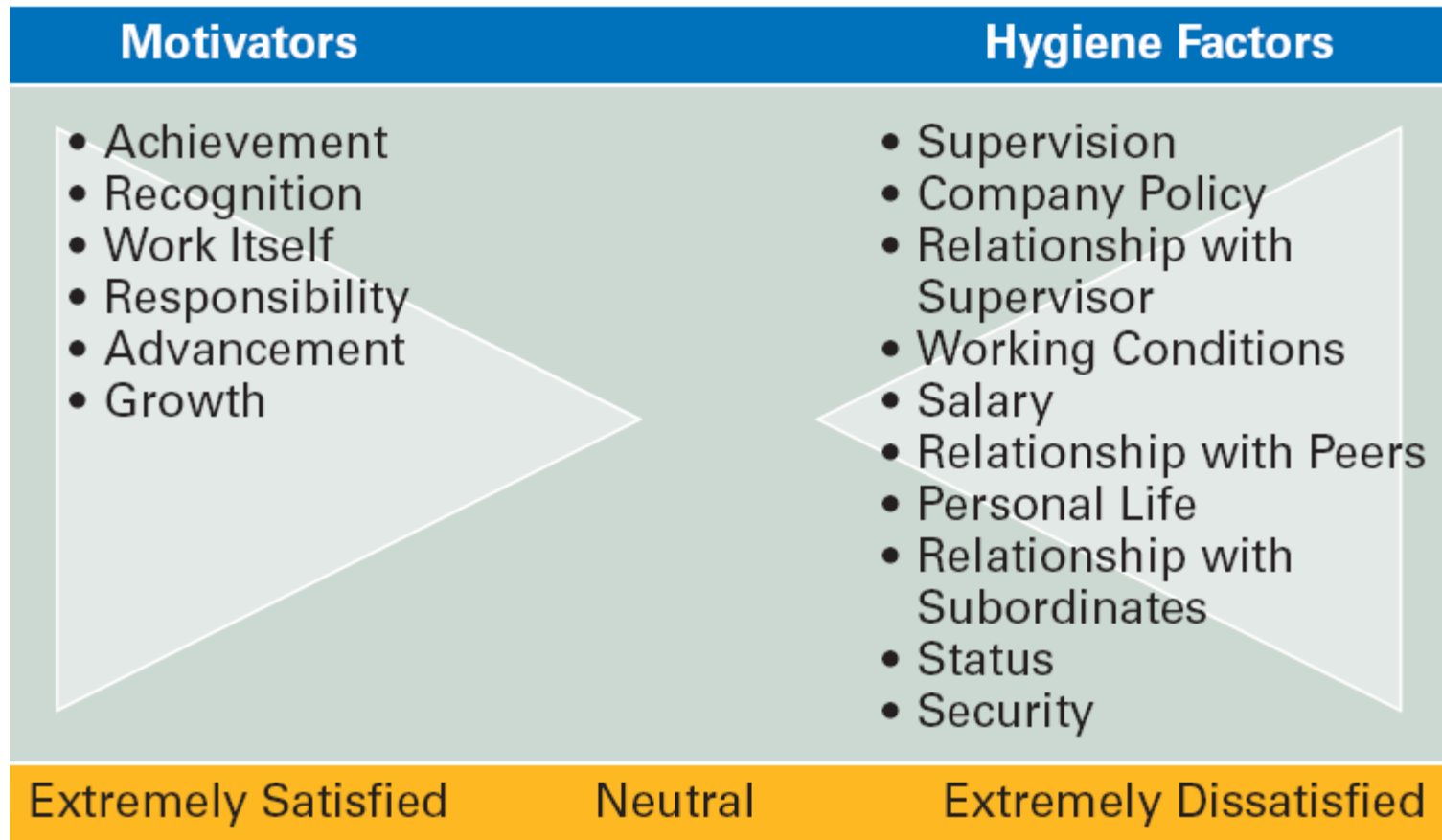


Exhibit 16–3 Contrasting Views of Satisfaction-Dissatisfaction

Traditional View

Satisfied

Dissatisfied

Herzberg's View

Motivators

Satisfaction

No Satisfaction

Hygiene Factors

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

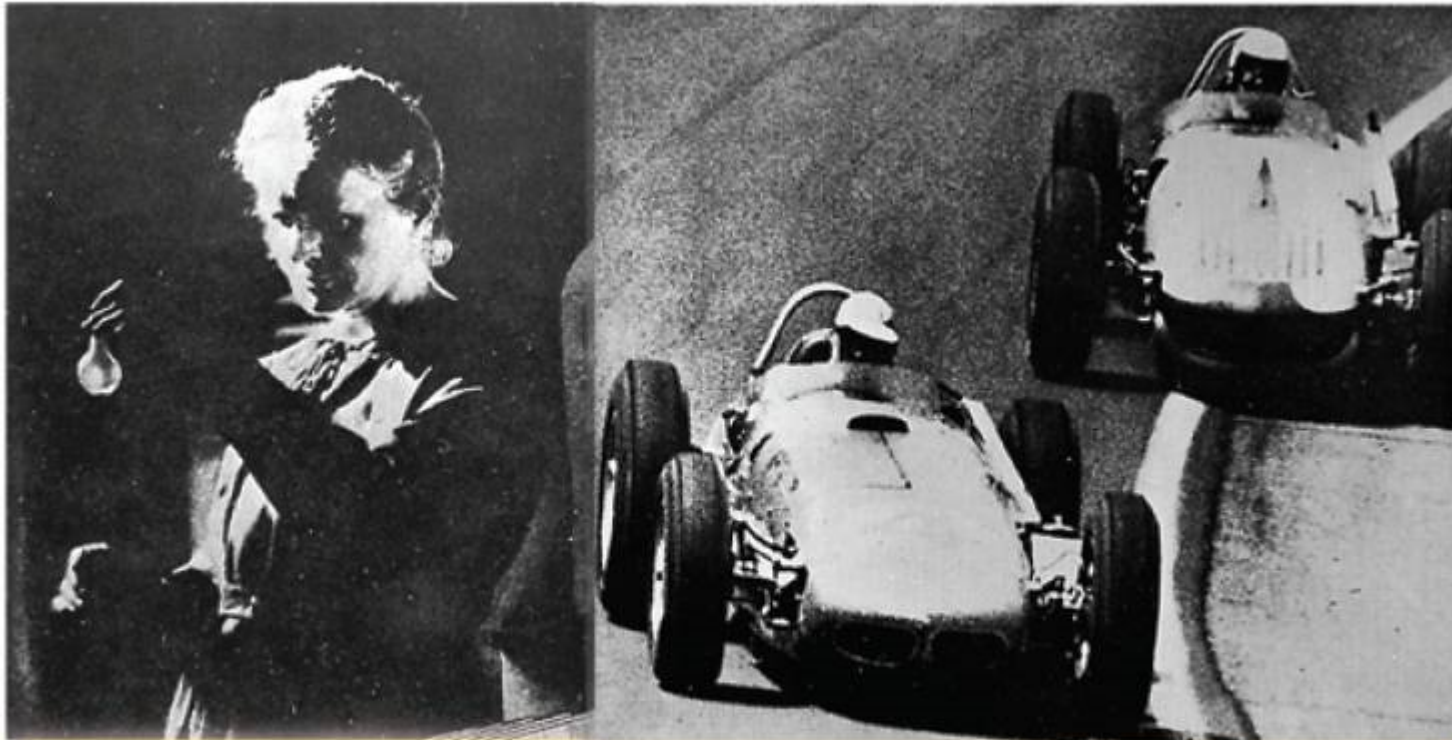
- ❖ **Need for power (nPow)**

- The need to influence the behavior of others

- ❖ **Need of affiliation (nAff)**

- The desire for interpersonal relationships

Exhibit 16–4 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

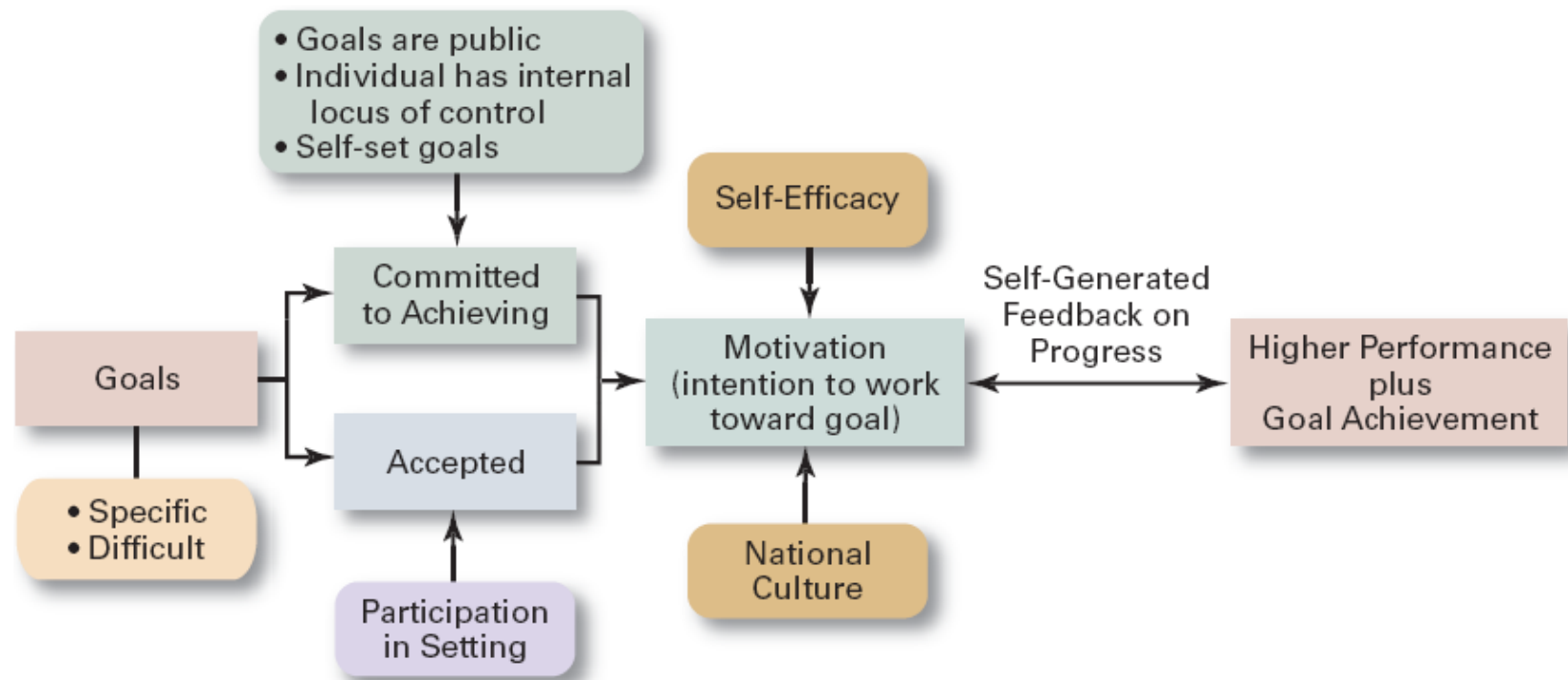
- Goal-Setting Theory

- 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).

Exhibit 16–5 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

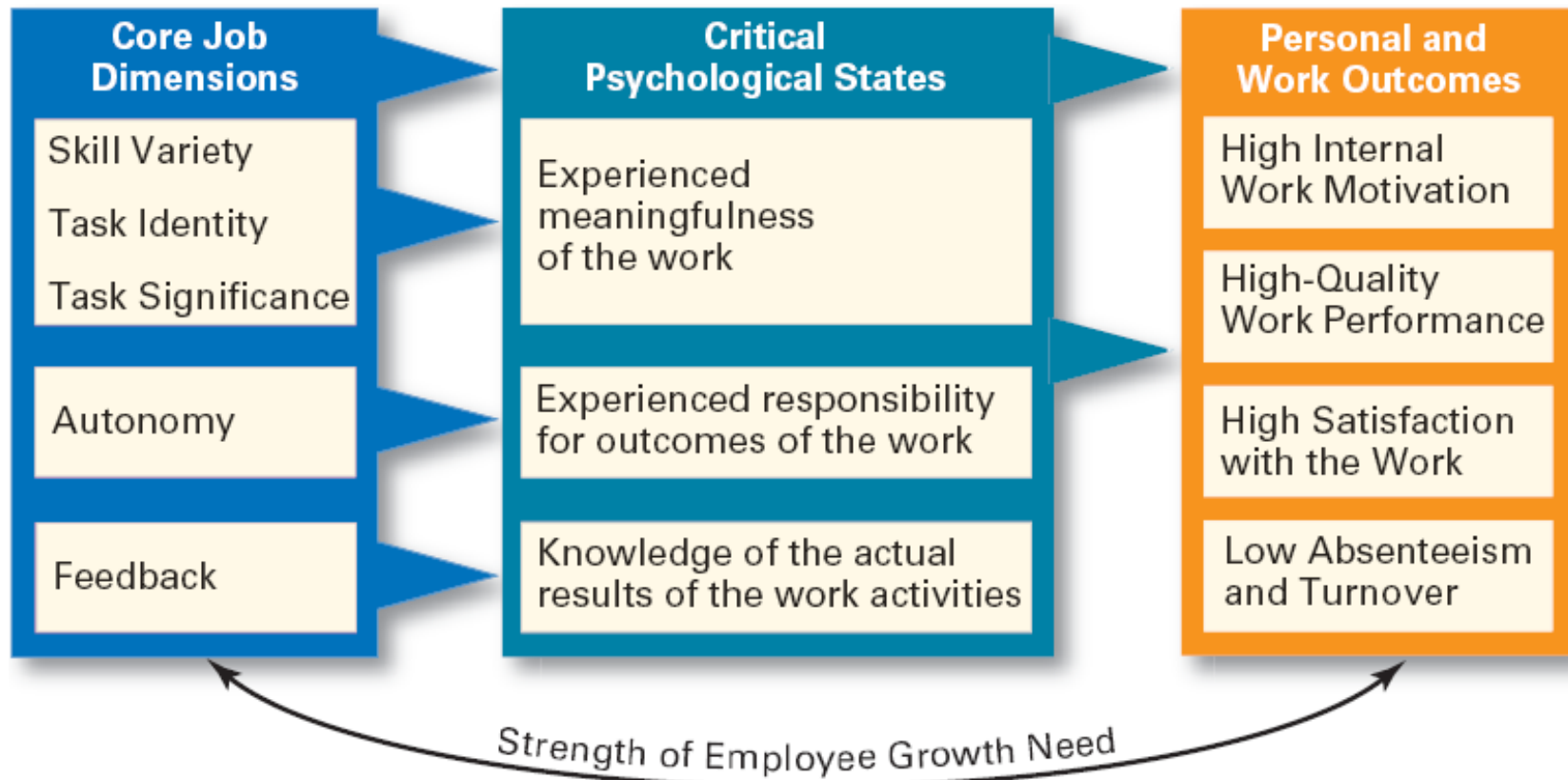
- Job Design

- 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?

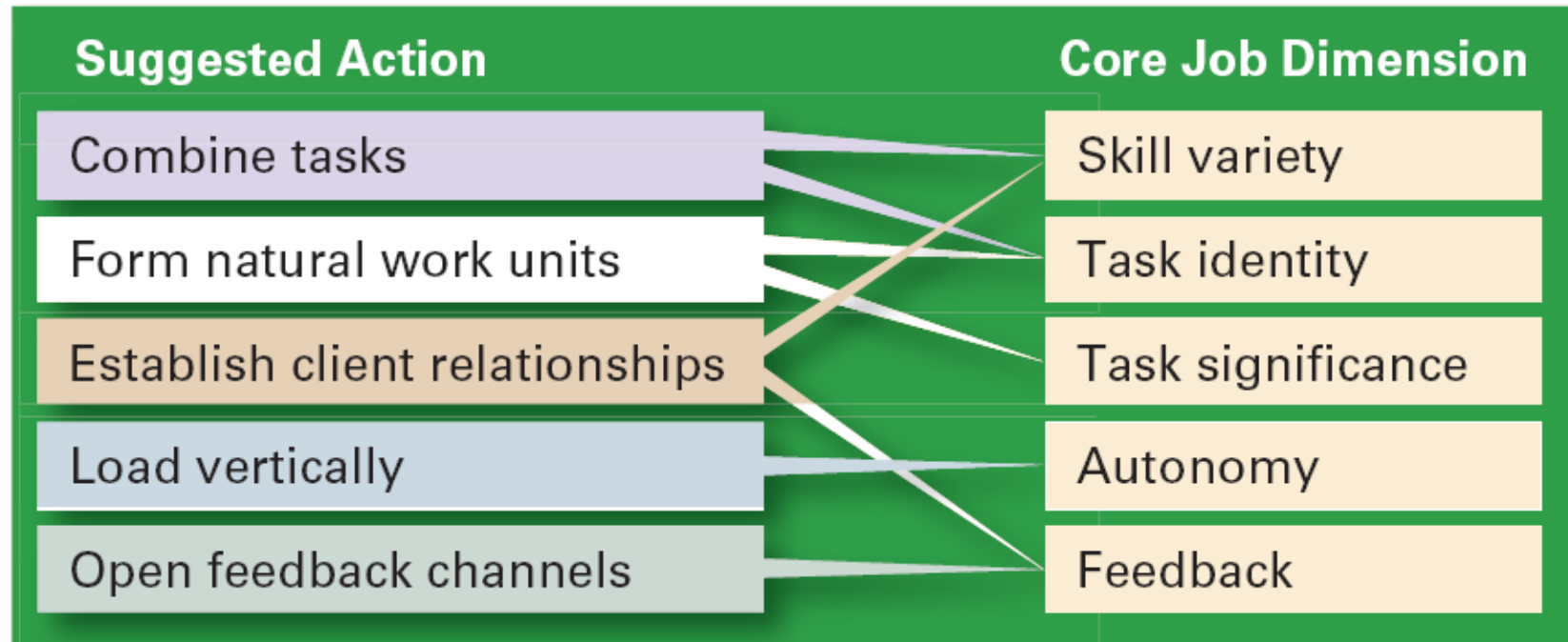
Exhibit 16–6 Job Characteristics Model



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Exhibit 16–7 Guidelines for Job Redesign



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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.

Exhibit 16–8 Equity Theory

Perceived Ratio Comparison ^a	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)

^a 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

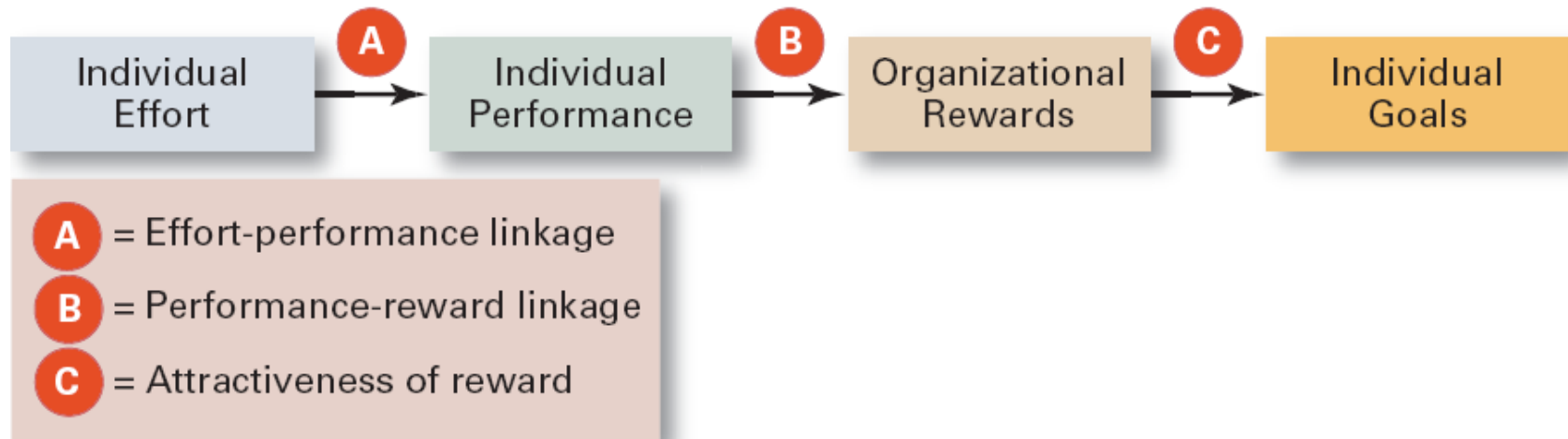
- ❖ The perceived fairness of the process use to determine the distribution of rewards (i.e., how who received what).
 - Affects an employee's organizational commitment.

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

Exhibit 16–9 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.

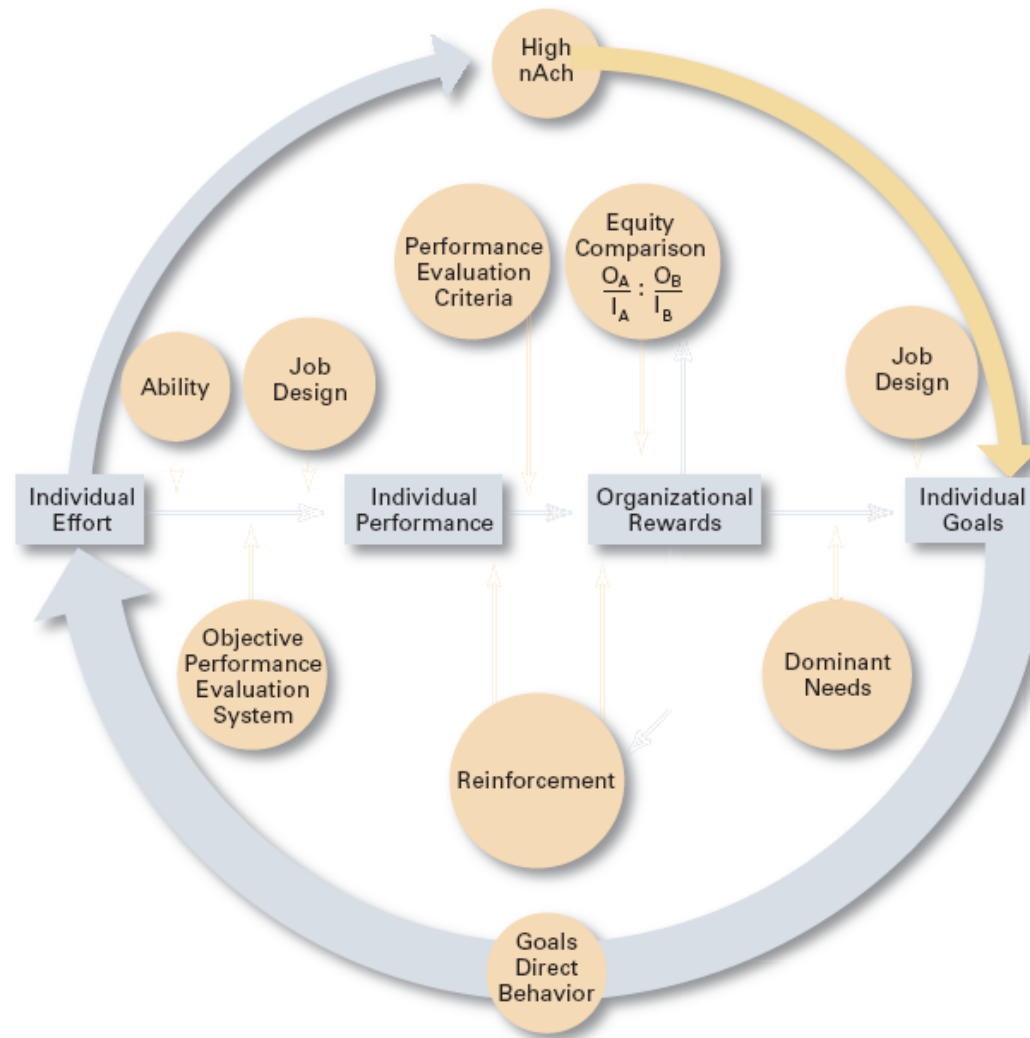
- Instrumentality

- ❖ 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.

Exhibit 16–10 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 (flextime)

- ❖ 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.

Exhibit 16–11 Recommendations for Designing Stock Options

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

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Exhibit 16–11 (cont'd) Recommendations for Designing Stock Options

Design Question	Choices	Recommendations
What price?	<ul style="list-style-type: none">• Fair-market value• Premium• Discounted• Indexed	Employees must view stock option exercise prices as feasible and believe that chosen benchmarks are appropriate.
What ownership?	<ul style="list-style-type: none">• Holding requirements after exercise• Ownership guidelines	<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. Lemos, "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

Terms to Know

- motivation
- hierarchy of needs theory
- physiological needs
- safety needs
- social needs
- esteem needs
- self-actualization needs
- Theory X
- Theory Y
- motivation-hygiene theory
- hygiene factors
- motivators
- three-needs theory
- need for achievement (nAch)
- need for power (nPow)
- need for affiliation (nAff)
- goal-setting theory
- self-efficacy
- reinforcement theory
- reinforcers
- job design
- job scope
- job enlargement

Terms to Know (cont'd)

- job enrichment
- job depth
- job characteristics model (JCM)
- skill variety
- task identity
- task significance
- autonomy
- feedback
- equity theory
- referents
- distributive justice
- procedural justice
- expectancy theory
- compressed workweek
- flexible work hours (flextime)
- job sharing
- telecommuting
- open-book management
- employee recognition programs
- pay-for-performance programs
- stock options