

MOTIVATION



LEARNING OBJECTIVES

After comprehensive study of this chapter, you will be able to:

- get the meaning and importance of motivation,
- know the theories of motivation: Need Hierarchy and Motivation-Hygiene,
- acquaint with the meaning of reward and its types,
- be signify reward system to motivate performance,
- be familiar with motivation techniques i.e. employee participation, quality of work life, and self-managed teams,
- know the strategies for motivating employees.

CONCEPT OF MOTIVATION

Organization becomes effective when each one of its members gives an optimum contribution for organizational performance. The performance of an individual as well as different groups in the organization depend upon the ability and willingness its members to work and the technologies used by them. Ability is the function of education, training, and experience while willingness depends upon the level of motivation. Willingness of employees is more important than the ability for competitive performance of the organization.

The term 'motivation' has been derived from the word motive, which means urge to do or not to do something. As a noun, the word 'motive' means an objective and as a verb it means moving into actions. By combining, motivation can be defined as the act of inspiring the people working in organization to devote their cent percent effort at work to achieve organizational goals. Motivation is an inner state that stimulates energy and creativeness to do something better.

It is a process of strengthening internal force that drives the people to act in such a way that all the desired level of output will be achieved. It is the activity that creates willingness and desire to do work successfully. Motivation acts as a catalyst in order to achieve the goal. It is the only way that employees of the organization perform their task effectively and efficiently. Motivation is the psychological process of creating willingness to work and cooperate for the achievement of organizational goals.

Kootz and Weihrich: "Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces."

Ricky Griffin: "Motivation is the set of forces that causes people to behave in certain way."

Dale S. Beach: "Motivation can be defined as a willingness to work to expend energy to achieve a goal or reward."

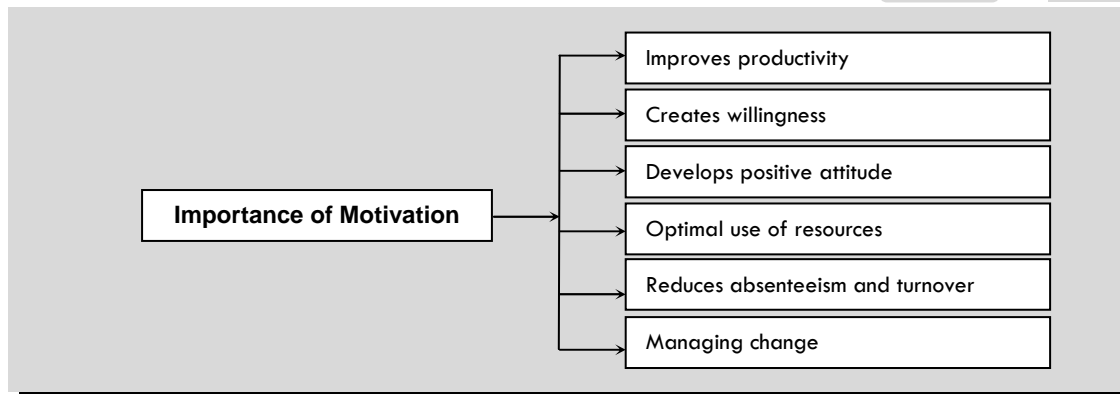
Stephen P. Robbins: "Motivation is a process that accounts for an individual's intensity, direction and persistence of effort towards attaining a goal."

In summary, motivation is inner state that mind, which energies, activates and directs behavior towards achieving organizational goals. Motivation reflects an impulse, drive, or urges to move in a specific direction to achieve the specific needs or goals. It is concerned with how behavior gets started, is energized, sustained directed and stopped. As a function of management, motivation is the process of inspiring and impelling people to take required actions by providing stimuli that satisfy their needs and motives. Thus, motivation is the one of stimulating people to get a desired course of action.

IMPORTANCE OF MOTIVATION

Motivation is the only tool to persuade employees for effective and efficient work which assures materialization of organizational goals. In broad sense, its importance can be discussed under the following points:

1. **Improves productivity:** Motivation encourages employees for the optimal use of available resources in the organization. It enhances the ability, potentiality, efficiency, etc. of the employees. This helps to decrease the wastage of resources at one hand and at the other hand it improves the quality of work. Motivation leads improvement in productivity of the employees as well as organization.
2. **Creates willingness:** Employees are motivated with different forms of financial and non-financial incentives to the employees. Such motivational tools create willingness amongst the employees to do the work, effectively and honestly. Their willingness makes them creative and initiative.



3. **Develops positive attitude:** Motivated employees always become positive towards the organization and management. Poorly motivated or negatively motivated employees develop negative attitude towards the organization and they do not actively participate in realizing the organizational goal. Employees having positive attitude work for organizational benefit rather than personal and competitor's benefits.
4. **Optimal use of resources:** The motivated employees use available resources in organization in such a way as private properties. Because of optimal utilization of resources, employees get maximum satisfaction even from the minimum resources. Through the optimal use of organizational resources, motivation provides chances for organizational success.
5. **Reduces absenteeism and turnover:** If employees are positively motivated, they get satisfied with managers and whole organization. Such employees do not want to be absent at job and to leave the job. They work in the organization for long time. At the other hand, if employees are not motivated, employees do not get job satisfaction. They always search new job and organization. Job absenteeism and turnover ratio remains high. High absenteeism and turnover create problems and organization can not realize the goal.
6. **Managing change:** For organizational as well as personal growth, change is the must. But most of the employees do not want to change in goals and way of doing things i.e. responsibility. Only through motivation, managers can change the behavior of employees for managing change.

THEORIES OF MOTIVATION

There are number of motivational theories propounded by researchers, scholars and behavioral scientists. Among the various theories, some of them are explained as below:

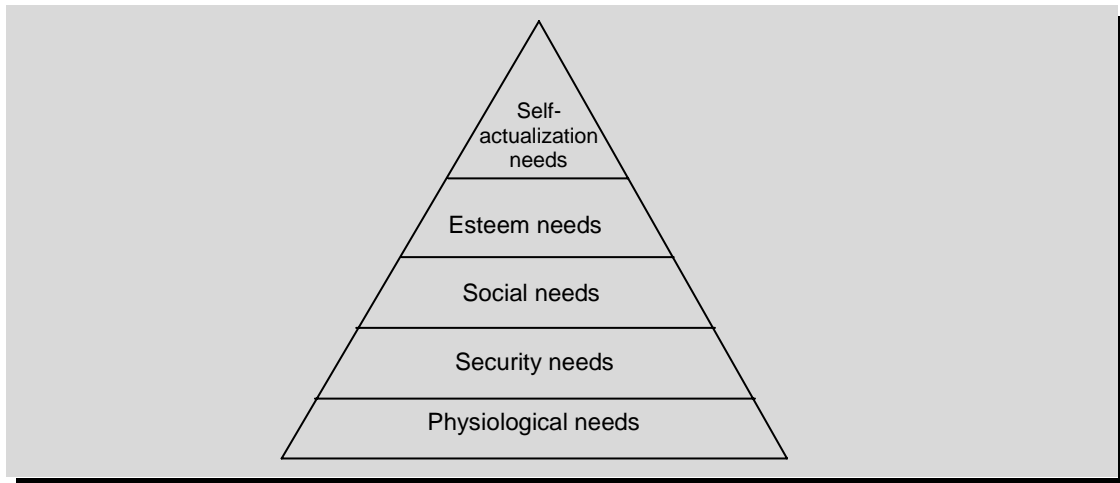
NEED HIERARCHY THEORY

Need hierarchy theory is developed by well-known psychologist Abraham Maslow in 1943 A.D. This theory is based on human needs. Maslow classified the human needs into a hierarchical form ranging from lower to higher order. In essence, he believed that only unsatisfied needs motivate the people. Further, only after fulfilling a given level of needs is satisfied, higher level of new needs will be emerged. Employees can be motivated for the new needs to fulfill.

Assumptions of the Need hierarchy theory

- a. People seek growth. Needs move up in the hierarchical form.
- b. A satisfied need is not a motivator. A need that is unsatisfied activates seeking behavior. If a lower level need is satisfied, a higher level emerges.
- c. Adult motives are complex. Such need motives influence the behavior of person.
- d. Higher level needs can be satisfied in many ways than can the lower level needs.
- e. No two subsequent levels of needs emerge in the person.

Maslow's need hierarchy connects various needs in the series of levels. First time, Maslow explained that the needs motivate the people and hence the needs influence the behavior. Following figure represents the need hierarchy of the person as suggested by Maslow.



1. **Physiological Needs:** Physiological needs are related to survival and maintenance of human life. Therefore, these needs are related with most primary or basic needs and must be satisfied before all other needs. Physiological needs include some common factors air, water, food, sex, rest, clothing, shelter, etc. So, all the people first, search such needs to be fulfilled. Besides these needs, different employees at the different jobs have different physiological needs. For instance, an employee working in production unit requires enough space to move, rest time, comfortable working environment, perfect machinery, etc. But, accountant working in the same organization has needs peace, cash counting machine, clear procedure of accounting, etc. Physiological needs can be satisfied by providing marketable wages, salary, economic incentives, working environment, machinery, etc.
2. **Safety Needs:** Once the physiological needs are fulfilled; next level of needs i.e. safety needs will emerge. These needs imply the needs for self-preservation and economic independence. These are the needs of being free from physical danger, threats, and economic deprivation. Safety needs can broadly be classified into three types i.e. physical security, job security and economic security. An organization can satisfy these needs through providing insurance, pension plan, job permanent, medical facility, mutual fund, etc.
3. **Social Needs:** Employees i.e. human being is a social animal. They expect association, affiliation, belongings, friendship, love and affection in the work place. Such social needs can be fulfilled by participating employees in group, work team, rewarding their skills and ideas, and participating in decision making.
4. **Esteem Needs:** Esteem needs are concerned with awareness of self-importance and recognition from others at the job. Such needs are also called ego needs. Ego is the recognizing self-ability to accomplish the job at the possible standard. Employees with esteem needs consist of full of self-confidence; deserve self-respect, desire independence at decision making; desire power, prestige, achievements, praise and status. Such needs can be fulfilled by allocating the challenging needs, delegating authority, allocating responsibility of team leader, rewarding for best performance, and allowing autonomy.
5. **Self-Actualization Needs:** Self-actualization is the need to maximize one's potential through the optimal use of capability for organizational purpose. This is related to the development of intrinsic capabilities which lead people to seek situations that can utilize their potential. Employees with self-actualization needs consist of competences to control over environmental changes, capability of planning, monitoring and controlling the activities at own initiation, and hold special capability of

mentoring others. They are careless for personal achievement but care more for their roles and responsibilities. A man with high intensity of achievement needs will be restless unless s/he finds satisfaction in doing what s/he is fit for doing. Normally, such people make separate goals themselves in organization. They continuously devote their effort for achieving goals whatever the conditions are. Self-actualization needs of the employees can be fulfilled through making them fully autonomous in goal setting, formulation of course of action and self-controlling.

Critical Evaluation of Maslow's Need Hierarchy Theory

As the hierarchy theory is the first formal study in motivation, it has made valuable contribution in the field of motivation. But, there are number of comments made by various researchers. Some of the critical comments are listed below:

- The needs may or may not follow a definite hierarchical order. So, to say, there may be overlapping in need in hierarchical order. But Maslow's basic assumption is that at a time only one level of needs emerges.
- The need priority model may not be equally applicable at all times in all the organization and places. Socio-economic, geo-political, culture and family structure, etc. are the factors which may differ the need priority. This is neglected by Maslow.
- Behavior of the employees at different times may be guided by multiple factors. Hence, Maslow's proposition that one level of needs is satisfied at one time may also be doubtfully valid.
- In few people, the level of motivation may be permanently lower or few people always get motivation with basic factors only. For instance, a person suffering from chronic unemployment may remain satisfied for the rest of his life if he gets enough food. In such situation, motivation may be complex if we completely follow this theory.

MOTIVATION-HYGIENE THEORY

Psychologist Frederick Herzberg extended the work of Maslow and proposed a new motivation theory, popularly known as Motivation-Hygiene (Two Factors) theory. He conducted widely reported motivational study to enquire the factors that influence satisfaction and dissatisfaction of employee at the job. He tried to identify what satisfies people and what not. He labeled the job satisfiers as motivators, and job dissatisfies as hygiene or maintenance factors.

According to Herzberg, the opposite of satisfaction is not dissatisfaction. The underlying reason is that removal of dissatisfying factors from a job does not necessarily make the job satisfying. He believes in the existence of a dual continuum i.e. different level of needs may arise at a time. Here, the opposite of 'satisfaction' is 'no satisfaction' and the opposite of 'dissatisfaction' is 'no dissatisfaction'. According to Herzberg, today's motivators may be tomorrow's hygiene because latter it may stop influencing the behavior of persons when they are fulfilled. Accordingly, one's hygiene may be the motivator for another employee.

Hygiene factors : Hygiene factors are those factors which do not satisfy the person even if the factors are available but at the absence of such factors, they become dissatisfied. Hygiene factors are what cause dissatisfaction among employees in the workplace in their absence. In order to remove dissatisfaction of employees in a work environment, management must ensure the elimination of hygiene factors, i.e. adequately guaranteed. There are several ways to eliminate the factors causing dissatisfaction; some of the most important ways to decrease dissatisfaction would be paying reasonable wages, ensuring employees job security, and creating a positive culture in the workplace. Herzberg suggested hygiene factors in the order from highest to lowest importance as company policy, supervision, employee's relationship with their boss, work conditions, salary, and relationships with peers. Hygiene factors are the job context factors.

Motivating factors: Motivating factors are the job satisfiers. In the presence of such factors, satisfaction level of employees can be increased. Such motivating factors give positive satisfaction arising from intrinsic conditions of the job itself, such as recognition, achievement, or personal growth. Thus, motivation factors are required to motivate employees to get their maximum performance. Motivation factors are job content related factors i.e. job itself should be motivating, challenging and achievement oriented. Managers should work hard to develop the recognition from the job with ample opportunities of advancement and growth for motivating employees.

Following table presents a set of classified factors representing hygiene and motivation factors as suggested by Herzberg.

Hygiene: Job Dissatisfaction	Motivators: Job Satisfaction
Company policy and administration	Achievement
Supervision	Recognition
Interpersonal relation	Work itself
Working condition	Responsibility
Salary	Advancement
Status	Growth
Security	

There can be high and low situation of both hygiene and motivation factors in each organization. These conditions form following four possible sets of situations:

- **High Hygiene and High Motivation:** This situation is the ideal situation where employees are highly satisfied and motivated. As there are no dissatisfiers because of which there will be no problem of dissatisfaction. In this situation, there will be no or very few complaints.
- **High Hygiene and Low Motivation:** In this situation, employee dissatisfaction remains low as there are sufficient factors to reduce the employee dissatisfaction. Employees have few complaints. But employees are not highly motivated. Employees view the job as a paycheck but not the tools for personal growth and advancement.
- **Low Hygiene and High Motivation:** This situation may occur if the job is exciting and challenging but salaries and work conditions are not up to par. In this situation, employees pay their best effort but have a lot of complaints. Only the employees with high achievement needs can continue the job.
- **Low Hygiene and Low Motivation:** This is the worst situation where employees are not motivated and have many complaints. This situation may occur if the job environment along with the job content factors is too poor. Management must initiate their earliest possible effort to improve the situation.

Implication of Hygiene-Motivation Theory

Herzberg's theory casts new light on the content of work motivation. The distinction of motivational and maintenance factors will help managers in bringing adequate and suitable motivational techniques to encourage individuals to pick performance. The most basic implication of this theory is that, in order to maximize human productivity, it is absolutely necessary to satisfy employee's maintenance needs and provide the opportunity to gratify their motivation needs. Maintenance needs can be fulfilled by providing the hygiene factors. The key to employee motivation lies in structuring meaningful, challenging and rewarding jobs that provide increased opportunities for achievement, responsibility, growth and recognition.

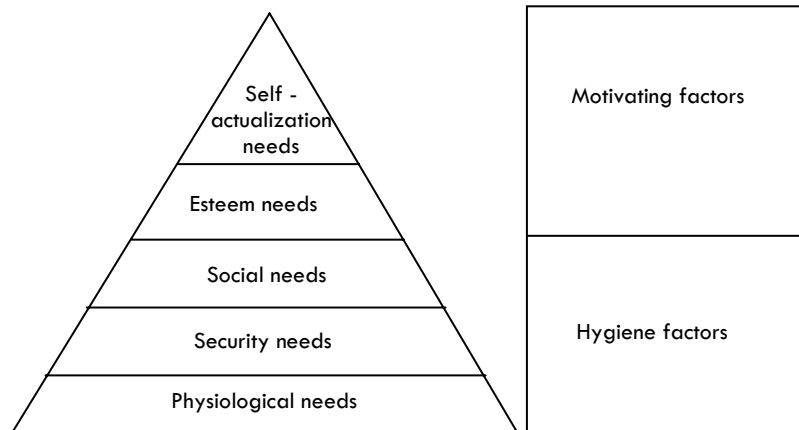
Critical Evaluation of Hygiene-Motivation Theory

As the Maslow's need hierarchy theory, Herzberg's hygiene-motivation theory has also some criticism as follows:

- People generally tend to take credit themselves when things go well. But, they blame external environment to the failure.
- This theory basically explains only on job satisfaction not motivation. Validity of this theory is still questionable.
- Even job satisfaction is not measured on an overall basis. It is not unlikely that a people may dislike part of their jobs, still think the job acceptable.
- The theory neglects situational variables to motivate an individual.

COMPARISON BETWEEN MASLOW AND HERZBERG'S THEORY

Herzberg's two factors theory of motivation is the improved version of Maslow's need hierarchy theory. There are similarities between these two theories. They are summarized as shown in following figure:



As shown above, the hygiene factors are roughly equivalent to Maslow's lower three order needs and the motivational factors are somewhat equivalent to higher order needs. Both models assume that the specific needs energize behavior of employees.

There are some basic differences between these two theories which are presented as follows:

Need hierarchy Theory	Basis of difference	Two factors theory
Sequential arrangement of needs	Order of need	No such arrangements of needs in order
Descriptive (Expressive)	Emphasis	Prescriptive (Dogmatic)
Unsatisfied needs energize behavior to cause performance	Essence	Gratified needs cause performance
Any needs can be a motivator if it is relatively unsatisfied	Motivators	Only higher level needs serve as motivator
Takes general view of the motivational problems of all workers.	Applicability	Takes a micro-view and deals with work-oriented motivational problems.

REWARD SYSTEM TO MOTIVATE PERFORMANCE

Business world is being more competitive day by day. Organizations should be proactive for environmental changes; at least they need to be early proactive on environmental shift. Because of open market economy, organizations have to face more complexity to maintain profitability position. The only way to make the organization more competitive is to motivate employees. Motivated employees can increase the productivity and profitability of the organization. Relation between performance, ability, motivation and technology is presented below:

$$\text{Performance} = \text{Ability} \times \text{Motivation} \times \text{Technology}$$

Reward system refers to formal and informal mechanism in which performance of the employees is defined, evaluated, and rewarded. Reward system is the set of rules, procedures and standard for defining, determining and allocation of benefits and compensation to the employees. Reward system creates positive impact on employees for willingness which ultimately improves their productivity and performance. For this, reward system must be reliable, transparent, economically viable, performance based, unbiased and justifying importance.

Reward system can be classified into two basic forms as follows :

1. **Financial or Non-financial reward :** Reward can be classified into two types on the basis of whether it is linked direct cash i.e. monetary term or not.
Financial reward is directly linked with monetary terms i.e. salary, wages, commission, allowances, etc. Financial reward is provided to the employees with the idea that money is a strong motivator as it fulfills the basic needs of employees and their belongings. Majority of the people get strong motivation as it is deeply rooted and controls the life style of employees. Good salary, bonus, allowance, overtime payments, etc. are financial rewards. Monetary rewards are determined on the basis of socio-economic dimension of the job.
However, non-financial rewards can be anything based on the company culture and behavior. Non-financial rewards cannot be converted directly in terms of monetary values are called non-financial rewards. They can be verbal motivations thank you, good job, well done, praise, ..., time offs, employee of the month, recommendation, participation at decision making, promotion, etc. Such rewards are important to fulfill the superior needs of personal growth and advancement.
2. **Intrinsic or Extrinsic rewards:** Apart from money, power, authority, and status, people also derive satisfaction from the job. Job satisfaction is also considered to be one of the rewards for the people. Job design, job enlargement, job enrichment, empowerment, etc. which make the job more challenging are job related reward. Such rewards make employees satisfied from inner heart which are therefore internal rewards. In simple words, self-induced rewards because of job itself are the intrinsic rewards. Employees feel the motivation with satisfaction. Intrinsic rewards are related to job content which guarantees the employee for growth and advancement.
On the other hand, if the rewards can be seen by other people, they are called extrinsic rewards. They are in the form of salary, bonus, allowances, promotion, authority, etc. Such rewards are related to job performance of the employees, policy and financial position of organization, cost of living and the business environment.

Reward management for employee motivation

Smart rewards system gives employees positive feedback and motivates to perform their best. Reward system makes the employees confident that their basic needs will be fulfilled by financial rewards whereas achievement needs will be fulfilled by non-financial rewards. Effective reward system maintains psychological wellbeing of the employees which results on higher level of commitment. Management needs to develop consistent and meaningful reward system including compensation, benefits, recognition and appreciation to motivate employees.

Managers who are developing, revamping or currently implementing employee reward system should follow the following considerations:

1. **Motivating employees with non-financial rewards**
 - Involve employees or representatives in reward system formulation, evaluation and implementation process. This encourages communication between employees and management about the rewards process. It ensures that both employees and upper management are onboard with the reward system.
 - Ensure the employees views in reward system. This helps them to create value to the rewards and acknowledge as worth their effort.
 - Managers should value employee input and select rewards accordingly. Employees who see the rewards as worth the effort will be more motivated to work hard to obtain them.
 - Set reasonable and transparent performance standards for rewards which help the employees understanding that to receive they must contribute necessary efforts. Reasonable and transparent system ensures employees that only the performance gets the good rewards.
 - Provide timely feedback to the employees so that they can accurately evaluate their own performance and have realistic expectations for rewards.
 - Set the culture of objective based reward system. In such situation, employees are more likely to view the process as fair and are also more likely to have a concrete understanding of what is expected of them. When employees view the reward system as fair, they will be more engaged in trying to obtain the reward.

- Rewards should be distributed consistently according to pre-determined policies. Never engage in favoritism or cut corners as this will have a detrimental impact on employee performance.
- To have the better impact of rewards on influencing employee performance, they must be directly linked to the desired behavior. Tie praise, recognition, special responsibility, challenging job, etc. to the employees having advancement needs.
- Recognize both small and large accomplishment target and reward them. This will ensure that they receive recognition for their progress and that their behavior is consistent with company expectations.
- Team-based incentives were found to be more effective at increasing performance than individual incentives. So, there must be enough provision of team-based rewards in the organization. This helps change the behavior of employees.
- Provide rewards immediately after the employee achieves the desired behavior. For immediate rewards, non-financial rewards work effectively.

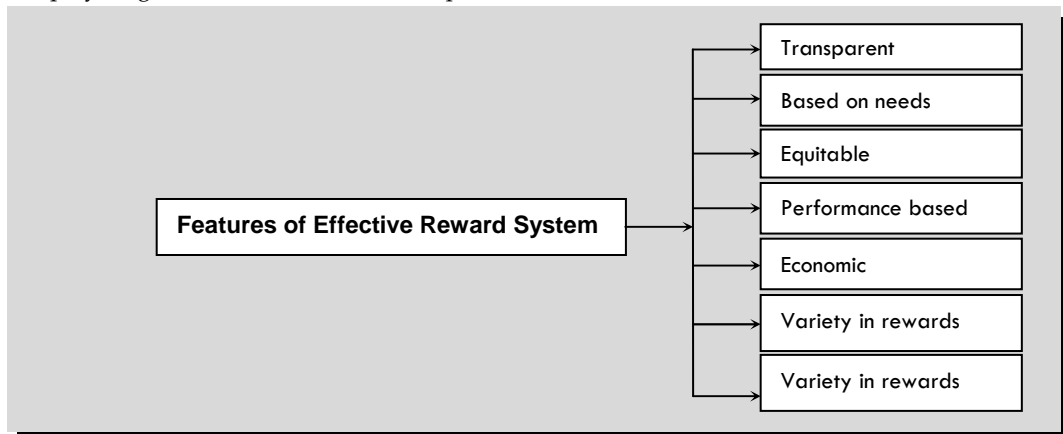
2. Motivating employees with financial rewards

- Reward systems must ensure that the basic need of employees will be fulfilled easily. Marketable salary and wages, pay cash bonuses in a lump sum, performance based commission, etc.
- There should be scheduled based reward distribution. It must be feasible, cost effective and enough to fulfill living cost.
- Rewards should be competitive as competitive rewards are found more effective than non-competitive reward in increasing performance.
- Rewards should be revised frequently as per market rate, inflation and the organization's financial position. When employees are excited about rewards, they work harder to achieve them.

FEATURES OF EFFECTIVE REWARD SYSTEM

Reward system is the set of rules, procedures and selection of rewards to be used by the organization for motivating employees. Reward system rewards the performance of employees in the organization. It consists of both intrinsic and extrinsic rewards in the form of monetary and non-monetary value. It is the set of tools to motivate employees. Thus, reward system affects to the organizational performance at short as well as at the long run. It should be much attractive so that best employees not only are retained but wish to contribute their best to the organization. The reward system which satisfies and motivates the employees within the organizational scope is called effective reward system. An effective reward system should have the following features:

- Transparent:** Reward system should be transparent. Each employee should know the reward at the different level of performance. They should know, if they want about the reward that other employees get at the various level of output.



- ii. **Based on needs:** Reward system should be based on needs of the employees. As we know different employees may have different needs. Different employees may be guided by various motives. Even within the same employee, there might be different level of needs at a time. Therefore, reward system should be enough to satisfy diverse needs of the employees. If rewards and the needs do not match, employee's satisfaction level remains at low. System will be unnecessarily expensive without fulfilling the objectives.
- iii. **Equitable:** Reward system should be based on the principle of equitable distribution. Rewards for different employees performing the same level should get same rewards. There should not be any biased for the pays and perks.
- iv. **Performance Based:** Reward system must be based on performance of the employees. If the reward is not related with performance; based on the nearest and dearest basis, then the system discourages to the loyal and devoting employees. So, everything in the form of reward must be attached with the performance.
- v. **Economic:** Reward system should not be unnecessarily expensive. Every provision on the reward system influences organization for long term. So, while determining the reward system, management should examine the long term and short term impact of the policy taken. Reward system should not be financial burden for the future of the organization.
- vi. **Variety in rewards:** Reward system should be managed in such a way that the reward or output at the different level of performance should be different. Same reward for all the types of output may not be interesting and hence do not encourage the employees.
- vii. **Reinforcement based:** Reward should be provided in the continuous basis so that it will positively reinforce the employee's behavior. Terminating reward cannot motivate the employees for long time. If possible, additional rewards like incentives, bonus, or other facilities should be divided for different interval payments. For instance, banks in Nepal provide welfare, bonus and other incentives throughout the year at interval of three to four months. Non-financial rewards must be frequent as they cost less for organization.

MOTIVATION THROUGH EMPLOYEE PARTICIPATION

Participatory management is a philosophy in which employees are encouraged for active participation in every function of management like planning and decision making, organizing, leadership, communication and etc. Employee can get opportunity of participation by means of various ways: ownership participation, autonomous team, staff organizational structure, etc. Employee participation in management helps to enhance dignity, respect, and honor as well as job satisfaction. This is the way to fulfill the self-esteem and self-actualization needs of employees. As a result, productivity of employees can be increased. Commitment level will be raised. Employees become more responsible and accountable. Under employee participation, there are two techniques, QWL and self-managed teams are common to encourage and empower the employees.

1. **Quality of Work Life (QWL):** Quality of work life (QWL) refers to the quality of relationship between employees and the total working environment. It aims at integrating the socio-psychological needs of people in the organization, processes and the existing socio-cultural environment. It is thus concerned with quality of overall working climate in the organization. This philosophy believes that if the quality of work life of employees is good, they become satisfied and hard working. Best work environment makes employees feeling the office as their second home.

Nader and Lawler : "QWL is concerned about the impact of work on people as well as the organization effectiveness, and the idea of participating in organizational problem solving and decision making."

S.P. Robbins : "QWL is a process by which an organization responds to employee needs by developing mechanisms to allow them to share full in making the decisions that design their lives at work".

The basic purpose of improving QWL is to change the work climate so that human-technological-organizational interface leads to a better quality of work life. There are number of factors involved in QWL such as job factors, individual factors and organizational factors. The characteristics of these factors affect the employee's involvement in the job, their sense of competence leads to job

satisfaction, job performance and productivity. To motivate the employees through employee satisfaction, following techniques can be applied:

- **Flexibility in work schedule:** Work shift or schedule can be made flexible. Nowadays, many organizations provide flexibility at the office hours. This provision provides the employees to balance family life and professional life. It helps to choose the favorable work schedule so that employees can reduce the job stress level. It increases the satisfaction level of the employees.
 - **Autonomous work group:** An autonomous work group is a team of employees granted autonomy or independence over the work they do within an organization. Such groups hold authority of decision-making to specific work functions, projects or jobs. Such groups enjoy independency to assign individual members specific tasks within the group. This satisfies the employees and motivate for improving performance of the group.
 - **Job enrichment:** Job enrichment is a management concept that involves redesigning the jobs so that they become more challenging and less repetitive work to the employees. The purpose of job enrichment is to make the position more satisfying to the employee. Through enrichment, employee job satisfaction can be increased, turnover can be reduced, and productivity of employees can be improved.
 - **Opportunity for growth:** Majority employees wish to have growth in overall sectors, for example, in financial sector, social sector, career sector, etc. Management should ensure the rewards to guarantee their growth. Through participation, employee can grow their skills, knowledge and expertise at different avenues of the profession. This helps satisfy employees.
 - **Participation:** Management need to make decisions regarding long term goals, strategies, and work procedures for various occasions. If the employees personally or through their representatives are participated during the decision making process, they feel gratified. Their level of satisfaction will be high.
 - **Communication:** Proper communication could be another tool to improve the quality work life. Proper communication system ensures adequate information and channel of communication. Each employee feels participated in organization process. Getting information and involved in communication process, employees get satisfied and motivated.
2. **Self-managed teams:** Self-managed teams are autonomous self-contained work units. They have the authority to implement solution and thus have responsibility for action. These teams are basically treated as replacement of managers because they perform all the functions of management like planning organizing, leading, controlling, etc. Self-managed teams measure their own performance like service quality, meeting scheduled deliveries, productivity and cost control by different self-designed standards. They are responsible for planning and scheduling of work, task assignment to members, taking action to solve problems, decision making about operation and collective control over performance.

Nowadays, self-managed teams are treated as one of the important instruments to get higher productivity from the employees. It has significant positive impact on work environment and productivity. Self-managed teams are emerging as more productive, having more cost efficient, providing better customer service, providing higher quality and being more satisfying for members. Self-managed teams are formed by 10 to 15 self-motivated, disciplined and dedicated employees. Self-managed teams possess following common characteristics:

- Team holds authority to determine working procedure, making work routine, handing over work etc.
- Each team member becomes responsible for team performance.
- Each team member will be accountable towards team.
- The teams become responsible for the complete work.
- The member contains various qualities and skills.

Such teams are formed spontaneously. The team members get opportunity to show their efficiency and skill in team performance. Through the participation opportunity as being member of self-managed team, employees get satisfaction and hence are motivated for better performance.

STRATEGIES FOR MOTIVATING EMPLOYEES

As we know, different people have different needs and motivating factors. They work for satisfying their needs. Managers need to identify and try their best to satisfy employee's needs. Managers can select different strategies to motivate their employees. Following different techniques individually or in combination as motivational strategies can be used to motivate employees.

- a. **Managerial communication:** Managerial communication is one of the managerial functions which helps managers to communicate with other people in the organization. It is the way for smooth flow of information among managers working towards a common goal. For effective managerial communication, the message has to be clear and well understood in effective communication. There can be two types of communications i.e. interpersonal communication and organizational communication. It can be in written or oral forms.
As everybody is social being and wish to get information regarding their performance and the organization. So, managers follow managerial communication as one of the strong strategies for employee motivation. Such communication between manager and followers can satisfy such basic human needs as recognition, a sense of belonging, and security. Such communication helps to develop feeling of participation. For instance, if manager praises the employee, need of recognition and security can be fulfilled. Thus, managerial communication can be used to motivate employees.
- b. **Theory X – Theory Y:** Employees can be motivated with the assumption of Theory X and Theory Y. Theory X assumes that employees by nature do not show strong willingness to perform their jobs. As this is the negative assumption about the people so, managers with this assumption use negative motivation approaches. Punishments on mistakes or for undesired behaviors are used for employee motivation. Salary deduction, holding allowances, suspensions, demotion, etc. are common techniques to motivate employees based on Theory X assumption. Theory Y assumes that people are naturally active and devoted for their job. It is not necessary to have close supervision as the employees are self-motivated and self-directed. Under this assumption, positive motivational tools are used i.e. rewards. Monetary rewards like increasing salary, incentive, bonus and commission are more common techniques to motivate the people. Similarly, non-monetary like job enrichment, job enlargement, participation, etc. are more commonly used motivational techniques.
- c. **Job design:** Job design is the process of identifying job units, establishing the job relationship and creating responsibility-authority structure in the organization and allocating them to the individual as well as group. Job design affects on employee motivation, job satisfaction, job commitment, and organizational commitment. It also affects on workplace behavior like absenteeism, workplace bullying, and turnover. Thus, managers should pay due concern while designing the job. While designing the job, different factors i.e. organizational factors, environmental factors as well as behavioral factors need to be considered. Among them, following behavioral factors are more important concerning to the employee motivation.
 - **Autonomy:** Employees wish to work in an open environment rather than one that contains fear and control. Autonomy allows employees to make the decisions independently. Thus, job autonomy promotes creativity, independence and leads to increased efficiency.
 - **Diversity:** Diversity at job refers to the extent of varieties of task included at the job of employee. Repetitive jobs often make work monotonous which leads to boredom. Job containing sufficient level of diversity makes the job more interesting and meaningful. This increases the job significance. Thus, to motivate the employees, adequate level of job variety must maintain.
 - **Use of skills and abilities:** Jobs should be designed in such a way that special skills and abilities can handle it easily. For this, similar task units need to be grouped into a job so that specialization can be created. Job should be employee centered rather than process centered. Job satisfaction level of the employees can be increased if employees are sure that they can accomplish their job easily with their skills. Team cohesiveness, trust and social loafing. Thus, managers should give emphasis while designing the job so that they can use their abilities and perform the job effectively.

- **Feedback and reward system:** Feedback should be an integral part of work. Each employee should receive proper feedback about their work performance and link with reward.

Under the job design strategy following different techniques are used to motivate employees:

- Job rotation:** Job rotation is the technique in which an employee is rotated into different jobs. Employees feel they are gaining more skills for higher position. Because of which, they will be motivated.
 - Job enlargement:** Job enlargement is the technique in which employees get more job responsibility than their previous responsibilities. They feel that management has more trust upon them. Thus, they will get motivation.
 - Job enrichment:** It is the vertical integration of responsibility to the person. This means, employees get more challenging responsibility from higher position. Through this, employees get motivated because of fulfillment of higher order needs.
 - Flextime:** This is comparatively new concept in job design. Under flextime, employees have autonomy to complete their responsibility in their comfortable time. This helps manage quality work-life of the employees.
- d. **Goal-setting:** Goal setting theory is one of the most influential theories of motivation. According to this theory, in order to motivate employees, organization, team as well as each individual should have appropriate goals. For employee motivation, there should be SMART. SMART goal is a goal that is specific, measurable, aggressive, realistic, and time-bound.
- **Specific:** Effective goals are specific and measurable. For example, *increasing sales to a region by 10%* is a specific goal, whereas deciding to *delight customers* is not specific or measurable. When goals are specific, performance tends to be higher.
 - **Measurable:** Goals and the performance are easier to quantify. For example, it is relatively easy to set specific goals for productivity, sales, number of defects, or turnover rates. However, not everything that is easy to measure should be measured such as employee or customer satisfaction and commitment.
 - **Aggressive:** Aggressive goals are also called stretch goals which are more difficult. Employees with difficult goals outperform those with easier goals. This is simply because easy goals do not provide a challenge. When goals are aggressive and people require to work harder and smarter, performance tends to be higher. Research shows that people who have a high level of self-efficacy and people who have a high need for achievement tend to set more difficult goals for themselves.
 - **Realistic:** Goals should not only be aggressive but they should also be based in reality. In other words, if a goal is viewed as impossible to reach, it will not have any motivational value. In fact, setting impossible goals and then punishing people for not reaching these goals is cruel and will demotivate employees.
 - **Time-Bound:** The goal should contain a statement regarding when the proposed performance level will be reached. For example, *increasing sales to a region by 10%* is not a time-bound goal, because there is no time limit. Adding a limiter such as *by first three months of the current fiscal year* gives employees a sense of time urgency.

SMART goals motivate employees, energize behavior, give it direction, provide a challenge, force employees to think outside the box, and devise new and novel methods of performing.

There are at least four ways how SMART goals motivate employees in the following ways:

- Goals provide the employees direction about how to accomplish and what are the expected outputs. Goals direct their energy toward effects. The goal directs employees what to focus on. For this reason, goals should be set carefully.
- Goals energize people and tell them not to stop until the goal is accomplished. Specific goal will urge employee to move forward.
- Such goals provide challenge to the employees and challenge motivates to attain their goals. When people have goals and proceed to reach them, they feel a sense of accomplishment.
- Such goals urge people to think outside the box and rethink how they are working. If the goal is not very difficult, it only motivates people to work faster or longer. If a goal is substantially

difficult, merely working faster or longer will not get you the results. Having a goal that went beyond the speed capabilities of traditional trains prevented engineers from making minor improvements and inspired them to come up with a radically different concept.

Finally, goals are more effective in motivating employees when employees receive feedback on their accomplishments, have the ability to perform, and are committed to goals. Poorly derived goals have the downsides of hampering learning, preventing adaptability, causing a single-minded pursuit of goals at the exclusion of other activities, and encouraging unethical behavior. Companies tie individual goals to company goals using management by objectives.

EMERGING ISSUES IN MOTIVATION

With change in business environment, globalization has created more opportunities to employees. Free flow of labor forces has created challenges to the managers regarding what can motivate employees so that their retention can be secured. Managers need to settle various issues related to motivation. Some of them are discussed below:

- **Motivating professionals:** Because of globalization, business environment is being more volatile in which the role of professionals is increasing. Professionals are well paid and get well physical environment which are dislike blue-collar employees. They are result oriented and concern more in their profession than to their employers. They are motivated intrinsically. So, job content satisfiers like challenging job, support for job accomplishment, opportunity, recognition, autonomy, growth, etc. are required to motivate them. Salary, working conditions, promotions, facilities, etc. cannot motivate them.
- **Growing contingent workers:** Globalization and frequent change in technology have pressured the organization for downsizing, merger and acquisition. Jobs of employees are changing frequently and many employees are losing their job. Markets of many renowned companies are also being collapsed. In such situations, organizations are interested in employing temporary employees in contract, part time or daily wages basis. In many cases, percentage of individuals wishing to work in part time basis is also increasing as they do not want to lose any opportunity as being permanent employee in one organization. Such employees are less committed to organization and their performance. Managers are facing challenge of improving commitment of such temporary workforce. Temporary workforce can be classified into voluntarily temporary workforce and involuntarily temporary workforce. Voluntarily temporary workforce can be motivated easily but involuntarily temporary workforce cannot be motivated easily. For such employees, managers need to offer training opportunities, provide variable pay plan on the basis of their skills and performance.
- **Motivating diversified workforce:** Every organizations nowadays are composed of heterogeneity i.e. diversification of employees. Diversification in terms of sex, ethnicity, immigration, age, socio-economic background, physical conditions etc. are being more challenging to managers to motivate. They possess diversified needs and hence diversified reward systems or motivation techniques are required to plan which is almost impossible in the organization. To motivate employees in such design, managers need to redesign the work schedules, compensation plans or benefits, physical work setting, etc.
- **Motivating low-skilled service workers:** Workers with low academic qualification and skills are called low-skilled service workers. They are normally paid low and have low chance of career growth. Therefore turnover rate of such employees is high. Managers need to pay special attention for motivating such employees. To motivate such employees, flexible work schedule, recruiting persons who have low financial needs, increasing pay, improving human relations in the work place, making job more interesting, etc. can be beneficial.
- **Motivating people doing highly repetitive tasks:** Assembly line workers, court report translators, security guards, gate keepers, etc. have to accomplish highly repetitive tasks which are most boring. Thus, employees working for such responsibility do not have good job satisfaction. They need to be motivated through high pay, frequent work breaks, opportunities of socialization with colleagues, supportive supervision, etc.



SUMMARY OF LEARNING OBJECTIVES

- ❑ **Concept of motivation:** Motivation is an inner state that energizes, activates and directs behavior of employees towards achieving organizational goals. Motivation reflects an impulse, drive, or urges to move in a specific direction to achieve the specific goals. As a function of management, motivation is the process of inspiring and impelling people to take required actions by providing stimuli that satisfy their needs and motives.
- ❑ **Importance of Motivation**
 - Improved productivity
 - Creates willingness
 - Develops Positive Attitude of employees
 - Optimal use of resources
 - Reduced absenteeism and turnover
 - Managing change
- ❑ **Theories of Motivation**
 1. **Maslow's Need Hierarchy Theory :** This theory is developed by well known psychologist Abraham Maslow. He classified all human needs into a hierarchical manner ranging from lower to higher order. This theory is based on the notion that satisfied needs do not satisfy the employees. If one level of needs is fulfilled, new and higher level of needs will emerge. Employees can be more motivated because of new level of emerged needs to fulfill. He identified the following needs in hierarchy starting from lower to higher level as Physiological Needs, Safety Needs, Social Needs, Esteem Needs and Self Actualization Needs.
 2. **Motivation-Hygiene Theory :** The psychologist Frederick Herzberg extended the work of Maslow and proposed a new motivation theory popularly known as Motivation-Hygiene (Two Factors) theory. He labels the job satisfiers as motivators, and job dissatisfies as hygiene or maintenance factors. The distinction of motivational and maintenance factors will help managers in encouraging individuals to pick performance. The most basic implication of this theory is that, in order to maximize human productivity, it is absolutely necessary to satisfy employee's maintenance needs and provide the opportunity to gratify their motivation needs.
- ❑ **Reward system to motivate performance :** Reward system refers to formal and informal mechanism in which performance of the employees is defined, evaluated, and rewarded. Reward system is the set of rules, procedures and standard for defining, determining and allocation of benefits and compensation to the employees. Reward system carries positive impact on willingness of the employees which ultimately improves their performance and productivity. Reward system must be reliable, transparent, economic, performance based and reflecting importance.
- ❑ **Types of reward**
 1. **Financial or Non-financial reward:** Financial reward is directly linked with monetary terms i.e. salary, wages, commission, allowances, etc. Non-financial rewards can be anything based on the company culture and behavior. Non-financial rewards cannot be converted directly in terms of monetary values are called non-financial rewards.
 2. **Intrinsic or Extrinsic rewards:** Job design, job enlargement, job enrichment, empowerment, etc. which make the job more challenging are job related reward. Such rewards make employees satisfied from inner heart which are therefore internal rewards. If the rewards can be seen by other people, they are called extrinsic rewards. They are in the form of salary, bonus, allowances, promotion, authority, etc.

❑ **Features of Effective Reward System**

- Transparent
- Based on needs
- Equitable
- Related with performance
- Economic
- Variety in rewards
- Reinforcement based

❑ **Motivation through Employee Participation**

Participatory management is a philosophy and practice in which the employees are actively involved in every function of management like planning and decision making, organizing, leadership, communication and etc. Employee participation in management helps improve the dignity, respect, honor and job satisfaction. There are two techniques to encourage and empower the employees under as follows:

1. **Quality of work life (QWL):** Quality of work life (QWL) refers to the quality of relationship between employees and total working environment. It aims at integrating the socio-psychological needs of people in the organization, processes and the existing socio-cultural environment.
2. **Self-managed teams:** Self-managed teams are autonomous self-contained work units. They have the authority to implement solution and thus have responsibility for action. Self-managed teams measure their own performance like service quality, meeting scheduled deliveries, productivity and cost control by different self-set standards. Being participated in decision making process, employees get satisfied and motivated.



Brief Answer Questions

1. What is meant by employee motivation?
2. Why do managers need to concentrate on their employee motivation?
3. Only motivated employees increase the organizational effectiveness. Comment the statement.
4. State the motivation process.
5. State the assumptions of Maslow's Need Hierarchy Theory of motivation.
6. State the contribution of Need Hierarchy Theory of motivation.
7. Do you suggest the Need Hierarchy Theory of motivation to the modern organizations?
8. State Herzberg's theory of motivation.
9. What are the different financial techniques used to motivate the employees?
10. How can the participation of employees motivate the employees?
11. Describe the role of quality work life in employee motivation.
12. What is meant by self-managed team?
13. Explain the role of self-management team to motivate employees.
14. State different methods to motivate employees.
15. What is meant by reward management?
16. What type of reward system is the effective reward system?

17. State any four major features of effective reward system.
18. How does reward system motivate employees?
19. Suggest different motivating factors according to Herzberg's theory of motivation.
20. What are the hygiene factors of motivation according to Herzberg's theory of motivation?

Descriptive Answer Questions

21. Define motivation. Explain its importance in organization.
22. Define motivation. Explain Herzberg's theory of motivation.
23. Maslow viewed human motivation as a hierarchy of five needs. Enumerate these five needs with examples.
24. Enumerate the techniques of employee motivation to increase productivity.
25. Explain motivation hygiene theory of Herzberg.
26. Explain the dual factor theory of motivation.
27. Explain the two factors theory of motivation.
28. How does reward system motivate employees? Explain.

Analytical Answer Questions

29. Define motivation. State, explain and compare Maslow's need hierarchy theory of motivation and Herzberg's two factor theory.
30. Modern organization cannot motivate their employees only through fulfilling basic needs, career advancement should be the best approach to motivate them. Based on the statement, analytically analyse the role of employee participation for their motivation.
31. There must be effective reward system for effective motivation of employees. Based on the statement, explain the importance and features of effective reward system.
32. Discuss different strategies for employee motivation.

CASE

Suman Tamang (32) and Subodh Jain (28) both are mechanical engineers graduated from TU, have been production supervisor for five years in ABC Engineering Center at Kathmandu. Over the past several years, these two supervisors' sections have performed satisfactorily so far as the production is concerned. But, they are different in terms of handling their subordinates. Suman, explains his approach to manage people at operations level as "The only way to handle workers is to come down hard on them, whenever they make mistakes. Many want to avoid work and would become lazy if they are not punished from time to time and fire them, whether they deserve it or not. If they are doing good jobs, I tell them that is what they are getting paid for." He further claims that taking this approach, all the subordinates start working madly. He collects all information about work and workers from only few dear ones who come to tell him in his office.

Contrary, Sunil explains his approach to manage people so as to make things happen as "I do believe in the human relations for managing people at work. I believe that workers deserves recognition, attention and rewards from supervisors and the organization if they do a good job." He further reports that he does not punish people even if they make mistakes, he feels all are entitled to make mistakes. Likewise he always do point out what the mistake was and what they should have done. As soon as they do it right, he informs them know about it. "All workers – give the opportunities – would work very well and would take additional responsibility. I have made workers responsible for maintaining their own quality of work."

Suman's manager, Mr. Prakash, told that Suman is a good supervisor, works hard and knows how to take work from workers. After all, workers need a tough supervisor, who can handle them well and punishes them if they are lazy. He has recommended Suman for promotion if he can improve the quality of production in his department. Sunil's manager, Mrs. Aarati, claimed that Sunil is one of the best supervisors and claims that he is not soft but is considerate of the workers and maintains good quality. She recommended him for further promotion.

Questions:

1. Compare and contrast the supervision styles of Suman and Sunil with their motivation theory orientation.
2. What do you think, Suman and Sunil are successful in motivating the employees? Justify.
3. What do you think are the techniques for employee motivation? Make a list based on the case.
4. Do you recommend the contingency approach of leadership in this situation? Justify.

