

let's get REAL

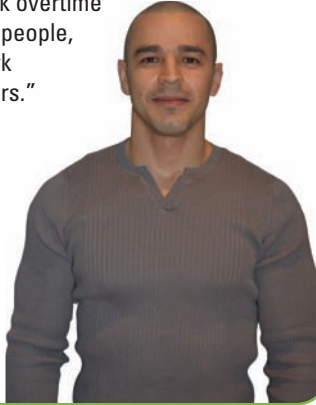
The Scenario:

Sam Grisham is the plant manager at a bathroom vanity manufacturer. When business is brisk, employees have to work overtime to meet customers' demands. Aside from a few people, he has a horrible time getting employees to work overtime. "I practically have to beg for volunteers."

What suggestions do you have for Sam?

As plant manager, I would rotate the overtime for all employees. During busy times, everyone must chip in. I would also suggest implementing mandatory overtime for employees according to seniority in order to keep it fair.

Oscar Valencia
Manufacturing Manager



Source: Oscar Valencia

received from the inputs or efforts they made with the inputs–outcomes ratio of relevant others. If inequities exist, the effort expended may be influenced.

Finally, the JCM is seen in this integrative model. Task characteristics (job design) influence job motivation at two places. First, jobs designed around the five job dimensions are likely to lead to higher actual job performance because the individual's motivation will be stimulated by the job itself—that is, they will increase the linkage between effort and performance. Second, jobs designed around the five job dimensions also increase an employee's control over key elements in his or her work. Therefore, jobs that offer autonomy, feedback, and similar task characteristics help to satisfy the individual goals of employees who desire greater control over their work.

If your professor has assigned this, go to www.mymanagementlab.com to complete the Simulation: Motivation and get a better understanding of the challenges of knowing how to motivate employees.



CURRENT Issues in Motivation

L04 After Vincent Stevens's church ran an experiment in which 10 members were each given \$100 to help their communities, some used it as seed capital to raise thousands more. As a partner in a Bellevue, Washington, accounting firm, he wondered what would happen if he tried the same thing with his employees. To find out, his company launched Caring, Serving, and Giving—a program that lets employees apply for grants of up to \$500 to fund community service projects. By empowering employees to use the seed money as they saw fit, they were motivated to make the best use of it. Another benefit was a boost in employee morale.⁵⁸

Understanding and predicting employee motivation is one of the most popular areas in management research. We've introduced you to several motivation theories. However, even the contemporary theories of employee motivation are influenced by some significant workplace issues—motivating in tough economic circumstances, managing cross-cultural challenges, motivating unique groups of workers, and designing appropriate rewards programs.

Motivating in Challenging Economic Circumstances

Zappos, the quirky Las Vegas–based online shoe retailer, has always had a reputation for being a fun place to work.⁵⁹ However, during the last economic recession, it, like many companies, had to cut staff—124 employees in total. CEO Tony Hsieh wanted to get out the news fast to lessen the stress for his employees. So he announced the lay-off in an e-mail, on his blog, and on his Twitter account. Although some might think these are terrible ways to communicate that kind of news, most employees thanked him for being so open and so honest. The company also took good care of those who were laid off. Laid-off employees with less than two years of service were paid through the end of the year. Longer-tenured employees got four weeks for every year of service. All got six months of continued paid health coverage and, at the request of the employees, got to keep their 40 percent merchandise discount through the Christmas season. Zappos had always been a model of how to nurture employees in good times; now it showed how to treat employees in bad times.

The last economic recession was difficult for many organizations, especially when it came to their employees. Layoffs, tight budgets, minimal or no pay raises, benefit cuts, no bonuses, long hours doing the work of those who had been laid off—this was the reality that many employees faced. As conditions deteriorated, employee confidence, optimism, and job engagement plummeted as well. As you can imagine, it wasn't an easy thing for managers to keep employees motivated under such challenging circumstances.

Managers came to realize that in an uncertain economy, they had to be creative in keeping their employees' efforts energized, directed, and sustained toward achieving goals. They were forced to look at ways to motivate employees that didn't involve money or that were relatively inexpensive.⁶¹ So they relied on actions such as holding meetings with employees to keep the lines of communication open and to get their input on issues; establishing a common goal, such as maintaining excellent customer service, to keep everyone focused; creating a community feel so employees could see that managers cared about them and their work; and giving employees opportunities to continue to learn and grow. And, of course, an encouraging word always went a long way.

Managing Cross-Cultural Motivational Challenges

Scores of employees at Denmark's largest brewer, Carlsberg A/S, walked off their jobs in protest after the company tightened rules on workplace drinking and removed beer coolers from work sites.⁶² Now that's a motivational challenge you don't often see in U.S. workplaces!

In today's global business environment, managers can't automatically assume motivational programs that work in one geographic location are going to work in others. Most current motivation theories were developed in the United States by Americans and about Americans.⁶³ Maybe the most blatant pro-American characteristic in these theories is the strong emphasis on individualism and achievement. For instance, both goal-setting and expectancy theories emphasize goal accomplishment as well as rational and individual thought. Let's look at the motivation theories to see their level of cross-cultural transferability.

Maslow's needs hierarchy argues that people start at the physiological level and then move progressively up the hierarchy in order. This hierarchy, if it has any application at all, aligns with American culture. In countries like Japan, Greece, and Mexico, where uncertainty avoidance characteristics are strong, security needs would be the foundational layer of the needs hierarchy. Countries that score high on nurturing characteristics—Denmark, Sweden, Norway, the Netherlands, and Finland—would have social needs as their foundational level.⁶⁴ We would predict, for instance, that group work will be more motivating when the country's culture scores high on the nurturing criterion.



- 48 percent of employees say that a good manager motivates them to stay at their job;
- 46 percent of employees say it's feeling appreciated by a supervisor or employer.⁶⁰



The motivation of these employees working at the research and development facility at the Daihatsu Motor plant near Jakarta, Indonesia, is influenced by their national culture. Indonesia has a strong collectivist culture, where employees are motivated less by receiving individual praise because their culture places a greater emphasis on harmony, belonging, and consensus.

Source: Kyodo/Newscom

Another motivation concept that clearly has an American bias is the achievement need. The view that a high achievement need acts as an internal motivator presupposes two cultural characteristics—a willingness to accept a moderate degree of risk (which excludes countries with strong uncertainty avoidance characteristics) and a concern with performance (which applies almost singularly to countries with strong achievement characteristics). This combination is found in Anglo-American countries such as the United States, Canada, and Great Britain.⁶⁵ On the other hand, these characteristics are relatively absent in countries such as Chile and Portugal.

Equity theory has a relatively strong following in the United States, which is not surprising given that U.S.-style reward systems are based on the assumption that workers are highly sensitive to equity in reward allocations. In the United States, equity is meant to closely link pay to performance. However, recent evidence suggests that in collectivist cultures, especially in the former socialist countries of Central and Eastern Europe, employees expect rewards to reflect their individual needs as well as their performance.⁶⁶ Moreover, consistent with a legacy of communism and centrally planned economies, employees exhibited a greater “entitlement” attitude—that is, they expected outcomes to be greater than their inputs.⁶⁷ These findings suggest that U.S.-style pay practices may need to be modified in some countries in order to be perceived as fair by employees.

Another research study of more than 50,000 employees around the world examined two cultural characteristics from the GLOBE framework—individualism and masculinity—(see Chapter 4 for a discussion of these characteristics) in relation to motivation.⁶⁸ The researchers found that in individualistic cultures such as the United States and Canada, individual initiative, individual freedom, and individual achievement are highly valued. In more collective cultures such as Iran, Peru, and China, however, employees may be less interested in receiving individual praise but place a greater emphasis on harmony, belonging, and consensus. They also found that in masculine (achievement/assertive) cultures such as Japan and Slovakia, the focus is on material success. Those work environments are designed to push employees hard and then reward top performers with high earnings. However, in more feminine (nurturing) cultures such as Sweden and the Netherlands, smaller wage gaps among employees are common, and employees are likely to have extensive quality-of-life benefits.

Despite these cross-cultural differences in motivation, some cross-cultural consistencies are evident. In a recent study of employees in 13 countries, the top motivators included (ranked from number one on down): being treated with respect, work-life balance, the type of work done, the quality of people worked with and the quality of the organization’s leadership (tied), base pay, working in an environment where good service can be provided to others, long-term career potential, flexible working arrangements, learning and development opportunities and benefits (tied), promotion opportunities, and incentive pay or bonus.⁶⁹ And other studies have shown that the desire for interesting work seems important to almost all workers, regardless of their national culture. For instance, employees in Belgium, Britain, Israel, and the United States ranked “interesting work” number one among 11 work goals. It was ranked either second or third in Japan, the Netherlands, and Germany.⁷⁰ Similarly, in a study comparing job-preference outcomes among graduate students in the United States, Canada, Australia, and Singapore, growth, achievement, and responsibility were rated the top three and had identical rankings.⁷¹ Both studies suggest some universality to the importance of intrinsic factors identified by Herzberg in his two-factor theory. Another recent study examining workplace motivation trends in Japan also seems to indicate that Herzberg’s model is applicable to Japanese employees.⁷²

Motivating Unique Groups of Workers

At Deloitte, employees are allowed to “dial up” or “dial down” their job responsibilities to fit their personal and professional goals.⁷³ The company’s program called Mass Career Customization has been a huge hit with its employees! In the first 12 months

after it was rolled out, employee satisfaction with “overall career/life fit” rose by 25 percent. Also, the number of high-performing employees staying with Deloitte increased.

Motivating employees has never been easy! Employees come into organizations with different needs, personalities, skills, abilities, interests, and aptitudes. They have different expectations of their employers and different views of what they think their employer has a right to expect of them. And they vary widely in what they want from their jobs. For instance, some employees get more satisfaction out of their personal interests and pursuits and only want a weekly paycheck—nothing more. They’re not interested in making their work more challenging or interesting or in “winning” performance contests. Others derive a great deal of satisfaction in their jobs and are motivated to exert high levels of effort. Given these differences, how can managers do an effective job of motivating the unique groups of employees found in today’s workforce? One thing is to understand the motivational requirements of these groups, including diverse employees, professionals, contingent workers, and low-skilled minimum-wage employees.

MOTIVATING A DIVERSE WORKFORCE To maximize motivation among today’s workforce, managers need to think in terms of *flexibility*. For instance, studies tell us that men place more importance on having autonomy in their jobs than women. In contrast, the opportunity to learn, convenient and flexible work hours, and good interpersonal relations are more important to women.⁷⁴ Having the opportunity to be independent and to be exposed to different experiences is important to Gen Y employees, whereas older workers may be more interested in highly structured work opportunities.⁷⁵ Managers need to recognize that what motivates a single mother with two dependent children who’s working full time to support her family may be very different from the needs of a single part-time employee or an older employee who is working only to supplement his or her retirement income. A diverse array of rewards is needed to motivate employees with such diverse needs. Many of the work–life balance programs (see Chapter 13) that organizations have implemented are a response to the varied needs of a diverse workforce. In addition, many organizations have developed flexible work arrangements—such as compressed workweeks, flextime, and job sharing, which we discussed in Chapter 12—that recognize different needs. Another job alternative we also discussed earlier is telecommuting. However, keep in mind that not all employees embrace the idea of telecommuting. Some workers relish the informal interactions at work that satisfy their social needs and are a source of new ideas.

FUTURE VISION

Individualized Rewards

Organizations have historically assumed that “one size fits all” when it comes to allocating rewards. Managers typically assumed that everyone wants more money and more vacation time. But as organizations become less bureaucratic and more capable of differentiating rewards, managers will be encouraged to differentiate rewards among employees as well as for individual employees over time.

Organizations control a vast number of potential rewards that employees might find appealing. A partial list would include increased base pay, bonuses, shortened workweeks, extended vacations, paid sabbaticals, flexible work hours, part-time employment, guaranteed job security, increased pension contributions, college tuition reimbursement, personal days off, help in purchasing a

home, recognition awards, paid club memberships, and work-from-home options. In the future, most organizations will structure individual reward packages in ways that will maximize employee motivation.

If your professor has chosen to assign this, go to www.mymanagementlab.com to discuss the following questions.

★ **TALK ABOUT IT 1:** What are the positive aspects of having individualized rewards? (Think in terms of employees and managers.)

★ **TALK ABOUT IT 2:** What are the negative aspects of having individualized rewards? (Again, think in terms of employees and managers.)

Do flexible work arrangements motivate employees? Although such arrangements might seem highly motivational, both positive and negative relationships have been found. For instance, a recent study that looked at the impact of telecommuting on job satisfaction found that job satisfaction initially increased as the extent of telecommuting increased, but as the number of hours spent telecommuting increased, job satisfaction started to level off, decreased slightly, and then stabilized.⁷⁶

Self-Motivation—If your instructor is using MyManagementLab, log onto www.mymanagementlab.com and test your *self-motivation knowledge*. Be sure to refer back to the chapter opener!



MOTIVATING PROFESSIONALS In contrast to a generation ago, the typical employee today is more likely to be a professional with a college degree than a blue-collar factory worker. What special concerns should managers be aware of when trying to motivate a team of engineers at Intel's India Development Center, software designers at SAS Institute in North Carolina, or a group of consultants at Accenture in Singapore?

Professionals are different from nonprofessionals.⁷⁷ They have a strong and long-term commitment to their field of expertise. To keep current in their field, they need to regularly update their knowledge, and because of their commitment to their profession, they rarely define their workweek as 8 A.M. to 5 P.M. five days a week.

What motivates professionals? Money and promotions typically are low on their priority list. Why? They tend to be well paid and enjoy what they do. In contrast, job challenge tends to be ranked high. They like to tackle problems and find solutions. Their chief reward is the work itself. Professionals also value support. They want others to think that what they are working on is important. That may be true for all employees, but professionals tend to be focused on their work as their central life interest, whereas nonprofessionals typically have other interests outside of work that can compensate for needs not met on the job.



Microsoft managers motivate the firm's diverse work force of more than 100,000 employees by satisfying their differing needs and wants. For young employees in its Entertainment and Devices division, Microsoft built The Commons, a work environment with amenities including sports shops that sell bicycles and snowboards, restaurants, a spa, a soccer field, a basketball court, a post office, and a credit union.

Source: Elaine Thompson/AP Images

MOTIVATING CONTINGENT WORKERS We discussed in Chapter 11 the increased number of contingent workers employed by organizations. There's no simple solution for motivating these employees. For that small set of individuals who prefer the freedom of their temporary status, the lack of stability may not be an issue. In addition, temporariness might be preferred by highly compensated physicians, engineers, accountants, or financial planners who don't want the demands of a full-time job. But these individuals are the exceptions. For the most part, temporary employees are not temporary by choice.

What will motivate involuntarily temporary employees? An obvious answer is the opportunity to become a permanent employee. In cases in which permanent employees are selected from a pool of temps, the temps will often work hard in hopes of becoming permanent. A less obvious answer is the opportunity for training. The ability of a temporary employee to find a new job is largely dependent on his or her skills. If an employee sees that the job he or she is doing can help develop marketable skills, then motivation is increased. From an equity standpoint, when temps work alongside permanent employees who earn more and get benefits too for doing the same job, the performance of temps is likely to suffer. Separating such employees or perhaps minimizing interdependence between them might help managers counteract potential problems.⁷⁸

MOTIVATING LOW-SKILLED, MINIMUM-WAGE EMPLOYEES Suppose in your first managerial position after graduating, you're responsible for managing a work group of low-skilled, minimum-wage employees. Offering more pay to these employees for high levels of performance is out of the question: your company just can't afford it. In addition, these employees have limited education and skills. What are your motivational options at this point?

One trap we often fall into is thinking that people are motivated only by money. Although money is important as a motivator, it's not the only reward that people seek and that managers can use. In motivating minimum-wage employees, managers might look at employee recognition programs. Many managers also recognize the power of praise, although these "pats on the back" must be sincere and given for the right reasons.

Designing Appropriate Rewards Programs

Blue Cross of California, one of the nation's largest health insurers, pays bonuses to doctors serving its health maintenance organization members based on patient satisfaction and other quality standards. FedEx's drivers are motivated by a pay system that rewards them for timeliness and how much they deliver.⁷⁹ Employee rewards programs play a powerful role in motivating appropriate employee behavior.

OPEN-BOOK MANAGEMENT Within 24 hours after managers of the Heavy Duty Division of Springfield Remanufacturing Company (SRC) gather to discuss a multi-page financial document, every plant employee will have seen the same information. If the employees can meet shipment goals, they'll all share in a large year-end bonus.⁸⁰ Many organizations of various sizes involve their employees in workplace decisions by opening up the financial statements (the "books"). They share that information so employees will be motivated to make better decisions about their work and better able to understand the implications of what they do, how they do it, and the ultimate impact on the bottom line. This approach is called **open-book management** and many organizations are using it.⁸¹ For instance, at Parrish Medical Center in Titusville, Florida, the CEO struggled with the prospect of massive layoffs, facilities closing, and profits declining. So he turned to "town hall meetings" in which employees received updates on the financial condition of the hospital. He also told his employees it would require their commitment to help find ways to reduce expenses and cut costs.⁸² At giant insurance broker Marsh, its employees are taught the ABCs of finance and accounting.⁸³

The goal of open-book management is to get employees to think like an owner by seeing the impact their decisions have on financial results. Since many employees don't have the knowledge or background to understand the financials, they have to be taught how to read and understand the organization's financial statements. Once employees have this knowledge, however, managers need to regularly share the numbers with them. By sharing this information, employees begin to see the link between their efforts, level of performance, and operational results.

EMPLOYEE RECOGNITION PROGRAMS **Employee recognition programs** consist of personal attention and expressing interest, approval, and appreciation for a job well done.⁸⁴ They can take numerous forms. For instance, Kelly Services introduced a new version of its points-based incentive system to better promote productivity and retention among its employees. The program, called Kelly Kudos, gives employees more choices of awards and allows them to accumulate points over a longer time period. It's working. Participants generate three times more revenue and hours than employees not receiving points.⁸⁵ Nichols Foods, a British manufacturer, has a comprehensive recognition program. The main hallway in the production department is hung with "bragging boards" on which the accomplishments of employee teams are noted. Monthly awards are presented to people who have been nominated by peers for extraordinary effort on the job. And monthly award winners are eligible for further

open-book management

A motivational approach in which an organization's financial statements (the "books") are shared with all employees

employee recognition programs

Personal attention and expressing interest, approval, and appreciation for a job well done

recognition at an off-site meeting for all employees.⁸⁶ At Wayfair.com, a seller of home furnishings, a recognition wall provides space where anyone in the company can write about anyone else in the company and give them rewards dollars. It's used to recognize someone for something they did for a customer or some other accomplishment.⁸⁷ Most managers, however, use a far more informal approach. For example, when Julia Stewart was president of Applebee's restaurants (she's currently the president and CEO of DineEquity, which includes IHOP International and Applebee's Restaurants), she would frequently leave sealed notes on the chairs of employees after everyone had gone home.⁸⁸ These notes explained how important Stewart thought the person's work was or how much she appreciated the completion of a project. Stewart also relied heavily on voice mail messages left after office hours to tell employees how appreciative she was for a job well done. And recognition doesn't have to come only from managers. Some 35 percent of companies encourage coworkers to recognize peers for outstanding work efforts.⁸⁹ For instance, managers at Yum Brands Inc. (the Kentucky-based parent of food chains Taco Bell, KFC, and Pizza Hut) were looking for ways to reduce employee turnover. They found a successful customer-service program involving peer recognition at KFC restaurants in Australia. Workers there spontaneously rewarded fellow workers with "Champs cards, an acronym for attributes such as cleanliness, hospitality, and accuracy." Yum implemented the program in other restaurants around the world, and credits the peer recognition with reducing hourly employee turnover from 181 percent to 109 percent.⁹⁰

A recent survey of organizations found that 88 percent had some type of program to recognize worker achievements.⁹¹ Another survey found that 12 percent of employees say they receive frequent appreciation for a job well done; 7 percent of employees say their company is excellent at showing appreciation for great work.⁹² And do employees think these programs are important? You bet! In a survey conducted a few years ago, a wide range of employees was asked what they considered the most powerful workplace motivator. Their response? Recognition, recognition, and more recognition!⁹³

Consistent with reinforcement theory, rewarding a behavior with recognition immediately following that behavior is likely to encourage its repetition. And recognition can take many forms. You can personally congratulate an employee in private for a good job. You can send a handwritten note or e-mail message acknowledging something positive that the employee has done. For employees with a strong need for social acceptance, you can publicly recognize accomplishments. To enhance group cohesiveness and motivation, you can celebrate team successes. For instance, you can do something as simple as throw a pizza party to celebrate a team's accomplishments. During the economic recession, managers got quite creative in how they showed employees they were appreciated.⁹⁴ For instance, employees at one company got to take home fresh vegetables from the company vegetable garden. In others, managers treated employees who really put forth efforts on a project to a special meal or movie tickets. Also, managers can show employees that no matter his or her role, their contributions matter. Some of these things may seem simple, but they can go a long way in showing employees they're valued.

If your professor has assigned this, go to www.mymanagementlab.com to watch a video titled: *CH2MHill: Motivation* and to respond to questions.



PAY-FOR-PERFORMANCE Here's a survey statistic that may surprise you: 40 percent of employees see no clear link between performance and pay.⁹⁵ So what are the companies where these employees work paying for? They're obviously not clearly communicating performance expectations.⁹⁶ **Pay-for-performance programs** are variable compensation plans that pay employees on the basis of some performance measure.⁹⁷

pay-for-performance programs
Variable compensation plans that pay employees on the basis of some performance measure

let's get REAL

The Scenario:

Penny Collins manages an audio supply store in Atlanta. The work hours can be long and work conditions difficult for her three teams of 10 installers. She'd like to implement a recognition program to reward and motivate her employees.

What advice would you give Penny?

My suggestion for a recognition program would be a "hall of fame." A customer service employee should reach out to each individual customer after their installation and post all the best feedback in a conspicuous place where employees gather. This can be an ongoing exercise and at the end of the quarter all of the "hall of famers" will be rewarded with a team bonding group activity. This is an ideal scenario because employees will be motivated AND customers will receive great service.

Katie Pagan
Accounting & HR Manager



Source: Katie Pagan

Piece-rate pay plans, wage incentive plans, profit-sharing, and lump-sum bonuses are examples. What differentiates these forms of pay from more traditional compensation plans is that instead of paying a person for time on the job, pay is adjusted to reflect some performance measure. These performance measures might include such things as individual productivity, team or work group productivity, departmental productivity, or the overall organization's profit performance.

Pay-for-performance is probably most compatible with expectancy theory. Individuals should perceive a strong relationship between their performance and the rewards they receive for motivation to be maximized. If rewards are allocated only on nonperformance factors—such as seniority, job title, or across-the-board pay raises—then employees are likely to reduce their efforts. From a motivation perspective, making some or all of an employee's pay conditional on some performance measure focuses his or her attention and effort toward that measure, then reinforces the continuation of the effort with a reward. If the employee's team's or organization's performance declines, so does the reward. Thus, there's an incentive to keep efforts and motivation strong.

Pay-for-performance programs are popular. Some 90 percent of employers have some form of variable pay plan.⁹⁸ These types of pay plans have also been tried in other countries, such as Canada and Japan. About 30 percent of Canadian companies and 22 percent of Japanese companies have company-wide pay-for-performance plans.⁹⁹

Do pay-for-performance programs work? The jury is still out. For the most part, studies seem to indicate that they do. For instance, one study found companies that used pay-for-performance programs performed better financially than those that did not.¹⁰⁰ Another study showed pay-for-performance programs with outcome-based incentives had a positive impact on sales, customer satisfaction, and profits.¹⁰¹ In organizations that use work teams, managers should consider group-based performance incentives that will reinforce team effort and commitment. However, others say that linking pay to performance doesn't work.¹⁰² So if a business decides it wants to use pay-for-performance programs, managers need to ensure they're specific about the relationship between an individual's pay and his or her expected level of appropriate performance. Employees must clearly understand exactly how performance—theirs and the organization's—translates into dollars on their paychecks.¹⁰³