

7

Motivation: From Concepts to Applications

Chapter Learning Objectives

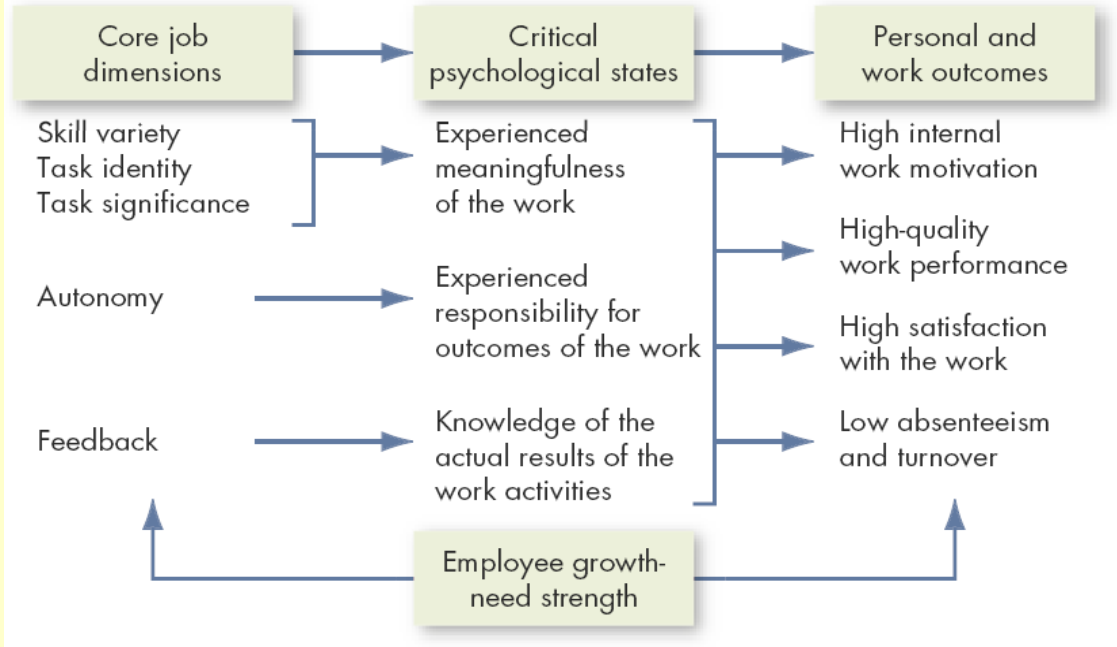
- **After studying this chapter, you should be able to:**
- Describe the Job Characteristics Model and evaluate the way it motivates by changing the work environment.
 - Compare and contrast the three main ways jobs can be redesigned.
 - Identify three alternative work arrangements and show how they might motivate employees.
 - Give examples of employee involvement measures and show how they can motivate employees.
 - Demonstrate how the different types of variable-pay programs can increase employee motivation.
 - Show how flexible benefits turn benefits into motivators.
- Identify the motivational benefits of intrinsic rewards.

Motivation by Job Design: The JCM

□ Job Characteristics Model (JCM)

- Hackman and Oldham's concept that any job can be described through five core job dimensions:
 - **Skill variety** – Requirements for different tasks in the job.
 - **Task identity** – Completion of a whole piece of work.
 - **Task significance** – The job's impact on others.
 - **Autonomy** – Level of discretion in decision making.
 - **Feedback** – Amount of direct and clear information on performance.
- The way elements in a job are organized (*job design*) impacts motivation, satisfaction, and performance.

The Job Characteristics Model



Employee growth-need strength moderates the relationships.

Source: J.R. Hackman and G.R. Oldham, *Work Design* (excerpted from pp. 78–80). © 1980 by Addison-Wesley Publishing Co., Inc. Reprinted by permission of Addison-Wesley Longman, Inc.

EXHIBIT 7-1

How Can Jobs Be Redesigned?



□ **Job Rotation**

- The periodic shifting of a worker from one task to another

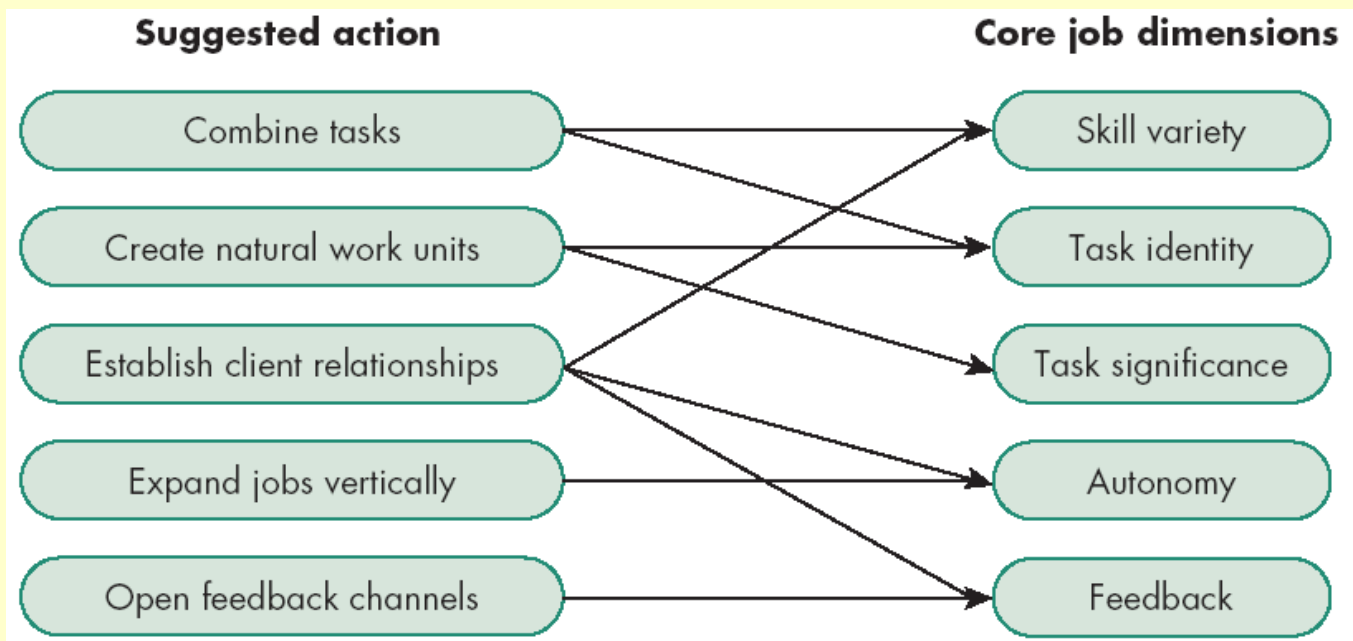
□ **Job Enlargement**

- The horizontal expansion of jobs

□ **Job Enrichment**

- The vertical expansion of jobs

Guidelines for Enriching a Job



Source: J.R. Hackman and J.L. Suttle, eds., *Improving Life at Work* (Glenview, IL: Scott Foresman, 1977), p. 138.

EXHIBIT 7-2

Alternative Work Arrangements

□ **Flextime**

- Employees work during a common core time period each day but have discretion in forming their total workday from a flexible set of hours outside the core.



□ **Job Sharing**

- The practice of having two or more people split a 40-hour-a-week job

EXHIBIT 7-3

Another Alternative: Telecommuting

□ **Telecommuting**

- Employees do their work at home at least two days a week on a computer that is linked to their office.

□ ***The Virtual Office***

- Employees work out of their home on a relatively permanent basis.

□ **Typical Telecommuting Jobs**

- Professional and other knowledge-related tasks
- Routine information-handling tasks
- Mobile activities



Reasons for and against Telecommuting

Advantages

- Larger labor pool
- Higher productivity
- Less turnover
- Improved morale
- Reduced office-space costs



Disadvantages

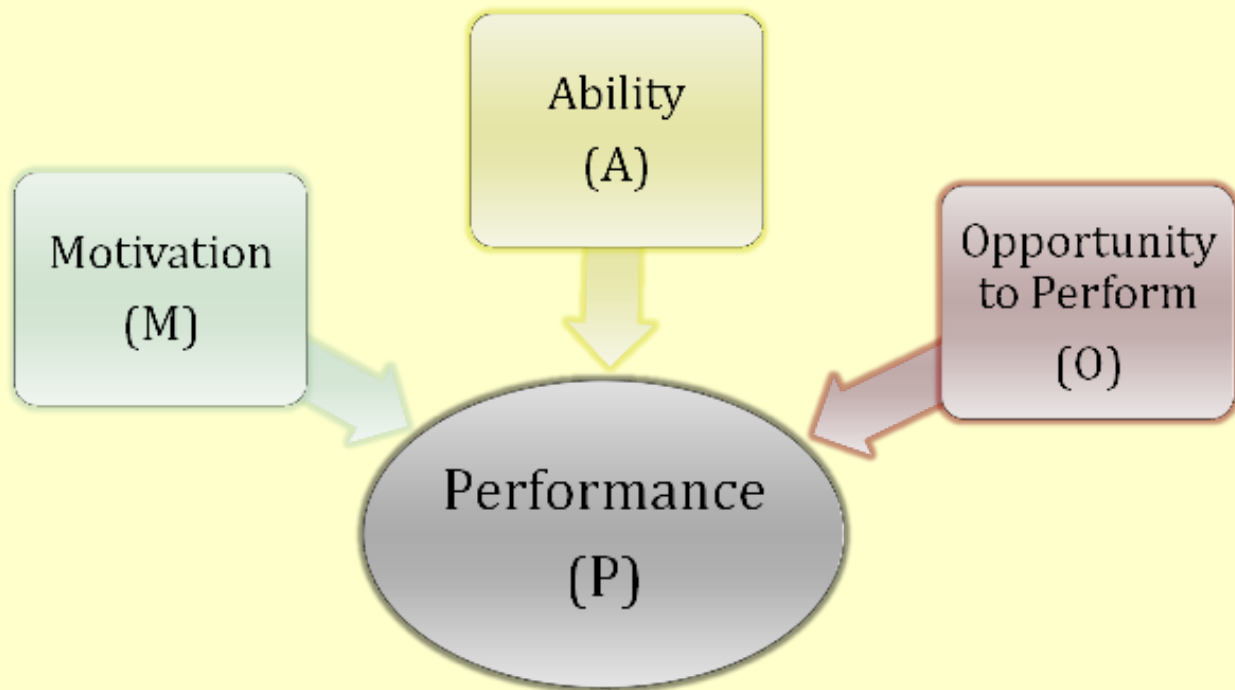
□ Employer

- Less direct supervision of employees
- Difficult to coordinate teamwork
- Difficult to evaluate non-quantitative performance

□ Employee

- May not be as noticed for his or her efforts

Motivation Is Not the Whole Story



$$P = f(A \times M \times O)$$

Employee Involvement

A participative process that uses the input of employees to increase their commitment to the organization's success.

- By increasing worker autonomy and control over work lives (involvement), organizations:
 - Increase employee motivation
 - Gain greater organizational commitment
 - Experience greater worker productivity
 - Observe higher levels of job satisfaction



Types of Employee Involvement Programs

□ **Participative Management**

- Subordinates share a significant degree of decision-making power with their immediate superiors

□ **Representative Participation**

- Works councils
 - Groups of nominated or elected employees who must be consulted for any personnel decisions
- Board representative
 - An employee sits on a company's board of directors and represents the interests of the firm's employees

□ **Quality Circle**

- A work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions

Motivational Theory Links to EI Programs

Theory Y

- Employees want to be involved
- Managerial viewpoint

Two-Factor Theory

- Intrinsic Motivation
- Growth
- Responsibility
- Involvement

ERG Theory

- Stimulate nAch
- Growth
- Recognition
- Self-esteem

Four Major Strategic Reward Decisions

1. **What to pay?** (pay structure)
2. **How to pay individuals?** (variable pay plans and skill-based pay plans)
3. **What benefits to offer? Do we offer choice of benefits?** (flexible benefits)
4. **How to build recognition programs?**



1. What to Pay – Pay Structure

□ Internal equity

- The worth of the job to the organization
- Determined by job evaluations

□ External equity

- The competitiveness of the company's pay relative to pay elsewhere in the industry
- Determined through pay survey

□ Choose organizational position

- Pay leaders
 - Greater employee loyalty
 - Attracts better-quality employees
- Pay laggards – accept high turnover for low hourly costs



2. How to Pay - Variable Pay Programs

□ **Types of Variable Pay Programs**

A portion of an employee's pay is based on some individual and/or organizational measure of performance

- Piece Rate:
 - Workers are paid a fixed sum for each unit of production completed
 - Weakness: not feasible for many jobs
- Merit-Based:
 - Based on performance appraisal ratings
 - Gap increasing between average and top-performers
 - Weaknesses: validity of system based on annual appraisals, pay pool can be small, unions strongly resist
- Bonuses:
 - Rewards recent performance
 - Weakness: employees consider this a pay

2. How to Pay - Skill-Based Pay Programs

□ **Types of Skill-Based Programs:**

Also known as competency- or knowledge-based pay - sets pay based on skills or number of jobs an employee can perform

- Profit Sharing:
 - Organization-wide programs that distribute compensation based on some established formula designed around a company's profitability
- Gain Sharing:
 - An incentive plan in which improvements in group productivity determine the total amount of money that is allocated
- Employee Stock Ownership Plans (ESOPs)
 - Company-established benefit plans in which employees acquire stock as part of their benefits

Evaluation of Variable and Skill-based Pay

To some extent, variable pay does increase motivation and productivity

□ **Benefits of Skill-based Pay Plans**

- Provide staffing flexibility
- Facilitate communication across the organization
- Lessen “protection of territory” behaviors
- Meet the needs of employees for advancement
- Lead to performance improvements

□ **Drawbacks:**

- Lack of additional learning opportunities
- Continuing to pay employees for obsolete skills
- Paying for skills of no immediate use to the organization
- Paying for a skill, not for performance of the skill



3. What Benefits to Offer - Flexible Benefits

Employees tailor their benefit program to meet their personal need by picking and choosing from a menu of benefit options.

□ Modular Plans

- Predesigned benefits packages for specific groups of employees

□ Core-Plus Plans

- A core of essential benefits and a menu-like selection of other benefit options

□ Flexible Spending Plans

- Allow employees to use their tax-free benefit dollars to purchase benefits and pay service premiums

4. How to Build Recognition Programs

□ **Intrinsic Rewards: Stimulate Intrinsic Motivation**

- Personal attention given to employee
- Approval and appreciation for a job well done
- Growing in popularity and usage

□ **Benefits of Programs**

- Fulfill employees' desire for recognition
- Inexpensive to implement
- Encourage repetition of desired behaviors

□ **Drawbacks of Programs**

- Susceptible to manipulation by management



See EXHIBIT 7-4



Global Implications

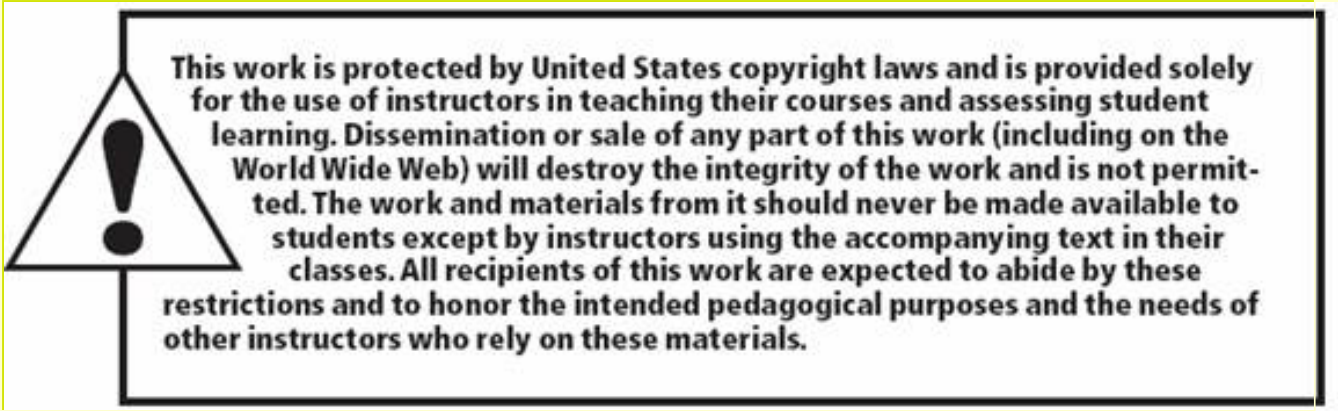
- **Job Characteristics and Job Enrichment**
 - Inconsistent results across cultures
- **Telecommuting**
 - U.S. does this more, but EU workers are interested in it
- **Variable Pay**
 - Not much research available, but some possible hypotheses on relationships
- **Flexible Benefits**
 - This concept is becoming more prevalent globally
- **Employee Benefits**
 - Practices must be modified to match culture

Summary and Managerial Implications

□ To Motivate Employees

- Recognize individual differences
- Use goals and feedback
- Allow employees to participate in decisions that affect them
- Link rewards to performance
- Check the reward system for equity





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