Theories of

MOTIVATION

Carrot & Stick Method is Popular Yard stick

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Defining Motivation

- **Motivation** describes a force within individuals that determine

their level of drive in a certain direction, with persistent effort to

their work.

- Management do not create motivation. They create conditions,

in the work place under which employees feel inspired to work

consistently work hard.

Motivation

- **Reward** refers to a work outcome of positive value to the
  individual.
- **Extrinsic rewards** — valued outcomes given to someone by
  another person
- **Intrinsic rewards** — valued outcomes that occur
  naturally as a person works on a task.

Interest in motivation:

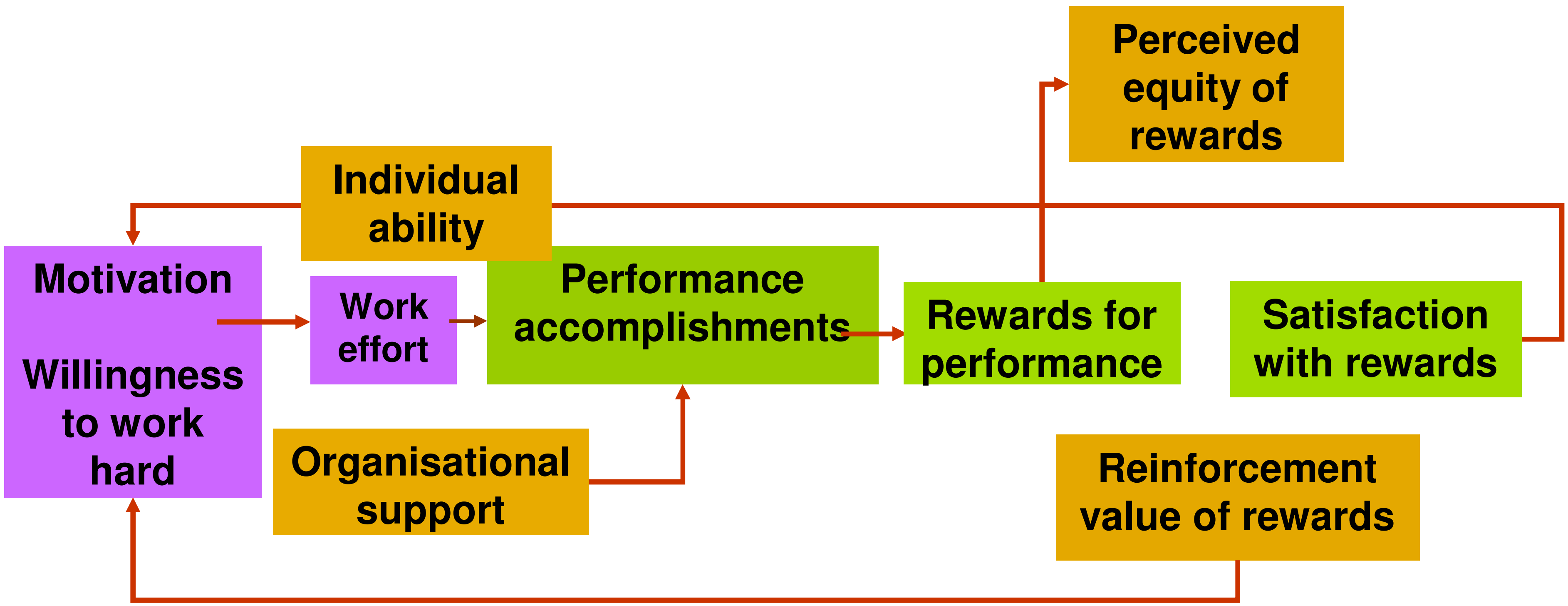
- Understand employee's behavior at work (some people work late nights, or after work, weekends, why?. Some don't why?);
- This understanding can be used to influence two sets of employee's behavior;
- This understanding can be used to motivate (lead) employees to achieve organizational objectives.

- **Extrinsic rewards:**
  - Pay
    - Bonuses
    - Promotions
    - Time off
    - Special assignments
    - Office fixtures
    - Awards
    - Verbal praise.

- **Intrinsic rewards:**
  - Feelings of competency
  - Personal development
  - Self-control.

- To achieve maximum motivational potential in linking rewards to performance:
  - respect diversity and individual differences
  - clearly understand what people want from work
  - allocate rewards to satisfy the interests of both individuals and the organisation.

An Integrated approach to motivational dynamics



Properly motivated person, with correct skills and abilities, when placed in a right job, will perform well.

Early Approaches to Motivation

Scientific Management (Taylor) – money was the primary
motivating factor for workers.

Human Relation School – social aspects of work motivate
workers – group work, group incentives, decentralized
decision making, vertical communication, according to
guidelines by top management.

Later it included workers needs (food, shelter) and cognitive
(worker's perception of potential reward) that influence their

Need Theory or Content Theory

Need – unfulfilled physiological or psychological desires.

<u>Assumption</u>: people have needs and they will engage in
behaviour that would lead to obtain intrinsic or extrinsic
rewards to satisfy their needs.

- Types of content theories:
  - Hierarchy of needs theory
  - ERG theory
  - Two-factor theory
  - Acquired needs theory

Hierarchy of needs theory

- Developed by Abraham Maslow
- Lower-order and higher-order needs affect workplace behaviour and attitudes.

- Lower-order needs:
  - Physiological, safety and social needs
  - Desires for physical and social well being - according to Abraham Maslow.
- Higher-order needs:
  - Esteem and self-actualisation needs
  - Desire for psychological growth and development – according to Abraham Maslow.

Opportunities for satisfaction in Maslow's hierarchy of human needs

What satisfies higher-order needs?

Self-actualisation needs →
- Creative and challenging work
- Participation in decision making
- Job flexibility and autonomy

Esteem needs →
- Responsibility of an important job
- Promotion to higher status job
- Praise and recognition from boss

What satisfies lower-order needs?

Social needs →
- Friendly coworkers
- Interaction with customers
- Pleasant supervisor

Safety needs →
- Safe working conditions
- Job security
- Base compensation and benefits

Physiological needs →
- Rest and refreshment breaks
- Physical comfort on the job
- Reasonable work hours

What are the different types of individual needs?

- **Hierarchy of needs theory**
  - Deficit principle
    - A satisfied need is not a motivator of behavior.
  - Progression principle
    - A need at one level does not become activated until the next-lower-level need is satisfied.

What are the different types of individual needs?

- **ERG theory** – (**E**xistence, **R**elatedness, **G**rowth) 3-level
  - Developed by Clayton Alderfer
  - Three need levels
    - Existence needs — desires for physiological and material wellbeing (food, shelter, wages, working conditions)
    - Relatedness needs — desires for satisfying interpersonal relationships (workgroup, family, professional organizations, etc)
    - Growth needs — desires for continued psychological growth and development. (being creative and innovative)

What are the different types of individual needs?

- ERG theory
  - Any or all needs can influence behaviour at one time.
  - Frustration–regression principle:
    - An already satisfied lower-level need becomes reactivated when a higher-level need is frustrated.

What are the different types of individual needs?

- **Two-factor theory**

  Developed by Frederick Herzberg

  Hygiene factors:

  - Elements of the **job context**
  - Sources of job dissatisfaction *(absence of them)*
    - Work environment, supervision, pay,

- **Satisfier factors**:
  - Elements of the **job content**
  - Sources of job satisfaction and motivation. *(must have)*
    - Type of work, challenge offered, significance of the work, recognition

Herzberg's two-factor theory

Job dissatisfaction

Influenced by *hygiene factors*

- **Working conditions**
- **Coworker relations**
- **Policies and rules**
- **Supervisor quality**
- **Base wage, salary**

Herzberg's two-factor principles

Improving the motivator factors increases job satisfaction

Improving the hygiene factors decreases job satisfaction

Job satisfaction

Influenced by *motivator factors*

- **Achievement**
- **Recognition**
- **Responsibility**
- **Work itself**
- **Advancement**
- **Personal growth**

What are the different types of individual needs?

- Acquired needs theory
  - Developed by David McClelland
  - People acquire needs through their life experiences.
  - Needs that are acquired:
    - Need for Achievement (nAch)
    - Need for Power (nPower)
    - Need for Affiliation (nAff).

What are the different types of individual needs?

- Acquired needs theory
  - Need for Achievement (nAch)
    - Desire to do something better or more efficiently, to solve problems or to master complex tasks
  - Workers high in nAch prefer work that:
    - involves individual responsibility for results
    - involves achievable but challenging goals
    - provides feedback on performance.

What are the different types of individual needs?

- Acquired needs theory
  - Need for Power (nPower)
    - Desire to control other persons, to influence their behaviour or to be responsible for other people
    - Personal power versus social power
  - Workers high in nPower prefer work that:
    - involves control over other people
    - has an impact on people and events
    - brings public recognition and attention.

- Acquired needs theory
  - Need for Affiliation (nAff)
    - Desire to establish and maintain friendly and warm relations with other persons
  - Workers high in nAff prefer work that:
    - involves interpersonal relationships
    - provides for companionship
    - brings social approval.

Question on Content Theories of Motivation

- How many different individual needs are there?
- Can a work outcome or reward satisfy more than one need?
- Is there a hierarchy of needs?
- How important are the various needs?

Cognitive Theories

Cognitive theories of motivation tries to understand the thinking

behind decision people make to behave in certain ways. These

theories are also referred to as process theories.

- Process theories of motivation
  - How people make choices to work hard or not
  - Choices are based on:
    - individual preferences
    - available rewards
    - possible work outcomes

Types of Process Theory

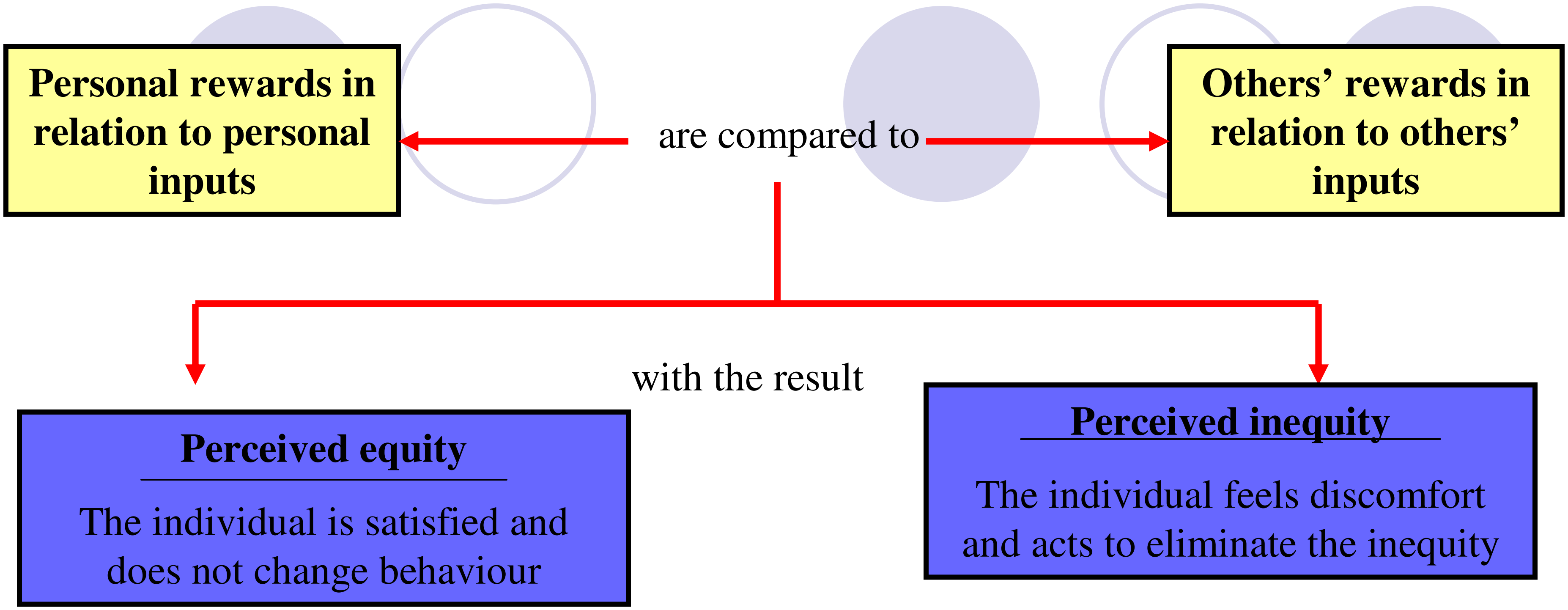
- Types of process theories
  - Equity theory
  - Expectancy theory
  - Goal-setting theory.

Equity Theory

- Equity theory
  - Developed by J. Stacy Adams
  - Perceived inequity is a motivating state.
    - People who feel underpaid have a sense of anger.
    - People who feel overpaid have a sense of guilt.
  - People respond to perceived inequity by changing:
    - work inputs
    - rewards received
    - comparison points
    - situation

Managerial implications of Equity Theory of motivation

- Managerial implications of equity theory
  - Perceptions of rewards determine motivational outcomes.
  - Negative consequences of equity comparisons should be minimised, if not eliminated.
  - Do not underestimate the impact of pay as a source of equity controversies in the workplace.
    - Gender equity
    - Comparable worth.



Equity theory and the role of social comparison

Expectancy Theory

- Expectancy theory
  - Developed by Victor Vroom
  - Key expectancy theory variables:
    - **Expectancy** — belief that working hard will result in desired level of performance
    - **Instrumentality** — belief that successful performance will be followed by rewards
    - **Valence** — the value a person assigns to rewards and other work related outcomes.

Managerial implication of Expectancy Theory

- Managerial implications of expectancy theory
  - To maximise expectancy, managers should:
    - select workers with ability
    - train workers to use ability
    - support work efforts
    - clarify performance goals.

  - To maximise instrumentalities, managers should:
    - clarify psychological contracts;
    - communicate performance-outcome possibilities
    - identify rewards that are contingent on performance.

Managerial implication of Expectancy Theory

- Managerial implications of expectancy theory
  - To maximise valence in a positive direction, managers should:
    - identify individual needs
    - adjust rewards to match individual needs.

Managerial implication of Expectancy Theory

Another way of viewing the management implication of expectancy theory of motivation is stated like this:

A person will perform well at work if she/he sees:

- a high probability of performing well at an assigned task;
- a high probability that good performance will lead to favorable outcomes;
- That these outcomes will be comparatively attractive

Goal-setting Theory

- Goal-setting theory
  - Developed by Edwin Locke
  - Task goals are clear and desirable performance targets.
  - Motivational effects of task goals:
    - Provide direction to people in their work.
    - Clarify performance expectations.
    - Establish a frame of reference for feedback.
    - Provide a foundation for behavioural self-management.

Key issues and principles in the goal-setting process

- Set specific goals.
- Set challenging goals.
- Build goal acceptance and commitment.
- Clarify goal priorities.
- Provide feedback on goal accomplishment.
- Reward goal accomplishment.

(see p.397 text book)

- Goal-setting theory
  - Participation in goal setting
    - Increased understanding of specific and difficult goals will result.
    - Greater acceptance of and commitment to goals is possible.
    - Management by objectives (MBO) promotes participation.
    - When participation is not possible, workers will respond positively if supervisory trust and support exist.

Reinforcement Theory of Motivation

Assumption: people will continue to behave in a certain way

if it led to pleasant consequences for them and will discontinue

a behavior that leads to unpleasant results – law of effect.

- Reinforcement theory focuses on the impact of external environmental consequences on behaviour.
- Law of effect — impact of type of consequence on future behaviour
- Use of operant conditioning – controlling of behavior by manipulating its consequences.
- Concept of operant conditioning was developed by a psychologist – B F Skinner.

Strategies of Operant Conditioning

Operant condition is used to influence (change) behaviour at the work place.

Operant conditioning strategies

- **Positive reinforcement**
  - Increases the frequency of a behaviour through the contingent *presentation* of a *pleasant* consequence
- **Negative reinforcement**
  - Increases the frequency of a behaviour through the contingent *removal* of an *unpleasant* consequence

Strategies of Operant Conditioning

Operant conditioning strategies

- **Punishment**
  - Decreases the frequency of a behaviour through the contingent *presentation* of an *unpleasant* consequence
- **Extinction**
  - Decreases the frequency of a behaviour through the contingent *removal* of a *pleasant* consequence.

Successful implementation of positive reinforcement

- Law of contingent reinforcement
  - Reward delivered only if desired behaviour is exhibited
- Law of immediate reinforcement
  - The more immediate the delivery of a reward, the more reinforcement value it has.

Guidelines to using positive reinforcement

- Clearly identify desired work behaviours.
- Maintain a diverse inventory of rewards.
- Inform everyone about what must be done to get rewards.
- Recognise individual differences when allocating rewards.
- Follow the laws of immediate and contingent reinforcement

Guidelines to using punishment

- Tell the person what is being done wrong.
- Tell the person what is being done right.
- Match the punishment to the behaviour.
- Administer punishment in private.
- Follow laws of immediate and contingent reinforcement

Ethical issues in reinforcement

- Ignores individuality
- Restricts freedom of choice
- Ignores the possibility of other types of motivation
- Key ethical question concerns whether it is ethical to *not* control behaviour well enough to serve both individual and organisational goals.

Pay for performance

Paying people for performance is consistent with:

- Equity theory
- Expectancy theory
- Reinforcement theory

Merit pay

- Awards a pay increase in proportion to individual performance contributions.

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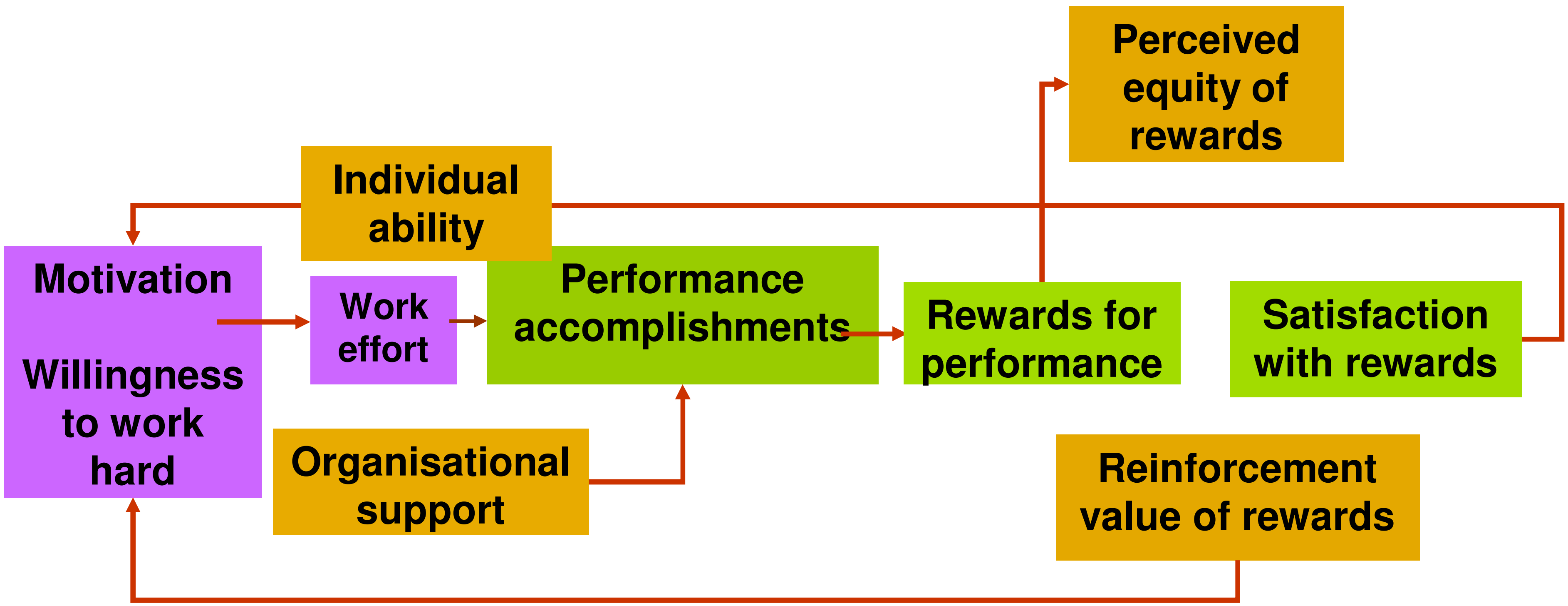

Trend in motivation and compensation

Pay for knowledge

- Skills-based pay
  - Pay based on number of job-relevant skills an employee masters
  - Common in self-managing teams.

Incentive compensation systems

- Bonus pay plans
  - One-time or lump-sum payments based on the accomplishment of specific performance targets or some extraordinary contribution

Trend in motivation and compensation

- Profit-sharing plans
  - Some or all employees receive a proportion of net profits earned by the organisation during a given time period
- Gain-sharing plans
  - Groups of employees share in any savings realised through their efforts to reduce costs and increase productivity
- Employee share ownership plans
  - Employees own shares in the company that employs them