In 1986, when Tina Irwin started Friendship Cards, she wanted to use her degree in commercial design to make and sell greeting cards. Of course, she hoped to make a decent living, too. Today, Tina's firm employs twelve people and provides her with an annual income that exceeds $100,000.

In March, 1993, Tina decided to share her firm's success with her employees. She announced that, during the upcoming months of June, July, and August, Friendship Cards would close on Fridays. All employees could therefore enjoy a three-day weekend. Of course, they would continue to be paid as if they had worked a full five-day week.

The three-day weekend had been in place about a month when one of Tina's most trusted employees confided to her that he would have preferred a pay increase instead of the extra days off. He was sure that several others felt the same way.

Tina was surprised. Most of her employees were under 30 years of age, yet they were paid an average of $35,000 a year. This was a good 20 percent more than other employers in town were paying for comparable jobs. Tina knew that if *she* were making $35,000 a year and were given the choice of more money or more free time, she would have no trouble deciding. She'd take the free time. She thought her employees would too. But Tina had an open mind. At the next staff meeting she polled all twelve employees. She asked, "What's your preference? Do you want the four-day workweek for the summer months, or would you rather have a $4,000 cash bonus? How many want to continue the four-day week?" Six hands rose. "How many would prefer the money instead?" The other six hands went up.

This incident taught Tina something about rewarding and motivating her employees. Moreover, Tina's lesson can be generalized to all students of management. Successful managers understand that what motivates them may have little or no effect on others. Effective managers who want their employees to make a maximum effort know that they should tailor their motivational practices to satisfy the needs and wants of those employees.[1]

What is Motivation?

motivation
The willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need.

need
An internal state that makes certain outcomes appear attractive.

Companies such as Trump's Taj Mahal and Bally's have profited handsomely by recognizing that the same employee who is quickly bored when pulling the lever on his or her drill press might pull the lever on a slot machine for hours on end without the slightest hint of boredom. Can you explain these differences in individual behavior?

To understand what motivation *is,* let us begin by pointing out what motivation *isn't.* Why? Because many people incorrectly view motivation as a personal trait—that is, some have it and others don't. In practice, this would characterize the manager who labels a certain employee as unmotivated. Our knowledge of motivation, though, tells us that this just isn't true. What we know is that motivation is the result of the interaction between the individual and the situation. Certainly, individuals differ in motivational drive, but overall motivation varies from situation to situation. As we analyze the concept of motivation, keep in mind that level of motivation varies both between individuals and within individuals at different times.

We'll define **motivation** as the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need. While general motivation refers to effort toward *any* goal, here it will refer to *organizational goals* because our focus is on work-related behavior. The three key elements in our definition are effort, organizational goals, and needs.

The *effort* element is a measure of intensity. When someone is motivated, he or she tries hard. But high levels of effort are unlikely to lead to favorable job performance outcomes unless the effort is channeled in a direction that benefits the organization.[2] Therefore we must consider the quality of the effort as well as its intensity. Effort that is directed toward, and consistent with, the organization's goals is the kind of effort that we should be seeking. Finally, we will treat motivation as a need-satisfying process. This is depicted in Figure 16–1.

A **need,** in our terminology, means some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives generate a search behavior to find particular goals that, if attained, will satisfy the need and reduce the tension.

We can say that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher the effort level. If this effort successfully leads to the satisfaction of the need, it reduces tension. Since we are interested in work behavior, this tension-reduction effort must also be directed toward organizational goals. Therefore, inherent in our definition of motivation is the requirement that the individual's needs be compatible and consistent with the organization's goals. When this does not occur, individuals may exert high levels of effort that run counter to the interests of the organization. Incidentally, this is not so unusual. Some employees regularly spend a lot of time talking with friends at work in
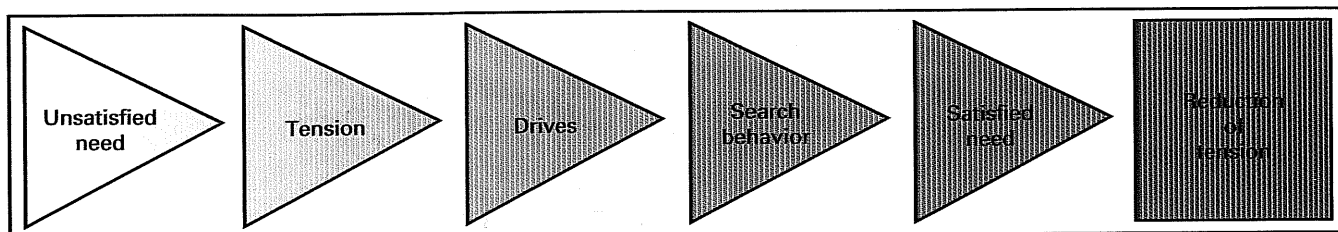
FIGURE 16-1
The Motivation Process

order to satisfy their social needs. There is a high level of effort, but it's being unproductively directed.

Early Theories of Motivation

hierarchy of needs theory
Maslow's theory that there is a hierarchy of five human needs: physiological, safety, social, esteem, and self-actualization. As each need is substantially satisfied, the next becomes dominant.

physiological needs
Basic food, drink, shelter, and sexual needs.

safety needs
A person's needs for security and protection from physical and emotional harm.

social needs
A person's needs for affection, belongingness, acceptance, and friendship.

esteem needs
Internal factors such as self-respect, autonomy, and achievement; and external factors such as status, recognition, and attention.

self-actualization needs
A person's drive to become what he or she is capable of becoming.

The 1950s were a fruitful time for the development of motivation concepts. Three specific theories were formulated during this period that, although heavily attacked and now considered questionably valid, are probably still the best-known explanations for employee motivation. These are the *hierarchy of needs theory, Theories X and Y,* and the *motivation-hygiene theory.* While more valid explanations of motivation have been developed, you should know these theories for at least two reasons: (1) They represent the foundation from which contemporary theories grew, and (2) practicing managers regularly use these theories and their terminology in explaining employee motivation.

Hierarchy of Needs Theory

The best-known theory of motivation is probably Abraham Maslow's **hierarchy of needs theory.**[3] He hypothesized that within every human being there exists a hierarchy of five needs. These are:

1. **Physiological needs:** food, drink, shelter, sexual satisfaction, and other bodily requirements
2. **Safety needs:** security and protection from physical and emotional harm
3. **Social needs:** affection, belongingness, acceptance, and friendship
4. **Esteem needs:** internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention
5. **Self-actualization needs:** growth, achieving one's potential, and self-fulfillment; the drive to become what one is capable of becoming

As each need is substantially satisfied, the next need becomes dominant. In terms of Figure 16-2, the individual moves up the hierarchy. From the standpoint of motivation, the theory says that although no need is ever fully gratified, a substantially satisfied need no longer motivates. If you want to motivate someone, according to Maslow, you need to understand where that person is in the hierarchy and focus on satisfying needs at or above that level.

Maslow separated the five needs into higher and lower levels. Physiological and safety needs were described as *lower-order needs,* and social, esteem, and self-actualization were described as *higher-order needs.* The differentiation between the two orders was made on the premise that higher-order needs are satisfied internally, whereas lower-order needs are predominantly satisfied externally. In fact, the natural

conclusion to be drawn from Maslow's classification is that, in times of economic plenty, almost all permanently employed workers have their lower-order needs substantially met.

Maslow's need theory has received wide recognition, particularly among practicing managers. This can be attributed to the theory's intuitive logic and ease of understanding. Unfortunately, however, research does not generally validate the theory. Maslow provided no empirical substantiation for his theory, and several studies that sought to validate it found no support.[4]

Theory X and Theory Y

As discussed in Chapter 2, Douglas McGregor proposed two distinct views of the nature of human beings: a basically negative view, labeled *Theory X,* and a basically positive view, labeled *Theory Y.*[5] After viewing the way managers dealt with employees, McGregor concluded that a manager's view of human nature is based on a group of assumptions and that the manager molds his or her behavior toward subordinates according to these assumptions.

Under **Theory X,** the four assumptions held by a manager are the following: (1) Employees inherently dislike work and, whenever possible, will attempt to avoid it; (2) because employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve desired goals; (3) employees will shirk responsibilities and seek formal direction whenever possible; and (4) most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views of human nature, McGregor listed four other assumptions, which he called **Theory Y:** (1) Employees can view work as being as natural as rest or play; (2) men and women will exercise self-direction and self-control if they are committed to the objectives; (3) the average person can learn to accept, even seek, responsibility; and (4) the ability to make good decisions is widely dispersed throughout the population and is not necessarily the sole province of managers.

What does McGregor's analysis imply about motivation? The answer is best expressed in the framework presented by Maslow. Theory X assumes that lower-order needs dominate individuals. Theory Y assumes that higher-order needs dominate individuals. McGregor himself held to the belief that the assumptions of Theory Y were more valid than those of Theory X. Therefore he proposed that participation in decision making, responsible and challenging jobs, and good group relations would maximize job motivation.

Unfortunately, there is no evidence to confirm that either set of assumptions is valid or that accepting Theory Y assumptions and altering one's actions accordingly
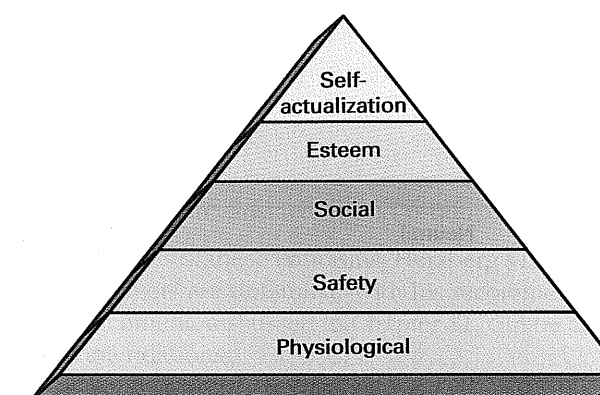
Theory X
The assumption that employees dislike work, are lazy, seek to avoid responsibility, and must be coerced to perform.

Theory Y
The assumption that employees are creative, seek responsibility, and can exercise self-direction.

FIGURE 16-2
Maslow's Hierarchy of Needs

motivation-hygiene theory
The theory that intrinsic factors are related to job satisfaction, while extrinsic factors are associated with dissatisfaction.

will make one's employees more motivated. In the real world, there are examples of effective managers who make Theory X assumptions. For instance, Bob McCurry, vice-president of Toyota's U.S. marketing operations, essentially follows Theory X. He drives his staff hard and uses a "crack-the-whip" style. Yet he has been extremely successful at increasing Toyota's market share in a highly competitive environment.

Motivation-Hygiene Theory

The **motivation-hygiene theory** was proposed by psychologist Frederick Herzberg.[6] Believing that an individual's relation to his or her work is a basic one and that his or her attitude toward work can very well determine success or failure, Herzberg investigated the question, "What do people want from their jobs?" He asked people to describe in detail situations in which they felt exceptionally good or bad about their jobs. These responses were then tabulated and categorized. Figure 16–3 represents Herzberg's findings.

From analyzing the responses, Herzberg concluded that the replies people gave when they felt good about their jobs were significantly different from the replies given when they felt bad. As seen in Figure 16–3, certain characteristics were consistently related to job satisfaction (factors on the left side of the figure), and others to job dissatisfaction (the right side of the figure). Intrinsic factors such as achievement, recognition, and responsibility were related to job satisfaction. When those questioned felt good about their work, they tended to attribute these characteristics to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors such as company policy and administration, supervision, interpersonal relationships, and working conditions.
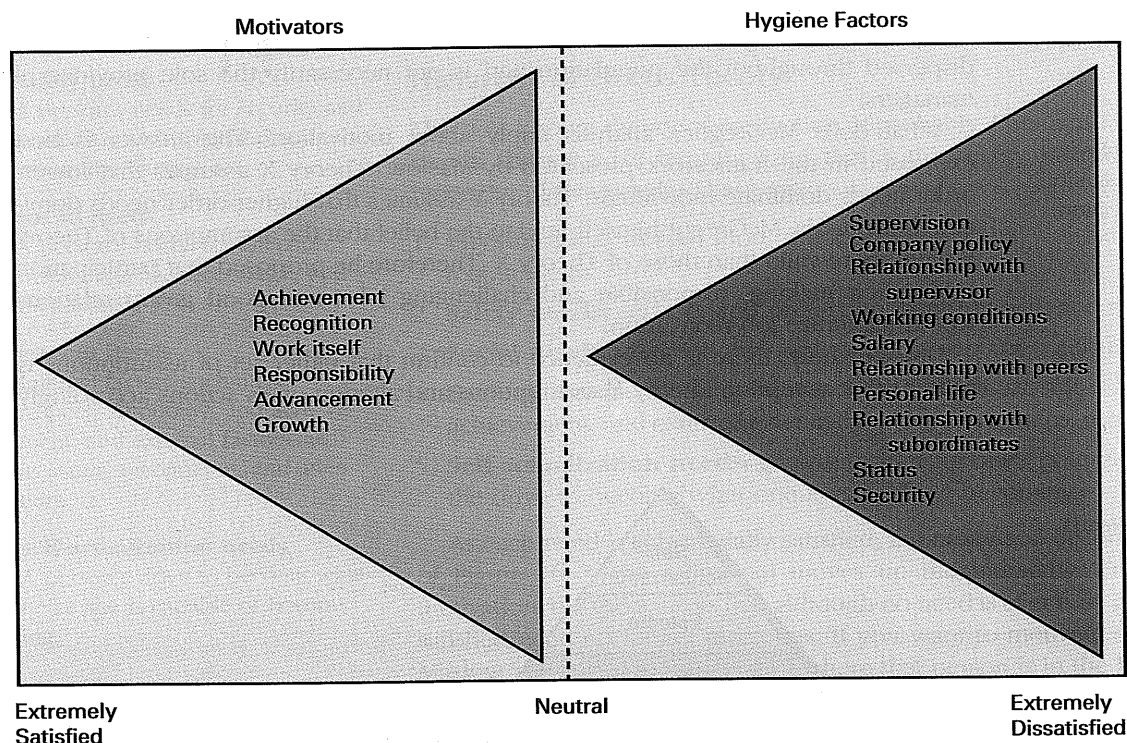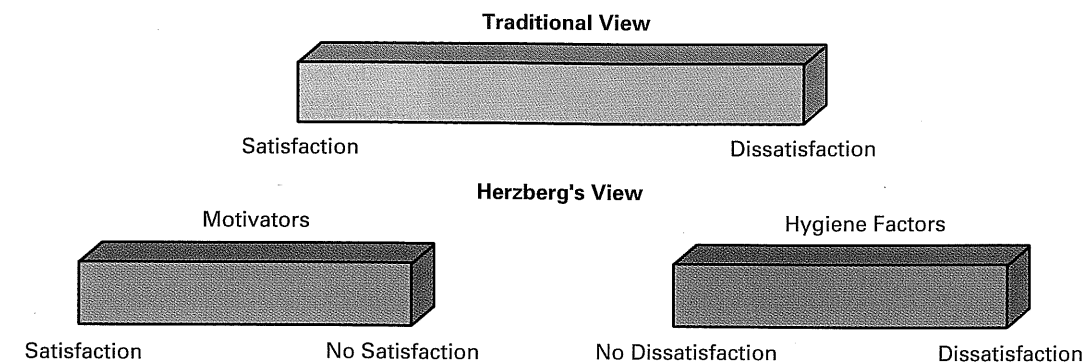

Motivators	Hygiene Factors
Achievement Recognition Work itself Responsibility Advancement Growth	Supervision Company policy Relationship with supervisor Working conditions Salary Relationship with peers Personal life Relationship with subordinates Status Security

Extremely Satisfied — Neutral — Extremely Dissatisfied

FIGURE 16–3
Herzberg's Motivation-Hygiene Theory

Traditional View

Satisfaction — Dissatisfaction

Herzberg's View

Motivators — Hygiene Factors

Satisfaction — No Satisfaction — No Dissatisfaction — Dissatisfaction

FIGURE 16–4
Contrasting Views of Satisfaction-Dissatisfaction

hygiene factors
Factors that eliminate dissatisfaction.

motivators
Factors that increase job satisfaction.

The data suggest, said Herzberg, that the opposite of satisfaction is not dissatisfaction, as was traditionally believed. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. As illustrated in Figure 16–4, Herzberg proposed that his findings indicate the existence of a dual continuum: The opposite of "satisfaction" is "no satisfaction," and the opposite of "dissatisfaction" is "no dissatisfaction."

According to Herzberg, the factors leading to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore managers who seek to eliminate factors that create job dissatisfaction can bring about peace, but not necessarily motivation. They are placating their work force rather than motivating it. Because they don't motivate employees, the factors that create job dissatisfaction were characterized by Herzberg as **hygiene factors.** When these factors are adequate, people will not be dissatisfied; however, neither will they be satisfied. To motivate people on their jobs, Herzberg suggested emphasizing **motivators,** the factors that increase job satisfaction.

The motivation-hygiene theory is not without its detractors. The criticisms of the theory include the following:

1. The procedure that Herzberg used was limited by its methodology. When things are going well, people tend to take the credit themselves. They blame failure on extrinsic factors.

2. The reliability of Herzberg's methodology was questionable. Since raters had to make interpretations, they might have contaminated the findings by interpreting one response in one manner while treating another similar response differently.

3. No overall measure of satisfaction was utilized. A person may dislike part of his or her job yet still think the job is acceptable.

4. The theory is inconsistent with previous research. The motivation-hygiene theory ignores situational variables.

5. Herzberg assumed that there is a relationship between satisfaction and productivity, but the research methodology he used looked only at satisfaction, not at productivity. To make such research relevant, one must assume a close relationship between satisfaction and productivity.[7]

Regardless of these criticisms, Herzberg's theory has been widely popularized, and few managers are unfamiliar with his recommendations. Much of the enthusiasm for job enrichment, discussed in Chapter 11, can be attributed to Herzberg's findings and recommendations.

Contemporary Theories of Motivation

three-needs theory
The needs for achievement, power, and affiliation are major motives in work.

need for achievement
The drive to excel, to achieve in relation to a set of standards, to strive to succeed.

need for power
The need to make others behave in a way that they would not have behaved otherwise.

need for affiliation
The desire for friendly and close interpersonal relationships.

While the previous theories are well known, they unfortunately have not held up well under close examination. However, all is not lost. A number of contemporary theories have one thing in common: each has a reasonable degree of valid supporting documentation. The following theories represent the current "state-of-the-art" explanations of employee motivation.

Three-Needs Theory

David McClelland and others have proposed the **three-needs theory**—that there are three major relevant motives or needs in work situations:

1. **Need for achievement** *(nAch):* the drive to excel, to achieve in relation to a set of standards, to strive to succeed
2. **Need for power** *(nPow):* the need to make others behave in a way that they would not have behaved otherwise
3. **Need for affiliation** *(nAff):* the desire for friendly and close interpersonal relationships.[8]

Some people have a compelling drive to succeed, but they are striving for personal achievement rather than for the rewards of success per se. They have a desire to do something better or more efficiently than it has been done before. This drive is the need for achievement. From research concerning the achievement need, McClelland found that high achievers differentiate themselves from others by their desire to do things better.[9] They seek situations in which they can attain personal responsibility for finding solutions to problems, in which they can receive rapid and unambiguous feedback on their performance in order to tell whether they are improving or not, and in which they can set moderately challenging goals. (See Figure 16–5.) High achievers are not gamblers; they dislike succeeding by chance. They prefer the challenge of working at a problem and accepting the personal responsibility for success or failure, rather than leaving the outcome to chance or the actions of others. An important point is that they avoid what they perceive to be very easy or very difficult tasks.

High achievers perform best when they perceive their probability of success as being 0.5—that is, when they estimate that they have a fifty–fifty chance of success. They dislike gambling when the odds are high because they get no achievement satisfaction from happenstance success. Similarly, they dislike low odds (high probability of success) because then there is no challenge to their skills. They like to set goals that require stretching themselves a little. When there is an approximately equal chance of success or failure, there is the optimum opportunity to experience feelings of successful accomplishment and satisfaction from their efforts.

The need for power is the desire to have impact and to be influential. Individuals high in *nPow* enjoy being "in charge," strive for influence over others, and prefer to be in competitive and status-oriented situations.

The third need isolated by McClelland is affiliation, which is the desire to be liked
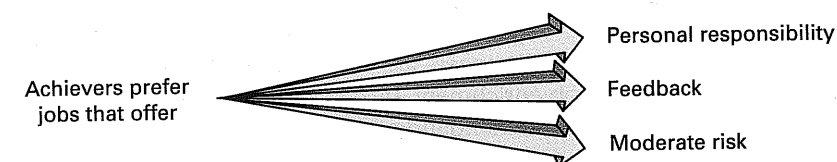
and accepted by others. This need has received the least attention by researchers. Individuals with high *nAff* strive for friendships, prefer cooperative situations rather than competitive ones, and desire relationships involving a high degree of mutual understanding.

How do you find out if someone is, for instance, a high achiever? All three motives typically are measured by a projective test in which subjects respond to a set of pictures. Each picture is briefly shown to a subject who then writes a story based on the picture.

Based on an extensive amount of research, some reasonably well-supported predictions can be made between the relationship of the achievement need and job performance. Though less research has been done on power and affiliation needs, there are consistent findings here too. First, individuals with a high need to achieve prefer job situations with personal responsibility, feedback, and an intermediate degree of risk. When these characteristics are prevalent, high achievers are strongly motivated. The evidence consistently demonstrates, for instance, that high achievers are successful in entrepreneurial activities like running their own business, managing a self-contained unit within a large organization, and many sales positions.[10] Second, a high need to achieve does not necessarily lead to being a good manager, especially in large organizations. A high *nAch* salesperson at Pfizer does not necessarily make a good sales manager, and good managers in large organizations like Exxon, AT&T, or Sears do not necessarily have a high need to achieve.[11] Third, the needs for affiliation and power are closely related to managerial success.[12] The best managers are high in the need for power and low in the need for affiliation. Last, employees can be trained successfully to stimulate their achievement need.[13] If a job calls for a high achiever, management can select a person with a high *nAch* or develop its own candidate through achievement training.

Goal-Setting Theory

goal-setting theory
Specific goals increase performance and difficult goals, when accepted, result in higher performance than easy goals.

In Chapter 7, in our discussion of MBO, we found substantial support for the thesis that specific goals increase performance and that difficult goals, when accepted, result in higher performance than do easy goals. This thesis has been labeled **goal-setting theory.** It's not necessary to review the evidence again, but the results are important, so let's summarize what we know about goals as motivators.

Intention to work toward a goal is a major source of job motivation. Studies on goal setting have demonstrated the superiority of specific and challenging goals as motivating forces.[14] While we can't state that having employees participate in the

FIGURE 16–5
Matching Achievers and Jobs

Achievers prefer jobs that offer

- Personal responsibility
- Feedback
- Moderate risk

goal-setting process is always desirable, participation is probably preferable to assigning goals when you expect resistance to accepting more difficult challenges.

The highly astute reader may have noted what appears to be a contradiction between the research findings on achievement motivation and goal setting. Is it a contradiction that achievement motivation is stimulated by moderately challenging goals, whereas goal-setting theory says that motivation is maximized by difficult goals? The answer is no. The explanation is twofold.[15] First, goal-setting theory deals with people in general. The conclusions on achievement motivation are based only on people who have a high *nAch*. Given the probability that not more than 10 to 20 percent of North Americans are naturally high achievers, difficult goals are still recommended for the majority of workers. Second, the conclusions of goal-setting theory apply to those who accept and are committed to the goals. Difficult goals will lead to higher performance only if they are accepted.

Reinforcement Theory

reinforcement theory
Behavior is a function of its consequences.

reinforcer
Any consequence immediately following a response that increases the probability that the behavior will be repeated.

A counterpoint to goal-setting theory is **reinforcement theory.** Goal-setting theory proposes that an individual's purpose directs his or her actions. Reinforcement theory argues that behavior is externally caused. What controls behavior are **reinforcers,** consequences that, when immediately following a response, increase the probability that the behavior will be repeated. Hence, reinforcement theorists argue that behavior is a function of its consequences.

The key to reinforcement theory is that it ignores factors such as goals, expectations, and needs. Instead, it focuses solely on what happens to a person when he or she takes some action. This helps explain, for instance, why publishers such as Simon & Schuster provide incentive clauses in their authors' contracts. If every time an author submits a completed chapter, the company sends her an advance check against future royalties for $10,000, she is motivated to keep working and submitting chapters.

In Chapter 14 we showed how reinforcers condition behavior and help people to learn. But the concept of reinforcement is also widely believed to explain motivation. According to B.F. Skinner, reinforcement theory can be explained as follows: People will most likely engage in desired behavior if they are rewarded for doing so; these

Michael Milken (center) was sentenced to three years in jail for illegal junk-bond dealings. The compensation arrangement he had with his employer, Drexel Burnham—which in one year paid him more than half-a-billion dollars—coupled with positive media attention and his growing power in global finance, encouraged and reinforced practices that broke the law.

THE
CHANGING
FACE OF
MANAGEMENT
PRACTICE
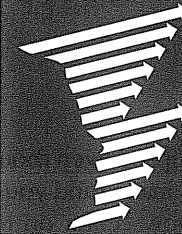
Pay-for-Performance Gains in Popularity

Pay-for-performance is increasingly replacing the annual cost-of-living raise for managers and operating employees alike. In 1991, 35 percent of Fortune 500 companies had some form of pay-for-performance program—up from only 7 percent ten years earlier.[16] Another survey of 1708 companies found that 51 percent were practicing some form of pay-for-performance for employees other than top management, up from 44 percent two years earlier.[17]

Piece-rate pay plans, wage incentive plans, profit sharing, and lump-sum bonuses are all examples of pay-for-performance options. The common thread that differentiates these forms of pay from more traditional bonus plans is that instead of paying people for *time* on the job, managers are adjusting people's pay to reflect some performance measure. That measure might be individual productivity, work-group or departmental productivity, unit profitability, or the overall organization's profit performance. At Chaparral Steel, for example, workers receive a salary and bonus based on individual performance, company profits, and new skills learned.[18]

The growing popularity of pay-for-performance can be explained in terms of both motivation and cost control. From a motivation perspective, making some or all of a worker'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. Performance-based bonuses and other incentive rewards avoid the fixed expense of permanent salary boosts, and so save money; and if the employee or organization's performance declines, so does the reward. For instance, workers at a Monsanto plant for mining and refining phosphorous in Idaho saw their annual performance bonuses drop from $1800 to $255 when business slowed as a result of an economic recession.[19]

rewards are most effective if they immediately follow a desired response; and behavior that is not rewarded, or is punished, is less likely to be repeated.[20]

Following reinforcement theory, managers can influence others' behavior by reinforcing acts they deem favorable. However, because the emphasis is on positive reinforcement, not punishment, managers should ignore, not punish, unfavorable behavior. Even though punishment eliminates undesired behavior faster than nonreinforcement does, its effect is often only temporary and may later have unpleasant side effects such as dysfunctional conflictual behavior, absenteeism, or turnover.

The evidence indicates that reinforcement is undoubtedly an important influence on work behavior. But reinforcement is not the *only* explanation for differences in employee motivation.[21] Goals, for instance, also affect motivation, as do levels of achievement motivation, inequities in rewards, and expectations.

Equity Theory

Employees don't work in a vacuum. They make comparisons. If someone offered you $40,000 a year on your first job upon graduation from college, you'd probably grab the offer and report to work enthusiastic and certainly satisfied with your pay. How would you react if you found out a month or so into the job that a co-worker—another recent graduate, your age, with comparable grades from a comparable

TABLE 16-1   Equity Theory

Perceived Ratio Comparison*	Employee's Assessment
$\dfrac{\text{Outcomes A}}{\text{Inputs A}} < \dfrac{\text{Outcomes B}}{\text{Inputs B}}$	Inequity (underrewarded)
$\dfrac{\text{Outcomes A}}{\text{Inputs A}} = \dfrac{\text{Outcomes B}}{\text{Inputs B}}$	Equity
$\dfrac{\text{Outcomes A}}{\text{Inputs A}} > \dfrac{\text{Outcomes B}}{\text{Inputs B}}$	Inequity (overrewarded)

*Person A is the employee, and Person B is a relevant other or referent.

equity theory
The theory that an employee compares his or her job's inputs –outcomes ratio to that of relevant others and then corrects any inequity.

referents
The persons, systems, or selves against which individuals compare themselves to assess equity.

college—was getting $45,000 a year? You would probably be upset! Even though, in absolute terms, $40,000 is a lot of money for a new graduate to make (and you know it!), that suddenly would not be the issue. The issue would now center on relative rewards and what you believe is fair. There is considerable evidence that employees make comparisons of their job inputs and outcomes relative to others and that inequities influence the degree of effort that employees exert.[22]

Developed by J. Stacey Adams, **equity theory** says that employees perceive what they get from a job situation (outcomes) in relation to what they put into it (inputs) and then compare their inputs–outcomes ratio with the inputs–outcomes ratio of relevant others. This is shown in Table 16–1. If they perceive their ratio to be equal to those of the relevant others with whom they compare themselves, a state of equity exists. They perceive that their situation is fair—that justice prevails. If the ratios are unequal, inequity exists; that is, they view themselves as underrewarded or overrewarded. When inequities occur, employees attempt to correct them.

The **referent** with whom employees choose to compare themselves is an important variable in equity theory.[23] The three referent categories have been classified as "other," "system," and "self." The "other" category includes other individuals with similar jobs in the same organization and also includes friends, neighbors, or professional associates. On the basis of information they receive through word of mouth, newspapers, and magazine articles on issues such as executive salaries or a recent union contract, employees compare their pay with that of others.

The "system" category considers organizational pay policies and procedures and the administration of this system. It considers organizationwide pay policies, both implied and explicit. Precedents by the organization in terms of allocation of pay are major determinants in this category.

The "self" category refers to inputs–outcomes ratios that are unique to the individual. It reflects past personal experiences and contacts. This category is influenced by criteria such as past jobs or family commitments.

The choice of a particular set of referents is related to the information available about referents as well as to their perceived relevance. On the basis of equity theory, when employees perceive an inequity, they might: (1) distort either their own or others' inputs or outcomes; (2) behave in some way to induce others to change their inputs or outcomes; (3) behave in some way to change their own inputs or outcomes; (4) choose a different comparison referent; and/or (5) quit their jobs.

Equity theory recognizes that individuals are concerned not only with the absolute rewards they receive for their efforts, but also with the relationship of these rewards to what others receive. They make judgments concerning the relationship between their inputs and outcomes and the inputs and outcomes of others. On the basis of one's inputs, such as effort, experience, education, and competence, one compares one's inputs, such as effort, experience, education, and competence, one compares outcomes such as salary levels, raises, recognition, and other factors. When people perceive an imbalance in their inputs–outcomes ratio relative to those of others, they

Executives tend to be equity-sensitive. Roy Vagelos (pictured), CEO of Merck, is likely to compare his compensation with that of the CEOs at Eli Lilly, Upjohn, Pfizer, Abbott Laboratories, and other large health and drug companies.
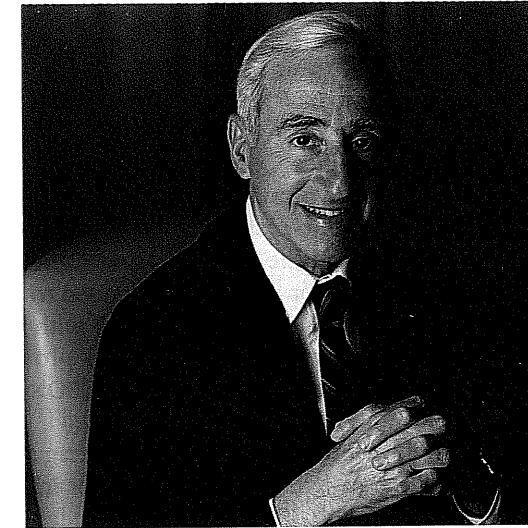
experience tension. This tension provides the basis for motivation as people strive for what they perceive as equity and fairness.

Specifically, the theory establishes the following four propositions relating to inequitable pay:

1. *Given payment by time, overrewarded employees will produce more than equitably paid employees.* Hourly and salaried employees will generate a high quantity or quality of production in order to increase the input side of the ratio and bring about equity.

2. *Given payment by quantity of production, overrewarded employees will produce fewer but higher-quality units than equitably paid employees.* Individuals paid on a piece-rate basis will increase their effort to achieve equity, which can result in greater quality or quantity. However, increases in quantity will only increase inequity, since every unit produced results in further overpayment. Therefore effort is directed toward increasing quality rather than quantity.

3. *Given payment by time, underrewarded employees will produce less or poorer-quality output.* Effort will be decreased, which will bring about lower productivity or poorer-quality output than equitably paid subjects.

4. *Given payment by quantity of production, underrewarded employees will produce a large number of low-quality units in comparison with equitably paid employees.* Employees on piece-rate pay plans can bring about equity because trading off quality of output for quantity will result in an increase in rewards with little or no increase in contributions.

The propositions listed above have generally proven to be correct.[24] A review of the research consistently confirms the equity thesis: Employee motivation is influenced significantly by relative rewards as well as absolute rewards. Whenever employees perceive inequity, they will act to correct the situation.[25] The result might be lower or higher productivity, improved or reduced quality of output, increased absenteeism, or voluntary resignation.

From the discussion above, however, we should not conclude that equity theory is without problems. The theory leaves some key issues still unclear.[26] For instance, how do employees define inputs and outcomes? How do they combine and weigh their inputs and outcomes to arrive at totals? When and how do the factors change over time? Regardless of these problems, equity theory has an impressive amount of research support and offers us some important insights into employee motivation.

ETHICAL
DILEMMAS IN
MANAGEMENT

The Ethics of CEO Compensation

The chief executive officers of America's largest companies earn, on average, 160 times as much as the typical blue-collar worker.[27] Some say this represents a classic economic response to a situation in which the demand is great for high-quality top-executive talent and the supply is low. Other arguments in favor of paying CEOs $1 million a year or more are: the need to compensate people for the tremendous responsibilities and stress that go with such jobs, the motivating potential that seven- and eight-figure annual incomes provide to both the CEOs and those who might aspire to the position, and the CEO's influence on the company's bottom line.

Critics describe the astronomical pay packages given to American CEO's as indicative of "rampant greed." They note, for instance, that during the 1980s, CEO compensation jumped by 212 percent, while factory workers saw their pay increase by just 53 percent. During the same decade, the average earnings per share of the Standard & Poor's 500 companies grew by only 78 percent. In 1990, the average chief executive's salary and bonus *rose* by 3.5 percent to $1,214,000, yet profits *dropped* 7 percent. Moreover, in the year 1990, all twenty of the highest-paid U.S. CEO's earned in excess of $5.8 million.

Executive pay is considerably higher in the United States than in most other countries. American CEOs typically make two or three times as much as their counterparts in Canada and Europe. In Japan, CEOs earn only seventeen times the pay of an ordinary worker. For example, in 1990, the top three U.S. auto-company chiefs were paid a total of $7.3 million. By contrast, the combined income for the heads of Japan's top three automakers in that same year was $1.8 million. Critics of executive pay practices in the United States argue that CEOs choose board members who can be counted on to support ever-increasing pay for top management. If board members fail to "play along," they risk losing their positions, their fees, and the prestige and power inherent in board membership.

Does the blame for the problem lie with CEOs or with the shareholders and boards that knowingly allow the practice? Should we fault a Stephen Wolf, chairman of UAL Corp., for collecting $18,301,000 in salary, bonuses, and stock-based incentive plans in 1990 while, during that same year, his company's profits dropped 71 percent?

Are American CEOs greedy? Are these CEOs acting unethically? What do *you* think?

Expectancy Theory

expectancy theory
The theory that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

The most comprehensive explanation of motivation is Victor Vroom's **expectancy theory**.[28] Though it has its critics,[29] most of the research evidence is supportive of the theory.[30]

The expectancy theory states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. It includes three variables or relationships.

1. *Effort–performance linkage:* the probability perceived by the individual that exerting a given amount of effort will lead to performance.

2. *Performance–reward linkage:* the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.

3. *Attractiveness:* the importance that the individual places on the potential outcome or reward that can be achieved on the job. This considers the goals and needs of the individual.[31]

While this might sound complex, it really is not that difficult to visualize. It can be summed up in the questions: How hard do I have to work to achieve a certain level of performance and can I actually achieve that level? What reward will performing at that level get me? How attractive is this reward to me and does it help achieve my goals? Whether one has the desire to produce at any given time depends on one's particular goals and one's perception of the relative worth of performance as a path to the attainment of these goals.

Figure 16–6 shows a very simple version of the expectancy theory that expresses its major contentions. The strength of a person's motivation to perform (effort) depends on how strongly that individual believes that he or she can achieve what is being attempted. If this goal is achieved (performance), will he or she be adequately rewarded by the organization? If so, will the reward satisfy his or her individual goals? Let us consider the four steps inherent in the theory and then attempt to apply it.

First, what perceived outcomes does the job offer the employee? Outcomes may be positive: pay, security, companionship, trust, fringe benefits, a chance to use talent or skills, or congenial relationships. On the other hand, employees may view the outcomes as negative: fatigue, boredom, frustration, anxiety, harsh supervision, or threat of dismissal. Reality is not relevant here; the critical issue is what the individual employee *perceives* the outcome to be, regardless of whether his or her perceptions are accurate.

Second, how attractive do employees consider these outcomes to be? Are they valued positively, negatively, or neutrally? This obviously is an internal issue and considers the individual's personal attitudes, personality, and needs. The individual who finds a particular outcome attractive—that is, values it positively—would rather attain it than not attain it. Others may find it negative and therefore prefer not attaining it to attaining it. Still others may be neutral.

Third, what kind of behavior must the employee exhibit to achieve these outcomes? The outcomes are not likely to have any effect on an individual employee's performance unless the employee knows, clearly and unambiguously, what he or she must do to achieve them. For example, what is "doing well" in terms of performance appraisal? What criteria will be used to judge the employee's performance?

Fourth and last, how does the employee view his or her chances of doing what is asked? After the employee has considered his or her own competencies and ability to control those variables that will determine success, what probability does he or she place on successful attainment?[32]

Let's use the classroom organization as an illustration of how one can use the expectancy theory to explain motivation.

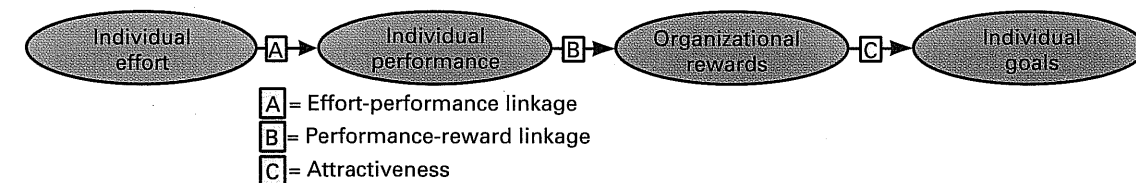Most students prefer an instructor who tells them what is expected of them in the

| Individual effort | → A → | Individual performance | → B → | Organizational rewards | → C → | Individual goals |

A = Effort-performance linkage
B = Performance-reward linkage
C = Attractiveness

FIGURE 16-6
Simplified Expectancy Model

These Lincoln Electric employees participate in what is probably the most lucrative bonus system for factory workers in U.S. manufacturing. In Lincoln's pay-for-performance system, factory workers can earn as much as $100,000 a year.
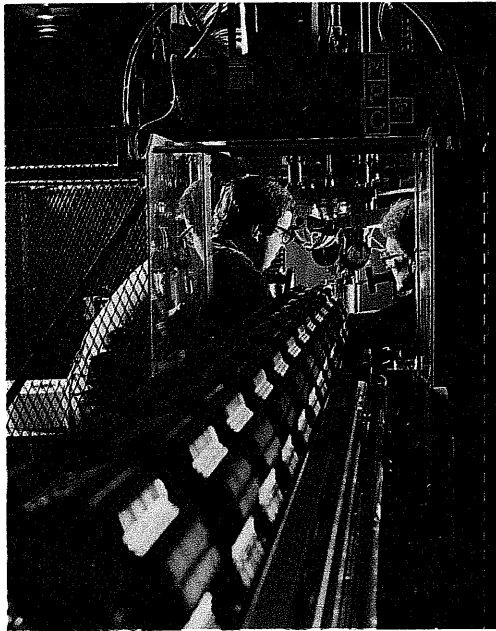
course. They want to know what the assignments and examinations will be like, when they are due or to be taken, and how much weight each carries in the final term grade. They also like to think that the amount of effort they exert in attending classes, taking notes, and studying will be reasonably related to the grade they will make in the course. Let us assume that you, as a student, feel this way. Consider that five weeks into a class you are really enjoying (we'll call it MGT 301), an examination is given back to you. You studied hard for this examination, and you have consistently made As and Bs on examinations in other courses to which you have expended similar effort. The reason you work so hard is to make top grades, which you believe are important for getting a good job upon graduation. Also, you are not sure, but you might want to go on to graduate school. Again, you think grades are important for getting into a good graduate school.

Well, the results of that five-week examination are in. The class median was 72. Ten percent of the class scored an 85 or higher and got an A. Your grade was 46; the minimum passing mark was 50. You're mad. You're frustrated. Even more, you're perplexed. How could you possibly have done so poorly on the examination when you usually score in the top range in other classes by preparing as you did for this one?

Several interesting things are immediately evident in your behavior. Suddenly, you are no longer driven to attend MGT 301 classes regularly. You find that you do not study for the course either. When you do attend classes, you daydream a lot—the result is an empty notebook instead of several pages of notes. One would probably be correct in describing you as "lacking in motivation" in MGT 301. Why did your motivation level change? You know and I know, but let's explain it in expectancy terms.

If we use Figure 16–6 to understand this situation, we might say the following: Studying and preparing for MGT 301 (effort) are conditioned by their resulting in correctly answering the questions on the examination (performance), which will produce a high grade (reward), which will lead, in turn, to the security, prestige, and other benefits that accrue from obtaining a good job (individual goal).

The attractiveness of the outcome, which in this case is a good grade, is high. But what about the performance–reward linkage? Do you feel that the grade you received truly reflects your knowledge of the material? In other words, did the test fairly

measure what you know? If the answer is yes, then this linkage is strong. If the answer is no, then at least part of the reason for your reduced motivational level is your belief that the test was not a fair measure of your performance. If the test was of an essay type, maybe you believe that the instructor's grading method was poor. Was too much weight placed on a question that you thought was trivial? Maybe the instructor does not like you and was biased in grading your paper. These are examples of perceptions that influence the performance–reward linkage and your level of motivation.

Another possible demotivating force may be the effort–performance relationship. If, after you took the examination, you believe that you could not have passed it regardless of the amount of preparation you had done, then your desire to study will drop. Possibly the instructor wrote the examination under the assumption that you had a considerably broader background in the subject matter. Maybe the course had several prerequisites that you did not know about, or possibly you had the prerequisites but took them several years ago. The result is the same: You place a low value on your effort leading to answering the examination questions correctly; hence your motivational level decreases, and you lessen your effort.

The key to the expectancy theory is therefore understanding an individual's goal—and the linkage between effort and performance, between performance and rewards, and, finally, between rewards and individual goal satisfaction. As a contingency model, the expectancy theory recognizes that there is no universal principle for explaining everyone's motivations. In addition, knowing what needs a person seeks to satisfy does not ensure that the individual will perceive that high performance will necessarily lead to the satisfaction of these needs. If you desire to take MGT 301 in order to meet new people and make social contacts, but the instructor organizes the class on the assumption that you want to make a good grade in the course, the instructor may be personally disappointed should you perform poorly on the examinations. Unfortunately, most instructors assume that their ability to allocate grades is a potent force in motivating students. It will be so only if students place a high importance on grades, if students know what they must do to achieve the grade desired, and if the students consider that there is a high probability of their performing well should they exert a high level of effort.

Let us summarize some of the issues surrounding the expectancy theory. First, it emphasizes payoffs, or rewards. As a result, we have to believe that the rewards the organization is offering align with what the employee wants. It is a theory based on self-interest, wherein each individual seeks to maximize his or her expected satisfaction. Second, expectancy theory stresses that managers understand why employees view certain outcomes as attractive or unattractive. We shall want to reward individuals with those things they value positively. Third, the expectancy theory emphasizes expected behaviors. Do individuals know what is expected of them and how they will be appraised? Finally, the theory is concerned with perceptions. What is realistic is irrelevant. An individual's own perceptions of performance, reward, and goal satisfaction outcomes will determine his or her level of effort, not the objective outcomes themselves.

Integrating Contemporary Theories of Motivation

We have presented a number of theories in this chapter. There is a tendency, at this point, to view them independently. This is a mistake. The fact is that many of the ideas underlying the theories are complementary, and your understanding of how to motivate people is maximized when you see how the theories fit together.[35]

Figure 16–7 presents a model that integrates much of what we know about motivation. Its basic foundation is the simplified expectancy model shown in Figure 16–6. Let's work through Figure 16–7, beginning at the left.

FIGURE 16-7
Integrating Contemporary
Theories of Motivation
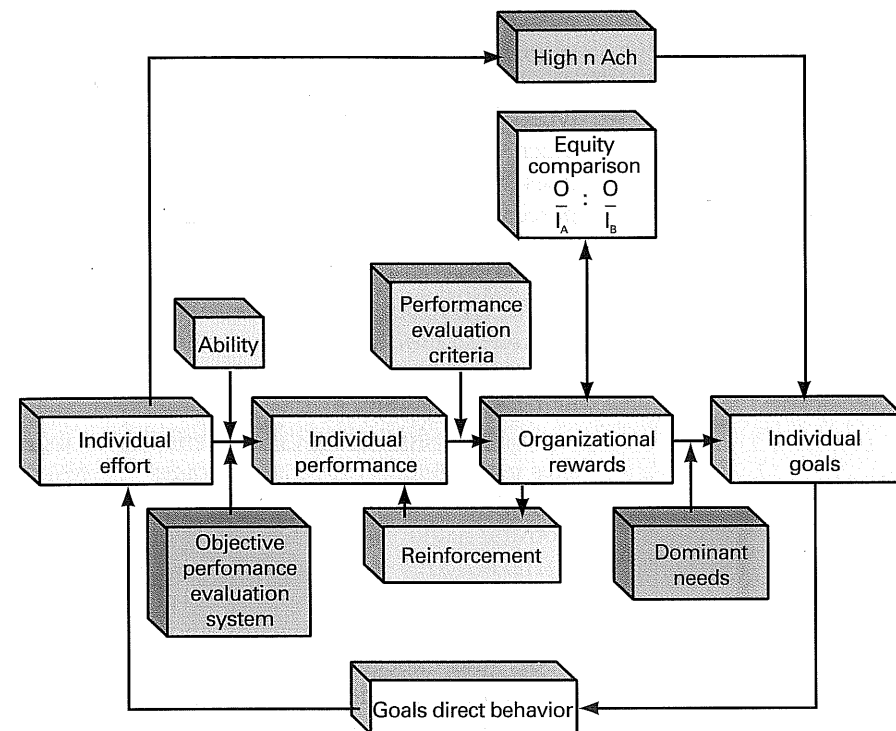
The individual effort box has an arrow leading into it. This arrow flows out of the individual's goals. Consistent with goal-setting theory, this goals-effort loop is meant to remind us that goals direct behavior.

Expectancy theory predicts that an employee will exert a high level of effort if he or she perceives that there is a strong relationship between effort and performance, performance and rewards, and rewards and satisfaction of personal goals. Each of these relationships, in turn, is influenced by certain factors. For effort to lead to good performance, the individual must have the requisite ability to perform, and the performance evaluation system that measures the individual's performance must be perceived as being fair and objective. The performance–reward relationship will be strong if the individual perceives that it is performance (rather than seniority, personal favorites, or other criteria) that is rewarded. The final link in expectancy theory is the rewards–goals relationship. Need theories would come into play at this point. Motivation would be high to the degree that the rewards an individual received for his or her high performance satisfied the dominant needs consistent with his or her individual goals.

A closer look at Figure 16–7 will also reveal that the model considers the achievement-need and reinforcement and equity theories. The high achiever is not motivated by the organization's assessment of his or her performance or organizational rewards; hence the jump from effort to individual goals for those with a high *nAch*. Remember that high achievers are internally driven as long as the jobs they are doing provide them with personal responsibility, feedback, and moderate risks. They are not concerned with the effort–performance, performance–rewards, or rewards–goal linkages.

Reinforcement theory enters our model by recognizing that the organization's rewards reinforce the individual's performance. If management has designed a reward system that is seen by employees as "paying off" for good performance, the rewards will reinforce and encourage continued good performance.

MANAGING
FROM A
GLOBAL
PERSPECTIVE

Modifying Motivation Theories for Different Cultures

The theories of motivation we have been studying were developed largely by U.S. psychologists and validated by studying American workers. These theories need to be modified for different cultures.[33]

The self-interest concept is consistent with capitalism and the extremely high value placed on individualism in the United States. Because almost all the motivation theories presented in this chapter are based on the self-interest motive, they should be applicable to organizations in such countries as Great Britain and Australia, where capitalism and individualism are highly valued. In more collectivist nations—Venezuela; Singapore, Japan, and Mexico—the link to the organization is the individual's *loyalty* to the organization or society, rather than his or her self-interest. Employees in collectivist cultures should be more receptive to team-based job design, group goals, and group performance evaluations. Reliance on the fear of being fired in such cultures is likely to be less effective, even if the laws in these countries allow managers to fire employees.

The need-achievement concept provides another example of a motivation theory with a U.S. bias. The view that a high need for achievement acts as an internal motivator presupposes the existence of two cultural characteristics: a willingness to accept a moderate degree of risk and a concern with performance. These characteristics would exclude countries with high uncertainty avoidance scores and high quality-of-life ratings. The remaining countries are exclusively Anglo-American countries such as New Zealand, South Africa, Ireland, the United States, and Canada.

Keep in mind that the road goes two ways. Motivation techniques that work well in China, for instance, may be inappropriate in North America. A large department store in Xian, China, selects its forty *worst* sales clerks each year.[34] They have to write self-criticisms and analyze their shortcomings. Management then hangs a plaque over their work stations, complete with picture, proclaiming them as members of the "Forty Worst." This approach was a response to the generally poor service that management felt its clerks were giving customers and the fact that lifetime employment is guaranteed for Chinese employees. The store's management has found that those employees selected for the "Forty Worst" are strongly motivated to improve their performances and to get the plaques removed from their work areas. Motivation through humiliation might be acceptable and effective in China, but it isn't likely to work in North America.

Finally, rewards also play the key part in equity theory. Individuals will compare the rewards (outcomes) they receive from the inputs they make with the inputs–outcomes ratio of relevant others ($O/I_A \cdot O/I_B$), and inequities may influence the effort expended.

Motivating a Diversified Work Force

To maximize motivation among today's diversified work force, management needs to think in terms of *flexibility*. For instance, studies tell us that men place considerably more importance on having a lot of autonomy in their jobs than do women. In

In today's diversified work force, males are increasingly combining parental and job responsibilities. This manager enjoys the flexibility of being able to handle correspondence using his company's electronic mail system that is networked to his home.
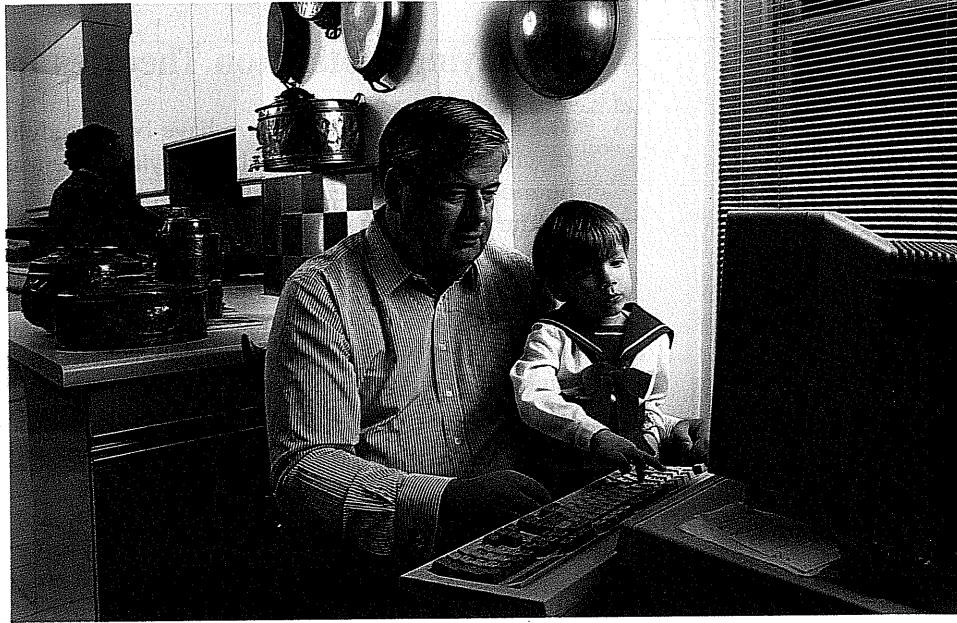
contrast, the opportunity to learn, convenient work hours, and good interpersonal relations are more important to women than to men.[36] Managers need to be aware that what motivates the single mother with two dependent children who's working full-time to support her family may be very different from the needs of a young, single, part-time worker or the older employee who is working to supplement his or her pension income. The following examples, which link the issue of motivation with our previous discussion of job design in Chapter 11, illustrate the importance of designing flexible work schedules and benefit programs to respond to employees' varied needs.

Ann works for DuPont. As a mother of two preschool children, she finds that the company's family-friendly benefits—day care, flextime, job sharing, flexible benefits, and personal leaves of absence—increase her commitment to her job and to DuPont.

Mark also works for DuPont. He is among the company's 2000 or so employees who work part-time. This DuPont option allows Mark to gain valuable experience and meet his financial obligations, while at the same time allowing him to pursue his graduate studies in chemistry.

Jack is seventy-two years old. Unfortunately, his Social Security check provides an inadequate income. In order to make ends meet, Jack works full-time at a local plant nursery. One of the firm's hardest-working and enthusiastic employees, he regularly praises management for providing him with flexible work hours and an excellent health plan that supplements Medicare.

From Theory to Practice: Suggestions for Motivating Employees

If you're a manager concerned with motivating your employees, what specific recommendations can you draw from the theories presented in this chapter? While there is no simple, all-encompassing set of guidelines, the following suggestions draw on the essence of what we know about motivating employees.

Recognize Individual Differences   Almost every contemporary motivation theory recognizes that employees are not homogeneous. They have different needs.

MANAGERS
WHO MADE A
DIFFERENCE

F. Suzanne Jenniches at Westinghouse Electronic Systems

In 1971, F. Suzanne Jenniches was a high school biology teacher. In 1975, she joined Westinghouse as an associate test engineer. Today, she's general manager of Westinghouse's Civil Systems Division. Jenniches' comments on work-force diversity and motivation offer some insights into why she has succeeded at Westinghouse.[37]

"I believe in the strength of diversity. It's a passion of mine. I value diverse opinions, diverse skills, and diverse personalities all working in harmony in a team. . . . People [of diverse backgrounds] each bring their special skills and the ability to see a problem from a different angle, and that's important.

"I don't like 'yes' men, and I don't like everyone marching in step and saluting together. Of course, ultimately we must arrive at a common goal or approach, but we arrive at a better one by coming at it from different angles."

Ms. Jenniches encourages diversity through careful recruitment efforts, by teaming diverse employees, and by allowing open communication. "We look for people from all different social and academic backgrounds and try to mix quiet with talky people, electrical engineers with software and quality-assurance engineers. It's a tremendously energizing and often chaotic atmosphere. We allow employees to have a say here and to make a contribution. That builds respect and teamwork."

On motivation, Ms. Jenniches recognizes the need to individualize rewards. For example, she believes that the practice of promoting top performers into management and then transferring them into a new area often isn't the best approach for rewarding them. "I believe the best thing you can do for people in terms of recognizing and rewarding them is to give them a higher level of responsibility and authority. That doesn't necessarily mean a promotion to management, because many people don't want that kind of responsibility—many of them want more technical responsibility, more recognition of their technical expertise, or to be a team leader."

They also differ in terms of attitudes, personality, and other important individual variables. For instance, expectancy predictions are more accurate with individuals who have an internal rather than external locus of control.[38] Why? The former believe that events in their lives are largely under their own control, which is consistent with the expectancy theory's self-interest assumptions.

Match People to Jobs   There is a great deal of evidence showing the motivational benefits of carefully matching people to jobs. For example, high achievers should be sought for a job of running a small business or an autonomous unit within a larger business. However, if the job to be filled is a managerial slot in a large bureaucratic organization, a candidate high in $nPow$ and low in $nAff$ should be selected. Along these same lines, don't put a high achiever into a job that is inconsistent with his or her needs. Achievers will do best in jobs that provide opportunities to participate in setting moderately challenging goals and in which there is autonomy and feedback.

Keep in mind that not everybody is motivated by jobs that are high in autonomy, variety, and responsibility. Such jobs are most attractive and motivating to employees with a high growth need.

Use Goals   The literature on goal-setting theory suggests that managers should ensure that employees have hard, specific goals and feedback on how well they are doing in pursuit of those goals. For those with high achievement needs, typically a minority in any organization, the existence of external goals is less important because high achievers are already internally motivated.

Should the goals be assigned by a manager, or should employees participate in setting goals? The answer depends on your perception of goal acceptance and the organization's culture. If you expect resistance to goals, the use of participation should increase acceptance. If participation is inconsistent with the culture, use assigned goals. When participation and the culture are incongruous, employees are likely to perceive the participative process as manipulative and be turned off by it.

Ensure that Goals are Perceived as Attainable   Regardless of whether goals are actually attainable, employees who see these goals as unattainable will reduce their effort. Managers must be sure, therefore, that employees feel confident that increased efforts *can* lead to performance goals. For managers, this means that employees must be capable of doing the job and must perceive the performance appraisal process as both reliable and valid.

Individualize Rewards   Because employees have different needs, what acts as a reinforcer for one may not for another. Managers should use their knowledge of employee differences to individualize the rewards over which they have control. Some of the more obvious rewards that managers allocate include pay, promotions, autonomy, and the opportunity to participate in goal setting and decision making.

Link Rewards to Performance   Managers need to make rewards contingent on performance. Rewarding factors other than performance will only reinforce those other factors. Key rewards such as pay increases and promotions should be given for the attainment of the employee's specific goals. Managers should also look for ways to increase the visibility of rewards. Eliminating the secrecy surrounding pay by openly communicating everyone's compensation, publicizing performance bonuses, and allocating annual salary increases in a lump sum rather than spreading them out over the entire year are examples of actions that will make rewards more visible and potentially more motivating.

Check the System for Equity   Employees should perceive that rewards or outcomes are equal to the inputs given. On a simplistic level, experience, ability, effort, and other obvious inputs should explain differences in pay, responsibility, and other obvious outcomes. The problem, however, is complicated by the existence of dozens of both inputs and outcomes and by the fact that employee groups place different degrees of importance on them. For instance, a study comparing clerical and production workers identified nearly twenty inputs and outcomes.[39] The clerical workers considered factors such as quality of work performed and job knowledge near the top of their input list, but these factors were at the bottom of the production workers' list. Similarly, production workers thought the most important inputs were intelligence and personal involvement with the task to be accomplished, two factors that were quite low in the clerks' importance ratings. There were also important, though less dramatic, differences on the outcome side. For example, production workers rated advancement very high, whereas clerical workers rated advancement in the lower third on their list. Such findings suggest that one person's equity is another's inequity,

By linking increases in pay to increases in productivity, the management at Whirlpool's Benton Harbor, Michigan, washing machine factory has reduced costs and bolstered profits. In 1991, improvement in the aging plant's productivity translated into an average bonus of $2,700 for each of the plant's 265 employees.
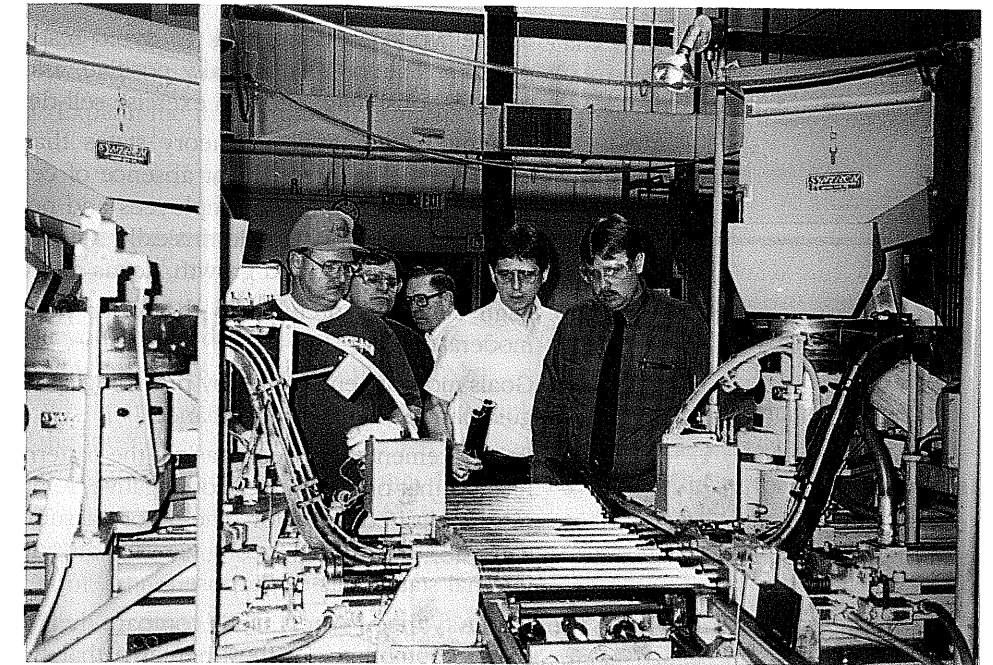
so an ideal reward system should probably weight inputs differently in arriving at the proper rewards for each job.

Don't Ignore Money   It's easy to get so caught up in setting goals, creating interesting jobs, and providing opportunities for participation that one forgets that money is a major reason why most people work. Thus the allocation of performance-based wage increases, piecework bonuses, and other pay incentives is important in determining employee motivation. A review of eighty studies evaluating motivational methods and their impact on employee productivity supports this point.[40] Goal setting alone produced, on the average, a 16 percent increase in productivity; redesign efforts to enrich jobs yielded 8 to 16 percent increases; employee participation in decision making produced a median increase of less than 1 percent; whereas monetary incentives led to an average increase of 30 percent. We're not saying that management should focus solely on money. Rather, we're simply stating the obvious—that is, if money is removed as an incentive, people aren't going to show up for work. The same can't be said for removing goals, enriched work, or participation.

Summary

1. Motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need. The motivation process begins with an unsatisfied need, which creates tension and drives an individual to search for goals that, if attained, will satisfy the need and reduce the tension.

2. The hierarchy of needs theory states that there are five needs—physiological, safety, social, esteem, and self-actualization—that individuals attempt to satisfy in a steplike progression. A substantially satisfied need no longer motivates.

3. Theory X is basically a negative view of human nature, assuming that employees

dislike work, are lazy, seek to avoid responsibility, and must be coerced to perform. Theory Y is basically positive, assuming that employees are creative, seek responsibility, and can exercise self-direction.

4. The motivation–hygiene theory states that not all job factors can motivate employees. The presence or absence of certain job characteristics, or hygiene factors, can only placate employees and not lead to satisfaction or motivation. Factors that people find intrinsically rewarding, such as achievement, recognition, responsibility, and growth, act as motivators and produce job satisfaction.

5. High achievers prefer jobs that offer personal responsibility, feedback, and moderate risks.

6. Goals motivate employees by providing specific and challenging bench marks to guide and stimulate performance.

7. Reinforcement theory emphasizes the pattern in which rewards are administered. It states that only positive, not negative, reinforcement be used, and then only to reward desired behavior. The theory assumes that behavior is environmentally caused. Goal-setting theory views motivation as coming from an individual's internal statements of purpose.

8. In equity theory, individuals compare their job's inputs–outcomes ratio to those of relevant others. If they perceive that they are underrewarded, their work motivation declines. When individuals perceive that they are overrewarded, they often are motivated to work harder in order to justify their pay.

9. The expectancy theory states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. Its prime components are the relationships between effort and performance, performance and rewards, and rewards and individual goals.

10. Management practices that are likely to lead to more motivated employees include recognizing individual differences, matching people to jobs, using goals, ensuring that employees perceive goals as attainable, individualizing rewards, linking rewards to performance, checking the reward system for equity, and realizing that money is an important incentive.

Review Questions

1. What role do *needs* play in motivation?

2. What role would money play in (a) the hierarchy of needs theory, (b) motivation-hygiene theory, (c) equity theory, (d) expectancy theory, and (e) employees with a high *nAch*?

3. Contrast lower-order and higher-order needs in Maslow's need hierarchy.

4. If you accept Theory Y assumptions, how would you be likely to motivate employees?

5. Describe the three needs in the three-needs theory.

6. According to reinforcement theory, why should managers never punish employees?

7. How can we explain the apparent contradiction between the difficult goals called for by goal-setting theory and the moderate goals sought by high achievers?

8. What are some of the possible consequences of employees perceiving an inequity between their inputs and outcomes and those of others?

9. What role does perception play in (a) expectancy theory, (b) equity theory, and (c) reinforcement theory?

10. Explain the motivation implications of expectancy theory for management practice.

Discussion Questions

1. If you had to develop an incentive system for a company, which elements from which theories would you use? Why?

2. What part, if any, do you see goal setting playing in reinforcement and expectancy theories?

3. Would an individual with a high *nAch* be a good candidate for a management position? Explain.

4. What difficulties do you think work force diversity causes managers trying to use equity theory?

5. List five criteria (for example, pay, recognition, challenging work) that are most important to you in a job. Rank them by importance. Break into small groups and compare your responses. What patterns, if any, did you find?
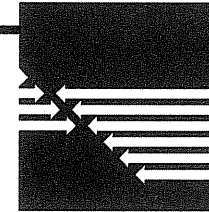
SELF-ASSESSMENT EXERCISE

What Needs Are Most Important to You?

Instructions: Rank your responses for each of the following questions. The response that is most important or most true for you should receive a 5; the next should receive a 4; the next a 3; the next a 2; and the least important or least true should receive a 1.

Example

   The work I like best involves:

   A __4__ Working alone.
   B __3__ A mixture of time spent with people and time spent alone.
   C __1__ Giving speeches.
   D __2__ Discussion with others.
   E __5__ Working outdoors.

1. Overall, the most important thing to me about a job is whether or not:
   A _____ The pay is sufficient to meet my needs.
   B _____ It provides the opportunity for fellowship and good human relations.
   C _____ It is a secure job with good employee benefits.
   D _____ It allows me freedom and the chance to express myself.
   E _____ There is opportunity for advancement based on my achievements.

2. If I were to quit a job, it would probably be because:
   A _____ It was a dangerous job, such as working with inadequate equipment or poor safety procedures.

B _____ Continued employment was questionable because of uncertainties in business conditions or funding sources.

C _____ It was a job people looked down on.

D _____ It was a one-person job, allowing little opportunity for discussion and interaction with others.

E _____ The work lacked personal meaning to me.

3. For me, the most important rewards in working are those that:

A _____ Come from the work itself—important and challenging assignments.

B _____ Satisfy the basic reasons why people work—good pay, a good home, and other economic needs.

C _____ Are provided by fringe benefits—such as hospitalization insurance, time off for vacations, security for retirement, etc.

D _____ Reflect my ability—such as being recognized for the work I do and knowing I am one of the best in my company or profession.

E _____ Come from the human aspects of working—that is, the opportunity to make friends and to be a valued member of a team.

4. My morale would suffer most in a job in which:

A _____ The future was unpredictable.

B _____ Other employees received recognition, when I didn't, for doing the same quality of work.

C _____ My co-workers were unfriendly or held grudges.

D _____ I felt stifled and unable to grow.

E _____ The job environment was poor—no air conditioning, inconvenient parking, insufficient space and lighting, primitive toilet facilities.

5. In deciding whether or not to accept a promotion, I would be most concerned with whether:

A _____ The job was a source of pride and would be viewed with respect by others.

B _____ Taking the job would constitute a gamble on my part, and I could lose more than I gained.

C _____ The economic rewards would be favorable.

D _____ I would like the new people I would be working with, and whether or not we would get along.

E _____ I would be able to explore new areas and do more creative work.

6. The kind of job that brings out my best is one in which:

A _____ There is a family spirit among employees and we all share good times.

B _____ The working conditions—equipment, materials, and basic surroundings—are physically safe.

C _____ Management is understanding and there is little chance of losing my job.

D _____ I can see the returns on my work from the standpoint of personal values.

E _____ There is recognition for achievement.

7. I would consider changing jobs if my present position:

A _____ Did not offer security and fringe benefits.

B _____ Did not provide a chance to learn and grow.

C _____ Did not provide recognition for my performance.

D _____ Did not allow close personal contacts.

E _____ Did not provide economic rewards.

8. The job situation that would cause the most stress for me is:

A _____ Having a serious disagreement with my co-workers.

B _____ Working in an unsafe environment.

C _____ Having an unpredictable supervisor.

D _____ Not being able to express myself.

E _____ Not being appreciated for the quality of my work.

9. I would accept a new position if:

A _____ The position would be a test of my potential.

B _____ The new job would offer better pay and physical surroundings.

C _____ The new job would be secure and offer long-term fringe benefits.

D _____ The position would be respected by others in my organization.

E _____ Good relationships with co-workers and business associates were probable.

10. I would work overtime if:

A _____ The work is challenging.

B _____ I need the extra income.

C _____ My co-workers are also working overtime.

D _____ I must do it to keep my job.

E _____ The company recognizes my contribution.