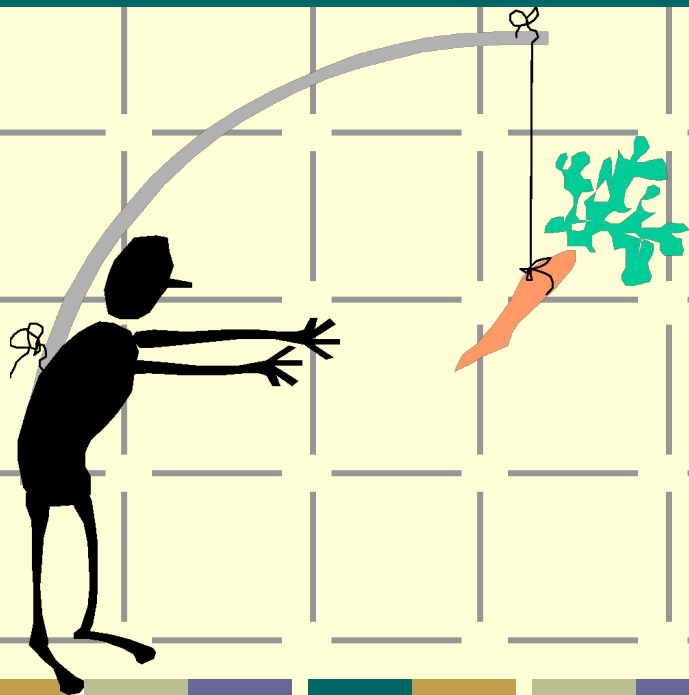



# Motivating






# Motivating

- Managers have always recognized the need to get people to perform the organization's work. However, throughout most of history they believed doing so was a simple matter of **offering economic rewards**. In this part of course we will learn why this usually proved successful, even though it is actually incorrect. In doing so we hope to **dispel** the lingering misconception that **money will always get a person to work harder** and also to lay groundwork for contemporary views of motivation.
- 



# MOTIVATING: ITS MEANING AND EVOLUTION

- By planning and organizing, management determines **what** is to be done by the organization, **when** it is to be done, **how** it is to be done, and **who** is supposed to do it. These decisions, when made effectively, enable management to coordinate the efforts of many people and harness the potential benefits of division of labor.
- 



# MOTIVATING: ITS MEANING AND EVOLUTION


- Unfortunately, managers sometimes fall into the trap of believing that because a particular course of action or organizational structure works wonderfully on paper, it will work well in practice. **In order to attain objectives effectively, the manager clearly must both coordinate work and get people to perform it.**
- **Motivating is the process of moving oneself and others to work toward attainment of individual and organizational objectives.**






# Early Approaches to Motivation

Although today it is widely accepted that the underlying assumptions of early approaches to motivation were incorrect, it is still important to understand them. Although early managers grossly misunderstood human behavior, the techniques they used were, in their situation, often very effective. Because the techniques worked and were used for many hundreds of years, as opposed to the couple of decades current theories have been around, early attitudes on motivations are deeply embedded in our culture. Many managers, particularly ones without formal training, continue to be strongly influenced by them. It is quite possible you will encounter such practices at work.





# Early Approaches to Motivation

- Moreover, you may be tempted to succumb to the lure of their simple, pragmatic appeal. This probably would be a mistake. Subordinates in today's organizations are typically far better educated and more affluent than those of times past. Their motives, as a result, tend to be more complex and difficult for the effective motivator without understanding at least a little about the "why" of motivation. Last but not least, we hope that a brief glimpse of history will help you better appreciate that effectiveness in motivation, as in all management, is related to the situation.
- 

# Early Approaches to Motivation:

## Carrot and Stick

Thousands of years before the word motivation entered the manager's lexicon, people were well aware of the possibility of deliberately influencing others to accomplish tasks for an organization. The primary technique used to accomplish this is now referred to as carrot-and-stick motivation, after the classic method of getting a donkey to move. The Bible, early histories, and even myths are filled with tales of kings dangling rewards before a prospective hero's eyes or holding a sword over his head. However, king's daughters and treasures were offered only to a select few. The "carrots" offered for most work were barely edible. It was simply taken for granted that most people would be grateful for anything that kept them and their families alive another day.

# Early Approaches to Motivation:

## Carrot and Stick

This usually was quite true, even in Western nations in the late nineteenth century. During much of the Industrial Revolution economic and social conditions in the English countryside were so hard that farmers flooded the cities and literally begged for the **privilege** of working 14 hours a day in filthy, dangerous factories at barely survival wages. When Adam Smith wrote *The Wealth of Nations*, life for the common person was even harder. His concept of economic man, discussed earlier, was doubtless heavily influenced by observation of these harsh realities. In a situation where most people were struggling for survival, it was understandable for Smith to conclude that a **person would always attempt to improve his economic condition when offered an opportunity to do so**.



# Early Approaches to Motivation:


## Carrot and Stick

Despite advances in technology, the working person's lot still had not improved significantly when the scientific management school arose around 1910. However, Taylor and his contemporaries recognized the **foolishness of starvation wages**. They made carrot-and-stick motivation much more effective by objectively determining "a fair day's work" and actually rewarding those who produced more in proportion to their contribution. The increased productivity resulting from this motivational technique, in combination with more effective use of specialization and standardization, was dramatic. This great success left a good taste for carrot-and-stick motivation that continues to linger in the mouths of managers.


# Early Approaches to Motivation:


## Carrot and Stick

- However, largely because of the effectiveness with which organizations used technology and specialization, life for the average person eventually began to improve. The more it did, the more managers found that the simple technique of offering an economic "carrot" would not always get people to work harder. This encouraged management to look for new solutions to the problem of motivation in the awakening field of psychology.




# Efforts to Use Psychology in Management


- Even as Taylor and Gilbreth wrote, news of Sigmund Freud's concept of the unconscious mind was spreading through Europe and reaching America. However, the notion that **people were not always rational** was a radical one, and managers did not leap to embrace it immediately. Although there were earlier efforts to use psychology in management, it was the work of Elton Mayo that made clear its potential benefits and the **inadequacy of pure carrot-and-stick motivation.**
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# Efforts to Use Psychology in Management


*Elton Mayo was one of the few academics of his time with both a sound understanding of scientific management and training in psychology. He established his reputation in an experiment conducted in a Philadelphia textile mill between 1923 and 1924. Turnover in this mill's spinning department had reached 250 percent, whereas other departments had a turnover of between 5 and 6 percent. Financial incentives instituted by efficiency experts failed to affect this turnover and the department's low productivity, so the firm's president requested help from Mayo and his associates.*







# Efforts to Use Psychology in Management

After carefully examining the situation, Mayo determined that the spinner's work allowed the men few opportunities to communicate with one another and that their job was held in low regard. He felt that the solution to the problem of turnover lay in changing working conditions, not in increasing rewards. With management's permission he experimented with the introduction of two 10-minute rest periods for the spinners. The results were immediate and dramatic. Turnover dropped, morale improved, and output increased tremendously. Later, when a supervisor decided to do away with the breaks, the situation reversed to the earlier state, proving that it was Mayo's innovation that had led to the improvement.






# Efforts to Use Psychology in Management

- The spinner experiment confirmed Mayo's belief that it was **important** for managers to **take into account the psychology of the worker**, especially the notion of irrationality. He concluded that: "What social and industrial research has not sufficiently realized as yet is that these minor irrationalities of the "average normal" person are **cumulative in their effect**. They may not cause "breakdown" in the individual but they do cause "breakdown" in the industry." However, Mayo himself did not fully realize the import of his discoveries, for psychology was still very much in its infancy.
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# Modern Motivational Theories

- We have chosen to divide motivational theories into two categories: **content** theories and **process** theories. The content theories of motivation revolve around the **identification of inward drives, referred to as needs, that cause people to act as they do.** Under this heading we will describe the work of Abraham Maslow, David McClelland, and Frederick Herzberg. The more recent process theories of motivation revolve primarily around **how people behave as they do, incorporating such factors as perception and learning.** The major process theories we will cover are expectancy theory, equity theory.
- 



# Modern Motivational Theories


- It is important to understand that while these theories disagree on a number of matters, **they are not mutually exclusive**. The development of motivational theory has clearly been evolutionary rather than revolutionary. They can and have been applied effectively to the daily challenge of getting others to perform the work of the organization effectively. Therefore, in each case we will briefly point out the relevance of the theory to management practice.
  - In order to understand either content or process theories, one must first understand the meaning of two concepts **fundamental to both. These are needs and rewards.** **Early Approaches to Motivation**
- 





# Primary and Secondary Needs

Psychologists say a person has a **need** when that **individual perceives a physiological or psychological deficiency**. Although a particular person at a particular time may not have a need in the sense of perceiving it consciously, there are certain needs that every person has the potential to sense. The content theories represent efforts to classify these common human needs within specific categories. There is as yet no single uniformly accepted identification of specific needs. However, most psychologists would agree that **needs** can generally be classified as either **primary or secondary**.






# Primary and Secondary Needs

Primary needs are physiological in nature and generally inborn. *Examples include the needs for food, water, air, sleep, and sex.*

Secondary needs are psychological in nature. *Examples are the needs for achievement, esteem, affection, power, and belonging.*

Whereas primary needs are genetically determined, secondary needs usually are learned through experience. Because individuals have different learned experiences, secondary needs vary among people to a greater extent than primary needs.






# Needs and Motivational Behavior


**\_Needs cannot be directly observed or measured.** Their existence must be inferred from a person's behavior. By observation of behavior, psychologists have determined that needs motivate, that is, cause people to act.

When a need is felt, it induces a drive state in the individual. Drives are deficiencies with direction. They are the behavioral outcome of a need and are focused on a goal. Goals, in this sense, are anything that is perceived as able to satisfy the need. After the individual attains the goal, the need is either satisfied, partially satisfied, or not satisfied.





# Needs and Motivational Behavior


- *For example, if you have a need for challenging work, this might drive you to attempt the goal of getting a challenging job. After getting the job, you may find that it is not actually as challenging as you thought it would be. This may induce you to work with less effort or seek another job that will, in fact, satisfy your need.*
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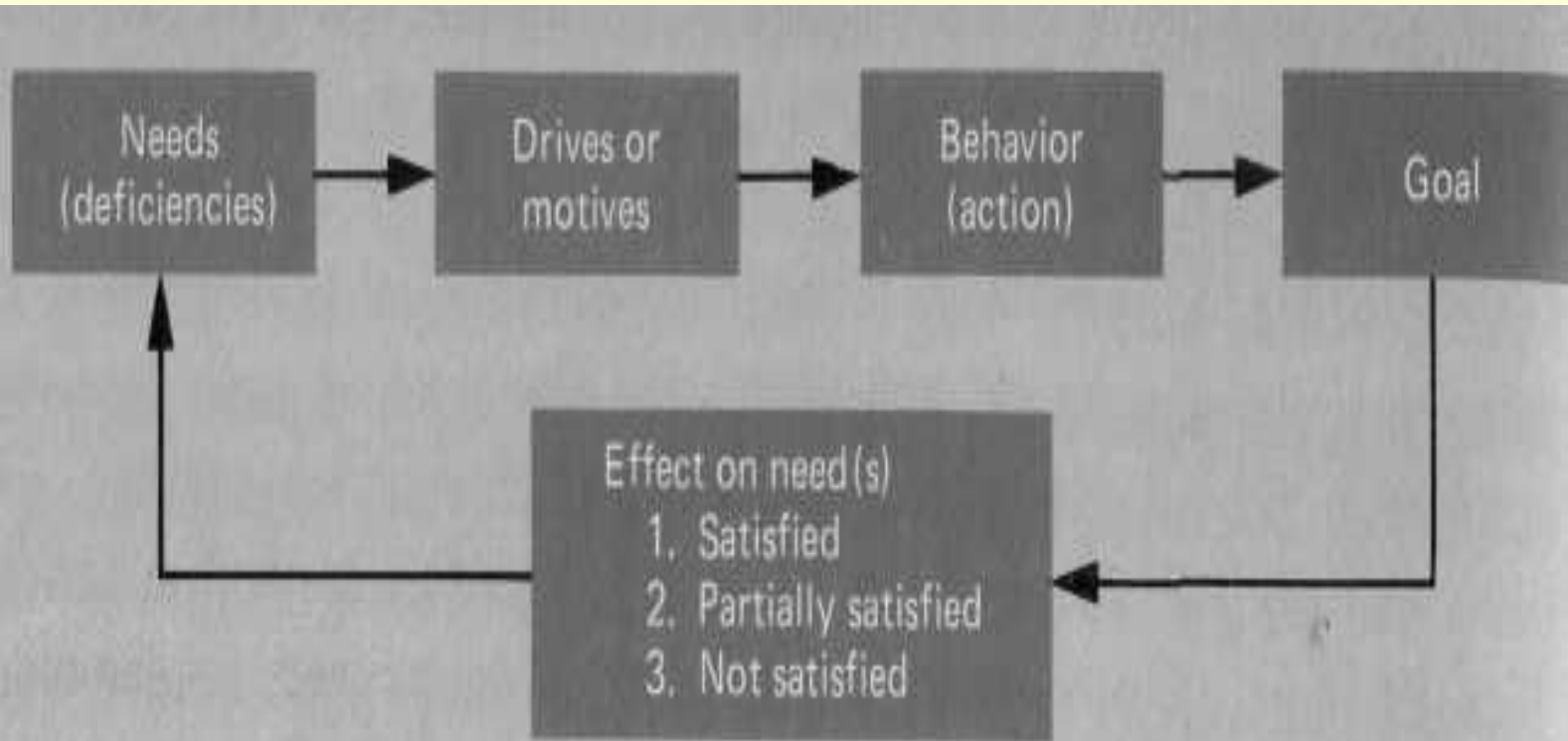
# Needs and Motivational Behavior

– The degree of satisfaction obtained by attaining the goal affects the individual's behavior in related **future situations**. Generally, people tend to repeat behaviors they associate with satisfaction and avoid those associated with lack of satisfaction; this is known as the law of effect.

– Since needs induce a drive to attain a goal the individual perceives will satisfy the need, it follows that management should attempt to create situations that permit people to perceive they can satisfy their needs through behaviors conducive to attainment of the organization's goals.



# Needs and Motivational Behavior





# Complexity of Need Motivation

• There is tremendous variation in people's specific needs, what goals a person will perceive as leading to satisfaction of a need, and how a person will behave to attain these goals. An individual's need structure is determined by his socialization, or early learning experiences, and thus there are many differences among individuals with respect to the needs that are important to them. More important, there are many ways in which a particular kind of need may be satisfied.





# Complexity of Need Motivation

Thus, creating jobs with more challenge and responsibility has a positive motivational effect on many, but by no means all, workers. A manager must always keep in mind the need for a contingency approach.

**There is no one best way to motivate.** What works effectively with some people may fail completely with others. In addition, organizations by their very nature complicate the implementation of motivation theories, which focus on individuals. The interdependence of jobs, lack of information on individual performance, as well as frequent changes in jobs due to technological advances, add to the complexity of motivating.








# Rewards

Throughout our discussion of motivation, we will refer to the use of rewards to motivate people to perform effectively. In motivation, the word reward has a much broader meaning than the images of money or pleasure it most often is associated with. **A reward is anything an individual perceives as valuable.** Since each individual's perceptions are different, what will be considered a reward and its relative value may differ widely among individuals.


*To give a simple example, whereas a suitcase filled with hundred-dollar bills would be perceived as a highly valuable reward by most people of civilized nations, the suitcase would probably be considered more valuable than the money by a primitive Tasaday tribesman of the Philippines.*





# Intrinsic and Extrinsic Rewards

The manager is concerned with two general types of rewards: **intrinsic and extrinsic**. An intrinsic reward is obtained through the work itself. ***Examples would be feelings of achievement, challenge, self-esteem, and the sense that one's work is meaningful. Friendship and social interaction arising through work are also considered intrinsic rewards.*** The most common means of providing intrinsic rewards is through design of working conditions and tasks. *Volvo, for example, partially abandoned repetitive assembly-line methods in one experimental plant in favor of teams for building cars in order to increase intrinsic rewards for its production people.*






# Intrinsic and Extrinsic Rewards


• Extrinsic rewards are the type that most often come to mind when the word reward is heard. An extrinsic reward is not attained from the work itself, but rather is granted by the organization. ***Examples of extrinsic organizational rewards are pay, promotion, status symbols such as a private office with a window, praise and recognition, and fringe benefits such as vacations, a company car, expense account, and insurance.***

• For management to determine whether and in what proportion it should use intrinsic and extrinsic rewards to motivate, it must determine what the needs of its workers are. This was the aim of the content theories.






# CONTENT THEORIES OF MOTIVATION


- The content theories of motivation are primarily efforts **to identify the needs that drive people to act, particularly in the work setting.** The work of three people has been particularly influential in laying this important groundwork for our current understanding of motivation—namely, **Abraham Maslow, Frederick Herzberg, and David McClelland.**
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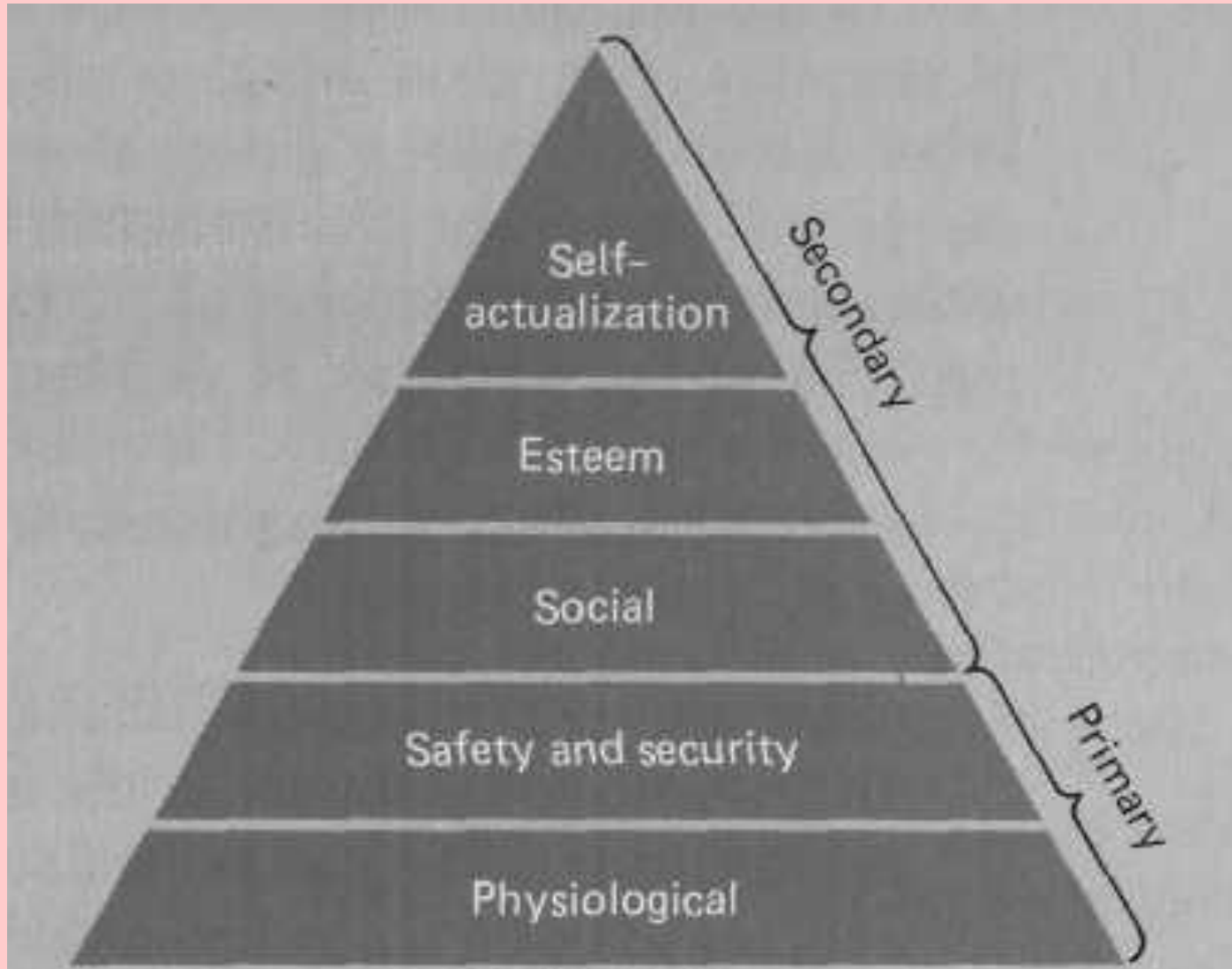
# Maslows Hierarchy of Needs

One of the first behavioral scientists to make management aware of the complexity of human needs and their effect on motivation was Abraham Maslow. When forming his theory of motivation during the 1940s, Maslow acknowledged that people have many diverse needs, but he felt that needs could be condensed within five basic categories.



- 
1. **Physiological needs** are the essentials of survival. They include food, water, shelter, rest, and sex.
  2. **Safety and security needs** include the needs for protection against physical and psychological threats in the environment and confidence that physiological needs will be met in the future. Buying an insurance policy or seeking a secure job with a good pension plan are manifestations of security needs.
  3. **Social needs**, sometimes called the need for affiliation, include a feeling of belonging, of being accepted by others, of interacting socially, and of receiving affection and support.
  4. **Esteem needs** include self-respect, achievement, competence, respect of others, and recognition.
  5. **Self-actualization needs** include fulfillment of one's potential and growth as a person.
- 

# Maslows Hierarchy of Needs






# Maslows Hierarchy of Needs

## • Need Hierarchy and Motivation.

• Maslow's theory holds that these needs are arranged in a prepotent hierarchy. By this he meant that **lower-level needs** require satisfaction and thereby affect behavior before **higher-level needs** have an effect on motivation. An individual will be motivated to satisfy the need that is prepotent, or most powerful for him or her, at a specific time. Before the next level need becomes the most powerful determinant of behavior, the **lower-level need must first be satisfied.**








# Maslows Hierarchy of Needs

When the needs that have the greatest potency and priority are satisfied, the next needs in the hierarchy emerge and press for satisfaction. When these needs are satisfied, another step up the ladder of motives is taken. Because one's potential expands as one grows as a person, the need for self-actualization can never be fully satisfied. Therefore, the **process of needs motivating behavior never ends**.


A starving person will be motivated to find food and only after eating will attempt to build a shelter. Once comfortable and secure, a person will be motivated primarily by the need for social contact and then will actively seek the respect of others.





# Maslows Hierarchy of Needs

A need does not have to be totally satisfied before the next higher level begins to influence behavior. Thus, the levels in the hierarchy are not discrete steps. *For example, people usually begin -seeking affiliation long before their security needs are assured and often even before physiological needs are wholly satisfied. This is clearly illustrated by the high importance of social interaction and ritual in primitive cultures of the Amazon jungle and parts of Africa, even though hunger and danger are always present.*






# Maslows Hierarchy of Needs

In other words, although at a given moment one need will predominate, a person may be simultaneously motivated by more than one need. Maslow states:

We have spoken so far as if this hierarchy were a fixed order but actually it is not nearly as rigid as we may have implied. It is true that most of the people with whom we have worked seemed to have these basic needs in about the order that has been indicated. However, there have been a number of exceptions. There are some people in whom, for instance, self-esteem seems to be more important than love.



# Maslows Hierarchy of Needs

## Relevance in Management

Maslow's theory of human motivation made an extremely important contribution to management's understanding of the drive to work. It made managers aware that people are motivated by a wide variety of needs. In order to motivate a given individual, the manager must provide an opportunity to satisfy prepotent needs through behavior conducive to attaining organizational objectives. Not too long ago managers could motivate effectively solely through economic incentives for performance because most people were governed primarily by lower-level needs. Today the situation has changed. Because of generally higher wages and benefits even persons lowest in the organizational hierarchy are relatively high on Maslow's

# Maslows Hierarchy of Needs

## Relevance in Management


In our society the physiological and safety needs play a relatively minor role for most people. Only the severely deprived and handicapped are dominated by these lower-order needs. The obvious implication for organizational theorists is that higher-order needs should be better motivators than lower-order ones. This fact seems to be supported by surveys which ask employees what motivates them on the job.

In sum, as a manager you need to observe your subordinates' behavior to determine, as best you can, **what their active needs are.** Because these needs change over time, you cannot assume that a technique that once worked will continue to work.



# Satisfying Higher-Level Needs of Workers


## Social needs

- 1. Design jobs that allow social interaction.
  - 2. Create team spirit.
  - 3. Conduct periodic meetings with all subordinates.
  - 4. Do not attempt to stifle informal work groups that are not actually negative.
  - 5. Provide outside social activities for organizational members.
- 



# Satisfying Higher-Level Needs of Workers


## • Esteem needs

- 1. Design more challenging tasks.
  - 2. Provide positive feedback on performance.
  - 3. Give recognition and encouragement for performance.
  - 4. Involve subordinates in goal setting and decision making.
  - 5. Delegate additional authority.
  - 6. Give promotions.
  - 7. Provide training and development that increases competency on the job.
- 



# Satisfying Higher-Level Needs of Workers

## • **Self-actualization needs**


- 1. Provide training and development activities that increase a person's ability to make full use of potential.
  - 2. Provide challenging, meaningful work that requires a person to use his or her full potential.
  - 3. Encourage and develop creativity.
- 





# Criticisms of Maslow's Theory


Although Maslow's theory of human needs seemed to provide managers with a useful description of the motivation process, subsequent tests have not totally substantiated it. Whereas people can be classified within broad categories of higher- and lower-level needs, a strict five-category hierarchy does not seem to exist. Nor has the concept of a prepotent hierarchy been totally supported.





# Criticisms of Maslow's Theory


• The major criticism of Maslow's theory is that it fails to take individual differences into account. *Because of past experience, self-actualization may be a dominant need for one person, but another ostensibly similar person working in a similar capacity might be more influenced by esteem, social, or safety needs. Some people who were raised during the Depression, for example, continue to manifest motivation by safety needs even though they have attained considerable financial security.*





# Criticisms of Maslow's Theory

Managers must be aware of individual differences in reward preferences. What will motivate one subordinate will not work with another individual. Different people want different things, and managers must be sensitive to these needs if they want to motivate their subordinates.





# McClelland's Need Theory

• Another motivational model, one stressing higher-level needs, is that of David McClelland who describes people in terms of three needs:


- power,
- achievement,
- affiliation.






# McClelland's Need Theory

— The need for power is expressed as a desire to influence others. In relation to Maslow's hierarchy, power would fall somewhere between the needs for esteem and self-actualization. People with a need for power tend to exhibit behaviors such as outspokenness, forcefulness, willingness to engage in confrontation, and a tendency to stand by their original position. They often are persuasive speakers and demand a great deal from others. Management often attracts people with a need for power because of the many opportunities it offers to exercise and increase power.






# McClelland's Need Theory

- The need for achievement would also fall between that for esteem and self-actualization. This need is satisfied not by the manifestations of success, which confer status, but with the process of carrying work to its successful completion.
  - Individuals with a high need for achievement generally will take moderate risks, like situations in which they can take personal responsibility for finding solutions to problems, and want concrete feedback on their performance.
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# McClelland's Need Theory


• Thus, if management wishes to motivate individuals operating on the **achievement level**, it should assign them tasks that involve a moderate degree of risk of failure, delegate to them enough authority to take initiative in completing their tasks, and give them periodic, specific feedback on their performance.






# McClelland's Need Theory


• \_ McClelland's affiliative motive is similar to Maslow's. The person is concerned with companionship, forming friendly relations with others, and helping others. People dominated by the affiliative need would be attracted to jobs that allow considerable social interaction. Managers of such individuals should create a climate that does not constrain interpersonal relations. A manager could also facilitate their need satisfaction by spending more time with such individuals and periodically bringing them together as a group.









# Herzberg's Two-Factor Theory


- During the late 1950s Frederick Herzberg and his associates developed another need-based model of motivation. Herzberg's research team asked 200 engineers and accountants of a large paint company to respond to the questions: "Can you describe, in detail, when you felt exceptionally **good** about your job?" and "Can you describe, in detail, when you felt exceptionally **bad** about your job?"
  - Herzberg found that the responses could be grouped within two general categories, which he called hygiene factors and motivators.
- 



# Herzberg's Two-Factor Theory


<b>Hygiene factors</b>	<b>Motivators</b>
<b>Company policy and administration</b>	<b>Achievement</b>
<b>Working conditions</b>	<b>Advancement</b>
<b>Pay</b>	<b>Recognition</b>
<b>Interpersonal relations with superiors, coworkers, and subordinates</b>	<b>Responsibility</b>
<b>Quality of supervision</b>	<b>Growth opportunities</b>






# Herzberg's Two-Factor Theory

• The hygiene factors are related to the environment in which work is performed whereas the motivators are related to the nature of work itself. According to Herzberg, hygiene factors result in dissatisfaction if they are not present or are inadequate. If they are adequate, however, they do not induce motivation or give satisfaction. In contrast, if the motivators are absent or inadequate, they do not result in dissatisfaction. If adequate, however, the motivators are the factors responsible for motivating workers and assuring job satisfaction.






# Herzberg's Two-Factor Theory

• According to Herzberg's theory, providing employees with hygiene factors will not motivate them. It will only prevent dissatisfaction. In order to motivate, management must provide the motivators as well as the hygiene factors.

• To apply Herzberg's theory effectively, management should, other factors permitting, present a menu of hygiene factors and especially motivators and allow employees to choose those of personal preference.






# Criticisms of Herzberg's Theory

Although implemented effectively in several organizations, Herzberg's theory has its critics. The major criticism focuses on his research methods. When people are asked to think of times they felt especially good or bad about their jobs, they tend to credit themselves and things in their control for satisfying experiences and blame others and things outside their control for dissatisfying experiences. Thus, the results Herzberg obtained were at least partially a result of the way he asked questions.

A given factor can cause job satisfaction for one person and job dissatisfaction for another person, and vice-versa. Therefore, either hygiene factors or motivators can be a source of motivation for people, depending on their needs. Since individuals have different needs, different factors will motivate different people.






# Criticisms of Herzberg's Theory

In addition, Herzberg assumes a strong correlation between satisfaction and productivity, which other studies indicate does **not always** exist.


The lack of a strong relationship between job attitudes and performance is illustrated by employees who are highly satisfied with their jobs because they are able to socialize with coworkers, but who have a low motivation for performance. In other words, productivity is a secondary goal to other goals that employees are seeking at work. Increasing the motivators will not always lead to higher performance.





# Criticisms of Herzberg's Theory


*For example, a person may love a job because he or she considers coworkers friends and the job therefore satisfies social needs. However, **that person may consider talking to coworkers more important than getting work done.** Therefore, though satisfaction will be high, performance will be low. Because social needs are so important, providing a motivator such as increased responsibility may not improve productivity or increase motivation for this individual. This would be especially true if coworkers perceive increased output as a violation of their norms.*





# Criticisms of Herzberg's Theory

• These criticisms further illustrate the need to consider motivation from a contingency perspective. What motivates one person in a given situation may not work with a different person or situation. In sum, while Herzberg made an important contribution to understanding motivation, his theory did not consider enough situational variables. It became clear to subsequent researchers that to explain motivation at work one must consider many behavioral and environmental factors. **This realization led to the development of the process theories.**








# Need Theories Compared

Herzberg's theory of motivation has much in common with Maslow's. Herzberg's hygiene factors correspond to the physiological, safety, and security needs of Maslow. His motivators are comparable to Maslow's higher-level needs. But the theories differ sharply on one score. Maslow would consider the hygiene factors as inducers of behavior. If a manager offers the opportunity to satisfy one of them, according to Maslow, the worker will exert increased effort as a result. Herzberg, on the other hand, feels that the hygiene factors come into play only when the worker perceives them as unfair or inadequate.






# PROCESS THEORIES OF MOTIVATION


The content theories revolve around needs and related factors that energize behavior. Process theories view motivation from a different perspective. They describe what **channels behavior toward goals** and **how people choose to behave as they do**. Process theories do not dispute the existence of needs, but contend behavior is not **solely a function of needs**. Behavior, according to process theories, is also a function of an **individual's perceptions and expectations about a situation and the possible outcome of a given behavior**.

There are two major process theories: expectancy theory, equity theory.





# Expectancy Theory

- Expectancy theory contends that having an active need is not the only requisite for an individual to be motivated to channel behavior toward a certain goal; the individual must also **expect that the behavior will, in fact, lead to satisfaction or get what is desired.**
- 




# Expectancy Theory

## Expectancies.

Expectancies can be thought of as an individual's estimate of the probability that a certain event will occur.

*Most people expect, for example, that having a college degree will enable them to get a better job or that working hard will probably lead to promotion.*


With respect to work motivation, expectancy theory stresses **three factors**:

- effort-performance,
  - performance-outcome,
  - valence of outcome.
- 



# Expectancy Theory


**The effort-performance expectancy (E-P)** deals with the relationship between the amount of effort expended and performance or attainment of objectives. *For example, a salesperson might expect that 10 more calls a week will result in a 15 percent sales increase. A manager might expect to receive a highly positive performance appraisal if a lot of effort is devoted to writing reports requested by superiors. A factory worker might expect that producing high-quality goods with minimal waste of materials will earn him a high-productivity rating.*





# Expectancy Theory


• Of course, in all these examples the individual may expect that the effort will not result in a certain level of performance. If people do not feel that there is a direct relationship between effort expended and subsequent performance, expectancy theory predicts motivation will decrease. This could occur because the individual has a poor self-concept, has not been adequately trained or groomed for the job, or because he or she does not have enough authority to accomplish the task.





# Expectancy Theory


The **performance-outcome expectancy (P-O)** is the expectancy that a certain outcome, usually a reward, will result from a given level of performance. *Continuing our above examples, a salesperson might expect that he will receive a 10 percent bonus or membership in an exclusive health club if sales increase by 15 percent. The manager may expect that as a result of being appraised as highly competent she will get a promotion and other added benefits. The factory worker might expect that attaining high-productivity ratings will result in a pay raise or an opportunity to become a foreman.*





# Expectancy Theory

As with the effort-performance expectancies, if the individual does not perceive a strong relationship between performance and desired outcome in this case rewards—motivation to perform will decrease. ***Thus, even if the salesperson believes that making 10 more calls a day will increase sales 15 percent he may not be motivated to make the calls if he believes that there is little likelihood of actually being rewarded for this performance. Similarly, if the person expects that performance will be rewarded, but does not expect that she can attain the required level of performance with reasonable effort, motivation will also decrease.***








# Expectancy Theory

The third factor affecting motivation in the expectancy model is the valence or value of the outcome or reward. **Valence** is the anticipated relative **satisfaction** or dissatisfaction that will result from a certain outcome. Because different individuals have different needs and preferences for rewards, the **rewards** being offered in exchange for performance **may not be valued**. *Continuing our examples, the manager may be offered a pay increase for performance when what **she really desires is a promotion or more challenging work** or more recognition. If valence is low, that is, if the reward has little perceived value, expectancy theory predicts that motivation to perform will decrease.*






# Expectancy Theory

• If any of the three factors critical to motivation is low, motivation and subsequent performance will be low. This relationship can be expressed by the following formula:

$$\text{Motivation} = E-P \times P-O \times \text{valence}$$





## Expectancy Theory: Relevance in Management

- Expectancy theory offers several suggestions to managers who wish to increase the motivation of the work force.
  - Because different **people have different needs** and therefore **place a different value** on a given reward, management should try to match offered rewards to the needs of the worker. It is not uncommon for management to offer rewards before assessing whether they are valued by employees.
- 



## Expectancy Theory: Relevance in Management

*An interesting example of this occurred at an insurance company known to one of the authors. To motivate the salesmen, management offered a two-week trip to Hawaii for the salesman and his wife for making quota. Management was perplexed when some of the better salesmen sold less after the program was announced. The prospect of having to spend two weeks away with their **wives**, it turned out, **was not considered a reward by all of the salesmen.***







## Expectancy Theory: Relevance in Management

To motivate effectively, management must establish a firm relationship between performance and reward. Therefore, management should give rewards only for effective performance and withhold them for ineffective performance.


**Managers should develop high, but realistic, expectations for their subordinates' performance and help subordinates perceive that they are capable of attaining this level of performance by exerting effort.** How employees perceive themselves is affected by their manager's expectations about their behavior.






# Equity Theory


Another explanation of how individuals channel and maintain their efforts toward goals is provided by **equity theory**. Equity theory states that individuals subjectively determine the ratio of **reward received** to effort expended and **compare this ratio to that of other people doing similar work**. If the comparison indicates imbalance (inequity), that is, if the other person is perceived as obtaining greater reward for equivalent effort, the individual experiences psychological tension. As a result, the individual will be motivated to reduce the tension and restore a state of balance (equity).






# Equity Theory

Individuals can restore balance, or a feeling of equity, by either changing their effort level or trying to change the reward received. Thus, individuals who perceive themselves as underpaid in comparison to others may either **reduce their effort** or seek **increased rewards**. People who perceive themselves as overpaid tend to maintain their level of effort or may even tend to increase their effort. Research indicates that when people believe they are under-rewarded, they generally decrease their effort. When they believe they are over-rewarded, they generally are less likely to change their behavior than with underreward.





# **Equity Theory: Relevance in Management**

• Equity theory's implication for management is that unless people perceive their rewards as equitable, they are likely to put forth less effort. However, perception of equitability is relative, not absolute. The individual compares himself to others in the organization or people doing similar work for other organizations.









# Equity Theory: Relevance in Management

Since people may behave in unproductive ways if they perceive their rewards as unfair because people doing similar work receive greater rewards, employees should be made to understand why the difference exists. *It should be made clear, for example, that the higher-earning coworker is paid more because his greater experience enables him to produce more. If the difference in reward is due to greater effectiveness, individuals receiving lesser rewards should be made to understand that when their performance reaches the level of the other person, they will receive similar rewards.*





# Equity Theory: Relevance in Management

Some organizations attempt to circumvent the problem of perceived inequity with a policy of keeping all salaries confidential.

Unfortunately, this is not only difficult to enforce, but may actually cause people to suspect inequities when they do not in fact exist. Also, by keeping the earnings of superiors secret, the organization may lose the positive motivational influence of the prospect of increased earnings through promotion, as indicated by expectancy theory.

