

Foundations of employee motivation

Lecture outline

1. Motivating employees--challenges
2. Distinguish between content and process theories.
3. Present four content theories of motivation.
4. Discuss the practical implications of content motivation theories.
5. Explain how each component of expectancy theory influences work effort.
6. Discuss the implications of expectancy theory.
7. Explain how employees react to inequity.
8. Describe the six characteristics of effective goal setting.

Challenges of motivating employees

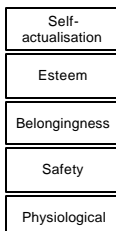
- Changing workforce
 - younger generation employees have different needs and expectations to baby boomers
 - people have more diverse values – results in more variety in what motivates employees
- Cultural values
 - globalisation has added to diversity

Content versus process theories

- Content theories
 - explain why people have different needs at different times
- Process theories
 - describe the processes through which needs are translated into behaviour

Needs hierarchy theory

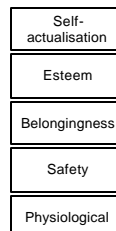
Needs hierarchy theory



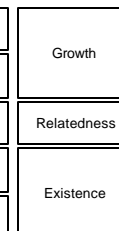
- **Maslow arranged five needs in a hierarchy**
- **Satisfaction-progression process**
- **People who experience self-actualisation desire more rather than less of this need**

ERG theory

Needs hierarchy theory



ERG theory



- Alderfer's model has three sets of needs
- Adds frustration-regression process to Maslow's model

Two-Factor Theory (Frederick Herzberg)

two-factor theory

Intrinsic factors are related to job satisfaction, while extrinsic factors are associated with dissatisfaction.

hygiene factors

Factors—such as company policy and administration, supervision, and salary—that, when adequate in a job, placate workers. When these factors are adequate, people will not be dissatisfied.



David McClelland's Theory of Needs

need for achievement

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

need for affiliation

The desire for friendly and close interpersonal relationships.

need for power

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

Content theories of motivation

Needs hierarchy theory	ERG theory	Motivator - hygiene theory	McClelland's learned needs
Self-actualisation	Growth	Motivators	Need for achievement
Esteem			Need for power
Belongingness	Relatedness	Hygienes	Need for affiliation
Safety	Existence		
Physiological			

Creating a company of entrepreneurs

- Companies support entrepreneurship by
 - clarifying the firm's purpose and shared values
 - supporting and reinforcing entrepreneurial behaviour
 - creating small businesses within the larger organisation

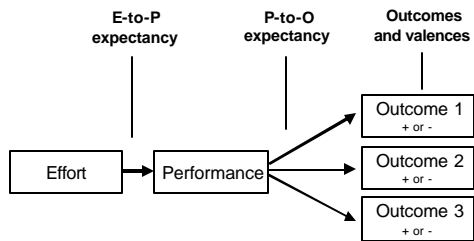
Implications of content theories

- Match rewards with employee needs
- Offer employees a choice of rewards
 - people have different needs at different times
- Limit use of financial rewards as a source of motivation

CLASS DISCUSSION

- Consider an organisation you have worked for or are working in at present:
 - Identify if there are any motivation or incentive schemes put in place
 - What motivation theory is the scheme linked to?
 - In your opinion, is the motivation scheme working?

Expectancy theory of motivation



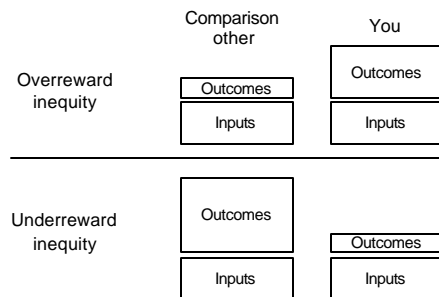
Expectancy theory in practice

- Increasing E-to-P expectancy
 - training, selection, resources, clarify roles, provide coaching and feedback
- Increasing P-to-O expectancy
 - measure performance accurately, explain how rewards are based on past performance
- Increasing outcome valences
 - use valued rewards, individualise rewards, minimise countervailing outcomes

Elements of equity theory

- Outcome/input ratio
 - inputs – what employee contributes (eg skill)
 - outcomes – what employees receive (eg pay)
- Comparison other
 - person/people with whom we compare ratio
 - not easily identifiable
- Equity evaluation
 - compare outcome/input ratio with the comparison other

Overreward vs underreward inequity



Consequences of inequity

- Change inputs
- Change outcomes
- Change perceptions
- Leave the field
- Act on the comparison other
- Change the comparison other

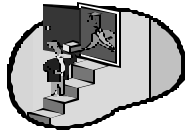
Equity sensitivity

- Benevolents
 - tolerant of being underrewarded
- Equity sensitives
 - want ratio to be equal to the comparison other
- Entitleds
 - prefer receiving proportionately more than others

Cognitive Evaluation Theory

cognitive evaluation theory

Allocating extrinsic rewards for behaviour that had been previously intrinsically rewarding tends to decrease the overall level of motivation.

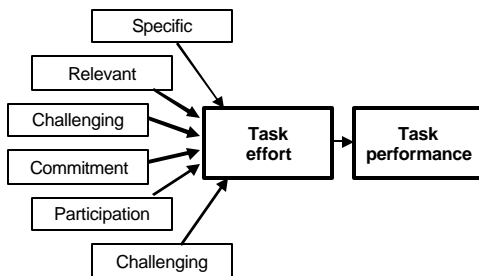


Goal setting at ICICI

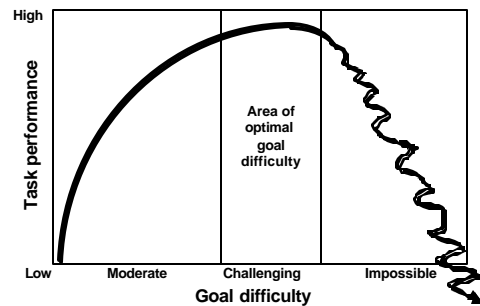
ICICI embraces goal setting through its management-by-objectives process. The Indian financial services company sets tough corporate-wide objectives at the beginning of the year and cascades them down to each work unit and employee.



Effective goal setting



Effect of goal difficulty on performance



Mid-Semester Exam Questions

- Please note that several multi-choice questions will be reviewed in class, some of which will appear in mid-semester exam