PLS 500 – Public Administrative Theory

Topic: Motivation

Values
- *Values* represent basic convictions that a particular type of conduct or end state is personally or socially preferable to an opposite or converse form of conduct or end state.
- Rokeach Value Survey (RVS): Created by Milton Rokeach. The RVS contains two sets of values, each with 18 individual value items
  – *Terminal values* refers to desirable end states of existence or goals that a person would like to achieve
  – *Instrumental values* refers to preferable modes of behavior or means to achieve the terminal values
  – See Exhibit 2-1
- Dominant values are different among different generations (see exhibit 2-2).

Values vary across cultures (see exhibit 2-3)
- Managers and employees appear to differ on five value dimension of national culture
  – *Power distance*: the degree to which people in a country accept that power in institutions and organizations is distributed unequally (equal = low, unequal = high)
  – *Individualism vs. Collectivism*: individualism is the degree to which people prefer to act as individuals rather than as members of groups (collectivism). (US is highest on individualism and Asian countries are more collectivist)
  – *Quantity of life vs. quality of life*: Quantity of life is the degree to which values like assertiveness, acquisition of money or material goods, and competition prevails. Quality of life is the degree to which people value relationships and show sensitivity and concerns for the welfare of others
  – *Uncertainty avoidance*: the degree to which people prefer structured to unstructured situations. High score on uncertainty avoidance leads to people with high anxiety, nervousness, stress, and aggressiveness.
  – *Long-term vs. short-term orientation*: people in long-term orientation look to the future and value thrift and persistence. Short-term orientation values past and present and emphasizes respect for tradition and social obligations.

Attitudes
- *Attitudes* are evaluative statements (favorable or unfavorable) concerning objects, people, or events.
  – OB concerned with limited range of attitudes such as job satisfaction, job involvement (degree to which a person identifies with their job and actively participates in it), and organizational commitment (loyalty to or identification with an organization).
- *Job satisfaction* refers to an individual's general attitude toward their job.
- Factors conducive to job satisfaction include mentally challenging work, equitable pay and rewards, supportive working conditions, and supportive colleagues
  – Employees tend to prefer jobs that give them opportunities to use their skills and abilities and offer a variety of tasks, freedom, and feedback on how well they are doing

- *Cognitive dissonance* occurs when there are inconsistencies between two or more of a person's attitudes or between a person's behavior and attitudes
  – Research suggests that people seek to minimize dissonance and the discomfort it causes
  – Creates ethical dilemmas: forced to choose between own values and those of the organization.

Administrative Ethics
- Accountability
  – Organization is answerable to someone or something outside itself
  – When something goes wrong, someone must be held responsible
- Responsiveness
  – Refers to the prompt acquiescence by an organization to the demands for a policy change
- Honesty
  – Obligation to avoid lying
  – To be truthful in presenting information to superiors and the public
  – To gather and present true information relevant to public policy

Different Ethical Obligations
- Obligation to the constitution
- Obligation to law
- Obligation to the nation or country
- Obligation to democracy
- Obligation to organizational - bureaucratic norms
- Obligation to profession or professionalism
- Obligation to family and friends
- Obligation to your self
- Obligation to the public interest or general welfare
- Obligation to humanity or the world
- Obligation to religion or god

Dealing With Value Conflicts
- Hirschman (1970) in his book *Exit, Voice, and Loyalty* explores how people react when they are dissatisfied with the organizations in which they participate
  – They can exercise *voice* by working to change the organization from within
  – They can *exit* and leave the organization for another
  – *Loyalty* determines how much voice is exercised before exit is chosen
    – An action is *disloyal* when it undercuts the political position or policy preferences of the organization's leaders
- Employees can exercise some combination of exit, voice, and disloyalty when they confront value conflicts*
- **See Figure 2.2 from Weimer and Vining (1992)*

Perceptions
▪ *Perception* is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.
  – Research consistently shows that different individuals may look at the same thing and perceive it differently.
  – Differences can be due to factors related to the *perceiver* (e.g., personality, motives, interests, past experiences, expectations, etc.), the *target* being perceived (e.g., loud people get noticed more than quiet people), or the *situation* in which it occurs (e.g., time, location, heat, etc.)
▪ When we observe people we attempt to develop explanations for why they behave in certain ways.
  – Our perceptions and judgement of a person's actions will be influenced by the assumptions we make about that person's internal state.

Attribution Theory
▪ *Attribution theory* suggests that when we observe an individual's behavior we attempt to determine whether it was internally or externally caused.
  – Internally caused behaviors are believed to be under the individual's personal control
  – Externally caused behavior results from outside causes – the situation forces the individual into the behavior
▪ This determination depends on three factors:
  – *Distinctiveness*: refers to whether an individual displays different behaviors in different situations
  – *Consensus*: If everyone faced with a similar situation responds the same way.
  – *Consistency*: Does the person respond the same way over time.
▪ *Fundamental attribution error*: We tend to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
  – Ex: attribute poor sales to sales staff instead of poor product line
▪ *Self-serving bias*: individuals tend to attribute successes to internal factors such as ability and effort while putting the blame on failures to external factors such as bad luck
  – Suggests that information provided in employee performance reviews may be systematically distorted by recipients.
▪ Individuals cannot process all of the information they receive. Instead, they *selectively* examine pieces of data, which are not chosen randomly.
  – *Assumed similarity*: "like me" effect in that an individual's perception of others is influenced more by what the observer is like than what the person being observed is actually like
  – *Stereotyping*: judge someone based on our perception of the group to which they belong
  – *Halo effect*: we form our impression of an individual on the basis of a single characteristic such as intelligence, loyalty, appearance, sociability, etc. Ex: view a job candidate negatively based on being dressed sloppily.

Personality
- An individual's *personality* is a combination of psychological traits we use to classify a person
- *Myers-Briggs Type Indicator (MBTI)*: It basically is a 100-question personality test that asks people how they usually feel or act in particular situations. More than 2 million people take the MTBI in the US
  - Based on answers, individuals are classified as extroverted or introverted (E or I), sensing or intuitive (S or N), thinking or feeling (T or F), and perceiving or judging (P or J).
  - These are then combined into 16 personality types (Note: These are different than those in Exhibit 3-1).
  - INTJs are visionaries, ESTJs are organizers, ENTP is a conceptualizer, etc.
  - No hard evidence that the MBTI is a valid measure of personality
- Five-factor model of personality: Has valid supporting evidence. Five factors are:
  - *Extroversion*: sociable, talkative, assertive
  - *Agreeableness*: good natured, cooperative, and trusting
  - *Conscientiousness*: responsible, dependable, persistent, and achievement oriented
  - *Emotional stability*: calm, enthusiastic, secure as opposed to tense, nervous, depressed, and insecure
  - *Openness to experience*: imaginative, artistically sensitive, and intellectual
- Research has found relationships between personality dimensions and job performance
  - Looked at five groups of occupations: professionals (engineers, architects, accountants, attorneys), police, managers, sales, and semiskilled and skilled employees. Job performance was measured in terms of performance ratings, training proficiency, and salary level
  - Conscientiousness predicted performance in all job categories
  - Extroverted predicted performance in managerial and sales positions
  - openness to experience was related to training proficiency
  - Emotional stability did not seem to be related in a systematic way

Other Key Personality Attributes
- *Locus of control*: Internals believe they are the masters of their own fates and control their destiny. Externals see their life as being controlled by outsiders and believe what happens to them is luck
- *Authoritarianism*: the belief that there should be status and power differences among people in organizations. People high in authoritarianism are intellectually rigid, judgmental of others, deferential to those above and exploitive of those below, distrustful, and resistant to change
- *Machiavellianism (Mach)*: named after Niccolo Machiavelli who wrote in the 16th century on how to gain and use power. Individuals with strong Mach are manipulative, maintains emotional distance, and believes the end justifies the means
- *Self-monitoring*: People who are good at adjusting their behavior to changing situations
- *Risk propensity*: people differ in their willingness to take chances. People that are risk takers are more willing to make rapid decisions and use less information in making their choices than people that are risk adverse
- *Type A personality*: excessively competitive and always seem to be experiencing a chronic sense of urgency

Matching Personalities and Jobs
- Six-personality-types model: A vocational preference inventory questionnaire has been developed with 160 occupational titles. Respondents indicate which of these occupations they like and dislike.
  – Builds a personality profile based on these responses.
  – Theory argues that satisfaction is highest and turnover the lowest when personality and occupation are in agreement. Social people should be in social jobs, etc.
  – See exhibit 3-2

Emotions
- Emotions play an important part in everyday life and help explain employee behavior
  – "Going postal" is an extreme example of why it is important to understand how emotions influence employee behavior
- *Affect* is a generic term covering a broad range of feelings that people experience. Encompasses both emotions and moods
- *Emotions* are intense feelings that are directed at someone or something.
  – Felt emotions are an individual's actual emotions
  – Displayed emotions are those that are organizationally required and considered appropriate to a given job
  – Six universal emotions are anger, fear, sadness, happiness, disgust, and surprise
- *Moods* are feelings that tend to be less intense than emotions and lack a contextual stimulus
- Gender and emotions
  – There are differences between men and women when it comes to emotional reactions and ability to read others
  – Women show greater emotional expression than men, experience emotions more intensely, and exhibit more frequent expressions of positive/negative emotions except for anger. Women also appear to be more comfortable expressing their emotions. Women are better at reading nonverbal cues.
  – Explanations for these differences include: 1) different socialization processes; 2) women may have more innate abilities; and, 3) women may have greater need for social approval
- Different cultural norms
  – In the US employees in service organizations should smile and act friendly when interacting with customers but in Moslem cultures smiling is taken as a sign of sexual attraction and women are socialized not to smile at men.

Emotional Intelligence (EI)
- *Emotional intelligence* refers to an assortment of noncognitive skills, capabilities, and competencies that influence a person" ability to succeed in coping with environmental demands and pressures. It includes:
  – *Self-awareness*: the ability to know what you are feeling
  – *Self-management*: the ability to manage one's own emotions and impulses
  – *Self-motivation*: the ability to persist in the face of setbacks and failures
  – *Empathy*: the ability to sense how others are feeling
  – *Social skills*: the ability to handle the emotions of others
- Several studies suggest EI can play an important role in job performance

- Study at Bell labs concluded engineer's performance was characterized more by EI than IQ
- Implication is that employers should consider EI in hiring decisions

Motivation

- *Motivation* is the willingness to do something and is conditioned by this action's ability to satisfy some need for the individual
    - *Need* is a physiological or psychological deficiency that makes certain outcomes appear attractive
    - Motivated employees are in a state of *tension*. In order to relieve this tension, they engage in activity. The greater the tension the greater the activity. When employees are working hard at some activity we can conclude they are driven by a desire to achieve something (i.e., a goal) they value
- Remember motivation theories are culture-bound
- To improve motivation:
    - Managers should recognize individual differences among employees
    - Match people to jobs and responsibilities
    - Use goals
    - Individualize rewards whenever possible
    - Link rewards to performance
    - Check the system for equity
- Motivation alone does not determine performance. Rival influences on performance include:
    - *Ability* can also determine performance
    - *Leadership* and direction can determine performance
    - *Organizational culture* can determine performance
    - *Technologies* can influence performance
    - *Institutional constraints* can influence performance
    - Complicated relationships can develop making it difficult to measure the effect of motivation

Early Motivation Theories

- Maslow's *Hierarchy of Needs* theory
    - Every individual has five basic needs:
        - *Physiological needs* include hunger, thirst, shelter, sex, and other bodily needs
        - *Safety needs* include security and protection from physical and emotional harm
        - *Social needs* include affection, a sense of belonging, acceptance, and friendship
        - *Esteem needs* include internal factors such as self-respect, autonomy, and achievement and external factors such as status, recognition, and achievement
        - *Self-actualization* is the drive to become what one is capable of being
    - As each of these needs becomes substantially satisfied, individuals move on to the next higher level
    - Needs hierarchy is not accepted as an adequate theory of motivation, but it contributed to the development of most of the other theories
        - Concept of self-actualization is his most influential idea

- McGregor's *Theory X* and *Theory Y*
  - McGregor's view of the nature of human beings is based on certain assumptions that tend to mold their behavior towards subordinates
  - *Theory X* assumes
    - Employees dislike work and attempt to avoid it.
    - People prefer to be directed and have little desire for responsibility. Employees shirk responsibility and seek formal direction whenever possible.
    - Most people have little capacity for creativity in work or in developing values and norms to guide behavior.
    - Most workers place security above all other factors and will display little ambition.
    - Motivation occurs mostly through stimulus-response level
    - Therefore, since workers dislike work they must be coerced, controlled, or threatened with punishment to achieve desired goals.
    - Maslow's lower-order needs dominate individuals
  - *Theory Y* assumes
    - Employees view work as being as natural as play
    - Most people prefer to be self-controlling in the pursuit of organizational objectives
    - Creativity is widely dispersed throughout the population and is not necessarily only held by those in management.
    - The average person can learn to accept and even seek responsibility.
    - Motivation often occurs in response to opportunities for personal and group development
    - Therefore, most people can be allowed substantial initiative and will seek responsibility and exercise self-direction and self-control.
    - Maslow's higher order needs dominate
- Herzberg's *Motivation-Hygiene Theory* (two-factor theory)
  - *Hygiene factors* include company policies, supervision, relations with supervisor, working conditions, relations with peers, personal life, relations with subordinates, status, security, and salary.
    - These factors cause people to become *dissatisfied* with their jobs (They do not increase job satisfaction).
    - When adequate hygiene factors are present, this does not cause people to become satisfied
  - *Motivator factors* are such intrinsic factors such as achievement, recognition, the work itself, responsibility, growth, and advancement.
    - These factors increase job *satisfaction* (They do not decrease dissatisfaction)
  - Satisfaction and dissatisfaction are not opposites. Managers should eliminate the factors that cause dissatisfaction and provide characteristics that people find intrinsically rewarding
  - No longer widely used, but important in the development of motivation theories
  - Common criticisms of this theory include:
    - Methods and reliability of the results limit the study. When things are going well, people tend to take credit but when they don't go well they blame failure on their environment.

– No overall measure of satisfaction was used. People may dislike a part of their job but find that overall it is acceptable.
– Theory is inconsistent with previous research
– Assumes relationship between satisfaction and productivity but did not specifically look at productivity

Contemporary Theories of Motivation
- McClelland's *Theory of Needs*
  – Proposes three major relevant motives or needs
    – *Need for achievement*: the drive to excel, to achieve in relation to standards, to strive to succeed
    – *Need for power*: The need to make others behave in a way they otherwise would not
    – *Need for Affiliation*: The desire for friendly and close interpersonal relationships
  – High need to achieve tend perform best when they perceive their probability of success as being .5 (50-50 chance of success). They dislike gambling when they have a high probability of failure because success is due more to luck than ability. Prefer job situations with personal responsibility, feedback, and intermediate level of risk. It does not necessarily lend itself to being a good manager, especially in large organizations.
  – Those with a high need for power tend to be more concerned with gaining prestige and influence over others that with effective performance
  – Those with high need for affiliation prefer cooperative situations rather than competitive ones.
  – Best managers appear to be high in the need for power and low in their need for affiliation.
- *Goal-setting theory* developed by Edwin Locke and his colleagues
  – Theory simply states that difficult, specific goals lead to higher performance than easy goals, vague goals, or no goals do
    – Difficult goals enhance performance by directing attention and action, mobilizing effort, increasing persistence, and motivating the search for effective performance strategies
    – Very specific and difficult to achieve goals produce a higher level of output than a generalized goal of "do your best"
  – Based on four assumptions
    – Human behavior occurs in response to goals and intentions which take many forms
    – Because goals are responsible for performance, higher and harder goals will result in higher performance than easier goals
    – Clear and measurable goals result in higher performance than ambiguous goals
    – Neither extrinsic nor intrinsic incentives will have any effect on behavior unless they result in the setting of goals that are ambitious and specific
  – Cognitive approach in that it assumes that an individual's purposes direct their actions
  – Theory has received considerable empirical support and its simplicity makes it attractive
  – Potential problem is that the theory has not been tested in complex task settings
- *Reinforcement theory*
  – It is a behavioral approach based on B. F. Skinner's (1953) work on operant conditioning

- *Operant conditioning* is based on classic stimulus-response research. People repeat or drop behaviors depending on the consequences.
- *Reinforcement* is an event that follows a behavior and changes the probability that the behavior will occur. Can be positive or negative
- *Behavioral modification* refers to techniques that apply the techniques of operant conditioning to modify human behavior
  - This can be accomplished through a 5-step process known as organizational behavior (OB) modification, which is discussed in more detail below
- Theory is at odds with goal-setting theory
- It is a behavioral approach, which argues that reinforcement conditions behavior. View behavior as a result of environmental conditions. Cognitive events are of little concern
- Equity theory
  - Based on the recognition that employees tend to make comparisons
  - Employees tend to compare their own job inputs and outcomes with those of others and those inequities can influence the degree of effort that employees expend.
  - The theory states that employees weigh what they put into a job situation (input) against what they get from it (outcome) and their compare this ration with the input-output ratio of relevant others. A state of equity exists when their ratio is equal to others. If the ratio is unequal, the employees tend to view themselves as under or over rewarded. When inequities exist, employees attempt to correct them.
  - Referent categories: other individuals with similar jobs in the same organization as well as friends, neighbors, and professional associates; system considers organizational pay policies and procedures and the administration of this system; self category includes income-outcome ratios unique to individuals
  - When a state of inequity exists, individuals will:
    - Distort either their own or others inputs or outcomes
    - Behave in a manner that induces others to change their inputs or outcomes
    - Behave in a manner that causes them to change inputs/outcomes
    - Choose different referent comparisons
    - Quit their job
  - It supports the following propositions:
    - Given payment by time, over rewarded employees will produce more than equitably paid employees
    - Given payment by quantity of production, over rewarded employees will produce fewer but higher quality units than equitably paid employees
    - Given payment by time, under rewarded employees will produce less or a poorer quality of output
    - Given payment by quantity of production, under rewarded employees will produce a large number of low-quality units in comparison with equitably paid employees
  - Issues such as how individuals decide referent categories and define inputs and outcomes are still unclear.

- ▪ V. H. Vroom's (1964) *Expectancy Theory*
  - − *Expectancy theory* argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual
    - − *Attractiveness* is the importance that the individual places on the potential outcome or reward that can be achieved on the job
    - − *Performance-reward linkage* is the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome
    - − *Effort-performance linkage* is the probability perceived by the individual that exerting a given amount of effort will lead to performance
  - − The strength of a person's motivation to perform (effort) depends on how strongly they believe they can achieve what is attempted. If rewarded by the organization, the question then becomes whether the reward satisfies their individual goals
  - − Four steps inherent in the theory are:
    - − What perceived outcomes does the job offer the employee: positive (e.g., pay, security, companionship, trust) or negative (fatigue, boredom, frustration, anxiety)
    - − How attractive do employees view these outcomes
    - − What kind of behavior must be exhibited to obtain the outcomes
    - − How does the employee view her chances of doing what is asked
  - − Process theory which attempts to explain how motivation works
  - − The theory emphasizes payoffs or rewards as well as expected theories
  - − Expectancy also provides managers with a checklist of important variables that are potentially important when exercising leadership:
    - − To motivate workers, one must examine their level of ability (related to their selection, orientation, and training), their role perceptions (authority and responsibility relationships), the organization's reward systems (pay, incentives, etc.), and a variety of other factors related to organizing, staffing, and control. It also suggests that managers need to be aware of the differences among their employee's goals, ambitions, and expectations. See Figure 5-1 in Graham and Hays (1993)
  - − Criticisms
    - − Mixed results from empirical research
    - − Some have complained that it does not accurately represent mental processes because it assumes that humans make mental lists of outcomes and their likelihood and sum them up systematically
- ▪ Public Sector Motivation Theory (Perry, Wise, and others)
  - − Common characteristics of persons motivated by public service include: placing a high value on work that:
    - − Helps other or benefits society as a whole
    - − Involves self-sacrifice
    - − Provides a sense of responsibility and integrity
  - − Unfortunately, people motivated by such ideals often experience frustration, which underscores the importance of understanding and nurturing service motives
  - − Perry and Wise (1990) suggest that public service motives fall into three categories

- *Instrumental motives*: participation in policy formation, commitment to a public service program because of a personal identification, and advocacy for a special or private interest
- *Norm-based motives*: desire to serve the public interest, loyalty to duty and to government, desire for social equity
- *Affective motives*: commitment to a program based on convictions about its social importance and the "patriotism of benevolence" – affection for all people and devotion to defending basic rights
  - Dimensions tested by Perry (1996) include: attraction to the public, commitment to the public interest, compassion, and self-sacrifice.
  - Appears to involve other dimensions: it appears to vary over time with changes in the public image of government service and takes different forms in different agencies and service areas.
- Remember that all motivation theories are culture bound

Public Sector Motivation
- Perry and Wise (1990) argue that public sector employees are motivated by the nature of public service
  - Rational factors
    - Participation in the process of policy formation
    - Commitment to a public program because of personal identification
    - Advocacy for a special interest
  - Norm-based factors
    - A desire to serve the public interest
    - Loyalty to duty and the government as a whole
    - Social equity
  - Affective
    - Commitment to a program from a genuine conviction about its social importance
    - Patriotism of the benevolent
- Perry and Wise (1990) propose the following hypotheses
  - The greater an individual's public service motivation, the more likely the individual will seek membership in a public organization
  - In public organizations, public service motivation is positively related to individual performance
  - Public organizations that attract members with high levels of public service motivation are more likely to be less dependent on utilitarian incentives to manage individual performance
- Perry (1996) further refined the measurement of public sector motivation which was based on four factors
  - Attraction to public
  - Commitment to public interest
  - Compassion
  - Self-sacrifice

Management By Objectives (MBO)
- MBO emphasizes participatively set goals that are tangible, verifiable, and measurable. It is not a new idea.
  - Peter Drucker originally proposed it 45 years ago as a means of using goals to motivate people rather than control them
  - MBO's appeal lies in its emphasis in converting overall organizational objectives into specific objectives for organizational units and individual members. Each individual then has a specific contribution to make to the units objectives, which contribute to the next higher level's objectives, etc.
  - Because lower-unit mangers participate in setting goals it is both a top-down and bottom-up approach
- There are three classes of objectives which serve different purposes in an organization
  - Short-range or *routine* objectives are the specific day-to-day outcomes that are the nuts and bolts of the organization
  - Long-range or *problem-solving* objectives are the areas targeted for resolution
  - Strategic or *innovative* objectives refer to the vision or image, which effective managers have of their organizations (Graham and Hays 1986).
- Four key ingredients are:
  - *Goal specificity*: concise statements of expected accomplishments (cut costs by 7%, process all orders within 24 hours)
  - *Participative decision making*
  - *An explicit time period* (say within 3 to 6 months)
  - *Performance feedback* (continuous is best)
- Tied to goal-setting theory which demonstrates that specific hard goals result in higher levels of individual performance than no goals at all
  - MBO advocates identifying specific goals and providing feedback
  - MBO provides mangers with a way of implementing goal-setting theory
  - Only area of disagreement between MBO and Goal-setting theory is related to the issue of participation
  - MBO strongly advocates participation whereas goal-setting theory demonstrates that assignment of goals may be as effective
- It is a widely used technique.
  - Wide use should not be construed to mean that it is always effective
  - Number of document cases in which MBO was implemented but failed to meet management's expectations because of such things as unrealistic expectations and goals, lack of tom management's commitment, and inability or unwillingness by management to allocate rewards based on goal accomplishments

Behavior Modification
- It represents that application of reinforcement theory to individuals in the work setting
  - See Emery Air Freight example on page 60
- Typically follows a five step process (see exhibit 5-2)
  - *Identify performance-related behaviors*: the 5 to 10 percent of behaviors that account for 70 to 80 percent of an employee's performance
  - *Measure the behavior*: develop some baseline performance information
  - *Identify behavioral contingencies*: perform a functional analysis to identify the behavioral contingencies that influence performance
  - *Develop and implement an intervention strategy*: the changes designed to improve performance
  - *Monitor and evaluate performance improvement*: see to what extent the desired behavior change has been adopted

Employee Recognition Programs
- Employee recognition programs can take numerous forms. The best ones use multiple sources and recognize both individual and group accomplishments
  - Comprehensive program may have managers nominate their peers for service rewards and management may reward staff that go above and beyond the call of duty. Departments may recognize teams in a variety of ways (mugs, t-shirts, pictures, etc.) or provide symbolic (e.g., parking spaces, dinner for two, etc.) or financial rewards.
  - Can take a variety of forms and be formal (customer service award) or informal (pat on the back or recognizing someone for their efforts at a staff meeting). If employees have strong need for achievement or social acceptance, might want to use public methods
- Consistent with reinforcement theory: rewarding positive behavior with recognition immediately following the behavior is likely to encourage its repetition

Employee Involvement Programs
- *Employee involvement* is a participative process that uses the entire capacity of employees to encourage increased commitment to the organization's success
  - *Participative management* uses joint decision making
  - *Representative participation*: workers are represented by a small group of employees who actually participate
    - *Work councils* are groups of employees who must be consulted when management makes decisions involving personnel
    - *Board representatives* are employees who sit on a company's board of directors and represent the interests of the firm's employees
  - *Quality circle* is a work group of eight to ten employees and supervisors who have a shred area of responsibility for solving quality problems (see exhibit 5-3)
  - *Employee stock ownership plans* are company established benefit plans in which employees acquire stock as part of their benefits
- Employee involvement programs that stress participation are becoming the norm
- Draws on several different motivation theories.
  - Theory Y is consistent with participative management. In terms of two-factor theory, employee involvement programs provide employees with opportunities for growth, responsibility, and involvement in the work itself

Variable Pay Programs
- Programs in which earnings fluctuate with performance
  - *Piece-rate pay plans* are programs in which workers are paid a fixed sum per unit of production
  - *Bonuses* may be based on individual, group, and organization-wide performance variables
  - *Profit-sharing plans* are organization-wide programs that distribute compensation based on some established formula designed around a company's profitability
  - *Gainsharing* is a formula-based group incentive plan by which improvements in group productivity determine the total amount of money that will be allocated
  - *Attendance incentives:* use of monetary or nonmonetary inducements to reduce sick leave and tardiness
  - *Scheduling innovations*: use of flextime, a four-day work week, and other preferential schedules to reward deserving workers and/or to improve morale throughout the organization
  - *Shared savings*: a portion of cost-savings attributable to a department's specific efforts is distributed among the workers
  - *Suggestion awards*: workers who make suggestions that result in reduced costs and/or improved operations share in the savings or receive nonmonetary recognition
- Linked to expectancy theory
  - Compatible to predictions made by expectancy theory in that individuals should perceive a strong relationship between their performance and the rewards they receive if motivation is to be maximized
- Variable pay programs in practice
  - Rapidly gaining popularity because bonuses, gainsharing, and other variable-reward programs avoid the fixed expense of permanent salary boosts
  - Pay for performance is a common form of compensating managers but the new trend has been to expand this practice to nonmanagerial employees
  - Gainsharing's popularity seems to be narrowly focused among large unionized manufacturing companies

Skill-Based Pay Programs
- *Skill-based (or competency-based) pay plans* set pay levels based on how many skills employees have or how many jobs they can do
  - Appeal is flexibility. Downsizing requires more generalists and few specialists and skill-based pay creates incentives to learn new skills. Improves communication because people gain an improved understanding of each other's jobs. Limits turf fights within an organization. Less likely to hear "its not my job".
  - Downside is that people can top out and learn all of the skills. This can frustrate employees after an environment of constant learning has challenged them. Skills can also become outdated
- Linked to several motivation theories
  - Consistent with Maslow's hierarchy of needs theory because it provides people with the opportunity to learn new skills and improve themselves

- Consistent with research on the achievement need of many workers
- There is a link between reinforcement theory and skill-based pay. It encourages workers to cross train and develop new skills making them more flexible. When management values generalists or people with broad skills, this should provide positive reinforcement
- Skill-based pay has equity implications. When employees do their input-output calculations, they are more likely to have more equitable comparisons
- Studies are finding that the use of skill-based pay is expanding and that it generally leads to higher employee performance and job satisfaction

Reward Systems
- Reward systems are an important force influencing the behavior of employees
- When employees perceive that their efforts are accurately appraised and the rewards they value are closely linked to their appraisals, management will have optimized the motivational properties associated with the organizations appraisal and reward procedures and policies
- Determinants of rewards
  - Most organizations believe that their reward systems are designed to reward *merit*. The problem lies in defining merit
  - *Performance* is the measurement of results
  - *Effort* rewards means rather than ends.
  - *Seniority* is the length of time on the job
  - Skills held regardless of whether they are used (e.g., education, training, certifications, etc.)
  - *Job difficulty*
    - Jobs that are difficult to perform or are undesirable because of stress or unpleasant working conditions may have to carry with them higher rewards in order to attract workers to them
    - Jobs that are highly repetitive and quickly learned may be viewed as less deserving than those which are more complex and sophisticated
  - *Discretionary time*: the greater the discretion called for on a job, the greater impact of mistakes and need for good judgment and rewards should be increased accordingly

Types of rewards
- *Intrinsic rewards* are those that individuals receive for themselves and are largely a result of workers' satisfaction with their jobs
  - Participative decision making
  - More responsibility
  - Opportunities for personal growth
  - Greater job freedom and discretion
  - More interesting work
  - Diversity of activities
- *Extrinsic rewards* include direct compensation, indirect compensation, and nonfinancial rewards
  - Direct compensation includes:
    - Basic salary or wage
    - Overtime and holiday premiums

- – Performance bonuses
- – Profit sharing
- – Stock options
- Indirect compensation includes:
  - – Protection programs
  - – Pay for time not worked
  - – Services and perquisites
- Nonfinancial rewards
  - – Preferred office furnishings
  - – Assigned parking spaces
  - – Impressive titles
  - – Preferred lunch hours
  - – Preferred work assignments
  - – Own secretary
- Where indirect compensation is controllable by management and is used to reward performance, it clearly needs to be considered as a motivating reward
- If rewards are to be linked closely with performance, we should expect individual rewards to be emphasized