Chapter 5: Motivation In Action

▌FROM THEORY TO PRACTICE: THE ROLE OF MONEY

- money: commonly used reward, but often relationships in workplace matter more than pay
- men seem to value money more than women

▌CREATING EFFECTIVE REWARD SYSTEMS

EMPLOYEE RECOGNITION

- Rewarding a behaviour w/ recognition immediately after → likely to encourage its repetition
- Publicly recognize accomplishments of those w/ strong need for social acceptance
- Celebrate team success to enhance group cohesiveness & motivation
- Ways to recognize employees: Thank You cards/emails, putting him on prestigious committees, etc
- ↓ turnover

VARIABLE-PAY PROGRAMS

= reward program in which a portion of an employee's pay is based on some individual and/or organizational measure of performance

- earnings fluctuate up/down w/ measure of performance; no guarantee to earn same amount every yr
- common among non-unionized companies
- risky: employees may worry, b/c cannot predict wages ahead of time
- consistent w/ Expectancy Theory (strong relationship btwn performance & rewards → motivation)

Individual-Based Incentives	**Piece-Rate Wages**	**piece-rate pay plan** = individual-based incentive plan in which employees are paid a fixed sum for each unit of production completed - in many companies, employees earn a base hourly wage plus a piece-rate differential (e.g. commissions based on sales)
	Bonuses	- one-time rewards for defined work, rather than ongoing - a way to acknowledge superior performance - can result in –ve behaviour
Group-Based Incentives	**Gainsharing**	= group-based incentive plan in which improvements in group productivity determine the total amnt of money to be shared ≠profit sharing (gainsharing focuses on productivity gains, not profits) → rewards behaviours less influenced by external factors (can receive reward even when organization not profitable) - formula-based (usually 50-50)

Organizational-Based Incentives	**Profit-Sharing Plan**	= organization-wide plan in which employer shares profits w/ employees based on a predetermined formula - distribute direct cash outlays / stock options - any employees can receive reward (though exec. more likely) - ppl would be more conscious of what things cost & pay attention to not wasting - focus on past financial results (do not focus employees on the future, do not consider long-term organizational needs) - ignore factors like customer service & employee development (not seen as having direct link to profits) - Expectancy Theory: workers less motivated during economic downturns (b/c less likely to receive significant bonuses) - effective where there's more involvement by employees, teamwork, participation encouraged
	Stock Options & Employee Stock Ownership Plan (ESOP)	**ESOP** = company-established benefit plan in which employees acquire stock as part of their benefits - employees buy stock at later date for guaranteed price - make employees owners of their firms → think about consequences of their behaviour if they own part of the company; focused on making company success - inc. employee satisfaction & work motivation (b/c psychologically experience ownership, exercise influence over the business of company) Problems: - manager may focus more on the short term - when share prices fall, employees only lose potential gains (not real $$) so this may not induce them to work hardest

Challenges to Pay-for-Performance (*employees must share in risks & rewards of company*) *programs*:

- hard to measure performance sometimes
- some ppl prefer that wages kept w/ inflation
- employees worry about potential drop in earnings

Teamwork	incentive pay awarded to individuals: -ve effect on group cohesiveness & productivity (colleagues compete against each other)
Unions	- union workers (many in Canada), paid on basis of seniority & job categories, have few opportunities to receive performance-based pay - uncontrollable factors may affect if they receive bonuses - manager's ability to hand out rewards limited b/c of collective agreement

Public Sector Employees	- (those who work for local, provincial, federal gov't) work is often of service nature → hard to measure productivity - many are unionized - research suggests using Goal-Setting Theory
Ethical Considerations	- employees may manipulate performance to inc. bonuses - e.g. managers may pressure employees to do work w/o recording the hours (b/c have to keep payroll costs below fixed targets to receive reward by superiors)

MOTIVATING BEYOND PRODUCTIVITY

- Commissions beyond sales (determined by customer satisfaction and/or sales team outcomes)
  e.g. meeting revenue & profit targets
- Leadership effectiveness (employee satisfact'n, measure of how manager handles employees)
- New goals (reward employees who continue to achieve specific new goals, e.g. quality measures, customer satisfact'n)
- Knowledge workers in teams (rewards linked to performance of knowledge workers)
- Competency and/or skills (rewards based on employees' abstract knowledge/competencies)
  e.g. social skills, customer service, knowledge of technology

Comparing Various Pay Programs

Approach	*Strength*	*Weakness*
Variable Pay	• Motivates for performance • Cost-effective • Makes clear link btwn organizational goals & individual rewards	• Uncontrollable outside factors that affect productivity • Earnings vary form yr to yr • Can cause unhealthy competition among employees
Team-based Rewards	• Encourages individuals to work together effectively • Promotes goal of team-based work	• Difficult to evaluate team performance • Possible equity problems if all members paid equally
Skill-based Pay *(pay based on how many skills an employee has / how many jobs he can do)*	• Inc. skill levels of employees • Inc. flexibility of workforce • Can reduce # of employees needed	• Employers may end up paying for unneeded skills • Employees may no be able to learn some skills (thus feel demotivated)

APPLY MOTIVATION THEORIES WISELY

Motivation Theories Are Culture-Bound

- Managers should consider a country's cultural orientation when designing/implementing rewards

GLOBE/Hofstede Cultural Dimension	Reward Preference	
High Uncertainty Avoidance	Certainty in compensation systems	• seniority-based pay • skill-based pay
Individualism	Compensation based on individual performance	• pay for performance • individual incentives • stock options
Humane Orientation *(Hofstede's quality-of-life dimension)*	Social benefits & programs	• flexible benefits • workplace child-care programs • career-break schemes • maternity leave programs

Important to consider internal norms of a country when developing incentive plans:

- Many motivation theories assume consistency in needs across society; but different cultures have different needs

  e.g. Maslow's hierarchy of needs doesn't work in Japan, where security needs are most valued
- Motivation theories rely on motivating individuals thru individual rewards

  e.g. does not work in Japan, either – they reply on group processes
- Individualists (Canada & US): equity theory emphasized;

  Collectivists: employees expect reward to reflect their individual needs & performance & to be > their inputs (entitlement attitude)

Beware the Signals Sent by Rewards

- "the folly of rewarding A, while hoping for B"

3 major obstacles:

1. *Individuals are unable to break out of old ways of thinking about reward and recognition practices.*
   - management emphasizes quantifiable behaviours
   - management reluctant to change existing performance system
   - employees have entitlement mentality (don't support changing reward system b/c are comfortable w/ current behaviours rewarded)

2. *Organizations often don't look at big picture of their performance system.*
   - rewards allocated @ subunit levels → units compete against each other

3. *Both management and shareholders often focus on short-term results.*
   - don't reward employees for longer-range planning

CAN WE JUST ELIMINATE REWARDS?

Creating Motivating Work Environment

1. Abolish Incentive Pay

   paying employees generously/fairly → they don't feel exploited, take pay off their minds
   → so focus on goals of company (NOT paycheque)

2. Re-evaluate Evaluation

   make performance appraisals more like a two-way conversation to trade ideas & Q's (feedback)
   - don't continuously, NOT as competition
   - discussion should NOT be tied to compensation
   - provide feedback, NOT control them by offering/withholding rewards

3. Create Conditions for Authentic Motivation

   change the way workers are treated is more important than changing how they're paid
   - help employees, NOT putting them under surveillance
   - listen to their concerns, think about problems from their viewpoint
   - provide feedback so they know what they've done right & what needs improvement

4. Encourage Collaboration

   ppl often perform better in well-functioning groups where they get feedback & learn from each other

5. Enhance Content

   ppl usually most motivated when jobs give them opportunity to learn new skills, provide variety in tasks, enable them to demonstrate competence
   - carefully match ppl to their jobs
   - give them opportunity to try new jobs
   - for jobs fundamentally unappealing: - acknowledge frankly that the task is not fun
     - give meaningful rationale for why it must be done
     - give much choice in how task is completed

6. Provide Choice

   involve ppl in decisions to be made; give freedom to make decisions about the way to carry out tasks
   - more enthusiasm in the job
   - extrinsic rewards/punishments actually remove choice (b/c it focuses on rewards, not tasks/goals)
   - not having choice → burnout, dissatisfc'n, absenteeism, stress, heart disease

⇨ Providing proper environment may be more important than reward structure.

JOB REDESIGN

job design = how tasks are assigned to form a job

Job Rotation (cross-training)

= periodic shifting of an employee from one task to another

- when an activity is no longer challenging, employee is roated to another job @ same level that has similar skill requirements *e.g. McDonald's: making, packaging, serving hamburgers*

Benefits
- employees organized in teams of 10; each learns jobs of others (→ wider range of skills → more flexibility in scheduling work, adapting to changes, filling vacancies)
- ↓ absenteeism (members can fill in for each other), boredom & frequency of repetitive stress injuries
- ↑ motivation (by diversifying activities)

Drawbacks
- ↑ training costs, creates disruptions
- ↓ productivity (worker moves into new position just when he becomes efficient at last job)
- manager spends more time answering questions & monitoring work of recently rotated employee
- can demotivate intelligent, ambitious employees who seek specific responsibilities in their specialty

job enlargement

= horizontal expansion of jobs

- inc. # & variety of tasks → jobs w/ more diversity

job enrichment = vertical expansion of jobs

- ↑ degree to which workers control planning, execution, evaluation of their work
- organizes tasks so that employee does a complete activity
- expands employee's freedom & independence, ↑ responsibility, and provides feedback

job characteristic model (JCM) = model that identifies 5 core job dimensions & their relationships to personal & work outcomes

- builds on Herzberg's motivation-hygiene theory; focuses on content of jobs (NOT context)

Core Job Dimensions (rated High/Low)

- **Skill variety:** degree to which job requires a variety of diff. activities so employee can use diff. skills & talents
- **Task identity:** …job requires completion of a whole & identifiable piece of work
- **Task significance:** …job has a substantial impact on the lives / work of other ppl
- **Autonomy:** …job provides substantial freedom, independence, discretion to individual in scheduling work & determine the procedures to be used in carrying it out
- **Feedback:** …carrying out the work activities required by the job results in the individual obtaining direct & clear info about effectiveness of his performance

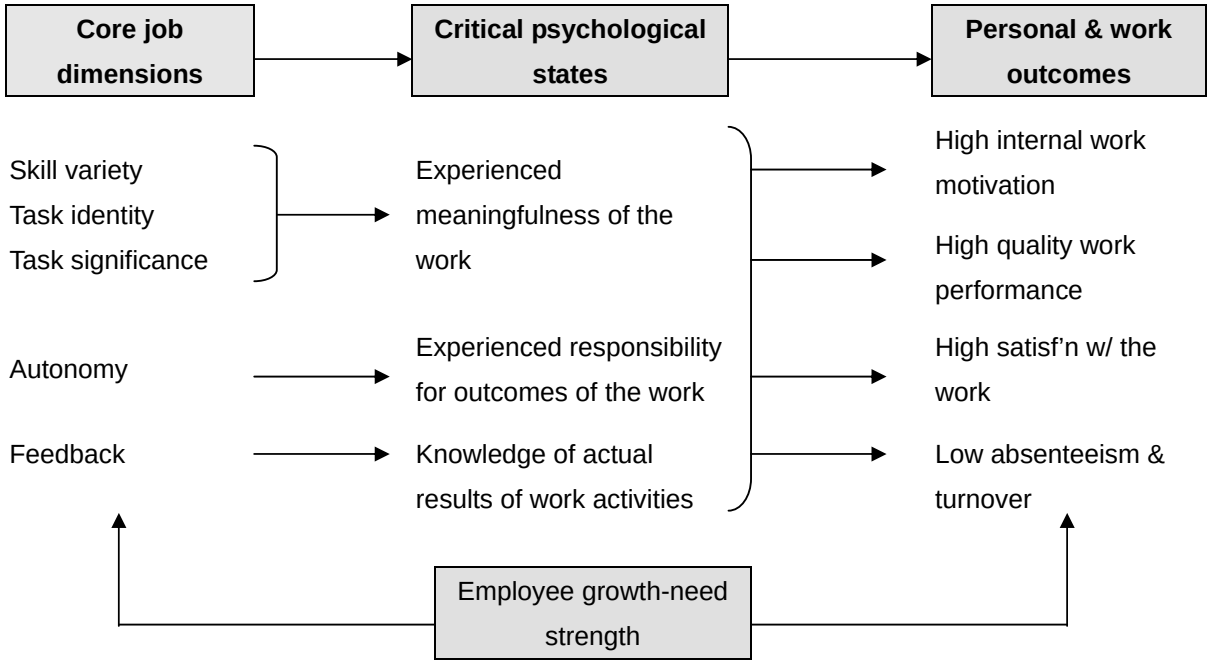
Critical Psychological States

JCM links 5 core job dimensions to 3 psychological states:

Extended meaningfulness	if an employee's task is meaningful, employee will view the job as important, valuable, worthwhile	skill variety task identity task significance
Experienced responsibility for outcomes	employees feel a sense of personal responsibility for results when their jobs give them greater autonomy	autonomy
Knowledge of actual results	feedback helps employees know whether they are performing effectively	feedback

- more meaningfulness, responsibility, knowledge of actual results → greater motivation, performance, satisfc'n + lower absenteeism, turnover
- link btwn job dimensions & outcomes are adjusted by/depends on employee's desire for self-esteem & self-actualization

  *therefore, not every employee will respond favourably to a job w/ skill variety, task identity, etc.



Motivating Potential Score (MPS)

= predictive index suggesting motivation potential in a job

- jobs high on MPS must be high on and autonomy, feedback, and at least 1 of the 3 factors that lead to experienced meaningfulness of work (see JCM)
- high score → motivation, performance, satisfc'n ↑ & absenteeism & turnover ↓

$$\text{Motivating Potential Score (MPS)} = \left[\frac{\text{Skill Variety} + \text{Task Identity} + \text{Task Significance}}{3}\right] \times \text{Autonomy} \times \text{Feedback}$$

Research Debates Over…

- the 5 specific core dimensions in JCM
- whether you can simply multiply the scores for dimensions to determine MPS
- #validity of growth-need strength as a moderating variable
- skill variety → redundant w/ autonomy?
- task identity adds to model's predictive ability?
- adding all variables in MPS → better in predicting work outcomes
- #other variables (e.g. presence/absence of social cues, tendency to assimilate work experience, perceived equity) may be more valid in moderating job characteristics-outcome relationships

- Ppl who work on jobs w/ high core job dimensions are generally more motivated, satisfied, and productive (than are those who do not)
- Job dimensions operate thru critical psychological states in influencing personal & work outcomes (rather than influencing them directly)

Job Redesign in the Canadian Context: The Role of Unions

- until recently, labour unions were largely resistant to job redesign (b/c it often results in loss of jobs)
- even some union (who tries to prevent job loss) members value opportunity for skill development & more interesting work
- for change to be effective in workplace, management must gain employee's acceptance of the plan

Examples of High / Low Job Characteristics

SKILL VARIETY	
High variety	owner-operator of a garage who does electrical repair, rebuilds engines, does body work, interacts w/ customers
Low variety	body shop worker who sprays paint 8 hrs/day
TASK IDENTITY	
High identity	cabinet maker who designs a piece of furniture, selects the wood, builds the object, finishes it to perfection
Low identity	worker in a furniture factory who operates a lathe solely to make table legs
TASK SIGNIFICANCE	
High significance	nursing the sick in a hospital intensive care unit
Low significance	sweeping hospital floors
AUTONOMY	
High autonomy	telephone installer who schedules his own work for the day, makes visits w/o supervision, decides on the most effective techniques for a particular installation
Low autonomy	tel. operator who handles calls as they come according to routine, highly specified procedure
FEEDBACK	
High feedback	electronics factory worker who assembles a radio & then tests it to see if it works properly
Low feedback	electronics factory worker who assembles a radio and then routes it to a quality control inspector who tests it for proper operation & makes needed adjustments

CREATING MORE FLEXIBLE WORKPLACES

Compressed Workweek

- 4 10-hour days / week plan (4-40 program)
- 9 days over 2 weeks plan (either Fri or Mon off once every 2 weeks in exchange for working slightly longer hours the other days)

- allow employees more leisure / shopping time
- permit them travel to/from work outside rush hour
- can inc. employee enthusiasm, morale, commitment to org.
- support for employees to manage work & family conflicts

Flextime *(flexible work hours)*

= arrangement where employees work during a common core period each day but can form their total workday from a flexible set of hours outside the core

- all employees required to work during common core period, but allowed to accumulate their other 2 hrs before and/or after core time
- some allow extra hrs (to turn into a free day off each month)
- very popular scheduling option
- ↓ absenteeism, employee tardiness & absences
- ↑ productivity & satisfc'n (employee can adjust work to hrs when they're more productive)
- however, not applicable to every job

e.g.

Flexible Hours	*Common Core*	LUNCH	*Common Core*	Flexible Hours

6 a.m. 9 a.m. 12 noon 1pm 3 pm 6 pm

Job Sharing

= practice of having 2 or more ppl split a 40-hr-a-week job

- allows org. to draw upon talents of >1 individual in a given job
- opens up opportunity to acquire skilled workers
- inc. motivation & satisfc'n for those for whom a 40-hr-a-week job is not practical
- creative solution to some org. problems
- difficulty: finding compatible pairs of employees who can successfully coordinate demands of 1 job

Telecommuting **Virtual Office*

= arrangement where employees do their work @ home on a computer that's linked to office

How & Why It Works

- more productive than they had been before b/c of reduced commute & fewer disruptions
- 3 kinds of jobs appropriate: routine info-handling tasks, mobile activities, professional & other knowledge-related tasks
  e.g. writers, attorneys, telemarketers, customer-service representatives, product-support specialists
- inc. productivity & dec. stress, absenteeism, turnover; better service to customers, clients

Downside

- may miss out on important mtg's & informal interactions that lead to new policies & ideas
- miss social contact @ work
- dec. commitment to org.
- inc. feelings of isolation & burnout
- telecommuters less likely to be able to function as team players
- remote from managers
- home telecommuters should come in to central office at least once a week