CHAPTER 5

BASIC MOTIVATION CONCEPTS

When someone says, "It's not the money, it's the principle," it's the money!
—Anonymous

LEARNING OBJECTIVES

After studying this chapter, you should be able to

1 Outline the motivation process

2 Describe Maslow's need hierarchy

3 Contrast Theory X and Theory Y

4 Differentiate motivators from hygiene factors

5 List the characteristics that high achievers prefer in a job

6 Summarize the types of goals that increase performance

7 State the impact of underrewarding employees

8 Explain how the contemporary theories of motivation complement each other

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Incentive programs have long been part of the corporate landscape in the United States and Europe. With the exception of Japan, that hasn't been true in Asia. But things are changing.[1] Companies in countries such as Singapore, Hong Kong, China, Taiwan, and India are introducing incentive-based motivation programs to boost morale and employee productivity. Hong Kong's DHL Ltd. provides an illustrative example.

DHL was looking for a way to increase the productivity of its sales staff. It began, in September 1995, by setting specific goal targets for each salesperson. Then, to motivate people to achieve their goals, DHL's management created a cash and travel incentive program. "Travel [such as all-expense paid holidays in Thailand] has all the ingredients to motivate and encourage," says Michael Thibouville, DHL's regional human resource director. Each salesperson was given a model air cargo container to fill up. Individuals who exceeded their monthly sales targets were given small blocks to fill their containers. These containers sit on the employees' desks as a visible reminder of how well they are doing.

DHL's sales staff has a choice of redeeming the blocks for cash or going for the travel prize. "The beauty of our incentive scheme is that it isn't competitive," says Thibouville. "We found that salespeople having problems with a particular deal would approach those who had filled up their [containers] for help. With the scheme, we're now able to share the best demonstrated sales practices while developing a consultant-style sales ability among staff."

Sales at DHL have exceeded targets since the incentive program's introduction. Within four months, 26 of its 36 sales staff beat their goals by 40 percent, two by 35 percent, and another two by 30 percent. ◆

The management at DHL Ltd. is seeing some of the positive results that can accrue from a well-designed motivation system. Unfortunately, many managers still fail to understand the importance of motivation and creating a motivating work environment. In this chapter and the following chapter, we explain the basics of motivation and show you how to design effective motivation programs.

What Is Motivation?

Maybe the place to begin is to say what motivation isn't. Many people incorrectly view motivation as a personal trait—that is, some have it and others don't. In practice, some managers label employees who seem to lack motivation as lazy. Such a label assumes that an individual is always lazy or is lacking in motivation. Our knowledge of motivation tells us that this just isn't true. What we know is that motivation is the result of the interaction of the individual and the situation. Certainly, individuals differ in their basic motivational drive. But the same employee who is quickly bored when pulling the lever on his drill press may pull the lever on a slot machine in Las Vegas for hours on end without the slightest hint of boredom. You may read a complete novel at one sitting, yet find it difficult to stay with a textbook for more than 20 minutes. It's not necessarily you—it's the situation. So as we analyze the concept of

motivation, keep in mind that level of motivation varies both between individuals and within individuals at different times.

We'll define **motivation** as the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need. While general motivation is concerned with effort toward *any* goal, we'll narrow the focus to *organizational* goals in order to reflect our singular interest in work-related behavior. The three key elements in our definition are effort, organizational goals, and needs.

The effort element is a measure of intensity. When someone is motivated, he or she tries hard. But high levels of effort are unlikely to lead to favorable job-performance outcomes unless the effort is channeled in a direction that benefits the organization.[2] Therefore, we must consider the quality of the effort as well as its intensity. Effort that is directed toward, and consistent with, the organization's goals is the kind of effort that we should be seeking. Finally, we will treat motivation as a need-satisfying process. This is depicted in Exhibit 5-1.

A **need**, in our terminology, means some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within the individual. These drives generate a search behavior to find particular goals that, if attained, will satisfy the need and lead to the reduction of tension.
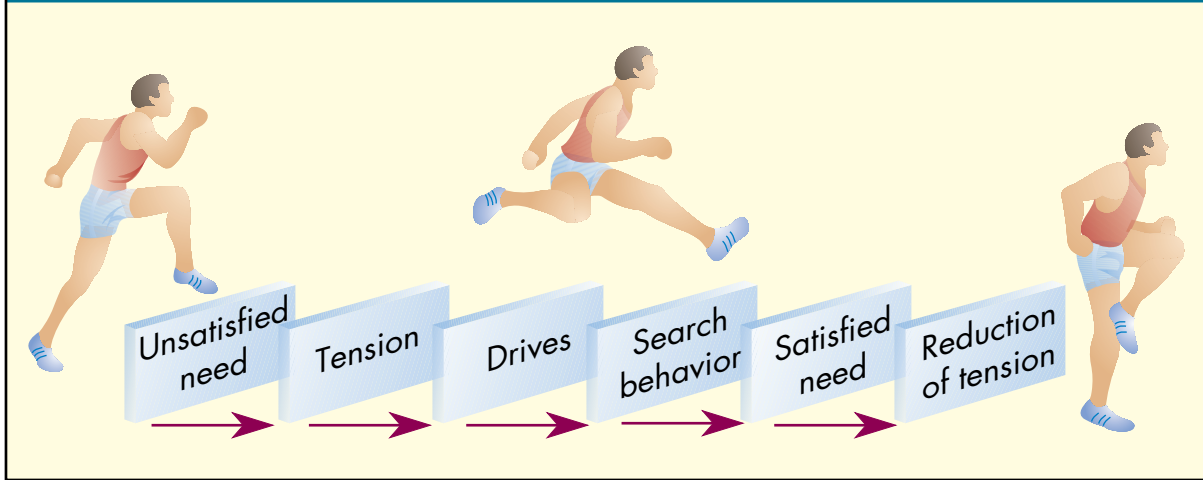
motivation
The willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need.

need
Some internal state that makes certain outcomes appear attractive.

Exhibit 5-1
The Motivation Process

| Unsatisfied need | → | Tension | → | Drives | → | Search behavior | → | Satisfied need | → | Reduction of tension |

So we can say that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher the effort level. If this effort successfully leads to the satisfaction of the need, tension is reduced. But since we are interested in work behavior, this tension-reduction effort must also be directed toward organizational goals. Therefore, inherent in our definition of motivation is the requirement that the individual's needs be compatible and consistent with the organization's goals.

Where this does not occur, we can have individuals exerting high levels of effort that actually run counter to the interests of the organization. This, incidentally, is not so unusual. For example, some employees regularly spend a lot of time talking with friends at work in order to satisfy their social needs. There is a high level of effort, only it's being unproductively directed.

Early Theories of Motivation

The 1950s were a fruitful period in the development of motivation concepts. Three specific theories were formulated during this period, which although heavily attacked and now questionable in terms of validity, are probably still the best-known explanations for employee motivation. These are the hierarchy of needs theory, Theories X and Y, and the motivation-hygiene theory. As you'll see later in this chapter, we have since developed more valid explanations of motivation, but you should know these early theories for at least two reasons: (1) They represent a foundation from which contemporary theories have grown, and (2) practicing managers regularly use these theories and their terminology in explaining employee motivation.

◆ Probably the most well-known theory of motivation is Maslow's hierarchy of needs.

Hierarchy of Needs Theory

It's probably safe to say that the most well-known theory of motivation is Abraham Maslow's **hierarchy of needs**.[3] He hypothesized that within every human being there exists a hierarchy of five needs. These needs are:

1. *Physiological*: Includes hunger, thirst, shelter, sex, and other bodily needs

2. *Safety*: Includes security and protection from physical and emotional harm

3. *Social*: Includes affection, belongingness, acceptance, and friendship

4. *Esteem*: Includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention

5. **Self-actualization:** The drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment

As each of these needs becomes substantially satisfied, the next need becomes dominant. In terms of Exhibit 5-2, the individual moves up the steps of the hierarchy. From the standpoint of motivation, the theory would say that although no need is ever fully gratified, a substantially satisfied need no longer motivates. So if you want to motivate someone, according to Maslow, you need to

hierarchy of needs theory
There is a hierarchy of five needs—physiological, safety, social, esteem, and self-actualization—and as each need is substantially satisfied, the next need becomes dominant.
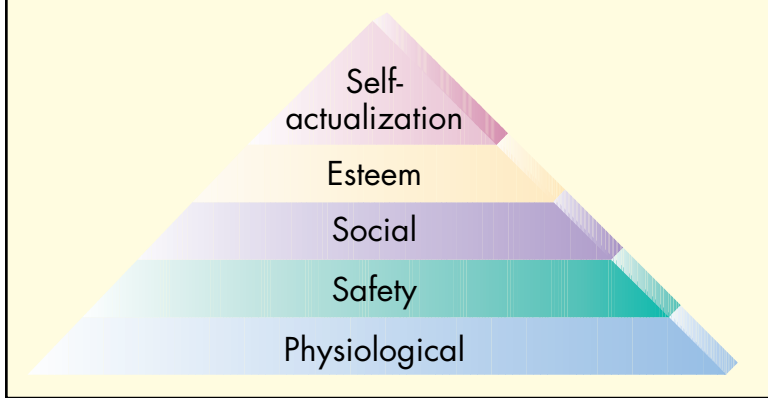
self-actualization
The drive to become what one is capable of becoming.

Exhibit 5-2
Maslow's Hierarchy of Needs

Self-actualization

Esteem

Social

Safety

Physiological

understand what level of the hierarchy that person is currently on and focus on satisfying those needs at or above that level.

Maslow separated the five needs into higher and lower orders. Physiological and safety needs were described as **lower-order** and social, esteem, and self-actualization as **higher-order needs**. The differentiation between the two orders was made on the premise that higher-order needs are satisfied internally (within the person), whereas lower-order needs are predominantly satisfied externally (by such things as pay, union contracts, and tenure). In fact, the natural conclusion to be drawn from Maslow's classification is that

lower-order needs
Needs that are satisfied externally; physiological and safety needs.

higher-order needs
Needs that are satisfied internally; social, esteem, and self-actualization needs.

in times of economic plenty, almost all permanently employed workers have their lower-order needs substantially met.

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

Old theories, especially ones that are intuitively logical, apparently die hard. One researcher reviewed the evidence and concluded that "although of great societal popularity, need hierarchy as a theory continues to receive little empirical support."[5] Furthermore, the researcher stated that the "available research should certainly generate a reluctance to accept unconditionally the implication of Maslow's hierarchy."[6] Another review came to the same conclusion.[7] Little support was found for the prediction that need structures are organized along the dimensions proposed by Maslow, that unsatisfied needs motivate, or that a satisfied need activates movement to a new need level.

Theory X and Theory Y

Douglas McGregor proposed two distinct views of human beings: one basically negative, labeled **Theory X**, and the other basically

Theory X
The assumption that employees dislike work, are lazy, dislike responsibility, and must be coerced to perform.

positive, labeled **Theory Y**.[8] After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior toward subordinates according to these assumptions.

Under Theory X, the four assumptions held by managers are:

1. Employees inherently dislike work and, whenever possible, will attempt to avoid it.
2. Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
3. Employees will avoid responsibilities and seek formal direction whenever possible.
4. Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, McGregor listed the four positive assumptions that he called Theory Y:

1. Employees can view work as being as natural as rest or play.
2. People will exercise self-direction and self-control if they are committed to the objectives.
3. The average person can learn to accept, even seek, responsibility.

4. The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions.

What are the motivational implications if you accept McGregor's analysis? The answer is best expressed in the framework presented by Maslow. Theory X assumes that lower-order needs dominate individuals. Theory Y assumes that higher-order needs dominate individuals. McGregor himself held to the belief that Theory Y assumptions were more valid than Theory X. Therefore, he proposed such ideas as participative decision making, responsible and challenging jobs, and good group relations as approaches that would maximize an employee's job motivation.

Unfortunately, there is no evidence to confirm that either set of assumptions is valid or that accepting Theory Y assumptions and altering one's actions accordingly will lead to more motivated workers. As will become evident later in this chapter, either Theory X or Theory Y assumptions may be appropriate in a particular situation.

Motivation-Hygiene Theory

The **motivation-hygiene theory** was proposed by psychologist Frederick Herzberg.[9] In the belief that an individual's relation to his or her work is a basic one and that his or her attitude toward this work can very well determine the individual's success or failure, Herzberg

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

investigated the question, "What do people want from their jobs?" He asked people to describe, in detail, situations when they felt exceptionally *good* and *bad* about their jobs. These responses were tabulated and categorized. Factors affecting job attitudes as reported in 12 investigations conducted by Herzberg are illustrated in Exhibit 5-3.
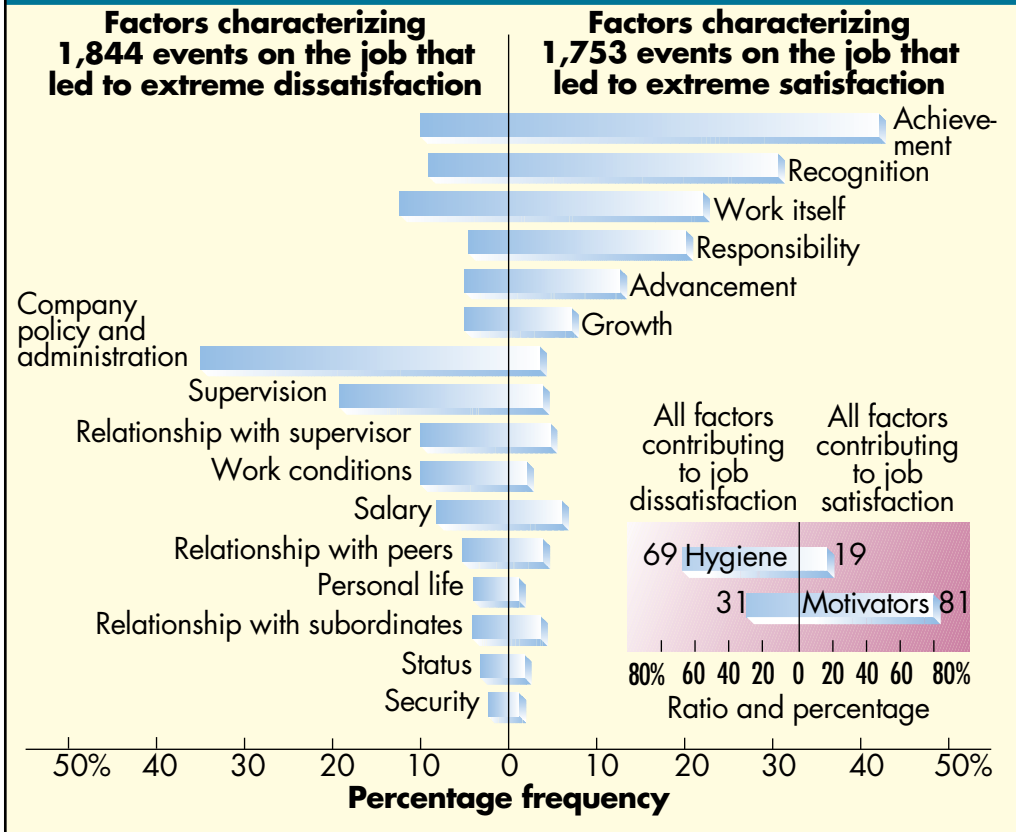
From the categorized responses, Herzberg concluded that the replies people gave when they felt good about their jobs were significantly different from the replies given when they felt bad. As seen in Exhibit 5-3, certain characteristics tend to be consistently related to job satisfaction (factors on the right side of the figure), and others to job dissatisfaction (the left side of the figure). Intrinsic factors, such as achievement, recognition, the work itself, responsibility, advancement, and growth, seem to be related to job satisfaction. When those questioned felt good about their work, they tended to attribute these characteristics to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors, such as company policy and administration, supervision, interpersonal relations, and working conditions.

The data suggest, says Herzberg, that the opposite of satisfaction is not dissatisfaction, as was traditionally believed. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. As illustrated in Exhibit 5-4, Herzberg proposes that his findings indicate

◆ According to Herzberg, removing the dissatisfying characteristics from a job does not necessarily make the job satisfying.

Exhibit 5-3
Comparison of Satisfiers and Dissatisfiers

Factors characterizing 1,844 events on the job that led to extreme dissatisfaction

Factors characterizing 1,753 events on the job that led to extreme satisfaction

Achievement
Recognition
Work itself
Responsibility
Advancement
Growth
Company policy and administration
Supervision
Relationship with supervisor
Work conditions
Salary
Relationship with peers
Personal life
Relationship with subordinates
Status
Security

All factors contributing to job dissatisfaction

All factors contributing to job satisfaction

69 Hygiene | 19
31 | Motivators 81

80% 60 40 20 0 20 40 60 80%
Ratio and percentage

50% 40 30 20 10 0 10 20 30 40 50%
Percentage frequency

the existence of a dual continuum: The opposite of "Satisfaction" is "No Satisfaction," and the opposite of "Dissatisfaction" is "No Dissatisfaction."

Exhibit 5-4
Contrasting Views of Satisfaction and Dissatisfaction

Traditional view

Satisfaction   Dissatisfaction

Herberg's view

Motivators

Satisfaction   No satisfaction

Hygiene Factors

No dissatisfaction   Dissatisfaction
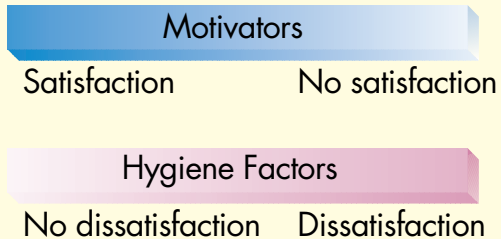
According to Herzberg, the factors leading to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that create job dissatisfaction can bring about peace, but not necessarily motivation. They will be placating their work force rather than motivating them. As a result, such characteristics as company policy and administration, supervision, interpersonal relations, working conditions, and salary have been characterized by Herzberg as **hygiene factors.** When they are adequate, people will not be dissatisfied; however, neither will they be satisfied. If we want to motivate people on their jobs, Herzberg suggests emphasizing achievement, recognition, the work itself, responsibility, and growth. These are the characteristics that people find intrinsically rewarding.

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

1. The procedure that Herzberg used is limited by its methodology. When things are going well, people tend to take credit themselves. Contrarily, they blame failure on the external environment.

2. The reliability of Herzberg's methodology is questioned. Since raters have to make interpretations, it is possible that they may contaminate the findings by interpreting one response in one manner while treating another similar response differently.

hygiene factors
Those 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.

3. The theory, to the degree that it is valid, provides an explanation of job satisfaction. It is not really a theory of motivation.
4. No overall measure of satisfaction was utilized. In other words, a person may dislike part of his or her job, yet still think the job is acceptable.
5. The theory is inconsistent with previous research. The motivation-hygiene theory ignores situational variables.
6. Herzberg assumes that there is a relationship between satisfaction and productivity. But the research methodology he used looked only at satisfaction, not at productivity. To make such research relevant, one must assume a high relationship between satisfaction and productivity.[10]

Regardless of criticisms, Herzberg's theory has been widely read and few managers are unfamiliar with his recommendations. The popularity over the past 30 years of vertically expanding jobs to allow workers greater responsibility in planning and controlling their work can probably be largely attributed to Herzberg's findings and recommendations.

Contemporary Theories of Motivation

The previous theories are well known but, unfortunately, have not held up well under close examination. However, all is not lost.[11] There are a number of contemporary theories that have one thing

in common—each has a reasonable degree of valid supporting documentation. Of course, this doesn't mean that the theories we are about to introduce are unquestionably right. We call them "contemporary theories" not because they necessarily were developed recently, but because they represent the current state of the art in explaining employee motivation.

ERG Theory

Clayton Alderfer of Yale University has reworked Maslow's need hierarchy to align it more closely with the empirical research. His revised need hierarchy is labeled **ERG theory**.[12]

Alderfer argues that there are three groups of core needs—existence, relatedness, and growth—hence, the label: ERG theory. The *existence* group is concerned with providing our basic material existence requirements. They include the items that Maslow considered to be physiological and safety needs. The second group of needs are those of *relatedness*— the desire we have for maintaining important interpersonal relationships. These social and status desires require interaction with others if they are to be satisfied, and they align with Maslow's social need and the external component of Maslow's esteem classification. Finally, Alderfer isolates *growth* needs—an intrinsic desire for personal development. These include the intrinsic com-

ERG theory
There are three groups of core needs: existence, relatedness, and growth.

◆ Alderfer argues that there are three groups of core needs—existence, relatedness, and growth.

ponent from Maslow's esteem category and the characteristics included under self-actualization.

Besides substituting three needs for five, how does Alderfer's ERG theory differ from Maslow's? In contrast to the hierarchy of needs theory, the ERG theory demonstrates that (1) more than one need may be operative at the same time, and (2) if the gratification of a higher-level need is stifled, the desire to satisfy a lower-level need increases.

Maslow's need hierarchy follows a rigid, steplike progression. ERG theory does not assume that there exists a rigid hierarchy where a lower need must be substantially gratified before one can move on. A person can, for instance, be working on growth even though existence or relatedness needs are unsatisfied; or all three need categories could be operating at the same time.

ERG theory also contains a frustration-regression dimension. Maslow, you'll remember, argued that an individual would stay at a certain need level until that need was satisfied. ERG theory counters by noting that when a higher-order need level is frustrated, the individual's desire to increase a lower-level need takes place. Inability to satisfy a need for social interaction, for instance, might increase the desire for more money or better working conditions. So frustration can lead to a regression to a lower need.

In summary, ERG theory argues, like Maslow, that satisfied lower-order needs lead to the desire to satisfy higher-order needs; but multiple needs can be operating as motivators at the same time,

and frustration in attempting to satisfy a higher-level need can result in regression to a lower-level need.

ERG theory is more consistent with our knowledge of individual differences among people. Variables such as education, family background, and cultural environment can alter the importance or driving force that a group of needs holds for a particular individual. The evidence demonstrating that people in other cultures rank the need categories differently—for instance, natives of Spain and Japan place social needs before their physiological requirements[13]—would be consistent with ERG theory. Several studies have supported ERG theory,[14] but there is also evidence that it doesn't work in some organizations.[15] Overall, however, ERG theory represents a more valid version of the need hierarchy.

McClelland's Theory of Needs

You've got one beanbag and there are five targets set up in front of you. Each one is progressively farther away and, hence, more difficult to hit. Target A is a cinch. It sits almost within arm's reach of you. If you hit it, you get $2. Target B is a bit farther out, but about 80 percent of the people who try can hit it. It pays $4. Target C pays $8, and about half the people who try can hit it. Very few people can hit Target D, but the payoff is $16 if you do. Finally, Target E pays $32, but it's almost impossible to achieve. Which target would

you try for? If you selected C, you're likely to be a high achiever. Why? Read on.

McClelland's theory of needs was developed by David McClelland and his associates.[16] The theory focuses on three needs: achievement, power, and affiliation. They are defined as follows:

- ◆ **Need for achievement**: The drive to excel, to achieve in relation to a set of standards, to strive to succeed
- ◆ **Need for power**: The need to make others behave in a way that they would not have behaved otherwise
- ◆ **Need for affiliation**: The desire for friendly and close interpersonal relationships

Some people have a compelling drive to succeed. They're striving for personal achievement rather than the rewards of success per se. They have a desire to do something better or more efficiently than it has been done before. This drive is the achievement need (*nAch*). From research into the achievement need, McClelland found that high achievers differentiate themselves from others by their desire to do things better.[17] They seek situations where they can attain personal responsibility for finding solutions to problems, where they can receive rapid feedback on their performance so they can tell easily whether they are improving or not, and where they can set moderately challenging goals. High achievers are not gamblers; they dislike succeeding by chance. They prefer the challenge

McClelland's theory of needs
Achievement, power, and affiliation are three important needs that help explain motivation.

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

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

affiliation need
The desire for friendly and close interpersonal relationships.

of working at a problem and accepting the personal responsibility for success or failure rather than leaving the outcome to chance or the actions of others. Importantly, they avoid what they perceive to be very easy or very difficult tasks. They want to overcome obstacles, but they want to feel that their success (or failure) is due to their own actions. This means they like tasks of intermediate difficulty.

High achievers perform best when they perceive their probability of success as being 0.5, that is, where they estimate that they have a 50-50 chance of success. They dislike gambling with high odds because they get no achievement satisfaction from happenstance success. Similarly, they dislike low odds (high probability of success) because then there is no challenge to their skills. They like to set goals that require stretching themselves a little. When there is an approximately equal chance of success or failure, there is the optimum opportunity to experience feelings of accomplishment and satisfaction from their efforts.

The need for power (*nPow*) is the desire to have impact, to be influential, and to control others. Individuals high in *nPow* enjoy being "in charge," strive for influence over others, prefer to be placed into competitive and status-oriented situations, and tend to be more concerned with prestige and gaining influence over others than with effective performance.

High achievers do well as managers at Enterprise Rent-a-Car. Enterprise hires competitive people who take personal responsibility for their actions, strive to succeed, and have a compelling drive to excel. Employees' pay is tied to the profits of their branch office. Employees are given the financial results of every branch office and every region, sparking lively intramural competition. High-achieving employees have helped make Enterprise the top car rental company in America.

The third need isolated by McClelland is affiliation (*nAff*). This need has received the least attention from researchers. Affiliation can be likened to Dale Carnegie's goals—the desire to be liked and accepted by others. Individuals with a high affiliation motive strive for friendship, prefer cooperative situations rather than competitive ones, and desire relationships involving a high degree of mutual understanding.
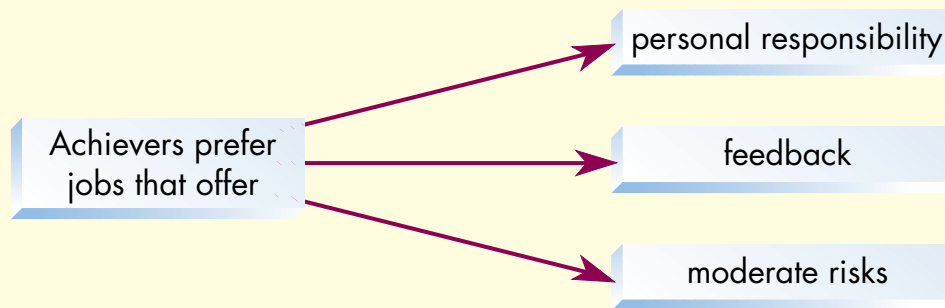
How do you find out if someone is, for instance, a high achiever? There are questionnaires that tap this motive,[18] but most research uses a projective test in which subjects respond to pictures.[19] Each picture is briefly shown to the subject and then he or she writes a story based on the picture. As an example, the picture may show a male sitting at a desk in a pensive position, looking at a photograph of a woman and two children that sits at the corner of the desk. The subject will then be asked to write a story describing what is going on, what preceded this situation, what will happen in the future, and the like. The stories become, in effect, projective tests that measure unconscious motives. Each story is scored and a subject's ratings on each of the three motives is obtained.

Relying on an extensive amount of research, some reasonably well-supported predictions can be made based on the relationship between achievement need and job performance. Although less research has been done on power and affiliation needs, there are consistent findings here, too.

First, as shown in Exhibit 5-5, individuals with a high need to achieve prefer job situations with personal responsibility, feedback, and an intermediate degree of risk. When these characteristics are prevalent, high achievers will be strongly motivated. The evidence consistently demonstrates, for instance, that high achievers are successful in entrepreneurial activities such as run-

Exhibit 5-5
Matching Achievers and Jobs

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                                    ┌──────────────────────────┐
                                    │ personal responsibility  │
                                    └──────────────────────────┘
┌──────────────────┐
│ Achievers prefer │ ──────────────►┌──────────────────────────┐
│ jobs that offer  │                │         feedback         │
└──────────────────┘                └──────────────────────────┘

                                    ┌──────────────────────────┐
                                    │      moderate risks      │
                                    └──────────────────────────┘
```

ning their own businesses and managing a self-contained unit within a large organization.[20]

Second, a high need to achieve does not necessarily lead to being a good manager, especially in large organizations. People with a high achievement need are interested in how well they do personally and not in influencing others to do well. High-*nAch* salespeople do not necessarily make good sales managers, and the good general manager in a large organization does not typically have a high need to achieve.[21]

Third, the needs for affiliation and power tend to be closely related to managerial success. The best managers are high in their

need for power and low in their need for affiliation.[22] In fact, a high power motive may be a requirement for managerial effectiveness.[23] Of course, what the cause is and what the effect is are arguable. It has been suggested that a high power need may occur simply as a function of one's level in a hierarchical organization.[24] The latter argument proposes that the higher the level an individual rises to in the organization, the greater is the incumbent's power motive. As a result, powerful positions would be the stimulus to a high power motive.

Finally, employees have been successfully trained to stimulate their achievement need. Trainers have been effective in teaching individuals to think in terms of accomplishments, winning, and success, and then helping them to learn how to *act* in a high achievement way by preferring situations where they have personal responsibility, feedback, and moderate risks. So if the job calls for a high achiever, management can select a person with a high *nAch* or develop its own candidate through achievement training.[25]

Cognitive Evaluation Theory

In the late 1960s, one researcher proposed that the introduction of extrinsic rewards, such as pay, for work effort that had been previously intrinsically rewarding due to the pleasure associated with the content of the work itself would tend to decrease the overall level of motivation.[26] This proposal—which has come to be called the

cognitive evaluation theory—has been extensively researched, and a large number of studies have been supportive.[27] As we'll show, the major implications for this theory relate to the way in which people are paid in organizations.

Historically, motivation theorists have generally assumed that intrinsic motivations such as achievement, responsibility, and competence are independent of extrinsic motivators like high pay, promotions, good supervisor relations, and pleasant working conditions. That is, the stimulation of one would not affect the other. But the cognitive evaluation theory suggests otherwise. It argues that when extrinsic rewards are used by organizations as payoffs for superior performance, the intrinsic rewards, which are derived from individuals doing what they like, are reduced. In other words, when extrinsic rewards are given to someone for performing an interesting task, it causes intrinsic interest in the task itself to decline.

Why would such an outcome occur? The popular explanation is that the individual experiences a loss of control over his or her own behavior so that the previous intrinsic motivation diminishes. Furthermore, the elimination of extrinsic rewards can produce a shift—from an external to an internal explanation—in an individual's perception of causation of why he or she works on a task. If you're reading a novel a week because your English literature instructor requires you to, you can attribute your reading behavior to an external source. However, after the course is over, if you find yourself

cognitive evaluation theory
Allocating extrinsic rewards for behavior that had been previously intrinsically rewarded tends to decrease the overall level of motivation.

continuing to read a novel a week, your natural inclination is to say, "I must enjoy reading novels because I'm still reading one a week!"

If the cognitive evaluation theory is valid, it should have major implications for managerial practices. It has been a truism among compensation specialists for years that if pay or other extrinsic rewards are to be effective motivators, they should be made contingent on an individual's performance. But, cognitive evaluation theorists would argue, this will only tend to decrease the internal satisfaction that the individual receives from doing the job. We have substituted an external stimulus for an internal stimulus. In fact, if cognitive evaluation theory is correct, it would make sense to make an individual's pay noncontingent on performance in order to avoid decreasing intrinsic motivation.

We noted earlier that the cognitive evaluation theory has been supported in a number of studies. Yet it has also met with attacks, specifically on the methodology used in these studies[28] and in the interpretation of the findings.[29] But where does this theory stand today? Can we say that when organizations use extrinsic motivators like pay and promotions to stimulate workers' performance they do so at the expense of reducing intrinsic interest and motivation in the work being done? The answer is not a simple "Yes" or "No."

Although further research is needed to clarify some of the current ambiguity, the evidence does lead us to conclude that the interdependence of extrinsic and intrinsic rewards is a real phenome-

non.[30] However, its impact on employee motivation at work, in contrast to motivation in general, may be considerably less than originally thought. First, many of the studies testing the theory were done with students, not paid organizational employees. The researchers would observe what happens to a student's behavior when a reward that had been allocated is stopped. This is interesting, but it does not represent the typical work situation. In the real world, when extrinsic rewards are stopped, it usually means the individual is no longer part of the organization. Second, evidence indicates that very high intrinsic motivation levels are strongly resistant to the detrimental impacts of extrinsic rewards.[31] Even when a job is inherently interesting, there still exists a powerful norm for extrinsic payment.[32] At the other extreme, on dull tasks extrinsic rewards appear to increase intrinsic motivation.[33] Therefore, the theory may have limited applicability to work organizations because most low-level jobs are not inherently satisfying enough to foster high intrinsic interest and many managerial and professional positions offer intrinsic rewards. Cognitive evaluation theory may be relevant to that set of organizational jobs that falls in between—those that are neither extremely dull nor extremely interesting.

Goal-Setting Theory

Gene Broadwater, coach of the Hamilton High School cross-country team, gave his squad these last words before they approached the line for the league championship race: "Each one of you is physically ready. Now, get out there and do your best. No one can ever ask more of you than that."

You've heard the phrase a number of times yourself: "Just do your best. That's all anyone can ask for." But what does "do your best" mean? Do we ever know if we've achieved that vague goal? Would the cross-country runners have recorded faster times if Coach Broadwater had given each a specific goal to shoot for? Might you have done better in your high school English class if your parents had said, "You should strive for 85 percent or higher on all your work in English" rather than telling you to "do your best"? The research on **goal-setting theory** addresses these issues, and the findings, as you will see, are impressive in terms of the effect that goal specificity, challenge, and feedback have on performance.

In the late 1960s, Edwin Locke proposed that intentions to work toward a goal are a major source of work motivation.[34] That is, goals tell an employee what needs to be done and how much effort will need to be expended.[35] The evidence strongly supports the value of goals. More to the point, we can say that specific goals increase performance; that difficult goals, when accepted, result in higher performance

goal-setting theory
The theory that specific and difficult goals lead to higher performance.

◆ Specific goals increase performance.

than do easy goals; and that feedback leads to higher performance than does nonfeedback.[36]

Specific hard goals produce a higher level of output than does the generalized goal of "do your best." The specificity of the goal itself acts as an internal stimulus. For instance, when a trucker commits to making 12 round-trip hauls between Toronto and Buffalo, New York each week, this intention gives him a specific objective to

General Mills uses the goal-setting theory to motivate employees. When employees reach their goals, the company gives them a big reward. The team of Yoplait yogurt managers shown here each earned bonuses of up to $50,000 above their salaries for exceeding performance goals by 250 percent.

try to attain. We can say that, all things being equal, the trucker with a specific goal will outperform his or her counterpart operating with no goals or the generalized goal of "do your best."

If factors like ability and acceptance of the goals are held constant, we can also state that the more difficult the goal, the higher the level of performance. However, it's logical to assume that easier goals are more likely to be accepted. But once an employee accepts a hard task, he or she will exert a high level of effort until it is achieved, lowered, or abandoned.

People will do better when they get feedback on how well they are progressing toward their goals because feedback helps to identify discrepancies between what they have done and what they want to do; that is, feedback acts to guide behavior. But all feedback is not equally potent. Self-generated feedback—where the employee is able to monitor his or her own progress—has been shown to be a more powerful motivator than externally generated feedback.[37]

If employees have the opportunity to participate in the setting of their own goals, will they try harder? The evidence is mixed regarding the superiority of participative over assigned goals.[38] In some cases, participatively set goals elicited superior performance, while in other cases, individuals performed best when assigned goals by their boss. But a major advantage of participation may be in increasing acceptance of the goal itself as a desirable one to work

toward.[39] As we noted, resistance is greater when goals are difficult. If people participate in goal setting, they are more likely to accept even a difficult goal than if they are arbitrarily assigned it by their boss. The reason is that individuals are more committed to choices in which they have a part. Thus, although participative goals may have no superiority over assigned goals when acceptance is taken as a given, participation does increase the probability that more difficult goals will be agreed to and acted upon.

Are there any contingencies in goal-setting theory or can we take it as a universal truth that difficult and specific goals will always lead to higher performance? In addition to feedback, three other factors have been found to influence the goals–performance relationship. These are goal commitment, adequate self-efficacy, and national culture. Goal-setting theory presupposes that an individual is *committed* to the goal, that is, is determined not to lower or abandon the goal. This is most likely to occur when goals are made public, when the individual has an internal locus of control, and when the goals are self-set rather than assigned.[40] **Self-efficacy** refers to an individual's belief that he or she is capable of performing a task.[41] The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to lessen their effort or give up altogether, while those with high self-efficacy will try harder to master the

self-efficacy
The individual's belief that he or she is capable of performing a task.

challenge.[42] In addition, individuals high in self-efficacy seem to respond to negative feedback with increased effort and motivation, whereas those low in self-efficacy are likely to lessen their effort when given negative feedback.[43] Finally, goal-setting theory is culture bound. It's well adapted to countries like the United States and Canada because its key components align reasonably well with North American cultures. It assumes that subordinates will be reasonably independent (not too high a score on power distance), that managers and subordinates will seek challenging goals (low in uncertainty avoidance), and that performance is considered important by both (high in quantity of life). So don't expect goal setting to necessarily lead to higher employee performance in countries such as Portugal or Chile, where the opposite conditions exist.

Our overall conclusion is that intentions—as articulated in terms of hard and specific goals—are a potent motivating force. Under the proper conditions, they can lead to higher performance. However, there is no evidence that such goals are associated with increased job satisfaction.[44]

Reinforcement Theory

A counterpoint to goal-setting theory is **reinforcement theory**. The former is a cognitive approach, proposing that an individual's

reinforcement theory
Behavior is a function of its consequences.

Netsite: http://www.prenhall.com/phbusiness/

OB in the News

Compensation in the NBA

Imagine that you're making $3 million a year. A lot of money? Yes. But you're one of the best in your field and you spent ten years to get to this level of pay. Then you discover that one of your peers, whose statistics are far less impressive than yours, is making more money than you are. Worse yet, the company wants to pay some unproven hotshot five times what you're earning. Furious, you demand to renegotiate your contract. Welcome to the NBA in the 1990s!

With the escalation of salaries in the National Basketball Association, players have developed what former NBA coach Hubie Brown calls "petty jealousies". They can occur within a team or between teams. "When Shawn Kemp of Seattle gets a balloon payment of $20 million, guys like Cliff Robertson, Kevin Willis, and Charles Oakley feel that they are every bit as valuable to their teams as Kemp is to the Sonics," Brown says. "So they wonder: 'Where's my balloon payment?' "

The equity issue became prominent in the early 1990s when teams began giving astronomical contracts to first-round draft choices. In 1994, for instance, Milwaukee gave Glenn Robinson, the number- one pick overall, a $100 million deal. Dallas gave its top pick, guard Jason Kidd, $54 million in a nine-year contract—more money than established NBA

guards John Stockton and Mark Price were making.

The equity issue was again placed in the spotlight in 1996, when dozens of NBA players became free agents. Shaquille O'Neil got a $120 million package from the Los Angeles Lakers. Michael Jordan re-signed for one year with the Chicago Bulls for $30 million, while Sonics All-Star guard Gary Payton accepted an $87.5 million deal to stay in Seattle. And the Bulls' free agent Dennis Rodman, who was making $2.5 million a year in 1996, quickly dismissed Chicago's initial offer of $6 million for the 1997 season. "I'll retire before I'd accept that offer," said Rodman. He finally signed for a little more than $9 million.

Based on J. Moore, "Managing Millionaires," *Seattle Post-Intelligencer*, November 3, 1994, p. C1; and S. Spencer, "Kemp Ready to Play Ball," *Seattle Post-Intelligencer*, October 23, 1996, p. D1.

Take It to the Net

We invite you to visit the Robbins page on the Prentice Hall Web site at:

http://www.prenhall.com/robbinsorgbeh

for this chapter's World Wide Web exercise.

purposes direct his or her action. In reinforcement theory, we have a behavioristic approach, which argues that reinforcement conditions behavior. The two are clearly at odds philosophically. Reinforcement theorists see behavior as being environmentally caused. You need not be concerned, they would argue, with internal

cognitive events; what controls behavior are reinforcers—any consequence that, when immediately following a response, increases the probability that the behavior will be repeated.

Reinforcement theory ignores the inner state of the individual and concentrates solely on what happens to a person when he or she takes some action. Because it does not concern itself with what initiates behavior, it is not, strictly speaking, a theory of motivation. But it does provide a powerful means of analysis of what controls behavior, and it is for this reason that it is typically considered in discussions of motivation.[45]

We discussed the reinforcement process in detail in Chapter 2. We showed how using reinforcers to condition behavior gives us considerable insight into how people learn. Yet we cannot ignore the fact that reinforcement has a wide following as a motivational device. In its pure form, however, reinforcement theory ignores feelings, attitudes, expectations, and other cognitive variables that are known to impact behavior. In fact, some researchers look at the same experiments that reinforcement theorists use to support their position and interpret the findings in a cognitive framework.[46]

Reinforcement is undoubtedly an important influence on behavior, but few scholars are prepared to argue that it is the only influence. The behaviors you engage in at work and the amount of effort you allocate to each task are affected by the consequences that follow from your behavior. If you are consistently reprimanded

for outproducing your colleagues, you will likely reduce your productivity. But your lower productivity may also be explained in terms of goals, inequity, or expectancies.

Equity Theory

Jane Pearson graduated last year from the State University with a degree in accounting. After interviews with a number of organizations on campus, she accepted a position with one of the nation's largest public accounting firms and was assigned to their Boston office. Jane was very pleased with the offer she received: challenging work with a prestigious firm, an excellent opportunity to gain important experience, and the highest salary any accounting major at State was offered last year—$2,950 a month. But Jane was the top student in her class; she was ambitious and articulate and fully expected to receive a commensurate salary.

Twelve months have passed since Jane joined her employer. The work has proved to be as challenging and satisfying as she had hoped. Her employer is extremely pleased with her performance; in fact, she recently received a $200-a-month raise. However, Jane's motivational level has dropped dramatically in the past few weeks. Why? Her employer has just hired a fresh college graduate out of State University, who lacks the one-year experience Jane has gained, for $3,200 a month—$50 more than Jane now makes! It would be

an understatement to describe Jane in any other terms than irate. Jane is even talking about looking for another job.

Jane's situation illustrates the role that equity plays in motivation. Employees make comparisons of their job inputs and outcomes relative to those of others. We perceive what we get from a job situation (outcomes) in relation to what we put into it (inputs), and then we compare our outcome–input ratio with the outcome–input ratio of relevant others. This is shown in Exhibit 5-7. If we perceive our ratio to be equal to that of the relevant others with whom we compare ourselves, a state of equity is said to exist. We perceive our situation as fair—that justice prevails. When we see the ratio as unequal, we experience equity tension. J. Stacy Adams has proposed that this negative tension state provides the motivation to do something to correct it.[47]

Exhibit 5-7   Equity Theory

Ratio Comparisons*	Perception
$O/I_A < O/I_B$	Inequity due to being underrewarded
$O/I_A = O/I_B$	Equity
$O/I_A > O/I_B$	Inequity due to being overrewarded
*Where O/I_A represents the employee; and O/I_B represents relevant others.	

The referent that an employee selects adds to the complexity of **equity theory**. Evidence indicates that the referent chosen is an important variable in equity theory.[48] There are four referent comparisons that an employee can use:

equity theory
Individuals compare their job inputs and outcomes with those of others and then respond so as to eliminate any inequities.

1. *Self-inside*: An employee's experiences in a different position inside his or her current organization
2. *Self-outside*: An employee's experiences in a situation or position outside his or her current organization
3. *Other-inside*: Another individual or group of individuals inside the employee's organization
4. *Other-outside*: Another individual or group of individuals outside the employee's organization

Employees might compare themselves to friends, neighbors, co-workers, colleagues in other organizations, or past jobs they themselves have had. Which referent an employee chooses will be influenced by the information the employee holds about referents as well as by the attractiveness of the referent. This has led to focusing on four moderating variables—gender, length of tenure, level in the organization, and amount of education or professionalism.[49] Research shows that both men and women prefer same-sex comparisons. The research also demonstrates that women are typically paid less than men in comparable jobs and have lower pay expectations than men for the same work. So a female that uses another

female as a referent tends to result in a lower comparative standard. This leads us to conclude that employees in jobs that are not sex segregated will make more cross-sex comparisons than those in jobs that are either male or female dominated. This also suggests that if women are tolerant of lower pay, it may be due to the comparative standard they use.

Employees with short tenure in their current organizations tend to have little information about others inside the organization, so they rely on their own personal experiences. On the other hand, employees with long tenure rely more heavily on co-workers for comparison. Upper-level employees, those in the professional ranks, and those with higher amounts of education tend to be more cosmopolitan and have better information about people in other organizations. Therefore, these types of employees will make more other-outside comparisons.

Based on equity theory, when employees perceive an inequity, they can be predicted to make one of six choices:[50]

1. Change their inputs (for example, don't exert as much effort)
2. Change their outcomes (for example, individuals paid on a piece-rate basis can increase their pay by producing a higher quantity of units of lower quality)
3. Distort perceptions of self (for example, "I used to think I worked at a moderate pace but now I realize that I work a lot harder than everyone else.")

4. Distort perceptions of others (for example, "Mike's job isn't as desirable as I previously thought it was.")

5. Choose a different referent (for example, "I may not make as much as my brother-in-law, but I'm doing a lot better than my Dad did when he was my age.")

6. Leave the field (for example, quit the job)

Equity theory recognizes that individuals are concerned not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive. They make judgments as to the relationship between their inputs and outcomes and the inputs and outcomes of others. Based on one's inputs, such as effort, experience, education, and competence, one compares outcomes such as salary levels, raises, recognition, and other factors. When people perceive an imbalance in their outcome–input ratio relative to others, tension is created. This tension provides the basis for motivation, as people strive for what they perceive as equity and fairness.

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

◆ Equity theory recognizes that individuals are concerned not only with the absolute amount of rewards for their efforts, but also with the relationship of this amount to what others receive.

1. *Given payment by time, overrewarded employees will produce more than will equitably paid employees*. Hourly and salaried employees

will generate high quantity or quality of production in order to increase the input side of the ratio and bring about equity.

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

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

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

These propositions have generally been supported, with a few minor qualifications.[51] First, inequities created by overpayment do not seem to have a very significant impact on behavior in most work situations. Apparently, people have a great deal more toler-

Defensive back Deion Sanders perceived an inequity due to being underrewarded. Sanders earned more than a million dollars a year with the San Francisco 49ers. But, unhappy with his pay relative to other defensive backs, Sanders joined the Dallas Cowboys for more than $5 million a year. Consistent with equity theory, Sanders sought a pay package that he perceived more fairly matched his performance on the field and his star status off the field.

ance of overpayment inequities than of underpayment inequities, or are better able to rationalize them. Second, not all people are equity sensitive. For example, there is a small part of the working population who actually prefer that their outcome–input ratio be less than the referent comparison. Predictions from equity theory are not likely to be very accurate with these "benevolent types."

It's also important to note that while most research on equity theory has focused on pay, employees seem to look for equity in the distribution of other organizational rewards. For instance, it's been shown that the use of high-status job titles as well as large and lavishly furnished offices may function as outcomes for some employees in their equity equation.[52]

Finally, recent research has been directed at expanding what is meant by equity or fairness.[53] Historically, equity theory focused on **distributive justice** or the perceived fairness of the *amount and allocation* of rewards among individuals. But equity should also consider **procedural justice**—the perceived fairness of the *process* used to determine the distribution of rewards. The evidence indicates that distributive justice has a greater influence on employee satisfaction than procedural justice, while procedural justice tends to affect an employee's organizational commitment, trust in his or her boss, and intention to quit.[54] So managers should consider openly sharing information on how allocation decisions are made, following consistent and unbiased procedures, and engaging in similar practices to increase the perception of procedural justice. By increasing the perception of procedural fairness, employees are likely to view their bosses and the organization as positive even if they're dissatisfied with pay, promotions, and other personal outcomes.

distributive justice
Perceived fairness of the amount and allocation of rewards among individuals.

procedural justice
The perceived fairness of the process used to determine the distribution of rewards.

In conclusion, equity theory demonstrates that, for most employees, motivation is influenced significantly by relative rewards as well as by absolute rewards, but some key issues are still unclear.[55] For instance, how do employees handle conflicting equity signals, such as when unions point to other employee groups who are substantially *better off*, while management argues how much things have *improved*? How do employees define inputs and outcomes? How do they combine and weigh their inputs and outcomes to arrive at totals? When and how do the factors change over time? Yet, regardless of these problems, equity theory continues to offer us some important insights into employee motivation.

Expectancy Theory

Currently, one of the most widely accepted explanations of motivation is Victor Vroom's **expectancy theory**.[56] Although it has its critics,[57] most of the research evidence is supportive of the theory.[58]

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. In more practical terms, expectancy theory says that an employee will be motivated to exert a high level of effort when he or she believes that effort will lead to a good performance appraisal; that a good appraisal will lead to organizational

expectancy theory
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.

rewards like a bonus, a salary increase, or a promotion; and that the rewards will satisfy the employee's personal goals. The theory, therefore, focuses on three relationships (see Exhibit 5-8).
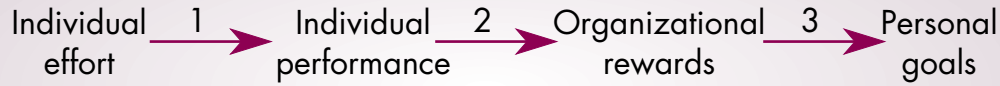
1. *Effort–performance relationship*. The probability perceived by the individual that exerting a given amount of effort will lead to performance.
2. *Performance–reward relationship*. The degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.
3. *Rewards–personal goals relationship*. The degree to which organizational rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual.[59]

Expectancy theory helps explain why a lot of workers aren't motivated on their jobs and merely do the minimum necessary to get by. This is evident when we look at the theory's three relationships in a little more detail. We present them as questions employees need to answer in the affirmative if their motivation is to be maximized.

First, *if I give a maximum effort, will it be recognized in my performance appraisal?* For a lot of employees, the answer is "No." Why? Their skill level may be deficient, which means that no matter how hard they try, they're not likely to be a high performer. The organization's performance appraisal

◆ Expectancy theory helps explain why a lot of workers aren't motivated on their jobs and merely do the minimum necessary to get by.

Exhibit 5-8
Expectancy Theory

Individual effort →1→ Individual performance →2→ Organizational rewards →3→ Personal goals

1 Effort–performance relationship
2 Performance–reward relationship
3 Rewards–personal goals relationship
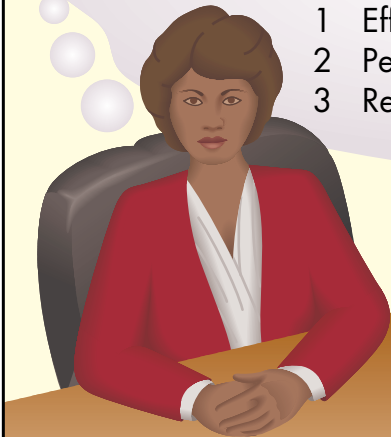
system may be designed to assess nonperformance factors like loyalty, initiative, or courage, which means more effort won't necessarily result in a higher evaluation. Still another possibility is that the employee, rightly or wrongly, perceives that her boss doesn't like her. As a result, she expects to get a poor appraisal regardless of her level of effort. These examples suggest that one possible source of low employee motivation is the belief, by the employee, that no matter how hard she works, the likelihood of getting a good performance appraisal is low.

Second, *if I get a good performance appraisal, will it lead to organizational rewards*? Many employees see the performance–reward relationship in their job as weak. The reason, as we elaborate upon in the next chapter, is that organizations reward a lot of things besides just performance. For example, when pay is allocated to employees based on factors such as seniority, being cooperative, or for "kissing up" to the boss, employees are likely to see the performance–reward relationship as being weak and demotivating.

Finally, *if I'm rewarded, are the rewards ones that I find personally attractive*? The employee works hard in hope of getting a promotion but gets a pay raise instead. Or the employee wants a more interesting and challenging job but receives only a few words of praise. Or the employee puts in extra effort to be relocated to the company's Paris office but instead is transferred to Singapore. These examples illustrate the importance of the rewards being tailored to

individual employee needs. Unfortunately, many managers are limited in the rewards they can distribute, which makes it difficult to individualize rewards. Moreover, some managers incorrectly assume that all employees want the same thing, thus overlooking the motivational effects of differentiating rewards. In either case, employee motivation is submaximized.

In summary, the key to expectancy theory is the understanding of an individual's goals and the linkage between effort and performance, between performance and rewards, and, finally, between the rewards and individual goal satisfaction. As a contingency model, expectancy theory recognizes that there is no universal principle for explaining everyone's motivations. Additionally, just because we understand what needs a person seeks to satisfy does not ensure that the individual perceives high performance as necessarily leading to the satisfaction of these needs.

Does expectancy theory work? Attempts to validate the theory have been complicated by methodological, criterion, and measurement problems. As a result, many published studies that purport to support or negate the theory must be viewed with caution. Importantly, most studies have failed to replicate the methodology as it was originally proposed. For example, the theory proposes to explain different levels of effort from the same person under different circumstances, but almost all replication studies have looked at different people. Correcting for this flaw has greatly improved sup-

port for the validity of expectancy theory.[60] Some critics suggest that the theory has only limited use, arguing that it tends to be more valid for predicting in situations where effort–performance and performance–reward linkages are clearly perceived by the individual.[61] Since few individuals perceive a high correlation between performance and rewards in their jobs, the theory tends to be idealistic. If organizations actually rewarded individuals for performance rather than according to such criteria as seniority, effort, skill level, and job difficulty, then the theory's validity might be considerably greater. However, rather than invalidating expectancy theory, this criticism can be used in support of the theory, for it explains why a large segment of the work force exerts low levels of effort in carrying out job responsibilities.

Don't Forget Ability and Opportunity

Robin and Chris both graduated from college a couple of years ago with their degrees in elementary education. They each took jobs as first-grade teachers, but in different school districts. Robin immediately confronted a number of obstacles on the job: a large class (42 students), a small and dingy classroom, and inadequate supplies. Chris's situation couldn't have been more different. He had only 15 students in his class, plus a teaching aide for 15 hours each week, a modern and well-lighted room, a well-stocked supply cabinet, six

Macintosh computers for students to use, and a highly supportive principal. Not surprisingly, at the end of their first school year, Chris had been considerably more effective as a teacher than had Robin.

The preceding episode illustrates an obvious but often over-looked fact. Success on a job is facilitated or hindered by the existence or absence of support resources.

A popular, although arguably simplistic, way of thinking about employee performance is as a function of the interaction of ability and motivation; that is, performance = $f(A \times M)$. If either is inadequate, performance will be negatively affected. This helps to explain, for instance, the hardworking athlete or student with modest abilities who consistently outperforms his or her more gifted, but lazy, rival. So, as we noted in Chapter 2, an individual's intelligence and skills (subsumed under the label *ability*) must be considered in addition to motivation if we are to be able to accurately explain and predict employee performance. But a piece of the puzzle is still missing. We need to add **opportunity to perform** to our equation—performance = $f(A \times M \times O)$.[62] Even though an individual may be willing and able, there may be obstacles that constrain performance. This is shown in Exhibit 5-9.

When you attempt to assess why an employee may not be performing to the level that you believe he or she is capable of, take a look at the work environment to see if it's supportive. Does the

opportunity to perform
High levels of performance are partially a function of an absence of obstacles that constrain the employee.

Exhibit 5-9
Performance Dimensions
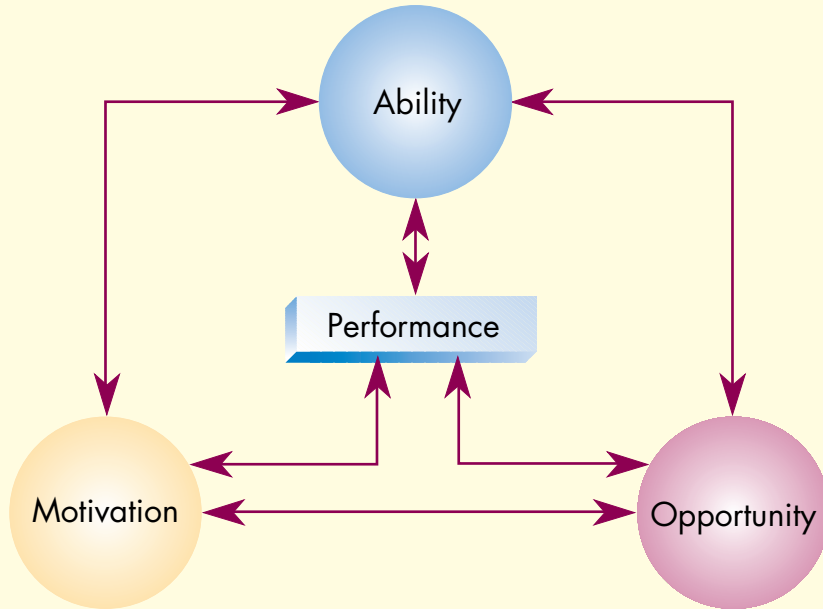
Ability

Performance

Motivation

Opportunity

employee have adequate tools, equipment, materials, and supplies? Does the employee have favorable working conditions, helpful co-workers, supportive work rules and procedures, sufficient informa-

tion to make job-related decisions, adequate time to do a good job, and the like? If not, performance will suffer.

Integrating Contemporary Theories of Motivation

We've looked at a lot of motivation theories in this chapter. The fact that a number of these theories have been supported only complicates the matter. How simple it would have been if, after presenting several theories, only one was found valid. But these theories are not all in competition with one another! Because one is valid doesn't automatically make the others invalid. In fact, many of the theories presented in this chapter are complementary. The challenge is now to tie these theories together to help you understand their interrelationships.[63]

◆ Motivation theories are not all competitive with one another!

Exhibit 5-10 presents a model that integrates much of what we know about motivation. Its basic foundation is the expectancy model shown in Exhibit 5-8. Let's work through Exhibit 5-10.

We begin by explicitly recognizing that opportunities can aid or hinder individual effort. The individual effort box also has another arrow leading into it. This arrow flows out of the person's goals. Consistent with goal-setting theory, this goals–effort loop is meant to remind us that goals direct behavior.

Exhibit 5-10
Integrating Contemporary Theories of Motivation
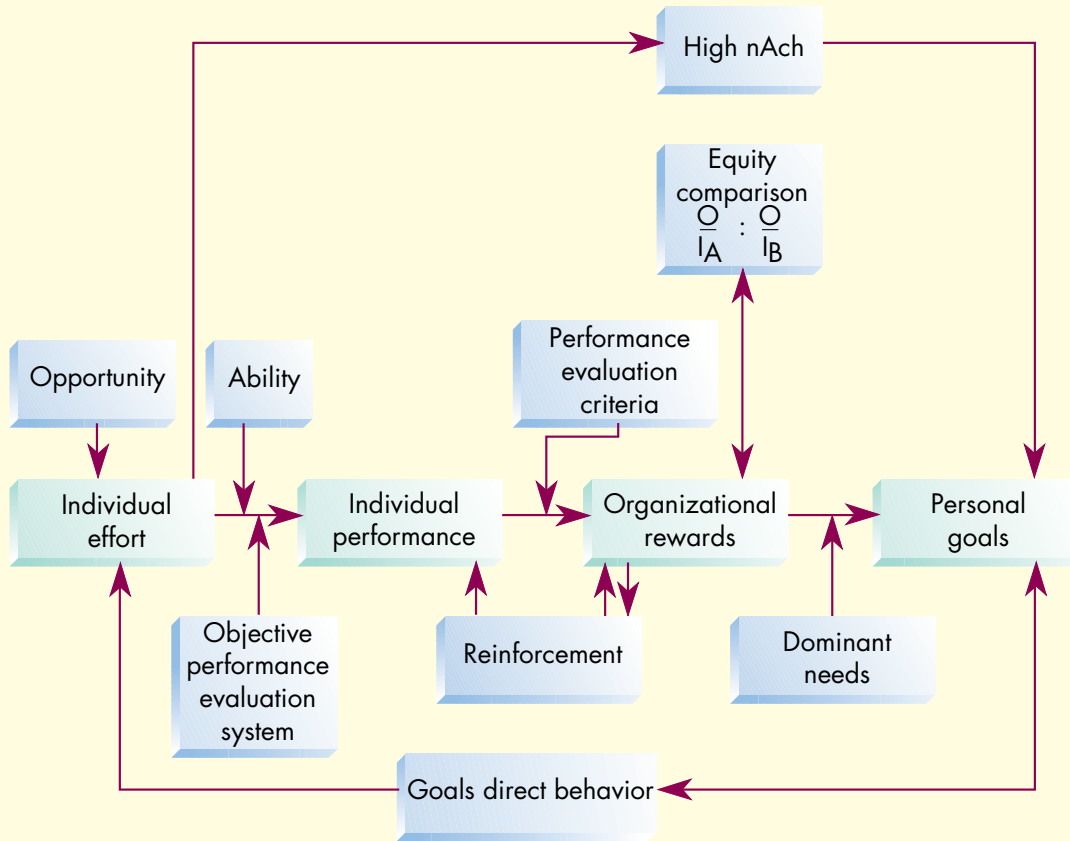
Expectancy theory predicts that an employee will exert a high level of effort if he or she perceives that there is a strong relationship between effort and performance, performance and rewards, and rewards and satisfaction of personal goals. Each of these relationships, in turn, is influenced by certain factors. For effort to lead to good performance, the individual must have the requisite ability to perform, and the performance appraisal system that measures the individual's performance must be perceived as being fair and objective. The performance–reward relationship will be strong if the individual perceives that it is performance (rather than seniority, personal favorites, or other criteria) that is rewarded. If cognitive evaluation theory were fully valid in the actual workplace, we would predict here that basing rewards on performance should decrease the individual's intrinsic motivation. The final link in expectancy theory is the rewards–goals relationship. ERG theory would come into play at this point. Motivation would be high to the degree that the rewards an individual received for his or her high performance satisfied the dominant needs consistent with his or her individual goals.

A closer look at Exhibit 5-10 will also reveal that the model considers the achievement need and reinforcement and equity theories. The high achiever is not motivated by the organization's assessment of his or her performance or organizational rewards, hence, the jump from effort to personal goals for those with a

high *nAch*. Remember, high achievers are internally driven as long as the jobs they are doing provide them with personal responsibility, feedback, and moderate risks. They are not concerned with the effort–performance, performance–rewards, or rewards–goal linkages.

Reinforcement theory enters our model by recognizing that the organization's rewards reinforce the individual's performance. If management has designed a reward system that is seen by employees as "paying off" for good performance, the rewards will reinforce and encourage continued good performance. Rewards also play the key part in equity theory. Individuals will compare the rewards (outcomes) they receive from the inputs they make with the outcome–input ratio of relevant others ($O/I_A : O/I_B$), and inequities may influence the effort expended.

Caveat Emptor: Motivation Theories Are Culture Bound

In our discussion of goal setting, we said that care needs to be taken in applying this theory because it assumes cultural characteristics that are not universal. This is true for many of the theories presented in this chapter. Most current motivation theories were developed in the United States by Americans and about Americans.[64] Maybe the most blatant pro-American characteristic inherent in these theories is the

strong emphasis on what we defined in chapter 4 as individualism and quantity of life. For instance, both goal-setting and expectancy theories emphasize goal accomplishment as well as rational and individual thought. Let's take a look at how this bias has affected several of the motivation theories introduced in this chapter.

Maslow's need hierarchy argues that people start at the physiological level and then move progressively up the hierarchy in this order: physiological, safety, social, esteem, and self-actualization. This hierarchy, if it has any application at all, aligns with American culture. In countries like Japan, Greece, and Mexico, where uncertainty avoidance characteristics are strong, security needs would be on top of the need hierarchy. Countries that score high on quality-of-life characteristics—Denmark, Sweden, Norway, the Netherlands, and Finland—would have social needs on top.[65] We would predict, for instance, that group work will motivate employees more when the country's culture scores high on the quality criterion.

Another motivation concept that clearly has an American bias is the achievement need. The view that a high achievement need acts as an internal motivator presupposes two cultural characteristics—a willingness to accept a moderate degree of risk (which excludes countries with strong uncertainty avoidance characteristics) and a concern with performance (which applies almost singularly to countries with strong quantity-of-life characteristics). This combination is

◆ Most current motivation theories were developed in the United States by Americans and about Americans.

found in Anglo-American countries like the United States, Canada, and Great Britain.[66] On the other hand, these characteristics are relatively absent in countries such as Chile and Portugal.

But don't assume there aren't *any* cross-cultural consistencies. For instance, the desire for interesting work seems important to almost all workers, regardless of their national culture. In a study of seven countries, employees in Belgium, Britain, Israel, and the United States ranked "interesting work" number one among 11 work goals. And this factor was ranked either second or third in Japan, the Netherlands, and Germany.[67] Similarly, in a study comparing job-preference outcomes among graduate students in the United States, Canada, Australia, and Singapore, growth, achievement, and responsibility were rated the top three and had identical rankings.[68] Both of these studies suggest some universality to the importance of intrinsic factors in motivation-hygiene theory.

Summary and Implications for Managers

The theories we've discussed in this chapter do not all address our four dependent variables. Some, for instance, are directed at explaining turnover, while others emphasize productivity. The theories also differ in their predictive strength. In this section, we (1) review the key motivation theories to determine their relevance in explaining our dependent variables, and (2) assess the predictive power of each.[69]

NEED THEORIES   We introduced four theories that focused on needs. These were Maslow's hierarchy, motivation-hygiene, ERG, and McClelland's needs theories. The strongest of these is probably the last, particularly regarding the relationship between achievement and productivity. If the other three have any value at all, that value relates to explaining and predicting job satisfaction.

GOAL-SETTING THEORY   There is little dispute that clear and difficult goals lead to higher levels of employee productivity. This evidence leads us to conclude that goal-setting theory provides one of the more powerful explanations of this dependent variable. The theory, however, does not address absenteeism, turnover, or satisfaction.

REINFORCEMENT THEORY   This theory has an impressive record for predicting factors like quality and quantity of work, persistence of effort, absenteeism, tardiness, and accident rates. It does not offer much insight into employee satisfaction or the decision to quit.

EQUITY THEORY   Equity theory deals with all four dependent variables. However, it is strongest when predicting absence and turnover behaviors and weak when predicting differences in employee productivity.

EXPECTANCY THEORY   Our final theory focused on performance variables. It has proved to offer a relatively powerful explanation of employee productivity, absenteeism, and turnover. But expectancy theory assumes that employees have few constraints on their decision discretion. It makes many of the same assumptions that the rational model makes about individual decision making (see Chapter 3). This acts to restrict its applicability.

For major decisions, like accepting or resigning from a job, expectancy theory works well because people don't rush into decisions of this nature. They're more prone to take the time to carefully consider the costs and benefits of all the alternatives. However, expectancy theory is not a very good explanation for more typical types of work behavior, especially for individuals in lower-level jobs, because such jobs come with considerable limitations imposed by work methods, supervisors, and company policies. We would conclude, therefore, that expectancy theory's power in explaining employee productivity increases where the jobs being performed are more complex and higher in the organization (where discretion is greater).

A GUIDE THROUGH THE MAZE   Exhibit 5-11 summarizes what we know about the power of the more well-known motivation theories to explain and predict our four dependent variables. While based on a wealth of research, it also includes some subjective judgments.

Exhibit 5-11 Power of Motivation Theories

		THEORIES			
Variable	Need	Goal Setting	Reinforce-ment	Equity	Expectancy
Productivity	3[b]	5	3	3	4[c]
Absenteeism			4	4	4
Turnover				4	5
Satisfaction	2			2	

[a]Theories are rated on a scale of 1 to 5, 5 being highest.
[b]Applies to individuals with a high need to achieve.
[c]Limited value in jobs where employees have little discretionary choice.

Source: Based on F.J. Landy and W.S. Becker, "Motivation Theory Reconsidered," in L.L. Cummings and B.M. Staw (eds.), *Research in Organizational Behavior,* Vol. 9 (Greenwich, CT: JAI Press, 1987), p. 33.

However, it does provide a reasonable guide through the motivation theory maze.

For Review

1. Does motivation come from within a person or is it a result of the situation? Explain.
2. What are the implications of Theories X and Y for motivation practices?
3. Compare and contrast Maslow's hierarchy of needs theory with (a) Alderfer's ERG theory and (b) Herzberg's motivation-hygiene theory.
4. Describe the three needs isolated by McClelland. How are they related to worker behavior?
5. Explain cognitive evaluation theory. How applicable is it to management practice?
6. What's the role of self-efficacy in goal setting?
7. Contrast distributive and procedural justice.
8. Identify the variables in expectancy theory.
9. Explain the formula: Performance $= f(A \times M \times O)$ and give an example.
10. What consistencies among motivation concepts, if any, apply cross-culturally?

For Discussion

1. "The cognitive evaluation theory is contradictory to reinforcement and expectancy theories." Do you agree or disagree? Explain.

2. "Goal setting is part of both reinforcement and expectancy theories." Do you agree or disagree? Explain.

3. Analyze the application of Maslow's and Herzberg's theories to an African or Caribbean nation where more than a quarter of the population is unemployed.

4. Can an individual be too motivated, so that his or her performance declines as a result of excessive effort? Discuss.

5. Identify three activities you really enjoy (for example, playing tennis, reading a novel, going shopping). Next, identify three activities you really dislike (for example, going to the dentist, cleaning the house, staying on a restricted-calorie diet). Using the expectancy model, analyze each of your answers to assess why some activities stimulate your effort while others don't.

Point

Money Motivates!

The importance of money as a motivator has been consistently downgraded by most behavioral scientists. They prefer to point out the value of challenging jobs, goals, participation in decision making, feedback, cohesive work teams, and other nonmonetary factors as stimulants to employee motivation. We argue otherwise here—that money is *the* crucial incentive to work motivation. As a medium of exchange, it is the vehicle by which employees can purchase the numerous need-satisfying things they desire. Furthermore, money also performs the function of a scorecard, by which employees assess the value that the organization places on their services and by which employees can compare their value to others.*

Money's value as a medium of exchange is obvious. People may not work only for money, but take the money away and how many people would come to work? A recent study of nearly 2,500 employees found that while these people disagreed over what was their number-one motivator, they unanimously ranked money as their number two.** This study reaffirms that for the vast majority of the work force, a regular paycheck is absolutely necessary in order to meet their basic physiological and safety needs.

As equity theory suggests, money has symbolic value in addition to its exchange value. We use pay as the primary outcome against which we compare our inputs to determine if we are being treated equitably. That an organization pays one executive $80,000 a year and another $95,000 means more than the latter's earning $15,000 a year more. It is a message, from the organization to both employees, of how much it values the contribution of each.

In addition to equity theory, both reinforcement and expectancy theories attest to the value of money as a motivator. In the former, if pay is contingent on performance, it will encourage workers to generate high levels of effort. Consistent with expectancy theory, money will motivate to the extent that it is seen as being able to satisfy an individual's personal goals and is perceived as being dependent upon performance criteria.

The best case for money as a motivator is a review of studies done by Ed Locke at the University of Maryland.*** Locke looked at four methods of motivating employee performance: money, goal setting, participation in decision making, and redesigning jobs to give workers more challenge and responsibility. He found that the average improvement from money was 30 percent; goal setting increased performance 16 percent; participation improved performance by less than 1 percent; and job redesign positively impacted performance by an average of 17 percent. Moreover, every study Locke reviewed that used money as a method of motivation resulted in some improvement in employee performance. Such evidence demonstrates that money may not be the *only* motivator, but it is difficult to argue that it *doesn't* motivate!

*K.O. Doyle, "Introduction: Money and the Behavioral Sciences," *American Behavioral Scientist*, July 1992, pp. 641–57.

**S. Caudron, "Motivation? Money's Only No. 2," *Industry Week*, November 15, 1993, p. 33.

***E.A. Locke et al., "The Relative Effectiveness of Four Methods of Motivating Employee Performance," in *Changes in Working Life*, eds. K.D. Duncan, M.M. Gruneberg, and D. Wallis (London: John Wiley, Ltd., 1980), pp. 363–83.

Money Doesn't Motivate Most Employees Today!

Money can motivate *some* people under *some* conditions, so the issue isn't really whether or not money *can* motivate. The answer to that is: "It can!" The more relevant question is: Does money motivate most employees in the work force today to higher performance? The answer to this question, we'll argue, is "No."

For money to motivate an individual's performance, certain conditions must be met. First, money must be important to the individual. Second, money must be perceived by the individual as being a direct reward for performance. Third, the marginal amount of money offered for the performance must be perceived by the individual as being significant. Finally, management must have the discretion to reward high performers with more money. Let's take a look at each of these conditions.

Money is not important to all employees. High achievers, for instance, are intrinsically motivated. Money should have little impact on these people. Similarly, money is relevant to those individuals with strong lower-order needs; but for most of the work force, lower-order needs are substantially satisfied.

Money would motivate if employees perceived a strong linkage between performance and rewards in organizations. Unfortunately, pay increases are far more often determined by community pay standards, the national cost-of-living index, and the organization's current and future financial prospects than by each employee's level of performance.

For money to motivate, the marginal difference in pay increases between a high performer and an average performer must be significant. In practice, it rarely is. For instance, a high-performing employee who currently is earning $35,000 a year is given a $200-a-month raise. After taxes, that amounts to about $35 a week. But this employee's $35,000-a-year co-worker, who is an average performer, is rarely passed over at raise time. Instead of getting an 8 percent raise, he is likely to get half of that. The net difference in their weekly paychecks is probably less than $20. How much motivation is there in knowing that if you work really

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hard you're going to end up with $20 a week more than someone who is doing just enough to get by? For a large number of people, not much! Research indicates that merit raises must be at least 7 percent of base pay for employees to perceive them as motivating. Unfortunately, recent surveys find non-managerial employees averaging merit increases of only 4.9 percent.*

Our last point relates to the degree of discretion that managers have in being able to reward high performers. Where unions exist, that discretion is almost zero. Pay is determined through collective bargaining and is allocated by job title and seniority, not level of performance. In nonunionized environments, the organization's compensation policies will constrain managerial discretion. Each job typically has a pay grade. Thus, a Systems Analyst III can earn between $3,825 and $4,540 a month. No matter how good a job that analyst does, her boss cannot pay her more than $4,540 a month. Similarly, no matter how poorly someone does in that job, he will earn at least $3,825 a month. In most organizations, managers have a very small area of discretion within which they can reward their higher-performing employees. So money might be theoretically capable of motivating employees to higher levels of performance, but most managers aren't given enough flexibility to do much about it.

For more on this argument, see B. Filipczak, "Can't Buy Me Love," *Training*, January 1996, pp. 29–34.

*See A. Mitra, N. Gupta, and G.D. Jenkins, Jr., "The Case of the Invisible Merit Raise: How People See Their Pay Raises," *Compensation & Benefits Review*, May–June 1995, pp. 71–76.

Learning about Yourself

What Motivates You?

For each of the following 15 statements, circle the number that most closely agrees with how you feel. Consider your answers in the context of your current job or past work experience.

	Strongly Disagree				Strongly Agree
1. I try very hard to improve on my past performance at work.	1	2	3	4	5
2. I enjoy competition and winning.	1	2	3	4	5
3. I often find myself talking to those around me about nonwork matters.	1	2	3	4	5
4. I enjoy a difficult challenge.	1	2	3	4	5
5. I enjoy being in charge.	1	2	3	4	5
6. I want to be liked by others.	1	2	3	4	5
7. I want to know how I am progressing as I complete tasks.	1	2	3	4	5
8. I confront people who do things I disagree with.	1	2	3	4	5
9. I tend to build close relationships with co-workers.	1	2	3	4	5

	Strongly Disagree			Strongly Agree	

10. I enjoy setting and achieving realistic goals.   1   2   3   4   5

11. I enjoy influencing other people to get my way.   1   2   3   4   5

12. I enjoy belonging to groups and organizations.   1   2   3   4   5

13. I enjoy the satisfaction of completing a difficult task.   1   2   3   4   5

14. I often work to gain more control over the events around me.   1   2   3   4   5

15. I enjoy working with others more than working alone.   1   2   3   4   5

Working with Others

What Do People Want from Their Jobs?

Each class member begins by completing the following question-naire: Rate the following 12 job factors according to how important each is to you. Place a number on a scale of 1 to 5 on the line before each factor.

Very important	Somewhat important			Not important
5	4	3	2	1

_____ **1.** An interesting job

_____ **2.** A good boss

_____ **3.** Recognition and appreciation for the work I do

_____ **4.** The opportunity for advancement

_____ **5.** A satisfying personal life

_____ **6.** A prestigious or status job

_____ **7.** Job responsibility

_____ **8.** Good working conditions

_____ **9.** Sensible company rules, regulations, procedures, and policies

_____ **10.** The opportunity to grow through learning new things

_____ **11.** A job I can do well and succeed at

_____ **12.** Job security

This questionnaire taps the two dimensions in Herzberg's motivation-hygiene theory. To determine if hygiene or motivating factors are important to you, place the numbers 1–5 that represent your answers below.

Hygiene factors score	Motivational factors score
2._____	**1.**_____
5._____	**3.**_____
6._____	**4.**_____
8._____	**7.**_____
9._____	**10.**_____
12._____	**11.**_____
Total points _____	Total points _____

Add up each column. Did you select hygiene or motivating factors as being most important to you?

Now break into groups of five or six and compare your questionnaire results. (a) How similar are your scores? (b) How close did your group's results come to those found by Herzberg? (c) What motivational implications did your group arrive at based on your analysis?

This exercise is based on R.N. Lussier, *Human Relations in Organizations: A Skill Building Approach*, 2nd ed. Homewood, IL: Richard D. Irwin, 1993. With permission.

Lincoln Electric

A recent survey of large American companies found that nearly half had modified their compensation practices to link pay to performance. Many of these companies, in fact, had visited Cleveland-based Lincoln Electric Co. to look at its "model" pay-for-performance system.

Lincoln employs about 3,400 people and generates 90 percent of its sales from manufacturing arc-welding equipment and supplies. Founded in 1895, the company's legendary profit-sharing incentive system and resultant productivity record have received much attention from people who design motivation programs.

Factory workers at Lincoln receive piece-rate wages with no guaranteed minimum hourly pay. After working for the firm for two years, employees begin to participate in the year-end bonus plan. Determined by a formula that considers the company's gross profits, the employee's base piece rate, and merit rating, it has been one of the most lucrative bonus systems for factory workers in American manufacturing. The average size of the bonus over the past 55 years had been 95.5 percent of base wages!

The company has a guaranteed-employment policy, which it put in place in 1958. Since that time, it has not laid off a single worker. In return for job security, however, employees agree to several conditions. During slow times, they will accept reduced work

periods. They also agree to accept work transfers, even to lower-paid jobs, if that is necessary to maintain a minimum of 30 hours of work per week.

You'd think the Lincoln Electric system would attract quality people, and it has. For instance, the company recently hired four Harvard MBAs to fill future management slots. But, consistent with company tradition, they started out, like everyone else, doing piece-work on the assembly line.

Historically, Lincoln Electric's profit-sharing incentive system had provided positive benefits for the company as well as for its employees. In the early 1990s, one company executive estimated that Lincoln's overall productivity was about double that of its domestic competitors. To that point, the company had earned a profit every year since the depths of the 1930s Depression and has never missed a quarterly dividend. And Lincoln had one of the lowest employee turnover rates in U.S. industry.

But something interesting has recently happened at Lincoln Electric. The company is overhauling its pay system. Under pressure from institutional shareholders and independent board members, management has been looking for ways to improve earnings. The reason? Rapid growth and global competition resulted in the company losing money in 1992 and 1993. And employee bonuses have been dropping. In 1995, for instance, bonuses averaged 56 per-cent—the lowest in recent years. The result: Employees are dis-

gruntled. Management decided it had to modify its pay system to make it more mainstream. One objective is to reduce the huge variations in production–worker pay from roughly $32,000 to more than $100,000.

In early 1996, to revamp the pay scheme without stirring up resentment, management set up a committee to study the bonus program. It has told employees that a new formula is in the works. It wants employees to provide input by focusing more on their overall earnings, not just the percentage bonus they receive. For instance, senior management wants to start raising base pay and, simultaneously, to start reducing annual bonuses.

Questions

1. Use expectancy theory to explain the past success of Lincoln's pay system.

2. Using two or more motivation theories, explain problems with the historical system.

3. What problems, if any, do you think management should expect as a result of its announced changes in the pay system?

Based on S.J. Modic, "Fine-Tuning a Classic," *Industry Week*, March 6, 1989, pp. 15–18; C. Wiley, "Incentive Plan Pushes Production," *Personnel Journal*, August 1993, pp. 86–87; and Z. Schiller, "A Model Incentive Plan Gets Caught in a Vise," *Business Week*, January 22, 1996, pp. 89–92.

The Middle-Class Dream: Where Did It Go?

"We're working longer hours, it's taking two incomes versus one income. It's definitely taking more to achieve the American dream." "I work two jobs, not only during the week, but on the weekend." These comments capture a growing feeling among the American middle class. Middle-class Americans are losing their hope and optimism about the future. And they're having to work harder to maintain their middle-class status.

In 1986, 74 percent of working people expected their kids to be better off than they were. In 1991, that percentage was down to 66 percent. Now it's 54 percent. There's a definite loss of faith in the American dream. An increasing number of middle-class people— those who earn between $20,000 and $50,000 a year—don't expect their children to do better than they have. Today's workers increasingly believe they are not doing as well as their parents. And even among people who are doing as well as their parents, they say they're working harder to keep that standard of living.

What has caused this drop in optimism? A number of factors: the need for two incomes to keep afloat; less free time to enjoy family; little or no savings or money for family vacations; high taxes; child-care expenses; fear that one family member will lose his or her job; the stress of trying to maintain middle-class status in times of stagnant wages; and making comparisons with families from the

1950s and 1960s, who seemed to live better, on only one income, and with less stress.

In the 30 years after World War II ended, the average American enjoyed a way of life unprecedented in history—a steady, rapidly growing real income and a massive movement into the middle class. Skilled and unskilled workers alike came to expect job security and income growth. The last 20 years, however, have been a different story. For most Americans, since the mid-1970s there has really been wage stagnation and a failure of living standards to rise. And for most families, it now takes two incomes to do what their parents did with one.

Take owning a home, for example. After World War II, low-cost housing was being built everywhere. Any young family with a few hundred dollars could have a piece of the American dream—a home of their own. Today a typical home costs nearly $100,000 and few young couples have the 20 percent needed for a traditional down payment. Among those who see a home in their near future, that home isn't much like their parents' or grandparents' homes. Instead of a small two-bedroom, one-bath starter home, today's family wants three or four bedrooms with multiple baths, a state-of-the-art kitchen, and a two-car garage. And few in the middle class can envision supporting such a home on one partner's income.

Is America on the verge of becoming a Third World nation? Will the middle class continue to shrink, while the rich get richer and the working poor become the new dominant class?

Questions

1. How might financial and personal strains discussed in the case influence employee motivation and behavior?
2. Contrast implications for motivating employees with middle-class incomes versus high-paid professionals.
3. What, if anything, can individual organizations do to alleviate the problems cited in this case?