Experiential Exercise

Assessing Employee Motivation and Satisfaction Using The Job Characteristics Model

Purpose
To examine outcomes of the Job Characteristics Model for different professions.

Time
Approximately 30–45 minutes.

Background
Data were collected on 6,930 employees in 56 different organizations in the United States using the Job Diagnostic Survey. The following table contains data on the five core job dimensions of the Job Characteristics Model for several professions. Also included are growth needs strength, internal motivation, and pay satisfaction for each profession. The values are averages based on a 7-point scale.

Job Characteristics Averages for Six Professions

	Profession					
Variable	**Professional/ Technical**	**Managerial**	**Sales**	**Service**	**Clerical**	**Machine Trades**
Skill Variety	5.4	5.6	4.8	5.0	4.0	5.1
Task Identity	5.1	4.7	4.4	4.7	4.7	4.9
Task Significance	5.6	5.8	5.5	5.7	5.3	5.6
Autonomy	5.4	5.4	4.8	5.0	4.5	4.9
Feedback	5.1	5.2	5.4	5.1	4.6	4.9
Growth Needs Strength	5.6	5.3	5.7	5.4	5.0	4.8
Internal Motivation	5.8	5.8	5.7	5.7	5.4	5.6
Pay Satisfaction	4.4	4.6	4.2	4.1	4.0	4.2

Step 1
Break into groups of three to five.

Step 2
Calculate the MPS score for each of the professions and compare them. Discuss whether or not you think these scores accurately reflect your perceptions of the motivating potential of these professions.

Step 3
Graph the relationship between each profession's core job dimensions and its corresponding value for internal motivation and for pay satisfaction, using the core job dimensions as independent variables. What conclusions can you draw about motivation and satisfaction of employees in these professions?

Source of data: Hackman, J. R. & Oldham, G. R. (1980). *Work Redesign*, Reading, MA: Addison-Wesley.

Ethical Dilemma

Did Executives' Pay Cause The Recession?

Long the prestige and power center of organizations and industries, banking and finance are now widely blamed for the global recession. President Obama has argued that executive compensation wreaked "havoc in our financial system" and called the pay practices "shameful." In banking haven Switzerland, bankers have been booed out of restaurants, and some maître d's refuse to seat them.

To some, the source of the problem is the industry's culture of greed. One business reporter alleged executives rigged the compensation system so it "would reward them no matter what." Others feel executives' incentive structure caused the problem. Specifically, these critics argue executives' pay is boosted more under rosy scenarios than it is penalized under bleak scenarios. Say you're contemplating a series of risky investments that could generate a bonus equal to triple your annual salary. Should they fail, you receive no bonus, but you would still have your salary. Such pay plans encourage excessive risk taking, the argument goes. One labor economist opined, "Give smart people go for- broke incentives and they will go for broke. Duh."

Do you agree pay incentives are to blame for the financial crisis and, by extension, the global recession? Why or why not? If you agree, how might executive/manager compensation plans be modified? One suggestion is a "bonus bank" where managers' bonuses are held for a period of time and against which subsequent losses are charged. What is an advantage, and a possible downside, of such a plan? Because boards of directors don't want to restrict executive compensation, should the federal government modify pay plans, as the Obama administration has proposed? Putting your own political preferences aside for the moment, consider the advantages and disadvantages of a system that would, say, limit executives' salaries to $500,000 annually, and their bonuses to 50 percent of their base salary.

Sources: A. S. Blinder, "Crazy Compensation and the Crisis," *Wall Street Journal* (May 28, 2009), p. A15; M. Mandel, "CEO Pay: Obama's Reagan Moment," *BusinessWeek* (February 16, 2009), pp. 28–29;

Case Exercise

1. Ask students to prepare responses to the questions in the text. Most likely, the students will perceive that executive salaries are too high.
2. Then ask students to access http://dailydrucker.blogspot.com/2009/10/conceptual-skill.html.
3. Students should discuss the extent to which top managers must develop conceptual skills.

These are not easy skills to develop. They come from extensive experience in an organization and an industry. The question becomes, "Are the executives worth their costs when they possess and practice these skills?" Students should begin to realize that pay relates to skill application resulting in return on investment. If top managers were not perceived as ROI contributors, then they would not be kept around.