

Chapter 8

Motivation: From Concepts To Applications

(Click when connected to the Internet for online video teaching notes)

LEARNING OBJECTIVES (PPT8-1)

After studying this chapter, students should be able to:

1. Describe the job characteristics model and evaluate the way it motivates by changing the work environment.
2. Compare and contrast the three main ways jobs can be redesigned.
3. Identify three alternative work arrangements and show how they might motivate employees.
4. Give examples of employee involvement measures and show how they can motivate employees.
5. Demonstrate how the different types of variable-pay programs can increase employee motivation.
6. Show how flexible benefits turn benefits into motivators.
7. Identify the motivational benefits of intrinsic rewards.

INSTRUCTOR RESOURCES

- **Text Exercises**
 - Myth or Science? Everyone Want a Challenging Job
 - An Ethical Choice: You Might Work for Less Than You Think
 - International OB: Cultural Differences in Job Characteristics and Job Satisfaction
 - Point/CounterPoint: Praise Motivates
 - Questions for Review
 - Experiential Exercise
 - Ethical Dilemma: Did Executives' Pay Cause the Recession?
- **Text Cases**
 - Case incident 1: Multitasking: A Good use of Your Time?
 - Case Incident 2: Thanks for Nothing
- **Instructor's Choice**

This section presents an exercise that is NOT found in the student's textbook. Instructor's Choice reinforces the text's emphasis through various activities. Some Instructor's Choice activities are centered on debates, group exercises, Internet research, and student experiences. Some can be used in-class in their entirety, while others require some additional work on the student's part. The course instructor may choose to use these at anytime throughout the class—some may be more effective as icebreakers, while some may be used to pull together various concepts covered in the chapter.



WEB EXERCISES

At the end of each chapter of this Instructor's Manual, you will find suggested exercises and ideas for researching the WWW on OB topics. The exercises "Exploring OB Topics on the Web" are set up so that you can simply photocopy the pages, distribute them to your class, and make assignments accordingly. You may want to assign the exercises as an out-of-class activity or as lab activities with your class.

SUMMARY AND IMPLICATIONS FOR MANAGERS

We've presented a number of motivation theories and applications in Chapter 7 and in this chapter. Although it's always dangerous to synthesize a large number of complex ideas, the following suggestions summarize what we know about motivating employees in organizations.

Recognize Individual Differences: Managers should be sensitive to individual differences. For example, employees from Asian cultures prefer not to be singled out as special because it makes them uncomfortable. Spend the time necessary to understand what's important to each employee. This allows you to individualize goals, level of involvement, and rewards to align with individual needs. Design jobs to align with individual needs and maximize their motivation potential.

Use Goals and Feedback: Employees should have firm, specific goals, and they should get feedback on how well they are faring in pursuit of those goals.

Allow Employees to Participate in Decisions That Affect Them: Employees can contribute to setting work goals, choosing their own benefits packages, and solving productivity and quality problems. Participation can increase employee productivity, commitment to work goals, motivation, and job satisfaction.

Link Rewards to Performance: Rewards should be contingent on performance, and employees must perceive the link between the two. The results will be low performance, a decrease in job satisfaction, and an increase in turnover and absenteeism.

Check the System for Equity: Employees should perceive that experience, skills, abilities, effort, and other obvious inputs explain differences in performance and hence in pay, job assignments, and other obvious rewards.

This chapter begins with a vignette entitled Bye-Bye Bonus and Base Pay. It introduces how United Technologies has attempted to reduce labor costs during an economic downturn without laying off employees. They avoided cutting base pay in an effort to prevent demotivation of employees. In general, base pay reductions are considered a bad idea considering their long-term ramifications.

BRIEF CHAPTER OUTLINE

- I. Motivating by Job Design: The Job Characteristics Model (Exhibit 8.1)
 - A. The Job Characteristics Model (JCM) (ppt8-2) JCM proposed that any job may be described by five core job dimensions:
 1. Skill variety: The degree to which the job requires a variety of different activities, so the worker can use a number of different skills and talent
 2. Task identity: The degree to which the job requires completion of a whole and identifiable piece of work
 3. Task significance: The degree to which the job has a substantial impact on the lives or work of other people
 4. Autonomy: The degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and determining the procedures to be used in carrying it out
 5. Feedback: The degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information about the effectiveness of his or her performance
 - B. How Can Jobs Be Redesigned? (ppt8-3)
 1. Introduction
 - a. Repetitive jobs provide little variety, autonomy, or motivation. People generally seek out jobs that are challenging and stimulating.
 2. Job Rotation (ppt8-4)
 - a. Often referred to as cross-training
 - b. Periodic shifting of an employee from one task to another
 - c. When activity is no longer challenging, the employee is shifted to a different task.
 3. Job Enlargement (ppt8-5)
 - a. Increasing the number and variety of tasks that an individual performs
 - b. Creates more diversity
 4. Job Enrichment (Exhibit 8-2)
 - a. Refers to the vertical expansion of jobs
 - b. Increases the degree to which the worker controls the planning, execution, and evaluation of the work
 - C. Alternative Work Arrangements (ppt8-6)
 1. Flextime. (flexible work hours). Allows employees some discretion over when they arrive at and leave work. (Exhibit 8-3)
 2. Job Sharing. Allows two or more individuals to split a traditional 40-hour-a-week job
 3. Telecommuting. Employees who do their work at home at least two days a week on a computer that is linked to their office
 - D. The Social and Physical Context of Work (ppt8-7)
 1. The job characteristics model shows most employees are more motivated and satisfied when their intrinsic work tasks are engaging.
 2. Having the most interesting workplace characteristics in the world may not always lead to satisfaction if you feel isolated from your coworkers, and having good social relationships can make even the most boring and onerous tasks more fulfilling.
- II. Employee Involvement (ppt8-8)
 - A. Introduction
 1. What Is Employee Involvement? A catchall term covering a variety of techniques—participation or participative management, workplace democracy
 2. If we engage workers in decisions that affect them and increase their autonomy and control over their work lives, they will become more motivated,

more committed to the organization, more productive, and more satisfied with their jobs.

B. Examples of Employee Involvement Programs

1. Participative Management

a. The distinct characteristic common to all participative management programs is that subordinates actually share a significant immediate degree of decision-making power with their superiors.

2. Representative Participation

a. Representative participation: Almost every country in Western Europe has some type of legislation requiring it. It is the most widely legislated form of employee involvement around the world.

b. The goal is to redistribute power within an organization, putting labor on a more equal footing with the interests of management and stockholders.

3. Linking Employee involvement programs and motivation theories

a. Theory Y is consistent with participative management.

b. Theory X aligns with autocratic style.

c. Two-factor theory aligns with employee involvement programs in providing intrinsic motivation.

III. Using Rewards to Motivate Employees (ppt8-9)

A. What to Pay: Establishing the Pay Structure

1. Complex process that entails balancing internal equity and external equity.

2. Some organizations prefer to pay leaders by paying above market. (ppt8-10)

B. How to Pay: Rewarding Individual Employees Through Variable-Pay Programs

1. Introduction

a. Variable-Pay Programs—bases a proportion of an employee's pay on some individual and/or organizational measure of performance (ppt8-11)

i. Piece-Rate Pay Plans—workers are paid a fixed sum for each unit of production completed (ppt8-12)

ii. Merit-Based Pay Plans—based on performance appraisal ratings
(a) Main advantage is that it allow employers to differentiate pay based on performance

iii. Bonuses—becoming a wider used system in many organizations

2. Skill-Based Pay (ppt8-13)

a. Skill-based pay (also called *competency-based* or *knowledge-based pay*) is an alternative to job-based pay that bases pay levels on how many skills employees have or how many jobs they can do.

b. For employers, the lure of skill-based pay plans is that they increase the flexibility of the workforce: filling staffing needs is easier when employee skills are interchangeable.

3. Profit-Sharing Plans—organization-wide programs that distribute compensation based on some established formula centered around a company's profitability

4. Gainsharing—formula-based group incentive plan

5. Employee Stock Ownership Plans

a. Employee ownership can mean any number of things. Most common is ESOPs which are company-established benefit plans in which employees acquire stock as part of their benefits.

b. In the typical ESOP, an employee stock ownership trust is created. Companies contribute either stock or cash to buy stock for the trust and allocate the stock to employees.

6. Evaluation of Variable Pay

a. Do variable-pay programs increase motivation and productivity? The answer is a qualified "yes."

b. Studies generally support the idea that organizations with profit-sharing

- plans have higher levels of profitability than those without them.
 - c. Gainsharing has been found to improve productivity in a majority of cases and often has a positive impact on employee attitudes.
 - C. Flexible Benefits: Developing a Benefits Package (ppt8-14)
 - 1. What Are Flexible Benefits?
 - a. The idea is to allow each employee to choose a benefit package that is individually tailored to his/her own needs and situation.
 - 2. An organization sets up a flexible spending account for each employee, usually based on some percentage of his or her salary, and then a price tag is put on each benefit. There are three basic types of programs:
 - a. Modular Plans
 - b. Core-plus Plans
 - c. Flexible Spending Plans
 - D. Intrinsic Rewards: Employee Recognition Programs (ppt8-15)
 - 1. Important work rewards can be both intrinsic and extrinsic.
 - 2. Programs range from spontaneous and private to formal and public.
- IV. Global Implications (ppt8-16)
- A. Not every approach has been studied by cross-cultural researchers, so we consider cross-cultural differences in:
 - 1. Job characteristics
 - 2. Job enrichment
 - 3. Telecommuting
 - 4. Variable pay
 - 5. Flexible benefits
 - 6. Employee involvement
 - B. Job Characteristics and Job Enrichment
 - 1. A few studies have tested the job characteristics model in different cultures, but the results aren't very consistent.
 - C. Telecommuting
 - 1. One study suggests that telecommuting is more common in the United States than in all the European Union (EU) nations except the Netherlands.
 - D. Variable Pay
 - 1. Not much research on the subject
 - E. Flexible Benefits
 - 1. Almost all major corporations in the United States offer flexible benefits.
 - 2. And they're becoming the norm in other countries, too.
 - F. Employee Involvement
 - 1. Employee involvement programs differ among countries.
- V. Summary and Implications for Managers (ppt8-17)
- A. Recognize Individual Differences
 - 1. Managers should be sensitive to individual differences.
 - 2. This allows you to individualize goals, level of involvement, and rewards to align with individual needs. Design jobs to align with individual needs and maximize their motivation potential.
 - B. Use Goals and Feedback
 - 1. Employees should have firm, specific goals, and they should get feedback on how well they are faring in pursuit of those goals.
 - C. Allow Employees to Participate in Decisions That Affect Them
 - 1. Participation can increase employee productivity, commitment to work goals, motivation, and job satisfaction.
 - D. Link Rewards to Performance
 - 1. Rewards should be contingent on performance, and employees must perceive the link between the two.

E. Check the System for Equity

1. Employees should perceive that experience, skills, abilities, effort, and other obvious inputs explain differences in performance and hence in pay, job assignments, and other obvious rewards.

EXTENDED CHAPTER OUTLINE

I. Motivating by Job Design: The Job Characteristics Model (Exhibit 8.1)

- A. The Job Characteristics Model (JCM): JCM proposed that any job may be described by five core job dimensions:
 - a. Skill variety: The degree to which the job requires a variety of different activities, so the worker can use a number of different skills and talent
 - b. Task identity: The degree to which the job requires completion of a whole and identifiable piece of work
 - c. Task significance: The degree to which the job has a substantial impact on the lives or work of other people
 - d. Autonomy: The degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and determining the procedures to be used in carrying it out
 - e. Feedback: The degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information about the effectiveness of his or her performance
2. The first three dimensions—skill variety, task identity, and task significance—combine to create meaningful work the incumbent will view as important, valuable, and worthwhile.
3. From a motivational standpoint, the JCM proposes that individuals obtain internal rewards when they learn (knowledge of results) that they personally (experienced responsibility) have performed well on a task they care about (experienced meaningfulness).
4. Individuals with a high growth need are more likely to experience the critical psychological states when their jobs are enriched—and respond to them more positively—than are their counterparts with low growth need.
5. Motivating potential score (MPS), the core dimensions of the JCM.

$$\text{MPS} = \frac{\text{SKILL VARIETY} + \text{TASK IDENTITY} + \text{TASK SIGNIFICANCE}}{3} + \text{AUTONOMY} + \text{FEEDBACK}$$

B. How Can Jobs Be Redesigned?

1. Introduction
 - a. Repetitive jobs provide little variety, autonomy, or motivation. People generally seek out jobs that are challenging and stimulating.
2. Job Rotation
 - a. Often referred to as cross-training
 - b. Periodic shifting of an employee from one task to another
 - c. When activity is no longer challenging, the employee is shifted to a different task.
 - d. Strengths of job rotation include: reduces boredom, increases motivation, and helps employees better understand their work contributions.
 - e. Indirect benefits in that employees with wider range of skills give management more flexibility in scheduling, adapting to changes, and filling vacancies
 - f. Weaknesses include: creates disruptions, extra time for supervisors addressing questions, training time, and inefficiencies
3. Job Enlargement

- a. Increasing the number and variety of tasks that an individual performs
 - b. Creates more diversity
 - c. Difference between enlargement and rotation is that enlargement redesigns jobs where rotation does not.
 - d. Job enlargement interventions usually have led to less than successful outcomes.
4. Job Enrichment (Exhibit 8-2)
 - a. Refers to the vertical expansion of jobs
 - b. Increases the degree to which the worker controls the planning, execution, and evaluation of the work
 - c. Allows worker to complete an entire activity
 - d. Increases employee's freedom and independence
 - e. Increases responsibility and provides feedback
- C. Alternative Work Arrangements
1. Flextime. (flexible work hours). Allows employees some discretion over when they arrive at and leave work. (Exhibit 8-3).
 2. Benefits include reduced absenteeism, increased productivity, reduced overtime expense, and reduced hostility toward management, and increased autonomy and responsibility for employees.
 3. Major drawback is that it's not applicable to all jobs.
 4. Job Sharing. Allows two or more individuals to split a traditional 40-hour-a-week job
 5. Telecommuting. Employees who do their work at home at least two days a week on a computer that is linked to their office
 - a. Reasons for and against Telecommuting
 - i. Advantages
 - (a) Larger labor pool
 - (b) Higher productivity
 - (c) Less turnover
 - (d) Improved morale
 - (e) Reduced office-space costs
 - ii. Disadvantages
 - (a) Employer
 - (i) Less direct supervision of employees
 - (ii) Difficult to coordinate teamwork
 - (iii) Difficult to evaluate non-quantitative performance
 - (b) Employee
 - (i) May not be as noticed for his or her efforts
- D. The Social and Physical Context of Work
1. The job characteristics model shows most employees are more motivated and satisfied when their intrinsic work tasks are engaging.
 2. Having the most interesting workplace characteristics in the world may not always lead to satisfaction if you feel isolated from your coworkers, and having good social relationships can make even the most boring and onerous tasks more fulfilling.
 3. Research demonstrates that social aspects and work context are as important as other job design features.
 4. Some social characteristics that improve job performance include interdependence, social support, and interactions with other people outside work.
 5. The work context is also likely to affect employee satisfaction.
 6. To assess why an employee is not performing to her best level, look at the work environment to see whether it's supportive.

II. Employee Involvement

A. Introduction

1. What Is Employee Involvement? A catchall term covering a variety of techniques—participation or participative management, workplace democracy
2. If we engage workers in decisions that affect them and increase their autonomy and control over their work lives, they will become more motivated, more committed to the organization, more productive, and more satisfied with their jobs.

B. Examples of Employee Involvement Programs

1. Participative Management
 - a. The distinct characteristic common to all participative management programs is that subordinates actually share a significant immediate degree of decision-making power with their superiors.
 - b. It has been promoted as a panacea for poor morale and low productivity. However, it is not appropriate for every organization. For it to work, there must be adequate time to participate, the issues in which employees get involved must be relevant to their interests, employees must have the ability (intelligence, technical knowledge, communication skills) to participate, and the organization's culture must support employee involvement.
 - c. Dozens of studies have been conducted but the findings are mixed. It appears that participation typically has only a modest influence on productivity, motivation, and job satisfaction.
2. Representative Participation
 - a. Representative participation: Almost every country in Western Europe has some type of legislation requiring it. It is the most widely legislated form of employee involvement around the world.
 - b. The goal is to redistribute power within an organization, putting labor on a more equal footing with the interests of management and stockholders.
 - c. The two most common forms:
 - d. Works councils link employees with management. They are groups of nominated or elected employees who must be consulted when management makes decisions involving personnel.
 - e. Board representatives are employees who sit on a company's board of directors and represent the interests of the firm's employees.
 - f. In some countries, large companies may be legally required to make sure that employee representatives have the same number of board seats as stockholder representatives.
 - g. The overall influence seems to be minimal. The evidence suggests that works councils are dominated by management and have little impact on employees or the organization.
 - h. If one were interested in changing employee attitudes or in improving organizational performance, representative participation would be a poor choice.
3. Linking employee involvement programs and motivation theories
 - a. Theory Y is consistent with participative management.
 - b. Theory X aligns with autocratic style.
 - c. Two-factor theory aligns with employee involvement programs in providing intrinsic motivation.
 - d. Extensive employee involvement programs clearly have the potential to increase employee intrinsic motivation in work tasks.

III. Using Rewards to Motivate Employees

A. What to Pay: Establishing the Pay Structure

1. Complex process that entails balancing internal equity and external equity.

2. Some organizations prefer to pay leaders by paying above market.
3. Paying more may net better qualified and more highly motivated employees who may stay with the firm longer.
- B. How to Pay: Rewarding Individual Employees Through Variable-Pay Programs
 1. Introduction
 - a. Variable-Pay Programs—base a proportion of an employee’s pay on some individual and/or organizational measure of performance
 - b. Earnings fluctuate up and down with measures of performance
 - c. Used for salespeople and executives traditionally
 2. Piece-Rate Pay Plans—workers are paid a fixed sum fore each unit of production completed
 3. Merit-Based Pay Plans—based on performance appraisal ratings
 - a. Main advantage is that it allows employers to differentiate pay based on performance
 - b. Create perceptions of relationships between performance and rewards
 - c. Most large organizations have merit pay plans, particularly for salaried employees
 - d. Limitations include: based on annual performance appraisal; merit pool fluctuations based on economic conditions; unions typically resist merit pay plans.
 4. Bonuses—becoming a wider used system in many organizations
 5. Skill-Based Pay
 - a. Skill-based pay (also called *competency-based* or *knowledge-based pay*) is an alternative to job-based pay that bases pay levels on how many skills employees have or how many jobs they can do.
 - b. For employers, the lure of skill-based pay plans is that they increase the flexibility of the workforce: filling staffing needs is easier when employee skills are interchangeable.
 - c. Skill-based pay also facilitates communication across the organization because people gain a better understanding of each other’s jobs.
 - d. Disadvantages
 - i. People can “top out”—that is, they can learn all the skills the program calls for them to learn.
 - ii. Finally, skill-based plans don’t address level of performance. They deal only with whether someone can perform the skill.
 6. Profit-Sharing Plans—organization-wide programs that distribute compensation based on some established formula centered around a company’s profitability
 7. Gainsharing—formula-based group incentive plan
 8. Employee Stock Ownership Plans
 - a. Employee ownership can mean any number of things. Most common is ESOPs which are company-established benefit plans in which employees acquire stock as part of their benefits.
 - b. In the typical ESOP, an employee stock ownership trust is created. Companies contribute either stock or cash to buy stock for the trust and allocate the stock to employees.
 - c. Employees usually cannot take physical possession of their shares or sell them as long as they are still employed at the company.
 - d. The research indicates that they increase employee satisfaction, but their impact on performance is less clear.
 - e. The evidence consistently indicates that it takes ownership and a participative style of management to achieve significant improvements in an organization’s performance.
 9. Evaluation of Variable Pay
 - a. Do variable-pay programs increase motivation and productivity? The

- answer is a qualified “yes.”
- b. Studies generally support the idea that organizations with profit-sharing plans have higher levels of profitability than those without them.
 - c. Gainsharing has been found to improve productivity in a majority of cases and often has a positive impact on employee attitudes.
 - d. Another study found that whereas piece-rate pay-for-performance plans stimulated higher levels of productivity, this positive effect was not observed for risk-averse employees.
 - e. Claims by sociologists and others that monetizing incentives may actually reduce output are unambiguously refuted by the data.
- C. Flexible Benefits: Developing a Benefits Package
1. What Are Flexible Benefits?
 - a. The idea is to allow each employee to choose a benefit package that is individually tailored to his/her own needs and situation.
 - b. Average fringe benefits equal approximately 40 percent of salary. Traditional benefit programs were designed for a male with a wife and two children at home.
 - c. Less than 10 percent of employees now fit this stereotype. Traditional programs do not tend to meet their needs: Some facts:
 - i. Twenty-five percent of today’s employees are single.
 - ii. A third are part of two-income families without any children.
 2. An organization sets up a flexible spending account for each employee, usually based on some percentage of his or her salary, and then a price tag is put on each benefit. There are three basic types of programs:
 - a. Modular Plans: Pre-designed with each module put together to meet the needs of a specific group of employees.
 - b. Core-plus Plans: A core of essential benefits and a menu-like selection of other benefit options.
 - c. Flexible Spending Plans: Employees set aside a specific dollar amount for benefits tax-free and draw against the account for medical and dental services as needed.
- D. Intrinsic Rewards: Employee Recognition Programs
1. Important work rewards can be both intrinsic and extrinsic
 2. Programs range from spontaneous and private to formal and public.
 3. Despite the increased popularity of employee recognition programs, critics argue they are highly susceptible to political manipulation by management.
 4. When applied to jobs for which performance factors are relatively objective, such as sales, recognition programs are likely to be perceived by employees as fair.
 5. In most jobs, the criteria for good performance aren’t self evident, which allows managers to manipulate the system and recognize their favorites.
- IV. Global Implications
- A. Not every approach has been studied by cross-cultural researchers, so we consider cross-cultural differences in:
 1. Job characteristics
 2. Job enrichment
 3. Telecommuting
 4. Variable pay
 5. Flexible benefits
 6. Employee involvement
 - B. Job Characteristics and Job Enrichment
 1. A few studies have tested the job characteristics model in different cultures, but the results aren’t very consistent.
 2. The fact that the job characteristics model is relatively individualistic

- (considering the relationship between the employee and his or her work) suggests job enrichment strategies may not have the same effects in collectivistic cultures as in individualistic cultures (such as the United States).
3. Another study suggested the degree to which jobs had intrinsic job characteristics predicted job satisfaction and job involvement equally well for U.S., Japanese, and Hungarian employees.
- C. Telecommuting
1. One study suggests that telecommuting is more common in the United States than in all the European Union (EU) nations except the Netherlands.
 2. There are few data comparing telecommuting rates in other parts of the world.
 3. Employees in Europe appeared to have the same level of interest in telework: regardless of country, interest is higher among employees than among employers.
- D. Variable Pay
1. Not much research on the subject.
 2. Beliefs about the fairness of a group incentive plan were more predictive of pay satisfaction for employees in the United States than for employees in Hong Kong.
 3. One interpretation of these findings is that U.S. employees are more critical in appraising a group pay plan, and therefore it's more critical that the plan be communicated clearly and administered fairly.
- E. Flexible Benefits
1. Almost all major corporations in the United States offer flexible benefits.
 2. And they're becoming the norm in other countries, too.
- F. Employee Involvement
1. Employee involvement programs differ among countries.
 2. A study comparing the acceptance of employee involvement programs in four countries, including the United States and India, confirmed the importance of modifying practices to reflect national culture.
- V. Summary and Implications for Managers
- A. Recognize Individual Differences
1. Managers should be sensitive to individual differences.
 2. This allows you to individualize goals, level of involvement, and rewards to align with individual needs. Design jobs to align with individual needs and maximize their motivation potential.
- B. Use Goals and Feedback
1. Employees should have firm, specific goals, and they should get feedback on how well they are faring in pursuit of those goals.
- C. Allow Employees to Participate in Decisions That Affect Them
1. Participation can increase employee productivity, commitment to work goals, motivation, and job satisfaction.
- D. Link Rewards to Performance
1. Rewards should be contingent on performance, and employees must perceive the link between the two.
- E. Check the System for Equity
1. Employees should perceive that experience, skills, abilities, effort, and other obvious inputs explain differences in performance and hence in pay, job assignments, and other obvious rewards.