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Motivation methods and applications

LEARNING OUTCOMES

After studying this chapter you should be able to:

- **write** a simple, clear, challenging goal statement that includes an action verb, key result area, measurement standard and time frame
- **identify** the desired processes in an effective management by objectives (MBO) programme
- **differentiate** among the four alternative forms of behaviour-shaping reinforcement (positive, negative, punishment and omission)
- **tell** how to implement an organisational behaviour modification programme to change a routine behaviour
- **describe** three types of incentive or reward plan, and explain their links to equity and expectancy motivation
- **use** the principles of task scope and task depth to differentiate among jobs that are classified as routine, technician, enlarged or enriched
- **evaluate** a job's psychological health (experienced meaningfulness, responsibility and knowledge of results) using the six core job dimensions that characterise work
- **illustrate** three practices managers can use to empower employees and thereby reduce the need for managerial control.

Wendy Bloisi, Curtis W. Cook & Philip L. Hunsaker
Management & Organisational Behaviour
Second European Edition
McGraw Hill Education 2007

The opening vignette shows what can happen when faced with staff retention problems. Morpheus, a corporate website developer, decided to look for outside help and turned to the local Business Link.

Joanna Read at Morpheus: turning point

Running a small business can leave you feeling rather isolated. You become tied up in day-to-day problems and consequently develop an introverted management style. It often seems difficult to get impartial, outside advice. With hindsight, these were certainly the symptoms of our own management style. Our philosophy tended to be 'Do it yourself or it won't be done properly.'

Our communication process was ad hoc to say the least. Staff reviews were carried out only when there was a problem or a pay rise was requested and our stance was, with hindsight, quite aggressive and combative. We were ill-equipped to deal with staff issues and our attempts to improve the office environment often had an adverse effect.

As such, we had a problem with demoralised workers, recruitment and retention. We could not keep people and much of this was down to our initial selection of unsuitable candidates.

It all sounds very bleak, so why did we bother? Well, because we always held on to the belief that we had something to offer. We were determined to make it work and enjoy it. After all, even with these problems we had survived three years and made a profit each year without borrowing a penny. We had built some fantastic solutions and had a strong client base – we would not give up.

However, we were tired of dealing with staff problems and also of trying to control every aspect of the business. We knew it could not stay like this.

The major turning point came a year ago. We lost virtually our entire staff and were in effect back at the start, but wiser and with a bigger office. We knew we needed external guidance, but were not sure where to get it.

I made a call to our local Business Link and a meeting was arranged with one of their advisers. The first session was uncomfortable but necessary. We were told that our management style was providing the major barrier to our growth. Coming from an experienced outsider, this was just the jolt we needed to reassess our approach to the business and to become more analytical in solving problems.

Source: Joanna Read in *Growing Business*, May 2002.

Discussion questions

1 Why is it important to have proper selection procedures for staff?
2 Why do you think management style can affect motivation?

Motivating the behaviour of employees is a managerial challenge with many options. Managers can set goals, apply selective rewards such as stock options, redesign jobs, develop conditions of empowerment to unleash motivation, and even reinforce routine behaviours using organisational behaviour modification. Chapter 5 surveyed several influential theories of motivation and their implications for understanding human behaviour in organisations. This chapter extends the principles of motivation by surveying several techniques designed to direct, focus and energise human behaviour at work, ranging from goal-setting to organisational learning.

Joanna Read at Morpheus realised she had a problem with staff retention, which usually means that there is a problem with motivation. She also realised that if the company was to grow the problem needed to be solved.

By seeking external help it was made obvious that Morpheus needed to look at its management style and how it viewed workers. Think back to McGregor in the previous chapter. It was also time to concentrate on team-building as a means of making staff feel valued.

One of the problems with motivational practices in many organisations, especially mature ones, is that techniques are based on gimmicks, which range from paying celebrities thousands of pounds for a brief inspirational speech to handing out prizes that cost a few pounds. Human resource managers are always looking for the ideal solution that will solve the challenge of how to motivate workers. Yates (1995) commented that at one 'motivation show', more than 40 000 corporate people looked over the offerings of 3200 sales displays. For sale was everything from products to ideas proclaimed to get people to work more productively.

Rather than relying on fads and gimmicks, this chapter reviews motivational practices that are widely used and that have been researched to reveal strengths as well as limitations. Buhler (1994) suggests that flexibility and some variety of approaches are advocated, for people are motivated by different needs and goals, as can be seen in the case of the Beardmore Hotel in the Dynamics of Diversity box.

The Beardmore Conference Hotel, Clydebank: pick and mix benefits

The four-star Beardmore Conference Hotel in Clydebank, Glasgow, is part of the Best Western consortium and boasts 168 bedrooms, 12 conference rooms and a 170-seater tiered auditorium; 82 full-time employees and 15 casual staff look after guests, most of whom are either business-based conferences, tourists or wedding parties.

Like the rest of the hospitality industry, the hotel faces a problem recruiting and retaining staff, with stiff competition from several call centres, a business park and major supermarkets in the Clydebank Shopping Centre. But flexible working patterns, including time off for dependants and career breaks, are a crucial tool in its approach to staffing. Managers work as and when required, but the rest of the staff all work annualised hours, with the same size pay cheque each month, as HR assistant Carol Hampson explains.

'They work 1950 hours, which is the equivalent of 37.5 hours a week. If we're busy one week and need extra food and beverage staff or housekeepers – perhaps there are extra rooms to clean – staff are prepared to stay longer until the work is done. In return, they'll leave earlier the following week if we're not so busy. Or it may be a question of them working very hard for a four-month stretch during the summer, with a quieter time and therefore shorter hours during the winter. If they leave the company before they've been able to recoup their hours, the extra is paid back to them in cash. It's important, though, to monitor individual working patterns to make sure that the demands on them are not too great in terms of hours per week.'

Sixteen-year-old Danielle Henderson is a room attendant at the hotel and she finds the flexible approach suits her down to the ground: 'I'm a singer and although I've only worked here for a few months the company is really helpful, giving me time off to go for auditions and recordings. They're happy to let me get away early or change the schedule to fit in with my timings.'

Other flexible benefits on offer include childcare vouchers, pension, life assurance, health insurance, educational funding and driving lessons.

The driving lessons proved very popular with young people who felt they did not want a pension or insurance.

Other benefits include a taxi home after 11 p.m., counselling, staff meals, staff discounts and incentives.

Carol sees considerable benefits for the company in the way it treats it's staff. 'I have a meeting with each member of staff who has joined the benefits scheme and the feedback I receive is that the benefits are valued by staff and certainly at the recruitment stage it appears to be a valued attraction. Local employers may sometimes offer higher rates of pay but they don't offer a flexible benefit package like we do. Add our benefits to an employee's salary and in the long run they know they will be better off with us.'

Source: 'Worklife Balance – A Good Practice Guide for the Hospitality Industry' in conjunction with the HCIMA and DTI.

Discussion questions

1 Why is it important to recognise different people's motivations?

2 How can flexible benefits improve business performance?

Enhancing motivation by goal-setting

goal
The desired outcome of an action, which becomes motivational when a person wants it and strives to achieve it.

Work performance is affected by company policies and practices, manager–employee relationships and organisational goals. According to Locke (1978), there is an abundant stream of research that suggests goal striving is a common element in most motivational theories. A goal is the desired outcome of an action; it becomes motivational when an individual wants it and strives to achieve it. The goal of a football team is to win the next game, then the league championship. A goal of a marketing department might be to increase global market share three points in the next 12 months.

Difficult goals stimulate effort and commitment

Yearta *et al.* (1995) suggest that the use of goals to motivate performance draws on two primary attributes: the content of the goal and the level of intensity in working towards it. *Content* emphasises the features of the goal, how it is to be measured or assessed, and its level of specificity – which implies a level of difficulty in attaining it. *Intensity* considers the process by which a goal is set – the extent of participation – and the degree of commitment and intention to bring it about.

Content-level of difficulty

Apart from the specificity or tangibility of a goal, most content-related research has concentrated on the relationship between goal difficulty and performance. Using meta-analysis (an analysis of many other studies), Wood *et al.* (1987) investigated the following hypothesis: 'Given adequate ability and commitment, more difficult goals stimulate greater effort and performance than easier goals.' They concluded that 175 of 192 laboratory and field research studies produced partial or full support for the hypothesis. Thus, managers and professionals should heed this lesson when setting goals – if a task is worthy of a goal it should be challenging and require considerable effort to achieve. Occasionally, an unexpected crisis provokes a sudden goal that needs to be achieved quickly.

Research focus: goal-setting theory

According to Locke (1968), performance can be affected by the setting of goals and therefore goal-setting can be used as a means of motivation. Locke suggests goals are used to direct effort and also provide guidelines for deciding how much effort should be put into each activity when there are multiple goals. Involving individuals in setting realistic and achievable goals increases self-belief, which in turn can increase motivation.

Locke's theory assumes that:

- the goal is the most important part of motivation and performance
- the harder the goal the greater the level of performance
- task performance depends on goal commitment.

Goal-setting theory assumes that behaviour is a result of conscious goals and intentions. Therefore, a manager should be able to influence an employee's behaviour by setting goals. Locke's (1968) original goal-setting theory looked at two specific goal characteristics: goal difficulty and goal specifity.

Goal difficulty is the extent to which the goal is challenging and requires effort. This is based on the idea that if people work hard to achieve goals, then they will worker harder to achieve more complex goals. However, the goal should not be so difficult that it is unattainable.

Goal specifity is the clarity and precision of the goal. If a goal can be quantifiable then it can be made specific. In other words, cutting costs by 10 per cent is far more specific that telling employees that they need to cut costs. Further research by Latham and Baldes (1975), on truck drivers hauling timbers, found that setting specific loads and increasing the difficulty of the task significantly increased productivity.

It is easy to be specific when goals can be quantifiable; it is much harder when setting gaols for improving customer satisfaction or employee well-being. Here, thought needs to be given as to how it can be measured.

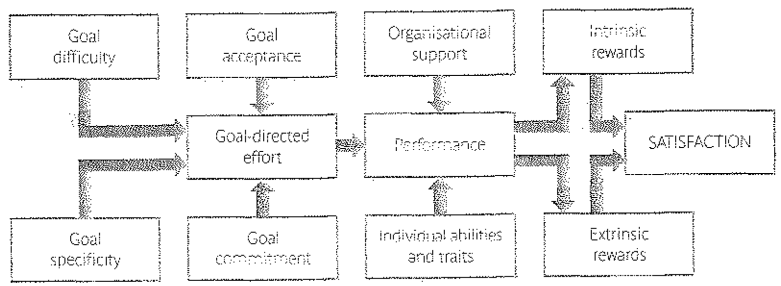
Locke (1979) later improved his model by expanding his theory to include two further characteristics: goal acceptance and goal commitment.

Goal acceptance is the extent to which a person accepts a goal as his or her own.

Goal commitment is the extent to which he or she is personally interested in reaching the goal.

Exhibit 6-1 shows the expanded model and the complexities of goal-setting theory.

EXHIBIT 6–1 The expanded goal-setting theory of motivation



Source: Locke (1979).

To be effective, goal-setting needs to involve participants in the process. Goals should not be imposed but should be negotiated, agreed and accepted. The amount of organisational support can do much to help or hinder the process. Positive support may mean ensuring that adequate resources are available, whereas negative support may mean that appropriate training has not been given or equipment needed to do the tasks is not available. Rewards for achieving goals, both intrinsic and extrinsic, also need to be considered.

Intensity – degree of participation

Researchers Latham and Locke (1969) have examined goal-setting in three types of environment: (1) when goals are assigned by management; (2) when members participate in goal-setting; and (3) when members are told 'do your best'. Results indicate that either having a goal assigned or participating in goal-setting are associated with higher performance than the simple instruction to 'do your best'. Any manager giving an admonition to 'do your best' is really abandoning the goal-setting process. Without a goal there is nothing to measure, no way to compare results with targets. One action is as good as the next.

Ironically, according to Erez *et al.* (1985), while participation often produces greater commitment to goals and perceptions of self-control and fairness, participation does not necessarily lead to higher performance than manager-assigned goals. One workable hybrid is for managers to assign goals, hold people responsible for results, grant them the autonomy to plan their actions and exercise control over how they do their work, and then measure results. People who have the capability to do the task and are committed to achieving it will generally perform well regardless of their degree of participation in setting the goal (Latham and Marshal, 1982). Goals that are met will motivate higher performance only when they lead to the setting of higher goals.

According to Quick (1990), participative goal-setting can focus on four kinds of goal: (1) routine goals, an extension of what people are already doing; (2) problem-solving to overcome shortcomings; (3) innovation; and (4) personal development to spur greater achievement. Berlew (1986) suggests that, by focusing on goals rather than controls, a manager can align people behind organisational purposes and then allow individual initiative without sacrificing co-ordination. The relaxation of external controls helps people develop a greater capacity for internalising their commitment to relevant and meaningful tasks. Managers at Birkenstock Footprint Sandals, a company of a few hundred employees, encourage people to form task forces to solve complex problems (such as how to use recycling to save energy) (Rothman, 1993).

Intentions combine goals and action plans

intention
Mental awareness of having both a goal and an action plan to obtain the goal.

Understanding personal intentions is central to fully understanding any cognitive approach to motivation practices, such as goal-setting. Intentions encompass more than goal-setting alone. A goal represents the desired outcome of action. An intention is a 'cognitive representation of both the objective [or goal] one is striving for and the action plan one intends to use to reach that objective' (Tubbs and Ekeberg, 1991). Even more explicitly, an intention contains a target combined with some specific action that is focused on bringing about an event within a specified time (Ajzen, 1995).

actions
Deliberate choices about where to direct behaviours combined with intense, persistent efforts to achieve a goal over some time period.

Actions involve choices about the direction of effort, combined with intensity and persistence over some time period. Toby's goal is to simplify the steps involved in purchasing transactions within his organisation to generate 20 per cent cost savings over the next 12 months. He plans to achieve this outcome by converting paper forms to an Internet protocol through engaging several employees and vendors in a task force involving problem-solving and innovation. In effect, Toby's goal-setting process incorporates an action-taking component, energised with the intention to reduce the gap between the current situation and his targeted future outcome. He knows he must provide leadership and guidance to enable the task team to finish its plans within the next four months so the new Internet process can be implemented in time to produce the 20 per cent savings goal.

The more a manager specifies goals, the easier it is for others to frame their intentions for achieving them. However, Latham and Locke (1969) suggest that if an assigned goal is either too difficult or too easy, personalised intentions are likely to vary from those envisioned by the manager. It also helps if the employee engages in internal attribution and is hopeful of achieving the goal. 'Having *hope* means believing you have both the will and the way to accomplish your goals, whatever they may be. . . . Hope has proven a powerful predictor of outcome in every study we've done so far,' reports a research psychologist. In a study of 3920 students researchers found that the amount of hope among entering undergraduates was more predictive of academic success than either school-leaving qualifications or SAT scores, the two conventional predictors (Snyder, 1999). Data suggest people with high hope tend to be reality centred, set higher goals for themselves and actively work to attain their expectations. In short, they are motivated.

Management by objectives (MBO) sets priorities

You will remember that we discussed management by objectives (MBO) in Chapter 3, but it is important to look at it again in the context of motivation.

Dave Matthews, former director of training for the Water Council of Scotland, opens his general management training programmes with the statement: 'Management by objectives. Ladies and gentlemen, I ask you, is there any other way to manage?' Matthews is speaking of identifying the main objectives to be achieved within a specific time period. Many within the last two generations of managers have made objective-setting a systematic part of their business planning.

management by objectives (MBO)
The practice of manager and subordinate jointly determining time-specific objectives.

The formal process of management by objectives, popularly known as MBO, is based on the philosophy that the manager and the managed ought to negotiate or collaborate on defining the objectives the subordinate is to pursue over the next time period. The concept originated with management writer Drucker (1954) and was popularised by Odiorne (1965, 1979). Numerous organisations adopt MBO as a formal management practice and link it to performance appraisals and compensation. As a practice, MBO is supposed to provide a cross-reference of the purposes pursued by managers at different organisational levels and to co-ordinate objectives from top to bottom.

The intent of MBO is threefold: (1) to strengthen planning; (2) to encourage participative decision-making; and (3) to motivate performance of tasks that have a high pay-off for the organisation. In a formal MBO process, four steps are typically employed by the manager and subordinate (Kondrasuk, 1981):

1 agreement on key goals or objectives
2 action planning to work on the objectives
3 self-control and corrective actions to keep on target
4 periodic measurements, formal reviews and performance appraisals.

The give and take of setting objectives

The MBO process is intended to give participants a clearer idea of organisational priorities and of where intentions and effort should be concentrated. Ideally, people reporting to a manager who uses MBO are responsible for drafting individual job objectives. The manager then reviews each person's objectives in a face-to-face, give-and-take planning session until they generally agree on the priorities and expected levels of accomplishment. Although some organisations make MBO a formal management practice, today it is common to have some form of MBO practised in only some parts of the organisation or by only some managers.

During their objective-setting review, Arlene, a senior manager, might tell Jay, one of her subordinate managers, 'I agree fully with your objectives one to four and number six. These are critical to your department's success. From my point of view, objective five is not necessary, but if you have time and want to pursue it, OK. However, number seven needs to be more challenging and performed sooner. Let us come back to it and see if a higher level of performance isn't possible. However, don't waste time on eight, for the company is about to restructure that function so you'd just be spinning your wheels. Now, about that seventh objective...'.

In theory, this process of agreeing to objectives is one of collaboration. In practice, the manager may veto, change or impose objectives. Regardless of the degree of participation in objective-setting, the important factor is for both people to have a shared expectation of what needs to be done during the next planning cycle. Roslund (1989) suggests that then it is necessary for both to periodically review progress towards the objectives, and where necessary to make adjustments in their priority or scope or in the actions taken in pursuit of them. At the Ritz-Carlton Hotel, every day each department that directly serves customers receives and discusses Service Quality Scores from the previous day and how they compare with set targets. The objective is to reduce sources of guest dissatisfaction and increase employee pride in their work.

Limitations versus benefits

MBO works well if there is respect and trust between the subordinate and manager, and if the subordinate keeps the manager informed of progress and setbacks. If the relationship is strained or adversarial, or if MBO is required by the organisation but not accepted by a manager, then the process is risky. Authoritarian managers seldom change their style and can use objectives as a club. Formula-driven MBO may also reduce flexibility, increase conflict, diminish innovation and consume time. Moreover, according to Kelly (1983), in a worst-case scenario some jobs just do not have sufficient flexibility for a person's motivation and ability to affect performance.

Although the concept of MBO is widely known to managers and has been used by about half the large corporations, research suggests the success rate is lower than anticipated (Schuster and Kindall, 1974). As also found in the total quality management (TQM) movement, substance can give way to form when a practice is forced on managers without really becoming part of their working philosophy. However, for managers who believe that a shared understanding of priorities is an important precursor of action, MBO can focus and guide behaviours. Seyna (1986) suggests that, from an equity viewpoint, it also means that performance reviews and reward processes can be based on results rather than personal characteristics or extraneous variables.

Goals should be clear, specific, challenging

Dangot-Simkin (1991) proposes that to activate energetic, task-focused behaviour, a person needs clear, specific and challenging goals. Especially when delegating tasks, managers should describe clearly what is wanted and provide specific feedback as to the appropriateness of work being done. Suggestions on how to write goals that satisfy clear, specific, challenging criteria are offered in Exhibit 6-2.

Here are two brief examples of complete operational objectives.

1 To decrease time lost by equipment failure to no more than 10 minutes per day during the next quarter.
2 To develop marketing forecasts on the gamma product line acceptable to the CEO by December 1.

Source: demonstrated by Edward J. Harrick at a USAID-sponsored organisation development workshop in Bombay, India.

For example, Rose Banks, assistant director of human resources for a large insurance company, was concerned that Ed Tran, her manager of training and development, had been using too many contract training programmes from outside consultants and trainers, programmes that were not central to company needs. During a performance review with Tran 18 months ago, Banks stated, 'Next year your staff needs to develop and deliver more in-company training for sales agents and cut back on off-the-shelf contract programmes.'

During the review a year later, Banks expressed disappointment that courses originated by the training staff accounted for only 30 per cent of the total, although she acknowledged this was up almost 5 per cent. She decided to be more explicit: 'Ed, for this next year I want you to target 60 per cent of your training days for staff-delivered programmes and only 40 per cent for outside vendors. You develop a plan for achieving it, and let's review it and then meet monthly to review progress towards that plan and the milestones you set.' Six months later, Tran was ahead of plan and close to a 50–50 milestone. Participant satisfaction ratings were up nearly 25 per cent, a major improvement in the quality of sales training. Banks celebrated the progress by taking Tran and his group to a celebration luncheon.

EXHIBIT 6-2 Four steps to writing clear goals

Goals need to be clear, specific and challenging, and one way to achieve this is to write operational objectives. A four-step approach is suggested, as follows.

1 Begin with an *action verb* preceded by the word 'to'. Examples: To build, To complete, To present, To learn, To improve, To decrease, To prevent, To sell.
2 Identify a relevant *key result area* that is the performance target. Examples: customer service, reports, orders, inventory, accidents, attendance, accounts receivable.
3 State a *performance indicator* or *measurement standard* that specifies the targeted degree of quality and quantity to be achieved. Indicators can be stated in monetary units, resource units consumed, average time per task, percentages or changes.
4 Provide a *time frame* by or during which the key result will be produced. Examples: by Friday noon, by the 15th of each month, each week, one week before the IRS deadline.

The incident between Banks and Tran demonstrates the complex impact of participation in goal-setting. When initially given freedom to set his own goals, Tran failed to make the shift Banks was apparently looking for. Tran was then assigned an ambitious goal by his boss, but he was responsible for planning how to achieve the target, and did so.

Modifying behaviour with reinforcement

A goal requires cognitive or mental involvement by those who pursue it. Let's now consider reinforcement, a less cognitive-dependent technique to modify or shape desired behaviours. **Reinforcement** is the process of managing behaviour by having a contingent consequence follow a behaviour with the intent of promoting a consistent pattern of behavioural responses (Kazdin, 1975). Reinforcement is the product of a *behaviourism* philosophy, meaning that behaviour is believed to be shaped by environmental consequences.

reinforcement
The use of contingent consequences following a behaviour to shape a consistent behaviour pattern.

There are different types of reinforcement, each designed to promote a specific behavioural response. The buzzing of an alarm clock may send you promptly hopping out of bed to catch a plane or to meet a friend if you anticipate positive consequences. The identical sound may be greeted with less enthusiasm, but may still produce the same on-time behaviour if you aim to avoid a negative consequence, such as a late start on an exam or a reprimand for turning up late at work. The first incident is an example of positive reinforcement – pleasant consequences to promote a desired behaviour. The second reflects negative reinforcement – potentially adverse consequences where the desire to avoid something unpleasant promotes the desired behaviour. It is possible for the same behaviour to be motivated by very different consequences.

Behaviour modification follows an ABC sequence

Management applications of reinforcement theory rest on the assumption that people in positions of authority can be taught to use environmental consequences to stimulate and shape the behaviours of others. While a somewhat questionable assumption, authorities such as teachers and managers who use reinforcement to shape the behaviours of others apply an *A → B → C model* structured around *antecedent, behaviour* and *consequence.*

Antecedent

A represents the antecedent condition or cue that precedes a set of behaviour alternatives – the stimulus or circumstance that invites a desired behaviour. The traffic light turning amber, the alarm clock ringing, the manager asking for a report, a calendar note reminder of a noon luncheon meeting – these are all antecedent conditions.

Behaviour

B is the behaviour in response to the antecedent circumstance. Applying the car brakes rather than speeding up, getting out of bed rather than going back to sleep, submitting a comprehensive report on time rather than saying 'I was too busy', or showing up for the noon meeting on time – these behaviours represent the desired responses to the antecedent cues.

Consequence

C represents an environmental consequence that is contingent on an appropriate behaviour. As noted in Exhibit 6-3, the most common consequence is *positive reinforcement* of a desired

Royal Bank of Scotland Business Banking: using technology to increase business and develop staff

With several hundred years of history behind it, Royal Bank of Scotland (RBS) has few problems in persuading businesses that it is a reputable and secure provider of their banking needs. The greater challenge is to demonstrate to customers that it is flexible and responsive enough to serve their twenty-first century needs.

The way RBS Business Banking has met this challenge persuaded judges that it should be Highly Commended in the Unisys Management Today Service Excellence Awards.

Based in Edinburgh, RBS provides banking services to businesses throughout the UK via its branch network. Most customer contact is conducted through relationship managers based in individual branches, who receive the backing of central support staff at the Scottish HQ.

In this competitive and politically sensitive market, RBS has devised a number of approaches that are quite unique. For example, its mentor consulting service provides business customers with advice on employment law, health and safety issues and taxation, helping smaller enterprises in particular to cope with the ever-growing burden of red tape.

A priority for RBS has been to make it easy for business customers to do business with the bank. To this end they can contact their relationship manager by direct line, mobile phone and email; if a relationship manager is on holiday, the nearest colleague becomes his or her 'buddy' and deals with a customer during the manager's absence. The bank's research suggested that business customers like continuity, so RBS introduced a four-year tenure for managers.

RBS was also first to the market with Internet banking for business; and there is a further alternative for those who want access to their bank at any time of the day or night: a 24-hour phone-based service called Direct Banking for Business. The focus on customers has been a driving force in the way RBS recruits and develops its own people. The bank's policy here is to 'hire the smile, train the skill', believing that all employees should be developed beyond mere competency to a higher level. Newly inducted staff now go through a 'customer service review' to find out what it is like to be on the other side of the desk, asking to borrow money.

A further innovation is a diploma in customer relationship management (CRM), which the bank has instituted for relationship managers – believed to be the first in the industry.

RBS Business Banking impressed the judges with its use of technology and internal communications, including a dedicated Business TV channel, and its willingness to learn from elsewhere, through its Service Masterclass benchmarking visits and talks from other organisations.

Moira Clark, director CRM Research Forum at the Cranfield School of Management and one of the judges, commented: 'Few banks manage to develop and maintain mutually trusting and profitable relationships with their business customers, and what impressed me at RBS was the sincerity in what they do. The way they individually counselled farmers during the foot and mouth crisis, and have put managers in place for four years to establish continuity are both excellent examples of building lasting relationships.' By doing this RBS also demonstrates that it is able to retain and develop staff.

Source: adapted from *Management Today*, September 2001, Unisys Service Excellence Awards.

Discussion questions

1 Why is training important when motivating staff?
2 How can improved communication help with staff development?

EXHIBIT 6-3 Four common reinforcers

The objective of reinforcement is to apply consequences (reinforcers) following a behaviour that will shape a patterned response to a given antecedent condition.

1. **Positive reinforcers** – pleasant, rewarding or otherwise satisfying contingent consequences, that are used to initiate or increase a desired behaviour. They should increase in frequency as the desired behaviour increases. Praise and tangible rewards or gifts are positive reinforcers widely used at work. So are more attractive office space, a more prestigious job title, extra time off and off-site meetings at resorts.
2. **Negative reinforcers** – the removal or reduction of an aversive condition following a desired behaviour to initiate or increase the desired behaviour. The contingent consequence of the desired behaviour is relief or escape from something unpleasant, threatening or dissatisfying. Negative reinforcement is at work when one person acts to avoid another's wrath or ridicule or to prevent personal harm. It keeps us paying our bills on time and obeying the speed limit.
3. **Punishment** – an aversive event or the removal of a positive event following a behaviour, designed to reduce the frequency of the behaviour or to eliminate it altogether. Punishment in the workplace is less severe than in the criminal justice system and may involve warnings, withdrawal of privileges or assignment to unpleasant tasks. The most severe punishment is probably dismissal.
4. **Omission** – a completely neutral response to a negative behaviour to encourage its diminishment. It is often the ideal response to chronic complainers and others with annoying habits, such as telling offensive jokes.

Source: Lee W. Frederikson (ed.) (1982), *Handbook of Organizational Behavior Management*. New York, NY: John Wiley & Sons. Reprinted by permission of John Wiley & Sons, Inc.

behaviour, such as public praise from the manager for submitting an analytically sound and persuasive report. At times the consequence is *negative reinforcement* of a desired behaviour, which reduces or avoids a potential negative outcome. Negative reinforcement occurs when a person shows up on time for work to avoid having his or her pay docked. *Punishment* is used to decrease an undesired behaviour (for example, when a police officer gives a speeding ticket to a motorist). *Omission* – a neutral response to either a desired *or* undesired behaviour – also tends to diminish offending behaviour, such as ignoring someone who tries to be a comedian at a meeting.

law of effect
The principle that the consequences of behaviour should be immediate to reinforce the link between the two.

The **law of effect** advocates that consequences should immediately follow behaviour in order to reinforce the link between the two. With repeated reinforcement over time the desired behaviour becomes systematic.

Managing environments with organisational behaviour modification (OB mod)

Luthans and Kreitner (1985) suggest that when managers deliberately apply the $A① \rightarrow B② \rightarrow C$ sequence to shape the behaviour of others, they are applying what is popularly called **organisational behaviour modification**, or **OB mod** for short. OB mod is potentially useful in improving tangible, observable, measurable, repeatable behaviours (behaviours that are typically different from the goals included in MBO). It has been found to help reduce absenteeism, reduce substandard output, increase total output, decrease costs and improve safety (by increasing the number of accident-free days).

organisational behaviour modification (OB mod)
Deliberate management application of the antecedent → behaviour → consequence sequence to shape desired employee behaviours.

Komake (1982) recognises that, although simple in principle, OB mod is difficult to apply consistently in most organisational settings if it is left to the manager to apply the contingent reinforcer. Managers often lack systematic control over the workplace environment. Also, it is no easy task to apply timely consequences that are reasonably free from distortion by extraneous feedback. For this reason, some of the most significant behaviour modification programmes rely on automatic, computer-generated feedback.

In fact, feedback alone has been found by O'Hara *et al.* (1985) to be a very useful reinforcer, eliminating the need for any tangible rewards (or punishments). Computer networks are useful in providing employees with up-to-date reports of current output compared to past statistics. These reports serve to reinforce acceptable results. Research into FTSE 500 companies, by Howat (2002), has shown that IT service management has had a 70 per cent increase in improved performance to customers by highlighting specific problem areas.

Research focus: principles of behaviour modification

To apply the principles of behaviour modification using other than automatic feedback requires planning a multi-step process that typically begins with data collection to establish a baseline. This process is best demonstrated with an example. Examine in Exhibit 6-4 the steps of a programme described by Luthans and Martinko (1976) to modify a common organisational problem – absenteeism. (According to Steers and Rhodes (1991), it is estimated that each year millions of work days are lost because of employee absenteeism – about five days per employee.) On a more descriptive level, here are the four key processes that are typically employed when implementing an OB mod programme to reinforce behaviour change.

1. **Establish baseline data.** To provide a point of reference, measure or chart the frequency with which the undesirable behaviour occurs in the normal, unmodified environment. In many problem situations (absenteeism is only one), existing records will provide an historic database. Frequencies of absence should be charted according to the day of the week, department and other relevant benchmarks. The objective is to document the problem behaviour in a way that reveals the circumstances under which it most frequently occurs.
2. **Analyse current behavioural contingencies.** Examine the current environment to identify any antecedent cues that encourage or discourage the desired behaviour. Interviews, group discussions or a survey, are likely to reveal the circumstances that affect attendance. Absenteeism cues might include group norms that encourage or discourage attendance, patterns of family illness, substance abuse, marital problems, lack of daycare for children, availability of transportation, lack of an alarm clock, or even the day of the week (Mondays are notorious). Further investigation may show that punitive measures already taken have not worked. If absenteeism increases following a reprimand, the warning may actually have reinforced the undesirable behaviour (which may be seen as a way of gaining attention or getting even).
3. **Develop a reinforcement strategy.** Those responsible for correcting the problem evaluate possible reinforcers and select the one(s) thought to be most conducive to improving behaviour. According to Frayne and Latham (1987), three factors should be considered in structuring a reinforcement programme.
   - The reinforcer selected should be meaningful enough to increase the desired behaviour and offset the competing reinforcers (of absenteeism).
   - The reinforcers should follow timely evidence of improved behaviour to cement the cause-and-effect relationship.

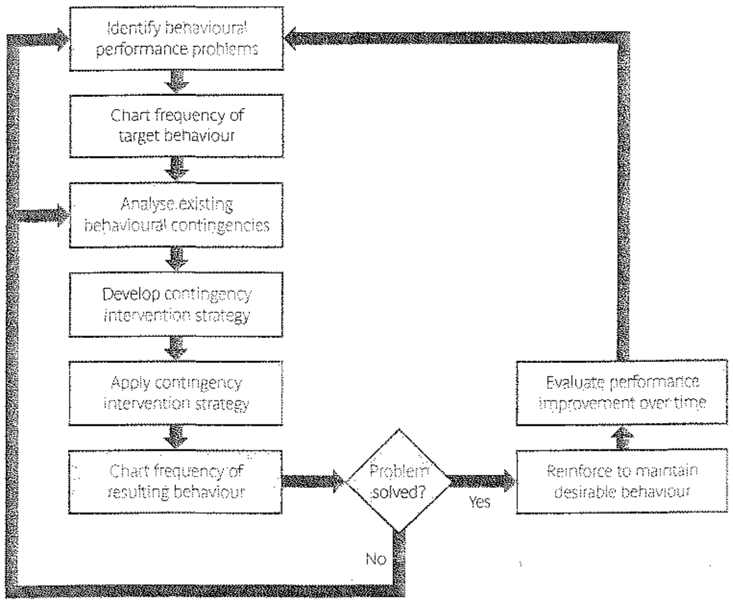
- Criteria for achieving the reinforcer should be realistic, directly related (to attendance), attainable by most employees and less expensive than the cost (of absences).

If groups are generally cohesive (meaning people stick together and respect one another), some form of group reward might be appropriate. Some companies allow groups to finish early on Fridays or to build points towards a monthly beer and pizza celebration for perfect group attendance. To reward individuals the company might pick up more of the cost of health benefits currently borne by the employee. Alternatively, individuals could accumulate points towards a lottery of prizes. Interestingly, a one-in-four chance at a £16 prize has as much reinforcement effect as the certainty of receiving £4. The lottery idea is an example of intermittent, or variable, ratio reinforcement.

4 **Implement the reinforcement and chart results.** A management team might start with posting attendance records and giving praise as a modest first step. If results are not as strong as desired, the managers could move to one of the more substantive reinforcement plans noted above. As attendance improves the schedule of reinforcement may be shifted to an interval or ratio basis until behaviours become self-reinforcing.

OB mod requires a systematic planning and strategy process based on data, analysis and contingent reinforcement. The goal is to establish a desired $A \oplus\!\to B \oplus\!\to C$ sequence.

EXHIBIT 6–4 Steps in organisational behaviour modification



An example of a shift from a continuous (daily) to an intermittent reinforcement ratio is shown in Exhibit 6-5, which examines how muffins and bagels were used to reward and reinforce punctuality.

It is also possible for a person to manage his or her own contingencies. As explained in the previous chapter, one common principle of time management is to quickly complete 'have to' tasks and then reward yourself by doing something more enjoyable or satisfying.

Remember – this is known as the *Premack principle*, which means that pleasurable tasks or events are paired with less pleasurable tasks to encourage completion of the latter (Premack, 1959). You may find yourself adopting this principle of self-management without even being aware that it has a name and research support, when you complete a task assignment before engaging in, say, an athletic activity.

Beware the danger of rewarding *A* while hoping for *B*

Kohn (1993) argues that reinforcement practices in industry are controversial; for some industry observers, any form of reward manipulates at best a temporary change in behaviour (more about this in the next section). More generally, what management wants, what it rewards, and what it gets from employees are not always the same: 'If innovation is espoused, but doing things by the book is what is rewarded, it doesn't take a psychologist to figure out what the firm actually values' (O'Reilly, 1992). This all too common practice was originally documented by Kerr (1975) in examples ranging from battlefields to orphanages.

Universities typically say they emphasise teaching, but most of the rewards they grant are linked to research, and faculties quickly learn where to channel their energy for maximum payoff. Businesses often say they want to take care of their customers, and then reward managers for cutting costs in ways that negatively impact customers. The lesson is that often, without thinking, managers reinforce the wrong behaviour. Such errors in judgement suggest that the selective use of rewards should be well thought out if the intent is to motivate employees to behave congruently with managerial expectations.

EXHIBIT 6–5 OB mod example: the early birds get the goods

Carol King, director of a public health clinic associated with a US midwestern state university, was concerned about the tardiness of her part-time staff. Early morning was a busy time, since the clinic opened at 7.30 am and many students sought to obtain services before their 9.00 am classes. Seven graduate students worked as counsellors, staffing the reception and intake desks. These part-time employees had the annoying habit of drifting in any time between 7.30 and 8.30. King tried pleas and then warnings; she even docked pay cheques to discourage tardiness, but none of these methods worked.

Then King decided to experiment with positive reinforcement. At 7.00 one Monday morning, she arrived with two dozen assorted muffins and bagels and placed them next to the coffee pot in the staffroom. She set up a small, hand-lettered sign:

GOOD MORNING, EARLY BIRDS!
HELP YOURSELF TO THE GOODIES.
– CAROL KING

Promptly at 7.30 am, King removed all unclaimed baked goods but left the sign. Staff members who arrived early or on time that day were rewarded unexpectedly; those who were late saw only the sign. On Tuesday there were more muffins and bagels. Again, any not claimed were promptly removed at 7.30. By Wednesday, six of the morning staff arrived on time, partly out of curiosity to see if the goodies would be there. King said nothing about punctuality all week.

A muffin or bagel on one's desk soon became a status symbol – 'here works an early bird'. During the second week, King began to skip a day or two between muffin or bagel deliveries. This, too, was an effective procedure. The uncertainty of intermittent reinforcement kept tardiness at a low level during the remainder of the year.

Source: thanks to a communication from one of the early birds.

The link between rewards and behaviour

Bob Clark began working for Wal-Mart, Asda's American owner, as a truck driver in 1972, when the firm had only 15 drivers. He remembers attending a safety meeting during his first month, during which founder Sam Walton proclaimed, 'If you'll just stay with me for 20 years, I guarantee you'll have £75,000 in profit sharing.' Clark thought to himself at the time, 'Big deal. Bob Clark never will see that kind of money in his life.'

Twenty years later, he told Sam Walton (now deceased): 'Well, last time I checked, I had £500 000 in profit sharing, and I see no reason why it won't go up again . . . When folks ask me how I like working for Wal-Mart . . . I tell them about my profit sharing and ask them, "How do you think I feel about Wal-Mart?"' (Walton, 1992).

The realisation of a consistent build-up of monetary rewards increased Bob Clark's commitment to Wal-Mart. However, generalised rewards (such as profit sharing) only indirectly related to one's personal actions do not necessarily equitably reinforce individual (or team) task-appropriate behaviours. This may seem illogical, but remember: reinforcement occurs only when some form of consequence increases a desired behaviour or decreases an undesired one. If there is no observable change in behaviour following a reward, reinforcement has not occurred.

Economic and symbolic 'rewards' intended to act as reinforcers frequently fall short of the mark. Sometimes they have no impact, as though employees are saying to themselves, as Bob Clark originally did, 'Big deal.' At other times they may have the opposite impact from that desired (managers follow the folly of rewarding *A* while hoping for *B*). As expectancy and equity theories of motivation suggested in Chapter 5, symbolic rewards such as certificates and recognition luncheons may lead the recipient to question, 'Is this all I get for all that I've done?' Feelings of being under-appreciated can then lead to a slacking off, where the consequences produce a behaviour that is contrary to that intended (McFarlin and Sweeney, 1992).

Performance means behaviour has been evaluated

Whenever systematic performance objectives, appraisals and rewards are lacking in an organisation, members usually experience three emotions:

1 ambiguity – Exactly what is expected of me as an employee?
2 Uncertainty – How well am I performing or measuring up to my boss's expectations?
3 suspicion – Are promotions and rewards (or lay-offs and discharges) being administered equitably around here?

Many kinds of behaviours occur throughout an organisation. However, a collection of behaviours does not necessarily produce performance results. Campbell *et al.* (1973) emphasise: 'Behaviour is simply what people do in the course of work (e.g. dictating letters, giving directions, sweeping the floor). Performance is behaviour that has been evaluated (e.g. measured) in terms of its contribution to the goals of the organisation.'

performance
Behaviour that has been evaluated or measured as to its contribution to organisational goals.

The overarching goal is to make as many behaviours as possible be performance contributors to specific goals. Previously we said that performance can be evaluated on the basis of productivity (including quality), growth and satisfaction. Ivancevich (1979) argues that research has yet to confirm clearly causality in the performance–satisfaction relationship. That is, we do not yet know with a high level of confidence if performance causes satisfaction or vice versa, or if the two occur simultaneously.

Although individuals differ in their sources of motivation, the manager who systematically sets performance objectives, monitors outcomes and administers reinforcement or rewards, is more likely to stimulate task-directed performance than the manager who does not.

The concept of pay-for-performance rewards

As firms moved into mass production and mass distribution during the industrial era, compensation systems followed suit. They became more impersonal, moving towards standardisation just like the products being produced. Most employees over the last half-century have been paid on the basis of non-performance factors, such as their job classification, pay grade, hours worked and/or seniority. Uniform systems of pay may seem equitable but from a motivational perspective such non-performance payments do not necessarily encourage stellar performance. One could even claim they are not equitable because the best performer gets compensated the same as the worst performer.

By the mid-1990s, nearly 60 per cent of firms participating in a national compensation survey were offering 'results-sharing' programmes. The Walt Disney Company began offering an annual bonus programme for animators, directors and producers who work on its profitable animated movies. A majority of its employees receives bonuses based on division profitability. Moreover, in the executive suite, after years of defending shareholder charges of 'fat cat' salaries, corporations are aggressively linking executive pay to performance. Although the recent bonus paid to the CEO of Vodafone, which recently made a massive loss, does little to reassure investors.

A major performance benchmark for CEOs is the firm's stock performance, and boards of directors do cut back on bonus payments when per-share earnings or stock price decline. When Quaker Oats stock fell by 13 per cent, CEO William D. Smithburg received an 11 per cent cut in salary and bonus to £1 million. Such a scenario, with fluctuating rewards, is becoming more commonplace. Nevertheless, every year there are hundreds of annual shareholder meetings where shareholders protest against increases in executive compensation that race ahead of profit performance.

As competitiveness across industries became global, the norm for systems of rewards incorporated more pay-for-performance factors. Performance-based compensation schemes are consistent with the expectancy theory of motivation. Employees compare rewards received for performance with what they expect to receive (just as investors compare a firm's quarterly profit performance with financial analysts' projections – and immediately reward or punish the stock price depending on whether expectations were satisfied). They also compare what they receive with what others receive (the equity factor). Overall, satisfaction is likely to be a composite of how the employee perceives both the extrinsic and intrinsic rewards from the job (Lawler, 1981).

Piecework or standard-hour systems

piecework
The practice of rewarding performance by paying for the amount produced consistent with quality standards.

The classic performance-based reward system is based on piecework, or payment for the amount produced consistent with specified quality standards. Piecework systems work when a person can directly affect his or her rate of output, and the output (quality and quantity) can easily be measured or verified. Some programmers' pay depends on how many lines of code they write; magazine writers are often paid by the number of words in their articles; shirtmakers in developing countries are paid a few cents for each shirt they sew.

A pay-for-performance variation is to use a *standard-hour plan*. Such plans specify the normal time required to complete a task, coupled with a standard rate of pay. For example, the standard for a dental hygienist to clean a patient's teeth may be 45 minutes at a rate of £25. The more skilful technician may be able to serve more patients per day, receiving pay for each at the standard rate.

The difficult issues in any piece- or standard-rate plan are twofold. One is evaluating work methods to arrive at an equitable standard and rate; since managers like to adjust periodically one or both compensation factors, the issue of equity can be controversial. The second concern is the quality–quantity trade-off. Without appropriate controls, quality may be sacrificed to reach quantity targets. As previously noted, behaviour tends to focus on what is measured (Hammer, 1975).

Merit pay ties performance to add-on rewards

Rather than tie pay only to output, an alternative is to provide a base salary or hourly wage and then an incentive or bonus based on output. Where the base plus merit incentive system is used, the performance-based portion depends on some measurable level of output over which the employee has control. Output could be measured by volume, defect rate (or quality) or cost savings. Sales representatives often earn a base salary plus commission based on the level of sales above a set base figure. Intranet-based performance tracking systems now allow firms to provide real-time rewards for salespeople who serve clients better rather than just close deals.

Bonus and profit-sharing plans

Many compensation plans are based on the overall performance of the enterprise rather than the individual's contribution. Profit sharing has become common in many firms, including the John Lewis Partnership, where everyone owns stock and profits are distributed back to members. In merit-based pay plans a pool of money is divided among eligible employees based on some performance evaluation or rating system. The objective of merit plans such as profit sharing, bonuses and stock options is to link everyone's fate to overall performance, reinforcing corporate cultures that emphasise group results over individual performance.

For the John Lewis Partnership, profit sharing is a major part of employee compensation. Every employee who has worked for at least a year is eligible for profit sharing. The firm contributes a percentage of every eligible employee's wages or salary. This makes the organisation one of the leading retail employers in the country and this reflected in the quality of service received in any of the Partnership's stores.

In recent years, directors' compensation packages have been loaded with bonuses and stock option add-ons often totalling several times base salary. However, shareholders are revolting against greedy CEOs. There is a realisation that people who work for money are not always effective and that the best CEOs are those who have developed a good reputation by doing the right things. They are likely to have a checklist in their back pocket that represents their set of personal ethics: Is it right? Is it good for customers and employees?

Beyond line managers, companies have also sought to link the compensation of directors to company performance, believing that money motivates. Graef Crystal, a compensation specialist, reports that firms as diverse as the Body Shop and Johnson & Johnson have devised plans to compensate outside board members in company stock. The assumption is that significant equity ownership assures high motivation to safeguard corporate interests. However, will

outside directors really change their behaviour? Based on stock price changes, Crystal (1995) selected 15 high-performing companies and 15 low performers. His question and answer:

> Is there any evidence to suggest that companies in which outside directors own lots of stock outperform companies in which outside directors own little stock? The answer is an unequivocal 'no'. . . . No matter what the time period chosen . . . there was simply no significant statistical association between outside director shareholdings and subsequent company performance.

Gainsharing plans

Gainsharing is an umbrella term for approaches to encourage employees at all levels to be responsible for improving organisational efficiency. According to Welbourne and Gomez-Mejia (1995), gainsharing plans link financial rewards for all employees to improvements in performance of the entire business unit. One survey by Markam *et al.* (1992) of 10 000 members of the Society for Human Resource Management found that gainsharing is used in all industries, including the public sector. Another, by Alexander (1992), concluded that for the 1990s, except for healthcare, gainsharing was the most important human resource topic, more important than work design, managing diversity and other issues. Exhibit 6-6 lists several reasons why gainsharing is increasing in popularity as a motivational incentive, to be made available to all employees in an organisational unit.

gainsharing
A pay-for-performance system that shares financial rewards among all employees based on performance improvements for the entire business unit.

Panhandle Eastern Corporation introduced gainsharing following deregulation of the natural gas industry in an effort to make employees more cost and profit conscious. In its plan, if the company achieves earnings per share of £1.50, all Panhandle employees receive a bonus of 2 per cent of their salary at year-end. For earnings of £1.60 or more per share, the bonus climbs to 3 per cent. Panhandle's gainsharing expectancies reach all organisational levels.

EXHIBIT 6–6 Why gainsharing plans are growing in use

Survey research reveals seven fundamental reasons why gainsharing continues to grow in popularity as a pay-for-performance strategy.

1. The basic design of jobs is undergoing fundamental change from individuals to teams.
2. Other pay-for-performance systems often lead to disappointing results, especially those that reward individuals (because of the difficulty of untangling individual performance from the contributions of other employees).
3. Gainsharing is easy to sell to top management because financial payouts are generally modest and employees share proportionately with the organisation the gains of targeted performance improvements.
4. Gainsharing has a long history, which makes it easy to imitate successful plans.
5. There are many consulting firms that specialise in helping organisations implement gainsharing (and several governmental commissions in the United States and Canada have advocated its widespread implementation).
6. Gainsharing provides flexibility in choosing pay-off criteria from such diverse factors as profitability, labour costs, material savings, safety records, reject rates, meeting deadlines and customer satisfaction.
7. Gainsharing complements the move towards participative management and employee involvement, as many plans incorporate committee structures to evaluate and act on employee recommendations.

Source: Theresa M. Welbourne and Luis R. Gomez-Mejia (1995) 'Gainsharing: A Critical Review and a Future Research Agenda', *Journal of Management* 21, September, pp. 559 ff. Copyright 1999, with permission from Elsevier Science.

Randy Watson, a mailroom employee, has cut mailing costs 43 per cent simply by changing 'rush' delivery times to arrive at 10.30 a.m. the next day instead of 10.00 a.m.

Rewards as a cafeteria of benefits

One method for skirting around the complexities of equitable performance evaluations and merit compensation while maintaining sensitivity to expectancy motivation is to offer cafeteria-style benefits. Historically compensation was based on the belief that one size fits all, that people could be uniformly rewarded. Today's increasingly popular practice is to let people select from among a portfolio, or menu, of benefits.

With his non-working wife and three children, Arthur may be quite concerned that he has comprehensive family medical coverage with minimum deductions. Fellicia, single and in her early twenties, might opt for increased holiday allowances and paid study fees in exchange for an increased payment to her pension plan. Such flexibility in selecting benefits, while not necessarily related to employee output, helps promote a positive answer to the expectancy question, 'Do I value the rewards available to me?'

Individuals want and need different things from their employment. Discover your own preferences by completing the 'Your turn' exercise. Then compare your profile to the profile of a cross-section of employees shown in Exhibit 6-7.

Your turn

What do you want from your job?

Rank the following 16 work-related rewards and outcomes from 1 (most important) to 16 (least important) to you.

Good health insurance and other benefits ______
Interesting work ______
Job security ______
Opportunity to learn new skills ______
Having a week or more of vacation ______
Being able to work independently ______
Recognition from co-workers ______
Regular hours (no weekends, no nights) ______
Having a job in which you can help others ______
Limiting job stress ______
High income ______
Working close to home ______
Work that is important to society ______
Chances for promotion ______
Contact with a lot of people ______
Flexible hours ______

Interpretation Compare your rankings with the scores reported in Exhibit 6-7. What factors can you control to increase the probability of satisfaction?

EXHIBIT 6-7 What employees want from their work

The most important things workers look for in their employment do not necessarily cost the firm money. Providing 'interesting work' (rated no. 2) is inherently less costly for many firms than paying a 'high income' (rated no. 11). These data were collected by the Gallup Poll of Princeton, NJ, from a cross-section of employees in differing industries and jobs. The figures reflect responses to the questions: How important is each of the following characteristics to you? How satisfied are you with it in your current job?

	Percentage of workers who said they: ranked it as very important	were satisfied
Good health insurance and other benefits	81%	27%
Interesting work	78	41
Job security	78	35
Opportunity to learn new skills	68	31
Having a week or more of vacation	66	35
Being able to work independently	64	42
Recognition from co-workers	62	24
Regular hours (no weekends, no nights)	58	40
Having a job in which you can help others	58	34
Limiting job stress	58	17
High income	56	13
Working close to home	55	46
Work that is important to society	53	35
Chances for promotion	53	20
Contact with a lot of people	52	45
Flexible hours	49	39

The average 'importance' of each characteristic is 61.8%, whereas the average 'satisfaction' is only 32.8%. Employers have a long way to go in closing this expectation–satisfaction gap. (Be aware, though, that this poll aggregates the answers of people in many types of jobs, so its averages should not parallel your own, except by chance.)

Source: reprinted with permission, *Inc.* magazine, November 1992. Copyright 1992 by Goldhirsh Group, Inc., 38 Commercial Wharf, Boston, MA 02110.

Controversial consequences of incentives and rewards

Beyond making differential pay adjustments among employees, managers can adjust rewards by varying the assignments they hand out, the praise (or reprimands) they give, the equipment or offices they provide, and the special privileges they grant. Nevertheless, rewards that bear no relationship to personal or team performance invite people to redirect and/or reduce their effort. One typical response by people who experience inequities is to engage more in activities they enjoy than in those that need to be done. Little wonder that managers believe performance should be the most important determinant of compensation, whether the reward is a salary increase or bonus (Lawler, 1966). However, controversy typically surrounds pay plans that rely heavily on performance-based compensation.

Except in cases where performance can easily be measured, employees often believe that the person evaluating them relies too much on subjective judgement. With subjective assessments, they question the fairness of merit pay (as do many trades unions). Even though team-based reward plans that provide for gainsharing when groups accomplish strategic goals are on the increase, issues of fairness and equity make them troublesome to administer (Ost, 1990). Therefore, some managers try to alter a group's perception that it is treated inequitably. For example, managers might present results of a wage and salary survey of comparable jobs that shows the company pays in the top 10 per cent of all firms surveyed. Although employees may still desire more money, their opinion of their employer will be more favourable.

On a more general level, some view the use of rewards as unethical and dysfunctional. Research by Kohn (1993) found that, 'Most managers too often believe in the redemptive power of rewards' even though some research finds that 'rewards typically undermine the very processes they are intended to enhance'. He further claims, 'Incentives do not alter the attitudes that underlie our behaviours.... Rewards do not create a lasting commitment. They merely, and temporarily, change what we do.' In effect, Kohn views rewards as 'bribes' and concludes, 'Do rewards motivate people? Absolutely. They motivate people to get rewards.' Cumming (1994), however, claims that Kohn's somewhat valid criticism of behaviourist theory (behaviour modification) when generalised to all forms of rewards and incentives is unsubstantiated.

Certainly when placed within a cross-cultural perspective, employees in some countries find the concept of rewards for performance confusing. In Australia such policies tend to be reserved only for top executives, where the rank and file prefer to do their work and expect to be paid on an hourly or salary basis – they accept responsibility to work, so why pay them more for doing their job? In one policy initiative to provide financial rewards to highly paid government managers, the concept was strongly resisted by the armed forces (who were originally to have been included). To them, pay for performance simply made no sense to an officer performing his or her duty.

While goals, incentives and rewards can energise and focus behaviour in some countries, there are potential pitfalls in using them as motivational systems: quality may be traded off for quantity and vice versa, dysfunctional inertia may occur if employees cling to ineffectual methods rather than innovate, and behaviours may be focused on the goal only to the detriment of other activities. People may also believe the end justifies the means and engage in illegal or unethical behaviours – as occurred when Kwik-Fit employees overcharged customers for unnecessary repairs when the retailer instituted product-specific quotas, commissions and standard job pay rates (Wright, 1994). Because such potential drawbacks are associated more with individualised reward plans, many organisations are abandoning individual and departmental pay-for-performance plans in favour of more simplified plans focused on total business performance (Nulty, 1995).

In addition to or instead of the difficulty in achieving equity balance among complex compensation plans, some organisations have begun to open their books to employees. **Open book management** is the practice of sharing with all employees the essential financial information of the organisation, often including details on salaries and compensation packages. Ken Anderson of Anderson & Associates, a 170-employee firm that designs roads and government infrastructure projects, learned that a big advantage in opening the books to all within the organisation was trust-building:

open book management
The practice of sharing key financial information, often including salaries and compensation, with all employees.

> There was widespread fear and consternation in our company when we decided to put all our financial information, including salaries, on our wide area network (WAN) in 1987 and then on our intranet in the early 90s. People feared our competitors would get the numbers and use them against us – scare our clients, steal our employees.... But that just hasn't happened. And I don't believe it will.... I can't say we're more profitable because of OBM ... but we do have a great deal of trust here, and our employees stick with us. (Anderson, 1999)

The key factors in job design

Beyond practices that emphasise goals and rewards, behavioural scientists have for decades concluded that the design of a person's job has significant motivational impact on behaviour. **Job design** is the process of incorporating tasks and responsibilities into jobs to make them meaningful, productive and satisfying. During much of the past century job design was the responsibility of managers and industrial engineers, who emphasised productivity over meaningfulness or satisfaction. One could even make the claim that managerial work did not begin to be respected as a profession, until bosses recognised that factory jobs could be designed and structured into specific tasks to make it easier for managers to supervise the work of others.

job design
The process of incorporating tasks and responsibilities into meaningful, productive, satisfying job responsibilities.

As described in Chapter 1, one of the breakthrough practices of the early twentieth century was **scientific management**. Scientific management, advocated by Frederick W. Taylor, provided a methodology to structure highly specialised jobs, which simplified hiring, training and supervising people with the requisite capabilities. Once trained, the manager's job was to see to it that all those reporting to him were performing according to defined job standards. Scientific management provided an orderliness to the work of organisations (Wrenge and Perroni, 1974). It helped fuel the rise of large businesses producing high volumes of standardised goods – everything from textiles to breakfast cereal to cars and radios.

scientific management
An early twentieth-century methodology advocated by Frederick W. Taylor in which work tasks were structured into highly simplified, standardised jobs to simplify hiring, training and supervision.

In keeping with the principles of scientific management, job design has historically involved analysing a complex task, then breaking it down into specific subtasks. One or more of these specific subtasks or jobs are then combined into departmental work units, where managers oversee the work of employees (Hammer, 1990). Managers are responsible for staffing jobs with competent people, then holding their people accountable for carrying out the assigned tasks. In the hotel industry, for example, specific jobs are clustered into specific responsibility units such as front desk, housekeeping, food and beverage.

This manager-in-charge, 'command and control' approach worked reasonably well during the first three-quarters of the twentieth century, when most jobs were readily defined. Today, however, industrial growth comes more from flexible, smaller firms (or divisions of diversified large firms) than from large producers of mass commodities. Giants such as IBM, GM and others have become painfully aware of this trend (Miller, 1992). In Chapter 15 you will learn that, increasingly, responsibility for the design of work is shifting to the workers themselves and to self-managed teams, rather than residing with managers or industrial engineers. Nevertheless, there are some fundamental concepts involved in designing jobs, whether for individuals or teams, guided by the objective of improving work motivation and performance.

Task scope and task depth

Two typical dimensions used for defining or describing all types of job, from general manager to routine production operator, are task scope and depth. Task scope describes the horizontal characteristics of a job, or the degree of variety in the activities a person is expected to perform. A job narrow in scope has few activities. A court reporter, for example, transcribes verbatim what is said during a trial; a lab technician draws blood samples eight hours a day. A cleaner who only empties waste bins has a narrower task scope than one who also mops, vacuums, dusts, and washes windows.

task scope
The degree of task variety built into a job, typically called horizontal job loading, when jobs are formally designed.

Task depth addresses how much vertical responsibility or individual accountability is expected in a job. Depth increases when the employee is given responsibility to schedule the sequence of work, to initiate self-control if activities or output begin to get out of balance, to identify and solve problems as they occur, or to originate innovative ways of improving the process or the output. Task depth is shallow when managers determine what job-holders are to do, when they are to do it, in what quantities, and then monitor results to determine if work output matches the standards handed down.

task depth
The degree of responsibility and autonomous decision authority expected in a job, often thought of as vertical job loading when formally designed.

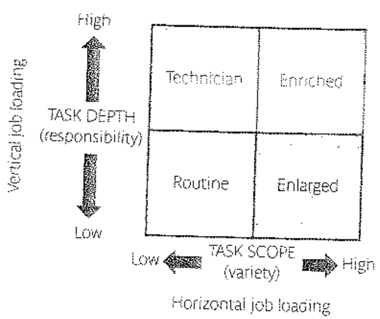
Combining scope and depth into four job profiles

Task scope and depth can be considered ways of 'loading' work into jobs. When combined into a 2 × 2 matrix, high or low loadings on each of the two variables identify four types of broad job classifications. Exhibit 6-8 illustrates how these job features produce different work experiences.

Four distinct types of jobs are identified by the ways in which task scope (variety) and task depth (responsibility) combine. To the employee, jobs are more meaningful as they become less routine and more enriched, since competent, motivated people like to believe that their jobs provide variety and give them responsibility and the resources to carry out tasks.

Ultimately, managers should ask themselves the following questions. Do our job structures and technology fit the capabilities of the people we employ? Do these jobs promote high-quality work, satisfying to those who produce it? Too often, the answer to both questions will be no. All the media attention showered on high technology and dotcom start-ups notwithstanding, many jobs still incorporate narrowly defined requirements that were common 20 or more years ago. Routine jobs low in scope and depth are prone to under-utilise the mental competencies of employees, and thus reduce the quality level attained by the organisation.

EXHIBIT 6-8 Four combinations of task scope and task depth



Routine jobs

Routine jobs are programmed to be repetitive and narrow in scope and are often restricted by technology. People in these simplistic and repetitive jobs are expected not to do much independent thinking, just pay attention to detail. Examples of routine jobs include data entry, assembly, clerical and cashier jobs. Skills are mastered in a matter of hours or days; there is no expectation of career growth unless one becomes a supervisor over those performing these routine jobs.

Technician jobs

Technician jobs offer greater opportunities for independent thinking and deciding what to do and when, but provide employees with little variety in their daily tasks. The technician may have a university education or need professional training to learn how to perform the job of, say, a pharmacist or stockbroker. The work may be valued by the client, but research suggests that people such as medical technicians find their jobs become meaningless over time because their job tasks are repetitive and there is little growth opportunity (Lengel, 1976).

Enlarged jobs

Enlarged jobs provide an expanded variety or diversity of tasks. At times jobs are deliberately expanded, either by adding on sequential tasks or by allowing employees to rotate among different jobs. Decreasing the number of separate job classifications or titles in a traditional industry typically affords employees enlarged variety or a change of pace.

Enriched jobs

Enriched jobs enable an individual to feel responsible for whole tasks. Most professional jobs that require analysis and manipulation of symbolic data (managers, scientists and teachers, for example) are enriched to give the individual responsibility for doing whatever is necessary to get the job done. The work presents challenges and novelty, with the incumbent empowered to solve problems and find innovative solutions to shifting performance demands.

Changing task scope and depth

The car mechanic who is allowed to troubleshoot and correct problems whenever they occur experiences job enrichment. The mechanic who only fixes braking system problems is more rigid in character, and the person who simply changes oil probably views the job as routine. Jobs can be changed if they are found to be overly confining and thus fail to use the full capabilities of the people employed. Variety in a position can be increased by combining all the separate steps or tasks required to complete a whole job. This process is called **horizontal job loading** because the enlarged job can be viewed as a horizontal chain of multiple work activities

horizontal job loading
The process of enlarging jobs by combining separate work activities into a whole job that provides for greater task variety.

performed in a sequence. The 'horizontal' concept builds from the logic that, in most organisations, work can be analysed as a series of tasks that are sequential in their structure. Thus, the processes of procurement or accounts payable can each be defined as a chain of end-to-end tasks. To enlarge (and ultimately enrich) jobs, one person is given responsibility for more links of the chain.

vertical job loading
The process of structuring a greater range of responsibility for planning, control and decision-making authority into a job.

Task depth is increased by vertical job loading, or the structuring of a job to allow a greater range of responsibility and authority. When management reserves exclusive responsibility for planning and control, employees have little task depth. Lawler (1994) suggests that companies that subscribe to the principles of quality management and employee involvement actively expand vertical loading for what have typically been routine production or narrowly defined service jobs. They move away from the top-down approach to let employees decide what needs to be done for quality improvement.

Many of today's jobs are more complex, subject to change, and require analytic or symbol-manipulation skills. Thus, managers may not be the best people to tell other professionals what to do – they must delegate responsibility to others. This lesson is illustrated by the way in which Sweden's Atlas Copco moves managers laterally across the globe and vertically gives them a change of responsibility so they become leaders allowing their people to solve problems (see the World Watch box).

Sweden's Atlas Copco AB rotates managers

'The only thing that differentiates people is their responsibility.' Such a statement by Giulio Mazzalupi, the Italian CEO and president of Swedish-based Atlas Copco, reflects one of the qualities that differentiates this £6 billion manufacturer from many of its competitors. The second quality is the firm's commitment to moving managers across countries to new international assignments.

Atlas Copco manufactures compressors, electric and pneumatic tools, and construction and mining gear in plants around the globe, many of them acquired. With more than 125 years of business experience, this firm grows by developing talent through dramatically changing the experiences of its human resources, especially managers. In a recent six-year period more than 80 per cent of Atlas Copco's top managers changed jobs, with more than half moving to responsibilities in another country.

To illustrate, the head of Atlas Copco Compressors in Mount Holyoke, Illinois, is British and previously worked for Atlas in South Korea. The CEO of its Chicago Pneumatic Tool Company plant in South Carolina is Turkish and previously led the company's operations in Japan.

When Giulio Mazzalupi moved from executive vice president of the firm's largest business unit to the CEO position, he gave a rather simple explanation of what most British people would consider a significant promotion: 'The difference is the responsibility, not the authority. When you move up in a Swedish organisation, it doesn't make you a better or more important person – you just grow in your responsibilities. . . . I am not Swedish, but I am CEO. This is a strong message to the organisation that there are no prejudices and that if you do well, you can go anywhere.'

Organisational learning is important to Mazzalupi as it reinforces his belief in getting 'employees to understand where they are in the work flow [because each employee is] the centre of the organisation. We must get people to work together, because it is people who solve problems, not managers. Managers have to create an environment so that people are in the best position to solve problems.'

Source: adapted from Michael A. Verespej (1998) 'Widespread Responsibility', *Industry Week*, 19 January, pp. 31–36.

Discussion questions

1 Why are people so important to an organisation?
2 Why do people have different motives at different levels in the organisation?

The effect of job design on work outcomes

Scope and depth are the most basic descriptors of any job. But other dimensions of a job affect the attitudes of workers, their willingness to perform successfully, the productivity and reliability of their work output, and corresponding side effects such as accidents, absenteeism and job stress.

Research focus: job enrichment

An integrating motivational theory of job design

Hackman *et al.* (1976) have developed an integrating theory of job design. The objective is to help managers understand and build into work the conditions that will inspire people to turn in high-quality performances. They used the following three-sequence model to provide recommendations for enriching jobs:

Core job dimensions → Psychological states → Personal/work outcomes

core job dimensions
The underlying characteristics of a job and how they relate to a person's job involvement, motivation, performance and satisfaction.

Core job dimensions

In the design of jobs, core job dimensions are the underlying characteristics of a job and how they relate to a person's job involvement, motivation, performance and satisfaction (Hackman and Lawler, 1971). The six original dimensions are described in detail in Exhibit 6-9. These researchers found that the first four of the original core job dimensions (*autonomy, task variety, task identity* and *feedback*) had greater impact on the outcome measures of job involvement, motivation, performance, and satisfaction than did numbers five and six (*friendship opportunities* and *dealing with others*). As a result of independent research by Kiggundu (1981), two other core job dimensions have been added: *task significance* and *task interdependence*.

In considering person–job matches, Hackman and Lawler (1971) found these core dimensions had a better fit and greater meaning for self-motivating individuals who desire opportunity, personal growth, challenge, autonomy and feedback. Such individuals have high growth needs and tend to be intrinsically motivated, as explained in Chapter 5.

psychological states
Three possible job qualities – experienced meaningfulness, experienced responsibility, knowledge of results – that shape individual job motivation and satisfaction of growth needs.

Psychological states

To assess the impact of core job dimensions on three psychological states that shape individual job motivation and satisfaction, researchers or human resource

EXHIBIT 6–9 Six core job dimensions for evaluating jobs

These core job dimensions are introduced in order of their pervasiveness in affecting the outcome measures of job involvement, motivation, performance and satisfaction.

1 **Autonomy** – the degree of control a person has over his or her own job actions, such as responsibility for self-governing behaviours to perform the job and the absence of a programmed sequence of activities (essentially, task depth).
2 **Task variety** – the degree to which normal job activities require performing multiple tasks (breadth of task scope).
3 **Task identity** – the extent to which a person has a whole task to complete, with visible starting and ending points.
4 **Feedback** – the frequency and completeness with which the task provides information about work progress and results of personal efforts.
5 **Friendship opportunities** – the extent to which the work setting provides opportunities for close interpersonal contacts.
6 **Dealing with others** – the degree to which task flow or accomplishment requires interaction with others in contributory or collegial ways.

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professionals can use a diagnostic instrument, the Job Diagnostic Survey. Generally, people whose jobs enable them to experience the following three psychological states will have a positive 'motivating potential' because these cognitions satisfy personal-professional growth needs.

1 **Experienced meaningfulness.** Occurs when an individual perceives his or her work as worthwhile or in tune with personal values (influenced by skill variety, task identity and task significance dimensions).
2 **Experienced responsibility.** Realised when a person feels personally accountable for the outcomes of his or her efforts (influenced by the autonomy dimension).
3 **Knowledge of results.** Experienced when an individual can determine on a fairly regular basis whether the performance outcomes of his or her work are satisfactory (influenced by the feedback dimension).

Personal/work outcomes

Favourable core job dimensions create a positive motivating potential which often yields high personal and work outcomes. *Job outcomes* are measured by job involvement, motivation and satisfaction at the personal level, and performance at the work level. For example, Lisa has strong growth needs and perceives her production-scheduling job as one of significant responsibility. She receives positive feedback about her results and believes her work to be meaningful both to co-workers and customers. These positive psychological states enable her to enjoy high self-esteem and job satisfaction. She is highly involved in her job and thus internally motivated to excel. Lisa's performance produces high-quality work of a timely and accurate nature, rarely disrupted by absences. We conclude that her job dimensions produce positive psychological states, which in turn lead to high personal and work outcomes. If any of the three psychological states were missing (meaningfulness, responsibility, knowledge of results) her motivating potential would probably be lower.

A manager thinking of enriching jobs to build in more of the positive core job dimensions will find those individuals with high growth needs stimulated by learning and challenges and therefore more receptive to these changes. Another person in Lisa's job who lacks strong growth needs or who has low self-esteem is less likely to accept such changes in the structuring of his or her work. Outcomes will therefore be diminished for both the individual and organisation. Jobs with high levels of responsibility and variety are not for everyone. Some want security and structure more than autonomy or challenge. However, not everyone wants money, as can be seen in the Eye on Ethics box.

Drug baron at Oxfam: former SmithKline high-flier moves to Oxfam. Who says it is money that motivates?

When David Earnshaw took up a highly paid job for SmithKline Beecham in 1986 he knew it was not a sinecure that would see him to a well-padded retirement.

That was just as well. Earlier this year, after being made redundant during a merger with Glaxo Wellcome, he took a well-publicised 50 per cent cut in his salary to join Oxfam, where he is now working on the other side of the barricades on issues such as HIV drugs for Africa.

Of course Oxfam has somewhat different objectives from the multinational drug companies when it lobbies the European Parliament. But Earnshaw says that he was never an apologist for the drugs industry – he was always outspoken in his criticisms.

Earnshaw was not surprised that his head was on the block in the merger. 'My views weren't an insignificant factor in me being made redundant,' he says, choosing his words carefully.

But working at Oxfam is more a return to form for the Rochdale-born Earnshaw. Before the SmithKline job his career had been mainly academic – he was a lecturer in European politics – and political – he worked for the European Parliament. But armed with an MBA he jumped at the chance to cross into the corporate sector and work with one of Europe's biggest multinationals.

He is just as happy to have jumped back – though the return trip, with its steep drop in salary, did require a sharp intake of breath.

'I'm 42. If I don't do something like work for Oxfam now, I'm not going to. I believe in humanity and global equity and I don't want to become so attached to an income that I divorce myself from those values.'

Earnshaw says it is refreshing to work for Oxfam rather than a large corporate bureaucracy.

His main concern was that his 16-year-old stepdaughter, whom he is raising, should not see any change in her standard of living. She was consulted before he took the Oxfam job. 'It was important that she liked the idea. If she hadn't that would imply I hadn't brought her up to see organisations such as Oxfam as important.'

Source: © Terry Slavin, *Observer*, 17 June 2001.

Discussion questions

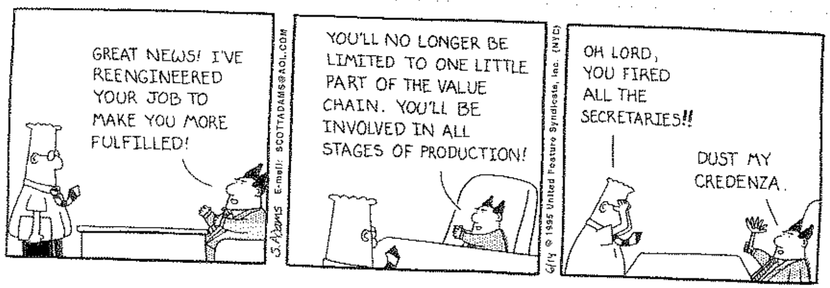
1 What do you think Earnshaw's motives were for moving to Oxfam?
2 Do you think money is a motivator?

Interdisciplinary approaches to job design

The approach to job design advocated by Hackman and colleagues clearly emphasises the motivating potential of work. While popular, there are other philosophies and approaches to job design that affect several other outcomes. Research by Campion (1988) and his colleagues distinguishes approaches to job redesign into four distinct fields, each with a rather predictable trade-off of costs and benefits. His four approaches, each based on a different premise or research discipline, are motivational, mechanistic, biological and perceptual/motor.

Motivational approach

Several theories (including Hackman's) aim to increase the outcomes of job satisfaction, job involvement and performance by enabling people to realise growth needs through experiencing challenging work. Added benefits of jobs rating high in motivational design are lower boredom and absenteeism. Campion (1987) notes, however, that in striving to produce jobs that are stimulating and mentally demanding, the motivational approach may have the unintended consequence of creating staffing difficulties, increasing training times, and having higher mental overload and stress.



Source: San Jose Mercury News (14 June 1995).
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Mechanistic approach

The earliest techniques for designing jobs emerged from classical industrial engineering with extensions to scientific management. They were based on time and motion studies and work simplification. Mechanistic approaches are orientated towards efficiency in the use of human resources by simplifying staffing and training requirements through the design of standardised, simplified work tasks that require less experience.

Mechanistic jobs have lower mental overload and stress but more boredom and physical demands (along the lines of the routine or technician-type jobs described earlier).

Biological approach

rgonomics
biomechanic approach to minimise hysical strain and stress on a worker ased on the healthy design of work ethods and technology.

From the study of work physiology and biomechanics emerged a concern about job ergonomics. Ergonomics emphasises the minimisation of physical strain and stress on the worker, based on work methods and technology. Biological methods involve making jobs physically comfortable and matched to physical strength and endurance, combined with attention to noise, climate requirements and the design of equipment. Where jobs are well designed biologically, workers report less physical effort and fatigue, fewer aches and pains, and have fewer health complaints. The likelihood of accidents is reduced, employees have more favourable attitudes towards their workstation and sometimes experience slightly higher job satisfaction. On the cost side, equipment investments are higher and training requirements increase.

Perceptual/motor approach

From human factors engineering, experimental psychology and human information processing studies, lessons are focused on human processes and performance. Perceptual/motor approaches seek to match job characteristics to human mental capabilities (and limitations) with a primary emphasis on how people concentrate and what helps them pay attention to job requirements. Favourable outcomes from this approach are improved reliability by reducing errors and accidents, and positive worker reactions by reduced fatigue, mental overload and stress. Staffing and training requirements are reduced, but boredom increases.

Such research about how different disciplines contribute to job design emphasises that there is no one approach that is best for all types of people and jobs. Like so many other managerial challenges, job design involves seeking a balance among approaches to achieve results that best fit situational realities. Campion (1988) concludes:

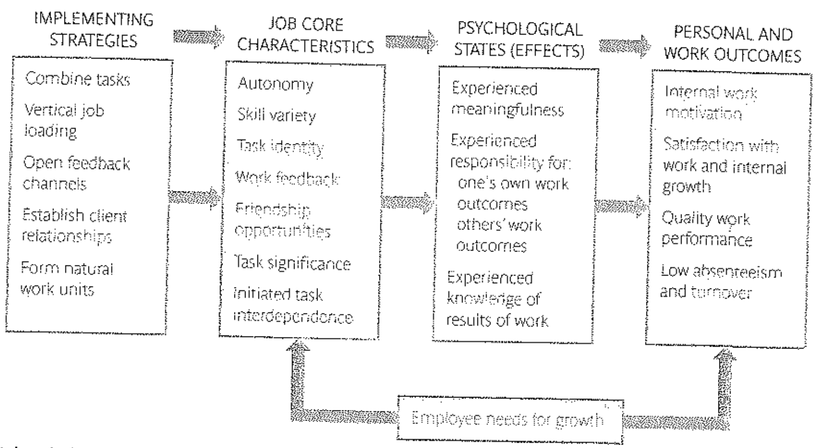
> Jobs can be simultaneously high on the mechanistic and perceptual/motor approaches because they both generally recommend design features that minimise mental demands, but the motivational approach gives nearly opposite advice by encouraging design features that enhance mental demands. As such, jobs high on the motivational approach may be more difficult to staff, require more training, have greater likelihood of error, and more mental overload and stress. Jobs high on the mechanistic and perceptual/motor approaches may have less satisfied and motivated employees and higher absenteeism. This suggests a basic trade-off between organisational benefits, such as efficiency and reliability, and individual benefits, such as satisfaction.

Strategies to enhance jobs through redesign

Recent task and process design successes by firms who have won the Malcolm Baldrige National Quality Award (such as Ritz Carlton Hotels, Solar Turbines and Solectron) suggest actions that organisations can take to improve overall job effectiveness. Most of the strategies learned from best practices of such award-winning companies apply mainly to employees who seek growth challenges and enjoy learning. As summarised in Exhibit 6-10, the orientation of such job enhancement strategies is principally through the motivational approach. Five of many strategies suggested by Blackburn and Rosen (1993) are as follows:

1. **Combine tasks.** To improve skill variety, task identity and interdependence, job enlargement combines tasks that, over time, have become overly specialised and fragmented. Tasks may be combined by having one individual complete a larger module of work or by establishing teams in which members periodically switch tasks. Critical also is the elimination of tasks that no longer add value to necessary processes.
2. **Load jobs vertically.** To improve autonomy, empower employees by combining responsibilities for planning, executing and adjusting work activities. A manager authorises staff members to schedule their own work, decide on work methods, troubleshoot problems, train others and monitor quality. They are also provided with cost and performance reports.

EXHIBIT 6–10 Integrating the factors of job redesign



Job redesign possibilities may be visualised as a flow of empowering forces that begins with choices among the five implementing strategies and ends with work and personal outcomes. A critical mediating factor is the extent of the employee's need for growth.

3 **Open feedback channels.** To improve interaction with others and clarify task significance, managers should develop systems where employees directly receive all possible feedback about factors that affect their work. The best feedback sources are the job itself, peers and access to computerised databases, not the manager's perceptions and judgemental comments.

4 **Establish client relationships.** To improve skill variety, autonomy, interaction with others and feedback, employees whose actions impact on customers should periodically interact directly with customers. Three steps are suggested: (1) identify a relevant client or customer contact for employees; (2) structure the most direct contact possible, such as on-site visits for commercial customers; and (3) have the work group set up criteria by which the customer can evaluate work quality and channel any remarks directly to the employee or work team.

5 **Form natural work teams.** To improve skill variety, task significance, friendship and interdependence, link people together when the job performed by one person affects others. Regardless of work flow sequences, bringing people together as a team enhances identification with the whole task and creates a sense of shared responsibility. To provide a team project focus some Hewlett-Packard divisions have moved design engineers into the middle of the production area. They interact with assemblers and manufacturing operators and obtain clues to improving manufacturing processes. Such experiences are expanding the use of teams to engage non-managers in wide-ranging problem-solving and quality improvement.

Motivating by empowerment

A generation ago managers began to discover the motivational power of empowerment. True, some managers have always been empowering people by delegating considerable autonomy,

providing ample information, and backing projects that showed creativity or initiative. Likewise, many individuals have learned over the years to be self-motivated and self-empowered – they seize opportunities to make their work more meaningful and are willing to make choices, to experiment and to have an impact on the organisation. However, until the term *empowerment* entered the manager's vocabulary, little was done to encourage the practice as a conscious way to promote self-motivation, innovation and system-wide continuous improvements.

Empowerment enhances self-perceptions and behaviours

empowerment
Describes conditions that enable people to feel competent and in control of their work, and energised to take initiative and persist at meaningful tasks.

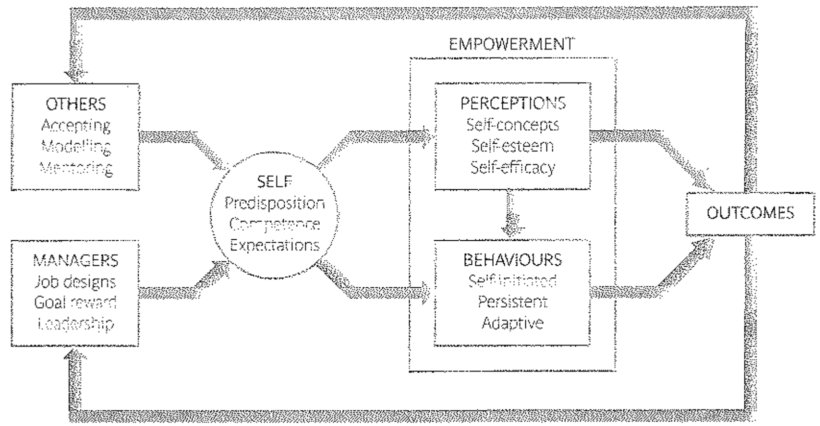
self-concept
How we think about ourselves or see ourselves in a role.

self-esteem
How we generally feel about our own worthiness – our self-acceptance.

Empowerment describes conditions that enable people to feel competent and in control, and energised to take the initiative and persist at meaningful tasks (Conger and Kanungo, 1998). Empowerment is a multifaceted and highly personal motivational force. Empowerment can come from within the individual, from peers or from a manager. As suggested by its definition, empowerment aspires to bring about positive self-perceptions (self-concept, self-esteem and self-efficacy) and task-directed behaviours. Exhibit 6-11 graphically portrays these forces, and the following text describes some of the interplay among them.

Changed self-perceptions are an important manifestation of empowerment. Your **self-concept** is how you think about yourself or see yourself in a role. Self-concept changes as you shift roles – say from friend to student to employee. **Self-esteem**

EXHIBIT 6–11 Empowerment grows out of self-perceptions and behaviours



Managers encourage empowerment by designing jobs to promote self-reliance, providing challenging goals and meaningful rewards, and exerting considerable leadership. Other people are empowering if they are accepting, provide a model for others to be self-motivated performers and exert the patience to be mentors.

is how you generally feel about your own worthiness – your self-acceptance that you are worthy of self-respect. A specific aspect of self-esteem is self-efficacy, a concept closely linked to empowerment. Self-efficacy is an individual's self-perceived ability to perform a certain type of task. Bandura (1988) suggests that your feelings of self-efficacy are important because they influence performance and a sense of personal well-being.

self-efficacy
Our self-perceptions about our ability to perform certain types of task.

Individuals develop a sense of self-efficacy based on past experience with actual or similar tasks, comparisons with others and feedback from others. A person's self-assessment of ability (knowledge and skills), general physical and emotional condition, and personality (including overall self-esteem) all influence his or her feelings of task-specific self-efficacy (Gist and Mitchell, 1992). How skilfully and with how much effort an individual approaches tasks also influences personal performance and the subsequent feeling of self-efficacy. Empowering conditions help strengthen self-efficacy.

Self-initiated empowerment

An individual can initiate personal actions to bring about self-empowerment and greater feelings of self-efficacy. People who are intrinsically motivated internal attributors usually initiate personal efforts to expand the nature of their jobs and their power. They are willing to take on additional responsibilities and/or creatively work on ways to improve organisational processes or products. Self-empowering people are in effect entrepreneurs who work actively to alter the organisation in ways that make them proud of their results.

Empowerment by others

Colleagues and co-workers have a significant impact on work-related self-perceptions. Peers who promote empowerment influence how individuals within a group feel about themselves and the group itself. Within groups, people feel empowered when they are respected and treated as professionals, and encourage co-workers to accept responsibility and have the sponsorship of a personal mentor. Individuals are empowered when peers seek their advice, confide in them, and include them in projects from which they can learn and make contact with others, and that might help their careers.

Empowerment by managers

The most talked-about source of empowerment is the behaviour of managers or leaders in interacting with staff. The empowering manager actively gives power to individuals and enables them to be self-motivated. This is done by changing employee expectations so they believe they are in control of their destiny and can shape their work and make it meaningful within their organisation. Empowering managers also share information so people can perform their jobs more accurately and confidently. Information technology and systems that allow employees to have on-demand access to whatever information they need is by itself a major empowering factor.

As a management practice, empowerment also means managers open communications, delegate power, share information and cut away at the debilitating tangles of corporate bureaucracy. The manager who deliberately works to empower his or her employees gives them a licence to pursue their visions, to champion projects, and to improve practices consistent with the organisational mission and goals. According to Cohen and Bradford (1984), the manager who shares responsibilities with subordinates and treats them as partners is likely to get the best from them. For these reasons, it is common to think of empowerment as a principal quality of

leaders. At Sun Microsystems, CEO Scott G. McNealy has built an empowering corporate culture within his Internet-focused company around his playful motto 'Kick butt and have fun' (Hoff, 1996).

Empowerment results in personal changes

The empowered person undergoes two types of personal change. One is *motivational enhancement*, especially when the source of empowerment is positive change initiated by a manager (Kappelman and Prybutok, 1995). Empowered people usually intensify their task focus and are energised to become more committed to a cause or goal. They experience self-efficacy, which stimulates motivation by enabling people to see themselves as competent and capable of high performance. Empowerment is also manifested in active *problem-solving behaviours* that concentrate energy on a goal. Thomas and Velthouse (1990) suggest that the empowered person is more flexible in behaviour, tries alternative paths when one is blocked, and eagerly initiates new tasks or adds complexity to current ones. Behaviour becomes self-motivated when the individual seeks to carve out greater personal autonomy in undertaking tasks without the manager's help, or to draw support from team members.

W.L. Gore & Associates, a privately held firm of over 6000 associates most noted for its Gore-Tex and other products made from Teflon, has an unusual organisation and culture that supports empowerment. All activities are structured around teams, the firm has sponsors rather than managers, and hiring decisions are a team-based process. Once a team decides another person is needed, its members recruit, interview and select, and then assign that person a sponsor who acts as a mentor. 'Usually we choose the person [on the team] who has the most invested in making the new person successful,' says Sally Gore. 'If you sponsor someone, you want them to be successful. You will offer them appropriate opportunities to sit in on meetings and seminars, and do things so that they will be successful.' Then teams and individuals are rewarded with profit sharing based on the value they add to the company. 'Seniority and education are not the criteria. The criterion is contribution, pure and simple [to create] an atmosphere where associates are motivated to innovate' (Hasek, 2000).

Empowerment alters expectations

Although managers often set the stage for empowerment by promoting initiative and relaxing bureaucratic obstacles, ultimately the individual decides whether to act in an empowered way. Because empowerment depends in part on how people perceive reality, not everyone on a team responds in the same way to empowerment opportunities (Thomas and Velthouse, 1980).

Naomi, a market analyst, has self-confidence and self-esteem because she believes she can influence organisational outcomes. Bandura (1986) suggests that this occurs in part because her manager enthusiastically supports her reports and allows her to present them to top management. Such repeated experiences lead to a personal belief that she is truly competent, which positively influences her expectations about future events. Naomi believes her competence transfers across situations, and she looks forward to challenging assignments. By contrast, Scott, her accounts receivable colleague, generally sees himself as weak in analytical reasoning and persuasion skills. He has low self-efficacy associated with learned helplessness in these areas. His manager audits his work, points out deficiencies and hounds him for faster turnaround times. Scott avoids situations that he expects will require analytical or persuasion skills.

Expectancy motivation comes into play in empowerment whenever a person raises questions about himself or herself and the task at hand. Managers help bring about empowerment when they encourage their people to diminish such bureaucratic thoughts as 'It's not my responsibility' or 'It's beyond my control' or the classic, 'It wasn't invented here.' One way to overcome self-deluding excuses is to have people identify the customers served by their work, even if customers are other departments within the firm. This shifts the focus away from thinking of one's tasks as trivial 'busywork' and towards perceiving one's importance in the flow of interdependent tasks.

Morpheus: a second look

Business Link has helped us to set some targets for growth and reassess our vision so that it is easily understood by everyone in the company. We all know where we're heading.

The help was there at the right time, and the experience has made us realise you can seek external help to expand thinking and be a bit more objective to take the business forward. We have seen it as a starting point and are aiming to achieve Investors in People standard this year, which is a reflection on how far we have come.

I do think that focusing on staff retention and team-building has to come at the right time. It takes a lot of time and effort, which for many companies in the early stages would mean a happy team, but no customers. I also think you need to experience bleak periods which will inevitably occur in a growing business, to be able to handle future issues.

One of the hardest aspects of running your own business is to let others take some control, but you must if you are to let it grow and evolve beyond being a lifestyle environment, to an effective business system that can operate independently of its owners.

Source: Joanna Read in *Growing Business* May 2002.

Summary

- Managers have found many ways to apply and extend the fundamental theories of motivation.
- One of the common applications of motivation theory is goal-setting.
- Management by objectives (MBO) is a specific managerial application of goal-setting that has been widely used in organisations.
- Participation in goal-setting helps raise aspirations, but it does not necessarily lead to better performance than when goals are set by management.
- People are more likely to perform actions leading to the desired results if they have clear, specific and challenging goals. This can be done by writing goals that begin with an action verb, identify major result areas, provide a measurement standard and specify a time for completion. Once a person has a goal, intentions lead to an action plan to reach the objective.
- The most direct application of motivational theories is organisational behaviour modification (OB mod), which uses reinforcement to shape behaviour. Reinforcement involves managing the environment, usually by linking a positive consequence to a desired behaviour (to increase the likelihood of its being repeated).
- However, OB mod can also rely on negative reinforcement (removal of an aversive or negative condition following a desired behaviour), or even punishment or omission of any reinforcement to shape behaviour.
- Linked to goals are rewards and benefits. In pursuit of continuous improvements in quality, organisations are increasing their use of performance-based compensation systems such as gainsharing that focus on the total business unit rather than on departmental or individual pay-for-performance plans.
- In addition to bonuses and profit sharing, managers are also allowing employees greater choice in selecting benefits from a cafeteria-style menu. Such a movement recognises that people have different needs, and compensation systems should reflect those differences.
- Historically, jobs have been designed around task depth (autonomy and responsibility) and task scope (variety). As jobs become enriched (by building in greater depth and scope), employees potentially experience greater meaning in their work and satisfaction from the experience.
- The newest and most conceptually abstract of the applied motivational practices is empowerment. Empowerment enables people to feel competent and in control of their work by granting them authority, providing information and reducing bureaucratic restrictions.
- Empowerment leads to a combination of greater motivation and more energetic problem-solving behaviours.