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* Note – These notes were compiled with reference to the prescribed readings from the course textbook, lecture slides and tutorial discussions.

Chapter 11 – Motivation

11.1 Motivating for performance

Foundation of motivation → People are driven by wants and needs. These needs are diverse for different people.

- Intrinsic needs: internal drivers relating to desire for achievements and personal satisfaction
- Extrinsic needs: externally driven as rewards gained as part of an exchange such as pay or promotions

Motivation is a psychological process which increases goal directed behavior

Model of motivation



There are four principle perspectives on motivation: content, process, job design and reinforcement (each outlined below).

11.2 Content perspectives on employee motivation

Content perspectives emphasise internal needs that motivate people. (Four supporting theories)

1. *Maslow's Hierarchy of Needs*

- People are motivated by five levels of needs (basic to highest level)
 - Physiological – food, clothing, shelter
 - Safety – physical and emotional
 - Belonging and love – friendship and affection
 - Esteem – self-respect, status, reputation
 - Self-actualisation – reaching full potential

2. *Alderfer's ERG Theory*

- Three basic needs influence behaviour (which are achieved simultaneously)
 - Existence – physiological and material wellbeing
 - Relatedness – relationships with others
 - Growth – achieving fullest potential

3. *McClelland's Acquired Needs Theory*

- Three needs: achievement, affiliation and power
- Typically, one need is dominant in all of us
 - Achievement – I need to excel
 - Affiliation – I need close relationships with others
 - Power – I need to control others
 - Negative: Personal power (dominating/manipulating others)
 - Positive: Institutional power (improving the organisation)

4. *Herzberg's Two Factor Theory*

- Satisfaction → motivating factors → higher level needs (achievement, responsibility, recognition)
- Dissatisfaction → hygiene factors → lower level needs (salary, working conditions, company policy)
 - Model of implementation: first eliminate dissatisfaction and then try to spur motivation

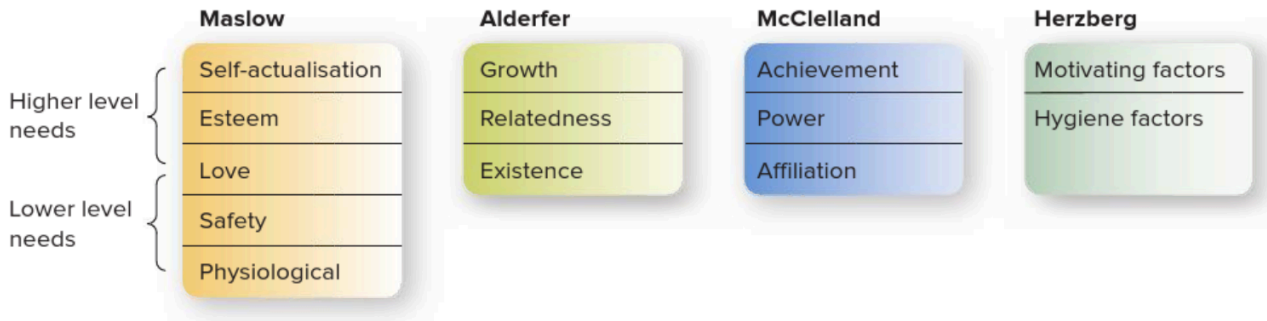


Figure 11.6 A COMPARISON OF NEEDS THEORIES: MASLOW, ALDERFER, MCCLELLAND AND HERZBERG
McClelland has no classification for lower level needs.

11.3 Process perspectives on employee motivation

Process theories explain how workers select behavioural actions to meet their needs and determine whether their choices were successful.

Process perspectives relate to an exchange

- Concerned with the thought processes by which people decide how to act from three viewpoints: equity, expectancy and goal settings
- Process theory tries to understand why employees have different needs

1. Equity theory (Adams)

- Focuses on employee perceptions as to how fairly they think they are treated compared with others
 - Done by comparing:
 - INPUTS: what you are putting in (time, effort, creativity, education, experience, skills)
 - OUTPUTS (or rewards): what you are getting out (pay, benefits, praise, bonus, status)
 - COMPARISON: how does your input:output ratio compare with other people
- Important to remember:
 - Employee perceptions are what matter
 - Employee participation helps
 - Have an appeal process available

2. Expectancy Theory (Vroom)

- People are motivated by two things
 1. How much they want something
 2. How likely they think that they will get it
- Your motivation involves the relationship between your effort, performance and outcomes
 - These relationships are affected by:
 - Expectancy: will I be able to complete the task up to expected levels (effort to performance expectancy)

- Instrumentality: What outcome will I receive (performance to reward expectancy)
- Valence: how much do I want the outcome

3. Goal setting theory (Adams)

- Goals should be specific and challenging but achievable

11.4 Job design perspectives on employee motivation

Theory centers around designing jobs to keep people's interest and motivation.

- Traditional: fit people to job
- Modern: fit job to people

Some methods via which job design is altered:

- Job simplification
- Socio technical design
- Job enlargement: more variety in job (horizontal loading)
 - Limited lasting positive impact on job performance
- Job enrichment: putting more responsibility and other motivating factors into job (vertical loading)
- Job rotation provides variety and stimulation

Job Characteristics Model (Hackman and Oldham)

Five Core Job Characteristics	Three Critical Physiological States	Work Outcomes
1. Skill variety 2. Task identity 3. Task significance 4. Autonomy 5. Feedback	1. Meaningfulness of work 2. Responsibility for results 3. Knowledge of results	<ul style="list-style-type: none"> • Employee motivation, performance and satisfaction • Whether or not they stay or leave the job
* Contingency factors – For job design to work, the employee must have: necessary knowledge or skill, desire for personal growth and context satisfactions (adequate working conditions and pay)		

11.5 Reinforcement perspectives on employee motivation

Reinforcement theory (Thorndike and Skinner) suggests behaviour will be repeated if it has positive consequences and won't be repeated if it has negative consequences

- There are four types of reinforcement:
 - Positive reinforcement: (strengthens behavior): use of positive consequences to strengthen a particular behavior
 - Reward only desirable behavior that goes beyond what is expected
 - Give rewards as soon as possible
 - Be clear about what behavior is desired
 - Have different rewards and recognise individual differences
 - Negative reinforcement: (strengthens behavior): process of strengthening a behavior by withdrawing something negative
 - Extinction: the weakening of behavior by ignoring it or making sure it isn't reinforced
 - Withholding or withdrawal of positive rewards for desirable behaviour that will presumably weaken the employees efforts to perform better in the future

- Punishment: The process of weakening behavior by presenting something negative or withdrawing something positive
 - Punish only undesirable behavior
 - Give reprimands as soon as possible
 - Be clear about what behavior is undesirable
 - Administer punishment in private
 - Combine punishment and positive reinforcement

Social Learning Theory suggests that we learn from observations of other people's behavior not just from our own experiences.

11.6 Using compensation and other rewards to motivate

As work becomes more invisible and intangible, more team based rather than individual based, it also becomes harder to measure, harder to define its successful accomplishment and harder to motivate employees to perform well at it.

Across the workforce, workers are voluntarily seeking greater flexibility, improved work-life balance, career changes or self-employment career changes.

The most successful incentive plans should meet the following criteria

1. Rewards must be linked to performance and be measurable
2. The rewards must satisfy individual needs
3. The rewards must be agreed on by manager and employees
4. The rewards must be believable and achievable by employees

Popular incentive compensation plans include:

- Pay for performance - pay based on one's results
 - Includes sales commission
- Bonuses - cash awards given to employees who achieve specific performance objectives
- Profit sharing - distribution to employees of a percentage of the company's profits
- Gainsharing - distribution of savings to groups of employees who reduced costs and increased measurable productivity
- Stock options - certain employees are given the right to buy stock at a future date for a discounted price
- Skill based pay - ties employee pay to the number of job-relevant skills or academic degrees they earn

Non-monetary ways of motivating employees include:

- Improving work life balance
- Flexibility to work from home
- The need to expand skills
- The need to matter