- some people like to be left alone, while other like their boss available for guidance at all times
- contingency theory where factors such as employee experience, abilities and structure of their task more likely to explain wide or narrow span of control contribute to performance and job satisfaction
- but researches show manager's satisfaction increases with the number of subordinates

4. **centralisation:**
- strong evidence of relationship with job satisfaction, especially with individuals with low self esteem, more participative decision making leads to higher satisfaction/sense of contribution.

Conclusion:
- to maximise employee performance and satisfaction, factors such as experience, personality, and work task should be taken into account. National culture influence also needs to be considered.

- People tend to find the jobs that match their preference. So the effect of structure on behaviour likely to reduce when the selection process facilitates matchinf of individual characteristics with organistion structures.

Week 4 Motivation

Definition
- Forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action, **OR**
- Willingness to exert high level of efforts to reach organizational goals, conditioned by the effort's ability to satisfy some individual needs.
- Motivation is what causes someone to do work
  Unsatisfied need → tension → drives → search behaviour → satisfied need → reduction of tension
- Motivation to work refers to forces within an individual that account for the <u>level</u>, <u>direction</u> and <u>persistence</u> of effort expended at work
    1. Level – amount of effort a person puts forth (hours)
    2. Direction – what person chooses to put effort into (courses)
    3. Persistence – how long a person sticks with a given action (entire semester)

Importance of motivation
- Motivation is directly related to productivity and work effort generally
- Agency theory: The likelihood that managers may place personal goals ahead of the goals of owners – leads to lack of goal congruence
- Goal congruence: Ensuring alignment b/w goals of managers and e'ees w those of the org as a whole

Intrinsic v Extrinsic Motivation
Must know what type of motivator to motivate someone – is he motivated by extrinsic/intrinsic factors? Is the activity done as an **end in itself** or just a **means to another end**?

Intrinsic motivation
- Internal, relating to doing the thing itself (Eg. Feeling of accomplishment)
- Relation between individuals and activities

Extrinsic motivation
- A construct that pertains whenever an activity is done in order to attain some separable outcome
- Something engaged in for something else
- Activity is instrumental, not an end in itself
- Relation between individuals and other phenomena related to activity (usually involving other ppl)

Rewards **– an outcome of positive value to an individual**
- **Intrinsic reward**
- Internal to the person,
- Self-administered,
- Occurs naturally as a behavior is performed,
- Not dependent upon- recognition of others (good in itself),
- Inherently interesting or enjoyable rather than for separable consequence eg: fun, challenge

- **Extrinsic reward**
- External to person,
- Valued outcomes given by others,
- Originate externally as a result of pleasing others (good for some other reason)

Foundations of motivation theorizing

1. Traditional approach – Scientific mgmt. (Taylorism)
    o Look at people as machines ('economic people') – get most <u>efficiency</u> out of them – must be systematic in structuring task – do same thing all day

2. Human relations approach
    o Workers studied as ppl as opposed to machines
    o Ppl with a need for non-economic rewards which meet social needs and improve work
    o behavior – view of ppl as social animals.
    o Encourage engagement, communication

3. Human resource approach
    o Mixing above 2 approaches to view the worker as a whole person who needs to fulfill both economic and social needs on the job to maintain motivation

Contemporary approaches (Content v Process)
★ Content/static theories focuses on:
    – Factors within the individual that induce behavior
    – The '<u>what</u>' of motivation (E.g. Is it paycheck? Growth?)
    – Seek better understanding of valuables affecting motivation
★ Process / dynamic theories describe:
    – The process by which behavior is stimulated or directed
    – Understanding motivation to do specific jobs and tasks
    – Seek better understanding of cognitive processes
    – The 'why' and 'how' of motivation

Content theories
    – Emphasize the needs that motivate people
    – These needs translate into internal drives that motivate specific behaviors intended to satisfy needs, whether extrinsic/intrinsic
    – Imptortant for managers to understand employee needs & to design organisational reward systems which allow employees to satisfy their needs through work

– Tries to align individual needs and organisational goals so that motivated individuals exert effort to achieve organisational goals

EG 1: Maslow's Hierarchy of Needs Theory

– Needs: physiological/psychological deficiencies a person feels the compulsion to satisfy
– Must satisfy lower needs first before going up
– The more self-actualization needs are satisfied, the stronger they grow. Self-actualization is realizing your best self, and continue improving that

2 underlying principles:
- Deficit principle: a satisfied need is not a motivator of behavior, that is, ppl act to satisfy deprived needs (so if satisfy one level already, giving more wont be motivated)
- Progression principle: a need at one level only becomes activated once the immediately preceding lower level has been satisfied

Critique:
✘ Research has failed to validate this hierarchy.
✘ Needs vary according to career stage, size of org, geographical location
✘ Satisfying needs in order might not improve performance
✘ Reminds managers that deprived needs may negatively influence attitudes and behaviors, and that providing opportunities for employees to satisfy needs is important

EG 2: Theory X and Y
– **Theory X** – People dislike work, lack ambition, irresponsible, resist change, prefer to be led.
  o Managerial response: Coerce, control, threaten
– **Theory Y** – Ppl willing to work, capable of self-control, willing to accept responsibility, creative and capable of self-direction. (enjoy working)
  o Managerial response: Allow workers to exercise responsibility
– Idea that managers should pay more attention to the social and self actualizing needs of ppl at work, thus away from Theory X towards Theory Y
– Theory X assumes that lower order needs dominate indivuals, while Y assumes higher order needs predominate – no evidence either way

EG 3: ERG Theory
– EXISTENCE – physiological and material wellbeing
– RELATEDNESS – desires for satisfying interpersonal rships

- GROWTH – continued psychological development
- Does not follow Maslow's progression/deficit principles; any or all of these needs can influence indiv ual's behavior at a given time, and satisfied needs do not necessarily lose their motivational impact
- Already satisfied lower need can be reactivated if a higher level need cannot be satisfied
- Very broad theory – hard to prove

EG 4: Herzberg's Two-Factor theory (what makes you feel good/bad at work?)
1. **Unfavourable** experiences are related to the <u>job context</u>
   a. *Hygiene factors* – job context/work setting in which tasks & activities are performed
   b. Job dissatisfaction influenced by hygiene factors (so improving hygiene factors can reduce dissatisfaction) – so no point improving job conditions so much because it will only get you to a state of numbness/not demotivated, u wont feel positively motivated (giving someone pay rise will only reduce dissatisfaction, but wont actually satisfy)

2. **Favourable** experiences are related to <u>job content</u>
   a. Satisfier/motivator factors – job content, what ppl do in terms of specific tasks and activities on the job (e.g. job empowerment, self-direction)
   b. Job satisfaction influenced by motivator factors (so improving motivator factors can increase satisfaction, and therefore improve motivation)

Critique:
- ✗ Original sample scientists and engineers probably not representative of working population.
- ✗ Doesn't account for individual differences – age, gender
- ✗ What is the link b/w satisfaction & motivation
- ✗ Offering someone increased pay is not a motivation for Herzberg.

Eg 5: Acquired Needs Theory (not imp)

3 central needs which motivate behaviour:
- *Achievement* – desire to do something better/more efficiently, solve problems – need for accomplishment and autonomy, personal achievement vs trappings of success – not necessarily a good manager (doesn't mean u will lead ppl to achieve that goal)
  Problem: can be selfish

- *Power* – desire to control ppl, influence their behaviour/be responsible for them – to have impact and be influential – need to dominate. BEST manager.

- *Affiliation* – desire to establish and maintain friendly relations w ppl – to be liked and accepted by all, to cultivate a sense of appreciation and belonging
  Problem: too friendly, wont address problems

Best managers tend to be high in need for power (to have influence and impact on others) and low in need for affiliation (to make difficult decisions without undue worry of being disliked).

Implication for MAS
Ultimately content theories argue that managers must:
- Understand how indiv differ in what they need from their work
- Think about what might be offered to these indiv in response to their needs
- Learn how to create work settings that give ppl the opportunity to satisfy their needs by contributing to task performance of the work of the unit and the organisation

Process/Dynamic Theories
- Process theories explain the way workers select behaviors/actions to meet their needs and determine whether their choices were successful

- Give an insight into how ppl actually make decisions (steps for how they are motivated)
- Process by which behaviour is stimulated or directed
- Understanding motivation to do specific jobs and tasks
- Seek better understanding of cognitive processes
- The 'why' and 'how' of motivation

EG 1: Adams' Equity Theory
- Based on social comparisons (comparing self with other ppl - relativity) and resulting perceptions of fair/unfair treatment, and the effects this has on motivation
- Based on these social comparisons, ppl will then choose certain behaviors in relation to that comparison. Ppl can feel:
  1. *Negative inequity* – receive relatively less than others have in proportion to work inputs
  2. *Positive inequity* – indiv feels that he/she has received relatively more than others have
  *Feelings determined entirely by indiv's perception of situation (completely subjective)
- People who perceive (-) inequitable treatment will act in ways to reduce the perceived inequity:
  o Change work inputs (reduce effort) – for ppl who feel others get paid more even though do exact same amount of work.
  o Change rewards by requesting change in treatment – (ask for raise)
  o Change comparison points in an attempt to make things seem better (compare to diff co-worker)
  o Psychologically distort comparisons to rationalize inequity (eg: aiyo.. they don't really get paid that much more) *only temporary way
  o Take action to change inputs/outputs of comparison person (eg: get co-worker to accept more work)
  o Leave the job

EG 2: Vroom's Expectancy theory
- Suggests that motivation depends upon an indiv's expectations about their ability to perform tasks and receive desired rewards
- Motivation to work depends upon relationships b/w 3 expectancy theory:
  ★ <u>Expectancy</u> – A person's belief that working hard will result in a desired level of task performance being achieved/ If u put in effort, you will achieve a certain level of performance (ie "E-P expectancy")
  "Can I achieve the desired level of task performance?"
  ★ <u>Instrumentality</u> – A person's belief that successful performance will be followed by rewards and other potential outcomes (ie "P-O expectancy)
  "What work outcomes will be received as a result of the performance?" EG: IF cut cost by 20%, will I get the raise and trust by boss that I will get it?
  ★ <u>Valence</u> – The value a person assigns to possible rewards and work related outcomes. If don't value a particular reward, won't be motivating.
  "How highly do I value work outcomes?"
- Motivation = Expectancy x Instrumentality x Valence, or M = E x I x V. If multiply anything by 0, motivation = 0. Without one element, won't be motivated at all
  This means managers must max all parts of the equation or else a low level on any expectancy factor will result in low motivational force overall.
- Hence, to **maximize E**: concentrate on helping ppl believe in their capabilities and that if they try they can perform to the desired performance level. (**Encourage** ppl)
  To **Maximize I**: Concentrate on making person confident that high performance will result in certain outcomes (**guarantee** ppl)
  To **maximize V**: help person understand value of possible rewards & outcomes (**convince** that what you value is also a value to them or try to work out what they value and give that)

Eg 3: Locke's Goal Setting theory
- Goals can be motivating if properly set and if well managed as they give direction for employee work efforts
- Specific goals increase performance and difficult goals (when accepted) result in higher performance than easier goals
- Guidelines:
  ★ Set specific goals
  ★ Set challenging goals

- ★ Build goal acceptance and commitment
- ★ Clarify goal priorities
- ★ Provide feedback on goal accomplishment
- ★ Reward goal accomplishment
- ★ Want to empower ppl to set their goals by getting them involved so they are more motivated to achieve them

EG 4: Reinforcement strategies
- *Positive reinforcement* – administration of pleasant and rewarding consequence following desired behaviour
- *Negative reinforcement* (avoidance learning) – removal of unpleasant consequence following desired behaviour
- *Extinction* – withdrawal of a positive reward which means that behaviour is no longer reinforced and so less likely to occur in future
- *Punishment* – imposition of unpleasant outcomes on employeees - BAD
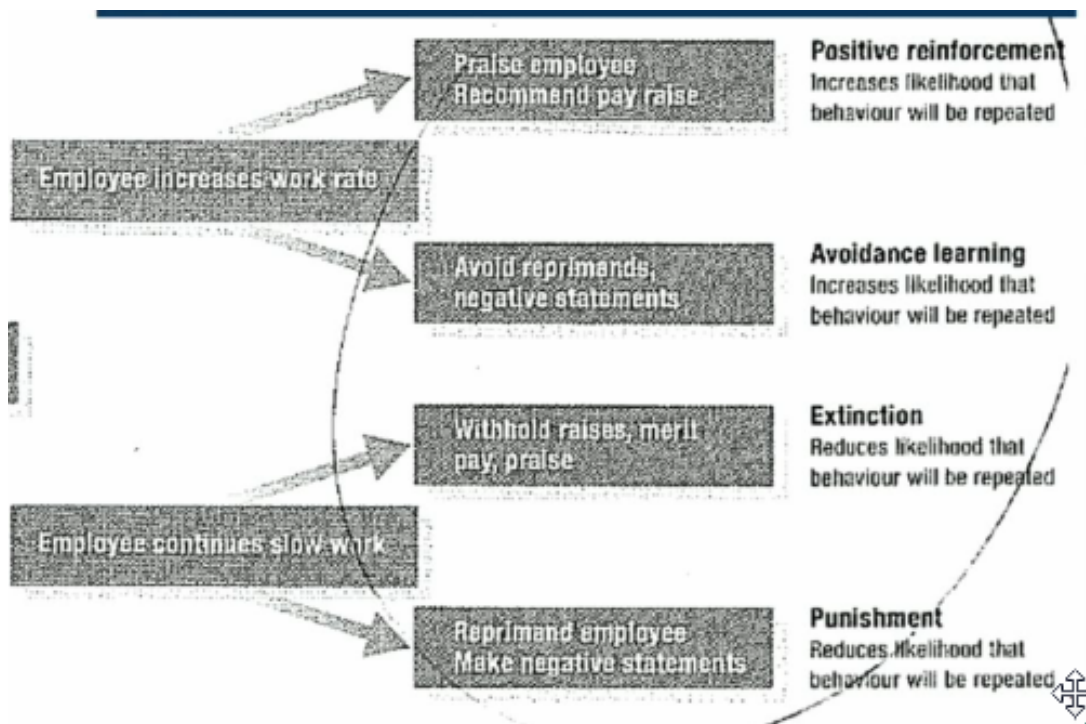
- ✦ Content & Process theories complement one another. MAIN POINT: If you want to motivate someone -- a loved one, a student, or employees -- you would be wise to focus on what they care about.'

Current issues in motivation
- Flexible working schedules
- Compressed work week (4-40)
- Flexible working hours (flexi-time) common core hours but can vary within limits – start ending lunch time flexible – reduction in absenteeism and improvement in morale and productivity but can cause confusion and difficulty in managing groups, only possible in certain roles
- Job sharing (2/more) splitting 40 hour week – whereas full timers seldom work to their maximum all day, two job sharers often give five shifts of 'full bore production', also double the experience...
- Telecommuting – linked electronically = up flex + down costs
- Pay for performance – incentives have to be clearly tied to performance – profit sharing, bonuses, gain sharing, employee share ownership offers
- Open book management – involving employees in decision making by opening up financial statements
- Share so employees make better decisions about their work and better able to understand implications of what they do, how they do it and ultimate impact on bottom line.
- Get employees to think like owners – likely to be more productive and motivated to contribute to org's profitability

READ GEN Y – IMPORTANT FOR EXAM
Generation Y
- Street smart and:
- Mature, resilient, fast learners, practical, enterprising, manipulative

Opportunities for business:
- Will not be rocked by bad news, will be capable of **handling the inevitable chaos and change** that surrounds business in the new millennium
- Great place to trial new technologies cos they will be **open to new things, learn fast**, hence will be the source of major improvements in productivity
- Have a unique ability to see the practical side of things and will be **constantly on the lookout for better ways** to do things. Managers who can effectively involve this gen in brainstorm sessions and other idea-creation forums, stand to benefit greatly from this gen's **creativity and practicality**
- Gen Y take action. They will not suffer from paralysis by analysis

Challenges for business:
1. **Obsessed with having the newest and fastest** of anything tech related. Managers need to draw the line somewhere and educate their gen Y staff that at some point, they have to get the job done with the resources available
2. **Think they know everything** simply because they have read about/heard about smth third hand. They are not really supportive of the notion that experience is the most valuable knowledge. As such, managers will have a difficult time handling some of the **ego i**n the workplace
3. **Too short-term focused. Managers** need to communicate the importance of remaining focused on the strategic direction of the company, and following the set procedures for a given task
4. Managers need to be particularly astute when keeping gen Y **accountable** for their actions. Ensure all rules/policies are practical and necessary.

Tutorial question

Question 1

a) Money can't buy happiness
   - No point striving so hard cos ppl from elite business schools will get to the top mgmt.
   - The world is made up of masters and slaves, for there to be rich there have to be poor and that the powerful will always crush the weak
   - Better off doing something abt life in the office because if your salary goes up, so does everyone's

(b) **Content – the 'WHAT' of motivation**
   ★ Maslow's hierarchy of needs - Cannot get self-actualization from the Maslow's need hierarchy (must satisfy everything at the bottom of the pyramid first)
   ★ Theory X and Theory Y –
   ★ Herzberg's two-factor theory – There are no intrinsic factors that will make an employee satisfy. Giving them a pay rise is an extrinsic factor (hygiene factor) that will only reduce job dissatisfaction.

Process theory – how and why you get motivated to achieve something (Equity theory and expectancy theory)
- Equity theory – compare with other people
  Work to reward ratio: People feel demotivated because they work harder than those ppl from top management
- Expectancy theory – put in effort and you expect performance, but value in your outcome will stay the same (whether you like it or not)

Reinforcement theory – praise ppl, they will keep doing it. Punish them, they will stop doing it However, rewards are not necessarily for ppl that work hard

(c) Different people have different motivations. Maier's advice might not only work for a group of employees.

Question 2
Consider the expectancy theory formulation of motivation adopted by Ronen and Livingstone (1975).

M= IVb+P1 (Iva+sum of P2i*EVi)

(a) A labour time standard is tightened from 40 to 35 minutes per unit of output of product, resulting in a budget cut for total direct labour. (Consider the motivation of the production foreman).
  – P1 goes down. Can I achieve it?
(b) Top management decides to alter the existing management bonus scheme from a once per annum bonus to a quarterly bonus system. (Consider the motivation of a manager affected by the change in scheme).
  – P2i goes up. Frequency to be rewarded increases
(c) All levels of management are to become more involved and influential in budget-setting by the adoption of participative methods.
  – IVb goes up because person is involved;
  – IVa increases. Intrinsic valence for successful performance increases.
  – P1 also likely to go up-expect with participation that you can influence the target setting to be something more realistically achievable
(d) Top management announces that all bonuses, raises and promotions will be based strictly on budget achievement.
  – P2 would increase if budget is achievable-more certainty to get extrinsic result if budget is achieved

Readings
Wk 5 Motivational Aspects of Management Accounting Systems

- **Motivation:** is the willingness to exert high levels of effort to reach organisational goals, conditioned by the effort's ability to satisfy some individual need.

  Thus there are three elements: organisational goals, needs, effort

  Need: some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives generate a search behaviour ie effort to find particular goals that, if attained, will satisfy the need and reduce the tension.

  Effort: measure of intensity or drive. High levels of effort unlikely to lead to favourable performance if not channeled towards the correct goal.

  o **Theories of motivation are therefore theories of effort choice**

  Motivation is a label for the determinants of:

      • initiation and direction (where you direct your effort ie what you choose when presented with alternatives)
      A. level (amount of effort choice put forward)
      B. persistence (of effort choice decisions ie how long you stick with a given action)

the degree of effort expended to achieve outcomes depends on:
  o the individual willingness to perform, and commitment to these outcome in terms of the value attached to a particular outcome.
  o the individuals competency or capacity to perform the tasks
  o the individual's personal assessment of the probability of attaining a specific outcome

the opportunity to perform effectively may be restricted by a number of organisational constraints or barriers, which if not minimised may restrict high levels of individual performance. If the outcome or goal is attained then the individual experiences a reduction in in tension and the expended effort to achieve the outcome is positively reinforced through goal achievement. On the other hand, if the outcome is frustrated after a reasonable passage of time, for example no career progression has occurred then the individul is frustrasted and may : exit the firm, renew attempts at goal achievement, modify or abandon goal, adopt negative response and perform at sub optima level.

Variables Affecting the Motivational Process

- **Person/Personality Factors**
    - Personality (personal characteristics that accounts for consistent pattern of behaviour)
    - Person

- **Environmental Factors**
    - Job Characteristics
    - Measurement, feedback and reward system

Beehaviour equal function of person and environment

Why Study Motivation?

We cannot change personality, but we can change behaviour
1. We can better design:
    - the task
    - the measurement and reward system
    to increase its motivational potential

    o Link between motivation and performance.(control → motivation → people → performance)

Some typical philosophical views about human nature in theories
- **rational –economic person:** people are motivated solely by economic considerations and make rational economic choices ie they wil not work unless paid
- **Social person.** The famous Hwthorne studies suggest that environment conditions such as lighting affectwork performance far less than social factors such as job satiffacvtion, social groupings and conformity
- **self actualising person:** man is intrinsically motivated and takes pride in his work. Eg theory x and y
- **complex person:** recognises the variation in motives, emotions, experiences and abilities of different people and these change over time

Types of theories

o **Content theories (needs or static theory)**
    - focus on factors within the individual that induce behaviour. Ie what motivates individuals
    - Ie Concerned with identifying such variables

a) **Process theories (dynamic theories)**
    a. describe the process by which behaviour is stimulated or directed.
    b. Ie how those variables identified in content theory can interact and initiate motivation that affect behaviour.

b) **Reinforcement theories**
    a. Behaviour is a function of consequences
    b. ignore factors such as needs, expectations and goals

Content theories vs Process and reinforcement theories
Content Theories: