



## Lecture 8: Motivation Part 2

# Learning Objectives

1. Describe how the job characteristics model motivates by changing the work environment.
2. Compare the main ways jobs can be redesigned.
3. Demonstrate how the different types of variable-pay programs can increase employee motivation.
4. Identify the motivational benefits of intrinsic rewards.

# Use Intrinsic Rewards

- Organizations are increasingly recognizing that important work rewards can be both intrinsic and extrinsic.
  - Intrinsic rewards – Employee recognition programs
  - Extrinsic rewards – Compensation systems
- Research suggests that financial incentives may be more motivating in the short-run while non-financial incentives may be more motivating in the long-run.

# Use Intrinsic Rewards

- Employee Recognition Programs
  - E.g., spontaneous, private thank-you; publicized formal event that recognizes specific behaviors and specifies the procedures for attaining recognition
  - Adv: Increases intrinsic motivation; inexpensive; effective even in isolation
  - Disadv: Susceptible to political manipulation



SHOULDN'T EVERY DAY BE  
EMPLOYEE APPRECIATION DAY?



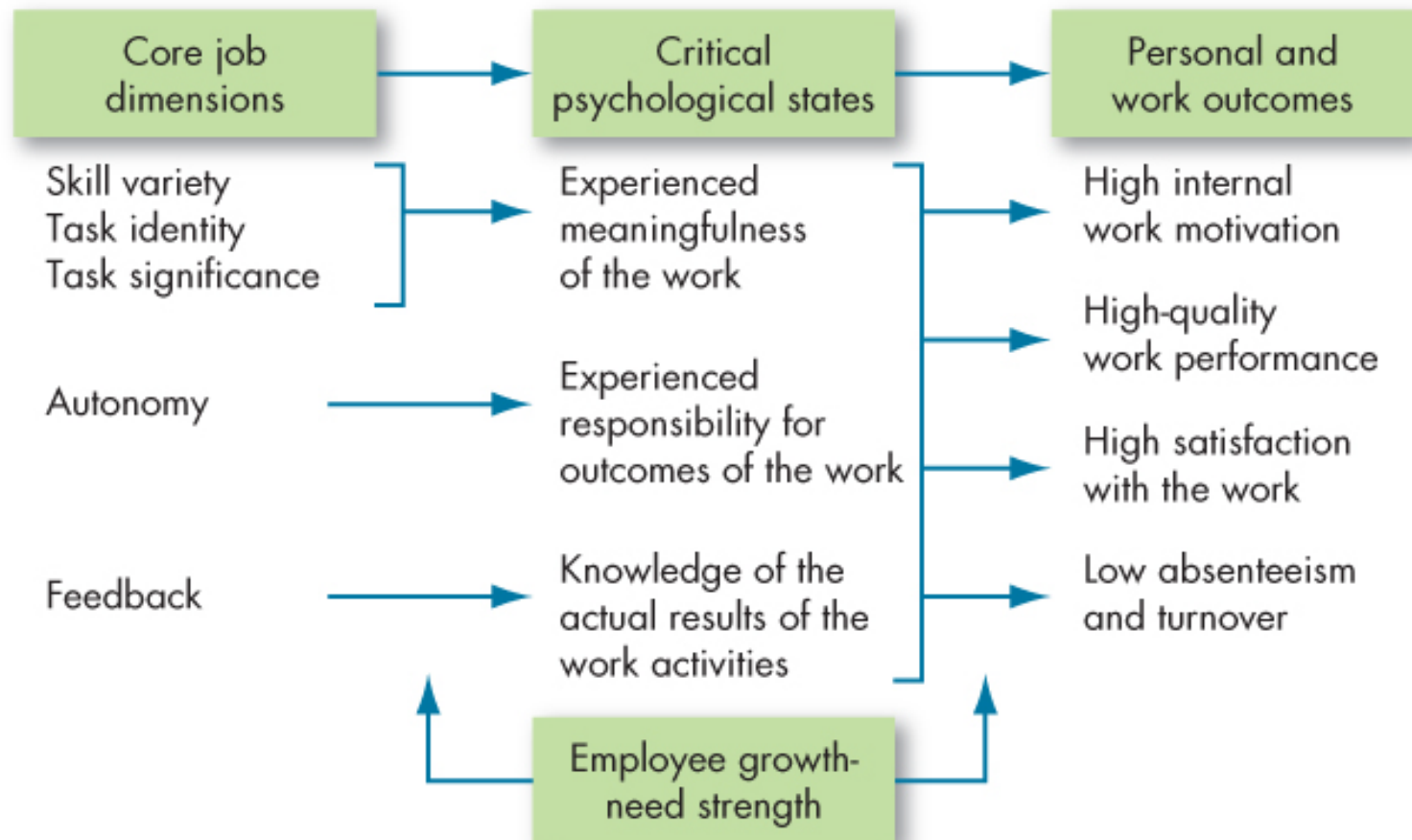
# Redesign Jobs

- **Job design:** The way the elements in a job are organized.
  - Impacts motivation, satisfaction, and performance
- **Job Characteristics Model** (JCM)
  - Suggests we can increase intrinsic motivation by adjusting a job's 5 core dimensions
  - Proposes we obtain internal rewards when we learn (knowledge of results) that we personally performed well (experienced responsibility) on a task we care about (experienced meaningfulness)

# Redesign Jobs

1. **Skill variety:** The degree to which the job requires a variety of different activities and talents
2. **Task identity:** The degree to which the job requires completion of a whole and identifiable piece of work
3. **Task significance:** The degree to which the job has a substantial impact on the lives or work of other people
4. **Autonomy:** The degree to which the job provides freedom, independence, and discretion in determining how the work will be carried out
5. **Feedback:** The degree to which the job provides direct and clear information about one's performance

# Job Characteristics Model (JCM)





# Redesign Jobs

- **Job Rotation (Cross-Training)**

- The periodic shifting of an employee from one task to another with similar skill requirements at the same organizational level
- Adv: Increases intrinsic motivation; reduces boredom; helps employees better understand their work contributions
- Disadv: Creates disruptions; requires extra time for supervisors addressing questions and training time; reduces efficiencies

# Redesign Jobs

- **Job Enrichment**

- Increasing a job's high-level responsibilities to enhance an employee's sense of purpose, direction, and meaning
- Based on Herzberg's two-factor theory
- Adv: Increases intrinsic motivation; reduces turnover
- Disadv: Doesn't change attitudes toward the organization

# Redesign Jobs

- **Relational Job Design**

- **Prosocial motivation:** The drive to promote the well-being of others
- Connect employees with the beneficiaries of their work (e.g., customers, clients, patients, users)
- Meet beneficiaries firsthand
  - Adv: Increases intrinsic motivation and commitment; shows tangible consequences

# Use Alternative Work Arrangements

- **Flextime**

- Work from the office during a common core period and put in the extra hours at your convenience
- Adv: Increases productivity, autonomy, and work/life balance (and indirectly job satisfaction); reduces tardiness, absenteeism, overtime expenses, and traffic congestion
- Disadv: Not suited for some jobs (e.g., customer-oriented); use can negatively impact others' perceptions

# Use Alternative Work Arrangements

- **Job Sharing**

- Two or more people split a 40-hour-a-week job
- Adv: Increases flexibility, motivation, and job satisfaction; creative solution
- Disadv: Difficult to find compatible pairs of employees who can successfully coordinate their effort; can negatively impact others' perceptions



# Use Alternative Work Arrangements

- **Telecommuting**

- Working from a remote location at least two days a week through virtual devices linked to the employer
- Suits 3 categories of jobs – Routine information-handling tasks, mobile activities, and professional and other knowledge-related tasks
- Some organizations encourage it; some discourage it (e.g., Yahoo!, Best Buy).

# Use Alternative Work Arrangements

- Telecommuting Adv.
  - Increased performance
  - Increased job satisfaction
  - Reduced work-family conflict
  - Reduced turnover intentions
  - Reduced carbon emissions
- Telecommuting Disadv.
  - Social loafing
  - Difficult to coordinate and evaluate teamwork
  - Increased isolation
  - Reduced coworker relationship quality
  - Less recognition
  - Can negatively impact others' perceptions

# Increase Participation

- **Employee involvement:** A participative process that uses employees' input to increase their commitment to the organization's success
  - **Participative management**
    - **Joint decision making:** Subordinates share decision-making power with their supervisors
    - Adv: Improves morale; increases productivity
    - Disadvantages: Prerequisites (e.g., trust and confidence in leaders); effect on performance mixed



# Pay for Performance

- Balance internal equity and external equity
  - **Internal equity:** The worth of the job to the organization
    - Established through job evaluation
  - **External equity:** The external competitiveness of an organization's pay relative to elsewhere in the industry
    - Paying above market may net better-qualified and more highly motivated employees who may stay with the firm longer.

# Pay for Performance

- **Variable pay programs:** Base a portion of pay on some individual and/or organizational measure of performance
  - Earnings fluctuate up and down.
  - Enhance performance-reward expectancy
- **Piece-Rate Pay**
  - Paid a fixed sum for each unit of production completed
  - Adv: Enhances performance-reward expectancy
  - Disadv: Financially risky for employees; not feasible for many jobs

# Pay for Performance

- **Merit-Based Pay**

- Pay based on performance appraisal ratings
- Adv: High performers get bigger raises
- Disadv: Imperfect appraisal process; merit pool fluctuates; union resistance



# Pay for Performance

- **Bonuses**

- Rewards employees for recent performance rather than historical performance (like merit-based pay)
- Significant part of total compensation for some jobs
- Increasingly includes lower-ranking employees
- Adv: Feasible for many jobs
- Disadv: Pay more vulnerable to cuts

# Pay for Performance

- **Profit-Sharing Plans**

- Organization-wide programs that distribute compensation based on some established formula centered around a company's profitability
- E.g., direct cash outlays, allocations of stock options
- Adv: Enhances psychological ownership; useful for start-ups
- Disadv: Centers attention on profits for pay

# Pay for Performance

- **Employee Stock Ownership Plan (ESOP)**
  - A company-established benefit plan in which employees acquire stock, often at below-market prices, as part of their benefits
  - Adv: Increases satisfaction and innovation; reduces unethical behavior
  - Disadv: Benefits require psychological ownership

# Implications for Managers

- Design jobs to align with individual needs and maximize their motivation potential.
- Use goals and feedback.
- Allow employees to participate in decisions that affect them.
- Link rewards to performance, and ensure employees perceive the link.
- Check the system for equity. Employees should perceive that individual effort and outcomes explain differences in pay and other rewards.