

# Employee Behavior and Motivation

## PART 3 | PEOPLE IN ORGANIZATIONS

# chapter 8

Kriscoffer Tippaev/Alamy



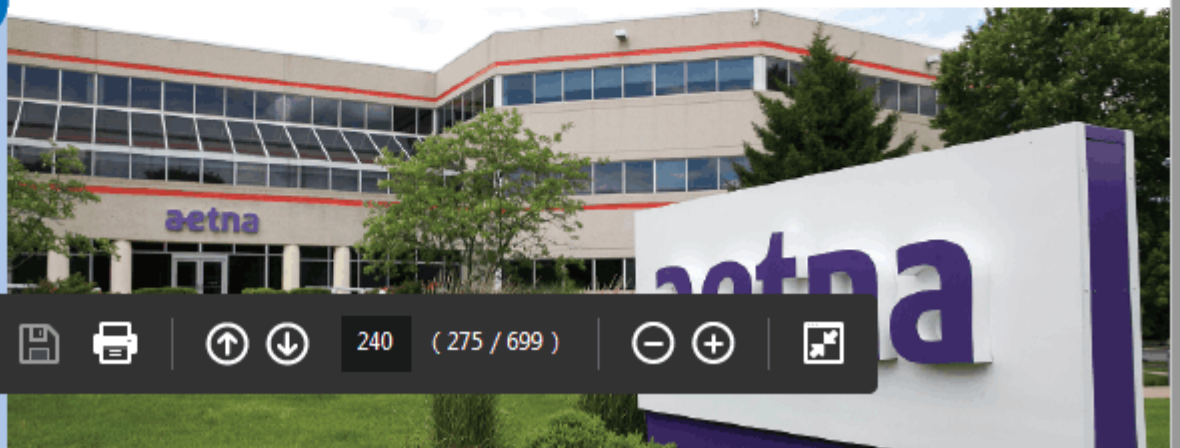
Keeping employees involved and invested is the  
key to a company's bottom line. When

**employees stop**

**caring, everyone suffers.**

After reading this chapter,  
you should be able to:

- 8-1** **Identify** and discuss the basic forms of behaviors that employees exhibit in organizations.
- 8-2** **Describe** the nature and importance of individual differences among employees.
- 8-3** **Explain** the meaning and importance of psychological contracts and the person-job fit in the workplace.
- 8-4** **Identify** and summarize the most important models and concepts of employee motivation.
- 8-5** **Describe** some of the strategies and techniques used by organizations to improve employee motivation.



## A Living Wage

In January 2015, insurance giant Aetna made a startling announcement. The company announced their plans to increase the base wage of their lowest paid employees to at least \$16.00 per hour, more than double the federal minimum wage. This increase in pay affects 12% of Aetna's 48,000 employees and has a significant impact on both the employees and the company. The lowest paid employees, who had a base rate of \$12.00 per hour will see a 33% increase in pay, with the average increase of those affected being 11%. In addition, the company is extending health insurance benefits to nearly 7,000 employees, lowering their out-of-pocket costs by up to \$4,000.

While the employees are, no doubt, delighted, this increase in compensation and benefits comes with a very high price tag. The total cost of the wage and benefit enhancements is expected to be \$14 million in 2015 and more than \$25 million in 2016. To put this in context, Aetna's operating profit in 2014 was \$2.4 billion, making the fully implemented cost of these changes about 1% of their profit. What motivates Aetna to make this move? Well, for starters, the company has estimated that turnover costs them about \$120 million a year. Research has shown that low-wage workers are more likely to quit than their higher paid counterparts. The costs associated with recruiting, hiring, and training new employees can be very high, so a high turnover rate comes with significant hidden costs.

In addition, CEO Mark Bertolini thinks that the pay raise will make workers more productive. Many of the lowest paid workers are employed in the company's call centers. This can be an extremely stressful job, with callers often upset over what is not covered by their insurance or even the events that led up to their claim, whether it's damage to their home or car or an illness or injury. According to Kally Dunn, a call center supervisor from Fresno, "When they call, ... they're angry. And so it's just a lot of de-escalating, calming them down, ... reassuring them." On top of the stress of their job, these low-wage workers face the challenges of paying their day-to-day expenses with such low pay. One of the affected employees from the Fresno call center is Fabian Arredondo. He says, "Finance can be one of the main stresses in people's lives. And when you can pull some relief away from that stress, I definitely think it makes for - you know, a happy employee is a productive employee."

This is exactly the logic that led Aetna to take this bold move. Bertolini was surprised to find that many of his employees were on public assistance, such as food stamps and Medicare. He was shocked "that we as a thriving organization, as a success company, a *Fortune 100* company, should have people that were living like that among the ranks



## what's in it for me?

Think about human behavior as a jigsaw puzzle. Puzzles consist of various pieces that fit together in precise ways. And of course, no two puzzles are exactly alike. They have different numbers of pieces, the pieces are of different sizes and shapes, and they fit together in different ways. The same can be said of human behavior and its determinants. Each of us is a whole picture, like a fully assembled jigsaw puzzle, but the puzzle pieces that define us and the way those pieces fit together are unique. Every person in an organization is fundamentally different from everyone else. To be successful, managers must recognize that these differences exist and attempt to understand them.

They also need to understand why people work. People obviously work for a wide variety of different reasons. Some people want money, some want a challenge, and some want power. What people in an organization want from



Mocker\_bat/Fotolia

work and how they think they can achieve it plays an instrumental role in determining their motivation to work. As we see in this chapter, motivation is vital to all organizations. Indeed, the difference between highly effective organizations and less effective ones often lies in the motivations of their members.

Successful managers usually have at least a fundamental understanding of what accounts for employee behavior and motivation in organizations. Thus, managers need to understand the nature of individual motivation, especially as it applies to work situations. By understanding the basic elements of this chapter, you'll be better able to (1) understand your own feelings toward your work from the perspective of an employee and (2) understand the feelings of others toward their work from the perspective of a boss or owner. To start developing your understanding, let's begin by describing the different forms of behaviors that employees exhibit at work. We'll then examine many of the ways that people differ from one another. Later in the chapter, we'll look at some important models and concepts of employee motivation, as well as some strategies and techniques used by organizations to improve employee motivation.

of our employees." Aetna was careful to ensure that the raises that they awarded employees were substantial enough to offset any loss of public assistance benefits, so that they truly ended up in a better financial position after the change.

Bertolini also believes that Aetna's shareholders, the owners of the company, are supportive of the change. "We positioned it with them on the economics first, but went to this very notion of 'this isn't fair.' We need to invest in our employees. We need to help restore the middle class, and that should be good for the economy as a whole. And so for us it is as much – probably, for me personally, more – a moral argument than it is a financial one."

Economists Justin Wolfers and Jan Zilinsky recently released a study of the impact of this type of pay increase in private-sector businesses in the United States. Wolfers and Zilinsky found research to support the conclusion that higher wages can improve worker productivity and performance. They cited one study that showed that more than half of the cost of a pay increase can be offset by increases in productivity and decreases in turnover-related costs. In addition, by offering higher wages, companies are able to recruit and hire better employees and decrease disciplinary issues. Famous economists such as Janet Yellen (current Chair of the Board of Governors of the Federal Reserve System), as far back as 1984, asserted that higher wages create the groundwork for employee productivity as a result of "reduced shirking by employees due to a higher cost of job loss; lower turnover; an improvement in the average quality of job applicants and improved morale." The benefits of higher wages also extend to quality and customer service. A number of recent studies found that employers reported improvements in both customer service and the quality of production.

Aetna is not alone in this strategy. Gap announced in 2014 that it would raise its lowest hourly wage to \$10 by June of 2015. The company saw an immediate 10% increase in the number of applicants for jobs. And IKEA, the Scandinavian retail giant, announced just months later that it was increasing their base pay to \$10.76 per hour. Is this a trend that will continue? Will companies increase worker pay to improve performance and cut costs? Only time will tell.<sup>1</sup> (After studying the content of this chapter you should be able to answer the set of discussion questions found at the end of the chapter.)

### OBJECTIVE 8-1 Identify

and discuss the basic forms of behaviors that employees exhibit in organizations.

*Employee Behavior* the pattern of actions by the members of an organization that directly or indirectly influences the organization's effectiveness

*Performance Behaviors* the total set of work-related behaviors that the organization expects employees to display

## Forms of Employee Behavior

**Employee behavior** is the pattern of actions by the members of an organization that directly or indirectly influences the organization's effectiveness. Some employee behaviors, called *performance behaviors*, directly contribute to productivity and performance. Other behaviors, referred to as *organizational citizenship*, provide positive benefits to the organization but in more indirect ways. *Counterproductive behaviors* detract from performance and actually cost the organization. Let's look at each of these types of behavior in a bit more detail.

### Performance Behaviors

**Performance behaviors** are the total set of work-related behaviors that the organization expects employees to display. Essentially, these are the behaviors directly targeted at performing a job. For some jobs, performance behaviors can be narrowly defined and easily measured. For example, an assembly-line worker who sits by a moving conveyor and attaches parts to a product as it passes by has relatively few performance behaviors. He or she is expected to remain at the workstation for a predetermined number of hours and correctly attach the parts. Such performance

can often be assessed quantitatively by counting the percentage of parts correctly attached. Similarly, sales representatives are expected to promote the firm's products and services, find new customers, and keep existing customers satisfied. Sales revenue and growth, then, are common performance indicators for sales jobs.

For some jobs, however, performance behaviors are more diverse and difficult to assess. For example, consider the case of a research-and-development scientist at Merck Pharmaceuticals. The scientist works in a lab trying to find new scientific breakthroughs that have commercial potential. The scientist must apply knowledge and experience gained from previous research. Intuition and creativity are also important. But even with all the scientist's abilities and effort, a desired breakthrough may take months or even years to accomplish and validate.

## Organizational Citizenship

Employees can also engage in positive behaviors that do not directly contribute to the bottom line. Such behaviors are often called **organizational citizenship**.<sup>2</sup> Organizational citizenship refers to the behavior of individuals who make a positive overall contribution to the organization. Consider, for example, an employee who does work that is highly acceptable in terms of both quantity and quality. However, she refuses to work overtime, won't help newcomers learn the ropes, and is generally unwilling to make any contribution beyond the strict performance requirements of her job. This person may be seen as a good performer, but she is not likely to be seen as a good organizational citizen. Another employee may exhibit a comparable level of performance, but she always works late when the boss asks her to, she takes time to help newcomers learn their way around, and she is perceived as being helpful and committed to the organization's success. She is likely to be seen as a better organizational citizen.

A number of factors, including individual, social, and organizational variables, play roles in promoting or minimizing organizational citizenship behaviors. For example, the personality, attitudes, and needs of the individual may cause some people to be more helpful than others. Similarly, the individual's work group may encourage or discourage such behaviors. And the organization itself, especially its corporate culture, may or may not promote, recognize, and reward these types of behaviors.

**Organizational Citizenship**  
positive behaviors that do not directly contribute to the bottom line

## Counterproductive Behaviors

Still other work-related behaviors are counterproductive. **Counterproductive behaviors** are those that detract from, rather than contribute to, organizational performance. **Absenteeism** occurs when an employee does not show up for work. Some absenteeism

**Counterproductive Behaviors**  
behaviors that detract from organizational performance

**Absenteeism** when an employee does not show up for work



Monkey Business Images/Shutterstock

Organizational citizenship is the behavior of individuals who make a positive contribution to the organization above-and-beyond strict job performance. This manager, for example, is helping her colleagues better understand important organizational processes and customer expectations.

# managing in turbulent times

## Not Just on the Playground

While we often associate the term “bullying” with childhood behaviors, there’s considerable research to suggest that these behaviors can extend into the workplace. In fact, twenty-eight percent of workers surveyed by CareerBuilder said that they had been bullied at work. The impact of bullying is real – nineteen percent of these workers left their jobs as a result of the bullying. In addition, workplace bullying has been associated with a number of counterproductive attitudes and behaviors such as disengagement, job dissatisfaction, and symptoms of anxiety, depression, burnout, and psychological distress. Rosemary Haefner, Vice President of Human Resources at Career Builder goes on to explain, “One of the most surprising takeaways from the study was that bullying impacts workers of all backgrounds regardless of race, education, income, and levels of authority within the organization. Many of the workers who have experienced this don’t confront the bully or elect not to report the incidents, which can prolong a negative work experience that leads some to leave their jobs.”

You might wonder exactly what bullying looks like in the workplace. It can take many forms, but the most common include being falsely accused of mistakes, constant criticism, gossip, belittling comments, purposeful exclusion from projects or meetings, and even physical intimidation. Bullying is generally a long-term, persistent pattern of behavior intended to cause humiliation, offense, or distress. Bullies tended to be older than the worker and were most commonly their boss or someone else above them in the organization. Interestingly, workers in governmental organizations reported being bullied nearly twice as often as those in corporate settings. Bullying appears to disproportionately affect racial and ethnic minorities, as well as the disabled. It appears that bullying is slightly



Paula Connolly/Getty Images

less common when a worker has a higher level of education or higher pay, although workers at all levels were generally equally likely to have been bullied at some point in their careers.

In light of these statistics, there’s a very real chance that you may be the victim of a bully in the future. Of those surveyed, nearly half confronted their bully, but this was successful in remedying the situation only about half the time. Unfortunately, contacting the human resources department appears to be even less effective, with no action taken 58% of the time. Should you find yourself in this situation, it is important to document incidents of bullying and keep track of what happened and who was present. It may be a good idea to start by speaking directly with the bully – there are many times that a bully may not understand the effects of their actions. Finally, it’s important to focus on the resolution, rather than dwelling on what has already happened.<sup>3</sup>

has a legitimate cause, such as illness, jury duty, or death or illness in the family. Other times, the employee may report a feigned legitimate cause that’s actually just an excuse to stay home. When an employee is absent, legitimately or not, his or her work does not get done at all, a substitute must be hired to do it, or others in the organization must pick up the slack. In any event, though, absenteeism results in direct costs to a business.

**Turnover** occurs when people quit their jobs. An organization usually incurs costs in replacing workers who have quit, lost productivity while seeking a replacement, training someone new, and so on. Turnover results from a number of factors, including aspects of the job, the organization, the individual, the labor market, and family influences. In general, a poor person-job fit (which we’ll discuss later in the chapter) is also a likely cause of turnover. There are some employees whose turnover doesn’t hurt the business, but when productive employees leave an organization, it does reflect counterproductive behavior.

Other forms of counterproductive behavior may be even more costly for an organization. *Theft and sabotage*, for example, result in direct financial costs for an

*Turnover annual percentage of an organization’s workforce that leaves and must be replaced*

organization. *Sexual and racial harassment* also cost an organization, both indirectly (by lowering morale, producing fear, and driving off valuable employees) and directly (through financial liability if the organization responds inappropriately). *Workplace aggression and violence* are also a growing concern in some organizations, as is *bullying*.

## Individual Differences among Employees

What causes some employees to be more productive than others, to be better citizens than others, or to be more counterproductive than others? As we already noted, every individual is unique. **Individual differences** are personal attributes that vary from one person to another. Individual differences may be physical, psychological, and emotional. The individual differences that characterize a specific person make that person unique. As we see in the sections that follow, basic categories of individual differences include *personality* and *attitudes*.<sup>4</sup>

### Personality at Work

**Personality** is the relatively stable set of psychological attributes that distinguish one person from another. In recent years, researchers have identified five fundamental traits that are especially relevant to organizations. These are commonly called the “big five” personality traits. *Emotional intelligence*, although not part of the “big five,” also plays a large role in employee personality.

**The “Big Five” Personality Traits** The “big five” personality traits are shown in Figure 8.1 and can be summarized as follows.

- **Agreeableness** is a person’s ability to get along with others. A person with a *high* level of agreeableness is gentle, cooperative, forgiving, understanding, and good-natured in their dealings with others. A person with a *low* level of agreeableness is often irritable, short-tempered, uncooperative, and generally antagonistic toward other

#### OBJECTIVE 8-2 Describe

the nature and importance of individual differences among employees.

**Individual Differences** personal attributes that vary from one person to another

**Personality** the relatively stable set of psychological attributes that distinguish one person from another

**“Big Five” Personality Traits** five fundamental personality traits especially relevant to organizations

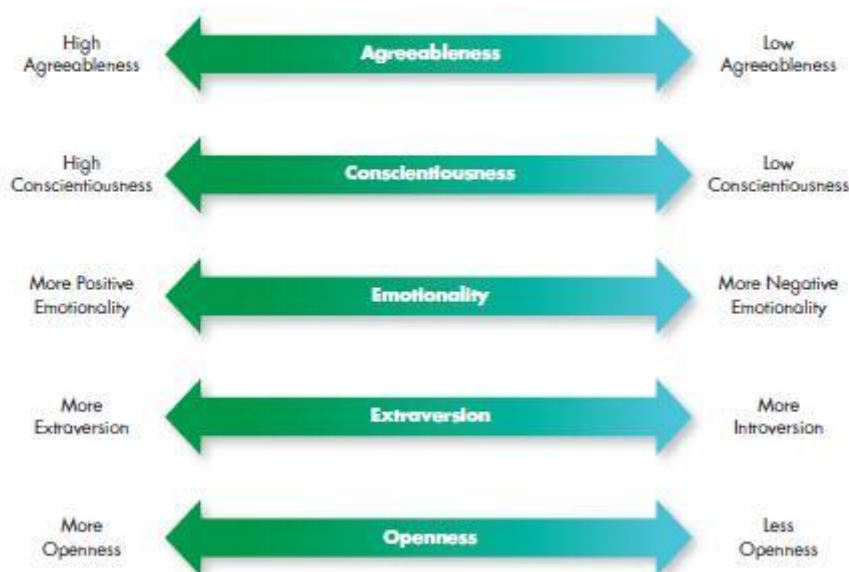


FIGURE 8.1 The “Big Five” Personality Traits

people. Highly agreeable people are better at developing good working relationships with coworkers, whereas less agreeable people are not likely to have particularly good working relationships.

- **Conscientiousness** in this context refers to the individual's persistence, dependableness, and orderliness. *Highly conscientious* people tend to focus on relatively few tasks at one time; as a result, they are likely to be organized, systematic, careful, thorough, responsible, and self-disciplined. *Less conscientious* people tend to pursue a wider array of tasks; as a result, they are often more disorganized and irresponsible, as well as less thorough and self-disciplined. Highly conscientious people tend to be relatively higher performers in a variety of different jobs.
- **Emotionality** refers to the degree to which people tend to be positive or negative in their outlook and behaviors toward others. People with *positive* emotionality are relatively poised, calm, resilient, and secure; people with *negative* emotionality are more excitable, insecure, reactive, and subject to mood swings. People with positive emotionality might be expected to better handle job stress, pressure, and tension. Their stability might also lead them to be seen as being more reliable than their less-stable counterparts.
- **Extraversion** refers to a person's comfort level with relationships. *Extraverts* are sociable, talkative, assertive, and open to establishing new relationships. *Introverts* are much less sociable, talkative, and assertive, and more reluctant to begin new relationships. Extraverts tend to be higher overall job performers than introverts and are more likely to be attracted to jobs based on personal relationships, such as sales and marketing positions.
- **Openness** reflects how open or rigid a person is in terms of his or her beliefs. People with *high* levels of openness are curious and willing to listen to new ideas and to change their own ideas, beliefs, and attitudes in response to new information. People with *low* levels of openness tend to be less receptive to new ideas and less willing to change their minds. People with more openness are often better performers because of their flexibility and the likelihood that they will be better accepted by others in the organization.

The "big five" framework continues to attract the attention of both researchers and managers. The potential value of this framework is that it encompasses an integrated set of traits that appear to be valid predictors of certain behaviors in certain situations. Thus, managers who can both understand the framework and assess these traits in their employees are in a good position to understand how and why they behave as they do.

**The Myers-Briggs Framework** Another interesting approach to understanding personalities in organizations is the Myers-Briggs framework. This framework, based on the classical work of Carl Jung, differentiates people in terms of four general dimensions. These are defined as follows.

- **Extraversion (E) Versus Introversion (I).** Extraverts get their energy from being around other people, whereas introverts are worn out by others and need solitude to recharge their energy.
- **Sensing (S) Versus Intuition (N).** The sensing type prefers concrete things, whereas intuitives prefer abstract concepts.
- **Thinking (T) Versus Feeling (F).** Thinking individuals base their decisions more on logic and reason, whereas feeling individuals base their decisions more on feelings and emotions.
- **Judging (J) Versus Perceiving (P).** People who are the judging type enjoy completion or being finished, whereas perceiving types enjoy the process and open-ended situations.

To use this framework, people complete a questionnaire designed to measure their personality on each dimension. Higher or lower scores in each of the dimensions are used to classify people into one of 16 different personality categories. The **Myers-Briggs Type Indicator (MBTI)** is a popular questionnaire that some organizations use to assess personality types. It is among the most popular selection instruments used today, with as many as 2 million people taking it each year. Research suggests that the MBTI is a useful method for determining communication styles and interaction preferences. In terms of personality attributes, however, questions exist about both the validity and the stability of the MBTI.

**Myers-Briggs Type Indicator (MBTI)** a popular questionnaire that some organizations use to assess personality types

**Emotional Intelligence** The concept of emotional intelligence has been identified in recent years and also provides some interesting insights into personality. **Emotional intelligence**, or **emotional quotient (EQ)**, refers to the extent to which people are self-aware, can manage their emotions, can motivate themselves, express empathy for others, and possess social skills.<sup>5</sup> These various dimensions can be described as follows:

**Emotional Intelligence (Emotional Quotient, EQ)** the extent to which people are self-aware, can manage their emotions, can motivate themselves, express empathy for others, and possess social skills

- **Self-awareness** refers to a person's capacity for being aware of how they are feeling. In general, more self-awareness allows people to more effectively guide their own lives and behaviors.
- **Managing emotions** refers to a person's capacities to balance anxiety, fear, and anger so that they do not overly interfere with getting things accomplished.
- **Motivating oneself** is a person's ability to remain optimistic and to continue striving in the face of setbacks, barriers, and failure.
- **Empathy** is a person's ability to understand how others are feeling even without being explicitly told.
- **Social skills** help people get along with others and establish positive relationships.

Preliminary research suggests that people with high EQs may perform better than others, especially in jobs that require a high degree of interpersonal interaction (such as a public relations specialist) or that involve influencing or directing the work of others (such as a project manager). Moreover, EQ appears to be something that isn't biologically based but which can be developed.

**Other Personality Traits at Work** Besides these complex models of personality, several other specific personality traits are also likely to influence behavior in organizations. Among the most important are locus of control, self-efficacy, authoritarianism, Machiavellianism, self-esteem, and risk propensity.

**Locus of control** is the extent to which people believe that their behavior has a real effect on what happens to them.<sup>6</sup> Some people, for example, believe that if they work hard they will succeed. They may also believe that people who fail do so because they lack ability or motivation. People who believe that individuals are in control of their lives are said to have an internal locus of control. Other people think that fate, chance, luck, or other people's behavior determines what happens to them. For example, an employee who fails to get a promotion may attribute that failure to a politically motivated boss or just bad luck, rather than to his or her own lack of skills or poor performance record. People who think that forces beyond their control dictate what happens to them are said to have an external locus of control.

**Locus of Control** the extent to which people believe that their behavior has a real effect on what happens to them

Self-efficacy is a related but subtly different personality characteristic. A person's **self-efficacy** is that person's belief about his or her capabilities to perform a task. People with high self-efficacy believe that they can perform well on a specific task, whereas people with low self-efficacy tend to doubt their ability to perform a specific task. Coupled with the individual's personality, self-assessments of ability contribute to self-efficacy. Some people simply have more self-confidence than others. This belief in their ability to perform a task effectively results in their being more self-assured and better able to focus their attention on performance.<sup>7</sup>

**Self-Efficacy** a person's belief about his or her capabilities to perform a task

**Authoritarianism** the extent to which a person believes that power and status differences are appropriate within hierarchical social systems such as organizations

**Machiavellianism** used to describe behavior directed at gaining power and controlling the behavior of others

**Self-Esteem** the extent to which a person believes that he or she is a worthwhile and deserving individual

**Risk Propensity** the degree to which a person is willing to take chances and make risky decisions

**Attitudes** a person's beliefs and feelings about specific ideas, situations, or people

Another important personality characteristic is **authoritarianism**, the extent to which a person believes that power and status differences are appropriate within hierarchical social systems such as organizations.<sup>8</sup> For example, a person who is highly authoritarian may accept directives or orders from someone with more authority purely because the other person is “the boss.” On the other hand, a person who is not highly authoritarian, although he or she may still carry out reasonable directives from the boss, is more likely to question things, express disagreement with the boss, and even refuse to carry out orders if they are for some reason objectionable. A highly authoritarian manager may be relatively autocratic and demanding, and highly authoritarian subordinates are more likely to accept this behavior from their leader. On the other hand, a less authoritarian manager may allow subordinates a bigger role in making decisions, and less authoritarian subordinates might respond more positively to this behavior.

Machiavellianism is another important personality trait. This concept is named after Niccolò Machiavelli, a sixteenth-century author. In his book *The Prince*, Machiavelli explained how the nobility could more easily gain and use power. The term **Machiavellianism** is now used to describe behavior directed at gaining power and controlling the behavior of others. Research suggests that the degree of Machiavellianism varies from person to person. More Machiavellian individuals tend to be rational and nonemotional, may be willing to lie to attain their personal goals, put little emphasis on loyalty and friendship, and enjoy manipulating others' behavior. Less Machiavellian individuals are more emotional, less willing to lie to succeed, value loyalty and friendship highly, and get little personal pleasure from manipulating others.

**Self-esteem** is the extent to which a person believes that he or she is a worthwhile and deserving individual. A person with high self-esteem is more likely to seek higher-status jobs, be more confident in his or her ability to achieve higher levels of performance, and derive greater intrinsic satisfaction from his or her accomplishments. In contrast, a person with less self-esteem may be more content to remain in a lower-level job, be less confident of his or her ability, and focus more on extrinsic rewards (extrinsic rewards are tangible and observable rewards such as a paycheck, job promotion, and so forth). Among the major personality dimensions, self-esteem is the one that has been most widely studied in other countries. Although more research is clearly needed, the published evidence suggests that self-esteem as a personality trait does indeed exist in a variety of countries and that its role in organizations is reasonably important across different cultures.

**Risk propensity** is the degree to which a person is willing to take chances and make risky decisions. A manager with a high risk propensity, for example, might experiment with new ideas and gamble on new products. Such a manager might also lead the organization in new and different directions. This manager might be a catalyst for innovation or, if the risky decisions prove to be bad ones, might jeopardize the continued well-being of the organization. A manager with low risk propensity might lead an organization to stagnation and excessive conservatism or might help the organization successfully weather turbulent and unpredictable times by maintaining stability and calm. Thus, the potential consequences of a manager's risk propensity depend heavily on the organization's environment.

## Attitudes at Work

People's attitudes also affect their behavior in organizations. **Attitudes** reflect our beliefs and feelings about specific ideas, situations, or other people. Attitudes are important because they are the mechanism through which we express our feelings. An employee's comment that he feels underpaid reflects his feelings about his pay. Similarly, when a manager says that she likes the new advertising campaign, she is expressing her feelings about the organization's marketing efforts.

**How Attitudes Are Formed** Attitudes are formed by a variety of forces, including our personal values, our experiences, and our personalities. For example,

if we value honesty and integrity, we may form especially favorable attitudes toward a manager whom we believe to be honest and moral. Similarly, if we have had negative and unpleasant experiences with a particular coworker, we may form an unfavorable attitude toward that person. Any of the “big five” or individual personality traits may also influence our attitudes. Understanding the basic structure of an attitude helps us see how attitudes are formed and can be changed.

**Attitude Structure** Attitudes are usually viewed as stable dispositions to behave toward objects in a certain way. For any number of reasons, a person might decide that he or she does not like a particular political figure or a certain restaurant (a disposition). We would expect that person to express consistently negative opinions of the candidate or restaurant and to maintain the consistent, predictable intention of not voting for the political candidate or not eating at the restaurant. In this view, attitudes contain three components: (1) cognition, (2) affect, and (3) intention.

**Cognition** is the knowledge a person presumes to have about something. You may believe you like a class because the textbook is excellent, the class meets at your favorite time, the instructor is outstanding, and the workload is light. This “knowledge” may be true, partially true, or totally false. For example, you may intend to vote for a particular candidate because you think you know where the candidate stands on several issues. In reality, depending on the candidate’s honesty and your understanding of his or her statements, the candidate’s thinking on the issues may be exactly the same as yours, partly the same, or totally different. Cognitions are based on perceptions of truth and reality, and, as we note later, perceptions agree with reality to varying degrees.

A person’s **affect** is his or her feelings toward something. In many ways, affect is similar to emotion; it is something over which we have little or no conscious control. For example, most people react to words such as *love*, *hate*, *sex*, and *war* in a manner that reflects their feelings about what those words convey. Similarly, you may like one of your classes, dislike another, and be indifferent toward a third. If the class you dislike is an elective, you may not be particularly concerned about your participation or final grade. But if it is the first course in your chosen major, your affective reaction may cause you considerable anxiety.

**Intention** guides a person’s behavior. If you like your instructor, you may intend to take another class from him or her next semester. Intentions are not always translated into actual behavior, however. If the instructor’s course next semester is scheduled for 8 A.M., you may decide that another instructor is just as good. Some attitudes, and their corresponding intentions, are much more central and significant to an individual than others. You may intend to do one thing (take a particular class) but later alter your intentions because of a more significant and central attitude (fondness for sleeping late).

**Cognitive Dissonance** When two sets of cognitions or perceptions are contradictory or incongruent, a person experiences a level of conflict and anxiety called **cognitive dissonance**. Cognitive dissonance also occurs when people behave in a fashion that is inconsistent with their attitudes. For example, a person may realize that smoking and overeating are dangerous yet continue to do both. Because the attitudes and behaviors are inconsistent with each other, the person probably will experience a certain amount of tension and discomfort and may try to reduce these feelings by changing the attitude, altering the behavior, or perceptually distorting the circumstances. For example, the dissonance associated with overeating might be resolved by continually deciding to go on a diet “next week.” Cognitive dissonance affects people in a variety of ways. We frequently encounter situations in which our attitudes conflict with each other or with our behaviors. Dissonance reduction is the way we deal with these feelings of discomfort and tension. In organizational settings, people contemplating leaving the organization may wonder why they continue to stay and work hard. As a result of this dissonance, they may conclude that the company is not so bad after all, that they have no immediate options elsewhere, or that they will leave “soon.”

*Cognition the knowledge a person presumes to have about something*

*Affect a person’s feelings toward something*

*Intention part of an attitude that guides a person’s behavior*

*Cognitive Dissonance when two sets of cognitions or perceptions are contradictory or incongruent*

**Key Work-Related Attitudes** People in an organization form attitudes about many different things. Employees are likely to have attitudes about their salary, their promotion possibilities, their boss, employee benefits, and so on. Especially important attitudes are *job satisfaction* and *organizational commitment*.

**Job Satisfaction** degree of enjoyment that people derive from performing their jobs

- **Job satisfaction** reflects the extent to which people have positive attitudes toward their jobs. (Some people use the word *morale* instead of job satisfaction.) A satisfied employee tends to be absent less often, to be a good organizational citizen, and to stay with the organization. Dissatisfied employees may be absent more often, may experience stress that disrupts coworkers, and may be continually looking for another job. Contrary to what a lot of managers believe, however, high levels of job satisfaction do not necessarily lead to higher levels of productivity.

**Organizational Commitment** an individual's identification with the organization and its mission

- **Organizational commitment**, sometimes called *job commitment*, reflects an individual's identification with the organization and its mission. A highly committed person will probably see himself or herself as a true member of the firm (for example, referring to the organization in personal terms, such as "we make high-quality products"), overlook minor sources of dissatisfaction, and see himself or herself remaining a member of the organization. A less committed person is more likely to see himself as an outsider (e.g., referring to the organization in less personal terms, such as "they don't pay their employees very well"), to express more dissatisfaction about things, and to not see himself or herself as a long-term member of the organization.

There are a few critical things managers can do to promote satisfaction and commitment. For one thing, if the organization treats its employees fairly and provides reasonable rewards and job security, its employees are more likely to be satisfied and committed. Allowing employees to have a say in how things are done can also promote these attitudes. Designing jobs so that they are stimulating can enhance both satisfaction and commitment. Another key element is understanding and respecting what experts call *psychological contracts*, which we will discuss in the next section.

### OBJECTIVE 8-3 Explain

the meaning and importance of psychological contracts and the person-job fit in the workplace.

## Matching People and Jobs

Given the array of individual differences that exists across people and the many different forms of employee behaviors that can occur in organizations, it stands to reason that managers would like to have a good match between people and the jobs they are performing. Two key methods for helping to understand how this match can be better understood are *psychological contracts* and the *person-job fit*.

### Psychological Contracts

A **psychological contract** is the overall set of expectations held by employees and the organization regarding what employees will contribute to the organization and what the organization will provide in return. Unlike a business contract, a psychological contract is not written on paper, nor are all of its terms explicitly negotiated.<sup>9</sup>

Figure 8.2 illustrates the essential nature of a psychological contract. The individual makes a variety of *contributions* to the organization, such as effort, ability, loyalty, skills, and time. These contributions satisfy their obligation under the contract. For example, Jill Henderson, a branch manager for Charles Schwab and Co., uses her knowledge of financial markets and investment opportunities to help her clients make profitable investments. Her MBA in finance, coupled with hard work and motivation, have led her to become one of the firm's most promising young managers. The firm believed she had these attributes when it hired her and expected that she would do well.

In return for these contributions, the organization provides *inducements* to the individual. These inducements satisfy the organization's contract obligation. Some

**Psychological Contract** set of expectations held by an employee concerning what he or she will contribute to an organization (referred to as contributions) and what the organization will in return provide the employee (referred to as inducements)

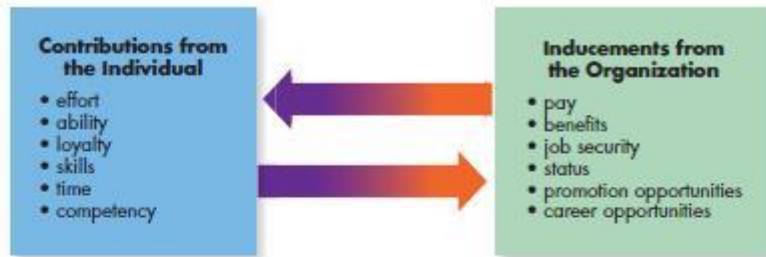


FIGURE 8.2 The Psychological Contract

inducements, such as pay and career opportunities, are tangible rewards. Others, such as job security and status, are more intangible. Henderson started at Schwab at a competitive salary and has received a salary increase each of the six years she has been with the firm. She has also been promoted twice and expects another promotion in the near future.

In this instance, both Henderson and Schwab apparently perceive that the psychological contract is fair and equitable. Both will be satisfied with the relationship and will do what they can to continue it. Henderson is likely to continue to work hard and effectively, and Schwab is likely to continue to increase her salary and give her promotions. In other situations, however, things might not work out as well. If either party sees an inequity in the contract, that party may initiate a change. The employee might ask for a pay raise or promotion, put forth less effort, or look for a better job elsewhere. The organization can also initiate change by training the worker to improve his or her skills, transferring him or her to another job, or firing him or her.

All organizations face the basic challenge of managing psychological contracts. They want value from their employees, and they need to give employees the right inducements. For instance, underpaid employees may perform poorly or leave for better jobs elsewhere. Similarly, an employee may even occasionally start to steal from the company as a way to balance the psychological contract.

Recent trends in downsizing and cutbacks have complicated the process of managing psychological contracts. For example, many organizations used to offer at least



Person-job fit is an important consideration when hiring people to perform specific jobs. For instance, some people might thrive working in extreme weather conditions, performing risky jobs, or traveling most of the time. Other people, in contrast, would balk at any of these opportunities and instead only want to work under mild weather conditions, performing low risk tasks, or never traveling. Consider, for example, the job of cleaning external windows on high-rise buildings like the person shown here. Some people can handle jobs like this easily while others might be terrified!

reasonable assurances of job permanence as a fundamental inducement to employees. Now, however, job permanence is less likely, so alternative inducements may be needed. Among the new forms of inducements, some companies are providing additional training opportunities and increased flexibility in working schedules.

## The Person-Job Fit

**Person-Job Fit** the extent to which a person's contributions and the organization's inducements match one another

The **person-job fit** refers to the extent to which a person's contributions and the organization's inducements match one another. A good person-job fit is one in which the employee's contributions match the inducements the organization offers. In theory, each employee has a specific set of needs that she wants fulfilled and a set of job-related behaviors and abilities to contribute. If the organization can take perfect advantage of those behaviors and abilities and exactly fulfill his or her needs, it will have achieved a perfect person-job fit. Good person-job fit, in turn, can result in higher performance and more positive attitudes. A poor person-job fit, though, can have just the opposite effects.

## Basic Motivation Concepts and Theories

### OBJECTIVE 8-4 Identify

and summarize the most important models and concepts of employee motivation.

**Motivation** the set of forces that cause people to behave in certain ways

Broadly defined, **motivation** is the set of forces that cause people to behave in certain ways. One worker may be motivated to work hard to produce as much as possible, whereas another may be motivated to do just enough to survive. Managers must understand these differences in behavior and the reasons for them.

Over the years, a steady progression of theories and studies has attempted to address these issues. In this section, we survey the major studies and theories of employee motivation. In particular, we focus on three approaches to human relations in the workplace that reflect a basic chronology of thinking in the area: (1) *classical theory* and *scientific management*, (2) *early behavioral theory*, and (3) *contemporary motivational theories*.

### Classical Theory

**Classical Theory of Motivation** theory holding that workers are motivated solely by money

According to the **classical theory of motivation**, workers are motivated solely by money. In his 1911 book, *The Principles of Scientific Management*, industrial engineer Frederick Taylor proposed a way for both companies and workers to benefit from this widely accepted view of life in the workplace. If workers are motivated by money, Taylor reasoned, paying them more should prompt them to produce more. Meanwhile, the firm that analyzed jobs and found better ways to perform them would be able to produce goods more cheaply, make higher profits, and pay and motivate workers better than its competitors.

Taylor's approach is known as *scientific management*. His ideas captured the imagination of many managers in the early twentieth century. Soon, manufacturing plants across the United States were hiring experts to perform time-and-motion studies: Industrial engineering techniques were applied to each facet of a job to determine how to perform it most efficiently. These studies were the first scientific attempts to break down jobs into easily repeated components and to devise more efficient tools and machines for performing them.<sup>10</sup>

### Early Behavioral Theory

In 1925, a group of Harvard researchers began a study at the Hawthorne Works of Western Electric outside Chicago. With an eye to increasing productivity, they wanted to examine the relationship between changes in the physical environment and worker output.



Ardi Skoley/Blend Images/Getty

Treating employees with respect and recognizing that they are valuable members of the organization can go a long way toward motivating employees to perform at their highest levels.

The results of the experiment were unexpected, even confusing. For example, increased lighting levels improved productivity. For some reason, however, so did lower lighting levels. Moreover, against all expectations, increased pay failed to increase productivity. Gradually, the researchers pieced together the puzzle. The explanation lay in the workers' response to the attention they were receiving. The researchers concluded that productivity rose in response to almost any management action that workers interpreted as special attention. This finding, known today as the **Hawthorne effect**, had a major influence on human relations theory, although in many cases it amounted simply to convincing managers that they should pay more attention to employees.

Following the Hawthorne studies, managers and researchers alike focused more attention on the importance of good human relations in motivating employee performance. Stressing the factors that cause, focus, and sustain workers' behavior, most motivation theorists became concerned with the ways in which management thinks about and treats employees. The major motivation theories include the *human resources model*, the *hierarchy of needs model*, and *two-factor theory*.

**Human Resources Model: Theories X and Y** In one important book, behavioral scientist Douglas McGregor concluded that managers had radically different beliefs about how best to use the human resources employed by a firm. He classified these beliefs into sets of assumptions that he labeled "Theory X" and "Theory Y." The basic differences between these two theories are shown in Table 8.1.

Managers who subscribe to **Theory X** tend to believe that people are naturally lazy and uncooperative and must be either punished or rewarded to be made productive. Managers who are inclined to accept Theory Y tend to believe that people are naturally energetic, growth-oriented, self-motivated, and interested in being productive.

**Hawthorne Effect** tendency for productivity to increase when workers believe they are receiving special attention from management

**Theory X** theory of motivation holding that people are naturally lazy and uncooperative

**table 8.1** Theory X and Theory Y

Theory X	Theory Y
People are lazy.	People are energetic.
People lack ambition and dislike responsibility.	People are ambitious and seek responsibility.
People are self-centered.	People can be selfless.
People resist change.	People want to contribute to business growth and change.
People are gullible and not bright.	People are intelligent.

**Theory Y** theory of motivation holding that people are naturally energetic, growth-oriented, self-motivated, and interested in being productive

**Hierarchy of Human Needs Model** theory of motivation describing five levels of human needs and arguing that basic needs must be fulfilled before people work to satisfy higher-level needs

**Two-factor Theory** theory of motivation holding that job satisfaction depends on two factors, hygiene and motivation

McGregor argued that **Theory Y** managers are more likely to have satisfied and motivated employees. Theory X and Y distinctions are somewhat simplistic and offer little concrete basis for action. Their value lies primarily in their ability to highlight and classify the behavior of managers in light of their attitudes toward employees.

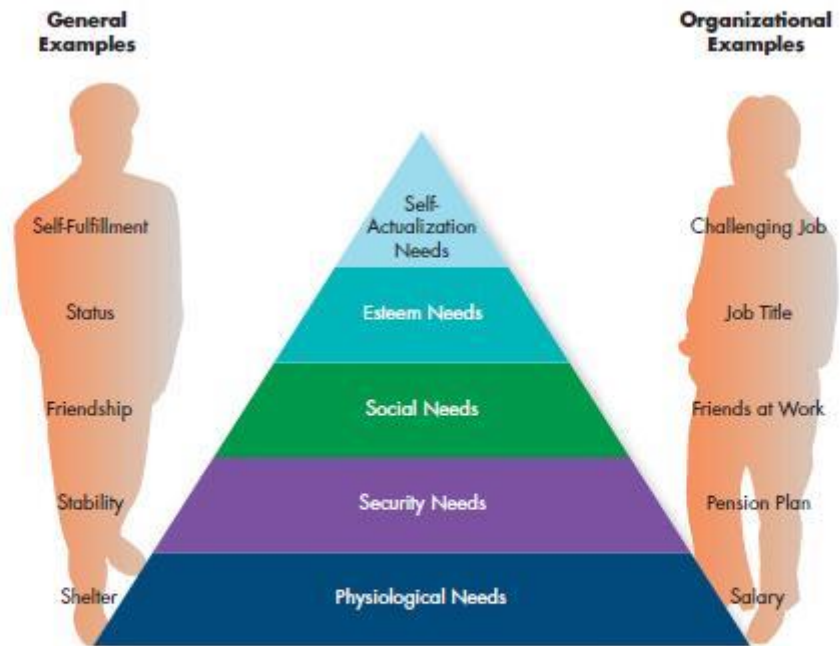
**Maslow's Hierarchy of Needs Model** Psychologist Abraham Maslow's **hierarchy of human needs model** proposed that people have several different needs that they attempt to satisfy in their work. Maslow classified these needs into five basic types and suggested that they be arranged in the hierarchy of importance, as shown in Figure 8.3. According to Maslow, needs are hierarchical because lower-level needs must be met before a person will try to satisfy higher-level needs.

Once a set of needs has been satisfied, it ceases to motivate behavior. For example, if you feel secure in your job (that is, your security needs have been met), additional opportunities to achieve even more security, such as being assigned to a long-term project, will probably be less important to you than the chance to fulfill social or esteem needs, such as working with a mentor or becoming the member of an advisory board.

If, however, a lower-level need suddenly becomes unfulfilled, most people immediately refocus on that lower level. Suppose, for example, you are seeking to meet your self-esteem needs by working as a divisional manager at a major company. If you learn that your division and, consequently, your job may be eliminated, you might well find the promise of job security at a new firm as motivating as a promotion once would have been at your old company.

**Two-Factor Theory** After studying a group of accountants and engineers, psychologist Frederick Herzberg concluded that job satisfaction and dissatisfaction depend on two factors: *hygiene factors*, such as working conditions, and *motivation factors*, such as recognition for a job well done.

According to Herzberg's **two-factor theory**, hygiene factors affect motivation and satisfaction only if they are absent or fail to meet expectations. For example, workers



**FIGURE 8.3** Maslow's Hierarchy of Human Needs  
 Source: Maslow, Abraham H.; Frager, Robert D.; Fadiman, James, *Motivation and Personality*, 3rd Ed., © 1987. Adapted and Electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, NJ.

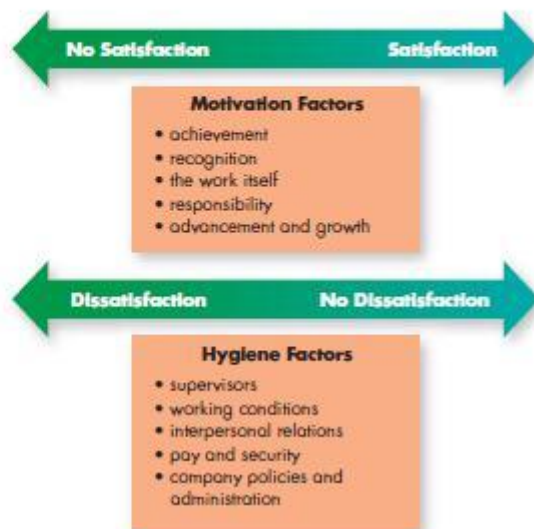


FIGURE 8.4 Two-Factor Theory of Motivation

will be dissatisfied if they believe they have poor working conditions. If working conditions are improved, however, they will not necessarily become satisfied; they will simply not be dissatisfied. If workers receive no recognition for successful work, they may be neither dissatisfied nor satisfied. If recognition is provided, they will likely become more satisfied.

Figure 8.4 illustrates the two-factor theory. Note that motivation factors lie along a continuum from satisfaction to no satisfaction. Hygiene factors, in contrast, are likely to produce feelings that lie on a continuum from dissatisfaction to no dissatisfaction. Whereas motivation factors are directly related to the work that employees actually perform, hygiene factors refer to the environment in which they work.

This theory suggests that managers should follow a two-step approach to enhancing motivation. First, they must ensure that hygiene factors, such as working conditions or clearly stated policies, are acceptable. This practice will result in an absence of dissatisfaction. Then they must offer motivation factors, such as recognition or added responsibility, as a way to improve satisfaction and motivation.

**Other Important Needs** Each theory discussed so far describes interrelated sets of important individual needs within specific frameworks. McClelland's acquired needs theory hypothesized three other needs, the needs for achievement, affiliation, and power. Most people, however, are more familiar with the three needs as stand-alone concepts rather than the original theory itself.

The **need for achievement** arises from an individual's desire to accomplish a goal or task as effectively as possible.<sup>11</sup> Individuals who have a high need for achievement tend to set moderately difficult goals and to make moderately risky decisions. High-need achievers also want immediate, specific feedback on their performance. They want to know how well they did something as quickly after finishing it as possible. For this reason, high-need achievers frequently take jobs in sales, where they get almost immediate feedback from customers, and avoid jobs in areas such as research and development, where tangible progress is slower and feedback comes at longer intervals. Preoccupation with work is another characteristic of high-need achievers. They think about it on their way to the workplace, during lunch, and at home. They find it difficult to put their work aside, and they become frustrated when they must stop working on a partly completed project. Finally, high-need achievers tend to assume personal responsibility for getting things done. They often volunteer for extra duties and find it difficult to delegate part of a job to someone else. Accordingly, they derive a feeling of accomplishment when they have done more work than their peers without the assistance of others.

*Need for Achievement an individual's desire to accomplish a goal or task as effectively as possible*

**Need for Affiliation** an individual's desire for human companionship

**Need for Power** the desire to control one's environment, including financial, material, informational, and human resources

Many individuals also experience the **need for affiliation**—the need for human companionship.<sup>12</sup> Researchers recognize several ways that people with a high need for affiliation differ from those with a lower need. Individuals with a high need tend to want reassurance and approval from others and usually are genuinely concerned about others' feelings. They are likely to act and think as they believe others want them to, especially those with whom they strongly identify and desire friendship. As we might expect, people with a strong need for affiliation most often work in jobs with a lot of interpersonal contact, such as sales and teaching positions.

A third major individual need is the **need for power**—the desire to control one's environment, including financial, material, informational, and human resources.<sup>13</sup> People vary greatly along this dimension. Some individuals spend much time and energy seeking power; others avoid power if at all possible. People with a high need for power can be successful managers if three conditions are met. First, they must seek power for the betterment of the organization rather than for their own interests. Second, they must have a fairly low need for affiliation because fulfilling a personal need for power may well alienate others in the workplace. Third, they need plenty of self-control to curb their desire for power when it threatens to interfere with effective organizational or interpersonal relationships.<sup>14</sup>

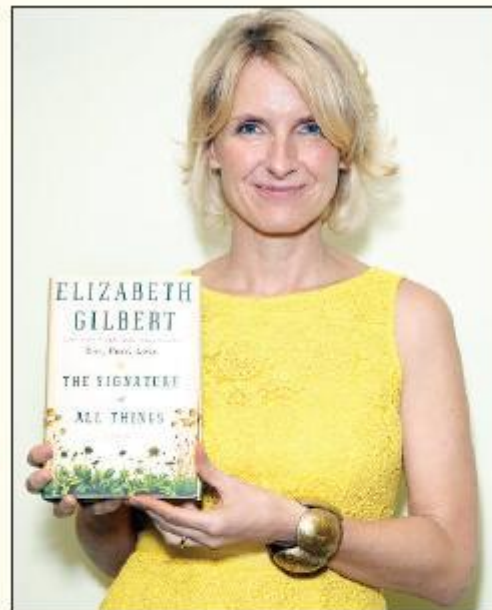
## entrepreneurship and new ventures

### I Get Knocked Down

At the heart of the definition of an entrepreneur is the willingness to take risks. Entrepreneurs risk their financial security and reputation in hopes of a significant reward. We are all too familiar with the rags to riches stories of those who struck it big, but we tend to forget that many entrepreneurs actually have a more humbling start. As Henry Ford once said, "Failure is only the opportunity to begin again more intelligently."

Consider, for example, author Elizabeth Gilbert. A former diner waitress, she penned the book *Eat, Pray, Love*, which chronicled her process of self-discovery in the wake of a failed marriage. The book was a best seller and was quickly optioned and made into a movie starring Julia Roberts. While Gilbert may have appeared to many as an overnight sensation, especially after her book was featured on *Oprah*, Gilbert had her book rejected by publishers for nearly six years before it was finally picked up by Penguin Books. And, you might think that things would have been easier once her first book was published. Well, Gilbert's second book, a sequel to *Eat, Pray, Love*, was released, but it was a dismal failure. Once again, Gilbert exhibited the persistence so characteristic of entrepreneurs and continued her career as a writer. She explains, "If I had given up writing, I would have lost my beloved vocation, so I knew that I had to find some way to gin up the inspiration to write the next book, regardless of its inevitable negative outcome." She went on to write several works of fiction and nonfiction and has established herself as a well-respected writer. In fact, her novel *The Signature of All Things* was published in 2013 and became an Amazon Best Book of the Month.<sup>15</sup>

In fact, there's a fair amount of research that documents the role of failure in entrepreneurial growth and success. Entrepreneurs who experience failure may find themselves



A. Scott Weiner/Petra Ltd/Corbis

discouraged and lack efficacy if they are too focused on their role in the failure. On the other hand, if one is to learn from failure, a certain amount of analysis and introspection is essential. Indeed, in research published by Yamakawa, Peng, and Deeds, entrepreneurs are discouraged from focusing too much on the role of the external environment or luck and advised to take advantage of the opportunity to learn. Entrepreneurs must pick themselves up after failure, dust themselves off, and make a wiser and more informed choice about their new venture.<sup>16</sup>

## Contemporary Motivation Theory

More complex and sophisticated models of employee behavior and motivation have been developed in recent years.<sup>17</sup> Two of the more interesting and useful ones are *expectancy theory* and *equity theory*.

**Expectancy Theory** *Expectancy theory* suggests that people are motivated to work toward rewards that they want and that they believe they have a reasonable chance—or expectancy—of obtaining. A reward that seems out of reach is likely to be undesirable even if it is intrinsically positive. Figure 8.5 illustrates expectancy theory in terms of issues that are likely to be considered by an individual employee.

Consider the case of an assistant department manager who learns that her firm needs to replace a retiring division manager three levels above her in the organization. Even though she wants the job, she does not apply because she doubts she will be selected. In this case, she considers the performance-reward issue: She believes that her performance will not get her the position. She also learns that the firm is looking for a production manager on the night shift. She thinks she could get this job but does not apply because she does not want to work nights (the rewards—personal goals issue). Finally, she learns of an opening one level higher—department manager—in her own division. She may well apply for this job because she both wants it and thinks that she has a good chance of getting it. In this case, her consideration of all the issues has led to an expectancy that she can reach a goal.

Expectancy theory helps explain why some people do not work as hard as they can when their salaries are based purely on seniority. Paying employees the same whether they work hard or just hard enough to get by removes the financial incentive for them to work harder. In other words, they ask themselves, “If I work harder, will I get a pay raise?” (the performance–reward issue) and conclude that the answer is “no”. Similarly, if hard work will result in one or more undesirable outcomes, such as a transfer to another location or a promotion to a job that requires unpleasant travel (the rewards–personal goal issue), employees will not be motivated to work hard.

**Equity Theory** *Equity theory* focuses on social comparisons, people evaluating their treatment by the organization relative to the treatment of others. This approach suggests that people begin by analyzing inputs (what they contribute to their jobs in terms of time, effort, education, experience) relative to outputs (what they receive in return—salary, benefits, recognition, security). This comparison thus far is similar to the psychological contract as discussed earlier. As viewed by equity theory, the result is a ratio of contribution to return. When they compare their own ratios with those of other employees, they ask whether their ratios are equal to, greater than, or less than those of the people with whom they are comparing themselves. Depending on their assessments, they experience feelings of equity or inequity. Figure 8.6 illustrates the three possible results of such an assessment.

For example, suppose a new college graduate gets a starting job at a large manufacturing firm. His starting salary is \$65,000 a year, he gets an inexpensive company

*Expectancy Theory theory of motivation holding that people are motivated to work toward rewards that they want and that they believe they have a reasonable chance of obtaining*

*Equity Theory theory of motivation holding that people evaluate their treatment by the organization relative to the treatment of others*

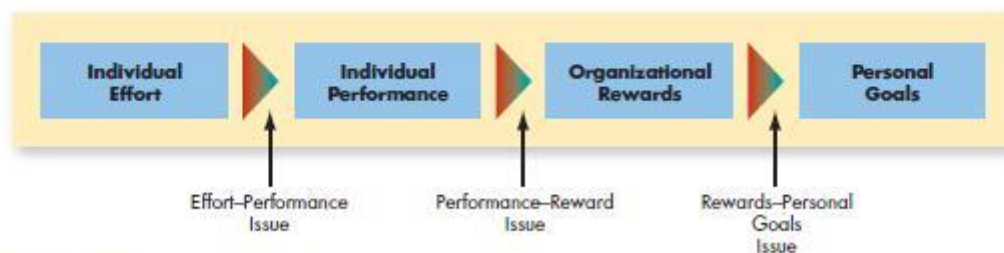


FIGURE 8.5 Expectancy Theory Model

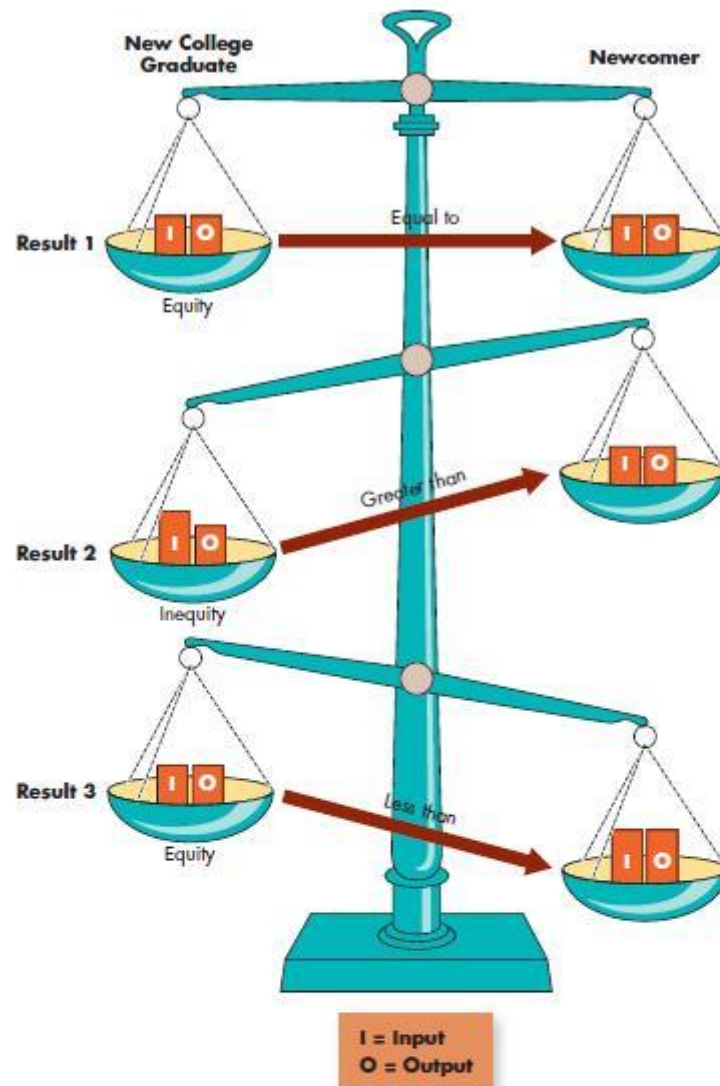


FIGURE 8.6 Equity Theory: Possible Assessments

car, and he shares an assistant with another new employee. If he later learns that another new employee has received the same salary, car, and staff arrangement, he will feel equitably treated (result 1 in Figure 8.6). If the other newcomer, however, has received \$75,000, a more expensive company car, and her own personal assistant, he may feel inequitably treated (result 2 in Figure 8.6).

Note, however, that for an individual to feel equitably treated, the two ratios do not have to be identical, only equitable. Assume, for instance, that our new employee has a bachelor's degree and two years of work experience. Perhaps he learns subsequently that the other new employee has an advanced degree and 10 years of experience. After first feeling inequity, the new employee may conclude that the person with whom he compared himself is actually contributing more to the organization. That employee is equitably entitled, therefore, to receive more in return (result 3 in Figure 8.6).

When people feel they are being inequitably treated, they may do various constructive and some not so constructive things to restore fairness. For example, they

may speak to their boss about the perceived inequity. Or (less constructively) they may demand a raise, reduce their efforts, work shorter hours, or just complain to their coworkers. They may also rationalize (“management succumbed to pressure to promote a woman/Asian American”), find different people with whom to compare themselves, or leave their jobs.

## Strategies and Techniques for Enhancing Motivation

Understanding what motivates workers is only one part of the manager’s job. The other part is applying that knowledge. Experts have suggested—and many companies have implemented—a range of programs designed to make jobs more interesting and rewarding, to make the work environment more pleasant, and to motivate employees to work harder.

### OBJECTIVE 8-5

#### Describe

some of the strategies and techniques used by organizations to improve employee motivation.

### Reinforcement/Behavior Modification

Some managers try to influence workers’ behavior through systematic rewards and punishments for specific behaviors. Such managers first try to define the specific behaviors that they want their employees to exhibit (working hard, being courteous to customers, stressing quality) and the specific behaviors they want to eliminate (wasting time, being rude to customers, ignoring quality). Then they try to shape employee behavior by linking positive reinforcement with desired behaviors and punishment with undesired behaviors.

**Positive reinforcement** is used when a company or manager provides a reward when employees exhibit desired behaviors, such as working hard, helping others, and so forth. When rewards are tied directly to performance, they serve as positive reinforcement. For example, paying large cash bonuses to salespeople who exceed quotas prompts them to work even harder during the next selling period. John Deere has adopted a reward system based on positive reinforcement. The firm gives pay increases when its workers complete college courses and demonstrate mastery of new job skills.

*Positive Reinforcement reward that follows desired behaviors*

**Punishment** is designed to change behavior by presenting people with unpleasant consequences if they exhibit undesired behaviors. Employees who are repeatedly late for work, for example, may be suspended or have their pay docked. Similarly, when the National Football League or Major League Baseball fines or suspends players found guilty of substance abuse, the organization is seeking to change players’ behavior by punishing them.

*Punishment unpleasant consequences of an undesirable behavior*

**Social learning** occurs when people observe the behaviors of others, recognize their consequences, and alter their own behavior as a result. A person can learn to do a new job by observing others or by watching videotapes. Or an employee may learn to avoid being late by seeing the boss chew out fellow workers. Social learning theory, then, suggests that individual behavior is determined by a person’s cognitions and social environment. More specifically, people are presumed to learn behaviors and attitudes at least partly in response to what others expect of them.

*Social Learning learning that occurs when people observe the behaviors of others, recognize their consequences, and alter their own behavior as a result*

### Using Goals to Motivate Behavior

Performance goals are also commonly used to direct and motivate behavior. The most frequent method for setting performance goals is called **management by objectives (MBO)**, which is a system of collaborative goal setting that extends from the top of an organization to the bottom. MBO involves managers and subordinates in setting goals and evaluating progress. After the program is started, the organization specifies its overall goals and plans. Managers then collaborate with each of

*Management by Objectives (MBO) set of procedures involving both managers and subordinates in setting goals and evaluating progress*

# finding a better way

## Carrot or Stick?

Assume that you are the general manager of a supermarket, and you've just finished a department-by-department year-end review of your managers' performances. Every department—meats, dairy, seafood, deli, bakery, and so forth—has performed up to or beyond expectations. All except one; produce fell 12 percent short of upper management's forecast. You decide to reward all your managers with healthy bonuses, except for your produce manager. In other words, you plan to use *punishment* to motivate your produce manager and *positive reinforcement* to motivate all of your other managers. You congratulate yourself for having reached a fair and logical decision.

According to Daniel Kahneman, a psychologist who won the Nobel Prize in economics for his work on behavioral and decision-making models, your decision is actually probably not fair (at least not altogether), and it's certainly not logical—at least not when the reality of the situation is taken into consideration. Here's how Kahneman sees the logic you apparently used in your two-pronged decision-making model:

Manager's department performs well → You reward manager → Department expected to continue to perform well in the future

Manager's department performs poorly → You punish manager → Department expected to perform better in the future

But Kahneman argues that your logic may be flawed. The key to his criticism is called *regression to the mean*, the principle that, *from one performance measurement to the next, the change in performance will be toward the overall average level of performance*. To see how this works, let's examine a different kind of example. Say that you're an avid runner and that you run a mile along the same route every morning. On average, it takes you 7 minutes to run your mile. Of course, you seldom run the mile in *exactly* 7 minutes, but across many different days, your times average out to be 7 minutes. Now assume it's Monday and you run the mile in 6 minutes and 10 seconds—a great time and well below your average. On Tuesday, your time will probably be longer—back in the direction of 7 minutes. Technically, regression to the mean is a *law*, and not a *rule*: You could run an even faster time on Tuesday, but *most of the time*, if you run faster than your average, one day you will run slower the second day and, similarly, if you run slower than your average one day you will likely run faster the next day.

Why does regression to the mean occur? Because usually—and probably—a complex combination of factors determines any outcome. And because this combination is complex, it's not likely that the same combination will repeat itself the next time you measure the outcome. Factors that influence your running speed, for example, might include how much sleep you got and what you ate for dinner the night before, temperature



Tyler Olson/Shutterstock

and other weather conditions, your motivation on a particular day, and so forth.

Which brings us back to your produce manager: *It's not likely that his managerial performance was the sole (or even necessarily the primary) factor in his department's poor performance*. Other factors might include variations in competition, economic and market conditions, and decisions made by other managers—all of which are largely random and which will undoubtedly be different from one performance measurement to the next.

Now that you understand a little about the reality of regression to the mean, compare your decision-making model to a model that reflects reality:

Manager's department performs above average in one period → Department probably does not perform as well the next period

Manager's department performs below average in one period → Department probably performs better in next period

Your reinforcement decision will *probably* have little or nothing to do with next year's outcome in any of your store's departments. And you've *probably* been unfair to your produce manager.

Kahneman isn't inclined to be overly critical of your mistaken belief that you've made a logical, fair, and effective decision: "It's very difficult for people to detect their own errors," he admits. "You're too busy making a mistake to detect it at the same time." He does, however, reserve the right to be pessimistic: "The failure to recognize the import of regression," he warns, "can have pernicious consequences... We normally reinforce others when their behavior is good and punish them when their behavior is bad. By regression alone [however], they are most likely to improve after being punished and most likely to deteriorate after being rewarded. Consequently, we are exposed to a lifetime schedule in which we are most often rewarded for punishing others and punished for rewarding [them]."<sup>16</sup>

their subordinates to set individual goals that will best contribute to the organization's goals. Managers meet periodically to review progress toward individual goals, and then, usually on an annual basis, they evaluate goal achievement and use the results as a basis for starting the cycle over again.

According to many experts, motivational impact is the biggest advantage of MBO. When employees sit down with managers to set upcoming goals, they learn more about companywide objectives, feel that they are an important part of a team, and see how they can improve companywide performance by reaching their own goals. If an MBO system is used properly, employees should leave meetings not only with an understanding of the value of their contributions but also with fair rewards for their performances. They should also accept and be committed to the moderately difficult and specific goals they have helped set for themselves.<sup>19</sup>

## Participative Management and Empowerment

When a firm uses participative management and empowerment it gives its employees a voice in how they do their jobs and in how the company is managed; they become empowered to take greater responsibility for their own performance. Not surprisingly, participation and empowerment often makes employees feel more committed to organizational goals they have helped to shape.

Participation and empowerment can be used in large firms or small firms, both with managers and operating employees. For example, managers at General Electric who once needed higher-level approval for any expenditure more than \$5,000 now have the autonomy to make their own expense decisions up to as much as \$50,000. At Adam Hat Company, a small firm that makes men's dress, military, and cowboy hats, workers who previously had to report all product defects to supervisors now have the freedom to correct problems themselves or even return products to the workers who are responsible for them. Both Google and 3M allow employees to devote 10 percent of their work time on experimenting with new ideas. And Netflix allows its employees to take unlimited vacation time so long as they get their work done and perform at a consistently high level.

Although some employees thrive in participative programs, such programs are not for everyone. People may be frustrated by responsibilities they are not equipped to handle. Moreover, participative programs may actually result in dissatisfied employees if workers see the invitation to participate as more symbolic than substantive. One key, say most experts, is to invite participation only to the extent that employees want to have input and only if participation will have real value for an organization.

**Participative Management and Empowerment** method of increasing job satisfaction by giving employees a voice in the management of their jobs and the company

## Team Structures

We have already noted the increased use of teams in organizations. Yet another benefit that some companies get from using teams is increased motivation and enhanced job satisfaction among those employees working in teams. Although teams are often less effective in traditional and rigidly structured bureaucratic organizations, they often help smaller, more flexible organizations make decisions more quickly and effectively, enhance companywide communication, and encourage organizational members to feel more like a part of an organization. In turn, these attitudes usually lead to higher levels of both employee motivation and job satisfaction.<sup>20</sup>

But managers should remember that teams are not for everyone. Levi Strauss, for example, encountered major problems when it tried to use teams. Individual workers previously performed repetitive, highly specialized tasks, such as sewing zippers into jeans, and were paid according to the number of jobs they completed each day. In an attempt to boost productivity, company management reorganized everyone into teams of 10 to 35 workers and assigned tasks to the entire group. Each team member's pay was determined by the team's level of productivity. In practice, however, faster workers became resentful of slower workers because they reduced the group's total output. Slower workers, meanwhile, resented the

pressure put on them by faster-working coworkers. As a result, motivation, satisfaction, and morale all dropped, and Levi Strauss eventually abandoned the team-work plan altogether.

## Job Enrichment and Job Redesign

Whereas goal setting and MBO programs and empowerment can work in a variety of settings, *job enrichment* and *job redesign* programs are generally used to increase satisfaction in jobs significantly lacking in motivating factors.

**Job Enrichment** *method of increasing job satisfaction by adding one or more motivating factors to job activities*

**Job Enrichment Programs** **Job enrichment** is intended to add one or more motivating factors to job activities. For example, job rotation programs expand growth opportunities by rotating employees through various positions in the same firm. Workers gain not only new skills but also broader overviews of their work and their organization. Other programs focus on increasing responsibility or recognition. At United Airlines, for example, flight attendants now have more control over their own scheduling. The jobs of flight service managers were enriched when they were given more responsibility and authority for assigning tasks to flight crew members.

**Job Redesign** *method of increasing job satisfaction by designing a more satisfactory fit between workers and their jobs*

**Job Redesign Programs** **Job redesign** acknowledges that different people want different things from their jobs. By restructuring work to achieve a more satisfactory fit between workers and their jobs, job redesign can motivate individuals with strong needs for career growth or achievement. Job redesign is usually implemented in one of three ways: through *combining tasks*, *forming natural work groups*, or *establishing client relationships*.

**COMBINING TASKS** The job of combining tasks involves enlarging jobs and increasing their variety to make employees feel that their work is more meaningful. In turn, employees become more motivated. For example, the job done by a programmer who maintains computer systems might be redesigned to include some system design and system development work. While developing additional skills, the programmer also gets involved in the overall system development.

**FORMING NATURAL WORK GROUPS** People who do different jobs on the same projects are candidates for natural work groups. These groups are formed to help employees see the place and importance of their jobs in the total structure of the firm. They are valuable to management because the people working on a project are usually the most knowledgeable about it and the most capable problem solvers.

**ESTABLISHING CLIENT RELATIONSHIPS** Establishing client relationships means letting employees interact with customers. This approach increases job variety. It gives workers both a greater sense of control and more feedback about performance than they get when their jobs are not highly interactive. For example, software writers at Microsoft watch test users work with programs and discuss problems with them directly rather than receive feedback from third-party researchers.

## Modified Work Schedules and Alternative Workplaces

As another way of increasing job satisfaction, many companies are experimenting with *modified work schedules*, different approaches to working hours and the work-week. The two most common forms of modified scheduling are *work-share programs* and *flextime programs*, including alternative workplace strategies.<sup>21</sup> Alternative workplaces are also becoming more and more common.

**Work-Share Programs** At Steelcase, the country's largest maker of office furnishings, two talented women in the marketing division both wanted to work only part-time. The solution: they now share a single full-time job. With each

working 2.5 days a week, both got their wish and the job gets done—and done well. The practice, known as **work sharing** (or **job sharing**), has “brought sanity back to our lives,” according to at least one Steelcase employee.

Job sharing usually benefits both employees and employers. Employees, for instance, tend to appreciate the organization’s attention to their personal needs. At the same time, the company can reduce turnover and save on the cost of benefits. On the negative side, job-share employees generally receive fewer benefits than their full-time counterparts and may be the first to be laid off when cutbacks are necessary.

**Work Sharing (Job Sharing)**  
method of increasing job satisfaction by allowing two or more people to share a single full-time job

### **Flextime Programs and Alternative Workplace Strategies**

**Flextime programs** allow people to choose their working hours by adjusting a standard work schedule on a daily or weekly basis. There are limits to flextime. The Steelcase program, for instance, requires all employees to work certain core hours. This practice allows everyone to reach coworkers at a specified time of day. Employees can then decide whether to make up the rest of the standard eight-hour day by coming in and leaving early (by working 6:00 A.M. to 2:00 P.M. or 7:00 A.M. to 3:00 P.M.) or late (9:00 A.M. to 5:00 P.M. or 10:00 A.M. to 6:00 P.M.).

In one variation, companies may also allow employees to choose four, five, or six days on which to work each week. Some, for instance, may choose Monday through Thursday, others Tuesday through Friday. By working 10 hours in four workdays, employees still complete 40-hour weeks.

**Flextime Programs** method of increasing job satisfaction by allowing workers to adjust work schedules on a daily or weekly basis

**Alternative Workplaces** A rapidly growing number of U.S. workers do a significant portion of their work via **telecommuting** (also called **teleworking**), performing some or all of a job away from traditional office settings. Working from a home office outfitted with a PC, high-speed Internet, and a company intranet connection, telecommuters can keep abreast of everything going on at the office. Almost 80 percent of white collar and other professional workers in the United States performed at least some of their work from a location other than their office. Experts also estimate that as many as 5 percent of those workers work exclusively from home or other remote settings.

**Telecommuting** form of flextime that allows people to perform some or all of a job away from standard office settings

### **Advantages and Disadvantages of Modified Schedules and Alternative Workplaces**

Flextime gives employees more freedom in their professional and personal lives. It allows workers to plan around the work schedules of spouses and the school schedules of young children. Studies show that the increased sense of freedom and control reduces stress and improves individual productivity.

Companies also benefit in other ways. In urban areas, for example, such programs can reduce traffic congestion and similar problems that contribute to stress and lost work time. Furthermore, employers benefit from higher levels of commitment and job satisfaction. John Hancock Insurance, Shell Oil, and Metropolitan Life are among the major U.S. corporations that have successfully adopted some form of flextime.

Conversely, flextime sometimes complicates coordination because people are working different schedules. In addition, if workers are paid by the hour, flextime may make it difficult for employers to keep accurate records of when employees are actually working.

As for telecommuting, it may not be for everyone. For instance, some people may be attracted to telecommuting because they envision not having to shave or put on make up and relish the idea of spending the day in their pajamas. But not everyone has the necessary self-discipline to work from home without supervision and others come to miss the social interaction of the workplace. One study has shown that even though telecommuters may be producing results, those with strong advancement ambitions may miss networking and rubbing elbows with management on a day-to-day basis.

Another obstacle to establishing a telecommuting program is convincing management that it can be beneficial for all involved. Telecommuters may have to fight

the perception from both bosses and coworkers that if they are not being supervised, they are not working. Managers, admits one experienced consultant, “usually have to be dragged kicking and screaming into this. They always ask ‘How can I tell if someone is working when I can’t see them?’” By the same token, he adds, “that’s based on the erroneous assumption that if you can see them, they are working.” Most experts agree that re-education and constant communication are requirements of a successful telecommuting arrangement. Both managers and employees must determine expectations in advance.

As we have illustrated in this chapter, employee behavior and motivation are important concepts for managers to understand. They are also complex processes that require careful consideration by managers. For example, a clumsy attempt to motivate employees to work harder without fully considering all factors can actually have just the opposite effect. But managers who do take the time to understand the people with whom they work can better appreciate their efforts. Another important factor that affects employee behavior is *leadership*, the subject of our next chapter.



# summary of learning objectives

## OBJECTIVE 8-1

**Identify** and discuss the basic forms of behaviors that employees exhibit in organizations. (pp. 242–245)

*Employee behavior* is the pattern of actions by the members of an organization that directly or indirectly influences the organization's effectiveness. *Performance behaviors* are the total set of work-related behaviors that the organization expects employees to display. They directly contribute to productivity and performance. *Organizational citizenship*, on the other hand, refers to the behavior of individuals who make a positive overall contribution to the organization, although not directly contributing to the bottom line. A number of factors, including individual and organizational variables, play roles in promoting or minimizing organizational citizenship behaviors. *Counterproductive behaviors* are those that detract from, rather than contribute to, organizational performance. Counterproductive behaviors include absenteeism, turnover, theft and sabotage, sexual and racial harassment, and workplace aggression and violence.

## OBJECTIVE 8-2

**Describe** the nature and importance of individual differences among employees. (pp. 245–250)

*Individual differences* are personal attributes that vary from one person to another, such as personality and attitudes. *Personality* is the relatively stable set of psychological attributes that distinguish one person from another. The "big five" personality traits are *agreeableness*, *conscientiousness*, *emotional stability*, *extraversion*, and *openness*. *Agreeableness* is a person's ability to get along with others. *Conscientiousness*, another of the "big five" traits, refers to the individual's persistence, dependableness, and orderliness. *Emotional stability* refers to the degree to which people tend to be positive or negative in their outlook and behaviors toward others. *Extraversion* refers to a person's comfort level with relationships. Extraverts are sociable, talkative, assertive, and open to new relationships and tend to be higher performers. Finally, *openness* is how open or rigid a person is in terms of his or her beliefs. People with a high level of openness are curious and willing to listen to new ideas and are, therefore, often higher performers. The potential value of this framework is that it encompasses an integrated set of traits that appear to be valid predictors of certain behaviors in certain situations. Thus, managers who can both understand the framework and assess these traits in their employees are in a good position to understand how and why they behave as they do.

The Myers-Briggs framework differentiates people in terms of four general dimensions: sensing, intuiting, judging, and perceiving. Higher and lower positions in each of the dimensions are used to classify people into one of 16 different personality categories. Research suggests that the Myers-Briggs Type Indicator is a useful method for determining communication styles and interaction preferences.

*Emotional intelligence*, or *emotional quotient (EQ)*, refers to the extent to which people are self-aware, can manage their emotions, can motivate themselves, express empathy for others, and possess social skills. Preliminary research suggests that people with high EQs perform better than others. Just as important, it appears that emotional intelligence is not biologically based but can be learned.

Other important personality traits are locus of control, self-efficacy, authoritarianism, Machiavellianism, self-esteem, and risk propensity. *Locus of control* is the extent to which people believe that their behavior has a real effect on what happens to them. People with an internal locus of control believe that they will succeed if they work hard, whereas those with an external locus of control believe that fate, chance, luck, or the behavior of others determines their own success. A similar concept is *self-efficacy*. A person's self-efficacy is their belief about their ability to perform a task. *Authoritarianism* is the extent to which a person believes that power and status differences are acceptable within an organization. A person who is highly authoritarian is more likely to accept direction and orders from a supervisor. *Machiavellianism* is a personality trait related to an individual's desire to gain power and control the behavior

of others. *Self-esteem* is a personality trait that refers to the extent to which a person believes that he or she is worthwhile and deserving. Individuals with high self-esteem are more likely to seek higher-status jobs and are more confident in their performance. Finally, *risk propensity* refers to the degree to which a person is willing to take chances and make risky decisions. This characteristic can be a major influence on a manager's decision making behavior.

Attitudes reflect our beliefs and feelings about specific ideas, situations, or other people. Attitudes are important because they are the mechanism through which we express our feelings. Attitudes are formed by a variety of forces, including our personal values, our experiences, and our personalities. Attitudes are usually viewed as stable dispositions to behave toward objects in a certain way and contain three components: cognition, affect, and intention. *Cognition* is the knowledge a person presumes to have about something. A person's *affect* is his or her feelings toward something, and *intention* guides a person's behavior. When two sets of cognitions or perceptions are contradictory or incongruent, a person experiences a level of conflict and anxiety called *cognitive dissonance*. Especially important work-related attitudes are *job satisfaction* and *organizational commitment*. Job satisfaction, also known as morale, is the extent to which people have positive attitudes toward their jobs. Organizational commitment, in contrast, reflects an individual's identification with the organization and its mission.

#### OBJECTIVE 8-3

**Explain** the meaning and importance of psychological contracts and the person-job fit in the workplace. (pp. 250–252)

A *psychological contract* is the overall set of expectations held by employees and the organization regarding what employees will contribute to the organization and what the organization will provide in return. An individual makes a variety of contributions to the organization, such as effort, ability, loyalty, skills, and time. In return, the organization provides inducements such as pay, career opportunities, job security, and status. All organizations must manage psychological contracts, providing the right inducements to retain employees.

A good *person-job fit* is achieved when the employee's contributions match the inducements the organization offers. Having a good match between people and their jobs can help enhance performance, job satisfaction, and motivation.

#### OBJECTIVE 8-4

**Identify** and summarize the most important models and concepts of employee motivation. (pp. 252–259)

*Motivation* is the set of forces that cause people to behave in certain ways. Early approaches to motivation assumed that workers are motivated solely by money. Managers employed this theory through *scientific management* by paying workers for productivity and finding more efficient ways of getting things done. However, the results of a study at Western Electric revealed that worker productivity improves in response to special attention, a phenomenon known as the *Hawthorne effect*.

As a result, researchers focused more on the effect of human relations on employee performance. Abraham Maslow's *hierarchy of human needs* model holds that people at work try to satisfy one or more of five different needs: physiological, security, social, esteem, and self-actualization. According to this theory, people are motivated by their lowest level of unsatisfied need.

Frederick Herzberg's *two-factor theory* argues that satisfaction and dissatisfaction depend on *hygiene factors*, such as working conditions, and *motivation factors*, such as recognition for a job well done. Herzberg suggests that the absence of hygiene factors causes dissatisfaction, but the presence of these same factors does not cause motivation. Employees are motivated by the presence of one or more motivation factors.

McClelland's acquired needs theory hypothesized that workers may have three types of needs: the needs for achievement, affiliation, and power. These needs are shaped over time and influence behavior. Those with high achievement needs are motivated by challenging tasks, whereas those with high affiliation needs desire to develop personal connections with other workers. Employees with high power needs have a desire to control their environment.

Douglas McGregor proposed the human resources model. He described two types of managers. Theory X managers believe that workers are naturally lazy and unmotivated and

Theory Y managers believe that people are naturally self-motivated and interested in being productive.

*Expectancy theory* suggests that people are motivated to work toward rewards that they have a reasonable expectancy of obtaining. *Equity theory* focuses on social comparisons—people evaluating their treatment by the organization relative to its treatment of others.

#### OBJECTIVE 8-5

**Describe** some of the strategies and techniques used by organizations to improve employee motivation. (pp. 259–264)

There are several major strategies and techniques often used to make jobs more interesting and rewarding. *Positive reinforcement* is used when a company or manager provides a reward when employees exhibit desired behaviors, whereas *punishment* is designed to change behavior by presenting employees with unpleasant consequences if they exhibit undesired behaviors. *Social learning* occurs when people observe the behaviors of others and recognize their consequences, altering their own behavior as a result.


*Management by objectives (MBO)* is a system of collaborative goal setting that extends from the top of an organization to the bottom. Managers periodically meet with subordinates to review progress toward goals, increasing satisfaction and commitment. In *participative management and empowerment*, employees are given a voice in how they do their jobs and in how the company is managed. Participative management tends to increase employee commitment to organizational goals.

Using *teams* is another strategy to increase motivation. Job enrichment and job redesign are generally used to increase satisfaction in jobs significantly lacking motivating factors. *Job enrichment* adds motivating factors to job activities. *Job redesign* is a method of increasing job satisfaction by designing a more satisfactory fit between workers and their jobs through combining tasks, forming natural workgroups, or establishing client relationships. Some companies also use *modified work schedules*—different approaches to working hours and the workweek. Common options include *work sharing (job sharing)*, *flextime programs*, and *telecommuting*.

## key terms

- absenteeism (p. 243)
- affect (p. 249)
- attitudes (p. 248)
- authoritarianism (p. 248)
- “big five” personality traits (p. 245)
- classical theory of motivation (p. 252)
- cognition (p. 249)
- cognitive dissonance (p. 249)
- counterproductive behaviors (p. 243)
- emotional intelligence (emotional quotient, EQ) (p. 247)
- employee behavior (p. 242)
- equity theory (p. 257)
- expectancy theory (p. 257)
- flextime programs (p. 263)
- Hawthorne effect (p. 253)
- hierarchy of human needs model (p. 254)
- individual differences (p. 245)
- intention (p. 249)
- job enrichment (p. 262)
- job redesign (p. 262)
- job satisfaction (p. 250)
- locus of control (p. 247)
- Machiavellianism (p. 248)
- management by objectives (MBO) (p. 259)
- motivation (p. 252)
- Myers-Briggs Type Indicator (MBTI) (p. 247)
- need for achievement (p. 255)
- need for affiliation (p. 256)
- need for power (p. 256)
- organizational citizenship (p. 243)
- organizational commitment (p. 250)
- participative management and empowerment (p. 261)
- performance behaviors (p. 242)
- personality (p. 245)
- person-job fit (p. 252)
- positive reinforcement (p. 259)
- psychological contract (p. 250)
- punishment (p. 259)
- risk propensity (p. 248)
- self-efficacy (p. 247)
- self-esteem (p. 248)
- social learning (p. 259)
- telecommuting (p. 263)
- Theory X (p. 253)
- Theory Y (p. 254)
- turnover (p. 244)
- two-factor theory (p. 254)
- work sharing (or job sharing) (p. 263)

## MyBizLab

To complete the problems with the , go to EOC Discussion Questions in the MyLab.