

Topic 2: Human resource management

Motivation theories (AO3)

The following motivation theories: (i) Taylor, (ii) Maslow and (iii) Herzberg (motivation-hygiene theory).

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Motivation refers to the desire, effort and passion to achieve something. It is the willingness to complete a task or job with intent and purpose. The UK Institute of Management defines motivation as “*getting someone to do something you want or, on an individual basis, wanting to do something for yourself for a particular reason.*”

Many businesses argue that people (human resources) are their most valuable (and expensive) asset. Therefore, such businesses seek to get the most out of their human resources by using appropriate methods of motivation. Motivation theory looks at how managers seek to motivate their workforce to maximise job satisfaction, staff morale and labour productivity. Businesses need to understand what motivates people in order to achieve their organizational objectives. Box 10.1 outlines some of the benefits of having a motivated workforce. By contrast, a demotivated workforce will hinder the performance of a business. Signs of poor motivation are summarised in Box 10.2.

CORE

Box 10.1 - Generic benefits of increased worker motivation

- Higher staff morale and job satisfaction (which leads to higher productivity and quality)
- Better industrial relations (reduces the chances of conflict in the workplace)
- Lower absenteeism (staff have incentives to turn up to work)
- Lower staff turnover (reduces the costs of replacing staff)
- Improves corporate image (helps to attract customers and potential employees)
- Higher profitability (generated from combining the above benefits).

Human resource management

Box 10.2 - Warning signs of poor motivation in the workplace

- High absenteeism rate (percentage of workforce that miss work without valid reasons)
- High labour turnover rate (number of staff who leave as a percentage of the total workforce, per year)
- High wastage level (a high percentage of defective output or substandard work)
- High number of customer complaints (due to the poorer quality output and a lack of customer service)
- Low quality output (workers are more likely to make mistakes and care less about quality)
- Poor punctuality (poor timekeeping and missed deadlines)
- More disciplinary problems (corrective measures required to deal with less productive staff).

Theory of Knowledge (TOK)

What knowledge issues arise when attempting to measure the level of staff motivation in an organization?

Motivation theories

The following motivation theories are specified in the syllabus: (i) Taylor, (ii) Maslow and (iii) Herzberg (motivation-hygiene theory).

(i) Taylor (1911)

Frederick Winslow Taylor (1856 - 1915), an American engineer and inventor, advocated the use of piece-rate payment systems suggesting that “*what the workmen want from employers beyond anything else is higher wages.*” Taylor’s **principles of scientific management** assumed that employees are primarily motivated by money and that productivity could be improved by setting output and efficiency targets related to pay.

2.4 Motivation and demotivation



Figure 10.1 - According to Taylor, nothing motivates workers more than pay

Taylor believed it was a manager's duty to decide how each and every individual task should be completed, i.e. it was the manager's role to plan, direct and control. He suggested that *"In the majority of cases, man deliberately plans to do as little as possible"* and that factory workers were ill-equipped to plan their own work but only sought to maximise their personal reward from work. Hence, Taylor promoted the use of **division of labour** (breaking down different aspects of a job or task and assigning different people to each particular part of the work), thus specialising in the production process to improve efficiency and output.

Taylor also advocated the use of **differentiated piecework** whereby workers are paid a standard level of output and receive a higher rate of pay if they exceed that benchmark. Essentially, it is an incentive scheme that rewards more productive workers. Taylor suggested that workers ought to be scientifically selected for jobs, based on their abilities, rather than managers subjectively making decisions based on their perceptions or opinions of potential employees.

Taylor's theory of scientific management was highly influential in the 1920s. It was most famously adopted by Henry Ford who used conveyor belt technology to mass produce his Ford Model T cars. Today, McDonald's still uses a system of scientific management. Its catering procedures, such as cooking temperatures and cooking times, are the same all over the world. McDonald's even has its own university to ensure that senior managers are trained to perform their tasks in exactly the same way, wherever they work in the world. It is the managers who routinely inspect production processes in their restaurants to ensure that things run smoothly. Waged staff are paid using a differentiated piecework system and have no direct input into how things are done.

Taylor's theory has been criticised for ignoring the *non-physical* contributions of workers. It can be difficult to measure physical output in some professions, such as teaching and healthcare. Hence, scientific management is rather ineffective when referring to jobs that focus on mental rather than physical output. Subsequent studies have also shown that people are not only and simply motivated by money. Taylor's theory ignored *non-financial factors* that motivate people. Taylor also failed to acknowledge that workers can be innovative and independent thinkers. Due to higher levels of educational attainment in modern societies, workers do not simply want to be told what to do but prefer to have a say in how things are done. A final criticism is that scientific management can entail repetitive and monotonous tasks, thereby leading to job dissatisfaction. Although it rewards hard work, employees do not necessarily feel that the financial compensation is sufficient relative to the drawbacks of such a system.

Nevertheless, Taylor's research on how to increase productivity and efficiency levels has stood the test of time. Introduced in the early twentieth century, Taylor's work proved to be highly influential and relevant to businesses at the time. Taylor assumed that people are rational (sensible) so would work harder if they were better paid. American firms introduced mass production and employed low skilled migrants who were probably most interested in the pay. Today, many businesses throughout the world still use Taylor's approach. The culture, values and beliefs of relatively low paid workers in Pakistan, Vietnam and Indonesia make it ideal to use scientific management.



Figure 10.2 - Vietnam's culture is ideal for scientific management

Theory of Knowledge (TOK)

Given the existence of different cultural dimensions, what do we actually know about what actually motivates different people?

CORE

Human resource
management

Topic 2: Human resource management

(ii) Maslow (1943)

American psychologist Abraham Maslow (1908 - 1970) focused on the psychological (emotional and mental) needs of workers as he believed people are motivated by more than just their pay. He suggested that people would need to be satisfied with their lower level needs before they could progress to higher level needs. For example, a person suffering from hunger (physiological needs) would not worry about trying to gain recognition (esteem needs). Maslow's **hierarchy of needs** revealed five levels of needs:



Figure 10.3 - Maslow's hierarchy of needs

1. **Physiological needs** (or **basic needs**) are the needs that must be met for people to survive, such as water, food, air, warmth and sleep. In business terms, the amount of money workers earn determines the extent to which they are able to meet these basic needs.
2. **Safety needs** (or **security needs**) are the demands necessary to make people feel safe and stable. Security needs include predictability (daily structure and routine) and order (protection from harm). For example, businesses can provide job security, sick pay, maternity leave and pensions (retirement income) to meet their workers' security needs.
3. **Love and belonging needs** (or **social needs**) refer to the human desire to be accepted as part of a friendship group or a family. It is human nature to want to be loved and accepted by others. These needs can be satisfied by improved communications, social gatherings and other opportunities to be with people. Business applications of social needs include opportunities to work in teams as well as compliance with anti-discrimination laws (which helps to promote a sense of worth and belonging at work).
4. **Esteem needs** refer to the desires for recognition and self-respect. *Internal esteem needs* indicate that people need to feel good about themselves (perhaps from a sense of achievement) whereas *external esteem needs* signify the desire for recognition by others (such as having status and recognition at work). As Henry Ford (1863-1947) said "*there is no happiness except in the realisation that we*

have accomplished something." Job titles, such as 'Regional Director', can help to boost internal and external esteem needs. Schemes such as 'employee of the month' may or may not come with a financial reward, but for many people the recognition is more important than any monetary incentive. Sincere praise and positive reinforcements can also address these needs. Internal promotion, rather than recruiting someone from outside the organization, can improve staff morale as this shows that employers have faith in the existing workforce. Training and development opportunities might also suggest that the organization values its employees.

Case study 10.1 - Charle Co.

Charle Co., a Japanese wholesaler of women's underwear with a workforce of over 320 people, pays for an all-expenses annual visit to one of Disneyland's theme parks (including flights, entrance tickets and hotel costs). This is in recognition of the contributions of the company's workers during the year.

5. **Self-actualization** is the highest level in Maslow's hierarchy of needs. It refers to the forces that drive people to become the best that they can be. Businesses can encourage this by providing opportunities for professional development and promotion. Maslow argued that people who achieve self-actualization are democratic in their outlook because to reach self-fulfilment a person must have the freedom over what they do to exploit their talents and in a way that only they know best. Maslow explained this by saying "*A musician must make music, an artist must paint, a poet must write, if he is to be ultimately happy.*"

In reality, it might not be feasible for a business to motivate all workers up the hierarchy of needs. For example, it might be more realistic to satisfy only physiological and security needs of workers in a large factory, fast-food chain or supermarket. It might be more appropriate to concentrate on meeting the higher level needs of core staff such as senior managers. Critics of Maslow's hierarchy of needs also claim the following limitations:

- Levels of needs are somewhat difficult to measure. Maslow was a psychologist and not a scientist, mathematician or entrepreneur. How accurately can businesses really measure and quantify the level of security, esteem and love or belonging in the workplace?

2.4 Motivation and demotivation

- Maslow assumed that everyone is motivated in the prescribed and chronological order in his model. However, do freelance artists and writers or volunteer workers fit this model? Homeworkers, authors, artists and self-employed drivers do not get the social interaction of working in an office, but this does not mean they cannot be highly motivated. Some people are willing to sacrifice pay and benefits for better working conditions and job security. Indeed, subsequent studies such as by the Minneapolis Gas Company from 1945 to 1965 found that people placed security needs as their number one motivator. These extensive studies revealed that advancement, the type of work and being proud of working for the company were the next three key motivators (the latter two do not feature in Maslow's model).
- There is no explanation of what motivates people once they have achieved self-actualization. What drives those who have perhaps already reached self-actualization, such as the likes of Elon Musk, Jeff Bezos or Bill Gates? What motivates them to continue in their lines of business if they have already achieved so much in their prolific careers? What encourages wealthy people who are past retirement age (such as Warren Buffet and Larry Ellison) to continue working?

Exam tip !

One way to remember Maslow's hierarchy of needs is the 5S model: survival (basic or physiological) needs, security (safety) needs, social needs, self-esteem and self-actualization.



Question 10.1 - The world's richest billionaires

| Billionaire | Net Worth (US\$bn) | Company |
|--------------------|--------------------|---|
| 1. Elon Musk | \$278 | Tesla and Space X |
| 2. Jeff Bezos | \$202 | Founder and Executive Chairman of Amazon |
| 3. Bernard Arnault | \$170 | CEO of LVMH (Louis Vuitton Moët Hennessy) |
| 4. Bill Gates | \$137 | Co-founder of Microsoft |
| 5. Larry Page | \$131 | Co-founder of Google |
| 6. Sergey Brin | \$126 | Co-founder of Google |
| 7. Mark Zuckerberg | \$121 | Co-founder and CEO of Facebook |
| 8. Steve Ballmer | \$119 | Former CEO of Microsoft |
| 9. Larry Ellison | \$109 | Co-founder and CEO of Oracle (software) |
| 10. Warren Buffett | \$104 | CEO of Berkshire Hathaway (conglomerate) |

Source: adapted from *Forbes* magazine The Richest People in the world (2022) (www.forbes.com/billionaires)

- (a) Define the term *motivation*. [2 marks]
- (b) Applying the theories of Taylor and Maslow, examine whether people are motivated simply by money. [6 marks]
- (c) Discuss the factors that motivate some people to continue working despite their age or their wealth. [10 marks]

Topic 2: Human resource management

(iii) Herzberg (1959)

Frederick Herzberg (1923 - 2000) investigated the factors that caused satisfaction and dissatisfaction at work. Professor Herzberg focused on the sociological and psychological aspects of work. His research was conducted by a series of interviews with accountants and engineers that resulted in two categories of factors affecting the level of motivation in the workplace: *hygiene factors* (mainly physical aspects) and *motivators* (mainly psychological aspects) - refer to Table 10.1.

Hygiene factors (or **maintenance factors**) are aspects of work that do not motivate but must be met to prevent dissatisfaction. These factors must not fall below the level considered to be acceptable by the workforce or society as a whole. Essentially, they are the factors that meet people's basic needs.

Herzberg cited organizational rules, regulations, policies, supervision, working conditions and pay as examples of hygiene factors. So, for example, a business that pays less than the average wage rate in the industry, offers no job security and has poor working conditions will have a negative impact on its employees. Interestingly, Herzberg argued that a pay rise does not in itself motivate as workers can come to expect further pay rises in the future. He suggested that hygiene factors become an expectation and are taken for granted, such as employer contributions to the pension funds of their workers. Hence, maintenance factors do not motivate employees to work any harder.



Figure 10.4 - Rules, regulations and policies are hygiene factors

Motivators are factors that can lead to the psychological growth of workers and hence increase satisfaction and performance at work. Herzberg showed that achievement, recognition, responsibility and advancement of the worker lead to increased worker satisfaction. He argued that the use of motivators would help to improve the nature and contents of a job.

Herzberg advocated that firms ought to motivate employees by using a democratic leadership style (see Chapter 9). He argued that businesses should train employees to perform tasks that they were not capable of doing when they were recruited. He suggested that managers could achieve this, thereby improving employee motivation, through three key areas:

- **Job enlargement** involves giving workers more variety in what they do, thus making the work more interesting. This does not necessarily mean that the work is any more challenging.
- **Job enrichment** involves giving workers more complex and challenging tasks to exploit their potential. This should contribute to workers feeling a greater sense of achievement.

Table 10.1 - Herzberg's motivators and hygiene factors

| Hygiene factors (job context - causes of dissatisfaction) | Motivators (job content - causes of satisfaction) |
|---|---|
| <ul style="list-style-type: none"> • Job security • Organizational policies, rules and regulations • Pay - salaries and wages • Physical security • Physical working conditions • Relationship with peers, subordinates and supervisors • Status • Supervision and coordination | <ul style="list-style-type: none"> • Achievement • Advancement • Interesting tasks • Opportunities for promotion • Personal growth • Recognition • Responsibility • Work itself |

2.4 Motivation and demotivation

- **Job empowerment** entails delegating decision-making authority to workers over their areas of the job, helping to boost their overall level of morale.

Herzberg also looked at the crucial difference between what he called 'movement' and what he understood to be 'motivation'. **Movement** occurs when people do something because they *need* to, perhaps because it is part of their job, so they feel obliged to do so. Hence, movement is an extrinsic incentive. By contrast, **motivation** happens when people do something because they *want* to, i.e. it is based on intrinsic reasons. Unlike other theorists who believed that people are motivated mainly by financial rewards, Herzberg felt that workers are motivated by being responsible for their work, i.e. the work itself can be rewarding.

Herzberg's theory allowed managers to think in a different way from previous motivational theorists such as Taylor and Maslow. The existence of hygiene factors meant it might be better for managers to ensure that workers are not demotivated, rather than hypothesising what might motivate them. Herzberg's arguments also presented problems for managers as he claimed

that individuals are unique and therefore what motivates one worker does not necessarily motivate others. Furthermore, people's moods and priorities affect their level of motivation, so what motivates someone today does not necessarily motivate the same person tomorrow.

Critics of Herzberg's two factor (motivation-hygiene) theory argue that it does not apply to many occupations, especially those in low-skilled and low-paid jobs, where job enrichment and empowerment are not features of their work. He used professional workers and skilled engineers in his research sample, so the findings might not be representative of other workers. Moreover, some employees may not want enriched jobs as this involves extra responsibility and the burden of more stress.

Theory of Knowledge (TOK)

How can we possibly know the true meaning of a motivation theory if the theorist (such as Taylor, Maslow, or Herzberg) is no longer alive?

Question 10.2 - Richer Sounds

Julian Richer (born 1959) is the Managing Director and founder of Richer Sounds, the UK's largest hi-fi and home entertainment retailer. In 1978, aged just nineteen, Richer opened his first store in London Bridge. The company has more than 50 retail outlets throughout the UK. In 1994, Richer's flagship store in London Bridge set a new Guinness World Record for the highest sales per square metre of any retail outlet in the world - a staggering £195,426 (\$322,450) per square metre - a record which the company still holds today.

Richer Sounds has also won many awards, including the *Which?* magazine's Best Retailer Award and *The Sunday Times* award for Britain's best employer. The company is also one of the UK's most generous donors, allocating 15% of its annual profits to charitable organizations.

Julian Richer believes it is vital that his employees 'have fun' and enjoy their work. He is renowned for **job empowerment** of his staff. Each week, he looks at employee suggestions and awards up to £20,000 (\$28,000) for an idea. Each month, the top three salespeople get to use one of his personal Bentley or Rolls-Royce cars for a weekend. He only promotes people internally. Richer argues that businesses with demotivated staff face lower productivity due to higher absenteeism, labour turnover, theft and customer complaints.

Sources: www.richersounds.com/the-richer-way and *The Richer Way*, by Julian Richer

- (a) Define the term *job empowerment*. [2 marks]
- (b) Explain how motivation can lead to improved labour productivity at Richer Sounds. [4 marks]
- (c) Examine how the opinions of leaders, such as Julian Richer, can affect the successful implementation of motivation in the workplace. [6 marks]

Topic 2: Human resource management

HIGHER LEVEL

The following motivation theories are also stated in the syllabus for HL students: (i) McClelland's acquired needs theory, (ii) Deci and Ryan's self-determination and (iii) equity and expectancy theory.

(i) McClelland's acquired needs theory (1961) (HL only)

American psychologist David McClelland (1917 - 1998) put forward the **acquired needs theory** (also known as the **learned needs theory**). From his study of 500 managers working in 25 American companies, McClelland acknowledged that managing a group of people with different personalities and varying needs can be challenging. From his studies, McClelland concluded in his book, "The Achieving Society" (1961) that three types of needs must be satisfied to boost motivation and productivity, regardless of people's gender, culture or age:

1. **Need for Achievement (n-Ach).** McClelland found that achievement-motivated people tend to be moderate risk takers. Low risk activities are too easy to accomplish so n-Ach people do not feel they have genuinely achieved anything. They do not take high risks either as the outcome is largely based on chance and luck, rather than through their own efforts. These people also prefer to work on tasks where they hold key responsibilities or work alongside high achievers. They are more interested in personal success rather than extrinsic rewards that recognise their achievements. This could mean that n-Ach people prefer not to delegate tasks. They also tend to self-reflect on their performance in order to find ways to further improve. McClelland suggested that the major causes of n-Ach are parental influences, cultural factors and educational experiences.

2. **Need for Power (n-Pow).** Power-motivated people like to influence the behaviour of others so tend to be very strong-willed. Power can take two forms: personal or institutional. Those who seek *personal power* do so to pass on instructions or orders to others. Perhaps this makes the person feel more important, but it often makes others resent the individual who is seen by others as simply 'bossy' or even a 'power freak'. Staff will have to do as they are told, irrespective of whether they agree with the n-Pow person or not. By contrast, people who have *institutional power* strive to make others work harder in order to achieve organizational objectives. They use their authority to try and bring out the best in their teams. Hence, McClelland argued that these people are more likely to be successful. He also suggested that good leaders need to have at least

moderate n-Pow as leadership is about influencing the behaviour of others.

3. **Need for Affiliation (n-Aff).** People who need affiliation seek to have a good social and working relationship with colleagues and the senior management team. This makes them happier at work, thereby increasing their motivation and productivity. Such people tend to conform to group norms and avoid conflict in order to be accepted as part of a group. Unlike n-Ach people who may prefer to work alone, n-Aff people favour opportunities for social interactions, such as teamworking or customer relations.

McClelland believed that these three needs are present in all people although the relative intensity of each one varies from person to person. He helped to provide insight into how people with different kinds of needs are motivated in different ways. Managers who are aware of these acquired needs and how they affect employees can allocate jobs and tasks more suitably to boost motivation and productivity.

In summary, employees with high n-Ach ought to be given challenging but achievable tasks. People with high n-Pow could be given opportunities to manage and lead different teams of people. Finally, those with n-Aff should be provided with a cooperative and collaborative working environment to gain their best performance.

ATL Activity 10.1 (Thinking skills)

To what extent do you think that McClelland's theory of motivation applies in the context of the country you currently live in?

(ii) Deci and Ryan's self-determination (1985) (HL only)

Self-determination theory is the work of American psychologists Edward L. Deci (b.1942) and Richard M. Ryan (b.1953). They describe motivation as what moves or makes people to act. Self-determination theory (SDT) examines the fundamental and positive human tendency to grow (flourish). Deci and Ryan introduced their SDT theory in their book "Self-Determination and Intrinsic Motivation in Human Behaviour" (1985), which outlines three core requirements that facilitate such growth: autonomy, competence and relatedness.

2.4 Motivation and demotivation

- **Autonomy** – This refers to the need or drive to have control over what a person does. When this need is satisfied, the person feels a sense of integrity and authenticity with their actions and decisions. When the need for autonomy is not met, the person feels frustrated, pressurized and pushed in an unwanted direction.
- **Competence** – This refers to the need or drive to feel confident and competent in doing a particular task or job role. It is about a sense of effectiveness, value and mastery. Competence can be achieved through providing and developing opportunities to use and extend people's skills and expertise. When this need is not met, the person experiences a sense of ineffectiveness, vulnerability and failure.
- **Relatedness** – This refers to the need to interact, be connected to and experience caring for others. This need is met when people feel they have meaningful relationships and interactions with others, as well as feeling significant to others. If the need for relatedness is not met, people feel a sense of social alienation, exclusion and loneliness, all of which have a detrimental impact on motivation and productivity.

Self-determination theory focuses on intrinsic motivation, which is intangible and internal to an individual, such as a sense of recognition, purpose and achievement. Deci and Ryan's SDT concept suggests that these three needs or drivers of motivation are essential for intrinsic motivation because they help people to feel engaged, fulfilled and valued. The theory can help employers to gain a better understanding of how best to develop and engage their workforce as well as help individual employees to better understand how they can be more successful in their profession.

Deci and Ryan argue that work (employment) has the potential to be a catalyst for meaningful growth, both personally and professionally. Developing self-determination through autonomy, competence and relatedness positively impacts for the individual and society as a whole.

Key concept

How important is the role of **creativity** in promoting intrinsic motivation in the workplace?

(iii) Equity and expectancy theory (HL only)

John Stacey Adams's **equity theory** (1963) suggested that workers will naturally compare their efforts or rewards to those of others in the workplace (subordinates, peers and superiors). Each worker should receive a remuneration package (salary plus fringe benefits) that reflects their efforts. The degree of equity (perceived fairness) in an organization is based on the ratio of *inputs* (contributions made by the employee) to *outputs* (financial and non-financial rewards).

Typical inputs include expertise, experience, enthusiasm and effort. Inputs can be physical and intellectual. Outputs (also referred to as outcomes) typically include remuneration, recognition (praise), rank (status) and responsibilities. Outputs can be both tangible and intangible.

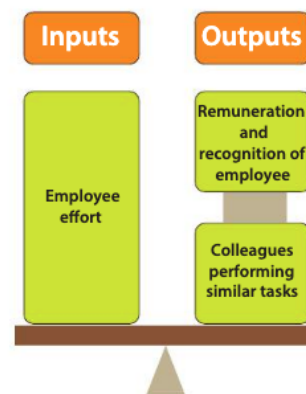


Figure 10.5 - Equity exists when inputs and outputs balanced

Adams argued that workers will only be motivated if their input to output ratio is deemed to be equitable (fair) in relation to that of others in the workplace. He suggested that the degree of equity in the workplace has a direct impact on the level of motivation on three levels:

- **Equity norm** - Workers expect an equitable remuneration package for their contributions in the organization. Adams proposed that businesses should strive to ensure staff perceive equity throughout the organization (see TOK question below regarding the gender pay gap).
- **Social comparison** - Workers determine what is fair based on comparisons of their inputs and outputs with those of their peers (co-workers). Inequities exist if those who put in relatively more effort (or have to contribute more as part of their job) are paid comparatively less.

HIGHER LEVEL

Human resource management

Topic 2: Human resource management

HIGHER LEVEL

- **Cognitive distortion** - Workers who feel under-compensated (inputs are greater than outcomes), become dissatisfied and demotivated so might withdraw any goodwill. They can seek a balance by altering their inputs (such as putting in less effort) and/or outcomes (such as negotiating a pay rise).

Exam tip !

To contextualise equity theory, consider how you might feel if your teacher gives you a lower predicted grade for Business Management despite you putting in a huge amount of effort, yet your friend who has put in very little effort is given a higher predicted grade from the same teacher.

Theory of Knowledge (TOK)



According to a recent report from the Institute for Fiscal Studies (IFS) published in 2021, government policies have made almost no difference to the gender pay gap in the UK for 25 years since 1995. The IFS found that women are less likely to be in paid employment, work 8 fewer hours than men per week and are paid 19% less per hour on average than men. The IFS compared official earnings data for more than 2 million people aged 20 to 55 for the period between 1995 and 2019.

Is it ethical for there to be a gender pay gap? Does time make any difference to this matter?

If inequities are not dealt with, absenteeism will increase and workers can become disruptive to the organization. In severe cases of inequities, workers might even take industrial action (see Chapter 13) or resign from their jobs. Therefore, an equitable balance in the ratio of inputs to outputs means workers should have greater satisfaction and motivation in their jobs, helping to ensure positive, productive and professional relationships at work.

However, critics of equity theory point out that the concept of fairness is highly subjective. Two people with the same qualifications and skills, performing the same jobs for the same remuneration package might have very different perceptions of what is 'fair'. Some people are more sensitive to issues of equity than others; the theory ignores demographic, psychological and cultural factors that can affect perceptions of fairness.

Furthermore, whilst workers can accept that senior staff are compensated more, there is a limit to the scales of equity so it can be highly demotivating if executive directors are excessively remunerated. Therefore, these issues and perceptions need to be managed effectively in business organizations.

Table 10.2 - Examples of perceived equity and inequalities in the workplace

| Examples of perceived equity | Examples of perceived inequities |
|--|--|
| Senior managers getting higher compensation packages because the value of their experience and skills (inputs) is greater. | A worker gets greater recognition and remuneration for his/her contributions, although other colleagues have done the same amount and quality of work. |
| More productive salespeople are paid more. The pay differential acts as an incentive to work harder. | A colleague getting more time than others to complete the same tasks. 'Favouritism' is deemed to be unjust and unfair. |
| Part-time workers, such as those in full-time education or mothers of very young children, earn lower monetary compensation than full-time staff. | Workers get a 5% pay rise due to record profits being earned, but a rival firm with similar financial results rewards its workers an 8% pay rise. |
| The captain or most valued player of a professional sports team gets paid more than other members of the team due to the skills and leadership qualities | Two similarly ranked managers have different sized offices, one with good ventilation, air conditioning and a nice view whilst the other does not. |

Human resource management

2.4 Motivation and demotivation

Exam tip !

Equity (fairness) is not the same as equality (sameness). Achieving *equity* in the workplace means the organization is fair, attentive and appreciative. *Equality* would mean all workers being paid exactly the same, which might not be fair for a range of reasons.

ATL Activity 10.2 (Communication and Thinking skills)

Perceptions of equality in the workplace – With a partner, discuss the following questions and see if you are able to come to any sort of consensus?

- Is it fair that the average salary in the workplace is higher for men than for women?
- Is it fair that women can typically retire earlier than men, even though men in general have a shorter life span?
- Is it fairer for the boss to leave work before his/her employees?
- Is it fair to impose differentiated minimum wage rates that are dependent on a person's age rather than their skills, experience, or qualifications?
- Why don't some countries have anti-discrimination laws regarding a person's age, race, gender, sexual orientation, religion, national origin or physical (dis)ability?

Victor H. Vroom's **expectancy theory** (1964) suggested that people only put in the effort to do a task if they expect that their role will help to achieve the required result. If workers feel they lack the ability, expertise or skill to achieve a target or to complete a task, then their level of effort will be minimal (which reflects a lower level of motivation). Professor Vroom, of the Yale School of Management, showed that a variety of factors affect a person's approach and attitude to work. However, it is assumed that workers will choose the path that offers the greatest probability of achieving their goals.

Vroom found a positive correlation between a person's efforts and his or her level of performance at work. He recognized that a worker's performance is based on personal factors such as

experience, skills, knowledge and self-belief. He suggested that when faced with alternative approaches to dealing with a certain task, people choose the option with the greatest motivation, consisting of three parts:

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

- **Expectancy** - This refers to the belief that effort will lead to acceptable performance. People have different expectations about their capability and self-belief in tackling a task or job. There are also different perceptions about the level of difficulty of the task.
- **Instrumentality** - This refers to the performance reward. People hold the perception that if they meet performance targets then they will be rewarded accordingly (or what they think is desirable as a reward). Managers must ensure that promises are kept in order to gain people's trust and therefore their commitment, loyalty and motivation.
- **Valence** - This is the value of the reward to the individual employee. Managers need to find out what staff value as people place different values on different rewards. In tackling a task, people consider whether it is worth any extra effort in terms of both intrinsic rewards (such as satisfaction and ego) and extrinsic rewards (such as money and promotion).

To determine the level of motivation, all three parts are weighted from 0 and 1 (with zero being the least significant and 1 being the highest) and then multiplying the three together ($\text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$). The higher this number, the more likely employees are to be highly motivated. By contrast, the lower the number, the more likely employees are to be demotivated and dissatisfied at work.

Similar to equity theory, expectancy theory suggests that there is a correlation between the effort people put in at work and the expected rewards they achieve from that effort and the results obtained. Vroom argued that *"employees will be motivated if they believe their strong effort will lead to good performance that will lead to their desired results."*

A criticism of expectancy theory is that it does not provide any specific suggestions on how to motivate employees but provides a framework that highlights individual and cognitive differences in motivation.

HIGHER LEVEL

Human resource management

2.4 Motivation and demotivation

Table 10.3 - Summary of motivation theories

| Theorist | Theory | Main findings |
|-------------------|---------------------------|--|
| F.W. Taylor | Scientific management | Pay, above all, is the main source of motivation |
| A. Maslow | Hierarchy of needs | Levels of human needs, from physiological to self-actualization |
| F. Herzberg | Motivation-hygiene theory | Hygiene factors (which do not motivate alone but prevent dissatisfaction) and motivation factors |
| D. McClelland | Acquired needs theory | Managers have varying degrees of n-Ach, n-Pow and n-Aff |
| E. Deci & R. Ryan | Self-determination theory | Based on the basic and positive human tendency to grow: autonomy, competence and relatedness |
| J.S. Adams | Equity theory | Workers are motivated if there is perceived fairness based on an input to output ratio |
| V. Vroom | Expectancy theory | Motivation depends on expectations of effort needed and the perceived value of the rewards |