

Chapter 17 :Motivation in theory and practice

1. The importance of motivation

- Even if employees are satisfied with pay and conditions at work, they complain that their employers does not do a good job in motivating them.
- If employees lack of motivation => low productivity
- If employees are watched closely => they fear of wage cut and redundancy => forcing them to maintain their effort.

2. Motivation theories

2.1) Taylor's Theory of Scientific Management

Taylor's approach

1. He felt that workers should receive a fair day's pay for a fair day's work as pay should be linked to output through piece rates. (Produce less output => loss of earnings, Produce more => get bonus)
2. Taylor's approach is similar in that it advises business to find the best way of doing something to add value to the business.
3. Taylor's methods were widely adopted as businesses saw the benefits of increased productivity levels and lower unit costs.

2.2) Mayo's Theory of human relations.

The Hawthorne studies by Elton Mayo :

1. The study concluded that changes in conditions and financial rewards had little or no effect on productivity.
2. Increase in output were mainly due to the stronger teams and better communication that workers in groups developed as they interacted and were motivated to work together.
3. Hawthorne effect ; the idea that workers are motivated by recognition given to them as a group.

2.3) Maslow's Hierarchy of needs

Maslow's Hierarchy of needs - the order of people's needs starting with basic human requirement.



▲ Figure 1 Maslow's hierarchy of needs

1. Maslow argued that needs at the bottom are basic needs, they are concerned with survival. These needs must be satisfied before a person can move to the next level.
2. Once each level is satisfied, the needs at this level become less important. The exception is top level of self-actualization, the need to fulfill your potential.
3. Each level of needs is dependent on the levels below. An employee has been motivated by opportunity to take responsibility but they might lose jobs. The whole system collapse. => need to provide security on jobs first.

2.4) Herzberg's Two-Factor Theory

Fredrick Herzberg divided the causes of satisfaction or dissatisfaction into 2 categories or factors.

1. Motivators

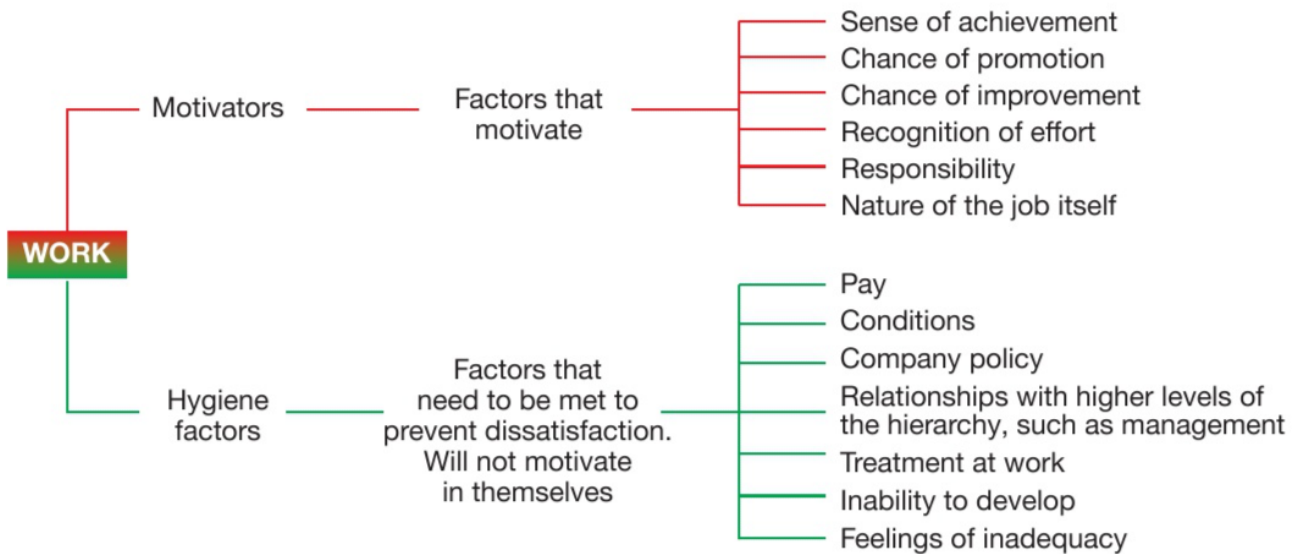
Motivators are factors that give workers job satisfaction, such as recognition for their effort, more responsibilities.

Limitation It is not guaranteed that other factors can also affect productivity.

2. Hygiene or maintenance factors.

Hygiene or maintenance factors are factors that can lead to workers being dissatisfied such as pay and conditions. Eg. Better canteen make workers less dissatisfied about the environment.

An improvement in hygiene factors cannot motivate worker but if they are not met there could be a fall in productivity.



3. Financial methods to improve staff performance

3.1) Piece work

- A payment system where employees are paid an agreed rate for every item produced. It is recommended by Taylor.

Limitation

- Suitable for jobs that is easy to identify the contribution of an individual.
 - It is difficult to design a piece rates system.
- It may encourage worker to generate short cut, affecting health and safety.

3.2) Commission

A percentage payment on sale made to the salesperson. It makes incentive to sell.

3.3) Bonus

- A payment adding to the basic wage for reaching targets or in recognition for service.
- It is paid if the targets are met. The money is only paid if it has been earned.

3.4) Profit sharing

- Where workers are given a share of the profits, usually as part of their pay.
- Profit sharing can motivate workers to achieve the objectives of business as in the Maslow the need for love and belonging.

3.5) Performance related pay (PRP) eg. arriving on time, improving skills.

- A payment system designed for non-manual workers where pay increases are given if performance targets are met. It is motivation as physiological needs in Maslow.

- Level of achievement : rated excellent => 10% bonus, rated good => get 5%bonus

Limitation

- Bonus may be too low to motivate workers.
- Achieve target depends on the smooth running of machines and technology.
- Target may be impossible to achieve.
- It may have unfair if workers have problems with their boss

4. Non financial methods to improve staff performance.

4.1) Delegation

- Passing of authority further down the managerial hierarchy.
- Workers feel that they are being trusted to carry out more difficult work.
- Delegation is most likely to improve motivation if managers;

4.2) Consultation

- Listening to the views of employees before making decision that affect them (working hrs)

4.3) Empowerment

- Giving official authority to employees to make decision and control their own work activities.

| Advantages | Limitation |
|--|--|
| <ul style="list-style-type: none">• Employees are motivated & feel trusted.• Employees have less stress as they can control over working.• Decision made by those suited to make it.• Greater employees' skill• More efficiency in the organization• Workers may feel less frustrated by senior staff making decisions. | <ul style="list-style-type: none">• Passing decision making down might make manager redundant.• Manager may feel in secure about subordinates making decision. It might affect their position.• Employees are given more work to do but for the same pay.• High cost of training employees. |

4.4) Teamworking

- Organizing people into working groups that have a common aim.

| Advantages | Limitation |
|---|--|
| <ul style="list-style-type: none"> • Productivity rises from combined talents. • Team can solve difficult business problems. • Ideas can be created from group discussion. • Flexible working | <ul style="list-style-type: none"> • Workers may hide differences in idea. • Disagreement destroy team effectiveness. • A feeling of powerlessness • Senior management fail to work together. • Unnecessary meeting • Some tasks are better to do by individuals |

4.5) Flexible working

- Flexible working may motivate workers such as choosing their own working hours, work from home.

4.6) Job enrichment

- Giving employees greater responsibility and recognition by vertically extending their work role.

| Advantages | Limitation |
|--|---|
| <ul style="list-style-type: none"> • Giving employees a challenge will develop their unused skilled and encourage them to be more productive. • Making workers feel important to business as they contribute work to the business. | <ul style="list-style-type: none"> • Workers who are unable to make it may not respond to incentives. • Not all workers react in the same way to job enrichment as motivation. • Trade union may see job enrichment as a way to reduce number of workers and |

4.7) Job rotation

- The periodic changing of jobs or tasks. Eg. Moving from HR to marketing.

4.8) Job enlargement

- Giving an employee more work to do of similar nature; horizontally extending their work role.
- Eg. An employee putting wheels onto a bicycle he could be allowed to put the entire product together.