

WEEK 7

Motivation:
From Concepts To
Application

The logo for Stamford Online Education is positioned behind the text. It features a stylized orange and blue graphic on the left, followed by the text "stamfordonline" in a blue, lowercase, sans-serif font. Below this, the words "EDUCATION" and "CENTERS" are written in a smaller, grey, uppercase font.

Learning Outcomes

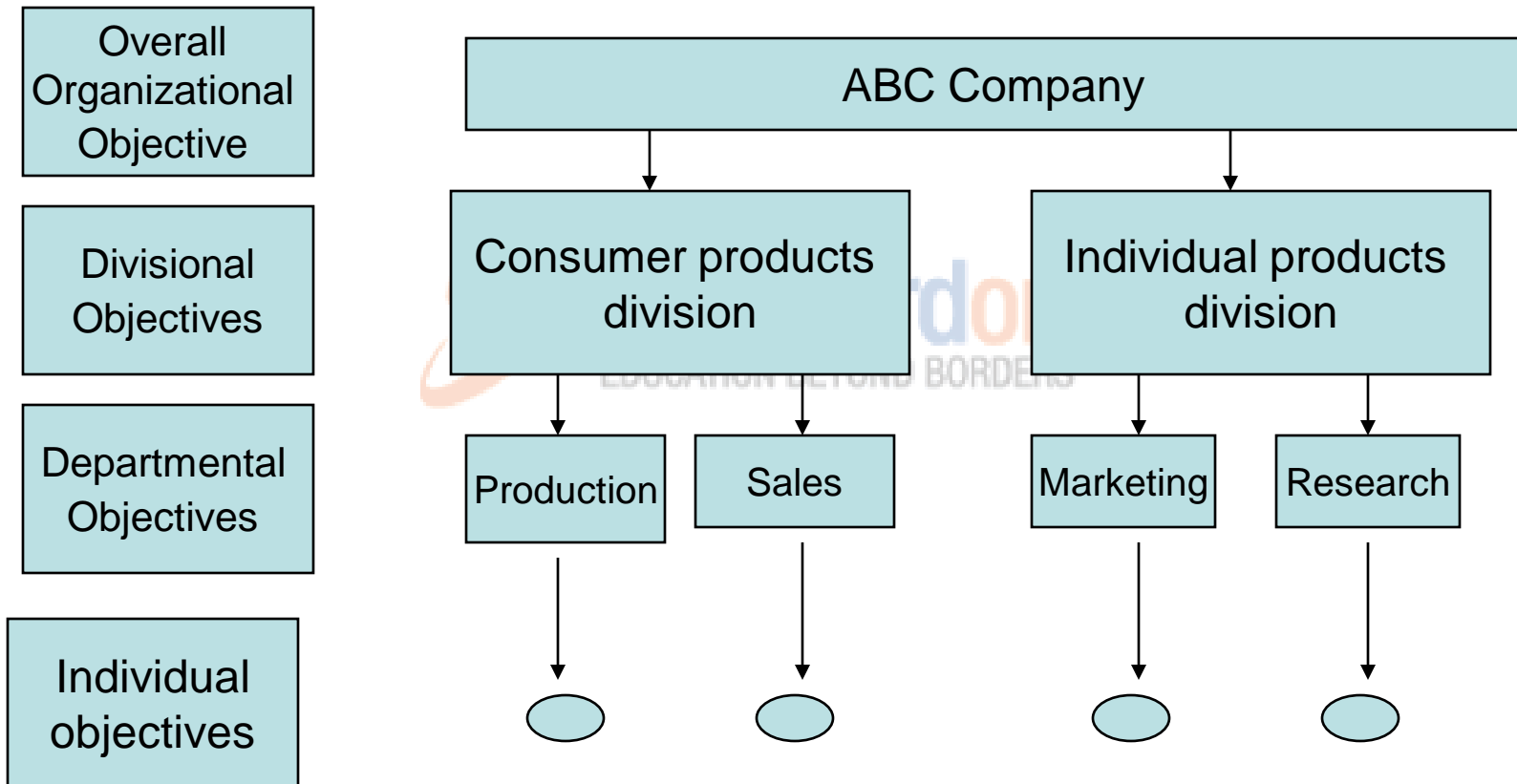
- Identify the four ingredients common to MBO programs
- Explain why managers might want to use employee involvement programs
- Contrast participative management with employee involvement
- Define quality circles
- Explain how ESOPs increase employee motivation
- Contrast gain-sharing and profit sharing
- Describe the link between skill-based pay plans and motivation theories
- Explain how flexible benefits turn benefits into motivators
- Contrast the challenges of motivating professional employees versus low-skilled employees

MBO

(Management By Objective)

- **MBO (Management By Objective)** - A program that encompasses specific goals and participative set for an explicit time period, with feedback on goal progress
- MBO appeal undoubtedly lies in its emphasis on converting overall organizational objectives into specific objectives for organizational units and individual members
- MBO works 'bottom up' as well as 'top down'
- There are four ingredients in MBO:
 - I. goals specific
 - II. participative decision making
 - III. an explicit time period (can be 3, 6 months)
 - IV. performance feedback

MBO



Linking MBO And Goal-Setting Theory

- MBO directly advocates specific goals and feedback. It implies that the goals must be perceived and be feasible
- MBO strongly advocates the issues of participation. Whereas, goal-setting theory demonstrates that assigning goals to the employees frequently works just as well
- MBO appears that to include the individuals in goals-setting will be more difficult to reach an agreement

Employee Recognition Programs

- Employee recognition programs consist of personal attention, expressing interest, approval, and appreciation for a job well done
- For example, the boss gives free concert tickets to the employees who have excellence performance
- The form of employee recognition program:
 - ✓ send e-mail to congratulate the employee
 - ✓ praise the work of the workers
 - ✓ giving gifts to the employees
 - ✓ give recognition to the employee like smiling, having friendly communication
 - ✓ organize a party to celebrate employee's birthday
 - ✓ listen to the suggestions by the employee

Employee Involvement Programs

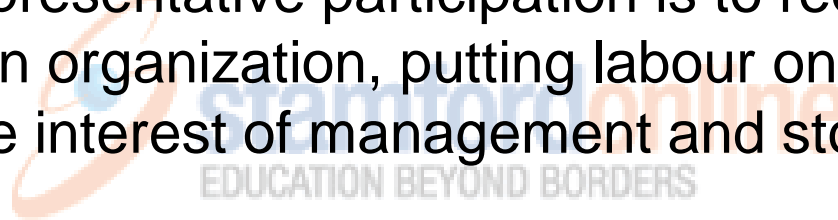
- **Employee Involvement Program** - A participative process that uses the entire capacity of employees and is designed to encourage increased commitment to the organization's success
- Participation is more limited term compared to the employee involvement program. It is the subset of the employee involvement program
- The employee involvement program can be:
 - Participative Management
 - Representative Participation
 - Quality Circles
 - Employee Stock Ownership Plans

Participative Management

- The distinct characteristic common to all participative management programs is the use of joint decision making
- Participative management is not appropriate for every organization or every work unit. The issues in which employees get involved must be relevant to their interests
- The employees also must have competence and knowledge to make a useful decisions. For instance, the employees must have certain experience and expertise knowledge for the decisions they made
- Participative management additionally increases the commitment of the employee and the organization
- Participative management provides the intrinsic rewards to the employees

Representative Participation

- **Representative management** - Workers participate in organizational decision making through a small group of representative employees
- The goal of representative participation is to redistribute power within an organization, putting labour on a more equal footing with the interest of management and stockholders



Works Councils And Board Representative

- **Works Councils** - Groups of nominated or elected employees who must be consulted when management makes decisions involving personnel
- For instance, if the ABC must take over the DEF company, ABC Works Council must inform DEF Company Works Council so that no conflict of interest will occur
- **Board Representative** - A form of representative participation. Employees sit on a company's board of directors and represent the interest of the firm's employees
- It is normally dominated by the management and have little impact on employees

Quality Circle

- **Quality Circles** - A work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions
- It is a work group of 8 to 10 employees and supervisors who have a shared area of responsibility
- They take over the responsibility of solving the quality problems, and they generate and evaluate their own feedback
- Research showed that quality circle has little impact on job satisfaction and improving of productivity
- Quality circle shows a little time involvement – only one hour per week - little discussion and little follow-up action
- It can lack top management involvement

Employee Stock Ownership Plans (ESOPs)

- **Employee Stock Ownership Plans (ESOPs)** - Company-established benefit plans in which employees acquire stock as part of their benefits
- Companies contribute the stock or cash to buy stock for the trust and allocate the stock to employees. While the employees hold stock in their company, they usually cannot take physical possession of their shares or sell them as long as they are still employed in the company
- ESOPs indicates it increases the employees satisfaction and work motivation as the employee feels that he/she has the opportunity to influence the business

Variable Pay Programs

- **Variable Pay Programs** - A portion of an employee's pay is based on some individual and/or organizational measure of performance
- **Piece-rate Pay Plans** - Workers are paid a fixed sum for each unit of production completed
- For instance, the seller gets RM1 per bag of peanut sold. If he sells 10 bags, he gets RM10 and the basic hours rate (RM5 per hour). He can probably work for 8 hours per day!
- **Gain Sharing** - An incentive plan in which improvements in group productivity determine the total amount of money that is allocated
- For instance, the sales department generated \$10,000 per month. Such gains will be shared by all the sales staff

Skill-based Pay Plans

- **Skill-based Pay Plans** - Pay levels are based on how many skills employees have or how many jobs they can do
- It is also known as competence-based or knowledge-based pay
- It facilitates cross communication among the workers and people understanding better about their jobs
- It leads to performance improvements
- However, the skills can be obsolete
- Skills-based plan does not address the level of performance. For instance, the skills of checking quality and leading the team can be equivocal

Linking Skill-based Pay Plans To Motivation Theories

- Paying people to expand their skills is also consistent with research on the achievement need. High achievers have a compelling drive to do things better and more efficiently
- Skilled-pay employees improve their skills continuously. They are generalist rather than specialist, they are being like reinforcements
- Skilled-pay employees provide fairer criterion for determining pay factors such as seniority and educational background
- In general conclusion, the evidence shows that skilled-based pay plans lead to higher job satisfaction and improve employees performance
- It is considered as a fair perception of employees

Flexible Benefits

- **Flexible benefits** - Employees tailor their benefits program to meet their personal needs by picking and choosing from a menu of benefits options
- The example of flexible benefits:
 - ✓ additional life insurance
 - ✓ disability insurance
 - ✓ COLA (Cost-of-living Allowance)
 - ✓ dental care services
 - ✓ babysitter care service



Motivating Professional

- Professionals have long term commitment to their expertise
- They are searching for intrinsic rewards
- They tend to be well paid and enjoy the job they do
- The motivation package should be:
 - ✓ training opportunity
 - ✓ career development
 - ✓ educational opportunity
 - ✓ challenging projects



Motivating Contingent Workers

- They are temporary workers, students, working mothers and professionals
- They are searching extrinsic rewards:
 - ✓ money and salary
 - ✓ flexible working time
 - ✓ training opportunity
 - ✓ recognition

Motivating Diversified Workforce

- They are the immigrants, physically disabled, senior citizens, mothers, etc
- They are motivated by:
 - ✓ flexible working time - to do other jobs
 - ✓ temporary project with high income
 - ✓ job sharing

Motivating Skilled Workers

- They are the skilled employees like mechanics, lawyers, doctors, supervisors, bankers, etc
- They need:
 - ✓ better working environment
 - ✓ opportunity to socialize during break
 - ✓ emphatic supervisors
 - ✓ attractive remuneration package
 - ✓ freedom of discretion

Discuss Questions

- What can you do as a manager to increase the likelihood that your employees will exert a high level of effort?
- Identify the methods through which the organization can motivate the workers. Based on your knowledge and experience, do you think performance is the criterion mostly used in practice? Discuss.