

CHAPTER 7

Motivation as a Responsibility of Leadership

People often say that motivation doesn't last. Well, neither does bathing—that's why we recommend it daily.

- Zig Ziglar

Motivation is the art of getting people to do what you want them to do because they want to do it.

- Dwight D. Eisenhower

Brenden decided to go to college with one goal in mind: to get a job where he could make lots of money. His hope was that the job would allow him to live in a large house, drive a nice car, and take two nice vacations per year. Once he graduated, he accepted a sales job that afforded him these things. After one year, he was promoted into a sales management role.

About two years in sales management, he realized that while he was making a lot of money, he didn't really like his job. It required a lot of travel and working with unhappy clients. Brenden then decided to create a list of the most important things to him in a job. The first on the list was the fact he would feel good about his contributions to society. The second on the list was his ability to pay his bills with a little money left over to save. The third most important thing on the list was that he would be home during the week so he could spend more time with his family.

The more Brenden looked at his wish list, the more he realized what he wanted wasn't lots of money, as he had thought. Other things, as he grew in his career, were far more important to him.

Brenden's situation is common. Often, people think they are motivated by money, but when they step back, they realize that money is just one part of a person's overall satisfaction at work. For years, managers have tried to motivate people based on money, but research has shown this can only be effective to an extent. As leaders and future leaders of organizations, we need to remember human behavior is complicated, and as a result, it takes more than money to motivate someone. Other things, such as flexible schedules or more vacation time, can motivate people more than a pay raise. This is the topic of our chapter: human motivation and developing an understanding of what motivates our employees.

1. HUMAN MOTIVATION AT WORK

LEARNING OBJECTIVES

1. Discuss why employees may not be satisfied at work.
2. Explain how the human motivation theories apply to your employees.

1.1 Theories on Job Dissatisfaction

There are a number of theories that attempt to describe what makes a satisfied employee versus an unsatisfied employee. Knowing what motivates our people—and what doesn't—is the key to keeping a motivated workforce. It may be surprising, but much of what makes people satisfied or unsatisfied at work has little to do with money. We discuss some of these theories next.

Progression of Job Withdrawal

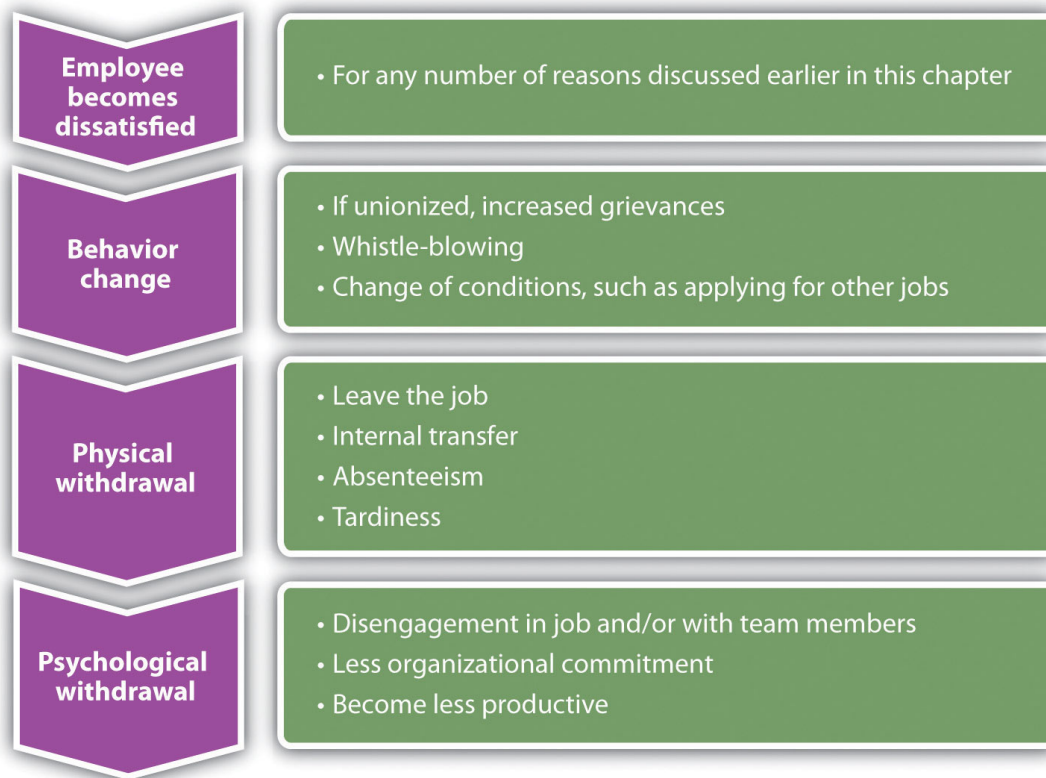
Have you ever felt unhappy at a job? If you have, consider how you went through the process of being unhappy—because for most of us, we start out happy but then gradually become unhappy. One of the basic theories is the progression of job withdrawal theory, developed by Dan Farrell and James Petersen.^[1] It says that people develop a set of behaviors in order to avoid their work situation. These behaviors include behavior change, physical withdrawal, and psychological withdrawal.

Within the behavior change area, an employee will first try to change the situation that is causing the dissatisfaction. For example, if the employee is unhappy with the people he or she is working with, he or she might consider asking for a department move. In the physical withdrawal phase, the employee does one of the following:

- Leaves the job
- Takes an internal transfer
- Starts to become absent or tardy

If an employee is unable to leave the job situation, he or she will experience psychological withdrawal. The employee will become disengaged and may show less job involvement and commitment to the organization, which can create large costs to the organization, such as dissatisfied customers, not to mention the personal cost to the employee due to his or her unhappiness in the job.

Often, our process of job withdrawal has to do with employee lack of motivation, which we discuss in the next section.

FIGURE 7.1 Process of Job Withdrawal

1.2 Theories on Human Motivation

Hawthorne Studies

Between 1927 and 1932, a series of experiments were conducted by Elton Mayo in the Western Electric Hawthorne Works company in Illinois.^[2] Mayo developed these experiments to see how the physical and environmental factors of the workplace, such as lighting and break times, would affect employee motivation.

This was some of the first research performed that looked at human motivation at work. His results were surprising, as he found that no matter which experiments were performed, worker output improved. His conclusion and explanation for this was the simple fact the workers were happy to receive attention from researchers who expressed interest in them. As a result, these experiments, scheduled to last one year, extended to five years to increase the knowledge base about human motivation.

The implication of this research applies to us as leaders even today. It tells us we should try to do things that make employees feel valued.

Maslow's Hierarchy of Needs

In 1943, Abraham Maslow developed what was known as the theory of human motivation.^[3] His theory was developed in an attempt to explain human motivation. According to Maslow, there is a hierarchy of five needs, and as one level of need is satisfied, it will no longer be a motivator. In other words, people start at the bottom of the hierarchy and work their way up. Maslow's hierarchy consists of the following:

- Self-actualization needs
- Esteem needs
- Social needs
- Safety needs
- Physiological needs

Physiological needs are our most basic needs, including food, water, and shelter. Safety needs at work might include feeling safe in the actual physical environment or job security. As humans, we have the

basic need to spend time with others. Esteem needs refer to the need we have to feel good about ourselves. Finally, self-actualization needs are the needs we have to better ourselves.

The implications of his research tell us, for example, that as long as our physiological needs are met, increased pay may not be a motivator. Needs might include, for example, fair pay, safety standards at work, opportunities to socialize, compliments to help raise our esteem, and training opportunities to further develop ourselves.



Video Clip 1

An Introduction to Maslow's Hierarchy of Needs—Abraham Maslow

This video explains Maslow's hierarchy in detail. After reviewing the video, which of Maslow's needs are you currently focused on?



View the video online at: http://www.youtube.com/v/CF2c1q_OvdE

Herzberg Two-Factor Theory

In 1959, Frederick Herzberg published *The Motivation to Work*,^[4] which described his studies to determine which aspects in a work environment caused satisfaction or dissatisfaction. He performed interviews in which employees were asked what pleased and displeased them about their work. From his research, he developed the motivation-hygiene theory to explain these results.

The things that satisfied the employees were motivators, while the dissatisfiers were the hygiene factors. He further said the hygiene factors were not necessarily motivators, but if not present in the work environment, they would actually cause demotivation. In other words, the hygiene factors are expected and assumed, while they may not necessarily motivate.

His research showed the following as the top six **motivation factors**:

1. Achievement
2. Recognition
3. The work itself
4. Responsibility
5. Advancement
6. Growth

The following were the top six **hygiene factors**:

1. Company policies
2. Supervision
3. Relationship with manager
4. Work conditions
5. Salary
6. Relationship with peers

The implication of this research is clear. Salary, for example, is on the hygiene factor list. Fair pay is expected, but it doesn't actually motivate our employees to do a better job. On the other hand, programs to further develop employees, such as management training programs, would be considered a motivator. Therefore, the actual motivators tend to be the work and recognition surrounding the work performed. As a leader, we may want to consider developing a mentorship program, sending employees to seminars to improve skills, or other motivators related to growth and recognition.

motivation factor

Part of a theory developed by Herzberg that says some things will motivate an employee, such as being given responsibility.

hygiene factor

Part of a theory developed by Herzberg that says some things will not necessarily motivate employees but will cause dissatisfaction if not present.

Additional Perspectives

Performance Orientation in Leadership

Performance orientation is the degree to which a group encourages and rewards individuals for performance. High-performance orientation refers to individuals and leaders who value training and development, prefer formal feedback, and expect direct feedback. Low-performance orientation individuals tend to value harmony with the environment, view formal feedback as judgmental, and tend to value people for who they are rather than what they do. Because of your tendency for high-performance orientation, you view performance evaluations as a development tool. You are surprised when one of your employees continually dismisses the performance evaluation process to the extent where he doesn't show up for a performance assessment meeting. In this situation, you could be approaching from the perspective of high-performance orientation while your employee has low-performance orientation.

Assume performance reviews are a necessary requirement in your organization. How can you handle the employee with low-performance orientation when giving performance evaluations?

Source: House, R., Javidan, M., & Dorfman, P. (2001). Project GLOBE: An introduction. *Applied Psychology: An International Review*, 50(4), pp. 489–505.

McGregor's X-Y Theory

Douglas McGregor proposed the X-Y theory in his 1960 book, *The Human Side of Enterprise*.^[5] McGregor's theory gives us a starting point to understanding how management style can impact the retention of employees. His theory suggests two fundamental approaches to managing people. **Theory X managers**, who have an authoritarian management style, have the following fundamental management beliefs:

- The average person dislikes work and will avoid it.
- Most people need to be threatened with punishment to work toward company goals.
- The average person needs to be directed.
- Most workers will avoid responsibility.

Theory Y managers, on the other hand, have the following beliefs:

- Most people want to make an effort at work.
- People will apply self-control and self-direction in pursuit of company objectives.
- Commitment to objectives is a function of expected rewards received.
- People usually accept and actually welcome responsibility.
- Most workers will use imagination and ingenuity in solving company problems.

As you can see, these two belief systems have a large variance, and as managers, we want to avoid managing under Theory X in most situations.

Carrot and Stick

It is unknown for sure where this term was first used, although some believe it was coined in the 1700s during the Seven Years' War. In business today, the stick approach refers to "poking and prodding" to get employees to do something. The carrot approach refers to the offering of some reward or incentive to motivate employees. Many companies use the stick approach, as in the following examples:

- If you don't increase your sales by 10 percent, you will be fired.
- Everyone will have to take a pay cut if we don't produce 15 percent more than we are currently producing.

As you can imagine, the stick approach does little to motivate employees in the long term! While it may work for some time, constant threats and prodding do not motivate people.

The carrot approach might include the following:

- If you increase sales by 10 percent, you will receive a bonus.
- If production increases by 15 percent, the entire team will receive an extra day off next month.

Theory X manager

According to McGregor, a type of manager who has a negative approach to employee motivation.

Theory Y manager

According to McGregor, a type of manager who has a positive approach to employee motivation.

The carrot approach normally means some incentive will occur if expectations are met. The expectations should be attainable and shouldn't be the only method used in retention planning and turnover reduction.



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exit interview

An interview performed by human resources or a manager that seeks information as to what the employee liked at the organization and what he or she thinks should be improved.

job descriptive index (JDI)

Looks at five aspects of job satisfaction: present job, present pay, opportunities for promotion, supervision, and coworkers.

The carrot strategy takes a much more positive approach to employee motivation but still may not be effective. For example, this approach can actually demotivate employees if they do not feel the goal is achievable. Has this ever happened to you at work? Some reward was offered, but you knew it wasn't really achievable? If so, you know how this can actually be demotivating! Also, if leaders use this as the only motivational technique, ignoring physiological rewards such as career growth, this could be a detriment as well.

All the employee satisfaction theories we have discussed have implications for our own understanding of what motivates us at work.

1.3 Sources of Employee Satisfaction and Motivation Data

After we have an understanding of employee satisfaction theories and why employees leave, research is our next step in understanding the satisfaction levels of employees.

Research can be performed in two ways. First, exit interviews of employees who are leaving the organization can provide important retention information. An **exit interview** is an interview performed by human resources or a manager that seeks information as to what the employee liked at the organization and what he or she thinks should be improved. Exit interviews can be a valuable way to gather information about employee satisfaction and can serve as a starting point for determining any motivation issues that may exist in the organization.

Sample Exit Interview Questions

1. What is your primary reason for leaving?
2. What did you like most about your job?
3. What did you like least about your job?
4. Did you feel there was room for growth in your job?
5. What incentives did you utilize while at our company?
6. Which incentives would you change and why?
7. Did you have enough training to do your job effectively?

The second way to perform research is through employee satisfaction surveys. A standardized and widely used measure of job satisfaction is the **job descriptive index (JDI)** survey. While JDI was initially developed in 1969 at Bowling Green State University, it has gone through extensive revisions, the most recent one in 2009. JDI looks at five aspects of job satisfaction, including present job, present pay, opportunities for promotion, supervision, and coworkers.^[6] Each of the five facets contains nine or eighteen questions; the survey can be given in whole or with only one facet measured. The value of the scale is that managers can measure job satisfaction over a period of time and compare current results to past results and even compare job satisfaction at their company versus their industry. This allows the manager to consider changes in the organization, such as a change in compensation structure, and see how job satisfaction is impacted by the change.

Any type of survey can provide information on the employee's satisfaction with his or her manager, workload, and other satisfaction and motivational issues. An example of a general employee satisfaction survey is shown in Figure 7.2. However, a few things should be considered when developing an employee satisfaction survey:

1. Communicate the purpose and goal of the survey.
2. Once the survey is complete, communicate what changes have been made as a result of the survey.
3. Assure employees their responses will be anonymous and private.
4. Involve others in the survey development.
5. Ask clear, concise questions that get at the root of morale issues.

Once data have been gathered and analyzed, we can understand where motivational issues exist and address those, often with the help of our human resources team.

FIGURE 7.2 Sample Employee Satisfaction Survey



Sample Employee Satisfaction Survey/ Sample Questions for Employee Satisfaction Survey

A brief version of the larger Employee Satisfaction Survey, this questionnaire serves to obtain a brief snapshot of employee climate. Some of the topics addressed in the survey include: perception of job description, position within the company, relationships with supervisors, advancement opportunities, and overall satisfaction.

This survey asks questions about your experience working for The Company. It starts and ends with some questions about your satisfaction with various aspects of work and contains other questions about how you think and feel about The Company. Thank you for sharing your opinions.

1. Overall, how satisfied are you working for The Company?

-Select-

2. What I like best about working for The Company is...

800

Characters Remaining: 800

3. Things that The Company should do to make it a better workplace are...

800

Characters Remaining: 800

Source: Zarca Interactive. (n.d.). Employee satisfaction surveys. Retrieved August 18, 2011, from <http://www.zarca.com/Online-Surveys-Employee/sample-employee-surveys.html>.

Generational Gap

At no other time in history have organizational leaders had to manage such a large gap of generations. Currently, there are four generations in the workforce, as you can see in the following table. Each generation prefers a different leadership style and is motivated by different factors, which can also change depending on the career stage. As a result, we should understand that managers should never take a one-size-fits-all approach with employees.

Generation	Leadership style preference
Traditionalist (Born 1927–45)	Direct, clear, fair, consistent
Baby boomers (Born 1946–64)	Treated as equals, warm, caring, democratic approach
Generation X (Born 1965–85)	Direct, competent, genuine, results oriented, supportive of learning opportunities
Millennial (Born 1985–2000)	Motivational, collaborative, positive, organized, coaching

Recognizing and respecting differences can help us better motivate our employees. Based on the preferred leadership style, what do you think (generally) motivates each generation? When you look at your generational category, do you think your leadership style preference fits?

Source: Pitts, M., & Smyer, M. (2007, June). *The 21st century multigenerational workforce* (Issue Brief No. 9). Boston: The Center on Aging and Work, Boston College.

KEY TAKEAWAYS

- The theory of job withdrawal explains the process an employee goes through when he or she is not motivated or happy at work.
- There are many motivation theories that attempt to explain employee motivation or lack of motivation at work.
- The Hawthorne studies were a series of studies beginning in 1927 that initially looked at physical environments but found that people tended to be more motivated when they felt cared about. The implications to retention are clear in that employees should feel cared about and developed within the organization by their leaders.
- Maslow's theory of motivation says that if someone already has a need met, giving that person something to meet more of that need will no longer motivate him or her. Maslow divided the needs into physiological, safety, social, esteem, and self-actualization needs. Many leaders only motivate based on the low-level needs, such as pay. Development of training opportunities, for example, can motivate employees on high-level self-actualization needs.
- Herzberg developed motivational theories based on actual motivation factors and hygiene factors. Hygiene factors are those things that are expected in the workplace and will demotivate employees when absent but will not actually motivate when present. If managers try to motivate only on the basis of hygiene factors, turnover can be high. Motivation on both of these factors is key to a good retention plan.
- McGregor's theory on motivation looked at managers' attitudes toward employees. He found that Theory X managers had more of a negative view of employees, while Theory Y managers had a more positive view.
- The carrot-and-stick approach means a leader can get people to do something by prodding or by offering some incentive to motivate them to do the work. This theory implies these are the only two methods to motivate, which, of course, we know isn't true.
- There are a number of ways to measure employee satisfaction, such as exit interviews and employee surveys.

EXERCISES

1. What types of things will motivate you in your career? Name at least five things. Where would these fit on Maslow's hierarchy of needs and Herzberg's two-factor theory?
2. Have you ever been unhappy at a job? Or if you haven't worked, have you ever felt unhappy in a specific team or group? Consider this experience and write about how you went through each phase of the job withdrawal process.

2. STRATEGIES USED TO INCREASE MOTIVATION

LEARNING OBJECTIVE

1. **Explain the strategies leaders can use to retain employees.**

As we have addressed so far in this chapter, human motivation is an important aspect to understanding what makes our employees happy or unhappy at their jobs. As leaders, we can implement many strategies to keep employees motivated at work. This section discusses some of those specific strategies.

2.1 Salaries and Benefits

As we know from Chapter 6.3, employee pay can be a motivator to a certain extent. It is important to note that when we look at compensation, it includes much more than only pay but things such as health benefits and paid time off.

Some considerations companies use surrounding pay can include the following:

1. **Instituting a standard process.** Many organizations do not have set pay plans, which can result in unfairness when onboarding (the process of bringing someone “on board” with the company, including discussion and negotiation of compensation) or offering pay increases. Managers should make sure the process for receiving pay raises is fair and defensible, so as not to appear to be discriminatory.
2. **A pay communication strategy.** As a leader, we should work hard to make sure the fair pay process is communicated to employees. Transparency in the process of how raises are given and then communicated can help us retain good employees.^[7]
3. **Paid time off (PTO).** As leaders, we can pay employees not only with salary but also with time off. Paid holidays and vacation time might be an example. Many organizations are adding a concept called earned time into their PTO policies. Earned time means for every hour worked, a specific amount of PTO is earned. Then the employee can use the time as sick leave or vacation time, leaving little distinction between the two.

2.2 Training and Development

To meet higher-level needs, employees need to experience self-growth. As a result, many companies offer training programs within the organization and pay for employees to attend career skill seminars and programs. It is a great idea to offer these types of self-growth opportunities. In addition, many companies offer tuition reimbursement programs to help you earn a degree. Dick’s Drive-In, a local fast food restaurant in Seattle, Washington, offers \$22,000 in scholarships over four years to employees working twenty hours per week.^[8] However, there is a six-month waiting period, and the employee must continue to work twenty hours per week. In a high-turnover industry, Dick’s Drive-In boasts one of the highest employee retention rates in the fast-food industry.

2.3 Performance Appraisals

The **performance appraisal** is a formalized process to assess how well an employee does his or her job. The effectiveness of this process can contribute to employee retention, in that employees can gain constructive feedback on their job performance, and it can be an opportunity for managers to work with employees on goal setting. This process can help ensure our upper-level self-actualization needs are met, but it also can address some of the motivational factors discussed by Herzberg, such as achievement, recognition, and responsibility. We discuss more about performance appraisals in Chapter 10.

performance appraisal

A method by which job performance is measured.

2.4 Succession Planning

Succession planning is a process of identifying and developing internal people who have the potential for filling positions. As we know, many people leave organizations because they do not see career growth or potential. As leaders, we can combat this by having a clear career path for employees to follow. For example, perhaps you start as a sales associate, become assistant manager, and then become manager. Proper succession planning shows what employees must accomplish at each level in order to attain a higher-level position. This type of clear career path can help with employee motivation at work. If your organization does not currently have a succession plan, consider developing one.

succession planning

A process for identifying and developing internal people who have the potential to fill positions.



Video Clip 2

Recruiting & Retaining a National Workforce

This video addresses some real-world retention strategies used at Michels Corporation, a utility contractor services company.



View the video online at: <http://www.youtube.com/v/8boY7VpRY4o>

2.5 Flextime, Telecommuting, and Sabbaticals

According to a Salary.com survey, the ability to work from home and flexible work schedules are benefits that would entice employees to stay in a job.^[9] The ability to implement this type of retention strategy might be difficult depending on the type of business. For example, a retailer may not be able to implement this, since the sales associate must be in the store to assist customers. However, for many professions, it is a viable option and worth including in the retention plan as part of work-life balance.

Some companies, such as Recreational Equipment Incorporated (REI), based in Seattle, Washington, offer twelve weeks of unpaid leave per year (beyond the twelve weeks required under the Family and Medical Leave Act) for the employee to pursue volunteer or travel opportunities. In addition, after fifteen years of service with the company, paid sabbaticals are offered, which include four weeks plus already earned vacation time.

2.6 Leader-Member Exchange



Video Clip 3

L-M-X Theory.wmv

This video illustrates the LMX theory.



View the video online at: <http://www.youtube.com/v/Jie93QkqOuw>

The **leader-member exchange theory (LMX)** focuses on the two-way relationship between managers and their employees, meaning a dyadic relationship. The relationship developed can influence the reasonability of the employee and the amount of decision influence the manager is willing to allow for each employee. In addition, this relationship can provide resources to the employee,^[10] which can assist him or her in being more successful in the job. Obviously, a positive relationship means the employee is more likely to be motivated, which speaks to the need for this type of dyadic relationship.

In addition, this theory suggests that group members will separate into subgroups based on personality, outside interests, or other factors. Because of this, leaders may tend to develop special relationships with an “inner circle” of employees, called “the in-group.” The in-group shows more job satisfaction than those in the “out-group.” Out-group members do what work is necessary in their role, but they contribute less to the group than in-group members. The out-group also expresses less loyalty and support for the leader. As a leader, if we can understand this differentiation between in- and out-groups, we can assist in motivating everyone by ensuring people do not feel part of the out-group.^[11]

leader-member exchange theory (LMX)

Focuses on the two-way relationship between managers and their employees, meaning a dyadic relationship.

2.7 Management Training

According to a recent Gallup poll of one million workers, a poor supervisor or manager is the number one reason people leave their jobs.^[12] Managers who bully, use the Theory X approach, communicate poorly, or are incompetent may find it difficult to motivate employees to stay within the organization. One way to combat this is to understand the skills it takes to be a good leader and continually self-assess and ask for feedback from employees.

2.8 Conflict Management, Morale, and Fairness

Perceptions on fairness and how organizations and organizational leaders handle conflict can be contributing factors to employee morale. **Outcome fairness** refers to the judgment that we make with respect to the outcomes we receive versus the outcomes received by others with whom we associate with. When employees are deciding if something is fair, they will likely look at **procedural justice**, or the process used to determine the outcomes received. There are six main areas employees use to determine the outcome fairness of a conflict:

1. **Consistency.** They determine if the procedures are applied consistently to other persons and throughout periods of time.
2. **Bias suppression.** They perceive that the person making the decision does not have bias or a vested interest in the outcome.
3. **Information accuracy.** The decision made is based on correct information.
4. **Correctability.** The decision is able to be appealed, and mistakes in the decision process can be corrected.
5. **Representativeness.** The feeling that the concerns of all stakeholders involved have been taken into account.
6. **Ethicality.** The decision is in line with moral societal standards.

For example, let's suppose JoAnn just received a bonus and recognition at the company party for her contributions to an important company project. However, Charlie might compare his inputs and outputs and determine it was unfair that JoAnn was recognized because he had worked on bigger projects and had not received the same recognition or bonus. As you know from the last section, this type of unfairness can result in being unmotivated at work. As leaders, we want to avoid perceived unfairness such as this.

outcome fairness

The judgment that people make with respect to the outcomes they receive versus the outcomes received by others with whom they associate.

procedural justice

The process used to determine the outcomes received.

2.9 Job Design, Job Enlargement, and Empowerment

As we have discussed previously, one of the reasons for job dissatisfaction is the job itself. Ensuring our employees' skills set and what they enjoy doing matches with the job is important. Some companies will use a change in job design, enlarge the job, or empower employees to motivate them.

job enrichment

Adding more meaningful tasks to enhance a job and make the employee's work more rewarding.

job enlargement

Adding new challenges or responsibilities to a current job.

employee empowerment

A way to involve employees in their work by allowing them to make decisions and act on those decisions with the support of the organization.

Job enrichment means to enhance a job by adding more meaningful tasks to make our work more rewarding. For example, if a retail salesperson is good at creating eye-catching displays, allowing him or her to practice these skills and assigning tasks around this could be considered job enrichment. Job enrichment can fulfill our higher level of human needs while creating job satisfaction at the same time. In fact, research in this area by Richard Hackman and Greg Oldham^[13] found that employees need the following to achieve job satisfaction:

- Skill variety, or many different activities as part of the job
- Task identity, or being able to complete one task from beginning to end
- Task significance, or the degree to which the job has impact on others, internally or externally
- Autonomy, or freedom to make decisions within the job
- Feedback, or clear information about performance

In addition, **job enlargement**, defined as the adding of new challenges or responsibilities to a current job, can create job satisfaction. Assigning employees to a special project or task is an example of job enlargement.

Employee empowerment involves managers allowing employees to make decisions and act upon those decisions with the support of the organization and the leadership. When employees are not micromanaged and have the power to determine the sequence of their work day, they tend to be more satisfied than those employees who are not empowered. However, it is important to note as discussed in Chapter 9, the leader must be specific on the boundaries of the empowerment and set the boundaries based on the employee's abilities.^[14] Empowerment can include the following:

- Encouraging innovation or new ways of doing things
- Making sure employees have the information they need to do their jobs; for example, they are not dependent on managers for information in decision making
- Management styles that allow for participation, feedback, and ideas from employees

2.10 Create a Compelling Company Culture

Some organizations, such as Zappos or Google, create a company culture worth reading about in business magazines. Creating the right company culture can motivate your employees to stay. Zappos, for example, is guided by ten core values that define not only their business strategy but also their culture and brand. Zappos has created a compelling vision (discussed in Chapter 5); employees know their purpose and the company focuses on keeping employees happy because they know if employees are happy, they will in turn make the customer happy.



Video Clip 4

Zappos Culture

This video addresses the excellent company culture—which leads to motivated employees—at Zappos.



View the video online at: <http://www.youtube.com/v/O6BsyEF1G7I>

2.11 Pay-for-Performance Strategies

Some organizations have a pay-for-performance strategy, which means employees are rewarded for meeting preset objectives within the organization. For example, in a merit-based pay system, employees might be rewarded for meeting or exceeding performance during a given time period. Rather than a set pay increase every year, the increase is based on performance. Some organizations offer bonuses to employees for meeting objectives, while some organizations offer team incentive pay if a team achieves a specific, predetermined outcome. For example, each player on the winning team of the 2013 NFL Super Bowl earned a team bonus of \$88,000,^[15] while the losing team of the Super Bowl took home \$42,000. Players also earn money for each wild card game and playoff game. Some organizations also offer profit sharing, which is tied to a company's overall performance. Gain sharing, different from profit sharing, focuses on improvement of productivity within the organization. For example, the city of Loveland, Colorado, implemented a gain-sharing program that defined three criteria that needed to be met for employees to be given extra compensation. The city revenues had to exceed expenses, expenses had to be equal to or less than the previous year's expenses, and a citizen satisfaction survey had to meet minimum requirements. As a leader, this can be an effective strategy to motivate people individually and as a team.



Video Clip 5

Executive Pay for Performance

David Swinford, CEO of Pearl Meyer & Partners, discusses executive pay for performance.



View the video online at: <http://www.youtube.com/v/mMh8DjZwS5Q>

2.12 Effective Delegation

Good delegation has a number of benefits, as you learned in Chapter 5. First, it can motivate your employees and can help groom a successor. It can save you time and save your organization money. Failed delegation can cause demotivation and frustration and is a time waster. There are eight steps to successful delegation:^[16]

1. Define the task. Know specifically what you expect from the employee before talking with anyone about what needs to be done. If it isn't clear in your mind, it will be difficult for you to explain it to someone else.
2. Select the individual based on his or her abilities and talents.
3. Explain the reasons for the delegation ("I am working on xyz project, and it would be a great help if you could...").
4. State the expected results. What should come from his or her effort?
5. Consider the resources he or she may need in order to complete the task.
6. Agree to deadlines.
7. Support and communicate. Touch base with the employee to see if he or she has questions or needs help. However, don't micromanage the process!
8. Give the employee feedback on the finished task.

Another important factor in delegation is to determine the level of the delegated task. Based on the level, the amount of freedom the employee will have to accomplish the task will vary. Here are the various delegation levels:

1. **Do as I say.** In this level of delegation, there is a specific way the task should be accomplished, and variation from that task isn't allowed. For example, assume a fire chief is giving instructions while a house is burning. It is likely he or she will use a "do as I say" strategy, given the emergency nature of the situation.
2. **Look into this.** In this type of task, the manager is asking the employee to look into various courses of action but is not asking the employee to make a choice on the course of action. For example, if the office needs new computers, you may ask your administrative manager to look up options and pricings, but you are not asking him to make a final decision. Within this option, a manager could ultimately ask the employee to decide, or the decision could be made together.
3. **Decide and let me know your decision.** In this situation, the employee is trusted to make the decision, and the manager is simply asking for information on what the employee ends up choosing.
4. **Decide an action and manage it.** This type of delegation is the ultimate trust for the employee—you are asking him or her to not only decide but also handle any issues that may come up as a result of that decision.

It is likely you will consider the level of employee development, trust, and experiences with them on past projects before deciding which course of action to take. Use delegation as a way to develop your employees, show you trust them, and build relationships.

2.13 Other Ways to Motivate

According to *Fortune's* "100 Best Companies to Work For,"^[17] things we may choose to implement to motivate employees may be more unique, as in these examples:

- On-site day care or day-care assistance
- Gym memberships or on-site gyms
- Concierge service to assist in party planning or dog grooming, for example
- On-site dry cleaning drop-off and pickup
- Car care, such as on-site oil changes once a week
- On-site doggie day care
- On-site yoga or other fitness classes
- "Summer Fridays," when all employees work half days on Fridays during the summer
- Various support groups for cancer survivors, weight loss, or caring for aging parents
- On-site life coaches
- Peer-to-peer employee recognition programs
- Management recognition programs

While some of these options may not be practical for your particular organization, the important thing to remember is that a sense of fairness is key in leadership.

Some companies offer unique benefits to reduce turnover. An on-site yoga class is an example of a unique motivational tool.



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KEY TAKEAWAYS

- Salary and benefits are a major component of what leaders can do to motivate employees. Consistent pay systems and transparent processes are important considerations.
- Many companies offer paid tuition programs, reimbursement programs, and in-house training to increase skills and knowledge.
- *Performance appraisals* provide an avenue for feedback and goal setting. They also allow for employees to be recognized for their contributions.
- *Succession plans* allow leaders the ability to show employees how to continue their career with an organization, and they clearly detail what needs to be done to achieve career growth.
- Flextime and telecommuting are options some companies use as motivators. These types of plans allow employees flexibility when developing schedules and allow some control of their work. Some companies also offer paid or unpaid sabbaticals to allow employees to pursue personal interests after a certain number of years with the company.
- Since one of the reasons people are dissatisfied at their jobs is because of their relationship with their manager, we should be keenly aware of how we treat our employees.
- Some companies may change the job through *empowerment* or *job enlargement* to help grow employee skills.
- Creation of a good company culture is an important aspect to motivation, as is effective delegation of tasks.
- Other, more unique ways leaders try to retain employees might include offering services to make the employee's life easier, such as dry cleaning, day-care services, and on-site yoga classes.

EXERCISE

1. Research two different companies you might be interested in working for. When reviewing their list of benefits, which ones are offered that might motivate you to stay with the organization?

3. CHAPTER SUMMARY AND CASE

Chapter Summary

- The theory of job withdrawal explains the process an employee goes through when he or she is not motivated or happy at work.
- There are many motivation theories that attempt to explain employee motivation or lack of motivation at work.
- The Hawthorne studies were a series of studies beginning in 1927 that initially looked at physical environments but found that people tended to be more motivated when they felt cared about. The implications to retention are clear in that employees should feel cared about and developed within the organization by their leaders.
- Maslow's theory of motivation says that if someone already has a need met, giving that person something to meet more of that need will no longer motivate him or her. Maslow divided the needs into physiological, safety, social, esteem, and self-actualization needs. Many leaders only motivate based on the low-level needs, such as pay. Development of training opportunities, for example, can motivate employees on high-level self-actualization needs.
- Herzberg developed motivational theories based on actual motivation factors and hygiene factors. Hygiene factors are those things that are expected in the workplace and will demotivate employees when absent but will not actually motivate when present. If managers try to motivate only on the basis of hygiene factors, turnover can be high. Motivation on both of these factors is key to a good retention plan.
- McGregor's theory on motivation looked at managers' attitudes toward employees. He found that Theory X managers had more of a negative view of employees, while Theory Y managers had a more positive view.
- The carrot-and-stick approach means a leader can get people to do something by prodding or by offering some incentive to motivate them to do the work. This theory implies these are the only two methods to motivate, which, of course, we know isn't true.

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- Many companies offer paid tuition programs, reimbursement programs, and in-house training to increase employee skills and knowledge.
- *Performance appraisals* provide an avenue for feedback and goal setting. They also allow for employees to be recognized for their contributions.
- *Succession plans* allow leaders the ability to show employees how to continue their career with an organization, and they clearly detail what needs to be done to achieve career growth.
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- Some companies may change the job through *empowerment* or *job enlargement* to help grow employee skills.
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Chapter Case

1. The following is a list of some possible strategies a leader can use to motivate employees. Assume you are the manager for a small retail shop specializing in high-end shoes. How might you utilize each of these strategies to motivate your five employees?
 - a. Salary
 - b. Opportunity for bonuses and profit sharing
 - c. Benefits
 - d. Opportunity to grow professionally within the organization
 - e. Team bonuses
 - f. More paid time off
 - g. Option to telecommute
 - h. Flextime scheduling
 - i. Sense of empowerment
 - j. Tuition reimbursement
 - k. Job satisfaction

ENDNOTES

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