Motivation, Rewards & Discipline

Motivation

• The foundational theories discussed in class provided a springboard to several contemporary approaches to motivating employees.

• These contemporary approaches included the following:
  • Three needs theory
  • Equity theory
  • Expectancy theory
Three Needs Theory

- Three needs theory assumes that people are most strongly driven by three needs:
  - The need for achievement: A desire to strive for excellence and to achieve or better some goals or standards
  - The need for power: A desire to influence the behavior of others
  - The need for affiliation: A desire for close friendships and a social work environment

Equity Theory (1)

- Begins with basic assumptions:
  - Employees want to be treated fairly based on what they put into a job and what they get out of it.
  - Employees compare (a) their efforts (inputs) with (b) their perceived rewards (outcomes).
  - Employees compare their efforts and outputs with some referent.
    - Other employees with similar roles
    - System referents (e.g., a comparison of policies or procedures on pay or promotion)
    - Personal experience or self-referent (e.g., employees compare their own input–output ratio to what they had in a similar situation or a previous year)
Equity Theory (2)

- Based on their comparisons, employees evaluate their situation as equitable (fair) or inequitable (unfair).
- Perceptions of inequity can result from:
  - a sense of being under-rewarded (more effort than reward received)
  - a sense of being over-rewarded (more reward received than effort)
- Because employees want to be treated fairly, they may:
  - Change their level of effort to correct the perceived inequity (increase or decrease their effort)
  - Adjust their perceptions of the situation to correct the perceived inequity.

Expectancy Theory (1)

- Expectancy theory has three key components:
  - The effort–performance link: The probability that a given effort will result in a given result
  - The performance–reward link: The degree to which an individual believes a certain performance will lead to a desirable outcome
  - Attractiveness: The importance an individual places on a potential reward or outcome
- Practical applications:
  - Managers should emphasize rewards and outcomes valued by the employee.
  - Management feedback is essential and can have a substantial impact on motivation because expectancy theory is based on perception, not actual behavior.
Principles of motivation

- Understand what motivation is & how it operates
- Know your employees — individuals vary considerably when it comes to motivation
- Develop effective work relationships with employees
- Use positive communication as much as possible
- Incentives must be meaningful to employees
- Employees have limitations — acknowledge this & work around it

Some common mistakes

- Denying that motivation problems exist
- Praising employees too much
- Communicating poorly
- Relying too heavily on incentives or on incentives meaningless to employees
- Trying to be one of the gang
The best way to motivate your employees

• Treat them fairly
• Be honest with them
• Do your own job well

Reward Systems

• Purposes of reward systems:
  • Enhance competitiveness of the organization
  • Retain key employees
  • Reduce turnover cost
  • Enhance employee motivation
  • Reinforce the organization’s image with key stakeholders or future employees
Intrinsic & Extrinsic Rewards

- Intrinsic rewards reside within the employee: They are things that make employees feel good.
- Extrinsic rewards are tangible rewards tied to some performance or behavior.

Monetary & Non-monetary Rewards

- Monetary rewards improve employees’ financial position (e.g., pay increases, bonuses, benefits).
  - Monetary rewards can be direct (e.g., a pay increase) or indirect (e.g., more benefits).
- Non-monetary rewards do not improve the employee’s financial position (e.g., providing the best tools to do the job, a pleasant work environment).
Performance-based & Membership-based Rewards

• Performance-based rewards are tied to the achievement of some standard or goal reached either individually or as a group.
• Membership-based rewards are given for being part of some group, such as a cost-of-living increase given to all management staff.

Nontraditional Rewards

• Examples:
  • Reduced work week
  • Staggered daily schedule
  • Flextime
  • Working from home
Reward Options

• Job-based rewards are based on the value of the job to the organization.
• Skill-based rewards are based on the acquisition of skills that are important to the position or the organization.
• Seniority-based rewards are based on longevity with the organization.
• Performance-based rewards are based on actual work performance.

Negative & positive discipline

• Negative
  • Focuses on rule-compliance & rule-breaking
  • Relies on sanctions
  • Often creates an adversarial relationship
• Positive
  • Focuses on encouraging individual responsibility
  • Relies on changing problem behaviors
  • Intended to foster learning & cooperation
General causes of disciplinary action

- Attendance & punctuality
- Infractions of rules, procedures, & policies
- Failure to complete assigned tasks satisfactorily
- Offenses or misconduct violating generally accepted rules of behavior or that are specifically prohibited by law

Interacting with employees regarding discipline

- Understand your organization’s rules and policies as well as those of your state or province in regard to workplace discipline and firing.
- Focus on employee behavior and avoid personalizing your comments.
- Do not discipline when you are angry.
- Document discussions with employees related to discipline.
Progressive Discipline

- Verbal warning
- Written warning
- Intervention
- Termination

Dismissal of Employees

- Follow the advice that was provided regarding discipline.
- Although this can often be a difficult task, you should not procrastinate once you have made a rational decision to dismiss an employee.
- Use the services of human resource personnel before making any comments or giving any indication to the employee.