

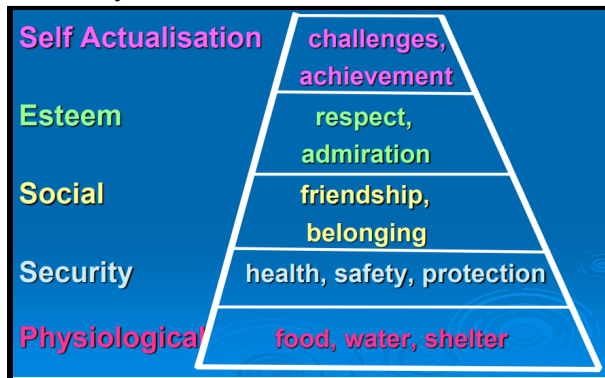
Lecture Notes:

- **Introduction to Motivation:**
- Is one factor of production more important than the others? → Not Necessarily
- Does one factor of production need to be managed with more care and effort? → Yes. The human resource.
- If we neglect, abuse or waste natural resources and/or capital, the cost is finite.
- However, if we neglect, abuse or waste human resources it may never recover.
- **Motivation** refers to the overall desire to excel.
- The key to leadership success is: Motivating others to do their best.
- Losing an employee is costly.
- Hiring and retaining good employees is a major function of management.
- Happy workers lead to happy customers, and happy customers lead to successful businesses.
- Some statistics - 40% of US workers work for bad bosses:
 - 39% of them said that their supervisor failed to keep promises.
 - 37% of them said that their boss failed to give credit when due.
 - 27% of them said that their supervisor made negative comments about them to other employees.
 - 23% of them said that their boss blamed others for their mistakes.
- **Note:** These bosses probably aren't bad all the time, but research suggests how easy it is to upset people, and de-motivate them
- **Intrinsic vs Extrinsic:**
- An **intrinsic reward** is the good feeling you have when you have done a good job.
- An **extrinsic reward** is something given to you by someone else as recognition for good work and includes pay increases, praise, and promotions.
- **Classical Theory of Motivation:**
- States that workers are motivated only by money.
- **Scientific Management/Taylorism:**
- Was developed by Fredrick Taylor. Taylor wrote a book about it, Principles of Scientific Management, in 1911.
- Taylor was an efficiency expert and his goal was to increase output.
- Taylor wanted to develop the best way to perform a job, train workers in the standard method and eliminate delays and interruptions. To do so, he proposed the following:
 - Perform time and motion studies.
 - Break the job into simple, separate tasks.
 - Introduce specialisation + repetition.
I.e. Make each worker do 1 or a few tasks only, but make sure they do them well and quickly rather than get the workers to do a lot of tasks but do each task slowly.
 - Remove inefficiencies and wasted time.
- Then, productivity should increase.
- Some of Taylor's ideas are still being implemented.
- Some companies still place more emphasis on conformity to work rules than on creativity, flexibility, and responsiveness.
For example, UPS tells drivers how fast to walk (three feet per second), how many packages to pick up and deliver per day (average of 400), and how to hold their keys (teeth up, third finger).
- The first businessman to apply Scientific Management/Taylorism was Henry Ford.
- Problem With Scientific Theory:
 - Productivity does increase in the short term, but people are not machines.
 - Boring, repetitive jobs lead to alienation, disaffection and absenteeism.

- **Hawthorne Studies:**
- Conducted by Harvard University in 1925 at the Hawthorne factory.
- The purpose of the study was to determine the most optimal/best working environment.
- Researchers did not discover what they expected. They found that people will try harder if they feel that they are part of a team, and what they do matters. This is called the **Hawthorne Effect**. Take notice of your employees. If they do good work, thank them.
- **Theory X & Theory Y:**
- Proposed by Douglas McGregor (1906 – 1964). He was a professor of Management at the MIT Sloan School and was the author of “The Human Side of Enterprise”. He was also voted the 4th most influential management text of the 20th century.
- **Theory X:** Assumes that employees are unmotivated and dislike working.
- **Theory Y:** Assumes that employees are hard-working, self-motivated and enjoy responsibility.
- Comparison of Theory X and Theory Y:

Theory X assumes that people:	Theory Y assumes that people:
Are lazy	Are energetic
Lack ambition	Are ambitious
Dislike responsibility	Seek responsibility
Are self-centered	Can be selfless
Resist change	Want to contribute to change
Are not very bright	Are intelligent

- Most businesses are set up to manage people as Theory X, however, people see themselves behaving as Theory Y, so manage them accordingly.
- **Maslow's Hierarchy of Needs:**
- Abraham Maslow (1908 - 1970) was a psychologist at Columbia University.
- He stated that people have a variety of needs and some needs more basic than others.
- Everyone needs basic things to survive: food, shelter, clothing.
- As income, education, health and well-being improve, we want to satisfy less basic needs.
- Hierarchy of Needs:



Self-actualization	Ability to grow or develop skills	Interesting/Challenging Jobs
Esteem	Status, respect, honours	Title, big office, parking spot
Social	Love, affection, friendship	Friends at work, belong to team
Security	Physical and emotional security	Job security, pension, health insurance
Physiological	Food, shelter	Salary or wage

- People must be motivated by appealing to a variety of needs.
- A need that is already reasonably satisfied is not a powerful motivator.
- Criticisms of Maslow's Hierarchy:
 - It may not apply to all cultures.
 - It may not work in the step-by- step manner that Maslow imagined.
- **Herzberg's Motivation-Hygiene Theory:**
- Frederick Herzberg (1923 – 2000) was a professor at the University of Utah.
- Herzberg was interested in what people liked and disliked about their work.
- He surveyed engineers & accountants.
- Herzberg's Findings

They liked	They disliked
Responsibility	Working conditions
Recognition	Policies and rules
The work itself	Supervisors
Achievement	Pay and security
Advancement and growth	Interpersonal relations

Furthermore, he found that what people liked and disliked weren't opposites and that sources of satisfaction/dissatisfaction are not extreme ends of a single range, but two entirely separate lists.

- **Hygiene factors** are things that dissatisfy people. You can't do without them, so make these acceptable.
- **Motivation factors** are things that make people happy. Adding/increasing motivation factors increases satisfaction.

Textbook Notes (Chapter 12):

- **Why Motivation is Important:**
- **Motivation** is the internal process that gives an individual the energy and desire to act or behave in a particular way.
- Research shows that it is hard to put effort in a job if the individual is treated poorly in a regular job.
- **Classical Theory of Motivation:**
- The **classical theory of motivation** states that workers are motivated only by money.
- The word "classical" means traditional or long lasting. Therefore, the classical theory has been with us for a long time and is one of the earliest theories of motivation.
- The premise of this theory is that everyone needs money to survive.
- Since positive behaviour and compliance can be reinforced by offering more money, the logical consequence of the classical theory is that people will work harder and be more

productive if offered more pay. This means that money is a reward for both past performance and incentive to work harder still.

- The classical theory dominated management thinking up until the early years of the 20th century. However, because we now have better standards of living and social safety nets, people have more choice and freedom to look for jobs that might not pay as well but they enjoy. As a result, the classical theory no longer holds.
- **Taylor's Theory of Scientific Management:**
- Frederick Taylor was one of the earliest people to study motivation and productivity. He subscribed to the classical theory but was curious in how to use worker's motivation to make money to get them to produce more.
- Taylor promoted the idea "A fair day's pay for a fair day's work" meaning that if a worker didn't achieve enough in one day, they didn't get to be paid as much as another worker who was more productive.
- Taylor's 4 principles are as follows:
 1. Replace working by "rule of thumb" or simple habit and common sense and instead develop standard methods which are the most efficient for doing each job.
 2. Select workers to match a specific job and train them to work at maximum efficiency.
 3. Monitor worker performance and provide instructions and supervision to ensure that they are using the most efficient methods.
 4. Divide the work between managers and workers so that managers spend their time planning and training while workers concentrate on performing tasks.
- **Scientific Management/Taylorism:** Managing the business by applying principles of efficiency derived from time-and-motion studies.
- Henry Ford applied Taylorism for his Ford car company. He was one of the first to use the assembly line technique where each person does one thing along the assembly line and does it very well and very efficiently. This sped up the production time significantly.
- **Critiques of Taylorism:**
- The problem with Taylorism is that by giving workers a limited number of simple tasks to do, workers will feel bored and will feel like management is treating them like machines. Boredom leads to alienation.
- **Alienation** is an individual's loss of the ability to control his or her own life, to make decisions or take responsibility for his or her own actions.
- Bored, unmotivated workers are more prone to illness and absenteeism. As a result, in the long run, some of the productivity gains achieved from Taylorism will be reversed.
- **The Hawthorne Studies:**
- The **Hawthorne Studies** are a series of research studies designed to examine the relationship between the work environment and worker productivity.
- They were conducted by Harvard Professor Elton Mayo between 1924 and 1932 at the Western Electric Company's Hawthorne Works in Chicago.
- The first set of tests split the workers into 2 groups. The first group was in a room where the lights were brighter while the second group was in a room where the lights were dimmed. Mayo wanted to see if the difference in lighting affected productivity. No correlation was found between lighting levels in the room and productivity.
- The second set of tests was done to determine the effects that rest periods would have on total output. The participants in this study got extra days off, were able to leave early on some days and had more break time. The study found that more rest and fewer work days proved to show that there was a slight increase in productivity. Furthermore, the health of the workers also improved and absenteeism lowered as there were increased satisfaction with the job.

- The researchers concluded that it wasn't the changes in physical conditions that were affecting the worker's productivity but rather it was the fact that someone was concerned about them and their workplace. Furthermore, the researchers concluded that while lighting, rest periods and hours of work affected output, the interest, morale and motivation of the employees have a much greater effect.
- The **Hawthorne Effect** states that workers' productivity will increase when they feel they are doing something important, their work matters, and they are worthy of receiving special attention.
- Workers will respond positively if managers take interest in them and their work.
- **Theory X:** Assumes that employees are unmotivated and dislike working.
- This encourages an authoritarian style of management.
- It was built off of Hawthorne Studies by Douglas McGregor in the 1960s.
- It assumes workers:
 - Dislike work.
 - Avoid responsibility.
 - Need to be directed and supervised with lots of controls in place.
 - Need to be bribed to produce results.
- **Theory Y:** Assumes that employees are hard-working, self-motivated and enjoy responsibility.
- It is also from Douglas McGregor.
- It assumes workers:
 - Are motivated to fulfill goals.
 - Seek and accept responsibilities.
 - Do not need much direction.
 - Solve problems imaginatively.
- Organizations and individuals that subscribe to Theory Y are willing to delegate and give people at lower levels of the organization responsibility and the freedom to take decisions.
- Comparison of Theory X and Theory Y:

Theory X assumes that people:	Theory Y assumes that people:
Are lazy	Are energetic
Lack ambition	Are ambitious
Dislike responsibility	Seek responsibility
Are self-centered	Can be selfless
Resist change	Want to contribute to change
Are not very bright	Are intelligent

- McGregor did not say that Theory X is "bad" or that Theory Y is "good". He acknowledged that there are workers who will fall into Theory X. However, McGregor also believed that the businesses and workers whom Theory X applied to were in the minority.
- McGregor advocated that businesses and in particular managers should examine the assumptions that they make about their workers.
I.e. Don't hire workers that fall into Theory Y and govern them as if they fell into Theory X and vice versa.

- **Maslow's Hierarchy of Needs:**
- Abraham Maslow (1908 - 1970) was a Psychologist at Columbia University who was interested in finding out what motivated people.
- Maslow argued that people have different needs. Everyone has certain basic needs, such as food, water, shelter, etc. Furthermore, once people attain a certain amount of satisfaction with one need, they will try to attain the next need. A need that is already reasonably well-satisfied is not a powerful motivator.
- Maslow identified 5 needs:
 1. **Physiological needs:** Food, water, clothing, and shelter are the most basic requirements to survival. Maslow stated that workers need to earn a basic living wage that is adequate for rent and food or else they will resort to stealing as that would be more worth their time.
 2. **Security needs:** The need for physical and emotional support when we are too old or ill to provide for ourselves. In the employment context, people will surrender salary for job security, health insurance and pensions.
 3. **Social needs:** The need for love and affection from friends and family, and a sense of belonging from our community. In the context of work, some people will surrender high salaries to work with nice people, to develop friendships on the job and feel that they are part of the team.
 4. **Esteem needs:** The desire to be given respect, status or recognition. In the context of work, our esteem needs are met through titles such as "Senior" or "Executive".
 5. **Self-Actualisation:** The ability to grow and develop by learning new skills or acquiring new experiences. Businesses can satisfy this need by offering employees challenging opportunities that will help them develop new skills.
- **Maslow's Hierarchy of needs:** According to Maslow's theory some needs are more basic and more universally sought after than others.
- Maslow's theory points out that there is no one size fits all approach to motivate people. As a result, employers must respond to employee needs in a variety of ways so that workers of all dispositions and abilities are encouraged and enabled to fulfill their own potential.
- One criticism of Maslow's theory is that it may not apply to all cultures. Another criticism is that Maslow's theory implies that the various needs are satisfied step by step, when in reality, multiple needs can be satisfied simultaneously and not necessarily in the order listed.
- **Herzberg's Motivation-Hygiene Theory:**
- Frederick Herzberg (1923-2000) taught psychology at the University of Utah.
- Herzberg was interested in what people liked and disliked about their work, so in 1959 he conducted a survey asking engineers and accountants on this subject. He found:

They liked	They disliked
Responsibility	Working conditions
Recognition	Policies and rules
The work itself	Supervisors
Achievement	Pay and security
Advancement and growth	Interpersonal relations

- Something that Herzberg noticed is that what is liked and disliked are not opposites. Herzberg's key finding is that sources of satisfaction and dissatisfaction aren't opposite ends of the spectrum but rather 2 separate lists.
- Herzberg recognized that the aspects of the job that dis-satisfy people are things the business cannot do without. As a result, businesses must manage these aspects to make them tolerable and acceptable.
- **Hygiene factors** are the aspects of a job that dis-satisfy workers.
- Herzberg recognized that the aspects of the job that satisfy people are things that businesses can increase or improve at little or not cost.
- **Motivating factors** are the aspects of a job that satisfy and motivate workers.
- Motivating factors are desirable and makes workers happy, so businesses should aim to increase or improve them.
- **Motivation-Hygiene Theory/Two Factor Theory**: A theory which differentiates between the factors which contribute satisfaction and dissatisfaction to employment.
- **Equity Theory**:
- Equity Theory was developed in 1963 by Jon Stacy Adams, an American behavioural psychologist. Adams asserted that employees want a fair balance between what they perceive themselves bringing to a job and the rewards that they receive in return.
- **Equity Theory** states that an individual will perceive that he is being treated fairly if he perceives the ratio of inputs to rewards to be equivalent to those around him.
- The formula is:

$$\frac{\text{Individual's Outcomes}}{\text{Individual's Inputs}} = \frac{\text{Co-worker's Outcomes}}{\text{Co-worker's Inputs}}$$

- Thus, it is acceptable for senior colleagues to receive higher compensation since the value of their experience and input is greater.
- However, if an employee notices that another person is getting more recognition and reward even though they do the same work and the quality of their works is the same, that employee will feel unappreciated.
- If employees are rewarded equally, then the employer will be viewed as fair, observant and appreciative.
- Inputs are defined as each participant's contribution and include:
 - Time
 - Education
 - Experience
 - Effort
 - Loyalty
 - Commitment
 - Flexibility
 - Enthusiasm
 - Personal sacrifice
- Outcomes are the rewards that the employee receives and may or may not be tangible. Outcomes include:
 - Job security
 - Recognition
 - Responsibility
 - Sense of achievement
 - Praise
 - Sense of advancement/growth

- Implications for equity theory include:
 - People measure the totals of their inputs and outputs. That means that a mother may accept a lower pay in exchange for flexible working hours.
 - Different employees will place different values to the various forms of inputs and outputs.
 - Employees can adjust rewards to local conditions. This means that a worker in rural Quebec may not earn as much as someone working in Toronto if the cost of living is higher in Toronto than it is in rural Quebec.
 - Although it may be acceptable for senior staff to receive higher compensation, employees can find excessive executive pay demotivating.
- Like other motivation theories, equity theory points to the fact that there is no one size fits all approach to motivating employees.

Textbook Definitions (Chapter 12):

- **Alienation:** An individual's loss of the ability to control his or her own life, to make decisions or take responsibility for his or her own actions.
- **Classical theory of motivation:** Workers are motivated only by money.
- **Esteem needs:** The desire to be given respect, status or recognition.
- **Equity Theory:** An individual will perceive that he is being treated fairly if he perceives the ratio of inputs to rewards to be equivalent to those around him.
- **Hawthorne Effect:** Workers' productivity will increase when they feel they are doing something important, their work matters, and they are worthy of receiving special attention.
- **Hawthorne studies:** A series of research studies designed to examine the relationship between the work environment and worker productivity.
- **Hygiene factors:** Aspects of a job that dis-satisfy workers.
- **Maslow's Hierarchy of needs:** According to Maslow's theory some needs are more basic and more universally sought after than others.
- **Motivating factors:** Aspects of a job that satisfy and motivate workers.
- **Motivation:** The internal process that gives an individual the energy and desire to act or behave in a particular way.
- **Motivation-Hygiene Theory/Two Factor Theory:** A theory which differentiates between the factors which contribute satisfaction and dissatisfaction to employment.
- **Physiological needs:** Food, water, clothing, and shelter are the most basic requirements to survival.
- **Scientific Management/Taylorism:** Managing the business by applying principles of efficiency derived from time-and-motion studies.
- **Security needs:** The need for physical and emotional support when we are too old or ill to provide for ourselves.
- **Self-Actualisation:** The ability to grow and develop by learning new skills or acquiring new experiences.
- **Social needs:** The need for love and affection from friends and family, and a sense of belonging from our community.
- **Theory X:** Assumes that employees are unmotivated and dislike working.
- **Theory Y:** Assumes that employees are hard-working, self-motivated and enjoy responsibility.