



# CAIIB

## Module-C Unit-2

### Human Resources Management



## CAIIB HRM Module C Unit 2- Employee Motivation

### Motivation

- Motivation is the psychological feature that arouses an organism to action toward a desired goal; the reason for the action and one that gives purpose and direction to behaviour. One of the most important factors that lead one to their goals is the drive.
- Motivation has been defined as the psychological process that gives behaviour purpose and direction (**Kreitner, 1995**); a predisposition to behave in a purposive manner to achieve specific, unmet needs (Buford, Bedeian, & Lindner, 1995); an internal drive to satisfy an unsatisfied need (**Higgins, 1994**); and the will to achieve (**Bedeian, 1993**).
- The earlier views on human motivation were dominated by the concept of **hedonism** which means the idea that people seek pleasure and comfort and try to avoid pain and discomfort.

### Types of Motivation

Motivation can be intrinsic or extrinsic.

#### **Intrinsic Motivation**

Intrinsic motivation comes from rewards inherent to a task or activity itself – the enjoyment of a puzzle or the love of playing.

**Research has found that it is usually associated with high educational achievement and enjoyment by students who are likely to be intrinsically motivated if they:**

- Attribute their educational results to internal factors that they can control (e.g., the amount of effort they put in),
- Believe they can be effective agents in reaching desired goals (i.e., the results are not determined by luck)
- Are interested in mastering a topic, rather than just rote-learning to achieve good grades.

#### **Extrinsic Motivation**

- Extrinsic motivation comes from outside of the performer. Money is the most obvious example, but coercion and threat of punishment are also common extrinsic motivators. Competition is in general extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity.
- Social psychological research has indicated that extrinsic rewards can lead to over justification and a subsequent reduction in intrinsic motivation.
- The role of extrinsic rewards and stimuli can be seen in the example of training animals by giving them treats when they perform a trick correctly. The treat motivates the animals to perform the trick consistently, even later when the treat is removed from the process.

#### **Motivating Different People in Different Ways**

	Intrinsic		Extrinsic	
	Expressive	Achievement	Social	Instrumental
<i>Characteristics</i>	Interest for its own sake: satisfaction derived directly from understanding/skill.	Desire to succeed: “I’m not going to let this beat me”: mastery represents something important	In order to gain social acceptance, either within the class/course etc. “Pleasing teacher” or being one of the in-crowd, or outside.	In order to gain a tangible reward or avoid negative consequences. Can develop into more significant commitment.
<i>Strengths</i>	Enthusiasm, commitment.	Commitment.	Co-operation if class-oriented.	Achievement rests on strict criteria of “relevance”.
<i>Weaknesses</i>	May get “carried away”: lose sight of wood for trees.	Potentially fickle. What the learning represents to the student may not be the same as what it represents to you.	May concentrate on the appearance of achievement to the detriment of “deep” learning. Social aspirations may change.	Aspirations may be met in other ways. Anxiety may impede learning.

### Importance of Employee Motivation

- It creates positive atmosphere in the organization.
- It nurtures happy and productive employees.
- It also ensures clients are happy.
- Achieves better results.
- It requires less supervision.

### Motivational Theories

#### The Incentive Theory of Motivation

- A reward, tangible or intangible, is presented after the occurrence of an action (i.e., behaviour) with the intent to cause the behaviour to occur again. This is done by association of positive meaning to the behaviour.
- Studies show that if the person receives the reward immediately, the effect would be greater, and decreases as duration lengthens.
- Repetitive action-reward combination can cause the action to become a habit. Motivation comes from two sources: inner self, and other people which are termed as **Intrinsic Motivation** and **Extrinsic Motivation**, respectively.

#### Maslow's Need Hierarchy Theory

The theory can be summarized as follows:

- Human beings have wants and desires which influence their behaviour. Only unsatisfied needs influence behaviour, satisfied needs do not.
- Since needs are many, they are arranged in order of importance, from the basic to the complex.

- The person advances to the next level of needs only after the lower level need is at least minimally satisfied.
- The further the progress up the hierarchy, the more individuality, humanness and psychological health a person will exhibit.



### Herzberg's Two-Factor Theory

- Frederick Herzberg's two -factor theory or intrinsic/extrinsic motivation, concludes that certain factors in the workplace result in job satisfaction, but if absent, lead to dissatisfaction. The factors that motivate people can change over their lifetime, but "respect for me as a person" is one of the top motivating factors at any stage of life.
- He distinguished between: **a) Motivation; (e.g., challenging work, recognition, responsibility)** which give positive satisfaction, and **b) Hygiene factors; (e.g., status, job security, salary and fringe benefits)** that do not motivate if present, but, if absent, result in demotivation. The name Hygiene factors is used because, like hygiene, the presence will not make you healthier, but absence can cause health deterioration.
- The theory is sometimes called the **"Motivator-Hygiene Theory" and/or "The Dual Structure Theory."** Motivation Factors are Intrinsic Factors that will increase employees' job satisfaction; while Hygiene Factors are Extrinsic Factors to prevent any employees' dissatisfaction.
- According to this theory, extrinsic factors are less to contribute to employees' motivation need. The presence of these factors were just to prevent any dissatisfaction to arise in their workplaces. **Extrinsic Factors, which are also known as job context factors.** These factors serve as guidance for employers in creating a favourable working environment where employees feel comfortable working inside.
- Intrinsic Factors are the actually factors that contribute to employees' level of job satisfactions. **Intrinsic Factors has widely being known as job content factors** which aims to provide employees meaningful work that is able to intrinsically satisfy themselves by their works outcomes, responsibilities delegated

experience learned, and achievements harvested. Intrinsic Factors will propel employees to insert additional interest into their job. When employees are well satisfied by motivational needs, their productivity and efficiency will be improved.

### Alderfer's ERG Theory

- Clayton Alderfer, expanding on Maslow's hierarchy of needs, created the **ERG theory (existence, relatedness and growth)**.
- Physiological and Safety, the lower order needs, are placed in the existence category, while love and social needs are placed in the relatedness category. The growth category contains our self-actualisation and self-esteem needs.

*In contrast to the need hierarchy theory of Maslow, the ERG theory demonstrates that:*

- more than one need may be operative at the same time, and
- If the gratification of a higher level need is stifled, the desire to satisfy a lower level need increases. ERG theory does not assume a rigid hierarchy where a lower need must be substantially gratified before one can move on to other higher order need/s. A person can, for instance, be working on growth even though existence orrelatedness needs are unsatisfied; of all three need categories could be operating at the same time.

### Self-determination Theory

- This theory, developed by **Edward Deci and Richard Ryan**, focuses on the importance of intrinsic motivation in driving human behaviour. This theory posits a natural tendency toward growth and development.
- Unlike other theories, however, this does not include any sort of “**autopilot**” for achievement, but instead requires active encouragement from the environment. The primary factors that encourage motivation and development are autonomy, competence, feedback, and relatedness.

### Douglas McGregor's Theory X and Theory Y

#### Theory X Assumptions:

- The average human being is inherently lazy by nature and desires to work as little as possible. He/ she dislikes the work and will like to avoid it, if he/she can.
- He/she avoids accepting responsibility and prefers to be led or directed by some other.
- He / she is self-centered and indifferent to organisational needs.
- He/she has little ambition, dislikes responsibility, prefers to be led but wants security.
- He/she is not very intelligent and lacks creativity in solving organisational problems.
- He/she by nature resists to change of any type.

As per Theory X, management style requires close, firm supervision with clearly specified tasks and the threat of punishment or the promise of greater pay as motivating factors. A manager working under these Assumptions will employ autocratic controls which can lead to mistrust and resentment.

### Theory Y Assumptions:

- Work is as natural as play, provided the work environment is favourable. Work may act as a source of satisfaction or punishment. An average man is not really against doing work.
- People can be self-directed and creative at work if they are motivated properly.
- Self-control on the part of people is useful for achieving organisational goal. External control and threats of punishment alone do not bring out efforts towards organisational objectives.
- People have capacity to exercise imagination and creativity.
- People are not by nature passive or resistant to organisational needs. They have become so as a result of experience in organisations.

In The Human Side of Enterprise McGregor recognised that Theory Y was not a panacea for all ills. By highlighting Theory Y, he hoped to persuade managers to abandon the limiting assumptions of Theory X and consider using the techniques suggested by Theory Y.

## Cognitive Theories of Motivation

### Edwin Locke's Goal-Setting Theory

- Goal-Setting Theory is based on the notion that individuals sometimes have a drive to reach a clearly defined end state. Often, this end state is a reward in itself. A goal's efficiency is affected by three features: **proximity, difficulty and specificity**. Feedback is an important part of this theory.
- An ideal goal should present a situation where the time between the initiation of behaviour and the end state is close. A goal should be moderate, not too hard or too easy to complete. In both cases, most people are not optimally motivated, as many want a challenge (which assumes some kind of insecurity of success). At the same time people want to feel that there is a substantial probability that they will succeed. Specificity concerns the description of the goal. The goal should be objectively defined and intelligible for the individual.

## Unconscious Motivation

- Unconscious Motivation refers to hidden and unknown desires that are the real reasons for things that people do. Some psychologists believe that a significant portion of human behaviour is energised and directed by unconscious motives.
- According to Maslow, "**Psychoanalysis has often demonstrated that the relationship between a conscious desire and the ultimate unconscious aim that underlies it need not be at all direct.**" In other words, stated motives do

not always match those inferred by skilled observers. For example, it is possible that a person can be accident-prone because he has an unconscious desire to hurt himself and not because he is careless or ignorant of the safety rules.

- Unconscious motives add to the hazards of interpreting human behaviour and, to the extent that they are present, complicate the life of the administrator. On the other hand, knowledge that unconscious motives exist can lead to a more careful assessment of behavioural problems.

### **Intrinsic Motivation and 'The 16 Basic Desires Theory'**

Intrinsic motivation refers to behaviour that is driven by internal. Professor Steven Reiss has proposed a theory that finds 16 basic desires that guide nearly all human behaviour. *The desires are:*

- Acceptance, the need for approval
- Curiosity, the need to think
- Eating, the need for food
- Family, the need to raise children
- Honor, the need to be loyal to the traditional values of one's clan
- Idealism, the need for social justice
- Independence, the need for individuality
- Order, the need for organised, stable, predictable environments
- Physical Activity, the need for exercise
- Power, the need for influence of will
- Romance, the need for sex
- Saving, the need to collect
- Social Contact, the need for friends (peer relationships)
- Status, the need for social standing/importance
- Tranquility, the need to be safe
- Vengeance, the need to strike back

In this model, people differ in these basic desires. These basic desires represent intrinsic desires that directly motivate a person's behaviour, and not aimed at indirectly satisfying other desires.

### **Vroom's Expectancy Theory**

- Vroom's Expectancy theory advocates that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.
- Expectancy theory says an employee is motivated to exert a high level of effort when he or she believes effort will lead to a good performance appraisal; a good appraisal will lead to organisational rewards like a bonus, a salary increase, or a promotion; and the rewards will satisfy the employee's personal goals.

**The theory, therefore, focuses on three relationships:**

- **Effort-performance relationship (Expectancy):** The probability perceived by the individual that exerting a given amount of effort will lead to performance.

- **Performance-reward relationship (Instrumentality):** The degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.
- **Rewards-personal goal relationship (Valence):** The degree to which organisational rewards satisfy an individual's personal goals or needs and the attractiveness of these potential rewards for the individual.

**Expectancy theory = Expectancy (E) \* Instrumentality (I) \* Valence (V)**

### Pygmalion Effect

- This shows the relationship between positive expectations and positive result. If the boss considers the employee a hard-working person, then that employee will try to fulfil the expectations of the boss and will do hard work. This is used to motivate the employees and imbibe positivity in them.

### Employee Attitude Development

- Workers in any organisation need something to keep them working. Most times the salary of the employee is enough to keep him or her working for an organisation. However, just working for salary is not enough for employees to stay at an organisation.
- An employee must be motivated to work for a company or organisation. If no motivation is present in an employee, then that employee's quality of work or all work in general will deteriorate.

### Employee Engagement

- 'Employee engagement' is the emotional commitment the employee has to the organisation and its goals. This emotional commitment means engaged employees actually care about their work and their company. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organisation's goals. When employees care—when they are engaged—they use discretionary effort. Engaged employees lead to better business outcomes.

### The ten C's of employee engagement

- **Connect:** Leaders must show that they value employees.
- **Career:** Leaders should provide challenging and meaningful work with opportunities for career advancement.
- **Clarity:** Leaders must communicate a clear vision.
- **Convey:** Leaders clarify their expectations about employees and provide feedback on their functioning in the organisation.
- **Congratulate:** Leaders must convey their feedback on the good work
- **Contribute:** People want to know that their input matters and that they are contributing to the organisation's success in a meaningful way.
- **Control:** Employees value control over the flow and pace of their jobs
- **Collaborate:** When employees work in teams and have the trust and cooperation of their team members, they outperform individuals and teams which lack good relationships. Great leaders are team builders; they create an environment that fosters trust and collaboration.
- **Credibility:** Leaders should strive to maintain a company's reputation and demonstrate high ethical standards.

➤ **Confidence:** Good leaders help create confidence in a company by being exemplars of high ethical and performance standards.

### **Motivational Strategies-Seven Rules of Motivation**

- **Set a major goal, but follow a path.** The path has mini goals that go in many directions. When you learn to succeed at mini goals, you will be motivated to challenge grand goals.
- **Finish what you start.** A half-finished project is of no use to anyone. Quitting is a habit. Develop the habit of finishing self-motivated projects.
- **Socialize with others of similar interest.** Mutual support is motivating. We will develop the attitudes of our five best friends. If they are losers, we will be a loser. If they are winners, we will be a winner. To be a cowboy we must associate with cowboys.
- **Learn how to learn.** Dependency on others for knowledge supports the habit of procrastination. Man has the ability to learn without instructors. In fact, when we learn the art of self-education we will find, if not create, opportunity to find success beyond our wildest dreams.
- **Harmonize natural talent with interest that motivates.** Natural talent creates motivation, motivation creates persistence and persistence gets the job done.
- **Increase knowledge of subjects that inspires.** The more we know about a subject, the more we want to learn about it. A self-propelled upward spiral develops.
- **Take risk.** Failure and bouncing back are elements of motivation. Failure is a learning tool. No one has ever succeeded at anything worthwhile without a string of failures

### **Pre-Requisites to Motivate Others**

- We have to be motivated to motivate
- Motivation requires a goal
- Motivation once established, does not last if not repeated
- Motivation requires recognition
- Participation has motivating effect
- Seeing ourselves progressing motivates us
- Challenge only motivates if you can win
- Everybody has a motivational fuse i.e., everybody can be motivated
- Group-belonging motivates

### **Job Enrichment**

- Job Enrichment is the attempt to build in to jobs a higher sense of challenge and achievement. The accumulation of achievement must lead to a feeling of personal growth accompanied by a sense of responsibility and should be distinguished

from job enlargement which attempts to make a job more varied by removing the dullness associated with performing repetitive operations.

- A primary trait of job enrichment is autonomy, meaning that the employees has less responsibility to report on their work tasks to a supervisor. This frees him to focus more on their work, making decisions and working to accomplish company and career goals.
- In an enriched job the employees sets the deadlines and the quality standard they must meet and within that frame work plans the work schedule for the entire team.
- They holds themselves responsible both for meeting the deadline and for producing the required quality, and they does not pass their work on for others to judge until they are satisfied that it meets the standards.

**From this theory Herzberg developed a set of principles for the enrichment of jobs as follows:**

- Removing some controls while retaining accountability
- Increasing personal accountability for work
- Assigning each worker a complete unit of work with a clear start and end point
- Granting additional authority and freedom to workers
- Making periodic reports directly available to workers rather than to supervisors only
- The introduction of new and more difficult tasks into the job
- Encouraging the development of expertise by assigning individuals to specialized tasks.

### **Benefits of Job Enrichment**

- It benefits employee and organization in terms of increased motivation, performance, satisfaction, job involvement and reduced absenteeism.
- Additional features in job meet certain psychological needs of jobholders due to skill variety, identity, significance of job, etc
- It also adds to employee self-esteem and self-control.
- Job enrichment gives status to jobholder and acts as a strong satisfier in one's life.
- Job enrichment stimulates improvements in other areas of organisation.
- Empowerment is a by-product of job enrichment. It means passing on more authority and responsibility.

### **Demerits of Job Enrichment**

- Lazy employees may not be able to take additional responsibilities and power. It won't fetch the desired results for an employee who is not attentive towards his/her job.
- Unions resistance, increased cost of design and implementation and limited research on long term
- Job enrichment itself might not be a great motivator since it is job-intrinsic factor.
- Job enrichment assumes that workers want more responsibilities and those workers who are motivated by less responsibility, job enrichment surely demotivates them.

- Workers participation may affect the enrichment process itself.
- Change is difficult to implement and is always resisted as job enrichment brings in a change in the responsibility.

### Limitations of Job enrichment

- **Technology:** There are some jobs, which are highly technical requiring a special range of skills where it would be difficult to enrich such jobs.
- **Cost:** Though a great many companies appear to be interested in job enrichment programs, the extra cost may seem high if a company is not convinced that the return will at least offset the incremental expenditure.
- **Attitude of managers and workers:** As lack of interest in doing something different or plain laziness to take on an enlarged role act as deterrents.
- **Reaction of union Leaders:** There has been little or no support of job enrichment by union Leaders. As they could later on be held responsible if better efficiency levels result in loss of jobs.

### Job Enlargement

- **Job enlargement** is a job design technique wherein there is an increase in the number of tasks associated with a certain job. It means increasing the scope of one's duties and responsibilities. The increase in scope is quantitative in nature and not qualitative and at the same level.
- It is also known as horizontal loading in that the responsibilities increase at the same level and not vertically.

### Benefits of Job Enlargement

- Task Variety
- Meaningful Work Modules
- Full Ability Utilization
- Worker Paced Control
- Meaningful Performance Feedback

### Disadvantages of Job Enlargement

- High Training Costs
- Redesigning existing work system required
- Productivity may not increase necessarily
- Workload increases
- Unions demand pay-hike
- Jobs may still remain boring and routine

### Job Rotation

- Job rotation can be defined as lateral transfer of employees among a number of different positions and tasks within jobs where each requires different skills and responsibilities.
- Individuals learn several different skills and perform each task for a specified time period. Rotating job tasks helps workers understand the different steps that go into creating a product and/or service delivery, how their own effort affects the quality and efficiency of production and customer service, and how each member of the team contributes to the process. Hence, job rotation permits

individuals to gain experience in various phases of the business and, thus, broaden their perspective.

- Job rotation is a process which enables individuals to know and work beyond their domain and also gain from other team members' expertise and knowledge.

### Disadvantages of Job Rotation

- Lot of time as well as effort go in motivating and persuading employees for job rotation.
- Individuals take some time to acquaint to a new process, set up, be friendly with other employees.
- Job rotation also leads to stress and anxiety among employees.
- It does not take into account the time wasted in training.
- Sometimes, employees even after working for few months, in another department hardly learn anything. All efforts go waste when the end result is a zero.

### Job Satisfaction

- '**Job Satisfaction**' as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job. According to this approach although job satisfaction is under the influence of many external factors, it remains something internal that has to do with the way how the employee feels. It could be associated with a personal feeling of achievement, either quantitative or qualitative.
- Job satisfaction is a result of employees' perception of how well their job provides those things that are viewed as important. **There are three important dimensions to job satisfaction.**
  - **First**, job satisfaction is an emotional response to a job situation.
  - **Second**, job satisfaction is often determined by how well outcomes meet or exceed expectations.
  - **Third**, job satisfaction represents several related attitudes.

### Triggers of Job Satisfaction

- **Need Fulfillment:** These models propose that satisfaction is determined by the extent to which the characteristics of a job allow an individual to fulfill his or her needs.
- **Exceeding the expectations:** These models propose that satisfaction is a result of met expectations. This model predicts that individual will be satisfied when he or she attains outcomes above and beyond expectations.
- **Value Attainment:** Satisfaction results from the perception that a job allows fulfillment of an individual's important work values. Managers can thus enhance employee satisfaction by structuring the work environment and its associated rewards and reinforce employees' values.
- **Treatment of 'Equity & Justice':** In this model, satisfaction is a function of how fairly an individual is treated at work. Satisfaction result from one's perception that work outcomes, relative to inputs, compare favorably with a significant other outcomes/inputs.
- **Dispositional/Genetic Components:** This model is based on the belief that job satisfaction is partly a function of both personal traits and genetic factors. It

implies that stable individual differences are important in explaining job satisfaction.

### **Determinants of Job Satisfaction**

- **Supervision:** Empirical studies reveal the close supervision breeds dissatisfaction among the workforce. Hence, the superiors should allow sufficient freedom at work and the supervision should be in a way of motivating the employee but not to highlight his/her mistakes.
- **Well-knit Co-Workers:** One's associates with others had frequently been motivated as a factor in job satisfaction. The workers derive satisfaction when the co-workers are helpful, friendly and co-operative.
- **Compensation/Pay:** Studies also show that most of the workers felt satisfied when they are paid more adequately to the work performed by them. However, in banks where the basic needs like compensation is adequately taken care off, as per the **Maslow Theory of 'Need Hierarchy'**, the employees seeks to attain higher needs like – recognition, status, working conditions etc.
- **Education:** Studies conducted among various workers revealed that most of workers who are low educated showed higher satisfaction level. However, educated workers felt less satisfied in their job. But in the context of Banks, it has not been proved conclusively.
- **Working Conditions:** The result of various studies shows that working condition is an important factor. Good working atmosphere and pleasant surroundings help to enhance their job satisfaction thereby increasing the productivity.



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