Organisational Behaviour
— Motivation and Success in Business —

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Organisational behaviour, the study of the behavior and attitudes of employees within organisations, is an immensely practical field. It draws upon numerous disciplines from the social sciences, including subjects such as psychology, sociology and economics, with the objectives of studying, understanding, and ultimately, modifying the behaviour and attitudes of organisational personnel. It is through the latter of these objectives that organisational behaviour seeks to enhance the effectiveness and productivity of businesses. It is a broad field with a variety of approaches: the micro approach emphasizes the study of individuals and groups within organisations, while the macro approach focuses upon the organisation as the main unit of analysis. In this essay, I will focus upon a key aspect of the micro approach to organisational behaviour: the topic of the motivation of employees within businesses. In doing so, I will draw upon a variety of literature: books, articles, and occasional websites, but the starting point for most of the issues discussed will be the organisational behaviour module provided by Edinburgh Business School as part of its Master of Business Administration Course. This essay’s examination of motivational techniques that may be employed by businesses therefore represents my attempt to com-
pile a coherent and competent discussion of some of the key issues involved in this aspect of the field of organisational behaviour. My hope is that I am able to hold the reader’s attention, raise his or her consciousness to the direct and ready applicability of the field to real-life work scenarios and consolidate and deepen my own understanding as a student of business administration.

All of us can appreciate that organisations need highly motivated employees in order to achieve and sustain competitive advantage. By motivation, I mean ‘the energy which directs and propels us into action…keeps us going and drives us to complete the job at hand’ (Alberdi, 1990, p.28). This is a potent force and it is in the very best interests of a business to discover what exactly it is that motivates staff. Such things include job satisfaction and challenge, sufficient pay, benefits, and safe working environments and are known in organisational behaviour as employee needs. At the same time, a businesses’ overriding priority is the need to function efficiently (attain productivity) and achieve financial success (profitability), which are needs that are divergent and potentially contrary to employee needs. By this I mean that a naïve argument could be made that a company be well advised to work its employees as hard as possible whilst compensating them with as little as possible in attempting to meet the twin aims of production and profit. It is, of course, most likely that such a strategy would fall down in the modern world of corporate headhunters and attractive competitors, not to mention unions and worker’s rights, and in any industry dependent upon employee-customer interaction in the execution of its product or service. The reality then, is that well run organisations need to strike the balance between employee needs and company needs, because satisfied and motivated workers sustain competitive advantage.

But how exactly do motivated employees drive competitive advantage? By
being less likely to leave the company in favour of another (personnel turnover), being less prone to miss work for illegitimate reasons (absenteeism), but most importantly by being driven to achieve organisational goals via sustained and systematic movement towards an end deemed personally valuable. The assignment of value will not ordinarily be along the lines of ‘if it’s good for the company then it’s good for me,’ though this may become true of individuals with a high degree of organisational commitment and loyalty. Rather, the assignment of value will usually and primarily stem from a sense of having achieved something personally fulfilling; the fact that the achieved end is good for both company and employee is a mark of the successful application of organisational behaviour managerial techniques. An important part of management’s job in motivating staff is to link the organisation’s goals to the behaviour of its employees. This requires an understanding of the key drivers of human behaviour and leads us into a study of motivation theory, which is comprised of content theories and process theories.

Content theory deals with the human desire to reduce needs through certain behaviours. It is a powerful aspect of motivation theory by virtue of the fact that people will do what they reasonably can to obtain fulfillment of their needs. Simultaneously, unsatisfied needs tend to lead to frustration, disillusionment, absenteeism, quitting, sabotage and dysfunctional work relations in the organisation. Human needs can be generalised into a hierarchy formulated by Abraham Maslow (Maslow, 1943a, 1943b); these start from lower order needs such as physiological needs and safety needs. Examples of the former include the need for food, water, shelter and clothing; these can be met in an organisation by the simple provision of a baseline level of remuneration allowing the employee to provide basic necessities for him or herself. The latter need includes the need for a stable, secure and safe working environment and can be
fulfilled by an organisation offering job benefits, observing health and safety regulations and giving job security; this may be in the form of a minimum contract duration, minimal notice requirements, job insurance provisions and severance pay. It is vital that the organisation provide for these basic needs; failing to do so will result in truculent, demotivated workers who may resort to industrial action should the political and social fabric of society allow it.

Recent examples abound globally: in the United Kingdom the Unite union has organised a total of twenty-two days of strike action over the issue of redundancies announced by the company British Airways (BBC News, 2010). This company’s attempt to cut costs struck at the heart of employee’s lower order safety needs, such as the need for job security and it comes as no surprise that industrial action has resulted. Frustrating the satisfaction of the need for physiological safety — the need to ‘make ends meet’ in terms of daily living costs — has in part been responsible for rising rates of industrial action on the part of Chinese workers united in strike action in order to secure better wages. These have resulted in a 17% improvement in the pay of Chinese manufacturing workers in the past year as manufacturing outfits of both Chinese and foreign national companies have had driven home the cost of not meeting the basic needs of its workers (The Economist, July 31st-August 6th 2010, p.7 leader). This is a lesson well learnt as China modernises and benefits from evolving employment laws and improved competition among businesses for workers. These are but a few examples among many illustrating that Maslow’s lower order physiological and safety needs must be met in order to prevent workers from experiencing dissatisfaction and demotivation with their work. Fulfilling these needs, however, is but a prerequisite on the journey towards developing diligent, motivated workers by subsequently meeting higher order needs; herein lays the concept of prepotency. This is that ‘one class of needs, until satisfied,
takes priority over certain others’ (Organ & Bateman, 1988, p.61). Once these prepotent needs are satisfied, then other needs come to the fore until satisfied and so the process continues, until we reach the stage at which higher level need satisfaction is reached. Understanding this psychological process yields compelling motivational power, because it is the higher tier needs that companies can harness to their and their employee’s benefit. Professor Herzberg (Herzberg, 1966) in his ‘two-factor theory of motivation,’ develops a thesis further outlining these high level motivational forces.

The two-factor theory recognises a set of lower order needs (‘hygienes’) that are necessary but not in themselves sufficient to maintain high motivation in workers. These hygienes are needs such as peer relations, pay, supervision, work environment, job security and company policies which ‘encourage the employee to remain with the organization rather than leave (Locke and Latham, 1990, p.15). If you can perceive overlap with the lower order needs presented by Maslow, then you are paying attention, for Herzberg’s model is a specific application of Maslow’s generalized hierarchy to work conditions. Once the prerequisites are in place, then the stage is set for providing for employee’s higher level needs or ‘motivators’ and in doing so, a business stands to benefit from the creation of highly motivated, dedicated staff. Higher level needs, according to Maslow’s construct, are, in ascending hierarchy: belongingness, esteem and self-actualisation. Belongingness includes needs such as the desire to be accepted by a group and to give and receive support. The need for esteem deals with feelings of self-worth dictated by internal components such as the need for constant and achievable challenges and personal autonomy, as well as external components such as recognition, prestige and responsibility. Actually, studies have indicated that recognition — the forms of personal thanks and credit from the recipients of work — is one of the most important types of reward (Locke,
1987) and that the most successful companies in the US ‘make heavy use of recognition’ including the giving of achievement badges and admission to high-achiever clubs (Locke and Latham, 1990, p.15). Self-actualisation is the highest need in Maslow’s hierarchy and represents employee’s desires to fulfill their potential through the application of skills and experience.

So much for the theoretical presentation of the human ‘needs hierarchy,’ but how should businesses go about meeting these needs in the search for higher performance and competitive edge? Lower order needs must be first met and can be satisfied early in the career of new recruits. Security concerns can be met by the organisation giving assurances regarding job duration, health coverage and insurance. The need for belongingness can be fulfilled by encouraging team-working, group meetings, an open door policy and by ensuring that employees come to understand the organisation’s values. As for esteem needs employees should be able to win promotions and increase their work autonomy; the best projects should also be awarded to those who deserve them most. Self-actualisation is perhaps the most potent need (though somewhat abstract) and is active throughout the worker’s career progress; it can be satisfied on route by allowing employees to acquire, refine and utilise new skills. As personnel become more senior, self-actualisation can be made possible through promotion to senior strategic positions, and/or through fulfilling a mentoring role to younger employees.

In the long-term, organisations fulfilling higher-level needs will see the benefit of workers exhibiting sustained job motivation, assuming that the prepotent needs have been taken care of. A lack of such motivators is, in contrast, likely to lead to apathy and boredom with a resultant dip in performance related metrics, even though hygienes such as pay and security may be good. Indeed, the
fact that improvements in lower order needs or hygienes — such as pay hikes, improved holiday allowances, or better work offices — while yielding short-term positive feelings, fail to sustain performance in the longer term tells us that being happy at work is not just about the money. Extrinsic rewards such as financial incentives, while indispensable prerequisites for the high performance of a business, only get an organisation halfway to its goal of competitive edge. It is the addition of intrinsic factors dealing with higher order needs that are the key to tapping the comprehensive spectrum of motivational potential.

This can be explained by understanding the motivators as listed by Herzberg. These are status, promotion, challenges, achievement, professional growth, responsibility and recognition, coveted by employees as rewards that are given in return for good performance. Such motivators are intrinsic and invaluable in motivating the best workers in a company — the self-starters and high-achievers that really create value and are more than likely to occupy senior, strategic positions in the future. Failure to motivate such potential high flyers leads to the risk that an organisation may lose them to competitors better versed in the principles of organisational behavioural management, with possibly damaging results. A managerial intimacy with content theories of motivation — which deal with understanding and the fulfillment of higher order human needs — is in light if this, invaluable. Much of this theory’s power derives from the fact that higher order needs are never fully satisfied. This is of significance and is worth restating: higher order needs such esteem and self-actualisation are unquenchable. This is a dictate of human nature which doubtless conferred some survival benefit in our ancestral past and continues to give a selective edge in the modern world. It spurs us on to greater efforts and at times unfathomable ambition in sundry forms and is, in business terms, absolutely necessary for the functioning of organisations. The realities of cognition mean that employees will, in general,
continue to strive for status, recognition, autonomy and promotion regardless of the amount of success already enjoyed. In fact, previous successes can lead to a taste for more of the same and a magnifying of ambition and motivation in the high-achiever. Businesses will ignore this imperative at their peril.

An additional aspect that businesses should take note of is the extent to which individuals vary in their needs. This consideration is of particular importance when we address the issue of recruitment. It is imperative for an organisation’s competitive edge that it runs a rigorous and selective recruitment strategy. This is true for a number of reasons, but here we are interested in the motivational aspects of careful selection; a well-selected employee is more likely to fit into a firm’s ethos and provide more immediate value; this is, of course, assuming that the correct motivational buttons are pressed. To embark on the motivational path, the employee must feel comfortable with their new company’s management approach and work style. If not, he or she ‘will become a source of irritation to everyone’ (Miskell & Miskell, 1994) and prove burdensome rather than beneficial. Whether an applicant will match an organisation depends, in part, on the extent to which they have any of the following needs: achievement, affiliation and power. An organisation must assess candidates to ascertain to which of these categories they gravitate, and in what proportions; failing to do so may lead the firm into taking on individuals ill-suited to their ethos and would be a poor investment.

Those most interested in achievement are the aforementioned self-starters who have high work standards and will generally aim for excellence. McClelland (1961) identified behaviour likely to be shown by such individuals. These include an attraction to challenging tasks requiring problem-solving skills, a focused goal orientated approach and a strong drive to complete tasks. High
achievers ‘have a compulsive need for quick, concrete feedback on their performance — especially feedback in precise, quantitative terms’ (Organ & Bateman, 1988, p.193). These types of employee are valuable to any organisation and can be expected to add value, assuming they are of sufficient natural and/or acquired abilities and are given a sufficient breadth and depth of challenges to confront. Those with a strong concern for affiliation will be sociable and have a need to be liked and part of a team. Such concerns are likely to be of greater importance than the actual business performance of the group (ibid, p.194) and affiliators might not do so well in businesses which involve a great deal of autonomy and segregation at work. They would not, on the whole, make good barristers or researchers (solitary professions), but might do well in a corporation with a focus on cross-departmental project work and team problem solving. It is worth being aware that good managers should have at least a measure of the need for affiliation; the absence of such would make the development of group structures and a cordial working climate difficult. What of the need for power? This need drives workers to dominate their physical and social environment and to gain positions of influence and control. Individuals driven by this need may not be suited to egalitarian environments such as educational institutions where the pursuit for power may be frowned upon, or where the structures to wield influence are weak. They may, on the other hand, be better suited to the corporate world, assuming they are of sufficient ability and education to become excellent managers and motivators. Individuals able to satisfy their need for power through delegation and inspiration are thought to be ‘socialised power-seekers’ (Winter, 1967) and may climb to the topmost heights of the business world. Managers should have a moderate level of this need and socialised power-seekers tend to make better managers than strong affiliators.

These three ‘personality’ needs are usually present in every individual to vary-
ing degrees and it is for the organisation to ensure that candidates it selects will fit into its particular culture. A pertinent question has to be, therefore, how does one go about assessing these psychological features? A questionnaire is one option (Alberdi, 1990, p.40). This method has the advantage of convenience, but relies too heavily upon the sincerity of the candidate who would be looking to appear as professionally attractive as possible. I would suggest instead that it is better to infer the characteristics of applicants through more indirect means, both through the interview process and with recourse to submitted documents such as Curricula Vitae and references. The exact methodology employed is for the human resources specialists to decide, but there are indicators that suggest the presence of achievers, affiliates and power-seekers. In attempting to identify achievers, the assessor should look for signs that the applicant has high standards, enjoys winning, succeeding and doing well. This is fairly easily deduced by examining work histories, accomplishments, and interests outside of work. Furthermore, assessors should seek evidence of creative achievement or achievements not directly associated with the applicant’s main career. These might be artistic, sporting, or simply unusual, but the appearance of such things would indicate a strong need for accomplishment. If looking for affiliates, the assessor should be looking for signs of sociability which might be indicated by an enjoyment of team activities, club membership and perhaps a focus on the importance of family life. As for power-seekers, signs of needing power and control or leadership positions are indicative; again, a swift perusal of application forms should yield such information and any leads can be explored further during the interview process. Again, I wish to restate the absolute importance of careful selection of employees with regard to securing motivation and satisfaction in the workplace. Failure in this crucial aspect may lead to problematic employees who are ill-suited to their role. Such individuals are not only likely to underperform in their role, but may become disruptive in the wider sense. In
such instances, the company’s competitive edge will suffer.

Process theories of motivation, the second strand of motivation theory, can help us understand how it is that employees develop motivation. We have seen that people have a variety of needs, but employees need to perceive a way to meet those needs. This will allow encourage them to display behaviours more likely than not of getting them to their objective. In other words, an understanding of process theory — alongside the previously discussed needs theories — allows the manager to unleash ‘the dynamics of human personality and human potential’ (Leavitt & Bahrami, 1988, p.6). Such approaches enable us to avoid ‘Theory X’ styles of management. The term ‘Theory X,’ coined by Douglas McGregor (1960), referred to a management style visible well into the twentieth century that assumed that people saw work as a necessary evil. Employees would, the thinking went, ‘minimize(s) labor and discomfort and maximize(s) material gain’ (Organ & Bateman, 1991, p.59) and were described as slothful, idle and inert! This required the manager to apply pressure on employees in order to get the most out of them, taking the forms of close supervision, financial rewards, threats and punishments. Thought to be a legacy of the early twentieth century, when much mass labour was unpleasant, poorly compensated and often dangerous, Theory X theory has no place in the modern world where working conditions in the developed world have changed. As McGregor pointed out, managers using Theory X methods over-regulate employees and force them into cynical behaviours. These can include maximising material gains, reducing work output to a minimum and generally seeking to game the system for the all it is worth — Theory X management styles ‘become an exercise in self-fulfilling prophecy’ (Organ & Bateman, 1988, p.60). What this means is that as employee’s natural needs for independence, challenge and recognition are squashed by overbearing managers, so emerge self-defence mechanisms which
often see the employee regress towards a dominating concern for maximal material reward with minimal effort and input on their part. This may lead to greater levels of managerial whip-cracking as a negative spiral is set in motion. Theory Y, in contrast (also an articulation of McGregor), is a management approach incorporating needs theories, amongst others. It accepts the human need for comfort and security and maintains that satisfying those needs leads to employees directing their attention towards Maslowian higher level needs and Herzbergian motivators. As companies employing Y theory seek to harness motivational power, they may subordinate external, managerial control to employee self-control and responsibility, ensure workers have meaningful challenges in their lives and make a virtue of employee development.

We should recall at this stage that content theory needs represent a sort of imbalance; employees will seek to reduce that imbalance by reducing those needs and a canny organisation will exploit this tendency. Employees will not even attempt to reduce that imbalance, however, if they perceive the fulfilment of their needs as impossible or unlikely to occur, or if fulfilment of a particular need will require an expenditure of effort so great, that other needs may become compromised or even unmet. In illustration, consider a high achieving executive with a strong need for self-actualisation. This individual is eying a newly vacated position senior to his own. Should he go for it? It depends. He will only take on to the challenge if there is a definite possibility that he may win the promotion. It is not that he requires guarantees; in the competitive milieu, any realist understands and accepts the notion of failure. What is meaningful to him is that he has line of sight and is able to project a future in which he achieves his ambition. If he has confidence both in his ability to win the promotion and that his company is meritocratic, then he is likely to invest effort in the attempted achievement of that goal. Note the importance of the attitudes of the employee
to his firm; an individual confident of his ability but lacking confidence in the fairness of the selection process will be unlikely to expend effort if his chances are doomed from the start; wasted effort is what all of us have been configured to avoid at all costs.

Here, a discussion of expectancy theory as outlined by Professor Tolman (Tolman, 1932) and developed by Vroom (1964) is pertinent. This is a sub-strand of process-based motivation theory. It states that motivated employees think that their work activities should help them to achieve goals that are important to them and that they should have a fighting chance of succeeding. Employees able to see a realistic connexion between their work and a goal that is personally valuable will show markedly increased levels of motivation. Remove this line of sight from employees and organisations will pay the price in terms of increased staff turnover and absenteeism, defections to competitors, lowered performance from team members and lack of senior executives with constructive visions for the future, a recipe for disaster for any business.

Expectancy theory can empower organisations that understand and harness it and destroy those that do not. Empowerment can come from implementing the following recommendations: firstly, there need to be visible and tangible rewards (both intrinsic and extrinsic) made available for excellent performance; in organisational theory jargon these are known as outcomes with positive valence. These include things such as promotions, better salaries, conditions and autonomy — they are positively valent because they are attractive. Such ‘carrots’ encourage employees to display behaviours aimed at making those positive outcomes more likely to occur. To illustrate, the executive I have hypothesised will work harder in an effort to boost performance, become noticed and considered for the position. He may even prepare a strategic plan for his vision of
improving the competitive edge of the company, by, say, reducing costs and boosting margins. This elevation of performance and writing of a strategic report are examples of first level outcomes. These come about by a competent employee expending effort. But why try hard and deliver a good performance unless you are likely to be noticed? This leads us to the second requirement for the effective harnessing of expectancy theory: employees must be able to see that second level outcomes (rewards) are likely to occur after the achievement of first level outcomes (the expenditure of effort leading to performance). Thus our executive would need to believe that his efforts in boosting performance and preparing a strategic report increase his chances of winning the promotion. Even should he fail, it is vital for his continued motivation that the winner of the promotion be himself seen to have expended effort on attaining first-level outcomes before receiving his reward in the form of the second-level outcome (the promotion). In this way, our executive will not lose heart and may, depending on his ambition, strive all the harder for future success.

If an organisation is able to convince its employees that first level outcomes will lead to second level outcomes then it will have succeeded in instilling positive instrumentality. If instrumentality in employees is positive, then they perceive and have confidence that a positively valent (attractive) second level outcome (reward) will be forthcoming, contingent upon a required level of performance. To the contrary, negative instrumentality entails employees realising that rewards are unlikely to result from the attainment of performance, or may so in a haphazard or inconsistent way. The consequence of negative instrumentality is not hard to foresee; it will result in lowered motivation, reduced performance and a distancing from the job. After all, only the most unusually altruistically motivated individual will continue to perform to a high level just for the sake of high performance! The vast majority of workers need to see a clear line of
sight between excellent performance and rewards that are personally valued. At this point consider that the entire process of motivational momentum building — from expending effort to first level outcomes (performance) to recognition and second level outcomes (rewards) — cannot occur if an employee does not expect his effort to result in high performance. For example, do you believe that you may be able to offer and affect solutions to the problem of global warming, if only you apply yourself fully to the challenge? Most respondents answering ‘no’ to this question do so because they simply do not possess the expertise. This lack of expertise or ability stops the initiation of the momentum building process in its tracks. Similarly, employees need to feel confident that they are up to the task of performing before any considerations of rewards can come into the equation. How are organisations to instil this confidence? The selection of skilled workers during the recruitment process is a vital first step, as is ongoing training and investment in employees. Prompt feedback throughout the career of employees can strengthen their sense of self-efficacy in instances of positive feedback, or allow them to improve areas of weakness in instances of less positive feedback. Taking care to ensure that these criteria are met will ensure that an organisation has employees of sufficient ability, rather those whose self-belief is low and who’s ‘goal commitment will be low if not zero’ (Locke and Latham, 1990, p.18). In the presence of well-trained teams, a dash of motivation will lead to effort which will — in association with managerial support — result in performance. Reaching this stage allows organisations to strengthen employee instrumentalities by awarding hard-earned rewards and future performance will be assured.

A caveat needs to be discussed with regard to the successful application of expectancy theory to organisations. This is that the reward system has to be equitable, understandable and transparent and seen to be such. Only then will
systems have the desired effect of leading to higher levels of effort, performance and job satisfaction. Unfair systems of reward allocation will strike at the most valuable members of an organisation, the high performers. This is because an unfair reward system often involves rewarding lower performers at the expense of higher performers. This may not necessarily involve lower performers receiving a greater share of the rewards available; it need only require that lower performers receive the same or similar rewards to higher ones, out of proportion to the actual value such workers have created for the business. In these situations the expectation that performance will lead to positively valent outcomes — or line of sight — will be harmed. This will trigger lower performance metrics from the very staff that have been keeping the organisation competitive in the first place; for let me once again state the fact of human nature that few but the utterly selfless will continue to exert themselves in order to see the undeserving benefit. This is a grievous situation for any organisation, even should the low performers continue to tow the line in anticipation of further unearned second level outcomes. More damaging still, the high performers are precisely the type of employees that will appeal to competitors and they will quickly seek fairer reward systems elsewhere. The organisation with the unfair compensation system will end up not only bereft of its stars, but left with the poorer performers. All the while its competitors will benefit.

An antidote to this undesirable eventuality is to design an effective performance appraisal system, which will offer employees feedback on their performance. Appraisals are conducted by the vast majority of organisations based in America and the United Kingdom and have a number of purposes. These include building confidence between companies and their staff and career planning (Latham, Skarlicki, Irvine, Siegel, 1993). Such information can also be used by organisations to make decisions about reward allocation such as salary increases,
promotions and/or bonus payments and identify employees that may be under-performing. In the former instance, rewards can be given and associated in an explicit way to performance; correct positive instrumentalities are thereby reinforced. This would be true of both the recipient of the benefit and others in the organisation who might seek to emulate her. In the latter case, training and development can be conducted as a form of remedial action. The appraisal system should aim to provide both employees and management with tangible information aimed at ensuring, among other things, fairness with regard to rewarding performance. This emphasis on not only fairness in the system but perceived fairness by participants is hard to overstate, for only appraisals with objectively equitable characteristics will be accepted by employees (Lawler, 1967). It is also important that an appraisal system avoids suspicion of executive manipulation in the interests of the bottom line rather than the employees. Such accusations can be avoided by having employees participate in the design and application of the appraisal process. Assuredly, managers are best advised to delegate a large measure of control to employees on the assumption that supervisory checks will be held to oversee the process; this will lead to workers feeling that they are being entrusted with the task of generating their own performance information. Regardless of the extent of employee participation, appraisal systems are a form of behavioural modification; they seek to manipulate employee behaviour via the use of positive reinforcement or rewards, in the same way that punishment uses the threat of sanctions to reduce the occurrence of undesirable behaviours. Any criticisms of such systems can be sidestepped provided that appraisal systems are performed with the consent and participation of staff members as they seek to establish effective performance behaviours. As a result, rewards can be allocated in an equitable way, desirable behaviours are positively reinforced and cycles of performance, satisfaction and reward are perpetuated.
Few would question the potential effectiveness in motivational terms of well-designed performance appraisals, or the right that organisations have to assess the performance of their employees. Designing appraisals that are fit for purpose is, however, no easy task. In fact, it has been estimated in the United States that fewer than 20% of performance appraisals are conducted effectively (Longenecker & Gioia, 1988). Ineffectiveness is even more likely to occur when performance criteria are qualitative (based on behaviours thought to contribute to performance and company value), rather than countable criteria such as units of production, sales completed, or work attendance figures (Locke and Latham, 1990, p.13). When this is the case, good appraisal systems should aim to match as closely as possible measured performance features with real life performance enhancing or performance reducing features. Failure to do this leads to a disconnection between what is measured and what is happening in the real world and will lead to organisations both wasting their time and alienating employees from the appraisal process. Remember that employees need to have confidence in appraisal methods. This is necessary in order for organisations to reap the benefits of having personnel who are highly motivated in their understanding that performance will lead to rewards. Instrumentalities will be harmed in the event of the execution of poorly conceived appraisal and there are many pitfalls which await unwary appraisers. Performance appraisals can be unreliable if the performance criteria chosen are too subject to managerial subjectivity or perceptual whim. Examples of such counterproductive surveys are those that are personality based and fail to assess relevant job behaviours. Personality traits such as being polite, friendly and showing self-confidence may or may not be desirable features in an employee but are notoriously difficult to measure in an objective way — friendly to one assessor may strike another as insincere or flippant; self-confidence to one may appear arrogant to another. Such traits are also largely unrelated to job performance and are at risk of falling foul of regu-
lations requiring appraisals to be free from bias and discrimination (Barrett & Kernan, 1987). Anyway, an employee may be incredibly enthusiastic, cooperative and analytical, but be terrible at any one particular job. Trying to measure personality traits in the context of performance appraisal is, therefore, prone to producing results which are both unreliable (they cannot be trusted) and invalid (the measuring components are meaningless with regard to performance).

In the interests of avoiding these kinds of mistakes organisations should, prior to conducting a performance appraisal, identify the core tasks of any jobs under examination. These core tasks should then have allocated to them a range of performance behaviours ranging from those that lead to failure on the job to those that lead to success; naturally, there will be a range of behaviours of intermediate value with regard to performance or the lack of it. This appraisal approach is called the Behaviour Anchored Rating Scale (BARS). Studies comparing BARS appraisal protocols with alternatives such as Mixed Standard Scales (MSS) have revealed that BARS systems turn out more accurate results. This was established by having undergraduates and MBA students undertake appraisals of supervisors using BARS and MSS systems. The supervisors had previously been assessed by expert assessors to provide a benchmark against which the student appraisals, using BARS and MSS, could be compared. BARS emerged as a closer correlate to the expert benchmarks than did MSS (Hughes & Prien, 1986). In addition to this example, many other studies have supported the superiority of the BARS system to other appraisal approaches. Here is an example of a selection of effective, ineffective and intermediate behaviours numbered one to seven, relating to the core job task of inventory control and management. These behavioural criteria might be used to assess the performance of a sale assistant:
Inventory control and management: includes all those behaviours the assistant might demonstrate when working with store inventory.

7 – If the manager asks this assistant about the level of stocking for a product, the assistant can immediately pinpoint the item on the computerised inventory report.

6 – You could expect this assistant to ask another employee how to use the computerised inventory report.

5 – This assistant would be unaware of reordering dates for items in inventory.

4 – When asked by the manager, this assistant could be expected not to know which products are currently out of stock.

3 – This assistant can be expected not to know the names of products in the store’s inventory.

2 – This assistant does not know where the store’s inventory is located.

1 – This assistant does not ask where the store’s inventory is located.

(Edinburgh Business School, Organisational Behaviour Module, 2007, p.8)

Take note of each numbered, solid, observable behaviour as it relates to the task of inventory management and control and the manner in which it relates to a performance dimension ranging from one to seven. In terms of behavioural modification, this method of performance appraisal is highly effective as long as the range of behavioural possibilities have been selected carefully. Not only is it keenly relevant to assessing job performance, but it gives employees clear guidance on particular aspects of their job role; this allows the diligent to focus on core areas of their job and improve accordingly. Another advantage is that organisations can exact any number of core tasks, allowing them to appraise more broadly for more complex roles, and more narrowly for less complex positions. Thus the sales assistant may have only two core tasks allocated; in addition to inventory issues, she may be assessed on customer interaction. With reference to the latter core task, a behavioural outcome of 7 (high performance) might be associated with extreme competence with resolving customer complaints and responding to customer queries, whereas a score of 1 (low perfor-
mance) might correspond with poor competence or an abrasive manner in dealing with customer queries. Very simple behaviours can be of core importance, even including things such as smiling when approaching a customer (Locke and Latham, 1990, p.13). Following appraisal, high performers might then be rewarded with more responsibility and low performers re-allocated a different role and/or re-trained. Whatever the outcomes of the assessment just described, getting the relevance of the core competencies right is paramount. High relevance is evident in our examples of inventory management and customer interactions skills, which lay at the heart of what it takes to be a successful shop assistant. By the same token, we should seek to avoid failing to assess relevant competencies that may inform us about an employee’s performance; namely, we should look to always ‘give credit where credit is due.’ So with our shop assistant, an approachable and accommodating manner when dealing with customers should not be overlooked when conducting an appraisal, for such behaviours are key to being good on the shop floor. Whatever relevant behaviours we choose to look for in BARS assessments, the fact that objective standards are sought rather than personality traits avoids the difficulties of appraising subjective qualities or shortcomings; the risk of deeming a friendly, energetic and attractive employee automatically as a high performer without testing for real performance measures is removed. A further advantage to such appraisal systems is the fact that, in attempting to focus on core job responsibilities and the various behaviours that relate to them, management will need to involve the employees being assessed. The rationale for this is that employees are in a position to know most about their day to day tasks; for this reason management should value their input in the design process. Employees’ cooperation will not only help build team spirit throughout the organisation, strengthen employee expectancies, instrumentalities and motivation, but also allow the performance appraisal managers to assemble some highly revealing graded outcomes describing effec-
Participatory performance appraisals are not the only way of focussing employee behaviour in a very effective way. Challenging goal-setting is another way to channel employee behaviours towards ‘end states that reduce the intensity of needs and motives’ (MBA, Chapter 4, p.9). Many studies have established and confirmed ‘that people who try to attain specific and challenging (difficult) goals perform better on tasks than people who try for specific but moderate or easy goals’ (Locke & Latham, 1990). Furthermore, goals can take a variety of shapes and forms: amounts of work to be completed, a frequency with which job behaviours are to be performed, deadlines, giving a high degree of responsibility and meeting budgets.

Critically, goal setting works in synergy with performance appraisal. This is because an aspect of appraisal should be an analysis of how successfully pre-identified and elucidated employee goals have been achieved; and how can an appraisal take that essential factor into account if there are no obvious goal markers against which to check employee contributions? Indeed there is an acceptance of the fact within organisational behaviour literature that performance appraisals serve as ‘the basis for setting goals which in turn affect an employee’s motivation’ (Latham, Skarlicki, Irvine and Siegel, paraphrasing Locke & Latham, 1990). In the highly recommended and likely event that an organisation chooses to set goals, then the goal-setting process should follow a developmental plan that: firstly, specifies the results sought and rewards offered; secondly, determines goals through cooperation between management and workers; and thirdly, conceives the goals which should possess the ‘SMART’ qualities: these are Specificity, Measureability, Achievability, the fact that goals should be predicated on the Resources available, and the importance that
goals should be Time-specific. The planning phase of the goal setting process is concluded by the fourth stage of the developmental pathway: gaining of employee acceptance of and commitment to the goals. This should be forthcoming assuming the earlier stages in the goal-setting process were completed soundly and it is at this point that the plan is put into action. It is in the event of achieving organisational goals that the fifth and final stage is reached — the Payoff — at which point outcomes are acknowledged and rewards distributed. Rewards should be intrinsic (satisfaction at a job well done, for example) as well as extrinsic (performance related bonuses etc).

Whatever the variety and type of rewards, organisations reaching the end stage can look forward to sharpened competitive edge. This is due not only to meeting goals which impact performance, but also as a result of having employees well motivated and satisfied by their participation in the process from start to finish. Integral to this positivity is their understanding of the way in which they have contributed value to their employer and that they are valued in return. Importantly, the goal-setting process needs to be punctuated by regular performance feedback sessions. These will ensure that the organisation is on track towards its targets and that hard-working employees are given motivational boosts throughout the process; a drip-feed of intrinsically motivating ‘pats on the back’ will increase the likelihood that end goals are achieved. Indeed, Locke (1981) showed that goal-setting without feedback has a negligible effect on performance. This is partly due to employees developing more effective task strategies in view of constructive feedback. Evolving strategies can be expected to lead to better progress towards organisational goals, thus provoking more positive feedback and generating a strengthened sense of self-efficacy in employees — a virtuous cycle is created. Negative feedback, if delivered with tact, ‘pinpoints the need to improve by revealing a discrepancy between the goal
In fact, goal-setting is so universally accepted as an efficacious way to sharpen competitive edge that organisational behaviour theory has named it ‘Management by Objectives’ or MBO. First conceived of by Peter Drucker (1954), this strategy is widely recommended because it aligns the firm’s concern for competitive edge with the employee’s higher order need of self-actualisation. MBO recognises the fundamental centrality of human needs and motives to performance while realising that needs and motives are not always enough. To maximise the likelihood that needs are galvanised into action, MBO creates a pathway to action that will benefit both the firm and its employees. This is achieved by presenting the employee with ‘a high degree of challenge in the form of a specific, difficult goal or its equivalent’ (Locke and Latham, 1990, p.6). Whether that challenge will be met depends on moderating factors such as ability, commitment, feedback, and achievability; and we have seen that these elements that can be controlled by a well-managed company. Of great importance to the motivational potential of MBO is that higher-order needs are, remember, unlike their lower-order counterparts, for they are infinite; impossible to exhaust, self-renewing, an endless psychological resource that can be harnessed by the well-run firm.

Now to deal with the final aspect of organisational behaviour dealt with in this essay. This is the second sub-strand of process-based motivation theory known as Adams’ equity theory (Adams, 1965). This theory is subordinate to, but can be expected to work in parallel with expectancy theory and it can make an important and useful contribution to our understanding of employee motivation in organisations. The logic is as follows: workers calculate the fairness or equity of their rewards on a comparative basis; namely, they look at the rewards
received by themselves and others in the organisation and compare them. In more eloquent terms ‘Equity judgments will be based on the judged ratio of the individual’s outputs and input in comparison to the output/input ratio of people to whom the individual compares himself or herself’ (Locke and Latham, 1990, p.14). Should the comparison seem to the employee to be unfavourable, then this will lead to feelings of perceived inequity and imbalance; a sense that rewards are not being distributed fairly. Should the comparison be favourable then the employee will experience feelings of positive inequity; a sense that they are receiving a greater share of the rewards given their level of effort. As with need imbalances, both positive and negative inequity compels the individual to redress the balance or ‘rectify the situation’ (Alberdi, 1990, p.35).

Recall that with need imbalances the employee will be driven (motivated) to fulfil that need in a number of ways. Similarly, with negative inequity sensations the employee may take a number of courses. These include reducing the quality and quantity of their output to match the lesser rewards they perceive they are receiving (Locke & Henne, 1986); quitting from the job or seeking transfer; switching the persons of comparison to those receiving lower recompense; or rationalising that the inequity is temporary and will change in the future, exemplified by such thinking as “I’ll be recognised for my efforts sooner or later.” These actions will have the effect of reducing the employee’s sense of unfairness, but are not adequate solutions or desireable outcomes. Rather, they are damaging, terminal, or unsustainable for the relationship of the employee to the organisation (lowering performance, seeking transfer or quitting), or based on dissonance-reducing rationalisation (altering the comparison or constructing a temporal mortality to the inequity). As for the rarer species of imbalance — positive inequity — employees may feel motivated to increase their effort and performance in an attempt to justify the rewards enjoyed. The positives,
however, do not in some way compensate for the negatives; to the contrary, negative inequity is a much stronger emotional state than positive inequity. This is revealed when those with feelings of receiving less than their fair share work ‘harder’ to reduce their performance than those with feelings of receiving more will work towards improving their performance.

There are steps supervisors can take in order to avoid the demotivating effects of negative inequity. They should first of all realise that individuals differ in their reactions to the almost universal tendency towards social comparison. Employees have been classified into three general groups in their responses to rewards: those that are comfortable receiving less than their comparison others (benevolents), those who are conservative about reward systems and want the way they are distributed to remain the same (equity sensitives), and those who are comfortable receiving more than their comparison others (entitleds). We should be particularly wary about the last classification group. Entitleds are workers likely to accept rewards from the group that are out of proportion to the contribution they have made and they will do so without much guilt. Such individuals are more likely to act as value and morale destroyers. They consistently underperform while allowing more diligent colleagues to take up the slack. More diligent employees who notice this state of affairs may then lower their performance in protest or even quit the company, leaving the organisation bereft of its best and left with the worst. Avoidance of this requires the organisation to conduct participatory appraisals to ensure fairness in the giving of rewards. We have discussed the virtues of doing so with regard to expectancy theory, but we can now extend our understanding of how this also takes advantage of what we know about the importance of equitable perception in organisations. In short, well-designed and cleverly performed appraisals enable a company to draw considerable motivational power from the twin generators of expectancy
and equity.

In looking at the various ways that employees can be motivated to achieve success in business we have explored several aspects of the field of organisational behaviour. These have included understanding the fundamental motivational drivers of human needs as elucidated by Maslow’s hierarchy and Herzberg’s two-factor theory and facilitating employee’s satisfaction of those needs through a well-designed company structure. We have come to terms with the importance of expectancy theory in constructing processes by which employees create line of sight from effort to rewards and considered means by which employee performance can be measured. The indispensability of goal-setting has enabled us to explore the methodology behind the design of management by objective processes and we have taken into account the centrality of Adams’ equity theory in the distribution of rewards. What we have learned throughout this exposition is that none of these motivational theories should be treated in isolation. Rather, they should be considered as part of the same managerial field and implemented in unison, or not at all. Overall, we should not overlook the fact that all the strands of motivational theory examined in this introductory piece point to the fact that employees can be self-directed in work (Organ & Bateman, 1991). In doing so, Theory Y style companies which aim to encourage and support employee’s psychological growth can cultivate motives more powerful than might be possible in more centralised and authoritarian Theory X regimes which stifle growth and force employees into passive, subservient and regressive states, where the unbounded potential of higher level needs may be stifled. Organisations committed to the psychological growth of employees weigh the odds of achieving motivation, performance and success in business heavily in their favour.
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