Down Under

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Practical Guidelines to Successful Implementations

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How to Motivate Employees

In my last two Columns I have discussed the need for the organization to be both customer and employee focused and the proposition that no matter how optimized an organization's processes are, to deliver a high level of customer service it must have happy and motivated employees. In the last Column I reviewed Frederick Herzberg's Motivation-Hygiene Theory of job satisfaction. He suggested that people were influenced by two sets of factors: motivation factors; and hygiene factors.

Herzberg suggested that management must work on the hygiene factors to neutralize and avoid employee dissatisfaction. However, it is the motivation factors that require attention to move towards employee satisfaction and a high performance environment.

While Herzberg's theory has its detractors, the basic concepts are valid and make common sense. When combined with Victor Vroom's Expectancy Theory ,a powerful means of providing motivational factors for employees results and translates into higher productivity for the organization.

Satisfying and motivating employees is not a one-time event. It requires continuous management attention and a process to ensure it is achieved.

In order to achieve this, management must ensure that the motivation and rewards systems are appropriately designed to support both the business process performance measurement system and the organizational structure.

What drives employee motivation and performance within an organization is a complex set of circumstances as seen in figure 1. This figure has been derived from the work of Victor Vroom (1964) on Expectancy Theory which deals with motivation and how management can influence it. While this work may seem old, it is still has great relevancy today. Vroom's theory assumes that behavior results from the conscious choices people make from the various alternatives that are available to them. Together with Edward Lawler and Lyman Porter, Vroom suggested that the relationship between people's behavior at work and their objectives or goals is not as simple as was originally imagined. Vroom realized that an employee's performance is based on individual factors such as personality, skills, knowledge, abilities and significantly, their motivation for the task in hand.

Expectancy Theory states that different individuals will have different sets of goals and that they can be motivated if they believe that:

- there is a **positive correlation between effort** and **performance** (*expectancy)*;

- favorable performance will **result in a reward** (*instrumentality*);
- *valence for reward* is the degree to which the person wants to earn the reward on offer;
- *valence for performance* is the degree to which the person wants to carry out (perform) the given task regardless of the reward offered.

So what does this mean in layman's terms? For an organization to expect management and staff to exert *effort* to deliver *performance*, there will need to be *rewards*. While the rewards and targets (KPIs) will drive performance and outcomes, especially at senior levels within an organization, this is not a simple task. Get the mix wrong at the peril of the organizational performance.

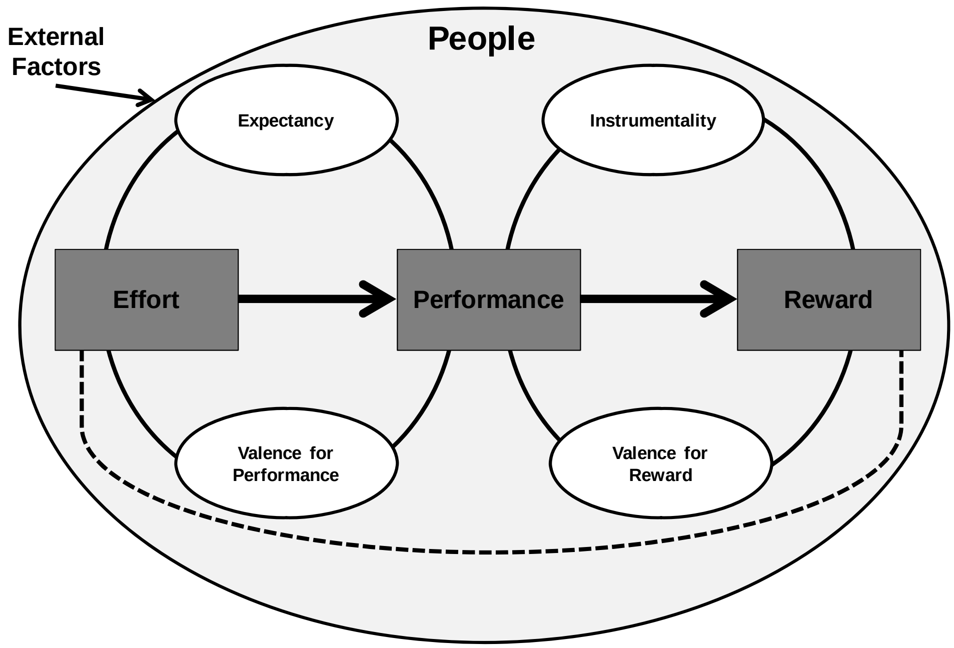

Figure 1 - Performance determinants

In order for management and staff to expend the *effort* to deliver *performance* they need to believe that there will be a reasonable expectation that *performance* will follow and be an outcome of the *effort* spent. According to Expectancy Theory there are two simple components that will 'motivate' management and staff to believe that performance will follow from exerting *effort* and they are *expectancy* and the *valence for performance*.

Expectancy is the estimate by people (management and staff) of the probability that performance will be delivered as a result of the *effort* expended. This is a simple probability of the ratio of perceived effort to performance probability. This expectancy can be measured via questionnaires, and there are activities that management may initiate to raise this *expectancy*. For example, a person's role needs to have clarity, not be ambiguous and in conflict with other roles within the organization; and skill levels may need to be continually raised and appropriate to the tasks. This can be achieved with appropriate training and coaching.

Valence refers to the emotional orientations that people hold with respect to outcomes and rewards. The depth of desire an employee has for extrinsic (money, promotion, benefits) or intrinsic (satisfaction) rewards. So in this instance, *valence for performance* means how much the people are “into” their performance – their *into-ness* factor. Does the achievement of the performance matter to them? Some people are driven by the need to personally succeed and perform at a high level, and others are simply not - they have other priorities in life (family, sport, study).

Once people believe that if they expend the *effort*, *performance* will follow, the next question is “so what?” Will the effort be worth it? Even if a person has a low score on the *valence for performance* scale, they may be motivated if the reward is either high enough or something they would find highly desirable. This provides management with an opportunity to create a clear link between *reward* and *performance*. If a clear link is not provided, motivation diminishes either immediately or certainly over time.

The first linkage between *performance* and *reward*, as seen in figure 1, is *instrumentality.* While this is not a particularly ‘user’ friendly term, it refers to the means (desired motivation) that delivers the desired *performance* outcome*. Instrumentality*, like *expectancy*, can be assessed via a questionnaire and measures the probability that if the *performance* is achieved it will generate the *reward*? This may seem obvious, but how many times have we all been promised rewards that never come about? For example, consider the salesman who has the sales manager’s role ‘dangled’ in front of him as a possible reward if he meets his targets (KPIs). When he achieves the target, the CEO announces that his son-in-law has just been appointed as the new sales manager. Management must make a clear and unequivocal, unbreakable link between *performance* and *reward*.

The second component is the *valence for reward*. That is, is the reward something that will motivate the people or individual and do they ‘want’ the reward? The reward must be something that the people will expend significant *effort*, to achieve the *performance* to receive the *reward*.

The rewards must be relevant to the potential recipients and should be socialized (agreed) before hand to ensure it is something that employees will strive for. For example, if the sales manager establishes a reward of a weekend away to a ‘party’ location, for one person, the reward will probably not appeal to his salespeople who are married with children. In fact, if the sales people are ‘team players’, the fact that only one of them will win and receive the reward may work against the ‘team’ culture. The reward(s) need to be appropriate for the people, organization and level of performance expected. Remember, rewards do not need to be monetary, but must be ‘fit for purpose’. Once the rewards system is established, it will need to be well communicated throughout the organization to all appropriate personnel.

There are proven questionnaires and toolsets available that can provide measures for these linkages and enable management to motivate and implement appropriate rewards systems for their organizations. Using these questionnaires combined with the Expectation Theory will make, and has made, a significant difference in organizations seeking to improve their rewards systems.

Case Study: Sales team were genuine team players

A wine organization had a policy of employing high profile ex-football players as its sales representatives. These ex-players were recognized by customers, and the organization found this hiring practice useful in selling its products. It also had a policy that said if a sales person was the worst performer for three consecutive months, he would be dismissed. As team players, the ex-footballers were comfortable in a team environment and supporting their other team members, and were thus extremely uncomfortable with one of the 'team' being dismissed. The team members always ensured that if one of them had two bad months in a row, they would never have the third bad month, as successful members would swap sales with the underperformer to avoid the dismissal.

Message: management needs to clearly understand their staff and what motivates them.

If rewards are provided as a 'surprise' for the achievement of an excellent performance after the performance has been achieved, management must consider the appropriateness and relevance to the person being rewarded. Perhaps a 'shopping basket' of possible rewards from which to choose would be a positive option. We have seen people receive rewards of expensive bottles of wine, but they do not drink wine! When asked why wine was selected as the reward, the sales manager simply said "it was easy"! For him possibly, but the reward completely missed its intended purpose—to motivate.

Everything within the large grey circle of figure 1 labeled *People* is what I have been describing to this point and relates to individuals or teams of individuals. There are, however, external factors that will influence performance. These include, but are not limited to:

- Products and services - the products or services being sold or delivered can significantly influence staffs belief that no matter how much effort is exerted, performance will not follow. For example, if the product is of poor quality and does not compare well with competitor products, then it will be difficult to sell, no matter how much effort is exerted.
- Organizational structure – does this support the individuals? Are they able to have decisions made quickly? Does staff know who to go to for assistance or decisions?
- Does the organization's infrastructure support performance? Do the people have the right tools of trade, be they laptops, motor vehicles, printers, and so forth.
- Organizational culture will also significantly influence performance belief. Does the organization have a culture that supports performance measurement? Many do not. We have worked with organizations where the people simply refuse to be measured and management do not have the courage to change the situation.

Management has a responsibility to ensure that employees are motivated, supported and rewarded for their performance. Management also has a responsibility to shareholders and other significant stakeholders to ensure that the organization performs and meets its strategic objectives and targets; this can only be achieved if individual employees perform at a high level. After all, organizational performance is only the sum of the individual employee performances.

Note: much of this Column has come from the book by John *Jeston and Jphan Nelis, Management by Process – A roadmap to sustainable Business Process Management (2008)*

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