

## *Ouchi's Theory Z*

William Ouchi agreed with the basic ideas put forward by McGregor's Theory Y and related these to certain of the ideas he detected in Japanese organisations.

Ouchi's theory argues that **participation** is a crucial motivator. Employees will be motivated to higher levels of performance if they are involved in meaningful participation in decision-making in their organisation. Employees should participate in groups and enter into consultations with management to sort out problems and put forward ideas.

Ouchi took the idea of quality circles and developed it far beyond a concern for the quality of goods and services produced by the organisation (important though this is). He said that the circles should be a forum for employees' ideas and a way in which employees could really influence the running of the organisation. He concluded that a participating employee would be a well-motivated employee.

We shall look in more detail at the concept of quality circles later in the course.

## *Participative Management*

The culmination of human relations and human behaviour approaches is presented by McGregor as **participative management style**. Under this style of management employees feel valued and are treated as individuals in the workplace. McGregor argues that if employees do not feel valued some of them will spend more time and effort in attempting to defeat management's objectives than they would in achieving them.

Participative management style is directed towards encouraging workers to be self-motivated as far as possible in a given work situation; management tries to create an atmosphere of co-operation rather than merely depending on rules and regulations.

Participative management tries to involve employees in decision-making, following the ideas of Ouchi and techniques like quality circles. The whole basis of the participative style of management is to do away with the “them and us” mentality in an organisation.

## E. PROCESS THEORIES OF MOTIVATION

Needs theories try to identify the integral desires that influence behaviour – they are concerned with the nature and context of motivating factors. By contrast, “process” theories concentrate on elucidating the thought processes through which individuals determine their course of action. They attempt to show how individuals determine the amount of effort that needs to be exerted.

### *Expectancy Theory*

This is a cognitively-based motivational theory, put forward by V H Vroom. According to this theory the strength of a tendency to act in a certain way depends on the strength of our expectation that the act will be followed by a given outcome, and on the attractiveness of that outcome to us.

- **Attractiveness**

This is the importance we place on the potential outcome or reward that can be achieved on the job. This will consider the unsatisfied needs of the individual.

- **Performance-reward linkage**

This is the degree to which we believe that performing at a particular level will lead to a desired outcome.

- **Effort-performance linkage**

The probability which we perceive that exerting a given amount of effort will lead to performance.

Expectancy theory may sound complex but it is useful as a framework for diagnosis and identification of changes needed to increase motivation. The strength of people’s motivation to perform (**effort**) depends on how strongly they believe that they can achieve what is attempted. If they achieve the goal (**performance**), there is the question of whether they will be adequately rewarded. If rewarded by the organisation, will the reward satisfy their needs? The theory can be expressed by the formula:

$$\text{Motivational force (F)} = \text{Valency (V)} \times \text{Expectancy (E)}$$

**Valency** is the value of the outcome to the person; **expectancy** is the perceived likelihood of the outcome. To understand this best, think what happens if either valence or expectancy are equal to zero.

The importance of this approach is the emphasis that it places on the individuality and variability of motivational forces, as distinct from the generalisations implied in the theories of Maslow and Herzberg.

Porter and Lawler developed expectancy theory in the 1970s. They suggest that amount of effort (motivation and energy exerted) put into work depends on:

- The eventual reward
- The amount of effort necessary to achieve that reward

- How probable it is that the reward will be forthcoming

In turn the perceived effort and probability of getting a reward are influenced by past experience of whether such rewards have materialised.

### ***Equity Theory or Adam's Social Exchange***

Theoretically, pay should be a very convenient motivating force. Why, then, do relatively few organisations deliberately use pay as a motivator?

Most organisations see pay as compensation, and many managers are rewarded not for particular results but for **seniority** and **experience**. Seniority is the reward for success, and pay follows seniority. Rarely does a boss earn less than his or her subordinate(s).

There must be large differentials in levels of pay, otherwise pay will not work as an incentive. In their worry over differentials, organisations are very secretive about pay levels, which can be self-defeating. Lacking knowledge of pay, individuals make estimates of other people's wages and feel they are less well paid. Organisations also follow rules for equity. This means paying a rate for the job, rather than paying the employee for results. In a sense, it is not money that is a hygiene factor, as Herzberg argues, but **equity**.

**Adam's** social exchange, or equity, theory suggests that evaluation of rewards is based partly on comparisons with others. If we perceive our ratio to be equal to that of others with whom we compare ourselves (**referents**), a state of **equity** is said to exist. If the ratios are unequal, **inequity** exists. We see ourselves as under-rewarded or over-rewarded.

The equity theory is not without its problems. There are still some key issues which are unclear, such as:

- How do employees select who is included in the **other** referent category?
- How do they define inputs and outputs?
- When, and how, do factors change over time?

### ***Attribution Theory***

**Kelley's** attribution theory examines the way in which people explain success or failure, and the impact on subsequent motivations.

Four variables are frequently used:

- Ability
- Effort
- Task difficulty
- Luck

For motivational purposes, effort is the key factor. If success or failure are explained in terms of the level of effort, then it is possible that high motivation may follow. On the other hand, failure to obtain promotion, say, may be attributed to difficulty and luck. Since it is out of their individual control, people may give up trying to perform well. Attributions may be subject to distortions to protect or enhance their self-esteem.

The attribution theory is extremely relevant when we consider how people judge others.



### ***Handy's Motivational Calculus***

Handy looks at motivation as though when a person takes a decision, he or she gives attention to three sets of factors:

- (a) The individual's personal needs
- (b) The desired outcome or results
- (c) The E factors:
  - Effort
  - Energy
  - Excitement in attaining the desired outcome
  - Enthusiasm
  - Emotion
  - Expenditure

The motivation decision will depend on:

- (a) The strength of the person's needs.
- (b) The expectation that by contributing one of the Es, the individual will achieve one of the desired results.
- (c) The extent to which the result will contribute to satisfying the person's needs.

There are certain prerequisites for the calculus to be completed:

- The individual must be made aware of the intended results – it will then be known what has to be done and the commensurate rewards as well as how much E is necessary.
- If actual results are not known, the individual will not know whether the E output was justified, so feedback on performance is vital.

Handy's theory can be accused of gimmickry, but it does help us understand that we need to set specific goals, preferably on a mutually-agreed basis. The theory also suggests that rewards can be tied to standards. These standards can be variable, so a lesser expenditure of E will lead to lesser standards and hence rewards.

The theory also goes some way to taking some elements of the simpler content theories (such as needs, derived from Maslow) and the more modern process theories of Vroom and others.

### ***Psychological Contracts***

A psychological contract is the perceived relationship between the individual and the organisation, and involves the various factors which bind the individual to the enterprise. They relate to the way people feel about the organisation for which they work. The concept is essentially a dynamic one – the nature of the contract will change over time and will be influenced by many variables. It will also influence the factors which will motivate the individual.

Three examples of psychological contracts are:

- A **coercive** psychological contract exists when a person works because they are forced to do so. They may be tied into the job because the salary and fringe benefits prevent them from moving elsewhere – they might not be able to achieve the same package from another employer and

would have to lower their standard of living. Alternatively their age may render them relatively immobile.

- A **remunerative** psychological contract exists when a person works for the money. The person may tolerate the job in order to attain the lifestyle it provides. This differs from the coercive contract - the remunerative contract may bind the person in the short term, only to be severed if a better deal is available elsewhere.
- A **collaborative** psychological contract is one in which the worker is bound to the organisation by a belief that personal objectives can best be attained by enabling the organisation to fulfil its objectives. From an employer's point of view, this is more likely to result in having a highly motivated workforce. The person's desire to achieve can facilitate the company's performance objectives.

As stated above, psychological contracts can change radically. In managerial and clerical professions, "delayering" and "down-sizing" have become common features, with middle managers being sacrificed in pursuit of greater cost-efficiency. Large-scale redundancies in hitherto "safe" jobs can change the nature of the forces which bind the person to the organisation. A study in 1994 by the Working Transitions outplacement consultancy suggested that redundancy programmes not only affect the values, beliefs and drives of those who lose their jobs, but also those who remain with the employer. Managers therefore have to be conscious of these changes in order to manage in an increasingly volatile climate.

Professions which have been affected in this way include many branches of the Civil Service, banking institutions and many organisations which have been through mergers and acquisitions.