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# Is it Really all about the Money?: Motivating Employees in the 21st Century

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## **MOTIVATION IN THE 21<sup>ST</sup> CENTURY WORKPLACE: A REVIEW OF THE LITERATURE**

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Motivation has been defined as an emotion or desire operating on the will and causing it to act. In this respect, ‘motivations provide the motor for behavior,’ and according to Pincus, motivation as a psychological construct has played many roles as paradigms have risen and fallen over the decades (2004). To obtain a better understanding of motivation in the twenty-first century, this paper focuses on what motivation is, the role goals play in motivation, how motivation can be maintained, the impact of technology on motivation, the practical implications of needs-based motivation theories, and the concept of over-motivation.

## **Motivation in the 21<sup>st</sup> Century Workplace:**

### **A Review of the Literature**

**By Joshua Randall, Seth Larson, and Stacy Novotny**

Motivation has been defined as an emotion or desire operating on the will and causing it to act. In this respect, 'motivations provide the motor for behavior,' and according to Pincus, motivation as a psychological construct has played many roles as paradigms have risen and fallen over the decades (2004). To obtain a better understanding of motivation in the twenty-first century, the following questions can be addressed:

1. What is motivation and is it internal or external?
2. What role do goals play in motivation?
3. Can people be motivated by someone who is not motivated?
4. How can motivation be maintained?
5. Does management affect workplace motivation?
6. How does technology affect motivation?
7. What are the practical implications of needs-based motivation theories?
8. Is money actually the best motivator?
9. Is it possible to over motivate?

This literature review on motivation focuses on these nine questions.

### **What is Motivation, and is it Internal or External?**

Motivation is the act of giving somebody a reason or incentive to do something; it is feelings of enthusiasm, interest, or commitment that makes people feel good about themselves and their jobs ("Motivation", 2005). The two different types of motivation are internal and external.

Internal motivation means an individual's drive to accomplish their goals comes from within, and it is determined by the individual's own values and goals. With internal motivation, it is easier to stay motivated. Trying to find internal value in everything a person has to accomplish can improve overall motivation.

External motivation means the drive to attain goals comes from a source outside the individual (Klonis, Plant, & Devine, 2005). An example of external motivation is completing a task simply to receive a reward, such as money or a promotion, rather than completing the task for internal satisfaction. Performing tasks to look favorable to others or to please your parents is difficult to maintain. Constantly using external motivation when confronted with difficult tasks requires a great deal of effort, and thus, people should try, whenever possible, to find internal motivation to make tasks less tedious.

People can have both types of motivation but usually one type dominates over the other. If all people had strong internal motivation, then the need for management would not be as strong.

### **What Role Do Goals Play in Motivation?**

According to Mitel Corporation, goal setting is one of the most effective theories of motivation in organizations (McShane & Von Glinow, 2005). Goals are the immediate or ultimate objectives that employees are trying to accomplish from their work effort, while goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives.

Goals play a role in motivation in that they clarify what each employee needs to do in order to reach the set outcome. Goal setting is a tool for management to increase productivity and to increase performance over a long period of time (Thurmes, 1987). Gary Latham and Edwin Locke describe goal setting as a motivational technique. They emphasize that the goals having the greatest positive effects on performance are those that are both specific and challenging (Steers and Porter, 1991). McShane and Von Glinow (2005) listed six characteristics of goals that maximize task effort and performance; these characteristics are setting specific, relevant, and challenging goals, having goal commitment, participation in goal formation, and goal feedback.

Having goals helps employees by directing effort intensity and persistence to one or more objectives. Goals help minimize distractions and make it easier for the employee to get back on track if distracted. According to McShane and Von Glinow (2005) direction helps improve work performance by focusing the employee's effort intensity and persistence.

Goal setting has limitations. If used incorrectly, goals may make more problems than they solve. If goals are tied to monetary incentives, employees tend to choose easier goals (McShane & Von Glinow, 2005). Goals that are unfair, arbitrary, or unreachable may result in dissatisfaction and poor performance (Latham and Locke, 1979).

### **In Order to Motivate Others, Does the Motivator Need To Be Motivated?**

To successfully motivate others, a person needs to be motivated, as is demonstrated with the motivational relationship between teachers and students. Teacher-student relationships highlight the need to be motivated in order to motivate. An article published in the *Educational Administration Quarterly* stated that the use of "expectancy theory has found links between teacher motivation and perceived school effectiveness, principals' ratings of teacher performance, and students' attitudes toward their schools (Kelley, Heneman, & Milanowski, 2002, p. 378)." This theory illustrates how a teacher's motivation motivates the students, resulting in students doing a better job in their classes. Depending on how well the teacher is motivated, the student will also be motivated to do well in school.

### **How Can Motivation Be Maintained?**

To motivate employees and to keep them motivated, it is necessary to look at what drives motivation as well as what drives employees to stay motivated. According to Steers and Porter (1991), the basic building blocks of motivation are needs or expectations, behavior, goals, and feedback.

Motivation comes from getting challenging assignments, learning opportunities, and praise from colleagues and corporate leaders. For people to be motivated and stay motivated, there needs to be a balance where needs are being met, yet needs that still are being acquired. To achieve this balance, financial and symbolic rewards that emphasize both individual achievement and teamwork must be utilized (McShane & Von Glinow, 2005). To be motivated and stay motivated, employees need to have support for satisfying their needs, and this includes more than just monetary incentives.

The expectancy theory is based on the idea that work effort is directed towards behaviors that people believe will lead to desired outcomes. Behavior influences motivation because people behave in a manner that they think will lead to desired outcomes. An example would be if someone has a strong desire to be with others, or a high need for affiliation, he or she will

attempt to increase interactions with those around him or her in the hope of achieving the goal of receiving friendship and support (Steers & Porter, 1991).

Goals play a part in motivation and continued motivation. Thurmes (1987) states that people who set their own goals or accept the goals set by someone else will put forth the level of motivation that seems reasonable to attain these goals.

Feedback, whether good or bad, contributes to motivation because it reduces employee uncertainty, and the employees know where they stand.

### **Does Management Affect Workplace Motivation?**

The job of a manager in the workplace is to ensure tasks are completed by employees. To do this, the manager should be able to inspire and motivate employees. Excellent management and leadership qualities are essential in order to effectively motivate employees to their full potential ("Employee," 2005).

There are steps that a manager can take to help motivate their employees. First, the manager should always give the employee reasonable goals and set a time period to accomplish each goal. The goals should be work related, and once a set of goals has been reached, a new set of goals should be created. Second, a manager should always remember to treat his or her employees fairly, as this will create a positive environment for all employees, and it will help satisfy the employees' needs. Third, managers can also restructure jobs to help motivate their employees, by adjusting the employees' job descriptions. Managers need to remember that when they reward their employees for motivation that they need to base rewards on the job performance of the employees. Finally, if the manager or another employee is having problems with an employee or co-worker, management needs to have a discussion with the specific employee, give them effective criticism, and determine a time frame for improvement to take place, as well as document all disciplinary actions ("Employee", 2005). All of this needs to occur in a positive environment where the employees feel valued and that they have a voice. An environment with disgruntled employees is not motivational, and, therefore, will not have the positive results of a more motivational environment.

Some people do not motivate themselves, so the manager must set goals and expectations in order to achieve performance out of these employees. These people might have low self-esteem and management needs required to motivate them to achieve. They need to be reassured that they are doing their job right; they also need development and inspiration from an external source.

There are also people who are self-motivated and get things done without the help of management. These employees tend to set their own goals and will often not give up until they reach their goals. This type of employee needs very little help from a manager for motivation to perform at the highest potential. No matter what types of employees a manager has, all employees need to hear that they are doing a good job.

### **How Does Technology Affect Motivation?**

Technology has an influence on motivation in three areas. First, employees can feel like they could possibly be replaced by technology. Second, telecommuting affects an employee's motivation, and finally, mobile technology can affect motivation.

First, employees' morale might be affected if they think the technology will replace their jobs. This was shown in Mark Sidler's article titled "High Tech as a Motivating Force." Although this article was published in 1984, the message of the article is still relevant because

technology's role in a job is increasing. Sidler said that it is important to let the employees know what tasks the technology in their jobs will be performing in an attempt to ease the thoughts of the employees and tell them that they are "not going to be replaced by a computer" (1984, p. 11). This is especially important today as technological advances are making it possible for fewer individuals to accomplish a task, as well as the growing issue of outsourcing jobs, which has many people fearing for their jobs. Sidler said that if the employees have been prepared for technology entering their workplace then their "motivation to work on the computer will be high" (p. 11). Sidler continued by stating, "Motivation will result because [the employees] will know that they have upgraded themselves with the technical movements of the marketplace by adding a new dimension to their job description" (p. 11). This also shows that their supervisor "respect[s] their abilities to perform their jobs on a new level" (p. 11).

Second, in the book *The New Workplace: A Guide to the Human Impact of Modern Working Practices*, the authors mentioned that motivation is affected by telecommuting or teleworking, as it is called in the United Kingdom. This is an important area in technology to examine because there are between "eight and nine million [telecommuters] in the" United States (2003, p. 197). Organizations enjoy telecommuting because they see benefits through their work force and accommodation costs – quite often their two largest overheads – because of these benefits, telecommuting has been connected with "improved productivity, improved employee retention, greater staffing flexibility and more efficient use of office space" (p. 201). Telecommuting improves motivation for employees because it includes individual benefits of "more flexible working hours; more time for home and family; reduced commuting; greater job autonomy; less disturbance [while] working; and the chance to remain in work [even though being at home more often]; becoming ill or taking on family care roles" (p. 202). Because of this technology, employee morale and motivation is able to stay high and even possibly rise when the employee is not even in the office, while at the same time providing benefits for the organization's overhead.

Finally, employee motivation can increase through the help of personal digital assistants, cellular phones, and laptops. According to an article titled *Meet the Mobile Messaging Needs of the Modern Worker*, mobile technology is helping businesses achieve goals including "addressing employee needs and overall satisfaction through managed accessibility, and flexible work schedules" (pp. 2, 2005). Because businesses are "recognizing that external work-related factors can affect employee morale, more employers are looking at solutions that provide employees with a better work-life balance" (pp. 2). The reason for looking for solutions that create a better work-life balance is that the companies know that if they are able to provide their employees with a better work-life balance, their employees will be happier overall, and their productivity will be increased.

### **What are the Practical Implications of Needs-Based Motivation Theories?**

The practical implications of needs-based motivation theories can be examined by applying Maslow's Hierarchy of Needs. An article published in the May 1984 edition of *The Journal of Personal Selling & Sales Management* compared Maslow's Hierarchy of Needs to job characteristics of sales associates.

Maslow's physiological needs are the desire for food, drink, and other primary needs. In the workplace, this equates to financial compensation, heat and air-conditioning in their workspace, and a cafeteria near their working environment.

Maslow's safety and security needs are the desire for security, stability, and protection from fear, which equates to employees having job security and fringe benefits.

Maslow's needs for love and belongingness are the desire for love, affection, and belongingness, which equates to being liked and respected by the employees, boss, peers, and customers.

The self-esteem needs and the desire for achievement, adequacy, and competence equates to employees having a job title, more responsibility, recognition, and promotion.

Finally, Maslow's need for self-actualization or the desire for fulfilling oneself by maximum uses of skills and abilities is equal to the challenging job, creativity and achievement in work (p. 33, 1984).

### **Is Money Actually the Best Motivator?**

A study was conducted with the Minneapolis Gas Company to see what their employees desired in their jobs the most. As a result, four factors were determined. These factors were the desire for security, advancement, a specific type of work, and pride in the company ("Employee", 2005). A surprising result was that pay, benefits, and working conditions were not among the factors that a person highly desires in a job. This survey shows that money is not always a main motivator for employees. While this is true, it has also been found that employees underreport the importance of pay as a motivational factor in some situations. Research suggests that people's actual choices and behaviors are different than what they report when it comes to being motivated by pay. This is partly because people have a tendency to say one thing, but then do another. People tend to choose to do things that will reflect approved behaviors (Rynes, 2004).

The expectancy theory suggested that a pay performance is essential for motivating performance of employees. This contradicts what the survey mentioned earlier, as the people who took the survey said they were motivated by other incentives, and that money was not the most important motivator. People who are looking for a job will pick one based on the reward system that the organization offers. The reward system is also based on the person's own personality and what s/he thinks is more important. A common myth is that some people are born with self-motivation and other people are not. This is a fabricated statement because the right type of management can motivate the people who lack self-motivation because motivation can be an acquired skill that can be learned with the right determination. Money should not be the only way to motivate people because these employees will only be motivated by money (Fisher, Schoenfeldt, & Shaw, 2003).

### **Is it Possible to Over Motivate?**

Employees are over motivated when the need for a reward does not exist anymore, or if the employee's task reward locus of causality has shifted from intrinsic to extrinsic. This means rewards need to come from external sources rather than from internal sources.

McShane and Von Glinow (2005) defined needs as deficiencies that energize or trigger behaviors to satisfy needs. If an employee's need for the reward being offered does not trigger behaviors to earn the reward, then that reward has over-motivated the employee. Receiving a coffee cup or free t-shirt is motivating the first or second time, but eventually the coffee cup and t-shirt needs have been met. Steers and Porter give a basic assumption for human needs: when need deficiencies exist, individuals are motivated into action to satisfy them (1991). Rewards should be evaluated often, to know when they have lost their appeal. According to



Rodgers(1996), reward programs must have frequent and fair evaluations, or feedback, to ensure the program is functioning properly. For the reward to trigger behaviors in employees to work toward the reward, the reward program must be designed in and around the employees it will affect. The best way to ensure rewards fit the needs, values, and goals of the employees is to include the employees in the planning and design process of reward programs.

If an employee has lost the intrinsic rewards, like self-gratification, and now looks for external rewards as motivation, the employee has been over motivated. Steers and Porter (1991) argued that an individual's level of effort on a task is determined largely by the nature of the rewards available for task accomplishment. If an employee's motivation is intrinsic, the employee will engage in activities for intrinsic rewards, but if extrinsic rewards are introduced for an intrinsic task, the locus of causality will shift extrinsically, meaning the employee will be motivated if an extrinsic reward is believed to be received.

This literature review reveals that while using money and rewards might be a good idea, to truly motivate employees, managers need to realize that not all employees are the same, and that managers need to tailor motivational strategies to their employees.

## **Authors' biographies**

Joshua Randall is the son of Michael and Vickie Randall. Joshua was born in Mankato in 1984; he graduated from New Ulm Senior High School in 2003. He is pursuing Bachelor of Sciences in Management and Speech Communication, and minors in Marketing and Business Administration. Joshua has been a member of the Maverick Forensics team the three years that he has been at Minnesota State University, Mankato. He is on track to graduate from MSU in May of 2007. After graduation, Joshua plans to work towards his Master of Arts in Communications. When not in school Joshua enjoys watching sports and staying up to date with online news sources.

### **Seth Larson**

Seth Larson graduated from Minnesota State University, Mankato in the spring of 2006 with a Bachelor of Science in Computer Information Sciences along with a minor in Business. While Seth has not found a job, yet, he hopes to be able to combine his knowledge of computers along with the knowledge that he learned while taking his business classes and compiling this research project in his future career.

### **Stacy Novotny**

Stacy Novotny is a senior at Minnesota State University, Mankato and will be graduating in December, 2006. Ms. Novotny, originally from LeCenter, will be receiving her Bachelors degree in Management, along with a minor in Minnesota's Accounting program.

### **Faculty mentor's biography:**

James Dimock is a member of the faculty of the Speech Communication Department at Minnesota State University, Mankato where he has taught courses in communication study since 2002. Dimock received his Bachelor of Science in 1996 from Black Hills State University and his Master of Arts from the University of South Dakota in 2000. His scholarship emphasizes rhetoric; specifically the rhetorical theory of Richard Weaver and the rhetoric of war and violence. He lives in North Mankato with his wife, Peggy and their five children, Alex, Andrew, Maggie, Keaton and Claire. When not teaching or researching, he enjoys backpacking and canoeing.

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