7
Chapter

Motivation Through Equity, Expectancy, & Goal Setting

- Adam's Equity Theory of Motivation
- Expectancy Theory of Motivation
- Motivating Through Goal Setting
- Putting Motivation Theories to Work

Goals

- **Goal**: what an individual is trying to accomplish
Locke’s Model of Goal Setting

Goals motivate the individual by...

1. Directing one’s attention
2. Regulating one’s effort
3. Increasing one’s persistence
4. Encouraging the development of goal-attainment strategies or action plans

Task performance

Insights from Goal Setting Research

1. Difficult goals lead to higher performance
2. Specific, difficult goals lead to higher performance for simple rather than complex tasks
3. Feedback enhances the effect of specific, difficult goals
4. Participative goals, assigned goals, and self-set goals are equally effective
5. Goal commitment and monetary incentives affect goal-setting outcomes
Goal Difficulty and Performance

Goal Difficulty

- Low
- Moderate
- Challenging
- Impossible

Performance

- Low
- Medium
- High

Figure 9-4

A. Performance of committed individuals with adequate ability
B. Performance of committed individuals
C. Performance of individuals who lack commitment to high goals

Guidelines for Writing “SMART” Goals

- Specific
- Measurable
- Attainable
- Results oriented
- Time bound
### Factors Considered When Making Equity Comparisons

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time</td>
<td>Pay/ bonuses</td>
</tr>
<tr>
<td>Education/training</td>
<td>Fringe benefits</td>
</tr>
<tr>
<td>Experience</td>
<td>Challenging assignments</td>
</tr>
<tr>
<td>Past Performance Ability and Skill</td>
<td>Time off with pay/ job security</td>
</tr>
<tr>
<td>Creativity</td>
<td>Career advancement/ promotions</td>
</tr>
<tr>
<td>Seniority</td>
<td>Status symbols</td>
</tr>
<tr>
<td>Loyalty to organization</td>
<td>Pleasant/ safe working environment</td>
</tr>
<tr>
<td>Age</td>
<td>Opportunity for personal growth/ development</td>
</tr>
</tbody>
</table>
### Factors Considered When Making Equity Comparisons

**Table 9-1 cont.**

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality traits</td>
<td>Supportive supervision</td>
</tr>
<tr>
<td>Effort expended</td>
<td>Recognition</td>
</tr>
<tr>
<td>Personal appearance</td>
<td>Participation in important decisions</td>
</tr>
</tbody>
</table>

### Factors Considered When Making Equity Comparisons

**Table 9-2**

<table>
<thead>
<tr>
<th>Methods</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Person can increase his or her inputs</td>
<td>Work harder; attend school or a specialized program</td>
</tr>
<tr>
<td>2) Person can attempt to increase his or her inputs</td>
<td>Don't work as hard; take longer breaks</td>
</tr>
<tr>
<td>3) Person can attempt to increase his or her outcomes</td>
<td>Ask for a raise; ask for a new title; seek outside intervention</td>
</tr>
<tr>
<td>4) Person can decrease his or her outcomes</td>
<td>Ask for less pay</td>
</tr>
</tbody>
</table>

McGraw-Hill © 2004 The McGraw-Hill Companies, Inc. All rights reserved.
Factors Considered When Making Equity Comparisons

<table>
<thead>
<tr>
<th>Methods</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>5) Leave the field</td>
<td>Absenteeism and turnover</td>
</tr>
<tr>
<td>6) Person can psychologically distort his or her inputs and outcomes</td>
<td>Convince self that certain inputs are not important; convince self that he or she has a boring and monotonous job</td>
</tr>
<tr>
<td>7) Person can psychologically distort the inputs or outcomes or outcomes of comparison other</td>
<td>Conclude that other has more experience or works harder; conclude that other has a more important title</td>
</tr>
<tr>
<td>8) Change comparison other</td>
<td>Pick a new comparison person; compare self to previous job</td>
</tr>
</tbody>
</table>

Organizational Justice

- **Distributive Justice**: the perceived fairness of how resources and rewards are distributed
- **Interactional Justice**: extent to which people feel fairly treated when procedures are implemented
- **Procedural Justice**: the perceived fairness of the process and procedure used to make allocation decisions
Equity Research Findings

- Job performance and counterproductive work behaviors positively associated with distributive and procedural justice
- All three forms of justice were positively correlated with job satisfaction, organizational commitment, organizational citizenship behaviors, and employees’ trust
- All three were negatively associated with employees’ withdrawal cognitions and turnover
- Distributive and procedural injustice were related to negative emotions

Expectancy Theory of Motivation

- **Expectancy Theory** holds that people are motivated to behave in ways that produce valued outcomes

\[ M = E \rightarrow P \rightarrow O (V) \]
Vroom’s Expectancy Theory

- **Expectancy** belief that effort leads to a specific level of performance
- **Instrumentality** a performance → outcome perception
- **Valence** the value of a reward or outcome

A General Model of Vroom’s Expectancy Theory

- High Effort
- Decision to Exert Effort
- Low Effort

Expectancy
- “What are my chances of reaching my performance goal if I work hard?”

Expectancy
- “What are my chances of reaching my performance goal if I slack off?”

Instrumentality
- “What are my chances of getting various outcomes if I achieve my performance goal?”

Valence
- “How much do I value these outcomes?”

Performance Goal

Outcome 1

Outcome 2

Outcome 3
Applying Vroom’s Expectancy Theory

Factors that Influence an Employee’s Expectancy Perceptions

- **Self-esteem**
- **Self-efficacy**
- **Previous success at the task**
- **Help received from a supervisor and subordinates**
- **Information necessary to complete the task**
- **Good materials and equipment to do work with**
Managerial Implications of Expectancy Theory

- Determine the outcomes employees value
- Identify good performance so appropriate behaviors can be rewarded
- Make sure employees can achieve target performance levels
- Link desired outcomes to targeted levels of performance
- Make sure changes in outcome are large enough to motivate high effort
- Monitor the reward system for inequities

Organizational Implications of Expectancy Theory

- Reward managers for creating, monitoring, and maintaining expectancies, instrumentalities, and outcomes that lead to high effort and goal attainment
- Monitor employee motivation through interviews or anonymous questionnaires
- Accommodate individual differences by building flexibility into the motivation program
Organizational Implications of Expectancy Theory

- Reward people for desired performance, and do not keep pay decisions secret
- Design challenging jobs
- Tie some rewards to group accomplishments to build teamwork and encourage cooperation

Porter and Lawler’s Expectancy Model

<table>
<thead>
<tr>
<th>Value of Reward</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effort</td>
<td>3</td>
</tr>
<tr>
<td>Ability and traits</td>
<td>4</td>
</tr>
<tr>
<td>Performance (accomplishment)</td>
<td>6</td>
</tr>
<tr>
<td>Perceived equitable rewards</td>
<td>8</td>
</tr>
<tr>
<td>Intrinsic rewards</td>
<td>7A</td>
</tr>
<tr>
<td>Extrinsic rewards</td>
<td>7B</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>9</td>
</tr>
</tbody>
</table>
Prerequisites to Linking Performance and Rewards

Managers should:

- Develop and communicate performance standards
- Give valid and accurate performance ratings
- Determine the relative mix of individual vs. team contribution to performance and reward accordingly
- Use the performance ratings to differentially allocate rewards among employees