**UNIT - V . Employee Benefits and Services**

These days, several companies are being plagued by low level of employee engagement. With rapidly changing global markets, technological advances, and companies doing cost reductions, job security has become a major concern for the employees. The stress levels have increased, affecting their loyalty towards the company. As a result, HR professionals are being challenged with negative attitudes, low productivity, reduced employee retention rates and increased absenteeism from the workplace.

To deal with these challenges, every organisation requires a strategic employee reward system that can address compensation, recognition, benefits and appreciation. In most of the rewards systems existing in business world these days, one or more of these elements are missing, and even when these elements are addressed, they are not aligned with other corporate strategies and core values. Employees need to know, and must be informed if they are doing bad, good, or excellent. Recognising their value, offering benefits, and providing a good life/work balance are quite effective employee motivator.

Researches indicate that less than half of the organisations have reward programs. Research also indicates that the employers that do have formal employee reward system see tangible benefits such as improved employee engagement and productivity, and improved financial performance for their organisation. Business owners often think of compensation as the top reward, however the reward system needs to be based on compensating someone for the contributions being made that are important for the organisation. These could be thinking out of box, outstanding innovator, outstanding philanthropist, the risk taker, multitasker, most Resilient, or for enhancing customer relations. A recent survey by McKinsey indicated that the three most effective motivators than highest-rated financial incentives included praise from immediate managers, leadership attention and chance to lead task forces or projects.Employee reward system should be based on the values, vision and goals of the organisation, and modifications must be done to make the entire process special and rejuvenating for the employees. A well-balanced reward system must recognize the performance and behaviour of the employees. As performance is directly linked with the final outcomes, it is easier to address. Appreciation and Recognition are the most underrated rewards, and are ignored by most businesses. These are high-return and low-cash ingredients, and must be an integral part of a well-balanced reward system. The simple act of expressing gratitude and acknowledge the performance can have positive impact on the employees, increasing their morale, and improving their performance.

Several Fortune 500 companies have been using some fantastic ideas to reward and retain their employees. Some of the key trends of the employee reward programs include:

1. Google offers free food, outdoor sports facilities, indoor games etc. to its employees Additionally, irrespective of the tenure with the company, if the U.S employee passes away while working with the company, the partner or spouse get 50% of the salary every year for the next ten year.
2. Developer of people-management software, Ultimate Software gives free vacation to the workers every two years.
3. NetApp Vice-Chairman Tom Mendoz calls 10-20 employees every day to give them special recognition, and thanks them personally for doing something extraordinary.
4. Chesapeake Energy paid bonus of more than $8 million to around 6000 employees for following safe work practices.
5. Caliper, a talent management firm gives employees paid time-off in the form of vacation
6. Checkers and Tokyo Joe’s give their outstanding employees an all-expense paid off week-long vacation
7. Employee incentive platform Snowfly gives its employees game tokens to promote productive behaviour, and points earned in the games can be converted to cash
8. To help employees deal with the work related anxieties, employees at Mayo clinic get massages in their stress-free zone.
9. Intel offers eight-week paid sabbatical and $50,000 for tuition reimbursement to its employees, Aflac hosts annual appreciation week, GoDaddy takes employees off-site during paid work hours for different fun activities, Producers Assistance Corporation offers reloadable gift cards, and Zappo has “Monthly Hero” program.

Organisations are also using more innovative methods such as recognition and reward using the social media, early recognition to improve employee retention, creating a culture of rewards and recognition with a clear [tie](https://myphotohunter.com/s/?q=tie) to the core values of the company, investment in staff engagement campaigns spanning the entire business, rewarding longest-serving employees to make them feel valued and encouraging other staff members to be loyal, extending the reward to employee’s spouses and families etc.

Looking at these incentive programs, it can be deduced that employees want to look beyond the pay [check](https://myphotohunter.com/s/?q=check), and expect rewards with diverse blend of incentives, business practices and benefits that help them stay loyal and motivated. A well-balanced reward system can benefit both employees and the organisations, creating a competitive advantage for the companies.

• Developers, engineers, and managers from companies of all sizes
• Technical executives looking out for the bottom line
• CTOs and CIOs seeking to streamline operations
• Technology evangelists and entrepreneurs pushing enterprise boundaries
• Researchers and academics
• Companies and professionals engaged in the [mobile](https://myphotohunter.com/s/?q=mobile) development and performance ecosystem

Wage and Salary Administration – Meaning and Definitions

In simple words wages means reward for the labourer for his services rendered to the industry. These can be paid on per unit, per hour, daily, fortnightly, weekly, or monthly basis. Labourers render services of both types i.e. mental and physical.

Some of the definitions of wages are as follows:

According to Prof. Straitoff, “Wages is the reward of that labour which creates utility.”

As per the ILO, “Wages refer to the payment which is made by the employer to the labourer for his services hired on the conditions of payment per hour, per day, per week, or per fortnight.”

In the words of Jaod, “Wages are the income that an employee gets for his services.”

According to Benham, “Wages are a sum of money paid under contract by an employer to a worker for services rendered.”

**Wage and Salary Administration – Nature and Characteristics**

**Nature:**

1. The basic purpose of wage and salary administration is to establish and maintain an equitable wage and salary structure.

2. It is concerned with the establishment and maintenance of equitable labour cost structure i.e. an optimal balancing of conflicting personnel interest so that the satisfaction of the employees and employers is maximised and conflicts are minimised.

3. The wage and salary administration is concerned with the financial aspects of needs, motivation and rewards.

4. Employees should be paid according to the requirements of their jobs i.e. highly skilled jobs are paid more compensation than low skilled jobs.

5. To minimise the chances of favouritism.

6. To establish the job sequences and lines of production wherever they are applicable.

7. To increase the employees’ morale and motivation because a wage programme can be explained and is based upon facts.

**Characteristics:**

1. Payment of wages is in accordance with the terms of contract between the employer and the worker.

2. The wages are determined on the basis of time-rate system or piece-rate system.

3. Wages change with the change in the time spent by the labourer.

4. Wages create utility.

5. Wages may be paid weekly, fortnightly, hourly, or on monthly basis.

6. Wage is the reward paid to the workers for the services rendered by them.

7. Wages can be paid in cash or in kind.

8. All kinds of allowances are included in wages.

**Wage and Salary Administration . Important****Objectives**

**Its objectives are:**

i. To compare or draft company HR policy

ii. Find out the income level and return ratio of similar industries

iii. To understand wage differentiations

iv. To examine the competitiveness of entry level employees

v. To establish hiring rates favorable to the community

vi. To keep abreast wage and salary rates with production cost

vii. To minimize labour turnover due to pay disparity

viii. To increase employee’s satisfaction and morale

ix. To learn about the trend of perks and benefits in the market

x. To resolve existing labour problems concerning compensation

**Employee bonus programs: What’s right for your company?**

If you think your business is too small for an employee bonus program, consider these two questions:

* Have you noticed less productivity or a decline in employee morale?
* Are employees underperforming, or have they stopped meeting their goals altogether?

If you answered “yes” to either of these questions, it may be time to step things up around your [office](https://myphotohunter.com/s/?q=office).

So, how can you show employees just how much you appreciate and value them?

A meaty bonus program could do the trick.

But, before you hit the ground running, take a moment to dive into what kinds of bonuses are out there, as well as what goes into creating a bonus program. This way, you can feel confident you’re choosing the program that’s right for your company.

Employee bonus program basics

First things first: How are employee bonuses defined?

Generally, a bonus is a form of pay outside of an employee’s base pay. It’s usually given after the fact to [reward specific behavior](https://www.insperity.com/blog/52-epic-ways-to-reward-your-employees/) or for a specific purpose. Bonuses can play a role in the attraction, motivation and retention of employees.

As a business leader, when you hear the phrase “bonus program,” many thoughts can run through your mind. That’s because there are multiple programs available – with many being centered on a cash reward.

No matter what type you choose, a good bonus program should:

* Focus employees on common business goals.
* Reward and retain top performers.
* Promote desired employee behaviors.
* Increase organizational commitment to goals.
* Link supporting rewards to organizational success.

How employers benefit

A good bonus program can [inspire better morale](https://www.insperity.com/blog/employee-morale/) and more productivity. But another key advantage is the program’s ability to boost earnings for your company.

When you give your employees an incentive to really push and achieve their goals, you’re actually helping them achieve your goals as well.

As a result, they receive a portion of the gain as a reward for their part in the company’s ability to meet business goals. It’s a win-win situation.

That’s why, when creating a program, you want to make sure it’s designed not only to make employees happy, but it should also be aligned with the objectives of the company. Because at the end of the day, goals for your bonus program should be focused on what drives success in your business.

Popular bonus programs

There are many different types of bonuses, including performance-based bonuses, spot bonuses, sign-on bonuses, retention bonuses, project-based bonuses and referral bonuses. This is why it’s so critical for your business’s leadership to work together to determine what kind of bonus (or bonuses) will work best to motivate your employees.

Here are a few options below:

[**Performance-based bonus**](https://www.insperity.com/blog/continuous-performance-development/)**:** This bonus focuses on performance and is given to help encourage an employee, team or company to achieve a specific goal or objective. Generally, performance-based bonuses are awarded for achievement over the course of a specific length of time, i.e. annually, semi-annually, etc.

**Spot bonus:** A spot bonus is used to show immediate recognition for outstanding contributions of individuals or teams. It’s based on direct observation and/or feedback from others for exceptional effort.

Basically, it’s a quick way to say “thank you” without having employees wait until year-end bonuses are given out.

For example, employees may receive a spot bonus when their performance goes beyond expectations on a specific assignment, task or goal. They could also contribute in such a way that significantly impacts the company’s objectives, making them a good candidate for this kind of reward.

Or, maybe an employee consistently demonstrates extraordinary efforts above and beyond the normal responsibilities of the position they were hired for. This can spur a spot bonus as well.

**Sign-on bonus:** A sign-on bonus is used to attract applicants to join your company. They are given upon hire and not based on performance. In some cases, they’re used for high-demand skills and key talent requirements.

This kind of bonus will typically be a lump-sum payment that the employee receives on their first paycheck or after a brief period on the job.

**Retention bonus:** These bonuses are used to [retain critical employees](https://www.insperity.com/blog/10-rules-for-employee-retention-your-competition-will-hate/) during a transition period, such as a merger or acquisition. They are a promise to pay an employee a pre-determined amount upon the occurrence of a specific event or date.

Bonus amounts may vary depending on the employee and their contribution to the achievement of business objectives.

The retention bonus is also usually a lump-sum payment, with the employee generally receiving half of the bonus on their paycheck beginning on a specific date, and the second half on another date designated by the company.

[**Referral bonus**](https://www.insperity.com/blog/how-to-create-a-referral-program-that-boosts-retention-and-rewards-employees/)**:** These reward current employees for referring job candidates who end up being hired. They serve as an incentive for employees to help you find good job candidates.

**Project-based bonus:** These are used to reward employees or teams of employees for completing a special project on time, under budget and within all performance criteria established at the beginning of the project.

They’re based on project metrics and may be used to encourage project team members to meet deadlines.

The project-based bonus is also typically a lump sum paid to team members as a designated amount determined at the end of the project.

**Non-cash rewards:** Sometimes, a big cash reward may not be possible for your company. No worries. You can still show your appreciation without spending loads of money.

Some [budget-friendly benefits](https://www.insperity.com/blog/5-steps-building-employee-benefits-program-wont-break-bank/) may include: extra time off, flexible hours, gift cards or telecommuting opportunities – just to name a few.

Creating and tailoring your employee bonus program

First, you want it to meet your company’s business strategy and compensation principles. Also, creating the right program depends on your expectations, what you’re trying to achieve and your company’s particular situation.

For example, if you’re looking to increase revenue and you already have a team to do it, then you can set forth specific objectives and action steps for accomplishing that particular goal.

However, if you know you [need to hire more staff](https://www.insperity.com/blog/hire-employees-5-things-consider-first/) before you’ll have the right resources to make it happen, then you may consider rethinking the details of your bonus program.

Whatever you decide, below are a few things you should keep in mind:

**Objectives of Fringe benefits:**

* To create and improve sound industrial relations.
* To motivate the employees.
* To protect [health](https://myphotohunter.com/s/?q=health) of the employees and  safety to the employees against threats such as accidents and occupational diseases.
* To promote employee welfare.
* To provide security against social risks such as old age benefits and maternity benefits.
* To create a sense of belongingness among the employee and to retain them. Fringe benefits are also known as **golden handcuffs.**
* To meet the various legislative requirements relating to fringe benefits.

**Types of Fringe benefits:**

1. **Payment for Time not worked:**
* **Hours of work**:  Factory’s Act , 1948 specifies that no adult workers shall be required to work in factory more than 48 hours a week. In some organisations number of working hours per week are less than the legal requirements.
* **Paid Holidays**: According to Factory’s Act, 1948 an adult worker shall have a weekly paid holiday, normally Sunday. When a worker is deprived of weekly paid holidays he/ she is to be compensated with the same number of holidays in the same month. Some organisations offer two weekly paid holidays.
* **Shift Premium**: Workers working on odd shift are to be compensated with more than the normal wage rate, generally known as premium.
* **Holiday Pay**: Generally organisations offer double the normal rate to those workers who work on holidays.
* **Paid Vacation**: Workers in mining , manufacturing and plantation who have worked for 240 days in year are entitled for paid vacations at a rate of 1 day for every 20 days worked in case of adult workers and 1 day for every 15 days worked in case of child workers.

**2. Employee Security:**

Physical and job security to the employees should also be provided with a view to ensure security to the employee and his family members. When the employee’s services get confirmed, his job becomes secures. Further, a minimum and continuous wage or salary gives a sense of security to the life.

* **Retrenchment Compensation**:  The Industrial Disputes Act, 1947 provides for the payment of compensation in case if lay off and retrenchment.The non-seasonal industrial establishment employing 50 or more workers have to give one month’s advance notice or one month’s wages to all the employees who are retrenched after one year’s continuous service. The compensation is paid at the rate of 45 day wage for every completed year of service.  Workers are eligible for compensation as stated above in case of closing down of undertakings.
* **Lay Off Compensation**: In case of lay off the employees are entitled to lay off compensation at the rate equal to 50%  of the total of the basic wage and dearness allowance for the period of their lay off except for the weekly holidays. Lay off compensation can normally be paid up to 45 days a year.

**3. Safety and Healthy:**

Employee’s safety and [health](https://myphotohunter.com/s/?q=health) should be taken care in [order](https://myphotohunter.com/s/?q=order) to protect the employees against accidents, unhealthy working conditions and to protect the worker’s productive capacity. In India, Factory’s Act, 1948 stipulated certain requirements regarding working conditions with a view to provide safe working environment. These provisions relate to cleanliness, disposal of waste and effluents, ventilation and temperature, dust and fumes, artificial humidification, overcrowding, lighting, urinals, drinking [water](https://myphotohunter.com/s/?q=water), latrines, spittoons etc.

Provisions relating to safety measures include fencing of machinery, work on or near machinery in motion, employment of young persons on dangerous machines, self acting machines, casing of new machinery,hoists and lifts excessive weights, lifting machines, chains, ropes explosive or inflammable dust , gas etc.

**4. Workmen’s Compensation:**

In addition to safety and [health](https://myphotohunter.com/s/?q=health) measures, provisions for payments of compensation has also been made under the Workmen’s Compensation Act, 1923. The Act is intended to meet the contingencies of death and invalidity of worker due to employment injury and occupational diseases specified under the Act as the sole responsibility of employer. Under the Act the amount of compensation depands upon the nature of injury and and monthly wages of the employee. Dependants of the employee are are eligible for compensation in case of death of the employee.

**5. Heath Benefits:**

These benefits include

* **Sickness benefits:** Sickness benefit is roughly 50% of average daily wages and is payable for 91 days during 2 consecutive  benefit period.
* **Medical benefit**: The Employee’s state Insurance Scheme provides full medical care in the form of medical attendance, treatments, drugs and injections, specialist consultation, and hospitalization to insured person and also to members of their families where the facility has been extended to the families.
* **Temporary Disablement benefits**: TDB is payable to an employee suffers from employment injury or occupational diseases and is certified to temporarily incapable of work.
* **Permanent Disablement Benefit**: PDB is payable to an employee who suffers permanent residual disablement as a result of employment accident or occupational diseases. The maximum rate of PDB can be equal to TDB.
* **Maternity Benefits**: Maternity benefits is payable to and insured women in the following cases subject to contributory conditions: – (a) Confinement, (b) Miscarriage or medical termination of pregnancy (MTP), (c) sickness arising out of pregnancy.

**6. Voluntary Arrangement:**

However, most of the large organisations provide [health](https://myphotohunter.com/s/?q=health) services over and above the legal requirements to their employees free of cost by setting up hospitals, clinics, dispensaries, and homeopathic dispensaries. Company’s elaborate [health](https://myphotohunter.com/s/?q=health) service programmes includes:

1. Providing [health](https://myphotohunter.com/s/?q=health) maintenance services, emergency care, on the job treatment for minor complaints, [health](https://myphotohunter.com/s/?q=health) counselings,  medical supervision in rehabilitation, accidents and sickness prevention, [health](https://myphotohunter.com/s/?q=health) education programmes, treatment in employee colonies etc.
2. Medical benefits are extended to employee family members and to the retired employees and their family members.
3. Small organisations which cannot setup hospitals provide the medical services through local hospitals and doctors. Sometimes they provides reimbursements of medical expenses borne by the employee.

**7. Welfare and Recreational facilities:**

These benefits include canteens, consumer stores, credit societies, housing, legal aids, employee counselling, welfare organisation, holiday homes, educational facilities, transportation, picnics and parties etc.

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 Non-monetary incentives you can use to motivate and retain top talent:**

1. Offer [flexible working arrangements](https://www.randstad.com/workforce-insights/talent-management/why-its-essential-for-organizations-to-look-at-alternative-work-arrangements/) such as giving telecommuters the chance to work-from-home once a week, or for staff to choose their own core working hours instead of the typical 9 to 5.
2. Provide extensive training plans - both in house and offsite - for staff to complete accredited courses and vocational training.
3. Offer tangible recognition for staff who consistently excel - either by sending an email cc’ing in business leaders with congratulations on a job well done, giving staff a handwritten note, or mentioning their successes during monthly meetings.
4. Provide a day off (outside of annual leave) as a reward for successful task completion.
5. Create a monthly office theme day to boost morale - e.g. international food day where each staff member brings a plate of food from their country of origin.
6. Offer rewards based on specific personal interests – e.g. membership to their local gym or tickets to the latest theater show.
7. Offer time out of normal work commitments to work on projects which your staff may be passionate about but are not necessarily related to your core business.
8. Create a monthly or quarterly awards event which showcases the efforts of staff who continually excel in their field. Include peer-nominated awards to show off the employees who consistently show leadership and help their fellow colleagues.
9. Provide the opportunity for staff to engage in [volunteer work](https://www.randstad.com/about-randstad/sustainability/vso-voluntary-service-overseas/)- this can offer not only a nice break from the office, but also provides the added benefit of increased morale through altruistic pursuits.
10. For businesses which benefit from multiple office locations, offer staff the chance of a change of scenery by changing roles for a week or month.

Remember, rewards are designed as a way to show your staff appreciation for their hard work, and whilst extra money is often cited as motivators for employees, it’s often the intangible, non-monetary rewards which have the most impact on staff morale. Regardless of the benefits you offer to staff, seek to make your workplace an atmosphere where hard work is recognized and rewarded on a regular basis.

find out what employees really want from their employers on our 2019 employer brand research report.

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**MOTIVATION AND MOTIVATION THEORY**

Motivation And Motivation Theory

The term motivation is derived from the Latin word movere, meaning "to move." Motivation can be broadly defined as the forces acting on or within a person that cause the arousal, direction, and persistence of goal-directed, voluntary effort. Motivation theory is thus concerned with the processes that explain why and how human behavior is activated.

The broad rubric of motivation and motivation theory is one of the most frequently studied and written-about topics in the organizational sciences, and is considered one of the most important areas of study in the field of organizational behavior. Despite the magnitude of the effort that has been devoted to the study of motivation, there is no single theory of motivation that is universally accepted. The lack of a unified theory of motivation reflects both the complexity of the construct and the diverse backgrounds and aims of those who study it. To delineate these crucial points, it is illuminating to consider the development of motivation and motivation theory as the objects of scientific inquiry.

HISTORICAL DEVELOPMENT

Early explanations of motivation focused on instincts. Psychologists writing in the late 19th and early twentieth centuries suggested that human beings were basically programmed to behave in certain ways, depending upon the behavioral cues to which they were exposed. Sigmund Freud, for example, argued that the most powerful determinants of individual behavior were those of which the individual was not consciously aware.

According to Motivation and Leadership at Work (Steers, Porter, and Bigley, 1996), in the early twentieth century researchers began to examine other possible explanations for differences in individual motivation. Some researchers focused on internal drives as an explanation for motivated behavior. Others studied the effect of learning and how individuals base current behavior on the consequences of past behavior. Still others examined the influence of individuals' cognitive processes, such as the beliefs they have about future events. Over time, these major theoretical streams of research in motivation were classified into two major schools: the content theories of motivation and the process theories of motivation.

MAJOR CONTENT THEORIES

Content (or need) theories of motivation focus on factors internal to the individual that energize and direct behavior. In general, such theories regard motivation as the product of internal drives that compel an individual to act or move (hence, "motivate") toward the satisfaction of individual needs. The content theories of motivation are based in large part on early theories of motivation that traced the paths of action backward to their perceived origin in internal drives. Major content theories of motivation are Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's motivator-hygiene theory, and McClelland's learned needs or three-needs theory.

MASLOW'S HIERARCHY OF NEEDS.

Abraham Maslow developed the hierarchy of needs, which suggests that individual needs exist in a hierarchy consisting of physiological needs, security needs, belongingness needs, esteem needs, and self-actualization needs. Physiological needs are the most basic needs for food, water, and other factors necessary for survival. Security needs include needs for safety in one's physical environment, stability, and freedom from emotional distress. Belongingness needs relate to desires for friendship, love, and acceptance within a given community of individuals. Esteem needs are those associated with obtaining the respect of one's self and others. Finally, self-actualization needs are those corresponding to the achievement one's own potential, the exercising and testing of one's creative capacities, and, in general, to becoming the best person one can possibly be. Unsatisfied needs motivate behavior; thus, lower-level needs such as the physiological and security needs must be met before upper-level needs such as belongingness, esteem, and self-actualization can be motivational.

Applications of the hierarchy of needs to management and the workplace are obvious. According to the implications of the hierarchy, individuals must have their lower level needs met by, for example, safe working conditions, adequate pay to take care of one's self and one's family, and job security before they will be motivated by increased job responsibilities, status, and challenging work assignments. Despite the ease of application of this theory to a work setting, this theory has received little research support and therefore is not very useful in practice.

ALDERFER'S ERG THEORY.

The ERG theory is an extension of Maslow's hierarchy of needs. Alderfer suggested that needs could be classified into three categories, rather than five. These three types of needs are existence, relatedness, and growth. Existence needs are similar to Maslow's physiological and safety need categories. Relatedness needs involve interpersonal relationships and are comparable to aspects of Maslow's belongingness and esteem needs. Growth needs are those related to the attainment of one's potential and are associated with Maslow's esteem and self-actualization needs.

The ERG theory differs from the hierarchy of needs in that it does not suggest that lower-level needs must be completely satisfied before upper-level needs become motivational. ERG theory also suggests that if an individual is continually unable to meet upper-level needs that the person will regress and lower-level needs become the major determinants of their motivation. ERG theory's implications for managers are similar to those for the needs hierarchy: managers should focus on meeting employees' existence, relatedness, and growth needs, though without necessarily applying the proviso that, say, job-safety concerns necessarily take precedence over challenging and fulfilling job requirements.

MOTIVATOR-HYGIENE THEORY.

Frederick Herzberg developed the motivator-hygiene theory. This theory is closely related to Maslow's hierarchy of needs but relates more specifically to how individuals are motivated in the workplace. Based on his research, Herzberg argued that meeting the lower-level needs (hygiene factors) of individuals would not motivate them to exert effort, but would only prevent them from being dissatisfied. Only if higher-level needs (motivators) were met would individuals be motivated.

The implication for managers of the motivator-hygiene theory is that meeting employees lower-level needs by improving pay, benefits, safety, and other job-contextual factors will prevent employees from becoming actively dissatisfied but will not motivate them to exert additional effort toward better performance. To motivate workers, according to the theory, managers must focus on changing the intrinsic nature and content of jobs themselves by "enriching" them to increase employees' autonomy and their opportunities to take on additional responsibility, gain recognition, and develop their skills and careers.

MCCLELLAND'S LEARNED NEEDS THEORY.

McClelland's theory suggests that individuals learn needs from their culture. Three of the primary needs in this theory are the need for affiliation (n Aff), the need for power (n Pow), and the need for achievement (n Ach). The need for affiliation is a desire to establish social relationships with others. The need for power reflects a desire to control one's environment and influence others. The need for achievement is a desire to take responsibility, set challenging goals, and obtain performance feedback. The main point of the learned needs theory is that when one of these needs is strong in a person, it has the potential to motivate behavior that leads to its satisfaction. Thus, managers should attempt to develop an understanding of whether and to what degree their employees have one or more of these needs, and the extent to which their jobs can be structured to satisfy them.

MAJOR PROCESS THEORIES

Process (or cognitive) theories of motivation focus on conscious human decision processes as an explanation of motivation. The process theories are concerned with determining how individual behavior is energized, directed, and maintained in the specifically willed and self-directed human cognitive processes. Process theories of motivation are based on early cognitive theories, which posit that behavior is the result of conscious decision-making processes. The major process theories of motivation are expectancy theory, equity theory, goal-setting theory, and reinforcement theory.

EXPECTANCY THEORY.

In the early 1960s, Victor Vroom applied concepts of behavioral research conducted in the 1930s by Kurt Lewin and Edward Tolman directly to work motivation. Basically, Vroom suggested that individuals choose work behaviors that they believe lead to outcomes they value. In deciding how much effort to put into a work behavior, individuals are likely to consider:

Their expectancy, meaning the degree to which they believe that putting forth effort will lead to a given level of performance.

Their instrumentality, or the degree to which they believe that a given level of performance will result in certain outcomes or rewards.

Their valence, which is the extent to which the expected outcomes are attractive or unattractive.

All three of these factors are expected to influence motivation in a multiplicative fashion, so that for an individual to be highly motivated, all three of the components of the expectancy model must be high. And, if even one of these is zero (e.g., instrumentality and valence are high, but expectancy is completely absent), the person will have not motivation for the task. Thus, managers should attempt, to the extent possible, to ensure that their employees believe that increased effort will improve performance and that performance will lead to valued rewards.

In the late 1960s, Porter and Lawler published an extension of the Vroom expectancy model, which is known as the Porter-Lawler expectancy model or simply the Porter-Lawler model. Although the basic premise of the Porter-Lawler model is the same as for Vroom's model, the Porter-Lawler model is more complex in a number of ways. It suggests that increased effort does not automatically lead to improved performance because individuals may not possess the necessary abilities needed to achieve high levels of performance, or because they may have an inadequate or vague perception of how to perform necessary tasks. Without an understanding of how to direct effort effectively, individuals may exert considerable effort without a corresponding increase in performance.

EQUITY THEORY.

Equity theory suggests that individuals engage in social comparison by comparing their efforts and rewards with those of relevant others. The perception of individuals about the fairness of their rewards relative to others influences their level of motivation. Equity exists when individuals perceive that the ratio of efforts to rewards is the same for them as it is for others to whom they compare themselves. Inequity exists when individuals perceive that the ratio of efforts to rewards is different (usually negatively so) for them than it is for others to whom they compare themselves. There are two types of inequity—under-reward and over-reward. Under-reward occurs when a person believes that she is either puts in more efforts than another, yet receives the same reward, or puts in the same effort as another for a lesser reward. For instance, if an employee works longer hours than her coworker, yet they receive the same salary, the employee would perceive inequity in the form of under-reward. Conversely, with over-reward, a person will feel that his efforts to rewards ratio is higher than another person's, such that he is getting more for putting in the same effort, or getting the same reward even with less effort. While research suggests that under-reward motivates individuals to resolve the inequity, research also indicates that the same is not true for over-reward. Individuals who are over-rewarded often engage in cognitive dissonance, convincing themselves that their efforts and rewards are equal to another's.

According to the equity theory, individuals are motivated to reduce perceived inequity. Individuals may attempt to reduce inequity in various ways. A person may change his or her level of effort; an employee who feels under-rewarded is likely to work less hard. A person may also try to change his or her rewards, such as by asking for a raise. Another option is to change the behavior of the reference person, perhaps by encouraging that person to put forth more effort. Finally, a person experiencing inequity may change the reference person and compare him or herself to a different person to assess equity. For managers, equity theory emphasizes the importance of a reward system that is perceived as fair by employees.

GOAL-SETTING THEORY.

The goal-setting theory posits that goals are the most important factors affecting the motivation and behavior of employees. This motivation theory was developed primarily by Edwin Locke and Gary Latham. Goal-setting theory emphasizes the importance of specific and challenging goals in achieving motivated behavior. Specific goals often involve quantitative targets for improvement in a behavior of interest. Research indicates that specific performance goals are much more effective than those in which a person is told to "do your best." Challenging goals are difficult but not impossible to attain. Empirical research supports the proposition that goals that are both specific and challenging are more motivational than vague goals or goals that are relatively easy to achieve.

Several factors may moderate the relationship between specific and challenging goals and high levels of motivation. The first of these factors is goal commitment, which simply means that the more dedicated the individual is to achieving the goal, the more they will be motivated to exert effort toward goal accomplishment. Some research suggests that having employees participate in goal setting will increase their level of goal commitment. A second factor relevant to goal-setting theory is self-efficacy, which is the individual's belief that he or she can successfully complete a particular task. If individuals have a high degree of self-efficacy, they are likely to respond more positively to specific and challenging goals than if they have a low degree of self-efficacy.

REINFORCEMENT THEORY.

This theory can be traced to the work of the pioneering behaviorist B.F. Skinner. It is considered a motivation theory as well as a learning theory. Reinforcement theory posits that motivated behavior occurs as a result of reinforcers, which are outcomes resulting from the behavior that makes it more likely the behavior will occur again. This theory suggests that it is not necessary to study needs or cognitive processes to understand motivation, but that it is only necessary to examine the consequences of behavior. Behavior that is reinforced is likely to continue, but behavior that is not rewarded or behavior that is punished is not likely to be repeated. Reinforcement theory suggests to managers that they can improve employees' performance by a process of behavior modification in which they reinforce desired behaviors and punish undesired behaviors

**Leadership**

Leadership is the ability of an individual or a group of individuals to influence and guide followers or other members of an organization.

Leadership involves making sound -- and sometimes difficult -- decisions, creating and articulating a clear vision, establishing achievable goals and providing followers with the knowledge and tools necessary to achieve those goals.

Leaders are found and required in most aspects of society, from business to politics to region to community-based organizations.

An effective leader possess the following characteristics: self-confidence, strong communication and management skills, creative and [innovative](https://searchcio.techtarget.com/definition/business-innovation) thinking, perseverance in the face of failure, willingness to take [risks](https://searchcompliance.techtarget.com/definition/risk-assessment), openness to change, and levelheadedness and reactiveness in times of [crisis](https://whatis.techtarget.com/definition/crisis-management).

In business, individuals who exhibit these [leadership qualities](https://searchcio.techtarget.com/definition/leadership-traits) can ascend to executive management or [C-level](https://searchcio.techtarget.com/definition/C-level) positions, such as CEO, [CIO](https://searchcio.techtarget.com/definition/CIO) or president. Noteworthy individuals who have exhibited strong leadership in the technology industry include Apple founder Steve Jobs, Microsoft founder [Bill](https://myphotohunter.com/s/?q=Bill) Gates and Amazon CEO Jeff Bezos.

What makes a great leader?

Multiple definitions of leadership exist, although the different definitions generally converge in the theory that great leaders have the ability to make strategic and visionary decisions and convince others to follow those decisions. The consensus is leaders create a vision and can successfully get others to work toward achieving that goal. They do this by setting direction and inspiring others to want to succeed in achieving the end result. Moreover, they are capable of getting people excited and motivated to work toward the vision.

In other words, great leaders know how to both inspire people and get followers to complete the tasks that achieve the leader's goal.

Former U.S. President Dwight D. Eisenhower articulated this idea when he said, "Leadership is the [art](https://myphotohunter.com/s/?q=art) of getting someone else to do something you want done because he wants to do it."

The importance of delegation

Although the terms leadership and management are sometimes used interchangeably, they are not the same concept.

Joseph Flahiff on asking questions

In this CIO Minute segment, Joseph Flahiff discusses why leadership should focus on asking questions.

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[IT leadership theory](https://searchcio.techtarget.com/video/Leadership-in-IT-Are-you-a-teller-or-an-asker)

Learn how to be an IT leader that gets results.

As previously stated, leadership involves creating and articulating a vision and inspiring others to want to work toward that vision. But leaders may not be skilled at or involved with the day-to-day management of the work needed to turn that vision into a reality.

Management, on the other hand, is the oversight of the tactical steps required to complete the work needed to actually achieve the objective.

Leadership often requires leaders to take on some management tasks, but good leaders understand that their strengths are different than those exhibited by good managers who excel in articulating the steps required to complete tasks and holding people accountable for achieving their share of assigned work.

Training/leadership development programs

Leadership requires individuals to possess certain key traits, such as strong communication skills, charisma, assertiveness and empathy.

[Advice for IT leaders](https://searchcio.techtarget.com/video/Advice-for-new-leaders-in-IT-Youre-not-an-IT-executive)

Why being a leader means knowing your business first.

Many individuals inherently possess some leadership traits, but most individuals have to develop many, if not all, of the characteristics associated with leadership.

There are numerous guidelines, books, classes and consultants aimed at helping individuals develop these traits and, perhaps more importantly, understand which traits are most effective under which circumstances and with which teams.

Some people can develop leadership skills through their everyday experiences. Moreover, some people do not hold any positions of authority or business titles, yet still demonstrate leadership through their actions and abilities to rally people to act on their visions for something better than the status quo.

Leadership theory

Just as there are multiple definitions of leadership, many different leadership theories exist. These theories are often grouped into buckets based on the ideas each theory professes.

For example, one group is the Great Man Theory, a category that originated in the 19th century and stresses that great leaders were men born to the task. Another group is the Trait Theory, which dates to the mid-20th century and also centers on the idea that some people are born with the traits that make them great leaders, such as integrity and self-confidence.

The second half of the 20th century saw the arrival of several more categories. Those include [situational leadership](https://searchcio.techtarget.com/definition/situational-leadership), where the leadership style is adjusted based on the readiness or skill level of followers in a given situation, and contingency theories, in which effective leadership depends on having the right leader for the right situation; [transactional leadership](https://searchcio.techtarget.com/definition/transactional-leadership) theories, in which leaders reward or punish followers to achieve results; and [transformational leadership](https://searchcio.techtarget.com/definition/transformational-leadership) theories, where leaders help transform followers through example.

Leadership styles

Similarly, leadership experts believe there are different types of leadership styles and that some leaders have a dominant single style, while other leaders use different styles in different situations or with different followers.

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Team Building

Definition: Team building is a management technique used for improving the efficiency and performance of the workgroups through various activities. It involves a lot of skills, analysis and observation for forming a strong and capable team. The whole sole motive here is to achieve the organization vision and objectives.

Now, you must be wondering; How to Build a Great Team?

Forming a great team requires a lot of skills and presence of mind. Usually, some managers specialize in team-building skills and are hired by the companies on this parameter.

The manager responsible for team building must be able to find out the strengths and weaknesses of the team members and create the right mix of people with different skill sets. He must focus on developing strong interpersonal relations and trust among the team members.

The manager must encourage communication and interaction among the team members and also reduce stress with the help of various team-building activities.

He must clearly define the goals and objectives of the organization to the team members. He must also specify the role of each member in the team to direct them towards the achievement of the organizational goals.

Team Building Process

Team building is not a one-time act. It is a step by step process which aims at bringing a desirable change in the organization. Teams are usually formed for a particular task or project and are mostly for the short term.

The various steps involved in team building are as follows:Team Building Process

Identify the Need for Team Building

The manager has first to analyze the requirement of a team for completing a particular task. It should find out the purpose of the work to be performed, required skills for the job and its complexity before forming a team.

Define Objectives and Required Set of Skills

Next comes the chalking down of the organizational objectives and the skills needed to fulfil it.

Consider Team Roles

The manager considers the various aspects, i.e. the interactions among the individuals, their roles and responsibilities, strengths and weaknesses, composition and suitability of the possible team members.

Determine a Team Building Strategy

Now, the manager has to understand the operational framework well to ensure an effective team building. He must himself be assured of the objectives, roles, responsibilities, duration, availability of resources, training, the flow of information, feedback and building trust in the team.

Develop a Team of Individuals

At this stage, the individuals are collected to form a team together. Each member is made familiar with his roles and responsibilities within the team.

Establish and Communicate the Rules

The rules regarding the reporting of team members, meeting schedules, and decision making within the team are discussed. The individuals are encouraged to ask questions and give their views to develop open and healthy communication in the team.

Identify Individual’s Strengths

Various team-building exercises are conducted to bring out the strengths of the individuals. It also helps in familiarizing the team members with each other’s strengths and weakness.

Be a Part of the Team

At this point, the manager needs to get involved with the team as a member and not as a boss. Making the individuals realize their importance in the team and treating each member equally is necessary. The team members should see their manager as their team leader, mentor and role model.

Monitor Performance

Next step is checking the productivity and performance of the team as a whole. It involves finding out loopholes and the reasons for it. This step is necessary to improve the team’s performance and productivity in the long run.

Schedule Meetings

One of the most crucial steps is to hold purposeful meetings from time to time to discuss team performance, task-related problems and discuss the future course of action.

Dissolve the Team

Lastly, the manager needs to evaluate the results and reward the individuals on their contribution and achievement. Finally, the team is dispersed on the fulfilment of the objective for which it was formed.

Advantages of Team Building

Team building has radically evolved as a technique to develop and manage effective teams in the workplace.

The aim to achieve long-term organizational objectives developed the need for carrying out team building activities frequently.

Let us now discuss the various benefits of team building to an organization:Advantages of Team Building

Identify Strengths and Weaknesses: Through team-building exercises, the strengths and weaknesses of each member can be identified. In day to day routine work, such an analysis cannot be done. These competencies can be used by the managers to form effective teams.

Direct Towards Vision and Mission: Team building activities define the role and importance of the team for the organization to reach its vision. It makes the individuals understand the organization’s goals, objectives, mission and vision very clearly and motivates them to contribute towards it.

Develops Communication and Collaboration: Team building activities enhance the interpersonal relations of the team members. It makes individuals comfortable and familiar with one another. Collaboration develops trust and understanding among the team members.

Establishes Roles and Responsibilities: It defines and clarifies the role of each member of a team. Moreover, the members are given individual responsibilities, along with the motivation of performing as a team.

Initiates Creative Thinking and Problem Solving: In a team, individuals are motivated to give their views, opinions and solution to a particular problem. It leads to brainstorming and exploring their creative side.

Builds Trust and Morale: By conducting team building activities, the organization makes the employees feel valued. It encourages them to develop their skills and build strong interpersonal relations, ultimately boosting the morale and trust of the team members.

Introduces and Manages Change: The technique of team building makes it easier for the managers to incorporate an organizational change by making the individuals familiar with the change and its necessity. It also helps in managing such change and its impact over the working and team’s performance.

Facilitates Delegation: The managers find it more suitable to delegate the work to a team rather than an individual. Therefore, team building helps the managers to efficiently and adequately delegate the task to the team.

Better Productivity: If the team is wisely formed and all the team members work collaboratively to achieve the objectives, the productivity of all the individuals improve. Thus, increasing the productivity of the team and the organization.

Disadvantages of Team Building

Team building is not an easy task. A high-performance team can fulfil the organizational objectives. However, an inefficient team can lead to wastage of time and resources of the organization.

Therefore, we can say that there are multiple adverse effects of team building too, which are as follows:Disadvantages of Team Building

Develops Conflict: Sometimes, the team lacks coordination and understanding among its members. This leads to conflict and clashes within the team and hence decreases the efficiency and productivity. A lot of time is wasted in such conflict management.

Unproductive or Freeride Team Members: At times, some of the team members do not contribute much to team performance. Such individuals are considered to be freeriding team members. They prove to be inefficient and less productive for the team.

May Lead to Non-Cooperation: Every individual is different from one another. The team members sometimes lack cooperation and unity. This non-cooperation among the team members leads to wastage of efforts and hinders the performance of the team as a whole.

Difficult to Evaluate Individual Performance: Whatever the result or the outcome the organization gets by team building is the team’s achievement or failure. Usually, the organization overlooks the contribution of each member individually while rewarding the efforts of the whole team.

 Morale

Long used by the military as a "[mission-critical](https://en.wikipedia.org/wiki/Mission-critical)" measure of the psychological readiness of troops, high morale has been shown to be a powerful driver of performance in all organizations. Extensive research demonstrates its benefits in [productivity](https://en.wikipedia.org/wiki/Productivity), profitability, [customer satisfaction](https://en.wikipedia.org/wiki/Customer_satisfaction) and worker [health](https://myphotohunter.com/s/?q=health).[[1]](https://en.wikipedia.org/wiki/Employee_morale#cite_note-1) By measuring morale with employee [surveys](https://en.wikipedia.org/wiki/Survey_methodology) many business owners and managers have long been aware of a direct, *causative* connection between that morale, (which includes [job satisfaction](https://en.wikipedia.org/wiki/Job_satisfaction), opinions of their management and many other aspects of the workplace [culture](https://en.wikipedia.org/wiki/Culture)) and the performance of their organization.[[2]](https://en.wikipedia.org/wiki/Employee_morale#cite_note-2)

Importance and effects

Recognized as one of the major factors affecting productivity and overall financial stability of any business, low [morale](https://en.wikipedia.org/wiki/Morale) may lead to reduced concentration, which in turn can cause mistakes, poor [customer service](https://en.wikipedia.org/wiki/Customer_service) and missed deadlines. It also can contribute to a high [turnover rate](https://en.wikipedia.org/wiki/Turnover_%28employment%29) and [absenteeism](https://en.wikipedia.org/wiki/Absenteeism). Employee morale proves to be detrimental to the business in these respects. Morale can drive an [organization](https://en.wikipedia.org/wiki/Organization) forward or can lead to employee discontent, poor [job performance](https://en.wikipedia.org/wiki/Job_performance), and [absenteeism](https://en.wikipedia.org/wiki/Absenteeism) (Ewton, 2007). With low morale comes a high price tag. The [Gallup Organization](https://en.wikipedia.org/wiki/Gallup_Organization) estimates that there are 22 million actively disengaged employees costing the American economy as much as $350 billion per year in lost productivity including absenteeism, illness, and other problems that result when employees are unhappy at work. Failing to address this issue lead to decreased productivity, increased rates of absenteeism and associated costs, increased conflicts in the work environment, increased customer or consumer complaints, and increased employee turnover rates and costs associated with [selection](https://en.wiktionary.org/wiki/selection) and [training](https://en.wikipedia.org/wiki/Training) replacement staff.[[3]](https://en.wikipedia.org/wiki/Employee_morale#cite_note-3)

Methods of raising[[edit](https://en.wikipedia.org/w/index.php?title=Employee_morale&action=edit&section=3)]

[Employees](https://en.wikipedia.org/wiki/Employee#Employee) tend to lack [motivation](https://en.wikipedia.org/wiki/Motivation) to perform their jobs when morale is low. A lack of motivation can also be circular in nature. [Management](https://en.wikipedia.org/wiki/Management) and employees can help increase morale in the workplace by the following means.[[4]](https://en.wikipedia.org/wiki/Employee_morale#cite_note-4)

* Recognize employees
* Be a respectful manager
* Have one-on-one meetings with employees
* Invest in employees
* Get to know employees
* Pay and reward systems
* Job autonomy and discretion
* Support services
* Training