Course Name: Organizational Behaviour: Individual Dynamics in Organization

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Week – 08

Lecture – 04

Lecture 39: Motivating the employees: Strategies for organization-2

Hello students, welcome back to the course on organizational behavior: Individual dynamics in organisation. We are looking into the application part of motivation in workplace. As part of lecture 3, we will look into motivating the employees specific to the strategies for organization part 2.

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So today's theme would be many companies have shifted reward priorities from job status to skills, knowledge and other competencies that lead to superior performance. So initially if the companies look into let's say the job as such, the job status, but mainly now the companies are looking into what you possess in terms of your case and knowledge, skills and abilities. So that is what is required to undertake their TDRs, task, duties and responsibilities. On that note we start the class today.

Let's look into financial reward practices. If you recollect the previous session, we had specifically looked into the importance of monetary part in terms of motivation. So many a times motivational speakers and organizational change activists tell that monetary aspects or money is secondary. It is in fact an extrinsic parameter or extrinsic motivator, no doubt about it. It is not an intrinsic motivator, but still it has its own relevance, it has its own significance which we underscored in the previous class.

So let's look into the financial reward practices in detail. Financial rewards come in many forms. If you are working or you have interacted with your friends who are working right now or in your organization specifically in the previous organizations which you work, you would have seen that the financial rewards comes in different aspects. The first aspect is membership and seniority. When you are looking into membership, we look into each one of these parameters in detail, it pertains to your seniority within the organization.

So sometimes you have reached a particular position where you command a certain bit of seniority within the organizational structure. So, it warrants, it brings it, it elicits a certain level of reward with that particular seniority. Many a time it is also translated into golden handcuffs. You are being given golden handcuffs, you are being restricted, you are being retained, some part of your financial remuneration is made as part of let's say some retention component in your salary, etc. So, membership and seniority is the first important aspect.

The second is job status. It is slightly different from the membership and seniority. When you are looking into membership and seniority specifically it is with respect to let's say the organizational position. When you are looking into individual specific job status, what is that job status looking in, in terms of the position within the organization, it is more on an individual basis, individual centric.

Third important aspect is competency. Many a time financial rewards as the theme of the lecture in the previous slide has already stated that. Now the focus is more on competency, how competent you are, what are your core strength, what are your specific areas where you can deliver for the organization. So those competencies are very critical.

Finally, we are inevitably to undoubtedly moving into a realm or area or era of performance dominated work. Now this is not new to organizational behaviour management or organizational structure in general. We will look into some historical aspect in the coming slides, but at this point we would like to ascertain, I would like to ascertain that many organizations, several organizations actually look into the performance of the individual for their reward parameters for bringing up a salary structure or a remuneration structure which is more engrossed or in line with the performance of the individual within the organization.

So, let's look into the reward objectives, its advantages and disadvantages in detail. The first reward objective is the membership and seniority. When you are looking into membership and seniority, the sample rewards could be something like you have a fixed pay, the component is bit fixed in terms of the pay package. Most employee benefits come in terms of membership and seniority. Paid time off could be another aspect, another example where such a reward is being reflected.

The key advantages are when you are looking into membership and seniority, it brings in a certain level of appeal to the particular job. It also may attract applicants, no doubt about it. It minimizes stress of insecurity because the moment you are talking about membership, the moment you are talking about the seniority, there is a level of job

security that is coming with that particular membership or the status or the seniority position, etc. So, you don't tend to feel that insecurity which otherwise was there in a contractual position or in terms of a temporary position.

When you are looking into another advantage, it would be reduced turnover. You don't feel like you are already set in the organization. You do not have any reason, any particular reason to move out of the organization. It indefinitely, it inevitably reduces the turnover. If you look into the disadvantage part, it doesn't directly motivate the performance if you see.

So, if you do the work, you are being paid and you are being paid based on the virtue of your membership, your status in the organization or your seniority in your organization. But that doesn't warrant, that doesn't call for your active involvement or active performance and this is a bit disappointing part in terms of the salary structure, this reward parameter. When you are looking into membership and seniority, many a time it is a factor which does not directly motivate performance. If I do not do the job, still I am getting the salary or getting the reward based on the position, based on the membership or the seniority and commanding within the organization. It brings in a certain level of security for not doing the job. So, this is yet a disadvantage.

May discourage poor performance from leaving. So, you are being in the organization or you must have some examples running in your mind and the moment you see that because of seniority there are some people who are claiming higher rewards, but if you invoke the equity theory, let us look into this from the perspective of equity theory. The input they are bringing into the organization, whereas the input you are bringing into the organization might be different altogether, but the results, but the rewards what they are claiming, what the miniscule amount of rewards what you are getting might be slightly different from what they are getting. So basically, that ends up as a disadvantage for hard working.

So golden handcuffs as I have already mentioned may undermine performance. So, it is like figurative. Golden handcuff is more like a figure of speech. You are being handcuffed, but it is golden. So you are slightly stringed up or you are slightly tied up to the organization, but in a good way because you are getting the rewards, you are getting the benefits, you are getting, you are reaping the actual rewards of what you are or what you have done previously because this is the membership or the seniority that is getting rewarded and not specifically the performance.

So another important parameter, another important reward objective is job status. When

you are looking into job status specifically, some of the sample rewards could be promotion-based pay increase. He or she has been raised to that particular status. So, there could be some status-based benefits like some particular position would warrant some particular result, some certain benefits, some certain rewards you reach let us say a position A2 or let us say B2 or C2 you are going to get maybe accommodation, maybe fully furnished 3BHK accommodation something like this. So membership based can have a different connotation, but when you are looking into job status it is mainly with respect to the particular status of the job that it is commanding.

So when you are looking into some of the advantages of such job status reward objective, it tries to maintain internal equity because within the organization you do not feel that you are at a disadvantage because somebody who has raised or somebody who has reached the position let us say B2, let us put some hypothetical position as B2, somebody who has raised B2 is supposed to get that particular benefit, is definitely going to get that benefit then it brings in certain level of sense of equity, sense of parity within the employees that okay, I do hard work, I do perform well then I am going to get to the particular position. If I get that certain position I am actually assured of certain rewards and that is what benefit is or that is what makes it an advantage when you are looking into from the equity point of view. You are not being looked down or undermined based on this particular reward objective.

You also have some particular advantages like it minimizes pay discrimination because there is a certain level of parity as I already mentioned. It motivates employees to compete for promotions. This is a motivator. So, if I reach the certain hypothetical position, we are talking about the B2, let us say the position of B2 if I am able to somehow conquer then I am going to get certain benefits. So, this would inevitably act as a motivator and I will no doubt perform in a better way to reach that particular personal objective of mine. So, this is a certain level of certain number of advantages which we see in terms of job status.

Certain disadvantages are also there. It clearly encourages hierarchy. When you are looking into such a rigid structure, you are reaching a particular position of B2 then C2 then let us say another level, it happens such that you are getting a feel that it is a hierarchy based organization, no doubt about it. There is some way the flexibility within the organization, let us say you make a stunning performance. There is no point that you are being directly promoted let us say two levels or three levels upwards. This is the negative aspect; this is the disadvantage of such a reward objective.

There are also other disadvantages it reinforces status differences. There is a level of competition, it might not be healthy every time. It reinforces that level of competition that status can bring in. It motivates job competition and exaggerated job worth. So many a time you see that there are some individuals who reach the position. Again, I am referring

back to the hypothetical position of B2 or C2.

So that level you have reached and there are some individuals who claim that okay I had reached there with immense hard work and immense effort from my side. So, it gives an option and avenue for those individuals to boast, to put air to themselves, to give air to themselves. That would actually inevitably bring in a certain level of unhealthy competition into the organizational structure altogether or it can have a certain level of competitive environment in the organizational culture. So, job status has certain disadvantages like that.

When you look into the third reward objective would be competencies. When you are looking specifically with respect to competencies some pay rewards, some sample rewards could be pay increase based on competency. There are some organizations which religiously follow this. There are some organizations which also look into skill-based pay. When you are looking into such organizations, they are more individual centric, they are more productivity centric, they are more result oriented. If you look into the advantages of these particular organizations, it inevitably improves workforce flexibility and it also tends to improve quality and is consistent with employability.

So you are looking into a situation where you are not following a very rigid structure. There could be a situation that one individual has been in the organization let us say for 10-20 years, he or she might have lost touch with what is happening across his surroundings. He might not have or she might not have for that matter the know how or the technical know-how that is actually warranted or actually required in the present scenario. There might be another individual who is stepping into the organization with higher level of core competency, higher level of idea with respect to what is to be done, higher level of technical know-how. So that individual has to be rewarded and that can happen only in a flexible environment unlike the previous rigid structure. So this is where some reward practices or reward objectives like competency based reward objective comes into help. So, in these situations it gives the organization more flexibility to give them certain level of morale boost, certain level of motivation to do and perform well. So that they can bring in their knowledge, their skills, expertise which have learned which is relevant to the industry, which is relevant in terms of the present technology and the future ones. That brings in a certain level of advantages whereas you can also have certain disadvantage in terms of religion, subjective measurement of competencies. You are not very particularly flexible in terms of competency arrangement.

So there might be some measuring parameters where you are religiously measuring those particular parameters and you are being awarded or marked based on that which is in turn

not the right way to actually go about. You are actually looking into such situations where the organization may suffer because of lack of flexibility in understanding or comprehending the competencies. Let me put it in another word. If you have a one way to solve the problem there could be yet another way or there could be thousand other ways to solve that particular issue. If that or those number of ways of solution is not identified and appreciated then it turns out to be a disadvantage specific to skill-based pay plans when they are too expensive.

The last reward objective is task performance. When you are looking into reward objectives like task performance some of the sample rewards could be commissions, merit pay, gain sharing, profit sharing, stock options. So many of the parameters or sample rewards have been already discussed in the previous lecture. Let us look into the advantages.

It motivates task performance. It is more result oriented. It attracts performance-oriented applicants. So, you are not looking into hierarchy or you are not looking into just the years to be spent within the organization rather you are trying to improve on yourself and you are trying to bring in a lot of performance orientation into picture. Organizational rewards create an ownership culture and pay variability may avoid layoffs during downturn. So, there is a sense of ownership that comes up with this task performance. I am in this organization so that I can do something with respect to the abilities or the best of my abilities. I have certain skills; I have certain talent based on that I have been recruited here. So, the moment I am here I see that I can do or I can tackle this job in a much productive way that is why the organization has taken me. So that realization will in fact translate to a sense of ownership, a sense of belongingness with respect to the organization and I will try to perform. So, you are moving from a tenure, a time-based set up to more of a performance based set up when you are looking into such a reward objective. But that said it is not devoid of any disadvantages.

There are certain disadvantages like it may weaken job content motivation. The people, the individuals are not there with respect to the job content. They are trying to boost their performance every now and then they are trying to showcase that their performance was better. So, in fact it may distance reward giver from receiver.

This is a serious issue. When you are looking into reward giver and reward receiver there could be a larger width that can develop. There could be a larger division that could be developed with respect to this because many a time they feel that I am here because of my own successful performance orientation. Many a time it would not be that case. Several times it would be that the organization is taking a liberal call. But that is not comprehended in an acceptable fashion and that obviously leads to yet another conflict.

So there are some disadvantages. It may discourage creativity in long term. There is no doubt about it because you are only looking into performance. When your focus is only based on performance you are getting into a perpetual fight or perpetual race, an imaginary perpetual race where you want more to be done. And it is such a situation where the demand or where the inherent intent is to do more. You give relevance, you give importance more to quantity than quality.

It is not that always quantity begets quality. Sometimes the quest for more will actually deplete the quality of things or quality of task or quality of products which you are making, which you are doing, which you are rendering. So, these are some of the disadvantages which you should understand. There are several examples in front of us. But you should ponder, you should just stop there and take a step back and think. Are you a person who is running an imaginary perpetual race against something where you are supposedly or you are supposed to give more and more every single time? In that race it will take inevitably a heavy toll on your physical strength, on your mental strength and to a certain extent on your spiritual strength. This is where you should understand that quantity always will not beget quality. The urge for quantity is always in a situation where the performance is the key aspect. But for the sake of performance there are individuals who tend to boost their performance or showcase a performance in such a way that they will end up actually giving lesser quality stuff, lesser productive stuff.

Let us look into improving reward effectiveness. We have extensively looked into reward parameters, reward objectives etc. So what do these reward effectiveness or how can we improve this reward effectiveness? When we are looking into improving reward effectiveness, we should understand one particular thing that performance-based rewards specifically have come under attack over the recent years mainly because it discourages creativity as we have already discussed. It also distances the management if you recollect from the from the reward giver with respect to the reward taker distracting employees from the meaningfulness of work itself and being taking quick fixes or specific quick fixes. So, you are more concerned with the situation where you are trying to do the job in some way. You are not concerned with how effective you are in doing that particular job. You are not concerned as I have already underscored in a very critical manner that you are not concerned with the quality of the job.

You are not concerned with what you need to do in terms of a higher productivity. You are just concerned with finishing of the job. So that would lead you to even a mundane level of job content wise. It would lead you to be a mechanical or a mechanistic individual in terms of your job. In effect it hampers or it creates a barrier of specifically creativity.

So there are some research studies which even found that large rewards, very large

rewards can actually result in lower rather than higher performance. So, there could be a counter purpose that is happening in this particular situation. There are reward systems that do motivate most employees but only under the right conditions. If you are trying to take out the context, you are trying to give on rewards, there might be a situation that there could be a drop in the performance in a later stage.

So you have to understand the context. You have to understand whether the reward is given in the right condition, whether the reward is actually going to boost or going to motivate that particular individual. All those important aspects should be considered when you are looking into improving reward effectiveness.

Let us look into some strategies quickly for improving reward effectiveness. One could be link rewards to performance which we have discussed. Ensure that rewards are relevant. Let us say you are giving a monetary reward to a particular individual, to a certain individual who is otherwise not very keen. He is already getting a handsome pay. He is already getting a great reward in terms of the monetary benefit. So, he or she might not be very keen. He or she might be more keen in getting a recognition from the organization.

So ensure that the rewards are relevant. Use team rewards for interdependent jobs. So, this is something which organizations are trying to do right now. They are bringing in more tasks which are uncertain. The tasks which are complex that will include or that will make the groups or teams to come together to solve. So, it is such a situation, it is coming out to such a situation that individuals cannot solve, even the teams in itself cannot solve. There should be a cross-functional, cross-team arrangement that should happen and those should be the pinpoints or those should be the aspects where the reward should pitch in. Ensure that the rewards are valued. So, it is not like you, this was a key point in the previous slide when I mentioned that if you give simply the rewards without looking into the context, it might be that the rewards are not valued. It might be that the individual has stopped valuing them. He is in some other or she is in some other state of mind where the valuation or where the effective appreciation of the reward is not happening.

Watch out for unintended consequences. Unintended consequences could also, unintended consequences can come in where let us say the individuals are not ready for the reward, you are getting rewarded, so you try to show off. Or the other side of the coin is that you are trying to, you were trying for some reward, you got something much lesser, much inferior, you feel ashamed, there could be an unintended consequence. So there the plethora of disadvantages are there when you are giving a reward without using mind. So, there are some strategies particularly for improving reward effectiveness. When you are looking into flexible benefits, it develops a benefit, it develops a package of benefits, organizational rewards, particularly be linked with each individual

employee's goals.

Again I would want you to check back on our discussion with respect to strategic intent. If the organizational goals and the individual goals are not in line, then the organization or then the individual, both of them are going to suffer. Flexible benefits individualize rewards by allowing each employee to choose the compensation package that best satisfies his or her current needs and situation. There might be individuals who might as I already mentioned would prefer monetary benefit. There might be some individuals who are looking into a mix of monetary and other aspects.

There might be individuals who are very well paid, they are not in dire need of money, but they need some recognition that is hardly coming their way. So, it should be understood that what is that relevant need of that particular individual. Based on that particular need, you should actually make a reward pattern.

The three most popular types of benefit plans which are seen across industries are modular plans, core plus plans and flexible spending plans. Every single plan depends on organization to organization.

Modular plan is something where an individual can choose which one. Let us say he is keener on the money part, he might choose a modular plan where the monetary benefit is high.

Core plus plans is where every core plus option is that you have certain benefits that is already accrued. Based on that you will go for let us say additional benefits based on your individual preferences. Much similar to modular plans, but the difference is that if you are let us say you are a single parent, so the situation would be that you might need greater insurance care. You might need greater health care insurance. So, the components would be shifted in those aspects and the critical importance of this comes into picture when it comes in as a pre-tax arrangement. So, you are getting some tax benefits specifically out of these flexible benefits which adds on to your CTC, adds on to your total salary in specific.

So, when you are looking into intrinsic reward specifically there are some employee rewards programs. Organizations are increasingly recognizing important work rewards which can be both intrinsic as well as extrinsic. Employee recognition programs range from spontaneous and private thank you even to widely publicized formal programs.

So there are situations emerging where people want recognition and it should not be in a very hidden or in a very covert way. They want it to happen in a public platform. That is why employee of the month, employee of the year and such recognition, the most

productive manager, recognitions like this have emanated, have come up to the organization lexicon. So, this is where you tend to get people who are otherwise not very keen on monetary benefits or salary packages to get motivated. An obvious advantage of recognition programs specifically is that they are inexpensive since the price is always free.

You can always put in a program and conduct a recognition ceremony or let us say thank you program or let us say thank you note can be displayed across. So, all these things hardly take any organization resources but the results they can give are tremendous. The results they can give are marvelous. Critics argue that they are highly susceptible to political management or political manipulation by management. This could be a reason because there might be some situation where the management is not very keen in financially rewarding.

There could be some situations where the management is trying to bluff the employee in terms of the recognition that is provided. In all such key situations there is one thing that has to be taken into consideration which is that this reward patterns should happen with a bona fide interest. It should not be in a malified way that these reward pattern should happen. There should not be any political manipulation of the management that should be happening in these situations which will otherwise corrupt the whole reward pattern in total.

So let us look into some of the psychological empowerment practices and this is one of the key aspects with which I would like to conclude specifically.

Psychological empowerment actually refers to perceptual and emotional state in which people experience more self-determination, meaning, competence, impact regarding their role in the organization. So, if you are looking into psychological empowerment, it is an extension of psychological safety within the organization where you have an initial level of freedom to make your opinion, to raise your voice when you have a certain level of such self-determination with you. You give meaning to what you consider the most important aspect and with respect to that meaning comes the competence which you want to develop over the organization or within the organization.

Psychological empowerment therefore can be and is always a perceptual and emotional state in which people experience the self-determination, the meaning, the competence and impact regarding the role in organization. If let us say they feel that I am working just for the sake of salary, I am not having any particular meaning that is why relevance of meaning of work has emerged.

There are studies, there are research studies that are happening in decoding, in dissecting

the meaning of work. What is the competence with which you are working? What is the self-determination with which you are working or with which you are involved in any organization? That would create, that would underscore what is the psychological empowerment that is happening or that is there within the organization.

There are also research that has happened in some self-leadership practices. Self-leadership practices means people who engage in self-leadership establish a certain self-direction, a certain self-motivation needed to perform a task without their managers generating that motivation or initiative. So it is self-driven. You have an internal arch to come up, to perform, to be the leader, to take responsibility. So being the leader is not about taking just authority. In one of the previous classes I have already mentioned that if you are given a position, this is the biggest challenge the organization and the individuals are facing alike. This is the biggest challenge. When you are given a job opportunity, when you are given a responsibility, people will tend to take that responsibility but not show the authority.

Similarly, there is a possibility when you are given the authority, people tend to show just authority and not the responsibility. So, in nutshell, if you are given a task to perform, please be in your organization. If you are given in your organization, you are given a chance to perform a task, please believe that you have both the authority to execute that, also the responsibility to execute it in a perfect way the manager wants. That is what the whole point of self-leadership is all about.

So, there could be some personal goal setting that could come up self-determined rather than assigned by or jointly decided by a supervisor.

Constructive thought strategies like positive self-talk, mental imagery. Positive self-talk boosts your motivation. Sometimes let us say, if you follow cricket, you would have seen that our Sachin Tendulkar who is a legend in terms of the Indian cricket, he always had a self-talk. Within the crease he was standing, he always gets a bouncer, he just comes out of the crease, he just talks. This is a positive self-talk.

So it creates, it brings in a situation where you are in a world of yourself. You are trying to motivate, encourage yourself and that is the biggest motivator of all sorts. There should be a mental imagery that should be developed which would in effect develop a positive, a constructive thought strategy.

There are certain other self-leadership practices like designing natural rewards, people having enough discretion in their jobs to make changes which makes them more satisfying and motivating.

There could be also situations of self-monitoring. Self-monitoring in effect which is the process by keeping track at regular intervals of one's specific progress towards a particular goal and objective by using naturally occurring feedback.

So these are some of the self-leadership practices. People who are determined to improve, there could be situations of self-reinforcement. Self-reinforcement occurs when an employee has control over a reinforcer but does not take the reinforcer until completing a self-goal or a self-set goal.

So, there are situations where you tend to okay this is my reward for that particular task to be achieved but I will not take that or I will not touch that reward unless and until I am going to get that particular task done or complete the job. So, these are some of the situations where you would try to see yourself within the organization.

So we are walking through the application part of motivation. Consistently we are trying to make use of the theoretical understanding which we had in the previous module to put it in practice in the present module. So, in this particular lecture, we have seen that there are situations which can bring in psychological empowerment. There are situations which warrant for self-leadership. So, there are situations where you are not given leadership position within the organization. Please remember that.

You might tend to see that there are some years within the organization where you are actually not given any leadership position. Those situations warrant you to actively perform. Also please take regular feedbacks. Try to see what is going good, what is going bad in terms of your work. Such a situation where you are open to feedback, you are performing well, you are in effect developing a leader within you. On that note, we will end the class today. See you in the next class. Till then take care. Goodbye