Readings in Managerial Psychology

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Fourth Edition

The University of Chicago Press
Chicago and London

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The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
 First edition 1964
Second edition 1973. Third edition 1980
Fourth edition 1989
Printed in the United States of America

98 97 96 95 94 93 92 91 90 89 5 4 3 2 1

Library of Congress Cataloging in Publication Data

Readings in managerial psychology.

Includes bibliographies.
1. Psychology, Industrial. 2. Industrial management.
I. Leavitt, Harold J. II. Pondy, Louis R. III. Boje, David M.
HF5548.8.R375 1989 658 88-1159
ISBN 0-226-46991-3
ISBN 0-226-46992-1 (pbk.)

This book is
dedicated
to the memory of our
friend and colleague
Louis R. Pondy
1938–1987

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Preface

This fourth edition of *Readings in Managerial Psychology* is both different from and similar to its predecessors. A little more than half of the papers are new—new, that is, to this edition. Once again some of the "new" ones are not newly written, but newly relevant, as we rediscover the value of works that had not yet reached their time. We have also tried very hard to seek out those pieces that meet the twin criteria of high quality and high readability. As both students and teachers know, not very many papers pass through both of those filters.

The overall structure of this edition is the same as in the past. The book moves from the smaller to the larger. We start with the individual as the focal unit, move to two-person relationships, and onward to issues of leadership, power, small groups, and whole organizations.

This edition focuses more than ever on the managing process—on whole organizations and on managing relationships with other organizations. To underline that emphasis, we have included a new section called "The Manager's Job." That section deals with what managers do, how they do it, why they do it, and how they should do it.

"Soft" issues also play an even bigger part in this edition—issues such as managing creativity and imagination, issues of the manager's values and beliefs, and issues of organization culture.

While this book is intended to stand alone, readers familiar with the new fifth edition of *Managerial Psychology* (Leavitt and Bahrami) will note that the two are designed in parallel, so that they can be used together.

We are grateful to many people for help in putting together this edition of *Readings in Managerial Psychology,* to students, executives, and faculty colleagues, and especially to Mrs. Arleen Danielson.

H. J. L., D. M. B., and L. R. P.

1 Motivation: The Driving Force

We are driven. We are motivated. People are creatures who search, explore, and inquire. They don't spend much of their time just sitting on their duffs. They undertake and implement an astonishing variety of tasks and projects. Everywhere in the world, and since it all began, human beings have been movers and shakers, driven sometimes by hunger, thirst, greed, and lust, and sometimes by love and affection.

Perhaps the most frequent questions managers ask of psychologists and other behavioral types are motivational questions: "How do I motivate my people?" "What does one do with someone who's lost motivation?" "How does one motivate older managers these days?"

Interestingly, the whole concept of motivation hasn't been around very long. Managers fifty years ago apparently didn't think much about what motivates people. They thought much more in terms of work specifications and specialization.

So the notion that is now taken for granted that people strive and work in response to some kinds of internal "wants" or "drives" is a *relatively* new notion.

Motivation is also a very "soft" notion, still subject to great controversy within the discipline of psychology. But controversial or not, it is important for the manager to try to understand the concept of human motivation. The more fully we understand what drives the human being, the more effectively can we design organizations in which human beings can live and work productively.

The four papers in this first section try to give the manager and prospective manager a useful perspective on human motivation. We do not try to cover the field, but rather to hit some major and particularly useful points.

The first paper, by David Nadler and Edward Lawler, outlines a way of looking at motivation known as "expectancy theory." It is a straightforward approach treating both internal and situational forces acting on the person, and treating the person as a cognitively competent creature who can make sensible decisions. The paper then goes on to relate that theory to managerial practice, like the design of reward systems and jobs.

The second paper is a classic by Abraham Maslow. His name, more than that of any other American psychologist, is associated with the concept of motivation. Maslow was a clinician who observed individuals over extended periods and with great care and sensitivity. He evolved the idea of a *hierarchy of needs,* the notion that people tend to move from one level of motivation onward and upward to higher levels as each lower level reaches some degree of satisfaction. Thus the satisfaction of an existing set of needs becomes not the end but the beginning, the opening up of a new level of motives. Maslow sees humans as "growth" oriented, with old achievements forever triggering new interests. The validity of Maslow's theory is still debated, but its utility to the manager as a tool for thinking seems beyond question.

The third paper, by Barry Staw, is a more contemporary piece, dealing with a motivational problem that has important implications for the managing process. The issue is intrinsic versus extrinsic motivation. Some behavioral people like to say (with good reason) that one should not ask the question "How do I motivate people?" They argue that we cannot motivate anyone else; only God can. The more proper question would be something like, "What are the conditions under which people's intrinsic, built-in motivation can be nurtured to grow and bloom?" By that view, motivation is an *intrinsic* phenomenon, bubbling up out of the human soul. Yet we all know that, to some degree at least, we *can* get more work out of people, by paying them more or by offering them other *extrinsic* incentives. Staw reviews what is known about those two interacting, and not always harmonious, aspects of motivation. Sometimes, for example, when we add extrinsic motivation to intrinsic, we don't enhance intrinsic motivation; we kill it. If I began paying you to do something you now do for fun, would the extrinsic and intrinsic motivating forces simply sum? Or would they conflict?

The last paper, Steven Kerr's, goes after some practical issues of the use and misuse of financial rewards and other incentives to motivate people in organizations. He reviews cases of two companies, along with many other examples, to emphasize that managers must make sure that their reward systems do indeed reward the behavior they want, instead of its opposite.

So the papers in this section move from theory to practice, a pattern we will follow in several later sections. We have not, of course, either covered all major theories of motivation or all major practices that have been extrapolated from them. But these four papers are relevant and, we believe, useful for the manager and the student of management.

Motivation: A Diagnostic Approach

David A. Nadler
Edward E. Lawler III

What makes some people work hard while others do as little as possible?

How can I, as a manager, influence the performance of people who work for me?

Why do people turn over, show up late to work, and miss work entirely?

These important questions about employees' behavior can only be answered by managers who have a grasp of what motivates people. Specifically, a good understanding of motivation can serve as a valuable tool for *understanding* the causes of behavior in organizations, for *predicting* the effects of any managerial action, and for *directing* behavior so that organizational and individual goals can be achieved.

Existing approaches

During the past twenty years, managers have been bombarded with a number of different approaches to motivation. The terms associated with these approaches are well known—"human relations," "scientific management," "job enrichment," "need hierarchy," "self-actualization," etc. Each of these approaches has something to offer. On the other hand, each of these different approaches also has its problems in both theory and practice. Running through almost all of the approaches with which managers are familiar are a series of implicit but clearly erroneous assumptions.

Assumption 1: All Employees Are Alike. Different theories present different ways of looking at people, but each of them assumes that all employees are basically similar in their makeup: Employees all want economic gains, or all want a pleasant climate, or all aspire to be self-actualizing, etc.

Assumption 2: All Situations Are Alike. Most theories assume that all

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managerial situations are alike, and that the managerial course of action for motivation (for example, participation, job enlargement, etc.) is applicable in all situations.

Assumption 3: One Best Way. Out of the other two assumptions there emerges a basic principle that there is "one best way" to motivate employees.

When these "one best way" approaches are tried in the "correct" situation they will work. However, all of them are bound to fail in some situations. They are therefore not adequate managerial tools.

A new approach

During the past ten years, a great deal of research has been done on a new approach to looking at motivation. This approach, frequently called "expectancy theory," still needs further testing, refining, and extending. However, enough is known that many behavioral scientists have concluded that it represents the most comprehensive, valid, and useful approach to understanding motivation. Further, it is apparent that it is a very useful tool for understanding motivation in organizations.

The theory is based on a number of specific assumptions about the causes of behavior in organizations.

Assumption 1: Behavior Is Determined by a Combination of Forces in the Individual and Forces in the Environment. Neither the individual nor the environment alone determines behavior. Individuals come into organizations with certain "psychological baggage." They have past experiences and a developmental history which has given them unique sets of needs, ways of looking at the world, and expectations about how organizations will treat them. These all influence how individuals respond to their work environment. The work environment provides structures (such as a pay system or a supervisor) which influence the behavior of people. Different environments tend to produce different behavior in similar people just as dissimilar people tend to behave differently in similar environments.

Assumption 2: People Make Decisions about Their Own Behavior in Organizations. While there are many constraints on the behavior of individuals in organizations, most of the behavior that is observed is the result of individuals' conscious decisions. These decisions usually fall into two categories. First, individuals make decisions about *membership behavior*—coming to work, staying at work, and in other ways being a member of the organization. Second, individuals make decisions about the amount of *effort* they will direct *towards performing their jobs*. This includes decisions about how hard to work, how much to produce, at what quality, etc.

Assumption 3: Different People Have Different Types of Needs, Desires and Goals. Individuals differ on what kinds of outcomes (or rewards) they desire. These differences are not random; they can be examined systematically by an understanding of the differences in the strength of individuals' needs.

Assumption 4: People Make Decisions among Alternative Plans of Behavior Based on Their Perceptions (Expectancies) of the Degree to Which a Given Behavior will Lead to Desired Outcomes. In simple terms, people tend to do those things which they see as leading to outcomes (which can also be called "rewards") they desire and avoid doing those things they see as leading to outcomes that are not desired.

In general, the approach used here views people as having their own needs and mental maps of what the world is like. They use these maps to make decisions about how they will behave, behaving in those ways which their mental maps indicate will lead to outcomes that will satisfy their needs. Therefore, they are inherently neither motivated nor unmotivated; motivation depends on the situation they are in, and how it fits their needs.

The theory

Based on these general assumptions, expectancy theory states a number of propositions about the process by which people make decisions about their own behavior in organizational settings. While the theory is complex at first view, it is in fact made of a series of fairly straightforward observations about behavior. (The theory is presented in more technical terms in Appendix A.) Three concepts serve as the key building blocks of the theory:

Performance-Outcome Expectancy. Every behavior has associated with it, in an individual's mind, certain outcomes (rewards or punishments). In other words, the individual believes or expects that if he or she behaves in a certain way, he or she will get certain things.

Examples of expectancies can easily be described. An individual may have an expectancy that if he produces ten units he will receive his normal hourly rate while if he produces fifteen units he will receive his hourly pay rate plus a bonus. Similarly an individual may believe that certain levels of performance will lead to approval or disapproval from members of her work group or from her supervisor. Each performance can be seen as leading to a number of different kinds of outcomes and outcomes can differ in their types.

Valence. Each outcome has a "valence" (value, worth, attractiveness) to a specific individual. Outcomes have different valences for different individuals. This comes about because valences result from individual needs and perceptions, which differ because they in turn reflect other factors in the individual's life.

For example, some individuals may value an opportunity for promotion or advancement because of their needs for achievement or power, while others may not want to be promoted and leave their current work group because of needs for affiliation with others. Similarly, a fringe benefit such as a pension plan may have great valence for an older worker but little valence for a young employee on his first job.

Effort-Performance Expectancy. Each behavior also has associated with it in the individual's mind a certain expectancy or probability of success. This expectancy represents the individual's perception of how hard it will be to achieve such behavior and the probability of his or her successful achievement of that behavior.

For example, you may have a strong expectancy that if you put forth the effort, you can produce ten units an hour, but that you have only a fifty-fifty chance of producing fifteen units an hour if you try.

Putting these concepts together, it is possible to make a basic statement about motivation. In general, the motivation to attempt to behave in a certain way is greatest when:

a. The individual believes that the behavior will lead to outcomes (performance-outcome expectancy)

b. The individual believes that these outcomes have positive value for him or her (valence)

c. The individual believes that he or she is able to perform at the desired level (effort-performance expectancy)

Given a number of alternative levels of behavior (ten, fifteen, and twenty units of production per hour, for example) the individual will choose that level of performance which has the greatest motivational force associated with it, as indicated by the expectancies, outcomes, and valences.

In other words, when faced with choices about behavior, the individual goes through a process of considering questions such as, "Can I perform at that level if I try?" "If I perform at that level, what will happen?" "How do I feel about those things that will happen?" The individual then decides to behave in that way which seems to have the best chance of producing positive, desired outcomes.

A general model

On the basis of these concepts, it is possible to construct a general model of behavior in organizational settings (see Figure 1). Working from left to right in the model, motivation is seen as the force on the individual to expend effort. Motivation leads to an observed level of effort by the individual. Effort alone, however, is not enough. Performance results from a combination of the effort that an individual puts forth *and* the level of ability which he or she has (reflecting skills, training, information, etc.) Effort thus combines with ability to produce a given level of performance. As a result of performance, the individual attains certain outcomes. The model indicates this relationship in a dotted line, reflecting the fact that sometimes people perform but do not get desired outcomes. As this process of performance-reward occurs, time after time, the actual events provide in-

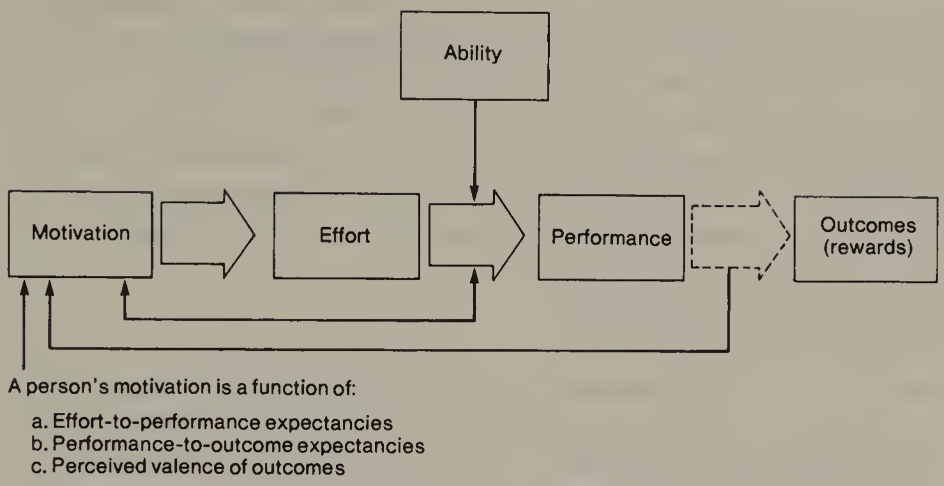

Figure 1. The basic motivation-behavior sequence

formation which influences the individual's perceptions (particularly expectancies) and thus influences motivation in the future.

Outcomes, or rewards, fall into two major categories. First, the individual obtains outcomes from the environment. When an individual performs at a given level he or she can receive positive or negative outcomes from supervisors, co-workers, the organization's reward systems, or other sources. These environmental rewards are thus one source of outcomes for the individual. A second source of outcomes is the individual. These include outcomes which occur purely from the performance of the task itself (feelings of accomplishment, personal worth, achievement, etc.). In a sense, the individual gives these rewards to himself or herself. The environment cannot give them or take them away directly; it can only make them possible.

Supporting evidence

Over fifty studies have been done to test the validity of the expectancy-theory approach to predicting employee behavior.[1] Almost without exception, the studies have confirmed the predictions of the theory. As the theory predicts, the best performers in organizations tend to see a strong relationship between performing their jobs well and receiving rewards they value. In addition they have clear performance goals and feel they can perform well. Similarly, studies using the expectancy theory to predict how people

1. For reviews of the expectancy-theory research, see T. R. Mitchell, "Expectancy models of job satisfaction, occupational preference and effort: A theoretical, methodological and empirical appraisal," *Psychological Bulletin* 81 (1974): 1053–77. For a more general discussion of expectancy theory and other approaches to motivation, see E. E. Lawler, *Motivation in work organizations* (Belmont, Calif.: Brooks/Cole, 1973).

choose jobs also show that individuals tend to interview for and actually take those jobs which they feel will provide the rewards they value. One study, for example, was able to correctly predict for 80 percent of the people studied which of several jobs they would take.[2] Finally, the theory correctly predicts that beliefs about the outcomes associated with performance (expectancies) will be better predictors of performance than will feelings of job satisfaction since expectancies are the critical causes of performance and satisfaction is not.

Questions about the model

Although the results so far have been encouraging, they also indicate some problems with the model. These problems do not critically affect the managerial implications of the model, but they should be noted. The model is based on the assumption that individuals make very rational decisions after a thorough exploration of all the available alternatives and on weighing the possible outcomes of all these alternatives. When we talk or observe individuals, however, we find that their decision processes are frequently less thorough. People often stop considering alternative behavior plans when they find one that is at least moderately satisfying, even though more rewarding plans remain to be examined.

People are also limited in the amount of information they can handle at one time, and therefore the model can indicate a process that is much more complex than the one that actually takes place. On the other hand, the model does provide enough information and is consistent enough with reality to present some clear implications for managers who are concerned with the question of how to motivate the people who work for them.

Implications for managers

The first set of implications is directed towards the individual manager who has a group of people working for him or her and is concerned with how to motivate good performance. Since behavior is a result of forces both in the person and in the environment, you as manager need to look at and diagnose both the person and the environment. Specifically, you need to do the following:

Figure Out What Outcomes Each Employee Values. As a first step, it is important to determine what kinds of outcomes or rewards have valence for your employees. For each employee you need to determine "what turns him or her on." There are various ways of finding this out, including (a) finding out employees' desires through some structured method of data collection, such as a questionnaire, (b) observing the employees' reactions

2. E. E. Lawler, W. J. Kuleck, J. G. Rhode, and J. E. Sorenson, "Job choice and post-decision dissonance," *Organizational Behavior and Human Performance* 13 (1975): 133–45.

to different situations or rewards, or (c) the fairly simple act of asking them what kinds of rewards they want, what kind of career goals they have, or "what's in it for them." It is important to stress here that it is very difficult to change what people want, but fairly easy to find out what they want. Thus, the skillful manager emphasizes diagnosis of needs, not changing the individuals themselves.

Determine What Kinds of Behavior You Desire. Managers frequently talk about "good performance" without really defining what good performance is. An important step in motivating is for you yourself to figure out what kinds of performances are required and what are adequate measures or indicators of performance (quantity, quality, etc.). There is also a need to be able to define those performances in fairly specific terms so that observable and measurable behavior can be defined and subordinates can understand what is desired of them (e.g., produce ten products of a certain quality standard—rather than only produce at a high rate).

Make Sure Desired Levels of Performance are Reachable. The model states that motivation is determined not only by the performance-to-outcome expectancy, but also by the effort-to-performance expectancy. The implication of this is that the levels of performance which are set as the points at which individuals receive desired outcomes must be reachable or attainable by these individuals. If the employees feel that the level of performance required to get a reward is higher than they can reasonably achieve, then their motivation to perform well will be relatively low.

Link Desired Outcomes to Desired Performances. The next step is to directly, clearly, and explicitly link those outcomes desired by employees to the specific performances desired by you. If your employee values external rewards, then the emphasis should be on the rewards systems concerned with promotion, pay, and approval. While the linking of these rewards can be initiated through your making statements to your employees, it is extremely important that employees see a clear example of the reward process working in a fairly short period of time if the motivating "expectancies" are to be created in the employees' minds. The linking must be done by some concrete public acts, in addition to statements of intent.

If your employee values internal rewards (e.g., achievement), then you should concentrate on changing the nature of the person's job, for he or she is likely to respond well to such things as increased autonomy, feedback, and challenge, because these things will lead to a situation where good job performance is inherently rewarding. The best way to check on the adequacy of the internal and external reward system is to ask people what their perceptions of the situation are. Remember it is the perceptions of people that determine their motivation, not reality. It doesn't matter for example whether you feel a subordinate's pay is related to his or her performance. Motivation will be present only if the subordinate sees the relationship.

Many managers are misled about the behavior of their subordinates because they rely on their own perceptions of the situation and forget to find out what their subordinates feel. There is only one way to do this: ask. Questionnaires can be used here, as can personal interviews. (See Appendix B for a short version of a motivation questionnaire.)

Analyze the Total Situation for Conflicting Expectancies. Having set up positive expectancies for employees, you then need to look at the entire situation to see if other factors (informal work groups, other managers, the organization's reward systems) have set up conflicting expectancies in the minds of the employees. Motivation will only be high when people see a number of rewards associated with good performance and few negative outcomes. Again, you can often gather this kind of information by asking your subordinates. If there are major conflicts, you need to make adjustments, either in your own performance and reward structure, or in the other sources of rewards or punishments in the environment.

Make Sure Changes in Outcomes Are Large Enough. In examining the motivational system, it is important to make sure that changes in outcomes or rewards are large enough to motivate significant behavior. Trivial rewards will result in trivial amounts of effort and thus trivial improvement in performance. Rewards must be large enough to motivate individuals to put forth the effort required to bring about significant changes in performance.

Check the System for Its Equity. The model is based on the idea that individuals are different and therefore different rewards will need to be used to motivate different individuals. On the other hand, for a motivational system to work it must be a fair one—one that has equity (not equality). Good performers should see that they get more desired rewards than do poor performers, and others in the system should see that also. Equity should not be confused with a system of equality where all are rewarded equally, with no regard to their performance. A system of equality is guaranteed to produce low motivation.

Implications for organizations

Expectancy theory has some clear messages for those who run large organizations. It suggests how organizational structures can be designed so that they increase rather than decrease levels of motivation of organization members. While there are many different implications, a few of the major ones are as follows:

Implication 1: The Design of Pay and Reward Systems. Organizations usually get what they reward, not what they want. This can be seen in many situations, and pay systems are a good example.[3] Frequently, organizations

3. For a detailed discussion of the implications of expectancy theory for pay and reward systems, see E. E. Lawler, *Pay and organizational effectiveness: A psychological view* (New York: McGraw-Hill, 1971).

reward people for membership (through pay tied to seniority, for example) rather than for performance. Little wonder that what the organization gets is behavior oriented towards "safe," secure employment rather than effort directed at performing well. In addition, even where organizations do pay for performance as a motivational device, they frequently negate the motivational value of the system by keeping pay secret, therefore preventing people from observing the pay-to-performance relationship that would serve to create positive, clear, and strong performance-to-reward expectancies. The implication is that organizations should put more effort into rewarding people (through pay, promotion, better job opportunities, etc.) for the performances which are desired, and that to keep these rewards secret is clearly self-defeating. In addition, it underscores the importance of the frequently ignored performance evaluation or appraisal process and the need to evaluate people based on how they perform clearly defined specific behaviors, rather than on how they score on ratings of general traits such as "honesty," "cleanliness," and other, similar terms which frequently appear as part of the performance appraisal form.

Implication 2: The Design of Tasks, Jobs, and Roles. One source of desired outcomes is the work itself. The expectancy-theory model supports much of the job enrichment literature, in saying that by designing jobs which enable people to get their needs fulfilled, organizations can bring about higher levels of motivation.[4] The major difference between the traditional approaches to job enlargement or enrichment and the expectancy-theory approach is the recognition by the expectancy theory that different people have different needs and, therefore, some people may not want enlarged or enriched jobs. Thus, while the design of tasks that have more autonomy, variety, feedback, meaningfulness, etc., will lead to higher motivation in some, the organization needs to build in the opportunity for individuals to make choices about the kind of work they will do so that not everyone is forced to experience job enrichment.

Implication 3: The Importance of Group Structures. Groups, both formal and informal, are powerful and potent sources of desired outcomes for individuals. Groups can provide or withhold acceptance, approval, affection, skill training, needed information, assistance, etc. They are a powerful force in the total motivational environment of individuals. Several implications emerge from the importance of groups. First, organizations should consider the structuring of at least a portion of rewards around group performance rather than individual performance. This is particularly important where group members have to cooperate with each other to produce a group product or service, and where the individual's contribu-

4. A good discussion of job design with an expectancy theory perspective is in J. R. Hackman, G. R. Oldham, R. Janson, and K. Purdy, "A new strategy for job enrichment," *California Management Review* (Summer 1975): 57.

tion is often hard to determine. Second, the organization needs to train managers to be aware of how groups can influence individual behavior and to be sensitive to the kinds of expectancies which informal groups set up and their conflict or consistency with the expectancies that the organization attempts to create.

Implication 4: The Supervisor's Role. The immediate supervisor has an important role in creating, monitoring, and maintaining the expectancies and reward structures which will lead to good performance. The supervisor's role in the motivation process becomes one of defining clear goals, setting clear reward expectancies, and providing the right rewards for different people (which could include both organizational rewards and personal rewards such as recognition, approval, or support from the supervisor). Thus, organizations need to provide supervisors with an awareness of the nature of motivation as well as the tools (control over organizational rewards, skill in administering those rewards) to create positive motivation.

Implication 5: Measuring Motivation. If things like expectancies, the nature of the job, supervisor-controlled outcomes, satisfaction, etc., are important in understanding how well people are being motivated, then organizations need to monitor employee perceptions along these lines. One relatively cheap and reliable method of doing this is through standardized employee questionnaires. A number of organizations already use such techniques, surveying employees' perceptions and attitudes at regular intervals (ranging from once a month to once every year-and-a-half) using either standardized surveys or surveys developed specifically for the organization. Such information is useful both to the individual manager and to top management in assessing the state of human resources and the effectiveness of the organization's motivational systems.[5] (Again, see Appendix B for excerpts from a standardized survey.)

Implication 6: Individualizing Organizations. Expectancy theory leads to a final general implication about a possible future direction for the design of organizations. Because different people have different needs and therefore have different valences, effective motivation must come through the recognition that not all employees are alike and that organizations need to be flexible in order to accommodate individual differences. This implies the "building in" of choice for employees in many areas, such as reward systems, fringe benefits, job assignments, etc., where employees previously have had little say. A successful example of the building in of such choice can be seen in the experiments of TRW and the Educational Testing Service with "cafeteria fringe-benefits plans" which allow employees to choose the fringe benefits they want, rather than taking the expensive

5. The use of questionnaires for understanding and changing organizational behavior is discussed in D. A. Nadler, *Feedback and organizational development: Using data-based methods* (Reading, Mass.: Addison-Wesley, 1977).

and often unwanted benefits which the company frequently provides to everyone.[6]

Summary

Expectancy theory provides a more complex model of man for managers to work with. At the same time, it is a model which holds promise for the more effective motivation of individuals and the more effective design of organizational systems. It implies, however, the need for more exacting and thorough diagnosis by the manager to determine (a) the relevant forces in the individual, and (b) the relevant forces in the environment, both of which combine to motivate different kinds of behavior. Following diagnosis, the model implies a need to act—to develop a system of pay, promotion, job assignments, group structures, supervision, etc.—to bring about effective motivation by providing different outcomes for different individuals.

Performance of individuals is a critical issue in making organizations work effectively. If a manager is to influence work behavior and performance, he or she must have an understanding of motivation and the factors which influence an individual's motivation to come to work, to work hard, and to work well. While simple models offer easy answers, it is the more complex models which seem to offer more promise. Managers can use models (like expectancy theory) to understand the nature of behavior and build more effective organizations.

APPENDIX A: The expectancy theory model in more technical terms

A person's motivation to exert effort towards a specific level of performance is based on his or her perceptions of associations between actions and outcomes. The critical perceptions which contribute to motivation are graphically presented in Figure 2. These perceptions can be defined as follows:

a. The effort-to-performance expectancy ($E \rightarrow P$): This refers to the person's subjective probability about the likelihood that he or she can perform at a given level, or that effort on his or her part will lead to successful performance. This term can be thought of as varying from 0 to 1. In general, the less likely a person feels that he or she can perform at a given level, the less likely he or she will be to try to perform at that level. A person's $E \rightarrow P$ probabilities are also strongly influenced by each situation and by previous experience in that and similar situations.

b. The performance-to-outcomes expectancy ($P \rightarrow O$) and valence (V): This refers to a combination of a number of beliefs about what the out-

6. The whole issue of individualizing organizations is examined in E. E. Lawler, "The individualized organization: Problems and promise," *California Management Review* 17, no. 2 (1974): 31–39.

comes of successful performance will be and the value or attractiveness of these outcomes to the individual. Valence is considered to vary from +1 (very desirable) to −1 (very undesirable) and the performance-to-outcomes probabilities vary from +1 (performance sure to lead to outcome) to 0 (performance not related to outcome). In general, the more likely a person feels that performance will lead to valent outcomes, the more likely he or she will be to try to perform at the required level.

c. Instrumentality: As Figure 2 indicates, a single level of performance can be associated with a number of different outcomes, each having a certain degree of valence. Some outcomes are valent because they have direct value or attractiveness. Some outcomes, however, have valence because they are seen as leading to (or being "instrumental" for) the attainment of other "second level" outcomes which have direct value or attractiveness.

d. Intrinsic and extrinsic outcomes: Some outcomes are seen as occurring directly as a result of performing the task itself and are outcomes which the individual thus gives to himself (i.e., feelings of accomplishment, creativity, etc.). These are called "intrinsic" outcomes. Other outcomes that are associated with performance are provided or mediated by external factors (the organization, the supervisor, the work group, etc.). These outcomes are called "extrinsic" outcomes.

Along with the graphic representation of these terms presented in Figure 2, there is a simplified formula for combining these perceptions to arrive at a term expressing the relative level of motivation to exert effort towards performance at a given level. The formula expresses these relationships:

a. The person's motivation to perform is determined by the $P \rightarrow O$ ex-

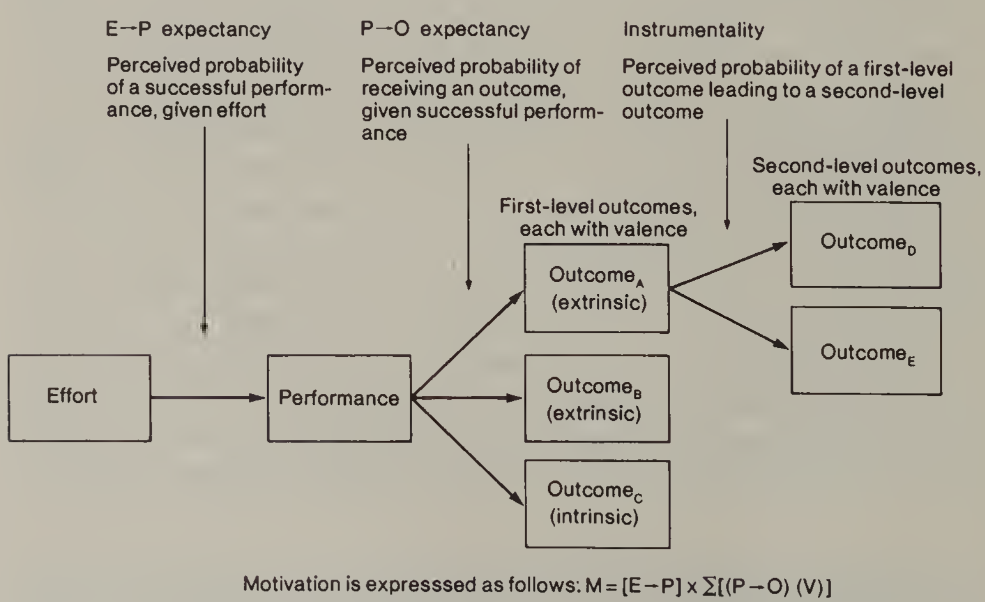

Figure 2. Major terms in expectancy theory

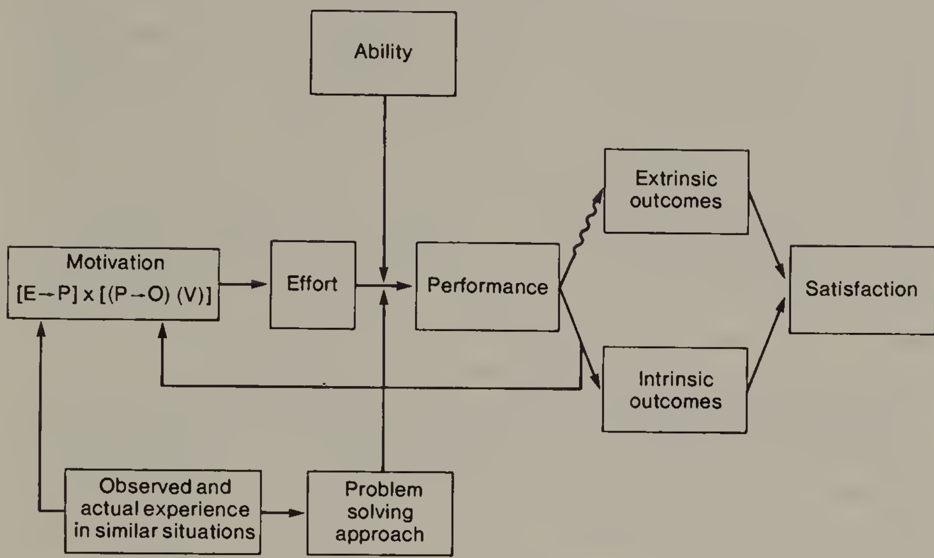

Figure 3. Simplified expectancy-theory model of behavior

pectancy multiplied by the valence (V) of the outcome. The valence of the first order outcome subsumes the instrumentalities and valences of second order outcomes. The relationship is multiplicative since there is no motivation to perform if either of the terms is zero.

b. Since a level of performance has multiple outcomes associated with it, the products of all probability-times-valence combinations are added together for all the outcomes that are seen as related to the specific performance.

c. This term (the summed $P \rightarrow O$ expectancies times valences) is then multiplied by the $E \rightarrow P$ expectancy. Again the multiplicative relationship indicates that if either term is zero, motivation is zero.

d. In summary, the strength of a person's motivation to perform effectively is influenced by (1) the person's belief that effort can be converted into performance, and (2) the net attractiveness of the events that are perceived to stem from good performance.

So far, all the terms have referred to the individual's perceptions which result in motivation and thus an intention to behave in a certain way. Figure 3 is a simplified representation of the total model, showing how these intentions get translated into actual behavior.[7] The model envisions the following sequence of events:

a. First, the strength of a person's motivation to perform correctly is most directly reflected in his or her effort—how hard he or she works. This

7. For a more detailed statement of the model, see E. E. Lawler, "Job attitudes and employee motivation: Theory, research and practice," *Personnel Psychology* 23 (1970): 223–37.

effort expenditure may or may not result in good performance, since at least two factors must be right if effort is to be converted into performance. First, the person must possess the necessary abilities in order to perform the job well. Unless both ability and effort are high, there cannot be good performance. A second factor is the person's perception of how his or her effort can best be converted into performance. It is assumed that this perception is learned by the individual on the basis of previous experience in similar situations. This "how to do it" perception can obviously vary widely in accuracy, and—where erroneous perceptions exist—performance is low even though effort or motivation may be high.

b. Second, when performance occurs, certain amounts of outcomes are obtained by the individual. Intrinsic outcomes, not being mediated by outside forces, tend to occur regularly as a result of performance, while extrinsic outcomes may or may not accrue to the individual (indicated by the wavy line in the model).

c. Third, as a result of the obtaining of outcomes and the perceptions of the relative value of the outcomes obtained, the individual has a positive or negative affective response (a level of satisfaction or dissatisfaction).

d. Fourth, the model indicates that events which occur influence future behavior by altering the $E \rightarrow P$, $P \rightarrow O$, and V perceptions. This process is represented by the feedback loops running from actual behavior back to motivation.

APPENDIX B: Measuring motivation using expectancy theory

Expectancy theory suggests that it is useful to measure the attitudes individuals have in order to diagnose motivational problems. Such measurement helps the manager to understand why employees are motivated or not, what the strength of motivation is in different parts of the organization, and how effective different rewards are for motivating performance. A short version of a questionnaire used to measure motivation in organizations is included here.[8] Basically, three different questions need to be asked (see Tables 1, 2, and 3).

Using the questionnaire results

The results from this questionnaire can be used to calculate a *work-motivation score*. A score can be calculated for each individual and scores can be combined for groups of individuals. The procedure for obtaining a work-motivation score is as follows:

a. For each of the possible positive outcomes listed in questions 1 and 2, multiply the score for the outcome on question 1 ($P \rightarrow O$ expectancies)

8. For a complete version of the questionnaire and supporting documentation, see D. A. Nadler, C. Cammann, G. D. Jenkins, and E. E. Lawler, eds., *The Michigan organizational assessment package* (Progress Report II) (Ann Arbor: Survey Research Center, 1975).

Table 1. Question 1: Here are some things that could happen to people if they do their jobs *especially well.* How likely is it that each of these things would happen if you performed your job *especially well?*

a	You will get a bonus or pay increase	(1)	(2)	(3)	(4)	(5)	(6)	(7)
b	You will feel better about yourself as a person	(1)	(2)	(3)	(4)	(5)	(6)	(7)
c	You will have an opportunity to develop your skills and abilities	(1)	(2)	(3)	(4)	(5)	(6)	(7)
d	You will have better job security	(1)	(2)	(3)	(4)	(5)	(6)	(7)
e	You will be given chances to learn new things	(1)	(2)	(3)	(4)	(5)	(6)	(7)
f	You will be promoted or get a better job	(1)	(2)	(3)	(4)	(5)	(6)	(7)
g	You will get a feeling that you've accomplished something worthwhile	(1)	(2)	(3)	(4)	(5)	(6)	(7)
h	You will have more freedom on your job	(1)	(2)	(3)	(4)	(5)	(6)	(7)
i	You will be respected by the people you work with	(1)	(2)	(3)	(4)	(5)	(6)	(7)
j	Your supervisor will praise you	(1)	(2)	(3)	(4)	(5)	(6)	(7)
k	The people you work with will be friendly with you	(1)	(2)	(3)	(4)	(5)	(6)	(7)

Note: Numbers indicate a range of likelihood: (1), not at all likely; (3), somewhat likely; (5), quite likely; (7) extremely likely.

Table 2. Question 2: Different people want different things from their work. Here is a list of things a person could have on his or her job. How *important* is each of the following to you?

How Important Is . . . ?								
a	The amount of pay you get	(1)	(2)	(3)	(4)	(5)	(6)	(7)
b	The chances you have to do something that makes you feel good about yourself as a person	(1)	(2)	(3)	(4)	(5)	(6)	(7)
c	The opportunity to develop your skills and abilities	(1)	(2)	(3)	(4)	(5)	(6)	(7)
d	The amount of job security you have	(1)	(2)	(3)	(4)	(5)	(6)	(7)
How Important Is . . . ?								
e	The chances you have to learn new things	(1)	(2)	(3)	(4)	(5)	(6)	(7)
f	Your chances for getting a promotion or getting a better job	(1)	(2)	(3)	(4)	(5)	(6)	(7)
g	The chances you have to accomplish something worthwhile	(1)	(2)	(3)	(4)	(5)	(6)	(7)
h	The amount of freedom you have on your job	(1)	(2)	(3)	(4)	(5)	(6)	(7)
How Important Is . . . ?								
i	The respect you receive from the people you work with	(1)	(2)	(3)	(4)	(5)	(6)	(7)
j	The praise you get from your supervisor	(1)	(2)	(3)	(4)	(5)	(6)	(7)
k	The friendliness of the people you work with	(1)	(2)	(3)	(4)	(5)	(6)	(7)

Note: Numbers indicate range of importance: (1), moderately important or less; (4), quite important; (7) extremely important.