

# Service and People

## *Final Report*



2008/01/21

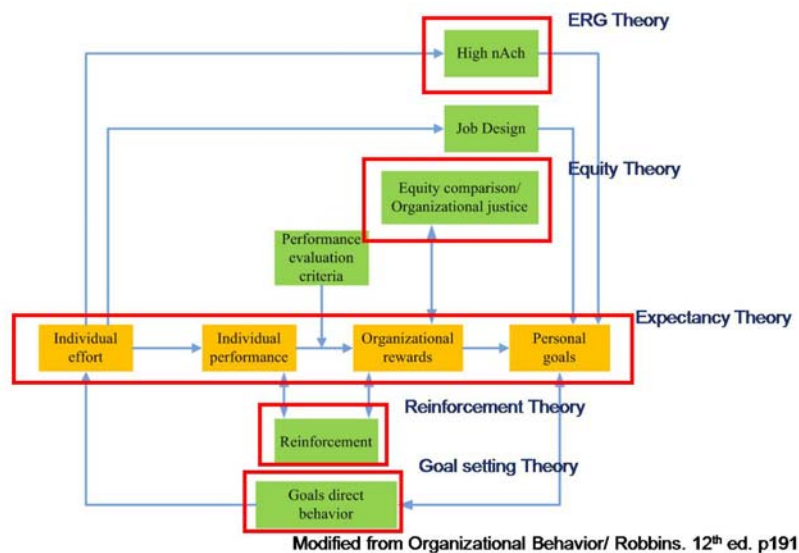
T & D: Victor Huang, Jamie Lee, Ben Huang

**Comment [JS1]:** Your report should start with an introduction and include the purpose/objectives of the report. Useful, too, is to share the structure.

## Nature of Rewards

### Motivation theories

First we introduce 5 types of well-known theories about motivation.



### ERG theory (Alderfer, 1972)

There are three groups of core needs: Existence, Relatedness, and Growth. ERG theory demonstrates that

1. more than one need may be operative at the same time, and
2. if the gratification of a higher-level need is stifled, the desire to satisfy a lower-level need increases.

ERG theory is more consistent with our knowledge of individual differences among people. Variables such as education, family background, and cultural environment can alter the importance or driving force that a group of needs holds for a particular individual. ERG theory represents a more valid version of the need hierarchy.

**Formatted:** Font: Times New Roman, 12 pt

**Comment [JS2]:** Whose?  
You need to specify

**Comment [JS3]:**

**Formatted:** Font: Times New Roman, 12 pt

**Comment [JS4]:** Space  
before bracket.

**Comment [JS5]:** Space  
needed

## Equity Theory(Adams, 1965)

Individuals compare their job inputs and outcomes with those of others and then respond to eliminate any inequities. When employees perceive an inequity, they can be predicted to make one of six choices:

1. Change their inputs
2. Change their outcomes
3. Distort perceptions of others
4. Choose a different referent
5. Leave the field

Equity theory establishes the following propositions relating to inequitable pay:

1. Given payment by time, overrewarded employees will produce more than will equitably.
2. Given payment by quantity of production,

**Comment [JS6]:** Space

**Comment [JS7]:** Not clear.  
Don't follow.

over-rewarded employees will produce fewer, but higher-quality, units than will equitably paid employees.

3. Given payment by time, under-rewarded employees will produce less or poorer quality of output.
4. Given payment by quantity of production, underrewarded employees will produce a large number of low-quality units in comparison with equitably paid employees.

Comment [JS8]: ok

Comment [JS9]: Spacing

Deleted: :

## Reinforcement theory:

The main ideas of B. F. Skinner's reinforcement theory are that external variables of which behavior is a function provide for what may be called a causal or functional analysis. We undertake to predict and control the behavior of the individual organism. This is our 'dependent variable' -- the effect for which we are to find the cause. Our 'independent variables' -- the causes of behavior -- are the external conditions of which behavior is a function. Relations between the two -- the 'cause-and-effect relationships' in behavior -- are the laws of a science.

Comment [JS10]: Reference needed

Deleted: And w

Within this theory there are several rewards type mean to it:

1. Consequences which give Rewards increase a behavior which is correlated to the business objective.
2. Consequences which give Punishments decrease a behavior.
3. Consequences which give neither Rewards nor Punishments extinguish a behavior.

Comment [JS11]: Heading breaking off the page

## Expectancy Theory :

The Expectancy Theory of Victor Vroom deals with motivation and management. Vroom's theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and minimize pain. Together with Edward Lawler and Lyman Porter, Vroom suggested that the relationship between people's behavior at work and their goals was not as simple as was first imagined by other scientists. Vroom realized that an employee's performance is based on individual's factors such as personality, skills, knowledge, experience and abilities.

Comment [JS12]: Reference needed

The expectancy theory says that individuals have different sets of goals and can be motivated if they believe that:

1. There is a positive correlation between efforts and performance,
2. Favorable performance will result in a desirable reward,
3. The reward will satisfy an important need,
4. The desire to satisfy the need is strong enough to make the effort worthwhile.

Valence refers to the emotional orientations people hold with respect to outcomes [rewards]. The depth of the want of an employee for extrinsic [money, promotion, time-off, benefits] or intrinsic [satisfaction] rewards. Management must discover what employees' value. Expectancy Employees have different expectations and levels of confidence about what they are capable of doing.

Vroom suggests that an employee's beliefs about Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain. This force can be 'calculated' via the following formula:  $\text{Motivation} = \text{Valence} \times \text{Expectancy} (\text{Instrumentality})$ . This

formula can be used to indicate and predict such things as job satisfaction, one's occupational choice, the likelihood of staying in a job, and the effort one might expend at work.

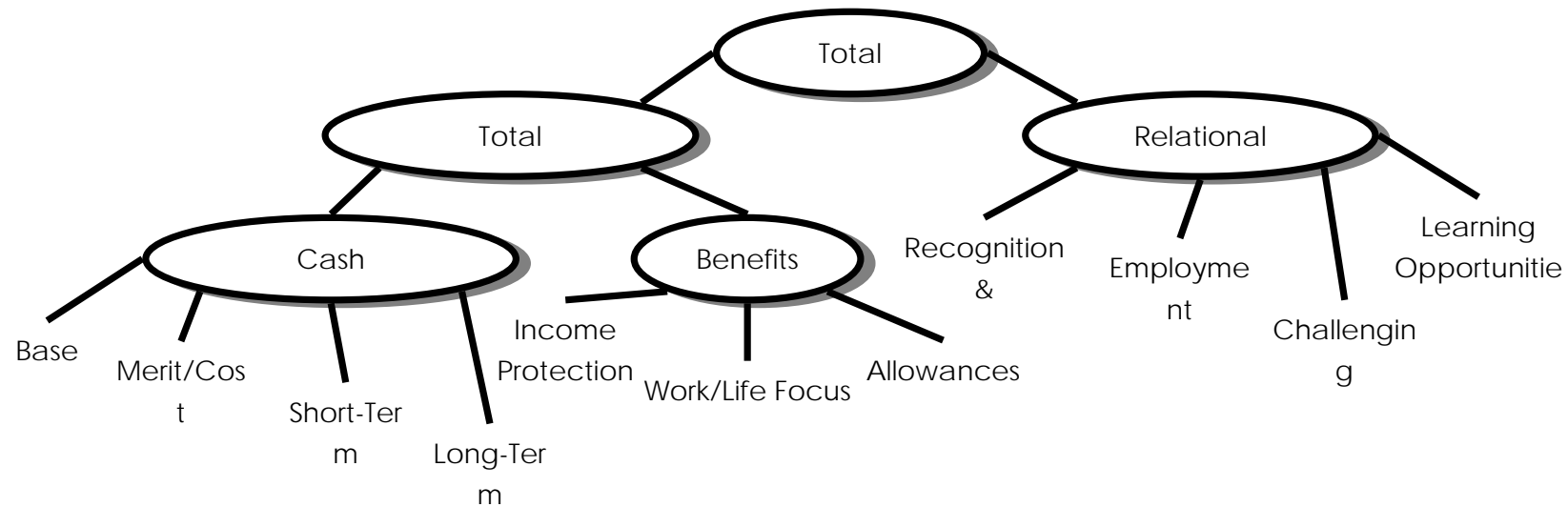
### Goal setting Theory :

The proposition that specific goal increase performance, and that performance and that difficult goals, when accepted, result in higher performance than do easy goals. There should be clearly, challenge, and feedback. And within this motivation value, employer should add goal setting process during rewards.

**Comment [JS13]:**

References

### Rewards Approach



### Total Returns for Work

In the organization, reward refers to the composite of organizational mechanisms and strategies used to formally acknowledge employee behaviors and performance. It includes all forms of compensation, promotions, and assignments; nonmonetary awards and recognitions; training opportunities; job design and analysis; organizational design and working conditions; the supervisor; social network; performance standards and reward criteria; performance evaluation; and the like.

## Cash Compensation:

**Base** - Cash compensation an employer pays for work performed; it reflects value of work or skills and generally ignores differences attributable to individual employees.

**Merit Pay/Cost-of-Living Adjustments** - Involve periodic adjustments to base wages based on changes in what other employers are paying, changes in overall cost of living, or changes in experience or skill.

**Incentives** - Tie pay increases directly to performance. Characteristics are (1) Does not increase base wage and must be re-earned each pay period; and (2) Potential size of incentive payment will be known beforehand.

**Long-Term Incentives** - Incentives may be short- or long-term. Long-term incentives are intended to focus employee efforts on multiyear results.

## Benefits:

**Income Protection** - Included in transactional returns, some income protection programs are legally required. They help protect employees from financial risks inherent in daily life.

Deleted:

**Work/Life Focus** - Include programs which help employees better integrate their work and life responsibilities. Categories include time away from work (vacations, jury duty); access to service to meet specific needs (drug counseling, financial planning); and flexible work arrangements (telecommuting).

**Allowances** - Often grow out of whatever is in short supply; for example, housing and transportation allowances are frequently part of the pay package in China.



Total Earnings Opportunities: Present Value of a Stream of Earnings

Up to this point compensation has been treated as something paid or received at a moment in time.

A present-value perspective shifts the comparison of today's initial offers to consideration of future bonuses, merit increases, and promotions.

**Comment [JS14]:** This doesn't seem to fit here.

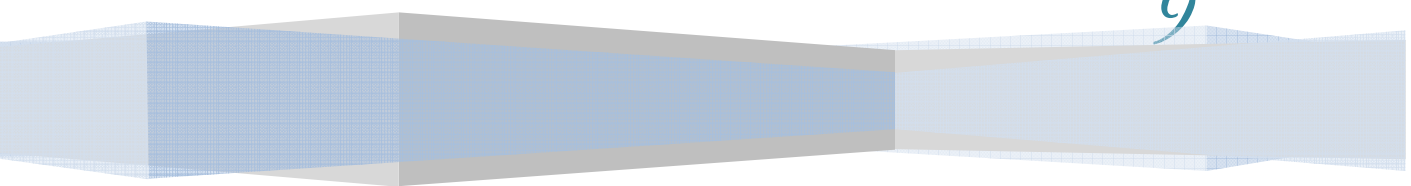
## Relational Returns

**Relational Returns from Work** – Non-financial returns from work have a substantial effect on employees' behavior. The Examples of relational returns include the recognition and status, employment security, challenging work, opportunities to learn, personal satisfaction from successfully facing new challenges, and teaming with great co-workers.

**Organization as a Network of Returns** - It is useful to view an organization as a network of returns created by all the different forms of pay, including total compensation and relational returns.

## Kohn & Other experts

We conclude Kohn and some experts' view of points of rewards, base on their different background and theoretical base there are several different though of lines. We conclude in below:



---

## Kohn

## Other experts

### 1. pay is not a motivator

Compensation package is an important component of HR practice. (Eileen Appelbaum)

Generous compensation, including companywide profit sharing, does work when it is presented as the equitable outcome of creative competence. (Teresa M. Amabile)

Tyco provides a compelling case study that incentives can and do work for both managers and shareholders. (Dennis Kozlowski)

What is instead of extrinsic incentives? (George P. Baker)

**Comment [JS15]:** This is useful. The problem, though, is that you are leaving the reader to draw their own conclusions.

**Comment [JS16]:** Note he is now in prison for fraud.

### 2. rewards punish

Without paying for performance, organization will lose its best people (Michael Beer) <not punishment>

The reward plan is to provide focus and facilitate improved performance. (Jerry McAdam)

Supervisors should be trained to ignore or punish politicking. (George P. Baker)

---

### 3.rupture relationship

The rewards plans work when properly designed and supported; there can be something in it for everyone. (Jerry McAdam)

Mutually beneficial of share holders and TMT. (Dennis Kozlowski)

A well-designed incentive plan will induce employee cooperation. (George P. Baker)

The use of incentive plans see employees as partners. (Donita Wolters)

**Comment [JS18]:** I don't follow your formatting. Why is this box empty?

**Comment [JS17]:** The politicking comment would fit better here since that relates to rupturing relationships.

### 4.ignore underlying problems

Incentive compensation have led managers expect incentive to solve organizational problems. (Michael Beer)

Redesigning the Job and the work environment can be terrific tools to facilitate the compensation. ( Teresa M. Amabile)

The purpose of incentives is not to change employees' values but to direct their behavior in ways that will benefit the organization and the employees themselves. (Donita Wolters)

**Comment [JS19]:** Yes – dead on.

**Comment [JS20]:** space

5.rewards  
discourage  
risk-taking

The focus of incentive plan  
should be on the business  
objectives, not tasks. (Jerry  
McAdam)

**Comment [JS21]:** Ok – but  
the point is will people take  
risks to get there?

6.rewards  
undermine  
interest

Rewards can increase  
involvement and creativity  
when satisfying employees'  
intrinsic and extrinsic needs.  
(Teresa M. Amabile)

Of course, the intrinsic rewards he  
praises are extremely motivating  
where they happen to exist, but they  
are not always present and cannot  
usually be created. (Donita Wolters)

**Comment [JS22]:** Then  
should people be asked to  
do uninteresting work?  
Surely HR's role to find them  
challenging and interesting  
jobs..

**Deleted:**

## T&D's View

Jamie Y. Lee

Human Resource Vice President

Tech & Denim electronic-technology, Inc

---



Reward should satisfy employees' needs., but focus on organization's purpose; it's not a transaction (bribe) plan but a sharing atmosphere.

This sharing plan should be a guideline to be employee's working goal which have recognized by them, with incentive plan we can retain the top performance employee to do more efforts intrinsically. An appropriate reward will improve everyone's commitment and cohesion as well as performance.

**Comment [JS23]:** One key idea in one sentence.

## Policy

- Compensation base on every work context and contribution rather than position.
- Provide employees variety incentive programs with choose ability.
- Incentive programs are related to group/ team performance, when achieve the performance goal there will be a juicy fruit

**Comment [JS24]:** ?

**Comment [JS25]:** Is this from a Skinner point of view i.e., as a reinforcement of preferred behaviour or more as Amabile – that is to say the reward is presented more as an equitable sharing of profits rather than with the intention to manipulate.

**Victor Huang**

Project Manager & Cooperation Service

Try & Demo Tek Computer Inc.

---



I thought using incentive plan to motivate employee is one of useful way but not only way. As a team player, you should clearly know what is the goal. Everyone do effort to accomplish project and keep continuous forward. My company is low-hierarchy, so team member and manager can communicate without barrier. When anyone gets some problem in his work, we share knowledge one another to provide solution.

Using incentive plans represents one strategy for aligning organizational, team's and individual goals by treating employees as partners. Because of that, employee see organizational goals as his goal. When employees identify this viewpoint, they know their effort and rewards is deserved.

## Policy

- Gain sharing plan-increase employees' OCB and

**Comment [JS26]:** You need to think of other approaches too since gain sharing won't always be appropriate.

**Comment [JS27]:** Need to explain terms before using abbreviation.

capability throughout anticipant and cooperation

**Ben**

General Manager

**Treasure & Diamond Talent Acquisition and Staffing Services Corporation**

---



The intrinsic satisfaction is relatively important when employees' extrinsic needs are not satisfied very well.

Following the trend, many firms look for help from my company because they have a "personnel expense problem". I suggest them that there are two ways to go, laying off some employees or outsourcing some jobs.

Let's focus on the outsourcing part. Many companies, especially in IT industry, choose this kind of HR policy because they want to keep flexible and competitive. They don't want to spend lots of money to satisfy an employee who works on a relatively inessential job.

However, the company also likes to keep temporary employees until the contract finished at least. Based on the ERG theory, employees have three kinds of needs at the same time. Highly self-oriented employees may want flexible work

**Comment [JS28]:** Don't really follow this. Our reading of Mahesh focused on the need to be clear about how much extrinsic motivation is needed. Your expression could be reversed – intrinsic motivation is more important once extrinsic motivations are satisfied (from a Maslovian point of view).

**Comment [JS29]:** Explain more about this.



time. If the extrinsic factor can't play a good role in the temporary job, we should pay attention to the intrinsic needs such as friendship, leadership, or career development.

In Kohn's viewpoint, rewards mean material but it should be broadly defined that rewards should have two factors, extrinsic and intrinsic one.

**Comment [JS30]:** Kohn also comments about the need to change language. That is relevant here, too. Since talking of 'rewards' suggests causality and manipulation (do this-get that - i.e., rewarding for desired behaviours). In other words should more interesting / challenging work be labeled a 'reward'. In this regard I think Kohn's point is well made.

## Policy

- Job flexibility.
- Learning opportunities.
- Career plan.

## Conclusion

We introduced integrated theories of motivation at start. Expectancy theory is the main idea from one's effort to one's goals. We can also find rewards contain so many levels. The rewards we thought is focus on intrinsic levels. To sum up, when a company is doing human resource plan, they do really not stress monetary motivation, we don't regard the relationship between employees and organization as a transaction. Instead, we focus on the relational motivation factor, see employees as contributors, partners of company, so that to improve the working condition, work redesign, and gain sharing, profit sharing plan are good ways to help organization run well.

**Deleted:** And we

**Comment [JS31]:** Don't follow

**Deleted:** discipline

**Comment [JS32]:** Do not

## Reference

- Guzzo, R. (1994, January). RETHINKING REWARDS. *Harvard Business Review*, 72(1), 158-159.
- Kohn, A. (1993). Why Incentive Plans Cannot Work. *Harvard Business Review*, 71(5), 54-63.
- Milkovich, G., & Newman, J. (2004). *Compensation*. (8th ed.). Tata McGraw Hill, NY.
- Robbins, S. P., & Judge, T. A. (2007). *Organizational Behavior*. (12th ed.). Upper Saddle River, NJ: Pearson Education.

## NCKU, IMBA - FEEDBACK, CLASS PRESENTATIONS

<b>THE GROUP YOU ARE ASSESSING:</b>		<b>Save your file. Use this format:</b> <b>group being assessed your group.doc</b> <b>So an example would be TIV</b> <b>Voltes5.doc – where TIV is the</b> <b>group being assessed and Voltes5 is</b> <b>your group.</b>	
<b>T&amp;D</b>			
<b>YOUR GROUP NAME:</b>			
<b>So CRAZY</b>			
<b>A</b> Are ideas presented connected with the aim of the presentation?  40%	<b>B</b> Are the ideas presented clearly supported with evidence and logical argument?  30%	<b>C</b> Is it easy to follow & to understand? (Are the slides clear and easy to follow e.g. use of new pictures, words, graphs)  20%	<b>D</b> Overall impression (is it a group presentation etc.?)  10%

40%	25%	20%	10%
Comments (space will expand as you type) Integrating theories with chart is very clear. The presentation contained their views and the "Expert" view.			
Grade (%) 95%			

## NCKU, IMBA - FEEDBACK, CLASS PRESENTATIONS

<b>THE GROUP YOU ARE ASSESSING:</b>		<b>Save your file. Use this format:  group being assessed your group.doc</b> <b>So an example would be TIV  Voltes5.doc – where TIV is the  group being assessed and Voltes5 is  your group.</b>	
<b>T &amp; D</b>			
<b>YOUR GROUP NAME:</b>			
<b>So SWEET</b>			
<b>A</b> Are ideas presented connected with the aim of the presentation?  40%	<b>B</b> Are the ideas presented clearly supported with evidence and logical argument?  30%	<b>C</b> Is it easy to follow & to understand? (Are the slides clear and easy to follow e.g. use of new pictures, words, graphs)  20%	<b>D</b> Overall impression (is it a group presentation etc.?)  10%
35%	25%	20%	10%
Comments (space will expand as you type) 1. Pretty PPT 2. Well organized the view of Kohn and other experts' view.			
Grade (%) 90%			

## NCKU, IMBA - FEEDBACK, CLASS PRESENTATIONS

<b>THE GROUP YOU ARE ASSESSING:</b>		<b>Save your file. Use this format: group being assessed your group.doc So an example would be TIV Voltes5.doc – where TIV is the group being assessed and Voltes5 is your group.</b>	
<b>TND</b>			
<b>YOUR GROUP NAME:</b>			
<b>INSTRUCTOR</b>			
<b>A</b> Are ideas presented connected with the aim of the presentation?  40%	<b>B</b> Are the ideas presented clearly supported with evidence and logical argument?  30%	<b>C</b> Is it easy to follow & to understand? (Are the slides clear and easy to follow e.g. use of new pictures, words, graphs)  20%	<b>D</b> Overall impression (is it a group presentation etc.?)  10%

5%	5%	5%	5%
Comments (space will expand as you type) We will analyse / counselling ('ow')  'naho'  The presentation is going well - doin't forget the notes.  Well structured  Note generally customs is to use family name in presentation "Baker" or "Professor Baker suggested"  "great communication" = 'effective communication' / 'clear communcation'  'spirit level' is a building tool - 'moral' may be a more appropriate view  QU Wolters comment - are more related to the other point A guideline... how not a bribe? Improve cohesnio and commitment? (Howe Ski - what went wrong there?) Good group discussion  Report See the various comments in the report. You should work more on the presentation of your analysis. In the table, summarizing Kohn's and other experts, you don't make any clear conclusions. What is the reader supposed to understand from the comments you have selected. Why those few authors? All these points could be usefully discussed. Useful to present each of your positions and then give policy implactions. Again more depth is really needed in each (particularly the position) to develop your ideas. Further referencing would have been useful too.			

## **NCKU, IMBA - FEEDBACK, CLASS PRESENTATIONS**

---

Grade (%) 85%