WEEK FIVE

Employee Reward and Retention

- Motivation and Reward
- Reward and Recognition
- Pay and Benefits
- Total Rewards

Motivation

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be -

- desire for money
- success
- recognition
- job-satisfaction
- team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is to arouse interest in performance of employees in their jobs. The process of motivation consists of three stages:-

- 1. A felt need or drive
- 2. A stimulus in which needs have to be aroused
- 3. When needs are satisfied, the satisfaction or accomplishment of goals.

Therefore, we can say that motivation is a psychological phenomenon which means needs and wants of the individuals have to be tackled by framing an incentive plan.

Motivation is a very important for an organization because of the following benefits it provides:-

1. Puts human resources into action

Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources.

2. Improves level of efficiency of employees

The level of a subordinate or an employee does not only depend upon his qualifications and abilities. For getting best of his work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into-

- Increase in productivity,
- Reducing cost of operations, and
- Improving overall efficiency.

3. Leads to achievement of organizational goals

The goals of an enterprise can be achieved only when the following factors take place :-

- There is best possible utilization of resources,
- There is a co-operative work environment,
- The employees are goal-directed and they act in a purposive manner,
- Goals can be achieved if co-ordination and co-operation takes place simultaneously which can be effectively done through motivation.

4. Builds friendly relationship

Motivation is an important factor which brings employees satisfaction. This can be done by keeping into mind and framing an incentive plan for the benefit of the employees. This could initiate the following things:

- Monetary and non-monetary incentives,
- Promotion opportunities for employees,
- Disincentives for inefficient employees.

In order to build a cordial, friendly atmosphere in a concern, the above steps should be taken by a manager. This would help in:

- Effective co-operation which brings stability,
- Industrial dispute and unrest in employees will reduce,
- The employees will be adaptable to the changes and there will be no resistance to the change,
- This will help in providing a smooth and sound concern, in which individual interests will coincide with the organizational interests,
- This will result in profit maximization through increased productivity.

5. Leads to stability of work force

Stability of workforce is very important from the point of view of reputation and goodwill of a concern. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employees. This will lead to a good public image in the market which will attract competent and qualified people into a concern. As it is said, "Old is gold" which suffices with the role of motivation here, the older the people, more the experience and their adjustment into a concern which can be of benefit to the enterprise.

From the above discussion, we can say that motivation is an internal feeling which can be understood only by manager since he is in close contact with the employees. Needs, wants and desires are inter-related and they are the driving force to act. These needs can be understood by the manager and he can frame motivation plans accordingly. We can say that motivation therefore is a continuous process since motivation process is based on needs which are unlimited. The process has to be continued throughout.

We can summarize by saying that motivation is important both to an individual and a business.

Motivation is important to an individual as:

- 1. Motivation will help him achieve his personal goals.
- 2. If an individual is motivated, he will have job satisfaction.
- 3. Motivation will help in self-development of individual.
- 4. An individual would always gain by working with a dynamic team.

Similarly, motivation is important to a business as:

- 1. The more motivated the employees are, the more empowered the team is.
- 2. The more is the team work and individual employee contribution, more profitable and successful is the business.
- 3. During period of amendments, there will be more adaptability and creativity.
- 4. Motivation will lead to an optimistic and challenging attitude at work place.

Motivation and Reward

Types of Reward

Reward is the incentive that businesses offer in exchange for labour and productivity. A hope for a reward is a powerful incentive to motivate employees. Monetary reward and nonmonetary rewards can drive a person to better. These will include:

- 1. salary
- 2. job satisfaction,
- 3. job security,
- 4. job promotion, and
- 5. pride of accomplishment.

Therefore, incentives really can sometimes work to stimulate persons to accomplish the goals.

Motivation Incentives - Incentives to motivate employees

<u>Incentive</u> is an act or promise for greater action. It is also called as a stimulus to greater action. Incentives are something which are given in addition to wagers. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Incentives provide a spur or zeal in the employees for better performance. It is a natural thing that nobody acts without a purpose behind.

The use of incentives in business can be to achieve the following objectives:-

- To increase productivity,
- To drive or arouse a stimulus to work,
- To enhance commitment in work performance,
- To psychologically satisfy a person which leads to job satisfaction,
- To shape the behavior or outlook of subordinate towards work,
- To inculcate zeal and enthusiasm towards work,
- To get the maximum of their capabilities so that they are exploited and utilized maximally.

Therefore, management has to offer the following two categories of incentives to motivate employees:

Monetary incentives

Monetary incentives are incentives which satisfy the subordinates by providing them with rewards in terms of money. Money has been recognized as a chief source of satisfying the needs of people. Money is also helpful to satisfy the social needs by possessing various material items. Therefore, money not only satisfies psychological needs but also the security and social needs. Therefore, in many factories, various wage plans and bonus schemes are introduced to motivate and stimulate the people to work.

Non-monetary incentives

Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self- actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of "Non- monetary incentives". Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of non-financial incentives. Non- financial incentives can be of the following types:-

- Security of service- Job security is an incentive which provides great motivation to employees. If his job is secured, he will put maximum efforts to achieve the objectives of the enterprise. This also helps since he is very far off from mental tension and he can give his best to the enterprise.
- Praise or recognition- The praise or recognition is another non- financial incentive which satisfies the ego needs of the employees. Sometimes praise becomes more effective than any other incentive. The employees will respond more to praise and try to give the best of their abilities to a concern.
- Suggestion scheme- The organization should look forward to taking suggestions and inviting suggestion schemes from the subordinates. This inculcates a spirit of participation in the employees. This can be done by publishing various articles written by employees to improve the work environment which can be published in various magazines of the company. This also is helpful to motivate the employees to feel important and they can also be in search for innovative methods which can be applied for better work methods. This ultimately helps in growing a concern and adapting new methods of operations.

- Job enrichment- Job enrichment is another non- monetary incentive in which the job of a worker can be enriched. This can be done by increasing his responsibilities, giving him an important designation, increasing the content and nature of the work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees.
- Promotion opportunities- Promotion is an effective tool to increase the spirit to work in a concern. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization.

The above non-financial tools can be framed effectively by giving due concentration to the role of employees. A combination of financial and non-financial incentives help together in bringing motivation and zeal to work in a concern.

Positive Incentives

Positive incentives are those incentives which provide a positive assurance for fulfilling the needs and wants. Positive incentives generally have an optimistic attitude behind and they are generally given to satisfy the psychological requirements of employees. For example-promotion, praise, recognition, perks and allowances, etc. It is positive by nature.

Negative Incentives

Negative incentives are those whose purpose is to correct the mistakes or defaults of employees. The purpose is to rectify mistakes in order to get effective results. Negative incentive is generally resorted to when positive incentive does not work and a psychological set back has to be given to employees. It is negative by nature. For example- demotion, transfer, fines, penalties.

Classical Theories of Motivation

The motivation concepts were mainly developed around 1950's. Three main theories were made during this period. These three classical theories are-

- 1. Maslow's hierarchy of needs theory
- 2. Herzberg's Two factor theory
- 3. Theory X and Theory Y

These theories are building blocks of the contemporary theories developed later. The working mangers and learned professionals till date use these classical theories to explain the concept of employee motivation.

Maslow's hierarchy of needs theory

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. **This theory is a classical depiction of human motivation**. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies. These five needs are as follows-

- Physiological needs- These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
- 2. **Safety needs** Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
- 3. **Social needs** Social needs include the need for love, affection, care, belongingness, and friendship.
- 4. **Esteem needs** Esteem needs are of two types: internal esteem needs (self-respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).
- 5. **Self-actualization need** This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic. The self- actualization

needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. Maslow grouped the five needs into two categories – Higher-order needs and Lower-order needs.

1. Lower-order needs.

The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally.

2. Higher-order needs

The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual.

Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.



FIGURE: Maslow's Need Hierarchy Model

Implications of Maslow's Hierarchy of Needs Theory for Managers

- As far as the physiological needs are concerned, the managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.

- As far as the safety needs are concerned, the managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.
- As far as social needs are concerned, the management should encourage teamwork and organize social events.
- As far as esteem needs are concerned, the managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank / position in the organization.
- As far as self-actualization needs are concerned, the managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized. Moreover, growth opportunities can be given to them so that they can reach the peak.

The managers must identify the need level at which the employee is existing and then those needs can be utilized as push for motivation.

Limitations of Maslow's Theory

- It is essential to note that not all employees are governed by same set of needs.
 Different individuals may be driven by different needs at same point of time. It is always the most powerful unsatisfied need that motivates an individual.
- The theory is not empirically supported.
- The theory is not applicable in case of starving artist as even if the artist's basic needs are not satisfied, he will still strive for recognition and achievement.

Herzberg's Two-Factor Theory of Motivation

In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".

FIGURE: Herzberg's view of satisfaction and dissatisfaction

MOTIV	/ATORS
Satisfaction	No Satisfaction
HYGIENE F	ACTORS
No Dissatisfaction	Dissatisfaction

Herzberg classified these job factors into two categories-

- 6. Hygiene factors and
- 7. Motivational factors

Hygiene factors

Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existant at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as dissatisfiers or maintenance factors as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

- Pay The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
- Company Policies and administrative policies The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
- <u>Fringe benefits</u> The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.

- Physical Working conditions The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
- <u>Status</u> The employees' status within the organization should be familiar and retained.
- Interpersonal relations The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
- Job Security The organization must provide job security to the employees.

Motivational factors

According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. *Employees find these factors intrinsically rewarding*. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

- <u>Recognition</u> The employees should be praised and recognized for their accomplishments by the managers.
- Sense of achievement The employees must have a sense of achievement.
 This depends on the job. There must be a fruit of some sort in the job.
- Growth and promotional opportunities There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- Responsibility The employees must hold themselves responsible for the work.
 The managers should give them ownership of the work. They should minimize control but retain accountability.
- Meaningfulness of the work The work itself should be meaningful, interesting
 and challenging for the employee to perform and to get motivated.

Limitations of Two-Factor Theory

The two factor theory is not free from limitations:

- 1. The two-factor theory overlooks situational variables.
- Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.
- 3. The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.
- 4. No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.
- 5. The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.
- 6. The theory ignores blue-collar workers. Despite these limitations, Herzberg's Two-Factor theory is acceptable broadly.

Implications of Two-Factor Theory

The Two-Factor theory implies that the managers must stress upon guaranteeing the adequacy of the hygiene factors to avoid employee dissatisfaction. Also, the managers must make sure that the work is stimulating and rewarding so that the employees are

motivated to work and perform harder and better. This theory emphasize upon jobenrichment so as to motivate the employees. The job must utilize the employee's skills and competencies to the maximum. Focusing on the motivational factors can improve work-quality.

Theory X and Theory Y

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees): one of which is negative, called as Theory X and the other is positive, so called as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

Assumptions of Theory X

- An average employee intrinsically does not like work and tries to escape it whenever possible.
- Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.
- Many employees rank job security on top, and they have little or no aspiration/ ambition.
- Employees generally dislike responsibilities.
- Employees resist change.
- An average employee needs formal direction.

Assumptions of Theory Y

- Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.
- Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.
- An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.
- The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behaviour at work, while Theory Y presents an optimistic view of the employees' nature and behaviour at work. If correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory X is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

Implications of Theory X and Theory Y

- ✓ Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.
- ✓ Many organizations are using Theory Y techniques. Theory Y implies that the
 managers should create and encourage a work environment which provides
 opportunities to employees to take initiative and self-direction. Employees should

be given opportunities to contribute to organizational well-being. Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

Contemporary Theories of Motivation

ERG Theory of Motivation

To bring Maslow's need hierarchy theory of motivation in synchronization with empirical research, Clayton Alderfer redefined it in his own terms. His rework is called as ERG theory of motivation. He recategorized Maslow's hierarchy of needs into three simpler and broader classes of needs:

- 1. **Existence needs** These include need for basic material necessities. In short, it includes an individual's physiological and physical safety needs.
- Relatedness needs- These include the aspiration individual's have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition. Maslow's social needs and external component of esteem needs fall under this class of need.
- 3. **Growth needs-** These include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need.

The significance of the three classes of needs may vary for each individual.

Difference between Maslow Need Hierarchy Theory and Alderfer's ERG Theory

- ERG Theory states that at a given point of time, more than one need may be operational.
- ERG Theory also shows that if the fulfillment of a higher-level need is subdued,
 there is an increase in desire for satisfying a lower-level need.
- According to Maslow, an individual remains at a particular need level until that need is satisfied. While according to ERG theory, if a higher- level need aggravates, an individual may revert to increase the satisfaction of a lower- level need. This is called frustration- regression aspect of ERG theory. For instance-when growth need aggravates, then an individual might be motivated to accomplish the relatedness need and if there are issues in accomplishing relatedness needs, then he might be motivated by the existence needs. Thus, frustration/aggravation can result in regression to a lower-level need.

While Maslow's need hierarchy theory is rigid as it assumes that the needs follow a specific and orderly hierarchy and unless a lower-level need is satisfied, an individual cannot proceed to the higher-level need; ERG Theory of motivation is very flexible as he perceived the needs as a range/variety rather than perceiving them as a hierarchy. According to Alderfer, an individual can work on growth needs even if his existence or relatedness needs remain unsatisfied. Thus, he gives explanation to the issue of "starving artist" who can struggle for growth even if he is hungry.

Implications of the ERG Theory

Managers must understand that an employee has various needs that must be satisfied at the same time. According to the ERG theory, if the manager concentrates solely on one need at a time, this will not effectively motivate the employee. Also, the frustration-regression aspect of ERG Theory has an added effect on workplace motivation. For instance- if an employee is not provided with growth and advancement opportunities in an organization, he might revert to the relatedness need such as socializing needs and to meet those socializing needs, if the environment or circumstances do not permit, he might revert to the need for money to fulfill those socializing needs. The sooner the manager realizes and discovers this, the more immediate steps they will take to fulfill those needs which are frustrated until such time that the employee can again pursue growth.

McClelland's Theory of Needs

David McClelland and his associates proposed McClelland's theory of Needs / Achievement Motivation Theory.

This theory states that human behaviour is affected by three needs - Need for Power, Achievement and Affiliation.

- 1. Need for achievement is the urge to excel, to accomplish in relation to a set of standards, to struggle to achieve success.
- Need for power is the desire to influence other individual's behaviour as per your wish. In other words, it is the desire to have control over others and to be influential.
- 3. Need for affiliation is a need for open and sociable interpersonal relationships. In other words, it is a desire for relationship based on co-operation and mutual understanding.

The individuals with high achievement needs are highly motivated by competing and challenging work. They look for promotional opportunities in job. They have a strong urge for feedback on their achievement. Such individuals try to get satisfaction in performing things better. High achievement is directly related to high performance. Individuals who are better and above average performers are highly motivated. They assume responsibility for solving the problems at work. McClelland called such individuals as gamblers as they set challenging targets for themselves and they take deliberate risk to achieve those set targets. Such individuals look for innovative ways of performing job. They perceive achievement of goals as a reward, and value it more than a financial reward.

The individuals who are motivated by power have a strong urge to be influential and controlling. They want that their views and ideas should dominate and thus, they want to lead. Such individuals are motivated by the need for reputation and self-esteem. Individuals with greater power and authority will perform better than those possessing less power. Generally, managers with high need for power turn out to be more efficient

and successful managers. They are more determined and loyal to the organization they work for. Need for power should not always be taken negatively. It can be viewed as the need to have a positive effect on the organization and to support the organization in achieving its goals.

The individuals who are motivated by affiliation have an urge for a friendly and supportive environment. Such individuals are effective performers in a team. These people want to be liked by others. The manager's ability to make decisions is hampered if they have a high affiliation need as they prefer to be accepted and liked by others, and this weakens their objectivity. Individuals having high affiliation needs prefer working in an environment providing greater personal interaction. Such people have a need to be on the good books of all. They generally cannot be good leaders.

Goal Setting Theory of Motivation

In 1960's, Edwin Locke put forward the Goal-setting theory of motivation.

This theory states that goal setting is essentially linked to task performance.

It states that specific and challenging goals along with appropriate feedback contribute to higher and better task performance. In simple words, goals indicate and give direction to an employee about what needs to be done and how much efforts are required to be put in. The important features of goal-setting theory are as follows:

- The willingness to work towards attainment of goal is main source of job motivation. Clear, particular and difficult goals are greater motivating factors than easy, general and vague goals.
- Specific and clear goals lead to greater output and better performance.
 Unambiguous, measurable and clear goals accompanied by a deadline for completion avoids misunderstanding.
- Goals should be realistic and challenging. This gives an individual a feeling of pride and triumph when he attains them, and sets him up for attainment of next goal. The more challenging the goal, the greater is the reward generally and the more is the passion for achieving it.
- Better and appropriate feedback of results directs the employee behaviour and contributes to higher performance than absence of feedback. Feedback is a means of gaining reputation, making clarifications and regulating goal difficulties. It helps employees to work with more involvement and leads to greater job satisfaction.
- Employees' participation in goal is not always desirable.
- Participation of setting goal, however, makes goal more acceptable and leads to more involvement.
- Goal setting theory has certain eventualities such as:
 - a. **Self-efficiency** Self-efficiency is the individual's self-confidence and faith that he has potential of performing the task. Higher the level of self-efficiency, greater will be the efforts put in by the individual when they face challenging tasks. While, lower the level of self-efficiency, less will be the

- efforts put in by the individual or he might even quit while meeting challenges.
- b. Goal commitment Goal setting theory assumes that the individual is committed to the goal and will not leave the goal. The goal commitment is dependent on the following factors:
 - Goals are made open, known and broadcasted.
 - Goals should be set-self by individual rather than designated.
 - Individual's set goals should be consistent with the organizational goals and vision.

Advantages of Goal Setting Theory

- Goal setting theory is a technique used to raise incentives for employees to complete work quickly and effectively.
- Goal setting leads to better performance by increasing motivation and efforts, but also through increasing and improving the feedback quality.

Limitations of Goal Setting Theory

- At times, the organizational goals are in conflict with the managerial goals. Goal conflict has a detrimental effect on the performance if it motivates incompatible action drift.
- Very difficult and complex goals stimulate riskier behaviour.
- If the employee lacks skills and competencies to perform actions essential for goal, then the goal-setting can fail and lead to undermining of performance.
- There is no evidence to prove that goal-setting improves job satisfaction.

The Intrinsic and the 16 Basic Desires Theory

This theory has been developed from a study involving more than 6000 subjects, carried out by Professor Steven Reiss. He proposes that all human behavior is motivated are the 16 basic needs listed below:

- 1. Acceptance, the need for approval
- 2. Curiosity, the need to learn
- 3. Eating, the need for food
- 4. Family, the need to raise children
- 5. Honor, the need to be loyal to one traditional values of one's social group
- 6. Idealism, the need for social justice
- 7. Independence, the need for individuality
- 8. Order, the need for organized, stable, predictable environments.
- 9. Physical activity, the need for exercise
- 10. Power, the need for influence of will
- 11. Romance, the need for sex
- 12. Saving, the need to collect
- 13. Social Contact, the need for friends (relationships)
- 14. Status, the need for social standing/status
- 15. Tranquility, the need to be safe
- 16. Vengeance, the need to strike back/to win

REFERENCES
http://www.managementstudyguide.com/motivation_incentives.htm
http://www.psychologytoday.com/blog/who-we-are/201201/two-models-intrinsic-motivation
http://en.wikipedia.org/wiki/Motivation