MOTIVATIONAL THEORIES AND ORGANISATION DESIGN

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I. INTRODUCTION

A major determinant of the continued existence of the organisation is the design of the organisation. Anderson (1988) states that "if management makes poor design decisions, the organisation usually exhibits in adequate performance in such area as financial results, moral of employees, absenteeism, and turnover. In the worst case, chaos result". Consequently, we may say that the design of the organisation is a strategic task that should be done by management carefully because many aspects should be considered.

Furthermore, Anderson (1988) defines that organisation design as the series of decision that align the strategy (goals and purposes) of the organisation, its major task, its structure, its informal organisation, its decision and reward systems and the people who will do the work. On the other hand, Wright, et al. (1994) briefly mention that the organisation design is the manifestation of all decisions made by management as how the resources of an organisation are to be arranged in pursuit of the organisation's objectives.

The style of management adopted is a function of the manager's attitudes towards people and assumptions about human nature and behaviour. The two suppositions are called Theory X and Theory Y, and are based on polar assumptions about people and work. Management assumptions about employees, in terms of Theory X and Theory Y, influence decisions they make about organisation design.

The major task that should be done in designing organisation is to determine the form or type of organisation. The experts of contingency theory categorise the form or type of organisation into two forms, namely mechanistic (bureaucracy) and organic (adhocracy). Each type has different characteristic, advances and disadvantages.

Focusing on the design of control system and job, this paper is aiming to examine a Theory X attitude in management to impact on organisation design. The motivational effects, on the staff affected of these impacts will also be discussed. In the next section, the discussion about Theory X and Theory Y which is related to organisation design will be presented. In part III, Theory X, job design and control systems are discussed. Theory X and motivation are discussed in part IV. Finally, what motivates employees are discussed in part V.

II. THEORY X AND THEORY Y AND ORGANISATION DESIGN

Assumptions about the basic nature of 'man' are important in organisation and management since it can have significant impact on it. Relationships are structured in certain ways, compensation system are designed, communication patterns are established, authority responsibility relationships are identified, planning and control processes are established and many other pertinent organisational considerations are affected by management's basic assumption with regard to the nature of 'man'.

McGregor (1960) identifies two alternative views of people which he termed Theory X and Theory Y. He believes that Theory X assumptions, which are basically authoritarian, are held by a majority of the industrial managers in our society. Theory X assumptions:

- the average person is lazy and has inherent dislike of work.
- most people must be coerced, controlled, directed and threatened with punishment if the organisation is to achieve its objectives.
- the average person avoid responsibility, prefers to be directed, lack ambition and values security most of all.

If management holds Theory X assumptions, it is likely to manage in the following ways:

- management is responsible for organising, planning, and important decision-making.
- management directs people.
- if management does not act, the employees won't do much; therefore it is management responsibility to motivate employees.
- management can't trust employees with important decisions.

On the other extreme to Theory X is Theory Y assumptions, which are held by fewer managers. Basically, Theory Y assumptions are more egalitarian. This theory is based on the assumptions:

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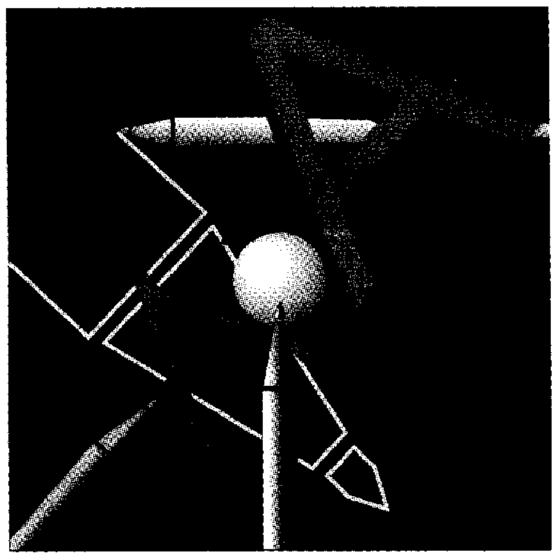
- that work is as natural as play or rest.
- people will exercise self-direction and self-control in the service of objectives to which they are committed.
- commitment to objectives is a function of rewards associated with their achievement.
- given the right conditions, the average worker can learn to accept and to seek responsibility.
- people are naturally creative and have far more capability than is generally utilised.

When managers have Theory Y assumptions, they are likely to manage in the following predictable ways:

- management can delegate important decisions to lower level.
- with the right kinds of leadership, employees won't be passive or resistant.
- employees have the ability to be high performances, to develop, to assume responsibility, and to be self-motivated. Therefore management only has to set up the right working conditions to bring out all these abilities.
- management can trust employees.



McGregor reports that Theory X assumptions are widely used but out dated, especially given society's push toward increased education and emphasis on the need for more individual responsibility. In addition, he found that following Theory X assumptions could demotivate people and become a negative self-fulfilling prophecy. McGregor himself held to the belief that assumptions of Theory Y were more valid than those of Theory X. Therefore, he proposed that participation in decision making, responsible and challenging job, and good group relations would maximise job motivation.

Unfortunately, there is no evidence to confirm that either set of assumption is valid or that accepting Theory Y assumptions and altering one's actions accordingly will make one's employees more motivated. The assumptions of either may be appropriate in a particular situation (Robbins and Mukerji, 1994). This is in line with McGregor's conclusion. In developing his theories, McGregor (1960) does not conclude that one theory is superior to the other. Rather, he observes that Theory X and Theory Y are both workable, but not for the same people. The nature of job at hand may also influence whether a manager uses Theory X or Theory Y approach.

An important implication of McGregor's postulation of Theory X and Theory Y is that the style of management adopted by managers, and the behaviour displayed towards subordinate staff, is likely to be conditioned by predisposition about people, human nature and work. It is important that managers have a highly developed sense of people perception and understand the feelings of staff, and their needs and expectations.

Burns and Stalker (1961) identify two types of organisation, namely mechanistic (bureaucracy) and organic (adhocracy). The mechanistic system is more rigid structure and more appropriate to stable condition, whereas the organic system is more fluid structure appropriate to changing conditions. In relation to McGregor's theory of human nature, Stoner (1982) suggests that a manager with strong Theory X assumptions will prefer a more mechanistic organisational structure, while a manager with Theory Y assumptions may prefer a more organic system. In addition, in characterising the organisational psychosocial system, Kast and Rosenzweig (1974) attribute a Theory X view to mechanistic organisation and Theory Y view to organic organisation.

According to Kast and Rosenzweig (1974) the attendant feature of the mechanistic and organic structure is illustrated in Table 1. It can be seen that the mechanistic type is straight line, rigid, hierarchical and very efficient operating in a stable environment. These characteristics have several advantages such as, the control system is easily applied because the organisation gets the hierarchical line; the career path system is easy to be arranged; cost efficiency is possible to be reached because of jobs standardisation.

However, the mechanistic type has several disadvantages viz. degree of freedom of the employees to innovate or to create their way in doing their jobs is limited; when the conflict occurs, it tends to bring up the informal leader; the job is routine as a consequence of specialisation; and it tends to decrease the employee's motivation.

Table 1. The attendant feature of the mechanistic and organic structure

SYSTEM / DIMENSION	MECHANISTIC	ORGANIC
Management system	Hierarchical structure of control	A network structure of control
Psychosocial system	Delineated by formal hierarchy	Diffuse
Structural system	Formal written communication	Low, few and general
Goals and values	Efficient performance	Effective problem solving
Overall organisation system	Single goal maximiser	Searching and adaptive
Environmental suprasystem	Certain, placid stable	Turbulent uncertain

Source: Adapted from Kast and Rosenzwieg (1974)

On the other hand, the organic type is always changing according to changes in the environment, continually making itself effective, to arrive at the appropriate fit. In other words, the experts of contingency theory summarise that the organic organisation is appropriate to unstable or changing conditions that give rise problems that can not be broken down or distributed automatically to the functional roles defined within a hierarchical structure. Also, it is more appropriate when the environment is relatively uncertain or turbulent, the goals are diverse and changing, the technology is complex and dynamic, there are many non-routine activities in which creativity and innovations are important.

However, the organic type has several disadvantages, namely, lack of cost efficiency because the jobs often are done by trial and error; career path is difficult to be developed because this organisation generally bears a flat structure model.

In practice, management makes decisions about organisation design based on their perceptions of the world and moreover perceptions about the motivations of the workforce. The major constraining factors (e.g. technology, environment and demographics) are interpreted by management and filtered through their prevailing view of the world.

III. THEORY X, JOB DESIGN AND CONTROL SYSTEM

The structure of the organisation and its pattern of management can affect the implementation of job design and control system. As mention above that Theory X assumptions view to mechanistic, so discussion about job design and control system will be focused on the mechanistic structure.

According to Mullins (1989), the mechanistic system is more rigid structure and is appropriate to relative stable conditions. The job is designed by specialisation, a clear hierarchical structure of authority, closely defined duties and responsibilities, and the downward flow of information. Organisations with a mechanistic structure are more readily suited, therefore to the operation and implementation of traditional system of control. Furthermore, Mullins (1989) argues that the central principle of Theory X is direction on control through a centralised system of organisation and the exercise of authority with organisational requirements taking precedent over the needs of employees. Because this philosophy views people as motivated purely by economic rewards, it is presumed that enough pay or job security can be provided to cause people to accept close direction and control. Since motivation potential is not recognised in people, there is no reason to devote time, effort, and money to encouraging them to the tap such potential.

Gannon (1977) explains that in mechanistic organisation, authority is clearly defined and centralised. Most individuals in the hierarchy operate in a limited sphere in which their authority is restricted. This feature is logically related to the concept of division of labour: more specialised the work, the more clearly defined are the relative positions of individuals. In addition Gannon (1977) argues, that in mechanistic organisation, job and procedures used to complete the work are formal and standardised. It means that employees know exactly what procedures to follow in any situation, and what tasks is part of their jobs.

According to Child (1984), there are four particular significant strategies of control in organisation. One of them is bureaucratic control, which is fit to mechanistic structure. The approach is based on the specification of how members should behave and carry out their work. There is an attempt to ensure predictability through formal job descriptions and procedures, the breaking down tasks into constituent elements, and the specification of standard methods for the performance of tasks. Reward and punishment systems is designed to reinforce this control strategy. Compliance can be rewarded by upgrading, improved status, favourable employment benefits and job security. This control system will make use of accounting control systems such as budgetary control and standard cost variances.

IV. THEORY X AND MOTIVATION

Motivation is a very significant subject for managers. Motivation basically means an individual's needs or desires that cause him or her to act in a particular manner. Motivating the work force requires understanding individual needs on the job. It is manager's task to direct individuals so they can satisfy their needs as much as possible while they strive to accomplish the objectives of the organisation.

There are many competing theories, which attempt to explain the nature of motivation. Significant theories of motivation that directly apply to the practice of management include Maslow's hierarchy of need model, Alderfer's modified need hierarchy model, Herzberg's two factor theory and McClelland's achievement motivation theory.

According to the hierarchy of needs theory which was developed by Maslow (1943, 1954), people are motivated by five distinct types of needs: physiological, safety, love, esteem and self actualisation or self-fulfilment. These needs are arranged in a hierarchy in order of their power to motive behaviour. Based on Maslow's theory, once lower levels needs have been satisfied (say at the physiological and safety levels) giving more of the same does not provide motivation. Individuals advance up the hierarchy as each lower level need becomes satisfied.

Like Maslow, Alderfer (1972) suggests that individuals progress through the hierarchy from existence needs, to relatedness needs, to growth needs, as the lower level needs become satisfied. However, Alderfer suggests these needs are more continuum than hierarchical levels. More than one need may be activated at the same time. Individuals may also progress down the hierarchy.

ERG (standing for Existence, Relatedness and Growth) theory which is labelled by Alderfer (1972) states that an individual is motivated to satisfy one or more basic sets of needs. Therefore if a person's needs at a particular level are blocked then attention should be focused on the satisfaction of needs at the other levels. For example, if a subordinate's growth needs are blocked because the job does not allow sufficient opportunity for personal development, then the manager should attempt to provide greater opportunities for the subordinate to satisfy existence and relatedness needs.

Building on Maslow's original theory, Herzberg (1966) formulated a motivational- hygiene theory. According to this theory, there are two distinctive dimensions to the motivational problem. On one end of the continuum are those factors that can either cause or prevent dissatisfaction. Herzberg calls these "hygiene factors". They are usually known as "extrinsic" factors related to the environment in which one works, such as pay, fringe benefits, working conditions, and company policy. On the other end of the continuum are motivational factors that, if present, can actually lead to positive attitude and motivation. These are known as intrinsic factors (i.e., those related to the nature of job itself). But if these are not present, no positive attitudes result. The hygiene factors can be related roughly to Maslow's lower level needs and the motivators to Maslow's higher level needs.

Herzberg's theory, suggests that if management is to provide positive motivation then attention must be given not only to hygiene factors, but also to the motivating factors. The work of Herzberg indicates that it is more likely good performance leads to job satisfaction rather than the reverse.

McClelland (1975) identifies three secondary or socially acquired needs: power, affiliation and achievement. Each of these needs bears some resemblance to needs discussed by Maslow. For example, power might be regarded as a particular kind of social or esteem need because it concerns relations with people and status. It also be related to safety. Affiliation is a sort of bland synonym for what Maslow called love. Achievement may be comparable to some patterns of behaviour related to self-esteem or self-actualisation. A comparison of basic motivational categories proposed by Maslow, Alderfer, McClelland and Herzberg is presented in Table 2.

Table 2. A comparison of basic motivational categories

Maslow categories (hierarchy)	Alderfer categories	McClelland needs	Herzberg factors	
1. Physiological needs	Existence needs		Working conditions	HYGIENE MOTIVATOR
2. Safety needs (material) Safety needs (interpersonal)		Power	Salary & benefits Supervision	
3. Affiliation, love, social needs	Relatedness needs	Affiliation	Fellow workers	
4. Self-esteem needs (feedback from others) Self-esteem (self-confirming activities)	Growth needs	Achievement	Recognition Advancement Responsibility	
5. Self-actualisation			Job challenge	

Source: Adapted from Schein (1980)

In part II, the Theory X assumptions are discussed. The central principle of Theory X is direction and control through a centralised system of organisation and the exercise of authority. This theory can be related to the need hierarchy in the sense that the traditional view of direction and control relies on the assumption that lower-level needs are dominant in motivating people to perform organisational tasks. It is assumed that the average human being has an inherent dislike of work and will avoid it if he or she can. He or she works to satisfy physiological and safety needs primarily through financial gain. He or she may be motivated through the threat of punishment and must be coerced and controlled in order to ensure performance. It does not take into account the motivation generated within the individual for achievement in order to enhance self-respect and move toward self-actualisation. Therefore, if management holds Theory X assumptions, employee's motivation occur only at the physiological and security level of Maslow's hierarchy.

Kast and Rosenzweig (1974) state that it seems obvious that the assumptions and approaches identified in Theory X are widespread in ongoing organisations throughout the world. And these approaches seem to work. Organisational endeavour is effective; it does accomplish objectives. However, questions can be raised concerning the efficiency of this approach, particularly with reference to the use of human resources. Is the human element as productive as it might be, given other assumptions and managerial practices?

McGregor (1960) states that Theory Y assumes that people will exercise self-correction and self-control in working toward objectives to which they are committed. It assumes that individuals have potential for development, will seek responsibility, and will be motivated by esteem and self-actualisation needs which if met, will satisfy both individual and organisational objectives. In other word; under Theory Y, motivation is assumed to occur at the affiliation, esteem and self-actualisation levels of Maslow's hierarchy as well as the physiological and security levels. Therefore, if management holds Theory Y assumptions, its make significantly better use of human resources and enhance both effectiveness and efficiency of organisational endeavour.

Almost every motivation theory recognises that employees are not homogeneous. They have different needs. They also differ in terms of attitudes, interests, values, personality and other important individual variables. These factors in turn are influenced by cultural setting in which one is raised. Scanlan and Keys (1983) pointed out that there is no one theory of motivation that gives us all the answers on how to motivate people. There appear to be no formula-type answers on how motivate heterogeneous people. They also suggest that we should perhaps not be as concerned with disproving various theories of motivation as we are with shedding new light on them and building up one total knowledge.

V. WHAT MOTIVATES EMPLOYEES?

Employee motivation is a topic of considerable interest among managers and researchers. Many studies have been conducted to determine what employee want to get from their jobs. Some of the common theories used as the basis for such motivational research are Maslow's motivation hierarchy and Herzberg's concept of intrinsic and extrinsic motivating factors. A number of researchers have used a list of ten jobs-related factors pioneered by Kovach (1946).

The Kovach's seminal study, based on the responses of US industrial workers, identified ten-job related factors (shown in Table 3) that are considered important to motivating employees. Those ten job attributes were thereafter repeatedly used by other researchers to study the underlying motivation of employees working in a variety of industries.

Kovach (1987) continued to examine the job motivation of US industrial workers between 1946 and 1986. The results indicate that wants and needs of industrial workers gradually changed. The attribute that had once been top-ranked, "full appreciation of work done", was replaced by "interesting work". Also, the attribute "feeling of being involved" slid from the second to third position and "sympathetic help with personal problems" dropped from third to last position, being replaced by "full appreciation of work done". Kovach attributed the changes of job attribute preferences to prosperity and the rise in American's standard of living after World War II.

Even within a single culture and nation, Kovach (1994, 1995) and many other studies suggest that selective perception or stereotyping may occur, such that individuals report that their own needs and motives are higher, more honourable, or at least different from those of their peers and subordinates. There are numerous practical implications of studies like these. First, by knowing exactly what employees' needs and wants, and whether subgroups of employees have different preferences of various job attributes, the reward systems can be more appropriately targeted. Second, the supervisors may adopt less than optimal motivation strategies because they misperceive employees' needs and wants.

Table 3. Kovach's ten job-related factors

Job factor:
Good wages
Tactful discipline
Job security
Interesting work
Feeling of being involved
Sympathetic help with personal problems
Opportunities for advancement and development
Good working conditions
Personal loyalty to employees
Appreciation and praise for work done

Source: Kovach (1946)

Different in culture, economy, and political and management systems may lead to differences in employee job attribute preferences across countries. A number of research have shown a wide variety of preference patterns across nations (Silverthorne 1992, Fisher and Yuan 1998). Fisher and Yuan (1998), in their study to compare the preferences of job attributes between Chinese and US employees, broke the Kovach's ten job-related factors down into three classes: security/material rewards, social factors, and intrinsic/achievement themes. They found that the Chinese respondents come out clearly highest on material concerns, and equally and moderately low on social and intrinsic factors, while the American respondents come out clearly highest on intrinsic, substantially lower on material concerns, and very low on social concerns. In terms of superior/subordinate agreement, their study showed that Chinese superiors are far better attuned to their subordinates' desires than are US superiors. One of the main practical implications of study like these is the global human resources managers should learn how to formulate a recognition program that can motivate employees from different cultures. Companies that help workers from varying backgrounds feel comfortable can increase employee's productivity and job satisfaction.

VI. CONCLUSION

The style of management adopted and the behaviour displayed by managers towards subordinate staffs is likely to be conditioned by predisposition about people, human nature and work. The difference in perception about people, human nature and work has been termed Theory X and Theory Y in a famous statement by McGregor. One reason McGregor developed this distinction was to help managers critically examine their assumptions about employees. A manager with Theory X believes people basically dislike to work and need to be controlled. While a manager with Theory Y believes that people enjoy their work and want to be self-directing.

Management assumptions about employees, in terms of Theory X and Theory Y, influence decisions they make about organisation design. A manager with strong Theory X assumptions will prefer a more mechanistic organisation structure, while a manager with Theory Y assumptions may prefer a more organic system.

In mechanistic system, authority is clearly defined and centralised. Most individuals in the hierarchy operate in limited sphere in which their authority is restricted. Therefore, job is designed by specialisation; job and procedures used to complete the work are formal and standardised.

In relation to motivation, this paper is more focused on Theory X. The central principle of Theory X is direction and control through a centralised system of organisation and the exercise of authority. Motivation occurs only at the physiological and security levels of Maslow's hierarchy. The other extreme to Theory X is Theory Y. The central principle of Theory Y is the integration of individual and organisational goals. Under Theory Y, motivation is assumed to occur at the affiliation, esteem and self-actualisation levels of Maslow's hierarchy.

Some motivational theories, such as Maslow, Alderfer, McClelland and Herzberg, and their relationships with Theory X and Theory Y have been also discussed in this paper. It can be concluded that there is no one theory gives us all the answers on how to motivate heterogeneous peoples (within a single culture and nation, across nations) who have different needs, different attitudes and values. The managers must, therefore, get to know people and what is important to them individually, in order to provide a climate conducive to triggering the motivation potential in people. ■

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