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WELCOME!
Quality of Working Life

TALLINN UNIVERSITY OF TECHNOLOGY

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Performance & Productivity

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Workforce productivity is the amount of goods and services that a worker produces in a given amount of time

The OECD defines it as "the ratio of a volume measure of output to a volume measure of input" *(OECD, 2002)*

Volume measures of output are normally gross domestic product (GDP) or gross value added (GVA), expressed at constant prices i.e. adjusted for inflation.

The three most commonly used measures of input are:
1. hours worked;
2. workforce jobs; and
3. number of people in employment.

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Productivity is the ratio of output to inputs in production; it is a measure of the efficiency of production (GDP)

Labour productivity levels in Europe
OECD 2012

GDP by hour worked
in US$

over $55

$55 - $50

$50 - $45

$45 - $40

below $40

unavailable

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Psychological factors of feedback on performance

Feedback in the workplace can be received in two different types of ways
✓ Positive feedback is when an employee is praised and told what he or she is doing right and negative feedback is when an employee is corrected and told what he or she is doing wrong
✓ Positive and negative feedback in terms of work productivity are very important in the field of Industrial-organizational psychology
Feedback in the work place can be both formal and informal

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Positive feedback on performance

Positive feedback has the most impact on creating higher quality work and more work productivity overall. Positive feedback will also lead to a higher Job satisfaction level. When receiving positive feedback an employee may be told that his or her work is being done correctly and that he or she should keep up the good work. Positive feedback is used to reinforce good behavior and encourage the worked to keep working hard and creating high quality work

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Negative feedback on performance

Negative feedback has the ability to slow work production and create less quality work

However, when negative feedback is given in terms of corrective criticism then high quality work can be produced because it allows for errors to be known and made available to correct.

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Performance appraisal

A performance appraisal, performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is evaluated

Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations

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Performance appraisal

A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives

Other aspects of individual employees are considered as well, such as organizational citizenship behavior, accomplishments, potential for future improvement, strengths and weaknesses, etc.

To collect PA data, there are three main methods: objective production, personnel, and judgmental evaluation

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Performance appraisal

Complications stemming from these issues are:
1. Detrimental to quality improvement
2. Negative perceptions
3. Errors
4. Legal issues
5. Performance goals

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Improving performance appraisal

1. Training - Creating an awareness and acceptance in the people conducting the appraisals that within a group of workers, they will find a wide range in difference of skills and abilities.
2. Providing Feedback to Raters - Trained raters provide managers who evaluated their subordinates with feedback, including information on ratings from other managers. This reduces leniency errors.
3. Subordinate Participation - By allowing employee participation in the evaluation process, there is employee-supervisor reciprocity in the discussion for any discrepancies between self ratings and supervisor ratings, thus, increasing job satisfaction and motivation

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Productivity

Workforce productivity can be measured in 2 ways, in physical terms or in price terms:
1. the intensity of labour effort, and the quality of labour effort generally.
2. the creative activity involved in producing technical innovations.
3. the relative efficiency gains resulting from different systems of management, organization, co-ordination or engineering.
4. the productive effects of some forms of labour on other forms of labour

These aspects of productivity refer to the qualitative dimensions of labour input

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Performance management

Performance management includes activities which ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product of service, as well as many other areas *(Rausch, Sheta, Ayesh, 2013)*

Performance management is also known as a process by which organizations align their resources, systems and employees to strategic objectives and priorities

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Performance management

Human resource management conducts performance management. Performance management systems consist of the activities and/or processes embraced by an organization in anticipation of improving employee performance, and therefore, organizational performance

Consequently, performance management is conducted at the organizational level and the individual level

At the organizational level, performance management oversees organizational performance and compares present performance with organizational performance goals

The achievement of these organizational performance goals depends on the performance of the individual organizational members

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Performance measurement

1. Objective production
2. The happy-productive worker hypothesis - The happy-productive worker hypothesis states that the happiest workers are the most productive performers, and the most productive performers are the happiest workers
3. Personnel - The personnel method is the recording of withdrawal behaviors (i.e. absenteeism, accidents)
4. Judgmental evaluation - The most common types of error are leniency errors, central tendency errors, and errors resulting from the halo effect
5. Peer and Self Assessments
6. Organizational citizenship behavior
7. Performance appraisal interviews

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Factors affecting labour productivity

In a survey of manufacturing growth and performance in Britain, it was found that:

The factors affecting labour productivity or the performance of individual work roles are of broadly the same type as those that affect the performance of manufacturing firms as a whole.

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Factors affecting labour productivity

They include:
1) physical-organic, location, and technological factors;
2) cultural belief-value and individual attitudinal, motivational and behavioural factors;
3) international influences – e.g. levels of innovativeness and efficiency on the part of the owners and managers of inward investing foreign companies;
4) managerial-organizational and wider economic and political-legal environments;
5) levels of flexibility in internal labour markets and the organization of work activities – e.g. the presence or absence of traditional craft demarcation lines and barriers to occupational entry; and (6) individual rewards and payment systems, and the effectiveness of personnel managers and others in recruiting, training, communicating with, and performance-motivating employees on the basis of pay and other incentive
6) individual rewards and payment systems, and the effectiveness of personnel managers and others in recruiting, training, communicating with, and performance-motivating employees on the basis of pay and other incentives.
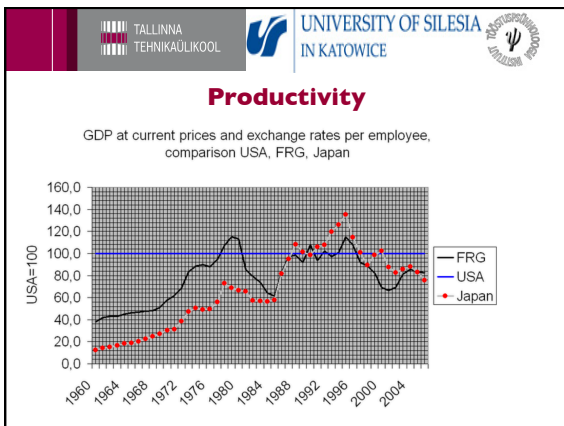
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Productivity

GDP at current prices and exchange rates per employee, comparison USA, FRG, Japan

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Motivation and Productivity in the Workplace
Motivation theories

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Motivation and productivity

Employee motivation has always been a central problem for leaders and managers
Unmotivated employees are likely to spend little or no effort in their jobs, avoid the workplace as much as possible, exit the organization if given the opportunity and produce low quality work
On the other hand, employees who feel motivated to work are likely to be persistent, creative and productive, turning out high quality work that they willingly undertake

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Does motivation lead to productivity, as is commonly thought - or is the reverse true - that productivity, (being and feeling productive) leads to motivation? *(Albano, 2013)*

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According to most researchers there is a positive relationship between motivation and productivity
That is to say, when motivation increases, we should expect productivity to rise as a result. This reflects the belief that an increased motivation level causes an increase in productivity - a direct cause and effect relationship *(Albano, 2013)*

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Motivation and productivity *(Singh, 2011)*

Productivity
Employees
Resources
Systems
Processes
Goods Produced
Service Delivered
Organization

By Making work :
- Easier
- Simpler
- Quicker
- Rewarding
- Safer
- Fun!

Improves Employee Motivation

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Motivation and productivity *(Singh, 2011)*

	High Motivation/Low Productivity	High Motivation/High Productivity	
WIN-LOSE Situation	Collegial Based	Successful and fun	**WIN-WIN Situation**
	Lacks Focus	Synchronicity, Flow	
	Insufficient Sense of Urgency	Challenging Goals, Inspired Vision	
	Change Resistant-Don't Rock the Boat	Risk Taking and Innovation	
	Incompetence tolerated	Open Communication	
	New Results oriented	Continuous improvement and Learning	
	Sense of Connection		
	Low Motivation/Low Productivity	**Low Motivation/High Productivity**	
LOSE-LOSE Situation	Critical Atmosphere	Focus in Efficient	**LOSE-WIN Situation**
	Over whellm	Just Do it!! Bottom line focus	
	No Fun	Retention problems, Turnover, Burnout	
	Fear Based	Guarded	
	Fire fighting	Clear Objectives	
	Turf Protection	Driven	
	One step forward-two step back	Competitive	
	Lack Trust		

Motivation

Intrinsic motivation arises from the inner human activity:
1. interest
2. pleasure
3. satisfaction from achieving
4. realizing capability
5. verification environment

Internal motivation is supported by:
1. self-confidence and awareness of their own abilities
2. their perception of the value of group member
3. a feeling of security
4. the satisfaction and pleasure of his doings
5. self-control and independence

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Motivation

External motivation = different rewards

External motivators
REWARDS

Intrinsic motivation
(Self-motivation)

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Motivation

DRIVES NEEDS → BEHAVIOR → REWARD

FEEDBACK

Slide 1

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Motivation

HUNGER

MOTIVE / **Internal**

Purpose / **External**

FOOD

BEHAVIOR

Searching for food

ACTIVITY

ACTIVITY

Eating

Slide 2

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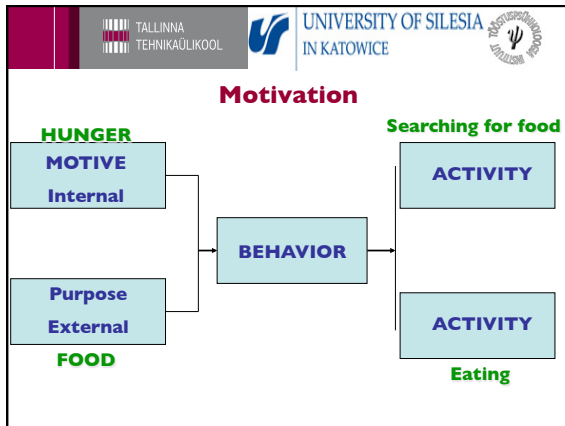
Motivation and productivity *(Latham, Pinder, 2005)*

1. needs is followed by a focus on
2. personal traits, as the latter historically have been viewed as needs or drivers
3. an individual-difference variable rooted in needs is values
4. because context affects the extent to which needs are met and values are fulfilled, emphasis is given to national culture
5. job design characteristics
6. person-context fit
7. needs and values affect cognition, particularly goals, cognition plays an integral role in each of these concepts
8. although affective reactions need not depend on cognition *(Bandura 1997)*

Slide 3

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Motivation: NEEDS

Abraham Maslow,
a psychologist and the first theorist to develop a theory of motivation based upon human needs produced a theory that had three assumptions. First, human needs are never completely satisfied. Second, human behavior is purposeful and is motivated by need for satisfaction. Third, these needs can be classified according to a hierarchical structure of importance from the lowest to highest *(Maslow, 1970)*

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Motivation *(Maslow, 1970)*

Self-actualization	morality, creativity, spontaneity, problem solving, lack of prejudice, acceptance of facts
Esteem	self-esteem, confidence, achievement, respect of others, respect by others
Love/belonging	friendship, family, sexual intimacy
Safety	security of: body, employment, resources, morality, the family, health, property
Physiological	breathing, food, water, sex, sleep, homeostasis, excretion

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Motivation: NEEDS

Ajila *(1997)* and Kamalanabhan et al. *(1999)* argued that the practical signifi- cance of Maslow's theory is widely accepted

1. physiological needs are considered in decisions regarding space, lighting, and overall working conditions;
2. safety in terms of work practices;
3. love in regard to forming cohesive work teams;
4. esteem through responsibility and recognition;
5. self-actualization in terms of opportunities for creative and challenging jobs/tasks

Need-based theories explain why a person must act; they do not explain why specific actions are chosen in specific situations to obtain specific outcomes

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Motivation   *(McGregor X-Y theory, 1960)*

Theory X and Theory Y are theories of human motivation created and developed by Douglas McGregor at the MIT Sloan School of Management in the 1960s that have been used in human resource management, organizational behavior, organizational communication and organizational development

McGregor's Theory Y in contrast to Theory X, which stated that workers inherently dislike and avoid work and must be driven to it, and Theory Y, which stated that work is natural and can be a source of satisfaction when aimed at higher order human psychological needs

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Motivation *(Deming' Z-theory, 1980)*

Theory Z itself were based on Dr. W. Edwards Deming's famous "14 points". Deming, an American scholar whose management and motivation theories were more popular outside the United States, went on to help lay the foundation of Japanese organizational development during their expansion in the world economy in the 1980s

Theory Y and Z include, an improvement of people skills, empowering their employees, stimulating change, helping employees balance work with life conflicts, and improving ethical behavior

Modern implications for companies using these theories have shown improvements in turnover rates, productivity, effectiveness, efficiency, organizational behavior, and job satisfaction

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Motivation *(McGregor X-Y theory, 1960)*

Theory X assumptions are that individuals dislike their careers. Theory X people have to be supervised

As for Theory Y assumptions are that individuals like their careers and are willing to take part in responsibility. Theory Y people don't need supervision and can be expected to turn good productive value in their jobs'

McGregor's *(1960)* Theory Y assumptions apply when the supervisor and employee share the same identity; Theory X assumptions apply when they do not do so. People are motivated to Theory Y differs from Theory X in that the latter places exclusive reliance upon external control of behavior, whereas Theory Y emphasizes self-control and self-direction

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Motivation *(McGregor X-Y theory, 1960)*

McGregor describes Theory X and Theory Y based upon Maslow's hierarchy of needs, where McGregor grouped the hierarchy into a lower order (Theory X) needs and a higher order (Theory Y) needs

McGregor suggested that management could use either set of needs to motivate employees, but better results could be gained by the use of Theory Y, rather than Theory X *(Heil, Bennis, & Stephens, 2000).*
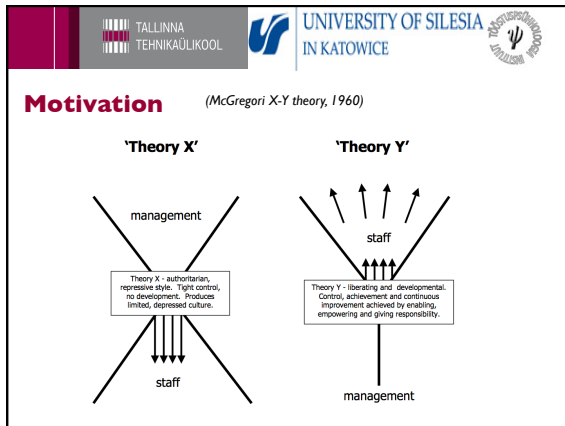
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Motivation *(McGregori X-Y theory, 1960)*

'Theory X'   'Theory Y'

management

staff

Theory X - authoritarian, repressive style. Tight control, no development. Produces limited, depressed culture.

Theory Y - liberating and developmental. Control, achievement and continuous improvement achieved by enabling, empowering and giving responsibility.

staff

management

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Motivation *(McGregori X-Y theory, 1960)*

X employee

Work does not like
It must threaten punishment
Avoids liability
Requires a formal mentoring
Requires security
A little ambitious

Y employee

The work is a natural
Self-management
Strong self-control
Responsible
Independent
Makes innovative decisions

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Motivation: TRAITS

The Achievement Motive
(McClelland, 1953)

Traits have long been considered needs or drivers: their satisfaction leads to pleasure, and lack of fulfillment leads to displeasure
(Allport 1951)

Belonging Affiliation (nAff)

Power (nPow)

Achievement (nAch)

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Motivation *(Herzberg, 1968)*

Hygiene factors affecting dissatisfaction	Motivational factors affect satisfaction
• Quality of management • Salary • Org. policy • Working conditions • Relations with coworkers • Job Security	• Promotion opportunities • Personal development • Recognition • Responsibility • Achievements

High — **Non-satisfaction with job** — 0 — **Job satisfaction** — High

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Motivation *(Herzberg, 1968)*

50 40 30 20 10 0 10 20 30 40 50

Personal achievements
Recognition
Work itself
Responsibility
Promotion
Development

MOTIVATORS

Org policy & Management
Supervision
Relationships
Working conditions
Pay

Hygiene factors
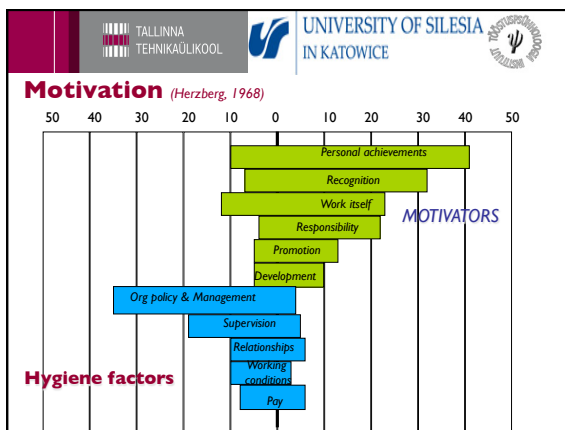
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Motivation *(Herzberg, 1968)*

	High M	Low M
High H	Strong motivation, few complaints	Low motivation, few complaints
Low H	Strong motivation, much complaints	Low motivation, much complaints

(**Motivation** = M, **Hygiene** = H)

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Motivation: Job characteristics

Motivational researchers have responded to this suggestion. More than 200 studies were conducted between 1970 and 1990 on characteristics of jobs that are determinants of attitudinal and behavioral outcomes *(Ambrose & Kulik 1999)*

Job autonomy can facilitate the time necessary for learning and development, which in turn improves job performance *(Wall & Jackson 1995)*

Edwards et al. *(2000)* found that mechanistically oriented job designs are associated with efficiency-related outcomes, whereas motivationally oriented job designs are associated with satisfaction-related outcomes

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Motivation: Cognition *(Locke & Henne,1986)*

Desires Needs → Pressure → Motive → Learning → Behavior → Satisfying needs
Cognition

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Motivation: Justice theory *(Greenberg, 1987)*

✓ Activity
✓ Education
✓ Job
✓ Skills
✓ Gender

✓ Social rewards
✓ Benefits
✓ Recognition
✓ Actual salary
✓ Bonuses

Input   **Output**

Slide 1

Motivation: Expectations theory

Expectation states theory is a social psychological theory first proposed by Joseph Berger

The theory attempts to explain: "When a task-oriented group is differentiated with respect to some external status characteristic, this status difference determines the observable power and prestige within the group whether or not the external status characteristic is related to the group task" *(Berger, Cohen, & Zeldich, 1972)*

Slide 2

Motivation: Expectations theory

Assumption - human behavior depends on the perceived outcome

When I try, whether it will succeed?   *If I do, can I get a reward?*

EFFORT → Accomplishments or level of performance → Results or rewards

The effort of action expectation

Activity – reward compliance

The value of reward

Abilities Skills Training Equipment, tools

Harmony

Is this reward that I wanted?

Slide 3

Motivation

Material interests   **Social interests**   **Creative interests**

Mental

Social

Biological

Motivation

Positive confirmation - ensures repetition of the behavior, and positively associated with pleasant

Avoidance - do not pay attention to undesirable behavior, are more successful if followed by confirmation of positive

Punishment -putting the responsibility of undesirable outcomes for employees

Erasure - suspension of positive rewards, the behavior is not confirmed, and no longer reduces the probability of its occurrence

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Motivation

Employee		Employer
1	Interesting work	5
2	Reward & recognition for good work	8
3	Involvement	10
4	Job security	2
5	Pay	1
6	Career & development	3
7	Good working conditions	4
8	Loyalty of management	6
9	Reasonable discipline	7
10	Help to solve personal problems	9

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Motivation

80 to 90%

ABILITIES

Influence of motivation

20 to 30%

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Productivity

Productivity = Motivation X Abilities X Opportunities

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63% of employees consider most important in your work to confirm the behavior of the immediate superior of the positive recognition

- ✓ Non-formal recognition of a higher value
- ✓ The boss immediately accepts a job well done
- ✓ The boss congratulates the achievements
- ✓ The boss writes personal thank-you letter or notice
- ✓ The boss publicly recognizes employees
- ✓ A supervisor participates in the celebrations of success

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What have to be praised?
1. Involvement and activity
2. Efforts and contribution
3. Individual development and progress
4. Cooperation with skill
5. The achievement of organizational objectives
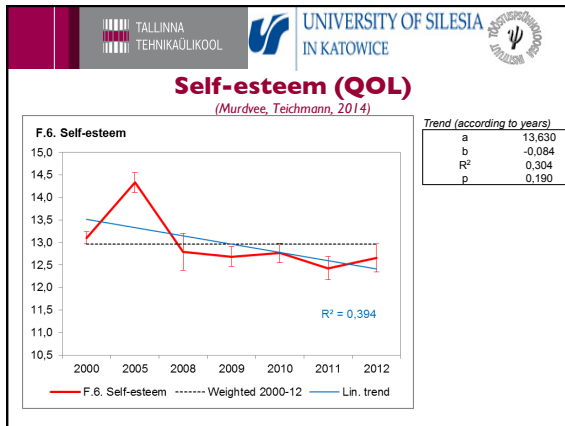6. Organizational values entered
7. Individual performance

Slide 1

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Self-esteem (QOL)
(Murdvee, Teichmann, 2014)

F.6. Self-esteem

Trend (according to years)	
a	13,630
b	-0,084
R²	0,304
p	0,190

R² = 0,394

— F.6. Self-esteem ------- Weighted 2000-12 —— Lin. trend

Slide 2

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Financial resources (QOL)
(Murdvee, Teichmann, 2014)

F.18. Financial resources

Trend (according to years)	
a	11,455
b	0,031
R²	0,015
p	0,790

R² = 0,006

— F.18. Financial resources ------- Weighted 2000-12
—— Lin. trend

Slide 3

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Praise

👍 Effective	👎 Non-effective
Approved in accordance with the employee's actual achievements and desired behavior	Occasionally and no special attention to actual achievements behavior
Defines aspects of employee achievement worthy of praise	General, do not define success
Hereby sincerely shows spontaneity, variability and reliability of other non-verbal signs	Formal, no emotions, wrong phrases

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Praise

👍 Effective	👎 Non-effective
Provides the employee with the knowledge and information about the significance of the achievement	Praise is based on a comparison with other students, and do not take into account the student's efforts, the true meaning of achievement
Helps employee to evaluate and considered valuable in their thinking, problem-solving and action	Oriented to his own compared to other employees

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Thank You!

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