



### **Acknowledgements**

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This Field Project is dedicated to my two sons, Brett and Ethan.

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## Executive Summary

The role of a manager in an organization is to get work done through his or her employees. A good manager must be able to motivate his or her employees in order to perform his or her own job function. Thus, it is important to learn and practice effective motivational techniques that will provide adequate influence on the employees to get work done.

Recessions are difficult for everyone because they are full of uncertainty. During recessions, upper management generally spends little energy on motivating their employees. However, companies need motivated employees even during a recession so that the slow economic period will be as short as possible. Motivated employees will affect how quickly the company can recover as the economy improves. This Field Project will focus on what motivational techniques a company can use during a recession.

The breakdown of this Field Project Document is as follows:

- Chapter 1 is an introduction to this Field Project.
- Chapter 2 is a discussion of motivational theories. There are many theories concerning how to provide motivation to other human beings. These theories involve many different subjects but the single common factor is understanding human nature.
- Chapter 3 discusses some motivational techniques that a manager should use during a recession when monetary rewards are not an option.
- Chapter 4 is a discussion of the effects of hard economic time on employees and some examples from the IT industry.
- Chapter 5 is a summary of the project.

- Chapter 6 offers conclusions concerning motivation during recessions. Also future areas of study will be identified.
- Chapter 7 discusses the survey results.
- Chapter 8 offers Information Technology (IT) managers advice for the next recession.

## **Chapter 1 – Introduction**

This Field Project was conceived during the recession of 2002 when IT companies were laying off employees after the fall of the Dot Coms. The stock market had declined because of the after effect of 9-11. Many businesses had cut their IT spending heavily from the levels spent during the build up to Y2K. Since the effects in the IT industry are felt second hand, the industry started taking cost cutting measures by generally reducing their staffs.

Recessions or downturns in the economy are difficult for everyone because they are full of uncertainty. During recessions, upper management generally spends little energy on motivating their employees. They spend most of their time focusing on how to survive themselves and where to make necessary cuts so that the business will survive. However, companies need motivated employees even more during a recession so that the slow economic period will be as short as possible. It is assumed that good motivation will keep employees onboard during and after a recession. This Field Project will focus on what motivational techniques a company can use during a recession.

This Field Project will be limited in scope by focusing on the IT Client Services industry even though many aspects will be applicable to all industries. The expected outcome is a blueprint of motivational techniques for both companies and managers to use during the next recession. A greater understanding of motivation will be gained through this research project.

The commonality in either a recession or other disaster is that both events are filled with uncertainty. It is human nature to let situations that have an effect on one's safety to control our actions. This field study will also focus on the factors that are missing during a recession and other problems that are not present during normal

situations. Knowledge of these factors will help an employee through a possible recession and any personal problems he may have.

Today there is a similar problem facing the economy that does not involve a downturn in IT business. Currently many technology companies such as Sprint and ABC Company are involved in mergers or sales. Sprint has merged with Nextel and faces a challenge of motivating their employees who have gone through a series of layoffs and will probably endure more as the merger progresses. ABC Company is currently being sold and there is much uncertainty as to what the future owners of the company will do with the current employees.

Businesses need motivated employees to stay competitive in their industry. All of the previous situations create uncertainty for the employees and do not encourage an engaged workforce.

## **Chapter 2 – Motivational Theories**

The role of a manager in an organization is to get work done through his or her employees. A good manager must be able to motivate his or her employees in order to perform his or her own job function. Therefore, motivation is a key subject that every manager should understand and practice in order to get the best out of their employees.

There are many theories concerning how to provide motivation to other human beings. These theories involve many different subjects but the single common factor is understanding human nature. Psychology is the study of human behavior; a basic understanding of this subject is necessary in order to provide motivation.

### **2.1. Introduction to Motivation**

Learning motivational skills is possible; one is not necessarily born with these skills. A person can be motivated or moved to perform their job function through internal or external means. An increase in motivation will directly lead to a similar increase in job productivity (Accel-Team.com, 2003). There are generally two types of motivation, intrinsic and extrinsic.

The first type of motivation, known as intrinsic, can be defined the ability to motivate oneself (Landsberger, 2003). This type of motivation involves internal factors that one can control. For example, factors that affect intrinsic motivation are purpose, fulfillment, growth, and pride to name a few. Intrinsic motivation is the ultimate type of motivation; no one can provide a more effecting means of motivation than oneself. An example of intrinsic motivation is that some people have an internal need to achieve; this is an example of intrinsic motivation.

Extrinsic motivation involves outside factors that motivate an individual (Landsberger, 2003). This type of motivation is what a manager would use to motivate

his or her employees. Some examples of extrinsic motivation are rewards and recognition offered by management. However, this type of motivation is not as effective as intrinsic motivation.

## **2.2. The Hawthorne Effect**

George Elton Mayo performed several experiments at the Western Electric Hawthorne Works plant in Chicago between 1924 and 1927. He was studying the effect of fatigue on job productivity and how to control those effects (Boone and Bowen, 1987).

During the Hawthorne experiments, Mayo segregated six women that worked on the assembly line from the rest of the factory. The women were put under a supervisor who was more a friendly observer than a disciplinarian. Mayo made many subtle schedule changes for the workers and measured the effect each change had on production. A supervisor was assigned to sit with the workers while they performed their daily tasks. He kept the workers informed about the changes in schedules and took their advice and complaints concerning the experiment.

The output of the workers increased or stayed the same in almost every situation Mayo tried. What was discovered was that the six women had become a team and felt compelled to cooperate in every variation of the experiment. The team had considerable freedom of movement. They were free to do their jobs the best way they knew how and were even asked for input from their supervisor. This freedom gave the team an increased sense of responsibility and discipline came from within the group itself.

The team had formed a social atmosphere with each other that included their supervisor who tracked their production. They even started to meet together outside of work. Mayo had discovered that when the workers were allowed to interact in a social

environment they were motivated and job performance increased. He discovered that workers are motivated by more than economic self-interest. In addition, singling out the workers by management raised their self-esteem and they felt happier when they had a friendly relationship with their supervisor. A team was formed when their supervisor asked the workers advice on working conditions and kept them informed on all changes that were made (Boone and Bowen, 1987).

The Hawthorne Effect is the common name for Mayo's studies. It states that when you single out an employee and treat that employee as an equal and friend, the employee will be motivated and perform better at his or her job function. Showing others that you are concerned about their well being will motivate them and most likely their job performance will increase. His conclusion was that every aspect of industry carried a social value (Boone and Bowen, 1987).

Today, the same is true for any work environment. When a manager genuinely pays attention to his people the rewards will be great. The act of showing people that you are concerned about them increases their job productivity, instead of performing as individuals, they perform more efficiently as a team.

### **2.3. Maslow's Hierarchy of Needs**

Abraham Maslow performed several investigations concerning human behavior between 1939 and 1943. In his findings, Maslow outlined five basic needs that all human beings strive to fulfill and that some needs take precedence over others. The five levels are physiological, safety, love, esteem, and self-actualization. See Exhibit 1 for a representation of Maslow's Hierarchy of Needs (Boone and Bowen, 1987).

At the bottom of Maslow's Hierarchy is the physiological need, which is man's need for food, water, and sleep. This is the strongest level of needs because they are the most basic that without them, humans would die. Satisfying this need will bring the safety need into focus. This safety need is one's desire for protection from danger and stability (Boone and Bowen, 1987). This need is exhibited through people who desire to live in a safe neighborhood, have job security, and savings for retirement. Children have a very strong need to feel safe.

The next need is love or the need of belonging to a group. This level brings out the need to have friends and a significant other. Humans look for other humans to interact and share their lives with. Next is esteem or the need to receive recognition. Maslow identified two levels of esteem, the first is a need for the respect of others and the second is the need for self-respect or confidence. The self-respect need is identified as a higher need because once you have self-respect, it is difficult to lose. It has also been identified that low self-esteem and inferiority complexes are the cause of most psychological problems.

The first four needs that Maslow identified, physiological, safety, love, and esteem, are identified as deficit needs. Humans will only have these needs if they are lacking in them. When the needs are met, they are no longer a central driving force. Essentially these five needs are identified as survival needs. Maslow believed that these needs are a genetic trait that all humans seek.

Maslow believed that these needs developed in stages. Newborns focus on physiological that lead to safety then the esteem need becomes the focus. If a particular

stage has a developmental problem then that need could become a fixation. Someone who has lost a parent in their childhood could become fixated on social needs.

The top level is self-actualization or growth motivation. In this final level once a person starts feeding this need, he or she will always want more. In fact the need will become stronger as it grows. Self-actualization is the desire to be the most complete and fullest one can be. However to reach and fulfill the final need stage, one has to have their lower needs meet. It is not possible to focus on being your best when you are searching for shelter or love (Boone and Bowen, 1987).

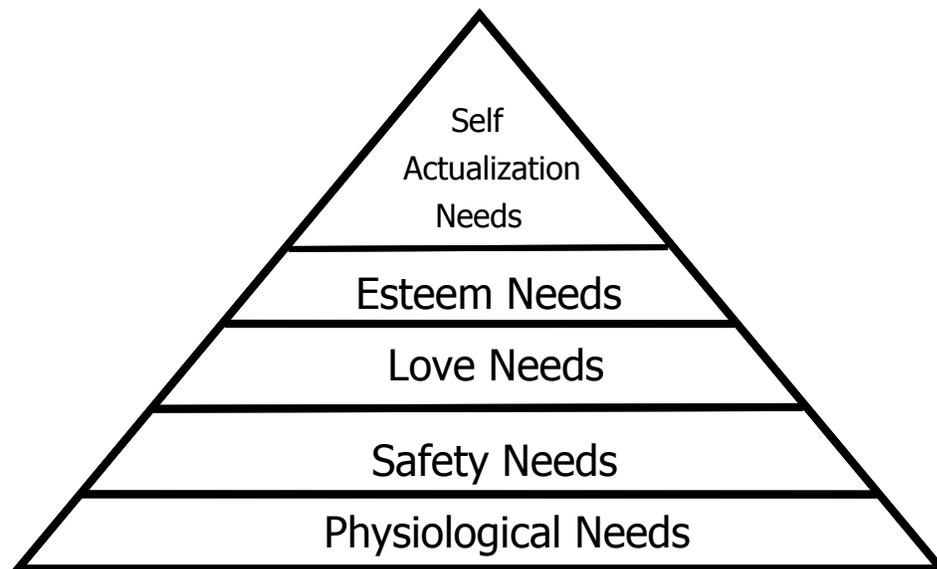


Exhibit 1. Maslow's Hierarchy of Needs (Wikipedia, 2004).

#### **2.4. Achievement Motivation**

There are some individuals who scientists have studied that have an intense need to achieve; while perhaps the majority of the population does not have a deep concern about achievement. David McClelland and his associates at Harvard University studied this trait and concluded that achievement is a distinct human motive that can be distinguished from other needs (Boone and Bowen, 1997)

These characteristics can be illustrated in an experiment that McClelland performed. During the experiment, the test subjects were asked to throw rings over a peg from any distance. The majority of the participants chose random locations; but a few carefully chose their distance. They chose the optimal distance that gave them the best chance for success while not making the task easy or impossible. It was theorized that those subjects set moderately difficult but potentially achievable goals; they have an internal need to achieve (Boone and Bowen, 1997).

Those who have the achievement trait are not risk takers but prefer to work on a problem instead of leaving it to chance. Many ordinary individuals either set goals with either minimal or great risk. Achievement motivated individuals set their goals with a moderate degree of risk. They believe that their abilities will positively affect the outcome (Boone and Bowen, 1997).

Also, those with the achievement need are more concerned with fulfilling on personal goals than any rewards that success offers them. These individuals have an internal motivation that drives them to success; they enjoy solving a difficult situation more than any praise that they receive. Any rewards that are received are viewed as a measurement of their performance (Boone and Bowen, 1997).

Achievement motivated people seek concrete feedback on their performance and are always looking for way to improve. They want to know feedback on their job performance and how they can get better. They are not interested in comments of how helpful they are at work. McClelland believed these individuals wanted to know the score for their job performance. He believed that they constantly spent time thinking about how to improve their performance (Boone and Bowen, 1997).

However, McClelland did not believe the achievement motivated individuals would make the best managers. He believed that since they are focused on constantly improving themselves, they will expect the same of others. This trait could possibly frustrate other workers who work under the achievement motivated manager. The manager would need to learn to develop the interpersonal skills by understanding that what motivates them does not necessarily motivate everyone else (Boone and Bowen, 1997).

Having achievement motivated individuals can be crucial to the success and growth of an organization. It is therefore important to identify those individuals and encourage their growth. Generally these individuals drive their own success or the constantly ask for constructive feedback.

## **2.5. Hygiene and Motivation Theory**

There are two separate factors present related to job performance. Frederick Herzberg concluded in his studies that factors that create job satisfaction are different from the ones that create motivation. These factors should be satisfied simultaneously for an optimal working environment (Boone and Bowen, 1997).

The first half of the motivation theory involved the job environment or what keeps an employee coming back to work. These hygiene factors are extrinsic to the job and if they are not present, job dissatisfaction will follow. Job satisfaction involves such factors as the working environment and supervision (Boone and Bowen, 1997).

The second half of the theory involves what employees actually do at work. All humans have a need to grow in their work environment. These factors are known as motivators and involve such things as recognition and growth potential at work. If these

factors are present, motivation will occur (Boone and Bowen, 1997). All humans are different and have different factors that motivate them. The key for manager is finding out what motivates each of their employees.

Herzberg drew samples from over 1600 employees regarding the causes of job satisfaction and job dissatisfaction. These samples were taken from all levels of employees including supervisors, professionals, managers who were nearing retirement, hospital personnel, military officers, engineers, and teachers to name a few. He concluded that motivators are the primary cause of satisfaction and hygiene factors are the primary cause of unhappiness, if the hygiene factors are met, workers will be satisfied but not motivated (Boone and Bowen, 1997).

### **2.5.1. Hygiene and Motivational Survey**

A survey is the best method to determine the factors that create job satisfaction and motivate. The results of hygiene factors and motivators from the IT industry within ABC Company are listed below.

<b>Hygiene Factors</b>
Dedication and loyalty to employer
Enjoyment of Work
Relationship with peers
Relationship with management
Company paid for Education
Job security/ seniority

<b>Movivators</b>
Pride in work
Pride in job well done
Challenging work
New opportunities/ career growth
Customer Service attitude
Fear of getting laid off
Education of new technologies

Each of the hygiene and motivators need to be satisfied simultaneously. Basically treat your people in a respectful way to limit dissatisfaction while giving people an opportunity to advance and grow through their work.

## **Chapter 3 – Motivation during Recessions**

Motivating employees is always a key issue for every manager. A motivated team will only make their manager's job easier. Even during a recession, a manager still needs to motivate his or her employees. Keeping ones employees motivated will help the team keep a positive attitude during the tough times and will help the company when the recession has ended.

Motivation usually suffers during a recession; employees become concerned with staying employed and the current state of the company rather than keeping them motivated and focusing on their goals. There are some warning signs that managers should look for during difficult economic times. Employees will take more sick days that they will use for job interviews and Internet usage increases as employees look for employment elsewhere. Also, some employees will take advantage of medical leave. Generally, long vacations are not taken as employees fear that it will only give management an excuse to let them go. Finely, some employees become very interested in company financial performance (Waldo, 2004).

During a recession, managers must continue to provide motivation to their employees and not let their attention wonder towards employment elsewhere. Fully motivated employees are a company's greatest asset. This is usually forgotten during a recession when self preservation becomes the greatest priority for everyone including management. The teams become individuals; what was once a single minded team becomes many minded individuals (Waldo 2004).

A leader is an individual that is the head of a group of employees that takes an active role in the development of the group while a manager in the same position would just coordinate the group. Leaders are themselves an active member of the group and

provide support and motivation to the team. A team is a group of employees who share similar responsibilities. For example, in the IT industry, two different teams would be Systems Servers and Network. The System team has responsibility for the servers while the Network team is responsible for the network devices throughout the company.

### **3.1. Leading during Recessions**

A good leader becomes more important for an organization during difficult economic situations. Everyone is affected by a recession: the markets slowdown, customers postpone buying, productivity is negatively affected, and leaders have a harder time making decisions. Leaders are also affected by the economic challenges of a recession. During troubled times, leaders need to focus their attention towards the organization's mission and keep their focus on the future (Modrzejewska, 2002).

Motivation is also an import aspect to continue engaging employees with during recessions. Monetary rewards are no longer available during recessions which makes keeping employees motivated a more difficult task. The best possible tools to achieve motivation are communication, education, and delegation (Wandenhoe, 2004).

Simple communication is the most effective motivational tool. Senior leaders should have taken the time to communicate the current situation of the company to their employees. They should also convey the current strategy of the company and the challenges that they are facing. Also, employees need to know just how they are contributing to the company's performance (Wandenhoe, 2004). Communication from management will also give employees a sense that management cares about them.

Education budgets are usually the first casualty during hard economic times but a recession is possibly the best time to receive the best training. The first thing that

training will accomplish is to get the employees in prime position for when the recession ends. Waiting for the recession to end before starting a training program could possibly be too late. Most importantly, training is an excellent motivational tool. This is especially true during a recession, it will send the signal that your employees are valued (Wandenhoe, 2004).

Another motivational tool to use during a recession is to give your employees a challenge and purpose. A good task for difficult times is to solve the problem of cutting costs without having to fire half of the employees. This task will keep a manager's staff challenged and will keep their minds off of looking for outside opportunities. Also, it will give you more of an opportunity as a leader to focus on communication (Wandenhoe, 2004).

### **3.2. Effective Leadership**

The most important key to weathering out a recession is an effective leader. A perfect example of an effective leader is one who leads by example. Especially during a recession, a leader needs to learn from past recessions so that they do not make the same mistakes. Leadership is a job that is best performed with a team of employees, in other words, the leader is himself a member of the team (Blanchard and Muchnick, 2004).

Leadership is really a job of team building, getting a group of individuals to act as one. Most importantly in any team is that every single person needs to know that they have an important role on the team. Also, an important system to put in place is a support structure of contact information. This support system is another method to bringing together your team, making sure that everyone realizes that you are available when there is a problem. Stressing honor within your team is also an important activity because

when one member of the team fails in a single task, it will affect the entire team (Krzyzewski and Phillips, 2000).

Discipline and respect for authority is an important aspect that a leader must instill in their employees. This can most effectively be accomplished by direct communication on a regular basis and being honest. Above all, the team needs to know that the discipline to tell the truth will be expected. This discipline can be instilled by always telling the truth to the team. Discipline will give the leaders' team the foundation to performing their jobs in the most effective manner (Krzyzewski and Phillips, 2004).

A great leader needs to be able to define what success will be for their team; success can only be determined by the leader, not others. Also, a leader needs to plan for success and be open to adjustments later. Goals should be realistic and involve all members of the team; these shared goals will create bonds between the members of the team. Every member of the team need to be fully committed to achieving the agreed upon goals, it is only when everyone strives to succeed that true success will be achieved (Krzyzewski and Phillips, 2000).

Above all things, great leaders should have integrity and have the discipline to tell the truth. When a leader treats his team with integrity, trust in the leader will follow. Leaders need to champion partnership or making sure that the team works and grows together. This partnership will bring out the true potential of the team. Finely, affirmation from the leader will let the team know that what they are doing is important (Krzyzewski and Phillips, 2000).

All leaders have specific traits that they utilize. The first trait that effective leaders should have is integrity. Having integrity not only means living up to your own

commitments but holding others accountable for their own integrity. Basically, leadership is a two-way street; leadership happens with a team not just lectures from management made to the team. By being an example of an effective employee, leaders will instill integrity towards the team. Another key factor in leading with integrity is to gain the trust of the team. This trust can best be gained by living up to ones word (Blanchard and Muchnick, 2004).

The next key to being an effective leader is partnership. Good relationships within ones team are key to being a leader and instilling trust within your employees. Also, sharing all information with everyone will only help; after all the entire team has the same purpose. Partnership is gained by listening to all comment and suggestions by all members of the team. This means teaching leadership skills and letting others have a chance to practice their skills (Krzyzewski and Phillips, 2000).

The final trait that every effective leader needs is affirmation. A simple thank you can be the most effective form of motivation a leader can use. It is most effective when it is given as soon as possible after the employee's action takes place and is also most effective when it is sincere. Most importantly, it becomes ineffective if it is given too often. When used in the most effective situations, sincere praise can be the most effective form of affirmation and motivation (Blanchard and Muchnick, 2004).

Combining these thee traits together is the difference between an average and a great leader. The best leaders will let their people gain from past leaning experiences and let them make their own decisions. Letting your employees make their own decision will instill confidence in their own abilities. Leaders need to spend their time making sure that the team has the resources that they need. Also, they need to make sure that they are

praising their people at the appropriate time. Above all, leaders need to make sure their employees are taking breaks when necessary to reduce stress and encouraging their teams to think for themselves (Blanchard and Muchnick, 2004).

### **3.3 Empowerment**

When a manager allows his or her workers to make their own decisions for the good of the company, he or she is empowering those workers. Empowerment increases the employees' esteem, which gives them the sense that they have a stake in the company's future. Basically, empowerment allows people to use their own experience and knowledge to forward the company's bottom line (Blanchard et al., 2001). Thus empowerment and Mayo's theories are similar because of the trust that management instills in their workers and this trust will increase the job productivity of the workforce.

Empowerment must have the backing and support of top management to succeed. If the employees see that top management is not supporting the program, they will not focus their attention towards the program. Also, this program must begin with sharing complete information with everyone. Through complete sharing the employees will understand the company's business and will also create trust. Most importantly, sharing of information will allow people to behave as if they have a personal stake in the company's future (Blanchard et al., 2001).

The next key is to give employees the flexibility they need to make their own decisions. Too many rules by management will only hinder ideas. Instead, management should provide their teams with boundaries on where the employees' energy should be focused. For example, the boundaries should provide purpose, values, image, goals, roles and structure of the business. Training should be provided to the employees so that they

have the knowledge they need. Finally, teams need to be held accountable for results (Blanchard et al., 2001)

The third key to empowerment is to replace the normal hierarchical thinking of an organization with self-management teams. These teams should be provided with direction and training so that they can make their own decisions. Above all, the team needs to be given support for change and making decisions themselves. Empowering teams will flourish when they are taught what they need to become less involved on management (Blanchard et al., 2001).

Empowerment is one of the best forms of motivation although it is not highly used. This is true because many managers believe that they need to keep control of their workers. One field that offers many examples of empowerment is engineering. However, one common theme is present in all of them; there is a culture of control and a culture of empowerment (Motivational Tool Chest, 2003).

The Chinese first used empowerment during the California Gold Rush in 1850. They brought a new idea that was foreign to the Americans: empower the workers in order to increase productivity. The Chinese management gave their front line workers the authority to make changes the authority to make changes that were required to increase productivity (Motivational Tool Chest, 2003).

At that time, the current accepted management style in the United States was control of the workforce. In addition, the public in the United States created laws that limited the industries that the Chinese could enter. Even though they were restricted, they still reopened gold mines abandoned by the Americans and made them profitable (Motivational Tool Chest, 2003)

Another example of the empowerment leadership principle is the building of the Pacific Railroad in California in 1864. The Central Pacific Railroad Company had taken note of the work of the Chinese and hired a crew to complete their railroad through the Sierra Mountains. Management of the railroad company adopted the empowerment programs of the Chinese and gave complete control to the workers to get the job done. This empowerment program was so successful that a record ten miles of track were laid in a single day (Motivational Tool Chest, 2003).

The construction of the Panama Canal is a final example of how empowerment in an engineering workplace can motivate the workforce to complete the job on time and under budget, the goal of all engineering projects. In 1904, John Wallace took the chief engineer position to complete the Panama Canal project. His leadership style was that he needed to control all aspects of the project and not let any of his subordinates make their own decisions. This technique had previously worked well for Wallace while he was in charge of railroad construction in the eastern United States. However this was not the case in Panama, at the time the living conditions in Panama were harsh, many workers died and there was no one to replace them. Thus his leadership style did not work and he closed the project after one year and blamed it on a lack of money (Motivational Tool Chest, 2003).

Another engineer named John Stevens became the chief engineer on the project. Stevens's background was from the railroad industry where the empowerment programs of the Chinese were successful. He had learned that worker turnover in the railroad construction projects was very costly because of lost productivity time and the expense of finding new workers. Thus, he had the attitude that his workers were a valuable asset and

empowered them to get the job done just as the Chinese had done during the California Gold Rush in 1850 and during his own experience with the railroad industry. Stevens was successful where Wallace was not, the project was complete on time and under budget. Stevens understood something Wallace did not, human needs (Motivational Tool Chest, 2003).

### **3.4 Motivational Techniques**

Meeting the needs of their employees is an important task to an organization. Workers have top job performance when they are engaged. Because their needs are satisfied, the workers will not look outside the organization for their needs satisfaction and will be motivated to improve their job performance.

To cause anyone to be engaged, motivated or to believe in themselves, one must first believe they have something of value to offer their employees. If a manager does not believe in himself, they will have a hard time motivating others. An excellent technique to motivate people is to say something encouraging to them within the first 30 seconds of a conversation. A short positive and encouraging comment will give others energy and motivation and is a great way to show that their contribution is noticed (Maxwell and Parrott, 2005).

Another tool to engage people is to let people know that you need them. To motivate them towards being on the team, let them know that they can actively contribute towards the success of the team. Compliments are an easy way of motivating people, it is the most fundamental and straightforward method towards inspiring people. These compliments are most effective when given in a public setting. Inspire people by

showing them as who they could be in the future. This will only encourage and motivate them to strive to be their best (Maxwell and Parrott, 2005).

Encourage others to strive to achieve their dreams and never critique another persons dream. Instead offer them specific help towards making their dream a reality. All people desire to be praised, because of this fact it is important to pass on credit to coworkers. Doing so will instill trust and give others the desire to achieve. Also, active listening will make others feel like what they are saying is important. The best way to achieve this type of listening is to believe that what the other person is saying is gold. Completely eliminate outside distractions and focus on the other's person's point of view (Maxwell and Parrott, 2005).

Another technique towards motivation others is to have genuine concern for them. People will be motivated when others take the time to get to know then and have a genuine concern for them. However, this concern is more than a one time method; it will only succeed when it is used continually. A written word of encouragement is generally perceived to be more genuine than spoken words. Simple words of encouragement have the power to motivate the receiver long after the writer has forgotten about them (Maxwell and Parrott, 2005).

Helping people win is perhaps the greatest measure and motivational tool that any leader possesses. Hope is the one of the greatest and most powerful thing that helps a person though the toughest of times. It was hope instilled by Winston Churchill that helped England get through World War II and defeat the Nazis. When a leader provides help and support to one of his coworkers, that coworker will never forget him (Maxwell and Parrott, 2005).

The communality in the previous examples of motivation is that the leaders exhibit genuine concerns for their employees. It is a perfect example of the Hawthorne Effect. The concern of the leaders will cause the employees they will become motivated.

## **Chapter 4 – Examples of Motivation in the IT Industry**

A first step towards discovering how managers can keep their employees motivated during difficult economic times is to learn from past mistakes of others. Many companies tend to forget about the past and only consider how to cut costs during times when their revenues are declining. During this difficult economic time, most employees become primarily concerned with job security. When an organization lays off employees because of decreasing work, more insecurity is created. Many employees become concerned if they will be the next to go.

Even during a period when a company's future is uncertain many employees look towards outside opportunities. During this time there is not any immediate threat concerning job security. However, since the future of the company is uncertain, employee's attention tends to wonder towards other opportunities and speculating about the future of the company. All of these things happen because upper management is generally unwilling to share information.

During a recession the safety need from Maslow's Hierarchy is not being met. All higher needs that an individual desires cease to be important; the primary motivation is keeping ones job or getting another before being laid off. Also, employees tend to not have work be their primary concern.

#### **4.1. Effect on Employees**

Recessions are difficult for all members of an economy. Businesses suffer reductions in demand for their products. Consumers have little confidence in the economy so they tend to not spend but rather save their money. Because of the reduced demand, businesses have to cut their costs. This almost always involves downsizing their organizations.

Employees are the real victims of a recession; even the ones who do not lose their job suffer as a result. When an employee is laid off, one of their basic needs is not being satisfied. The physiological need from Maslow's Hierarchy is unmet because income becomes scarce. The laid off employee will reduce his or her spending and have a constant need to find other employment. However, since during a recession many industries are downsizing, employment is difficult to find.

Even employees who manage to keep their jobs are affected by the reductions in staff. The remaining employees will be left with the intense concern of keeping their own jobs, their safety need becomes in doubt. Also, they will most likely be expected to pick up the work load from the employees who have been laid off.

It is not a surprise that during recessions many employees become dissatisfied with their jobs. In fact, a survey by Spherion Corp. and Harris Interactive with over 3,200 US workers surveyed reported that over half wanted to leave their current jobs in 2003. The situation leads to more stress in the working environment. In a survey of just under 1,000 IT staffers by Computerworld magazine in 2003, 82% reported that their jobs are more stressful and 56% had a decline in their job satisfaction (Johnson, 2003). This has left many IT workers planning a job change as soon as possible to look for work elsewhere in the industry.

The discontent that is felt by many employees is only increased because many companies do not keep their employees informed about their financial situation. As a result, employees will lose trust in the companies that they work for. Motivation will suffer; it is likely that team building described by Mayo in his studies will also suffer. Generally, employees will take more sick days while they interview for other jobs. They

will also spend more of their time at work talking about the lay offs and surfing the Internet for other jobs (Waldo, 2004).

Many managers will only think on how they can keep their own jobs instead of focusing their attention on team performance. These managers typically spend much of their time with their office doors shut, which only leads to speculation by the staff about who will be next to go. In some companies, management only lets go of staff and not management. This will lead to a top heavy organization that is full of managers. Further, speculation will increase that management is only looking out for themselves. All of this usually occurs without any communication from management. Job performance will suffer as a result.

There is also another danger for companies to consider when responding to recessions by multiple rounds of layoffs. The danger is that those companies could develop a bad name and possible future employees would not consider them for a job because their past layoff record. Today, Sprint is one of those companies, they have had many rounds of layoffs and many do not know when it will be over. Thus, many employees do not even consider Sprint when looking for a new position. A survey at ABC Company revealed that only a very slim number would consider working for Sprint but only considering the opportunity offered and the history of the department that they would be working for.

#### **4.2. Motivation at ABC Company during IT Downturn**

There are many problems concerning motivation, or rather the lack of it, at ABC Company during the IT economic downturn of 2002. The vast majority of the problems are because management only thinks of their own jobs. In this section, management's

actions that do not motivate their employees will be outlined. Management can only improve the motivational techniques at ABC Company by understanding them first. The general team management refers to the level of supervisors that are directly above the employees.

Management has a very large problem with giving a simple thanks or credit to their employees for the ideas they suggest and the work that they perform. In addition, management takes credit for ideas that were originally not their own. Two basic and very simple tasks that management can easily give their employees credit and thanks, are not given which further decreases motivation.

During this time, the Network Team at ABC Company was upgrading the switches in the core of the network. The plan was to switch over all servers over to the new system on a single Saturday as well as the connectivity of every floor switch in the main building of ABC Company. A member of the Network Team suggested to management that they could move over the servers to the new systems before the final switchover. Later that day, management was pitching that same solution to others just like it was their own idea. He did not mention the fact that the idea was not his own.

Management at ABC Company is only concerned with their own self-preservation. There is currently entirely too much politics between middle and upper management at ABC Company. The situation is so bad that when management makes a mistake, they blame members of their own team. In addition, management does not want to make a decision without higher management approval. Also, the employees sometimes take the blame for the mistakes of management.

On two separate occasions within a single week management redirected the blame for his own mistakes. The first incident involved forgetting about a move that our department was making; many employees needed extra data connections in their cubes. Management tried to put the blame on another team member even though it was his responsibility.

Later the same week, management forgot that a floor in another building required more switches to handle the employees that were moving onto that floor. Only a trouble ticket notified the team that people moving onto that floor. Again, management put the blame on others when it was their own mistake. These actions only discourage the motivational level of employees.

Many of the employees at ABC Company question if management has any experience or theories concerning motivation. Management cannot make their own decisions; they always pass their decisions to higher management. In addition, they do not listen to the employees that work for them. All of these issues discourage the employees from doing anything more than the status quo. Through all of management's actions, it is apparent that they are not concerned with motivation their employees and are only concerned with keeping their own jobs.

The motivational program at ABC Company during this time was called People First however its implementation as such has failed. Management has not implemented it in a method that will promote motivation. It has become only an exercise that the employees must do every year.

This program is intended to be used as a year long program that ends with an employees review. At the beginning of each year each employee is expected to set his or

her own goals. During the year, feedback forms are expected to be filled out. These forms are basically a report on how the employee is doing. At the end of each year, three feedback forms are expected to be turned in for each employee's yearly review.

The problem with the People First program was that it didn't really focus on the employees on was its original intent. Goals were set at the start of the yearly process but no guidance was given to have these goals be either in line with corporate goals or gave any guidance on what the goals should entail. There was not any career guidance for an employee who wanted to move up in the company. Furthermore, the feedback forms became an end of the year activity since there was little mention of the program by management during the year. Most of the employees saw the whole goals and feedback forms as just an activity that didn't make a difference in their review.

#### **4.3. Sale of ABC Company**

Currently, ABC Company is going through a process that will end with the sale of the company. It had been a long process with initially many companies who expressed interest which is now down to two companies. Throughout the process many of the employees of ABC Company have had many concerns about what will happen to them after the sale.

The potential sale has brought out many of the same responses among the employees as they would have to a recession. Many of the employees have been looking elsewhere for employment and many also have many questions about what the sale will mean to their jobs and retirement funds. Management does have meetings with the staff about the sale and the progress that is being made. However even though management

has there meetings to communicate the process and how it will benefit the employees, nothing believable is said.

Everyone knows who the final two companies are but management will not say a word about the companies. Many have asked what will happen to their retirement funds but management does not have any answers. It has been discouraged by management to listen to rumors. However, rumors seem to be the only source of information about the sale. The communication seems to just be a front so that management can say that they are trying.

The effects have been that many have found employment elsewhere. Another portion believes that their days are numbered when the sale is complete. Just like what happens during hard economic times; many people are worried about their own jobs.

## **Chapter 5 – Summary**

The role of a manager in an organization is to get work done through his employees. A good manager must be able to motivate his employees in order to perform his or her own job function. Thus, it is important to learn and practice effective motivational techniques that will provide adequate influence on the employees to get work done.

There are many theories concerning how to provide motivation to other human beings. These theories involve many different subjects but the single common factor is understanding human nature. There are generally two types of motivation. Intrinsic motivation is defined as an internal ability to motivate oneself; it can also be referred to as a need to achieve. External motivation involves outside factors that motivate an individual. This is the type of motivation that is used to motivate employees.

George Elton Mayo's motivational theory is called the Hawthorne Effect. It says that when a manager genuinely pays attention to his or her people the rewards will be great. The act of showing people concern about them increases their job productivity, instead of performing as individuals, they perform more efficiently as a team. Abraham Maslow outlined five basic need needs that all humans strive for; his work is referred to as Maslow's Hierarchy of Needs. He defined the needs as physiological, safety, love, esteem, and self-actualization.

There are some individuals who scientists have studied that have an intense need to achieve; while perhaps the majority of the population does not have a deep concern about achievement. David McClelland discovered this trait and concluded that achievement is a distinct human motive that can be distinguished from other needs. Frederick Herzberg's Hygiene and Motivation Theory says that factors that create job

satisfaction or motivation are separate and distinct from factors that cause job dissatisfaction. These two need to be satisfied simultaneously for an optimal working environment.

Most importantly, not everyone is motivated by the same things. However these motivational theories do provide a good foundation of what will motivate humans.

Recessions are difficult for everyone because they are full of uncertainty. During recessions, management generally spends little energy on motivating their employees. However, companies need motivated employees even during a recession so that the slow economic period will be as short as possible. During a recession the safety need from Maslow's Hierarchy is not being met. All higher needs that an individual desires cease to be important; the primary motivation is keeping ones job or getting another before being laid off. Also, employees tend to not have work be their primary concern.

Motivation usually suffers during a recession; employees become concerned with staying employed and the current state of the company rather than keeping them motivated and focusing on their goals. There are some warning signs that managers should look for during difficult economic times. Employees will take more sick days that they possibly use for job interviews. Also, Internet usage increases as employees look for employment elsewhere. Generally, long vacations are not taken as employees fear that it will only give management an excuse to let them go. Finally, some employees become very interested in company financial performance.

Companies need to also be concerned about how they handle their employees during a recession or economic hard times. If companies do not value their employees

they can get a bad reputation. This reputation can affect future employees that might think twice before working for a company that has had multiple layoffs.

## **Chapter 6 - Conclusions**

Recessions can and will always end, and having motivated employees during the period will only increase how a company emerges. There are three distinct methods to motivate during a recession when monetary rewards are not an option.

- Communication – Simple communication is perhaps the best tool, management should take the time to discuss the current circumstances with their employees. On a scale of 1 through 10 this method received a 8.7 average score in a survey at ABC Company.
- Education – Perhaps the best time to start an education endeavor is during a recession when the regular activities of the company are diminished. It will also keep the employees knowledge base at a top level. On a scale of 1 through 10 this method received a 7.3 average score in a survey at ABC Company.
- Challenge the company's employees – Give the employees a purpose by asking them what opinions they have about what the company should do that will reduce layoffs. This will keep you staff challenged and will keep their minds on work. On a scale of 1 through 10 this method received a 5.4 average score in a survey at ABC Company.

The most important key to weathering out a recession is an effective leader. A perfect example of an effective leader is one who leads by example. Especially during a recession, a leader needs to learn from past recessions so that they do not make the same mistakes. Leadership is a job that is best performed with a team of employees, in other words, the leader is a member of the team. This leader needs to have integrity, have good relationships with members of his or her team, and lead by affirmation.

When a manager allows his or her workers to make their own decisions for the good of the company, he is empowering those workers. Empowerment increases the employees' esteem, which gives them the sense that they have a stake in the company's future. Basically, empowerment allows people to use their own experience and knowledge to forward the company's success. Empowerment will allow the employees to be directly involved with all aspect of recovering from a recession.

Meeting the needs of their employees is an important task to an organization. Workers have top job performance when they are engaged and are focused on their jobs. Because their needs are satisfied, the workers will not look outside the organization for their employment needs. The best method of engagement or motivation another is simple open and honest communication. An education program is also an excellent motivator. The trust gained through simple and honest communication will be very useful when the recession ends and training also sends a message to the employees that they are valued.

Future areas of study should be focused on the next recession. Research should be done on IT companies that use the suggestions outlined in this research paper. This study should focus on the effectiveness of employee motivation and how the companies weather the recessionary period. Statistics should be gathered on how many employees are let go during the recession both voluntarily and by the company. Also, the motivation level of the employees should be measured.

## **Chapter 7 – Survey Discussion and Results**

A survey was given to the non management members of the Client Services Department at ABC Company. The survey was given to 94 employees and 35 responded. The survey consisted of the following questions.

- Would you consider working for a company like Sprint knowing that they have had multiple rounds of layoffs?
- What are the factors that keep you working at ABC Company?
- What motivates you to perform your job better at ABC Company?

The responses to the first question about working for a company that has traditionally had many layoffs had 57.2% of the employees responding that they would not work for the company. 25.7% of the employees said that they would work for such a company while 17.1% said that they would only seek employment from that company if they were currently unemployed.

The next two questions are related to Herzberg's Hygiene and Motivational Theory.

<b>Hygiene Factors</b>
Dedication and loyalty to employer
Enjoyment of Work
Relationship with peers
Relationship with management
Company paid for Education
Job security/ seniority

<b>Movivators</b>
Pride in work
Pride in job well done
Challenging work
New opportunities/ career growth
Customer Service attitude
Fear of getting laid off
Education of new technologies

The final section was meant to measure the feasibility of the techniques found to motivate during recessions. Each employee was asked to rate the feasibility from one to ten with one meaning that no motivation would be gained and ten meaning that it is an excellent motivator.

Techniques to motivate:

- Communication – Simple communication is perhaps the best tool, management should take the time to discuss the current circumstances with their employees.
- Education – Perhaps the best time to start an education endeavor is during a recession when the regular activities of the company are diminished. It will also keep the employees knowledge base at a top level.
- Challenge the company’s employees – Gives the employees a purpose by asking them what opinions they have about what the company should do that will reduce layoffs. This will keep your staff challenged and will keep their minds on work.

Results

- Communication      Average rank: 8.7
- Education              Average rank: 7.3
- Challenge                Average rank: 5.4

There are many things that can be surmised from this survey. First, 57.2% would not work for a company that has like Sprint that has had a long history of layoffs. Thus, a company can get a bad reputation by a history of layoffs. The motivational survey suggests that different things motivate a wide range of people. It is important that a manager knows what motivates their employees.

Communication is definitely the best technique to use to motivate employees when economic times are hard since it has the highest rank in the survey. Also, education is a good second technique to engage. Giving employees a challenging task such as how to cut costs during a recession was the least effective tool. However, it will be a good tool to use with certain employees that like a challenge.

The results of this survey can be classified as a success and are not surprising. When times are difficult and job layoffs are a possibility, the most important thing to employees is communication.

## **Chapter 8 – Recommendations to IT Managers**

IT managers know that layoffs are a necessary step that companies must take when times are tough and cutbacks are needed. However, nothing is worse for employee moral than layoffs. They tend to cause rumors and questions that more layoffs are to follow.

The best solution for an IT manager to use is open and honest communication. Employees also know that companies must cut back during recessions. The employees will respect management if they know the current state of the company. Also, education is also a good motivator to use during economic hard times. Education will also keep the negative attitude of layoffs off of the employees' minds.

The survey of the Client Services Department at ABC Company demonstrates just how important communication that can be seen with quotes from the survey. These quotes demonstrate just how important communication is to an employee's career. "Communication is very important; I want honest answers to what's happening so that I can make decisions about my career. I am a single Mom with two kids, bills, house payment, etc. My obligations don't stop." "When you know when, it is a lot more beneficial towards finding other employment."

IT managers need to know that communication is the best motivation tool to use during recessions. Most importantly to companies that are already in a cost cutting mode, open and honest communication does not cost a dime. Communication is also a good motivator that can be used when times are good as well.

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## **Appendix B: Survey of ABC Company**

The following survey was given to the IT Client Services Department at ABC Company.

1. Would you consider working for a company like Sprint knowing that they have had multiple rounds of layoffs?
2. What are the factors that keep you working at ABC Company?
3. What motivates you to perform your job better at ABC Company?

The specific focus of my project has been motivation during recessions. I have found three techniques that can be used during a recession when a company is laying off employees and when monetary rewards are not available:

1. Communication – Simple communication is perhaps the best tool, management should take the time to discuss the current circumstances with their employees.
2. Education – Perhaps the best time to start an education endeavor is during a recession when the regular activities of the company are diminished. It will also keep the employees knowledge base at a top level.
3. Challenge the company's employees – Gives your people a purpose by asking them what opinions they have about what the company should do that will reduce layoffs. This will keep your staff challenged and will keep their minds on work.

Could you rank each factor on a scale of 1 – 10 with 1 being no agreement that the technique will motivate at all and 10 being total agreement the technique will motivate?