

Is Money a Motivator?

By Erin Rind



There are countless articles circulating today instructing managers on how to motivate their employees. Some theories state that all workers are motivated primarily by the need for money; so if you want to get the most out of your workforce, you pay them more. So, is money a motivator?

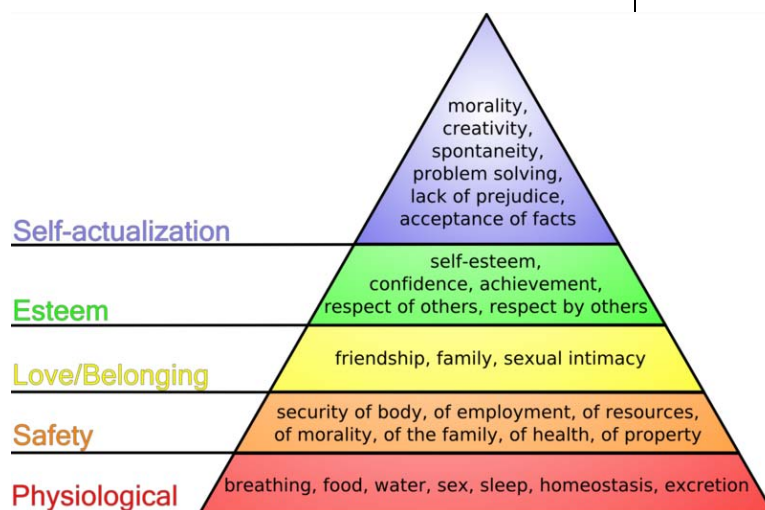
Motivation is the encouragement to do something.⁽¹⁾ There are short term motivators and there are long term motivators. There are also different levels and sides to motivation. In this article I would like to focus on three theories in particular which discuss

how as a manager you can address them in the work place: The first is Maslow's need hierarchy which led to McGregor's Theory X and Theory Y and the last theory is Herzberg's Motivation – Hygiene Theory.

Motivation is the encouragement to do something

Maslow's Hierarchy of Needs consists of five levels of needs to be

satisfied. This model suggests that as people satisfy needs on one level, they progress to the next level of needs as motivation for their behavior. It is only the unsatisfied needs which can influence behavior, not the satisfied needs.⁽¹⁾



motivational needs for an individual and

Under Maslow's Hierarchy money would be recognized within the safety category (or a base need for behavior). When you have money you feel secure, because you have a resource you need to survive. According to Maslow once that need is fulfilled you move to the next level for motivation.⁽¹⁾ In this case money itself is no longer a motivator because that need has been satisfied.

As a manager, you can use this knowledge to continue to motivate your employees. If they are already satisfied with money, in that it is no longer a primary need, you should move up the pyramid. Work to build the employee's confidence, respect them, and give the individual projects that drive him/her to satisfy the higher level needs.

Douglas McGregor took the work Maslow did with the hierarchy of needs and grouped it into two theories on how people view human behavior at work and organizational life. McGregor called this **Theory X and Theory Y**; Theory X is focused on the "lower order" needs and Theory Y focuses on the "higher order" needs identified by Maslow.⁽⁴⁾ McGregor suggests that management could use either theory to motivate employees but that the better results would stem from meeting the Theory Y needs. Let us take a closer look at two theories and how money fits into the

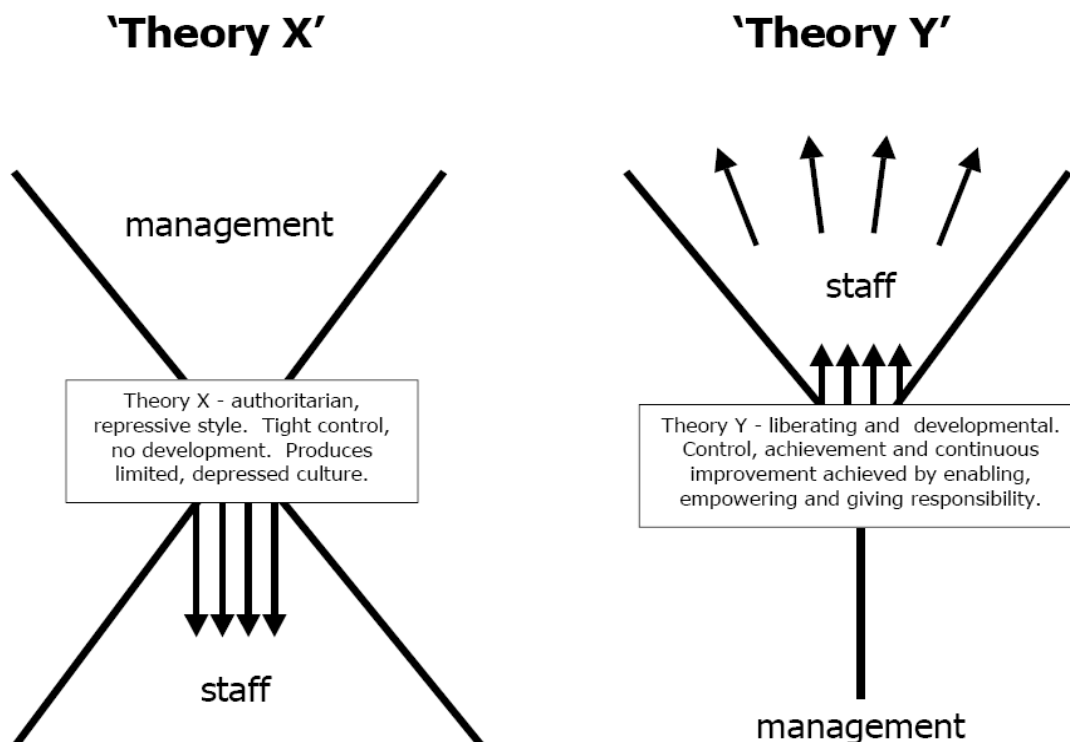
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Theory X states that management's role is to coerce and control employees:

- People have inherent dislike for work and will avoid it whenever possible.
- People must be controlled, directed or threatened in order to achieve.
- People prefer to be directed, do not want responsibility and have little ambition.
- *People seek security above all else.*⁽²⁾

Theory Y states that management's role is to develop the potential in employees and help them to release that potential towards common goals.

- Work is natural, like play and rest
- People will exercise self direction if they are committed
- People learn to accept and seek responsibility
- People have potential⁽²⁾



In Maslow's hierarchy we identified that money falls under safety, or the need for security. McGregor's theories show security under the X Theory, that above all security is what people seek. If as a manager you run your organization under Theory X, you would agree that money is a motivator for your employees. You would agree, that in order to get the most out of your workforce you should pay them more. If you manage under Theory Y, money may be a part of your business but is not what drives your employees to achieve.

The last theory I would like to look at is Herzberg's **Motivation-Hygiene Theory**. This theory focuses on the factors causing job satisfaction and the factors causing job dissatisfaction, and that they are different. Herzberg called the satisfiers *motivators* and dissatisfiers *hygiene* factors. Hygiene factors are in a sense maintenance factors that are necessary to avoid dissatisfaction but do not themselves provide satisfaction. ⁽³⁾

These factors should not be treated as opposites of each other. The opposite of satisfaction is not dissatisfaction, but rather, *no* satisfaction. Similarly, the opposite of dissatisfaction is *no* dissatisfaction. ⁽⁴⁾

Motivation factors lead to positive mental health and challenge people to grow, but at the same time do not lead to dissatisfaction. Above is a list of the

top 6 motivation factors or factors leading to satisfaction in the work place. Look at how the possibility for advancement can challenge you to grow. Before you were a manager you had an opportunity to advance in your career, to become a manager. This information motivated you to work hard and continually grow as an employee; it brought satisfaction to your job. As a manager you want to bring these factors into your workplace in order to bring the most out of your employees.

Factors Affecting Job Attitudes	
Leading to Dissatisfaction	Leading to Satisfaction
<ul style="list-style-type: none"> • Company policy • Supervision • Relationship w/Boss • Work conditions • Salary • Relationship w/Peers 	<ul style="list-style-type: none"> • Achievement • Recognition • Work itself • Responsibility • Advancement • Growth

Hygiene factors can lead to job dissatisfaction. When hygiene factors are either not present or not sufficient you feel dissatisfied. ⁽³⁾ However, they in turn do not lead to satisfaction when they are present. For instance an employees work conditions. If you have favorable work conditions it does not motivate you to work harder, it does not bring satisfaction into your job but you are comfortable so there is no dissatisfaction with your position. Look at how money works, if you get a raise for the job you are doing it does not motivate you to work harder. At the same time if you did not get the raise

you wanted or needed you become dissatisfied with your position or management.

Money or an employee's salary is a hygiene factor. It is a biological need because you need money for food, water and shelter. Money becomes a drive for all people because of this truth. It will give a short run of motivation because we need it to survive, but only the intrinsic or motivation factors can determine job satisfaction or no satisfaction.

If this theory holds true as a manager you need to provide the hygiene factors to avoid employee dissatisfaction, but also must provide the intrinsic factors to the job itself in order to satisfy your employees. Overall, this theory recognizes that true motivation comes from within a person and not from external factors. The external factors will just dissatisfy and discourage your employees if they unfavorable.

Is money a motivator? All three theories studied show that money is a biological need; it is something every person needs to sustain modern life. It is at the base of Maslow's pyramid, it is in McGregor's Theory X which focuses around Maslow's base of the pyramid and it is a hygiene factor in Herzberg's theory. All of these theories show that money is a short term motivator. If you do not have money, which causes you to go hungry, you will be motivated to take any job to fill that basic need. Once that need is met it no longer motivates you to grow in your career, it doesn't drive you to go above and beyond the bar set for your current position.

As a long term motivator money loses its power over time and can not be considered one. Because once the basic needs of an individual are met they move to other factors to motivate themselves: respect, relationships, advancement, satisfaction.

I agree with all three of our theorists that money is a necessity and if it is not present people may become dissatisfied with their jobs, but at the same time it will not motivate the individual to take the next steps in their current career. You can not just pay them more in order to get the most out of them. You need to bring other factors to the workplace in order to motivate your employees to give you their all.

About the Author:

I am a under graduate from Ferris State University, with my degree in Biology Education. I am attending Elmhurst College in pursuit of my Masters in order take my education to the next level, expand my knowledge of business fundamentals, practices and innovations and to build lasting relationships with my peers and professors. I currently work for Menlo Worldwide, a Global Third Party Logistics Provider. I one day hope to be a respected leader within the organization I work for.

Information to support this article was collected from the following sources:
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(3)NetMBA.com 2002-2006. "Herzberg's Motivation-Hygiene Theory (Two Factor Theory)." www.netmba.com.
(4)Herzberg, Frederick. 1968. "One more time: How Do You Motivate Employees". Harvard Business Review, 2003
