

EMPLOYEE MOTIVATION IN PROJECT MANAGEMENT

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EMPLOYEE MOTIVATION IN PROJECT MANAGEMENT

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ABSTRACT

The purpose of this paper was to discuss motivation theory and explore the application of motivation theory in project management. There are numerous differences between project management and traditional management, but, when it comes to motivating employees, the same motivation theories that are used in traditional management can be used to motivate employees working on projects. Nowadays, motivation theory has become a central tenet of management theory, such that the effective use of motivation theory has a significant impact on the dedication and performance of employees and, as a result, the overall success of a company.

This seminar paper presents a summary of some of the most popular motivation theories, and a review of their application to management of employees, in general, and to project management teams, specifically. Each motivation theory has advantages and disadvantages. The motivation theories discussed in this paper are Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory of Motivation, and McGregor's Theory X and Theory Y. When these theories are applied in organizations, managers must take into account the situation and make the decision of which motivation theory will work best given the situation.

My research findings suggest that there is a difference between motivating employees in project management and traditional management. In addition, this paper describes how to motivate managers and leaders, and provides several constructive proposals for building a motivated project team.

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INTRODUCTION

Competition between organizations is becoming more and more fierce, it requires organizations to operate efficiently in the present while innovate effectively for the future. Managers and leaders within these organizations not only focus on the market success and profitability of each project, but also augment their continued global competitiveness. Therefore, managers and leaders do need to motivate their employees in order to be profitable and successful.

“Motivation is the driving force within individuals that compels them physiologically and psychologically to pursue one or more goals to fulfill their needs or expectations,” (Lam and Tang, 2003, p. 61). There is general understanding of employee motivation, but it has not been thoroughly investigated in the project management setting. So this paper will introduce some popular motivation theories and investigate their application to project management by reviewing existing literature.

Statement of Problem

The problem presented in this paper was to identify how motivation theory is applied in project management. Project management has differences from traditional management, but employees working on projects also can be motivated if managers properly use these motivation theories. Yet, there is a lack of consensus of in project management as to how to properly motivate project managers and team members.

Purpose of the Research

As there has been little research aimed at understanding motivation in project management, the purpose of this research paper is to introduce some popular motivation theories and their applications in business in general, and specifically in project management. Another purpose of this paper is to outline what is known about motivating employees in project management and to identify gaps in research into motivation of project management personnel.

Significance of the Problem

As project management is becoming a more and more popular in organizations, research investigating how to motivate project management employees is of great importance to organizations and project managers. Research has shown that motivated employees are more productive than unmotivated workers, which can improve an organizations competitive position.

Assumptions

For the purpose of this paper, it was assumed that all research and reviews of the current literature were accurately reported. Also, it was assumed that the literature made recommendations on how best to use the research presented therein.

Delimitation of the Research

The research was conducted in and through the Karmann Library at the University of Wisconsin-Platteville, over a period of thirty (30) days. Primary searches were conducted through the Internet using the ABI/Informs Global database and the EBSCO host databases with Academic Source Elite, Business Source Elite,

and Academic Search Complete as the primary sources. Key search topics included “motivation theory”, “motivating employees”, “motivation theory in project management”, and “motivating project management employees”.

Method of Approach

A brief review of literature on the studies of Maslow’s Hierarchy of Needs, Herzberg’s Two-Factor Theory, McGregor’s Theory X and Theory Y motivation theories was conducted. A second review of literature focused on application of these theories was conducted. The findings were summarized and recommendations made.

Definition of Terms

Motivation : “Motivation is the driving force within individuals that compels them physiologically and psychologically to pursue one or more goals to fulfill their needs or expectations,” (Lam and Tang, 2003, p. 61).

Project: A project is a finite endeavor (having specific start and completion dates) undertaken to create a unique product or service which brings about beneficial change or added value. This finite characteristic of projects stands in contrast to processes, or operations, which are permanent or semi-permanent functional work to repetitively produce the same product or service (Dinsmore et al., 2005).

Project management: Project management is the discipline of planning, organizing and managing resources to bring about the successful completion of specific project goals and objectives (Cleland & Gareis, 2006).

LITERATURE REVIEW

History of Motivation Theories

Motivation is one of the most popular topics in organizational behavior (Stephen, 2005). Nowadays, managers are trying to find useful theories to motivate their employees. While there are a wide variety of theories on human motivation, these theories do not conflict, which means that managers can use any or all those motivation theories to motivate their employees. Managers can use these motivation theories in ways that complement each other. A brief history of motivation theory is presented in order to outline the current understanding of employee motivation.

Introduction to Maslow's Hierarchy of Needs

In 1943, psychologist Abraham Maslow published a paper titled, A Theory of Human Motivation, and later Maslow expanded on his theory of human motivation in a 1943 book, Toward a Psychology of Being. In the 1943 article, Maslow formulated a need-based framework of human motivation, which was based upon his clinical experiences with human patients.

According to Maslow's motivation theory, the answer to the question, "why people are motivated?" is that they are motivated by a variety of needs (Maslow, 1971). Maslow (1943) grouped all human needs into five "need" categories that can then be arranged in levels by importance. Thus, Maslow's Hierarchy of Needs is arranged from the lowest level to the highest level as follows: physiological needs, safety needs, social needs, esteem needs, and self-transcendence (Fig. 1).

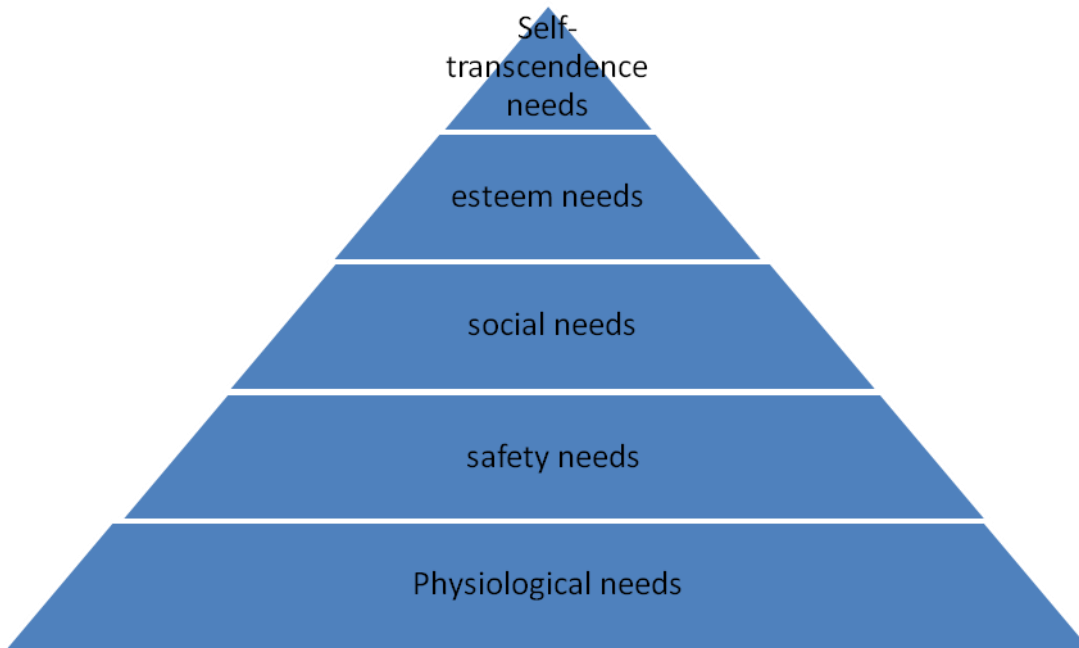


Figure 1. Maslow's Hierarchy of Needs

Physiological needs: Physiological needs are the lowest level of needs, which are the most basic needs for people. Physiological needs are also considered the requirements for human survival. If these requirements are not met, people cannot continue to function. Physiological needs include: breathing, homeostasis, water, sleep, food, excretion, and sex.

Safety needs: When people's physical needs have satisfied, they will pursue higher level needs, such as safety needs. Safety needs are driven by the need for security and protection from physical and emotion harm. Safety needs include: personal security, financial security, health and well-being, and a safety net or insurance for accidents/illness and the adverse impacts.

Social needs: Social needs are the third level of human needs, and include one's needs for affection and a sense of belonging and acceptance. Humans need to

feel a sense of belonging and acceptance. They need to love and be loved.

Esteem (Ego) needs: All humans have a need to be respected, to have self-esteem, self-respect, and to respect. Esteem presents the normal human desire to be accepted and valued by others. These include one's internal needs for self-respect, autonomy, and achievement, as well as one's external needs for status and recognition.

Self-actualization: Self-actualization is at the top of Maslow's motivation hierarchy, and focuses on the pursuit of attaining one's full potential as a person. Unlike lower level needs, this need is never fully satisfied; as one grows psychologically there are always new opportunities to continue to grow. Self-actualized people tend to have motivators such as, truth, justice, wisdom, and meaning. Self-actualized persons have frequent occurrences of peak experiences, which are energized moments of profound happiness and harmony (Maslow, 1943). According to Maslow (1971), only a small percentage of the population reaches the level of self-actualization.

Maslow's theory of motivation rests on two fundamental propositions: (1) human beings are motivated by unsatisfied needs; (2) as a particular need becomes satisfied, it becomes less of a motivator, while the next level of need becomes a greater motivator (Gray and Stark, 1984). For example, once people satisfy their physiological needs, they can pursue safety needs. For most people, the lower level needs will be more satisfied than the higher level needs. In addition, differences in satisfaction levels are likely to occur across cultures and individuals (Gray and Stark,

1984). For example, in less developed countries, lower-level needs are often poorly satisfied, whereas in North America, the lower-level needs are usually satisfied for most of the people.

Application of Maslow's Hierarchy of Needs

Maslow's Hierarchy of Needs is one of the most famous motivation theories, and it has been the focus of much interest by management researchers (Katz, 2004). The reason for its popularity is that Maslow's Hierarchy of Needs has intuitional logic and easy to understand factors. Motivation theories, especially those with intuitional logic and easy to understand factors, are popular in management. But, a general condemnation of Maslow's theory is that his Hierarchy of Needs lacks verification by research in actual organizations (Gray and Stark, 1984). Critics believe that Maslow did not provide any proof for his theory in terms of data gathered in organizations, and some researchers, who follow Maslow, are disappointed with the lack of rational arguments for aspects of Maslow's theory (Hall and Nougaim, 1972).

In general, Maslow is seen as a pioneer in understanding human motivation, but his theory has shortcomings (Gray and Stark, 1984). Maslow was the first person to recognize that human needs can be categorized into groups and these groups can be prioritized, and this was a valuable insight into human motivation theory. Maslow's theory was highly disparaged by other motivation theorists for three reasons (Gary and Stark, 1984). First, Maslow believed that once a need is fulfilled, it is not a motivating factor, which has been proven to be false. Second, Maslow believed that people worked on satisfying needs at one level at a time, while others have

demonstrated that humans can work on satisfying needs at more than one level at a time. Third, Maslow believed that once all the needs at one level are met, the person moves onto the next level and never comes back to the lower-level. Despite these criticisms, Maslow's theory of human motivation provides a basic understanding of the kinds of needs that humans have, and provides insights into how managers can motivate employees (Gray and Stark, 1984).

Introduction of Herzberg's Two-Factor Theory of Motivation

Psychologist Frederick Herzberg and colleagues (1959) proposed his Two-Factor Theory of Human Motivation, which is also named Motivation-Hygiene Theory. Herzberg believed that there exist a basic relationship between individuals and their jobs, whether assignments can be done is depending by individuals' attitudes about their jobs (Herzberg, Mausner, and Snyderman, 1959). Herzberg's Two-Factor Theory is based on the results of research into the factors in a workplace that lead to employee satisfaction.

Herzberg made use of a survey, titled, "What do people want from their jobs?" to gain insights into what workplace factors people perceived as satisfying and dissatisfying. He asked people to describe in detail which workplace factors led to satisfaction and which factors led to dissatisfaction, and then he separated the results and classified them. Figures 2 and 3 show the factors that led to extreme satisfaction and dissatisfaction, respectively (Herzberg, 2003).

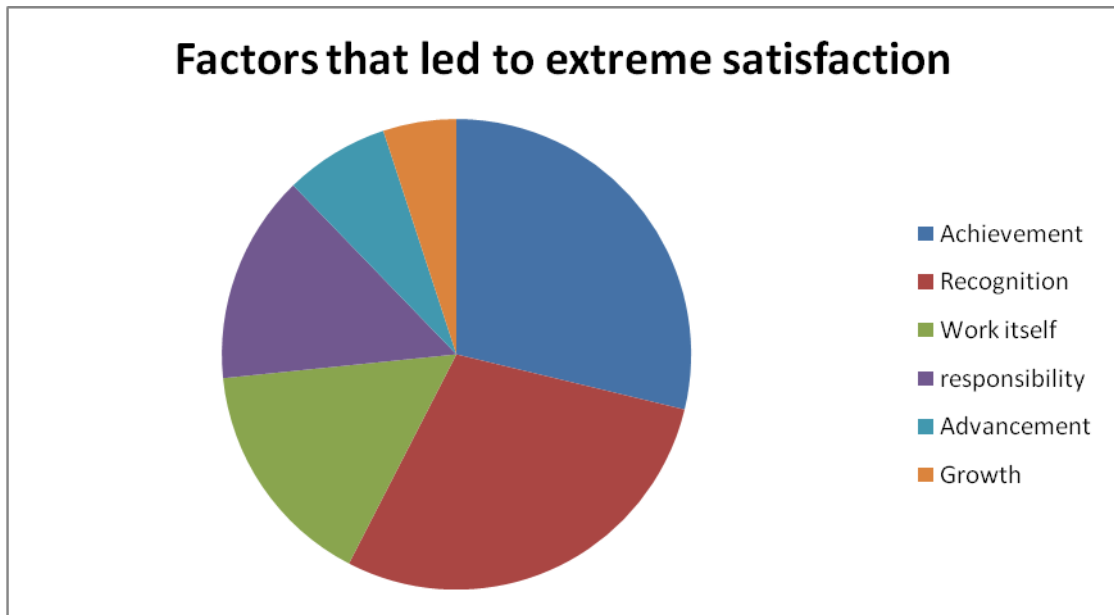


Figure 2. Factors that led to extreme satisfaction according to Herzberg (2003).

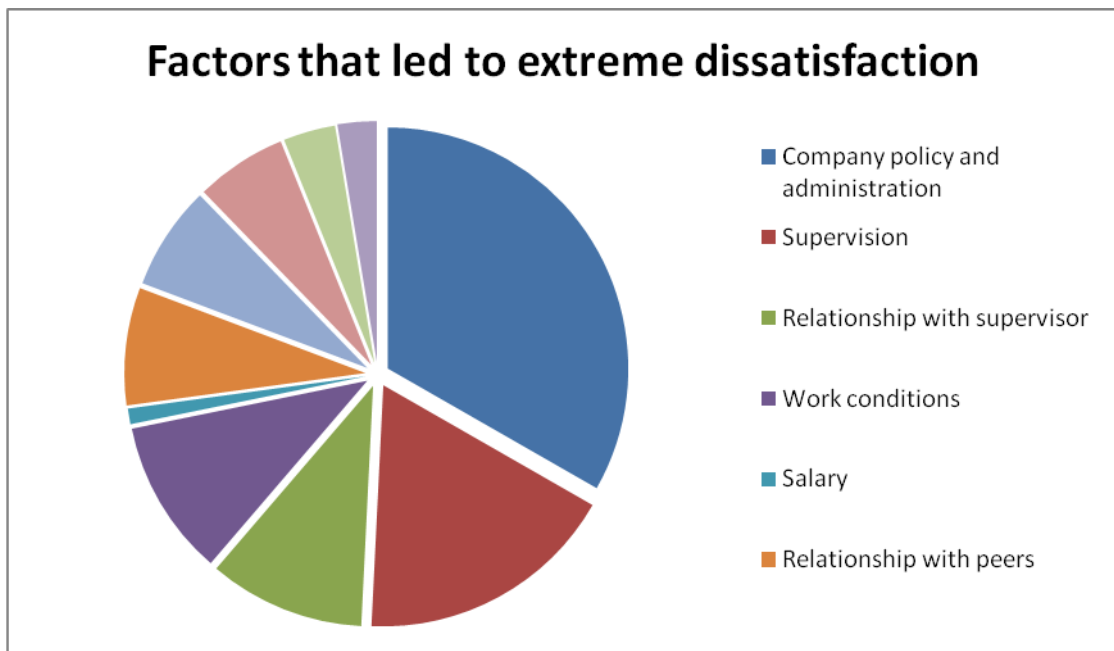


Figure 3. Factors that led to extreme dissatisfaction according to Herzberg (2003).

Herzberg found that people have a completely different set of factors that satisfy them in comparison to the factors that dissatisfy them (Gray and Stark, 1984).

There is an obvious connection, some factors always focused on job satisfaction, while other factors always focused on job dissatisfaction. Some internal factors, like achievement, recognition, advancement, and growth, are connected with job satisfactions. At the same time, some external factors, like company policy and administration, supervision, work condition, and salary, are connected with job dissatisfactions.

Herzberg called the factors that led to employee satisfaction motivation factors, and factors that led to dissatisfaction, he called hygiene factors (Gray and Stark, 1984). Hygiene factors must be present in order to prevent an employee from being dissatisfied. Herzberg pointed out that, in terms of human motivation theory, the opposite of satisfaction is not dissatisfaction, and eliminating factors that lead to dissatisfaction in the workplace cannot ensure that workers are satisfied (Gray and Stark, 1984). That means factors that lead to job satisfaction are completely independent from factors that lead to job dissatisfaction.

Herzberg concluded that eliminating the dissatisfaction factors from the workplace does not guarantee employees' satisfaction, but can produce peaceful work circumstances; therefore, eliminating or minimizing these factors that lead to dissatisfaction will simply pacify workers, but will not motivate them (Robbins, 2005). In addition, Herzberg's theory indicates that if managers want to satisfy their employees, the managers need to incorporate motivation factors in the workplace.

Application of Herzberg's Two-Factor Theory of Motivation

Many researchers and managers did agree with Herzberg's Two-Factor Theory,

but there still is some criticism (Robbins, 2005). The first criticism is that the research design used by Herzberg was lacking in rigor, in terms of ensuring participants responded honestly to the survey questions (Robbins, 2005). Because most people will attribute success to their own efforts, but blame failure on others, the participants may have inadvertently been dishonest in their responses.

A second criticism is that Herzberg's research method was qualitative and, as a result, the questions were open-ended (Robbins, 2005). This allowed participants to answer the questions in ways that were uniquely their own. Because different people can use different ways to answer the same question, this can make it difficult to accurately interpret the results of a qualitative survey.

A third criticism is that Herzberg did not evaluate the overall satisfaction of the employee (Robbins, 2005). Because one person may like one part of the job and not another part of the job does not mean that the employee is satisfied (or dissatisfied) with the job as a whole. All that can be concluded is that some aspects of the job are satisfying and other aspects of the job are dissatisfying.

Lastly, Herzberg's theory is criticized for ignoring the fact that circumstances change, such that what satisfies an employee one day may not satisfy the same employee the next day, much less another generation of workers (Robbins, 2005). Although these criticisms of Herzberg's Two-Factor Theory exist, it is still popular in management practice.

McGregor's Theory X and Theory Y

According to McGregor's 1960 Theory, there are two extreme opposite kind

of people: basically one is positive, and the other is negative. McGregor named these two states of humanness as Theory Y and Theory X. Through the observation of the way the manager treats the staff, McGregor concluded that: the manager's ideas about human nature are established on a set of assumptions (Gray and Stark, 1984). The manager tends to use these assumptions to form the behavior model to treat subordinates.

In Theory X, managers have the following four assumptions (Gray and Stark, 1984). First, employees do not like to work and want to evade work as much as possible. Second, because employees do not want to take responsibility for the work, managers should take some actions, like compelling and supervising strategies, to help them finishing their task. Third, have no motivation to achieve organizational goals. Forth, the majority of employees are motivated by the lower-levels of needs, the physiological and safety needs.

In Theory Y, managers have a completely opposite set of assumptions (Gray and Stark, 1984). First, employees treat work as entertainment and rest, it is natural. Second, if employees promise to undertake an assignment, they will be committed to finish it. Third, generally people will take responsibility. Forth, employees have the ability to make creative decisions, not just managers.

McGregor (1960) believed Theory Y is more useful than Theory X, because Theory X assumed that human actions are dictated by low-level needs, and at the sometime Theory Y assumed that human actions are determined by high-level needs. So McGregor suggested that managers let employees participate in the

decision-making process, provide challenging and rewarding jobs for employees, and establish harmonious group relations (McGregor, 1960). Unfortunately, there is a lack of research proving which theory is better and which theory can motivate employees more efficiently (Gray and Stark, 1984).

Application of Motivation Theories in Project Management

As Peterson cited in Scholtes: “How does the project manager create an environment conducive to outstanding team synergy and peak individual performance?” (Peterson, 2007, p60). The remainder of this paper provides the answer to this question as well as a further exploration of motivational approaches a project manager can apply to the project team environment.

In order to apply motivation theories in project management, managers need to understand that there are differences between project team motivation and organizational motivation. According to Schmid and Adams (2008) there are two major differences between project team motivation and organizational motivation.

The first difference focuses on the project team leader and the duration of the project. In a project, both the leader and the project are temporary. In other words, project management consists of temporary jobs under the control of a temporary leader. Both the project management and the overall organization can influence employee motivation. Schmid & Adams (2004) stated that

The question resulting from this duality of forces onto the individual team members is: Can a project manager influence team motivation positively despite overall organizational influences? In other words, can a project manager encourage high intrinsic team motivation even if the overall organization creates a culture of low motivation? (p. 64).

The Project Management Institute states that the second difference which makes project management different from general management is that project management goes through various project stages, namely: initiating, planning, executing, monitoring and control, and closing (Schmid & Adams, 2004). Thus, project team development occurs during these five project stages, so different approaches need to be used to motivate the project team depending upon the stage of the project. In addition, the nature of the project has a close relationship with the development of the project team itself. Tuckman (1965) found that there are four stages (forming, storming, norming, and performing) that take place in small groups assigned to complete a project or task. With this model of team building in mind, Huszyczko (2004) proposed that a project manager should realize that when we need to motivate employees we have to consider different motivational approaches depending upon the stage the team is in. Schmid & Adams (2004) further explained that the latest research on project managers' perceptions proposes that project managers need to understand the different stages of group formation and how they may impact motivation of project teams.

Motivation in Project Teams

Now that a clear distinction between project team motivation and organizational motivation has been made, the next question addressed here is: how to establish a motivated project team. According to Dunn (2001), project management is most often used in matrix organizations. A matrix is a complicated organizational structure, wherein individuals on a project team come from different functional parts

of the organization. In order to fulfill a common purpose, the project team establishes a mutual understanding of the goal and works together to accomplish it. Even though the project team is comprised of individuals from different functional areas of the organization, they have to be motivated to work together to overcome differences and accomplish the project's goal.

There is no doubt that employees can be motivated in a project management environment. Yet, according to a survey conducted by Schmid & Adams (2004), there are four major project constraints that can have a strong negative impact on team motivation: scope changes, time changes, cost changes and quality changes. Schmid & Adams' (2004) research also showed that these four major project constraints are closely related to each other and are directly tied to the project manager's ability to communicate effectively.

Even with a motivated project team, a successful project needs strong support from upper management. Without strong support from upper management, personal conflicts may easily arise due to project team members' responsibilities (positions) within the company (Schmid & Adams, 2004). These conflicts may arise when project members feel more loyal to their regular responsibilities within the organization than to the project. It is incumbent upon the project manager to resolve these conflicts and maintain the team's motivation at a high level.

In addition to describing the negative impacts on motivating the project team, Schmid & Adams (2004) presented ideas that they believed will help to build a motivated project team. Project managers expect employees to be productive and to

contribute to the project. However, they need to be motivated to be productive and committed remaining productive. Schmid & Adams' (2004) ideas for building a motivated project team are summarized in the following three points.

1. The project manager needs to pay close attention to the different varieties of people involved with the project (Schmid & Adams, 2004). Project managers are exposed to a wide variety of personalities, different levels of expertise, and ranges of positional seniority along with unique backgrounds, cultures, and personal experiences of each team member. In addition, with today's global business environment, it is extremely common for a team to be virtual (Peterson, 2007); therefore, it is even more important for the project manager to pay close attention to the characteristics of the team members.

2. The project manager needs to understand the team members (Schmid & Adams, 2004). One of the biggest challenges to a project manager is the ability to understand team members' wants and needs in order to motivate them. Lewis (2003) pointed that a project manager needs to understand the individual desires of each team member. To achieve a project environment where the majority of the members involved are motivated about the project, project managers have to be sensitive to the needs and wants of the team members. A better understanding of the employees' wants and needs will improve the project manager's ability to motivate a project team.

3. The project manager also needs to actively engage team members in the project throughout the various project stages (Schmid & Adams, 2004), especially the early stages. During early stages in the project, the project team's motivation can be

strongly influenced by the project manager. Clear communication at the beginning of project appears to be a key in the development of high motivation throughout the whole project. At the beginning of a project, managers should communicate with the project stakeholders, in order to gain the support from top management, establish clear scope requirements with the client and sponsor, and involve team members, as early as possible. Team members must be involved in the project from the kickoff stage to develop a sense of belonging and owning. A project manager should strive to instill a sense of project ownership in all stakeholders, and early involvement appears to be the best way to accomplish that.

Thus, creating the proper environment for a project team is a key to motivating the team members to perform at a high level. There is no single way to accomplish this, but, as pointed out previously, there are several things that project managers and organizations can do to increase the probability that the environment is helpful in motivating employees.

So far, this paper had described three major motivation theories, discussed the historical approaches organizations have taken to motivate employees, and looked at what is currently known about motivating employees in traditional organizations versus project teams. The rest of this paper will focus on the conclusions of this research, implications of this research for project managers, limitations of this study and recommendations for future research.

SUMMARY

This seminar paper presented a summary of some of the most popular motivation theories, and a review of their application to management of employees, in general, and to project management teams, specifically. The motivation theories described in this paper are Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory of Motivation, and McGregor's Theory X and Theory Y. The advantages and disadvantages of each motivation theory were discussed. When these theories are applied in organizations, managers must take into account the situation and make the decision of which motivation theory will work best given the situation.

My research findings suggested that there is a difference between motivating employees in project management and traditional management. In addition, this paper described how to motivate managers and leaders, and provided several constructive proposals for building a motivated project team.

Conclusions

In today's economy, human resources are becoming a significant contributor to the competitive advantage experienced by successful organizations. The effective use of human recourse has become one of the most important issues for organizations in the 21st century. Fortunately, organizations have abundant motivational theories to help them understand people's wants and needs in order to motivate them.

Although an outstanding method for motivate people doesn't exist, it is understood that people can be motivated if proper incentive mechanisms are used. It is also understood that the highly motivated people and project teams have a higher

chance of successfully accomplishing goals. When goals are successfully accomplished, organizations tend to thrive and be profitable. Therefore, organizations with highly motivated employees have a competitive advantage over those that do not.

Project managers must understand current motivation theories and know how to use them properly. Project managers must also focus on effective communication with project members, especially early in the project, in order to avoid the pitfalls that lower motivation in project teams. In addition, the project managers must know what kind of an environment is more effective in motivating project members, and be able to foster such an environment.

According to the theories previously described, this researcher believes that the most effective way to motivate leaders and project managers is to use equities incentive mechanisms and stock option plans. Equities incentive mechanisms and stock option plans are when top managers obtain a certain portion of the long-term stakes in the company. This ties the top managers' performance to the company's long-term success. And as a result, the managers become shareholders. Thus, equities incentive mechanisms and stock option plans are a mechanism for focusing top managers' efforts on the company's long-term success (Sesi, Kruse, & Blasi, 2001).

Equity incentive plans are a very common practice for international companies (Zhang, 2001). The general point of view is that equity incentive plans can help professional managers, the interests of shareholders, and the company's long-term development come together. These plans can also prevent a certain degree of

short-term business risk (Zhang, 2001).

Modern business theory and practice has proved that equity-based incentives are useful for improving corporate structure, reducing agency costs, enhancing management efficiency, and enhancing the company's cohesion and competitiveness (Zhang, 2001). In project management, equities incentive mechanisms can also be used to motivate top managers. For example, if the project is successful and creates value for the organization, the project manager can get a reward from the organization for his or her efforts on the project.

Limitations

One limitation of this study is that it was conducted as a literature review, and, as a result, the study only addressed motivating American workers. Historically, mostly American researchers have researched motivation theory, and, therefore, theories regarding the motivation of non-American workers are almost non-existent. In this paper, the researcher ignored cultural difference due to limited motivation research focused on other cultures and this paper was written with the assumption that there are no culture differences and the conclusions drawn can be applied in any culture.

Another limitation is that there has been limited research conducted to specifically identify how to motivate project team members. Therefore, this paper was restricted to reviewing information about motivation theory in organizations in general and a small number of studies directed at understanding motivation in project management.

Recommendations for Future Research

With regard to the need for further research, three points should be considered: (1) what motivates human behavior, (2) what directs such behavior, and (3) how this behavior is maintained or sustained. Each of these three questions represents an important component in our understanding of human behavior in practice. These three components of motivation appear again and again in the theories and research (Steers & Porter, 1975).

First, this conceptualization points to a motivational force within individuals that “drives” them to behave in certain ways. That is to say, a person’s behavior has a close relationship with certain motivational methods.

Second, there is the notion of goal orientation on the part of individual; their behaviors are directed toward something. So, it is important to set up a project goal for employees that lead their efforts to attain the goal.

Third, this way of viewing motivation contains a systems orientation; that is, it considers those forces in the individuals and in their surrounding environments that feed back into the individuals either to reinforce the intensity of their drive and the direction of their energy or to dissuade them from their course of action and redirect their efforts (Steers & Porter, 1975). Therefore, to make a motivation policy, the company should have a broad view of the issue.

A specific recommendation for future research is to investigate which motivation theory is the best for use in project management. Therefore, project management researchers should attempt to identify the best motivational techniques

for project managers and team members. In addition, project management researchers need to examine which motivation techniques work best depend on different organizational cultures, team members' professional backgrounds, and also the different positions of employees in the company. Lastly, project management researchers need to explore the factors that have successfully motivated project management teams.

Another specific recommendation is that project management researchers study the use of equities incentive mechanisms and stock option plans. As mentioned previously in this paper, this researcher is a strong believer in the use of equities incentive mechanisms and stock option plans to motivate top leaders and managers. Research investigating the relationship between the motivation of project managers and the use of equities incentive mechanisms and stock option plans may provide organizations with a mechanism for motivating project managers.

Also, it is recommended that researchers look more closely at the relationship between highly-motivated project teams and project success. There has been a great deal of research on project success factors, but little has been done to understand the extent of the influence of a motivated project team on the success of the project.

Lastly, research on motivating employees and project teams should be conducted in countries other than America, so that cultural differences in employee behavior can be better understood. For example, what motivates American employees may not motivate Chinese employees. Therefore, an understanding of motivation in other cultures can be valuable for international organizations, by allowing an

organization to apply the most appropriate motivational techniques to workers from different cultures. In addition, project managers working with international project teams can benefit from knowing how to motivate people from different cultural backgrounds.

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