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The Role of Expectancy Theory in the Organizational Management Process in Innovative Entrepreneurial Enterprises

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Abstract

The expectancy theory, originally put forth by psychologist Viktor Frankl, is a psychological framework that offers insights into human motivation and conduct. This theory suggests that the amount of effort individuals exert is directly influenced by their anticipation of particular outcomes and the degree to which those outcomes are personally appealing. Essentially, individuals adjust their behavior based on their assessment of the effort required to achieve specific outcomes and the value they attach to those outcomes. Within the realm of innovative entrepreneurship, organizational management faces a range of challenges. Among these, the rapidly evolving business environment stands out, necessitating constant adaptability and proactive planning. Additionally, attracting and maintaining talent is crucial, as the success of any enterprise heavily relies on its ability to recruit and retain key individuals. Furthermore, the establishment of an organizational culture has a profound impact on employee satisfaction, loyalty, and their capacity for innovation. Resource management also plays a pivotal role, particularly in the efficient allocation of funds, time, and technological resources. Lastly, competitive market forces and the need for strategic adjustments are realities that innovative entrepreneurial ventures must navigate, demanding continuous strategic realignment to maintain competitiveness. Against this backdrop of complexity and dynamism, the application of expectancy theory offers valuable insights for organizational management. By understanding and applying this theory, innovative entrepreneurial ventures can more effectively stimulate employee motivation, refine incentive systems, enhance goal management, and foster employee growth and engagement. To a certain extent, these functions can assist enterprises in overcoming various challenges in

organizational management processes, thereby bolstering overall organizational performance.

Keywords

expectancy theory, innovative entrepreneurial firms, organizational management, role

1. Introduction

In the rapidly evolving business world today, the efficient handling of innovation-driven enterprises in the face of challenges has garnered widespread attention from both industry insiders and outsiders. Expectancy theory, as a psychological framework that explains individual motivation and behavior, offers valuable insights and potential solutions. The objective of this article is to delve into the precise role of expectancy theory in the organizational management processes of innovative ventures. Through theoretical analysis and practical case studies, it aims to reveal the theory's significance in igniting employee motivation, optimizing incentive mechanisms, enhancing goal management, and fostering employee development and engagement.

The core principle of expectancy theory is that individual behavior is jointly influenced by their expectations of specific outcomes and the subjective value they attribute to those outcomes. In the context of corporate organizational management, this suggests that employees are more likely to exhibit high levels of motivation and engagement when they believe that their efforts can lead to desired outcomes and find these outcomes personally appealing. Therefore, a profound understanding and practical application of expectancy theory can greatly assist enterprises in designing effective incentive systems that foster employee proactivity.

Innovative ventures face unique organizational management challenges, such as rapidly changing market landscapes, attracting and retaining talent, shaping a positive organizational culture, rational resource allocation, and making timely adjustments in response to market competition and strategic shifts. These challenges demand not only the establishment of efficient operational mechanisms but also the development of a management system that can harness the full potential and creativity of employees.

By exploring the intricacies of expectancy theory and its practical applications in organizational management, this article aims to provide strategic guidance for innovative ventures, enabling them to navigate the challenges of the business environment with greater ease and stability. By doing so, it hopes to contribute to the overall enhancement of organizational performance and the sustained growth of innovative enterprises.

2. Overview of Expectancy Theory

As shown in the Figure1, the expectancy theory, originally proposed by Victor Vroom, stands as a pivotal motivational framework within the realm of psychology, elucidating how individuals navigate behavioral choices and the underlying motivations and expectations driving such choices. Within the domain of innovative entrepreneurial ventures, the expectancy theory holds paramount importance in

organizational management, offering leaders insights into the intrinsic motivations of their employees, thereby effectively catalyzing their efforts towards organizational objectives. Comprising three fundamental components—expectancy, instrumentality, and valence—the expectancy theory delineates the individual's belief in their capability to accomplish a given task (expectancy), their conviction that task completion will yield certain outcomes (instrumentality), and the attractiveness of these outcomes to the individual (valence). In essence, this theory posits that an individual's exertion is determined by a confluence of their expectations of success, the perceived consequences of success, and the value ascribed to these consequences. In the milieu of innovative entrepreneurial enterprises, challenges and opportunities coalesce. The expectancy theory assumes a pivotal role in such organizational management processes. Firstly, by establishing a clear and transparent set of goals and reward systems, employee expectations of success can be heightened, igniting their pursuit of excellence. For instance, if an employee believes that their diligent efforts can culminate in the successful completion of a project, this expectancy of success will incentivize them to invest greater endeavors. Secondly, ensuring that employees comprehend how their efforts will be acknowledged and rewarded can enhance their instrumental cognitions. If employees understand that successful project completion will lead to promotions, bonuses, or other forms of recognition, they are more likely to engage wholeheartedly in their tasks. This explicit causal relationship is pivotal in motivating employees. Lastly, augmenting the sense of valence, i.e., ensuring that rewards are enticing to employees, constitutes another crucial facet of enhancing employee motivation (Cao, Ren, Jia et al., 2024). Different employees may harbor distinct preferences for various types of rewards. While some may prioritize monetary incentives, others may value opportunities for career advancement or work-life balance. Hence, discerning employees' individual inclinations and tailoring incentive measures accordingly are imperative for unleashing their fullest potential. Nonetheless, the practical application of the expectancy theory confronts myriad challenges. Firstly, individual differences imply that disparate employees may respond differently to identical incentive measures. Secondly, fluctuations in the organizational environment may influence employees' expectations and perceptions, rendering erstwhile incentive mechanisms obsolete. Furthermore, opaque communication and inequitable reward distribution may undermine employee motivation. In summation, the expectancy theory furnishes a robust framework for understanding and motivating employees within innovative entrepreneurial enterprises. By judiciously applying the principles of expectancy, instrumentality, and valence, enterprises can not only enhance employee work drive but also propel the attainment of organizational objectives. However, to fully harness the potential of the expectancy theory, meticulous design of incentive mechanisms is imperative, while simultaneously considering employees' individual differences and the evolving organizational milieu.

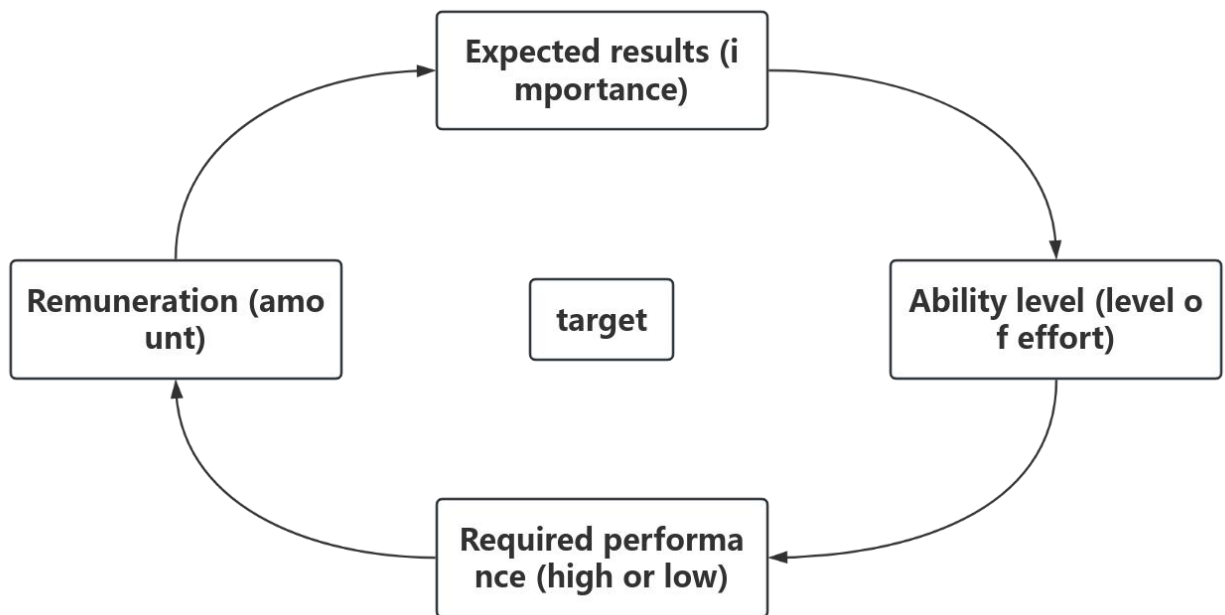


Figure 1. Framework of Expectation Theory

3. Characteristics of the Innovation and Entrepreneurship Environment

Characteristics of the innovative entrepreneurial milieu encompass rapid technological metamorphosis, mutable market demands, and intense competitive pressures. Within such a milieu, the triumph or failure of enterprises hinges largely upon the ingenuity and efficacy of their personnel. The application of expectancy theory in this context manifests in how to instigate and sustain employees' enthusiasm and creativity. Primarily, within expectancy theory, the "expectancy" component denotes the individual's belief in the potency of their actions to yield anticipated outcomes. In innovative entrepreneurial ventures, managers necessitate conveying the objectives of each phase distinctly, ensuring employees comprehend the direction and purpose of their endeavors. For instance, by delineating short-term and specific project goals, confidence in achieving successful outcomes can be bolstered among employees, thereby igniting their work impetus. Secondly, the "instrumentality" component of the theory attends to what individuals perceive they will obtain as rewards upon achieving goals. In this regard, innovative entrepreneurial enterprises should devise judicious incentive mechanisms, ensuring employees perceive that their efforts and innovations will garner equitable recompense. Whether material rewards or spiritual encouragement, they should be closely aligned with the enterprise's actual circumstances and employees' individual requisites. Lastly, the "valence" component of expectancy theory underscores the subjective evaluation of rewards by individuals. In organizational management, comprehending employees' personal values and expectations is paramount. Only when employees perceive the rewards offered as commensurate with their values will they genuinely invest themselves in their work. Thus, enterprises should endeavor to understand employees'

personal aspirations and motivations, intertwining them with the enterprise's long-term objectives. Through the lens of expectancy theory, managers can scientifically comprehend employees' motivations and behaviors more effectively, thereby aptly stimulating the team's potential amidst the complexities of innovation and entrepreneurship. In practice, this entails establishing a transparent, equitable, and challenging work environment, encouraging active employee involvement in decision-making processes, nurturing their sense of responsibility and belonging, ultimately propelling the enterprise towards innovation and growth (Natcha, Awirut, & Jarotwan, 2024).

4. Organizational Management Challenges in Innovative and Entrepreneurial Enterprises

When discussing the role of expectancy theory in the organizational management processes of innovative entrepreneurship, a profound understanding of the organizational management challenges faced by such enterprises is paramount. These challenges encompass a rapidly changing environment, talent recruitment and retention, organizational culture cultivation, resource management, and market competition alongside strategic adjustments. Each challenge directly impacts the survival and growth of the enterprise. Therefore, for managers, adopting effective strategies to address these challenges is pivotal for success. The swiftly evolving environment necessitates that enterprises maintain flexibility and adaptability. Technological advancements and the pace of market demands impose high requirements on the strategic planning and execution capabilities of enterprises. Particularly, innovative entrepreneurial ventures require swift responses to external changes, adjusting their business models and products to meet market demands. In such an environment, expectancy theory, by emphasizing clear goal-setting and appropriate incentive mechanisms, aids in enhancing employee motivation and engagement, thereby facilitating better adaptation to rapid environmental changes. Talent recruitment and retention represent another significant challenge for innovative entrepreneurship. In fiercely competitive market environments, recruiting suitable talent and maintaining their loyalty and enthusiasm are of utmost importance. The application of expectancy theory here lies in establishing a reasonable reward system to ensure that employee efforts translate into corresponding rewards. This entails not only material rewards but also includes opportunities for career development, job satisfaction, and alignment with the organizational culture. Through this approach, enterprises can attract and retain key talents, supporting their long-term development. Organizational culture cultivation forms the cornerstone of realizing the enterprise's vision and mission. A robust organizational culture can inspire employee creativity and enthusiasm, promote teamwork, and help enterprises maintain uniqueness amidst competition. Expectancy theory underscores the importance of goals. In cultural cultivation, it reminds managers to guide employee behavior by establishing shared values and goals. When employees perceive alignment between their values and the enterprise's objectives, they are more likely to demonstrate higher levels of dedication and loyalty. Resource management is one of the recurring challenges faced by innovative entrepreneurial ventures. Effectively managing limited resources, including finances, manpower, and time, is crucial for the

survival and growth of enterprises. By applying expectancy theory, enterprises can better prioritize resource allocation, ensuring resources are utilized to support projects or activities most likely to yield returns. This approach not only enhances resource efficiency but also boosts employees' confidence in the likelihood of success. Lastly, market competition and strategic adjustments are inevitable challenges for innovative entrepreneurship. Surviving and thriving in intense market competition require enterprises to continually adjust their strategies in response to external changes. The application of expectancy theory can help enterprises motivate employees by setting specific, achievable goals, fostering innovation and improvement. Simultaneously, by implementing effective incentive mechanisms, enterprises can encourage active employee participation in the strategic adjustment process, increasing their confidence in success. In summary, expectancy theory plays a crucial role in the organizational management processes of innovative entrepreneurship. By understanding and addressing challenges such as rapid environmental changes, talent recruitment and retention, organizational culture cultivation, resource management, and market competition alongside strategic adjustments, expectancy theory provides an effective framework for enterprises to unleash employee potential, promoting sustained development and success (Zhou, Hossain, & Raheem et al., 2023).

5. Analysis of the Role of Expectation Theory in Organizational Management

5.1 Stimulate Employee Motivation

In innovative entrepreneurial endeavors, the expectancy theory holds particular significance in organizational management, as it directly pertains to how to instigate employees' work drive, thereby propelling the innovation and development of enterprises. The expectancy theory posits that the level of effort exerted by employees is influenced by their expectations regarding job outcomes and the anticipated value of these outcomes. Consequently, managers can enhance employee motivation by adjusting these two factors. In the specific application of motivating employees, this implies first ensuring that employees believe their efforts can lead to the expected job performance. This often involves providing necessary resources, training, and support to ensure they have the capability to complete tasks. Secondly, it is also essential to ensure employees perceive that this performance will bring the rewards they value, whether monetary, professional development, or personal satisfaction. This necessitates managers not only understanding employees' personal goals and values but also establishing a fair and transparent reward system, instilling in employees the belief that the organization will fulfill its promises for excellent performance. Furthermore, As shown in Figure 2, the expectancy theory emphasizes the role of individual differences in motivation, prompting managers to consider the diversity among employees in practice. For example, different employees may have varying preferences for types and forms of rewards; some may prioritize compensation and bonuses, while others may value the meaningfulness of work and opportunities for self-fulfillment. Therefore, flexible and diversified incentive measures can better meet the needs of different employees, thereby enhancing overall work motivation and organizational performance. Additionally, the expectancy

theory also implies the importance of goal setting. Clear and challenging goals not only enhance employees' level of effort but also increase their expectations of success. By setting specific, measurable short-term and long-term goals, employees can see more clearly the direction and progress of their efforts, and this sense of achievement and goal clarity itself serves as a source of motivation. In conclusion, the role of the expectancy theory in organizational management is not only evident in providing a scientific theoretical basis for stimulating employee motivation but also in offering managers a specific operational framework to identify and leverage the triggers of employee motivation. By understanding and applying the core principles of the expectancy theory, innovative entrepreneurial ventures can effectively boost employees' enthusiasm for work and the overall performance of the organization, thereby achieving success in competitive market environments.

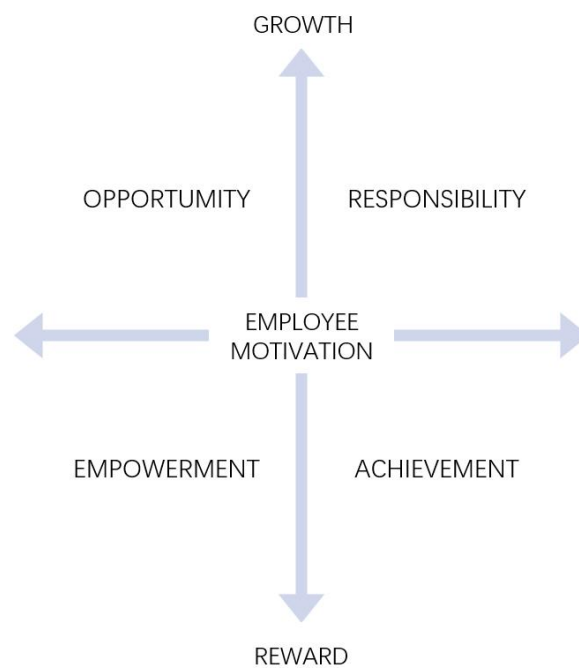


Figure 2. Employee Development Incentives

5.2 Optimize the Incentive Mechanism

The theory of expectancy posits that individual behavior within an organization is predicated upon the anticipation of outcomes resulting from a given course of action and the value these outcomes hold for them. In innovative entrepreneurial ventures, optimizing incentive mechanisms stands as a pivotal facet in the application of expectancy theory to organizational management. Effective incentive structures serve to elucidate the nexus between employee behaviors and corporate objectives, encouraging endeavors towards the organizational vision and goals through judicious expectation management and incentivization measures. When crafting incentive mechanisms, it is paramount to comprehend both the

intrinsic needs and extrinsic motivators of employees, encompassing recognition, a sense of achievement, career advancement, and material rewards. Expectancy theory underscores the necessity for incentive mechanisms to be founded upon individuals' expectations regarding the consequences of their actions and the personal value ascribed to these outcomes (Yu, Jianming, Chao et al., 2024). Consequently, enterprises should establish a diversified incentive framework, encompassing short-term incentives such as bonuses and commissions, as well as long-term incentives like career development opportunities and equity incentives. Optimizing incentive mechanisms further necessitates precise alignment between employees' expectations and organizational objectives. This entails not only articulating the company's vision and goals clearly but also understanding employees' individual career aspirations and values. By comprehending and aligning with these expectations, enterprises can devise incentive strategies that are more personalized and conducive to stimulating employee motivation. Furthermore, transparent and equitable incentive mechanisms are paramount in maintaining employees' enthusiasm and loyalty. When employees perceive incentive structures to be fair and merit-based rather than biased or reliant on favoritism, they are more likely to engage in their work, showcasing heightened creativity and innovation. In conclusion, optimizing incentive mechanisms represents an effective means for innovative entrepreneurial enterprises to implement expectancy theory. By understanding and addressing employees' expectations, and devising incentive strategies that not only cater to individual needs but also foster organizational goal attainment, enterprises can unleash employee potential and propel sustained development and innovation within the organization.

5.3 Strengthening Goal Management

The role of expectancy theory in organizational management is reflected in multiple dimensions, one of which is the reinforcement of goal management. This theory suggests that the efforts put in by employees depend on their expectations of work outcomes and the significance of these outcomes to them. Therefore, in the process of goal management, the application of expectancy theory can effectively improve the work enthusiasm and efficiency of employees. By setting specific, challenging, and achievable goals, employees can be motivated to work hard towards achieving their own goals. This method not only allows employees to have a clear understanding of the direction and purpose of their efforts, but also further drives them to achieve long-term goals through the satisfaction brought by achieving short-term goals. Ensuring the measurability and relevance of goals is crucial in strengthening goal management. Measurable goals mean that the evaluation results can be clearly defined, enabling employees to perceive how their efforts translate into actual results, thereby significantly improving their satisfaction and motivation. At the same time, goals need to be closely aligned with the overall strategy of the organization to ensure that employee work directly contributes to the long-term development of the company, thereby enhancing their awareness of the importance of work and increasing their expectations for completing tasks. By applying expectancy theory to goal management, organizations can cultivate a positive work environment where employees feel that their work is not only meaningful to themselves, but also to the entire organization. This environment

encourages employees to fully unleash their potential, enhance their abilities through continuous pursuit and achievement of goals, and help them make greater progress on their career path. In addition, effective goal management also promotes cooperation among employees, as the collective pursuit of common goals strengthens the spirit of teamwork and collective responsibility. In summary, expectancy theory plays a crucial role in the organizational management process of innovation and entrepreneurship enterprises, especially in strengthening goal management. By setting clear and challenging goals and ensuring alignment with the overall strategy of the organization, it is possible to effectively stimulate employee enthusiasm and improve work efficiency. This not only benefits personal career development, but also plays a proactive role in the long-term growth of the organization.

5.4 Promoting Employee Development and Participation

When exploring the role of expectancy theory in the organizational management process of innovation and entrepreneurship enterprises, especially in promoting employee development and participation, it is crucial to first understand the expectancy theory itself. Viktor Frankl's expectancy theory suggests that an individual's behavioral choices are based on an evaluation of the expected outcomes of a specific action and the motivational value of these outcomes. Essentially, employees' work motivation stems from their expectations for successfully completing tasks and the value of rewards they receive after successfully completing tasks. In the organizational management of innovative and entrepreneurial enterprises, the application of expectancy theory can significantly promote employee development and dedication. This is mainly reflected in several aspects: firstly, by establishing clear goals and expectations, management can provide employees with clear action guidelines. This not only helps employees understand their work goals, but also clarifies the level of effort required to achieve these goals. When employees believe that these goals are achievable and have the ability to achieve them, their engagement and motivation will significantly increase. Secondly, the expectancy theory emphasizes the importance of returns. In innovative entrepreneurial enterprises, managers should design a reasonable reward system to make employees feel that their contributions to the company will be rewarded accordingly. These rewards are not only material, such as salary, bonuses, and promotion opportunities, but also intangible, such as recognition, career development opportunities, and personal achievement. When employees believe that their contributions will receive fair evaluation and rewards, they are more willing to invest in their work and actively participate in the company's innovation and development activities. In addition, expectancy theory plays a crucial role in promoting the personal development of employees. By setting challenging goals and providing necessary support, companies can motivate employees to continuously improve their skills and abilities. This growth oriented environment not only helps employees achieve personal career goals, but also cultivates a highly skilled workforce for the company, which is crucial for the long-term development of innovative and entrepreneurial enterprises. Finally, expectancy theory advocates a culture that emphasizes results. In this culture, encouraging employees to make decisions based on results helps cultivate a sense of

responsibility and ownership. Employees are starting to focus more on the results rather than just the process of completing tasks, which helps improve work efficiency and quality, thereby promoting innovation and competitiveness of the enterprise. In summary, the expectancy theory plays a crucial role in the organizational management of innovation and entrepreneurship enterprises, especially in promoting employee development and dedication. By setting clear goals, establishing a reasonable reward system, supporting employee personal development, and establishing a results oriented corporate culture, the company can not only stimulate employee enthusiasm and innovative spirit, but also lay a solid foundation for sustainable growth and development of the enterprise.

6. Conclusion

Essentially, the application of expectancy theory in the management process of innovation and entrepreneurship organizations goes beyond simple theoretical exploration; It embodies a practical set of strategies and tools. By deeply mastering and implementing this theory, enterprises can more effectively respond to the challenges brought by the rapidly changing environment, talent acquisition and retention, organizational culture cultivation, resource optimization, and the urgency of market competitiveness and strategic adjustment. The basic value of expectancy theory lies in elucidating how enterprises can improve overall performance by stimulating employee intrinsic motivation, optimizing incentive mechanisms, strengthening goal management, promoting employee development and dedication. Practice emphasizes that expectancy theory is not a static formula, but requires companies to flexibly apply it based on their specific situations and individual differences among employees. Every organization and employee is unique; Therefore, in the design and implementation of incentive plans, careful consideration must be given to employee expectations, values, and how these factors interact with organizational goals.

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