What is it?
Expectancy theory is a model which attempt to determine how a person will react to a given situation and allow a manager to predict the outcome of a event before it occurs, I will explain what it is then provide a practical example of its usage and some pitfalls to avoid.

How does it work?
This model is based on a manager's perception of what an employee is likely to do based on the premise that people aim to maximise their pleasure and minimise any pain, it also emphasises the needs for organisations to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients. It uses the concepts of expectancy, instrumentality and valency in order to create a simple calculation anyone can do to determine what a individual is likely to do given a set of criteria.

Pro's of the model
This model has been tested over the decades since its introduction and has proved to be a good fit when used correctly to determine what an individual decision-making process will be at a broad level. The model is incredibly simple to understand and use, only a few questions are needed to determine the outcome.

Cons of the model
This model assumes that people are rational at all times and so doesn't take into account their emotional state at the time the decision is being taken, it also does not take into account knowledge, skills, or even past experiences within the calculation of the model. The model is based on the perception a manager has which may not be the full picture. A manager may know their employees very well and can guess with a good degree of accuracy what they value however they can still misjudge a situation and present a reward they either don't value or they may prefer something else. Using this model for large numbers of people to determine group rewards can be both difficult and time consuming.

The motivation force can be calculated as expectancy x instrumentality x valence.

Expectancy
Expectancy is the likelihood of effort resulting in the desired performance. It consists of 3 items.

Self efficacy – the individuals belief about their ability to successfully perform a particular action. The individual will decide if they have the required skills or knowledge to achieve their goals.

Goal difficulty – when goals are set too high or performance expectations that are made too difficult This will lead to low expectancy. This occurs when the individual believes that the desired results are unattainable.

Perceived control – Individuals must believe that they have some degree of control over the expected outcome. When they believe that the outcome is beyond their ability to influence, expectancy is low.

Instrumentality
Instrumentality is the likelihood of the increased performance resulting in the reward and ranges from -1 (not at all) to +1 (very sure). It also consists of three items.

Trusting the people who will decide who gets what, based on the eventual performance
Some Control of how the decision is made and who gets what outcome,
Clear Policies showing the correlation between performance and outcomes.

Valence
The valence is the value an individual place on the reward and is between -1 (actively dislike) or 1 (very valued). This is not how satisfied they are with the reward but their perceived satisfaction.

How about an example?

Imagine you are in charge of a technology department and you need to reduce the number of outstanding support calls, you decide to offer a selection of cakes if the department can reduce the outstanding calls by 50% within 2 weeks.

The employee will look at your offer and decide that the performance required to accomplish the goal is achievable with extra effort on their part, this is their expectancy.

They will decide if you are likely to come through on your promise, if you have done similar things before or the cost is low they will likely decide the chances are high, this is the instrumentality.

Finally, they will decide if the reward is worth the effort they are putting in, as they like cake they will decide it is, this is the valence.

For the maths we now have 1x1x1 which shows that they will be engaged with this.

Final thoughts
The expectancy theory is a simple useful theory which I have used multiple times with fantastic results, it can be used in conjunction with other motivational theories such as Hertzberg's hygiene factors or Mazlow's hierarchy of needs. It's based simply on effort and reward, you need to ensure you create an environment that both encourages effort and rewards it, you can increase its value by keeping your promises and distancing yourself from those that don't. Scoring can be difficult so instead you can find out what your employees want from their job and provide work that fulfils that need to make it intrinsically motivating, this automatically creates the rewards they want, finally it's important to remember that if any single item is 0 then there is no motivation to accomplish a goal, a good manager should work to avoid this situation