Motivation: The Not-So-Secret Ingredient of High Performance

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Performance Management:
Measure and Improve the Effectiveness of Your Employees

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Key Topics Covered in This Chapter

- Theories of motivation
- Intrinsic and extrinsic rewards
- The messy problem of incentive systems
- Ten motivational practices
Motivation is the next important piece of managing employee performance. It is, in fact, at the very heart of performance management—something that managers must attend to all the time. A person can understand goals and why they are important, but must also be motivated to pursue them. You can coach this same person to close performance gaps and improve productivity, but the employee won’t take that coaching to heart if he or she is uninterested or unmotivated. You can spend hours on someone’s annual performance appraisal and have a productive chat about it, but again, those hours will be wasted if the employee isn’t motivated to improve.

This chapter explains some of the key theories of workplace motivation and the impact of rewards and incentives. It offers a number of things you can do to motivate the people who work for you.

Theories of Motivation

The principles of effective motivation have a long history. Although we tend to mark the beginning of that history with the Industrial Age, leaders and managers of every age undoubtedly understood the importance of motivation and probably experimented with different ways of inspiring it.

The classic theories of industrial management and organization were formulated in the late 1800s and early 1900s. These theories were less concerned with worker motivation than with the mechanisms of efficiency, predictability, and control. A business was con-
ceptualized as a machine for producing goods and services, and people were simply among the parts of that machine. Frederick Taylor (1856–1915), credited as the father of scientific management, defined work in terms of coordinated, highly specified tasks designed for optimal efficiency, with little or nothing left to the judgment of production-line employees. This approach to work was supported by a particular view of human nature—or, should we say, the nature of industrial workers. In this view, employees were lazy and untrustworthy creatures. They could be motivated only by pay and the fear of dismissal and unemployment. Years later, Douglas McGregor would enshrine this view of human nature in what he called the Theory X approach to management.¹

Managers who embrace Theory X have two motivational tools: the carrot and the stick—greed and fear. The Theory X work environment is characterized, as you’d imagine, by lots of prodding by the boss, tight control over employee work, and narrowly specified jobs.

The first chink in the armor of Theory X was exposed through experiments conducted during the 1920s by Elton Mayo at the Hawthorne Works, a Western Electric assembly plant in northern Illinois. Mayo hoped to determine the negative effects of fatigue, monotony, and unpleasant working conditions on job productivity and how these effects could be controlled or neutralized through improved lighting, more frequent rest breaks, different work hours, temperature, and other environmental factors. Using a control group of employees, he made frequent changes in their working conditions—pay, lighting levels, rest breaks, and so forth—always explaining his changes in advance. Productivity improved, but to Mayo’s surprise, the improvements appeared to be independent of working conditions. He concluded that the workers performed better because management had demonstrated an interest in such improvements. Discussing changes in hours and breaks with workers had made them feel like members of a team, something they had not felt before.

Today, the Hawthorne effect refers to the productivity benefits that companies create when they pay attention to their employees and treat them as something other than mere cogs in the machinery of production. As interpreted by David Garvin and Norman Klein, Mayo’s research showed that work output was not simply a function
of a job’s scientific design—as Taylor would have it—but also influenced by social norms, management-employee communications, and the level of employee involvement in workplace decisions: “Superior performance was linked to high levels of employee satisfaction; satisfaction, in turn, was tied to such non-economic factors as a sense of belonging and participation in decision making.”2

Thanks to Mayo’s groundbreaking work, we now understand that the workplace is a complex social system in which employee satisfaction and commitment affect performance. His findings stimulated new research and new thinking about what motivates people in the workplace. These, in turn, have done much to displace Theory X’s dismal view of human nature. Theory X is not entirely false. People don’t like to do certain painful things and are effort-averse. Incentives and job design can help improve performance, just as Theory X assumes. However, Theory X has generally given way to Theory Y (again formulated by Douglas McGregor), which postulates that people are not naturally slackers, but eager to work, to accept responsibility, and to produce good results. By implication, this view of human nature supports what we now think of as participative management, that is, a workplace system in which employees have greater discretion to think, act, and contribute to work plans. Indeed, one of the hard lessons that newly minted managers learn, according to studies by Harvard Business School’s Linda Hill, is that the authority of their positions doesn’t amount to much in terms of getting people to do things better or to do anything at all. These new managers discover that telling people what to do is far less motivating than actions that invite people to play bigger and more important roles. Managers can begin by explaining to subordinates why something must be done.3

What About Rewards?

The people who study motivators refer to two categories of rewards: intrinsic and extrinsic. Intrinsic rewards produce nonquantifiable personal satisfaction, such as a sense of accomplishment, personal control
over one’s work, and a feeling that one’s work is appreciated. *Extrinsic rewards* are external, tangible forms of recognition such as pay hikes, promotions, bonuses, and sales prizes. Both types of rewards have a place in performance management, says Harvard Business School professor Brian Hall: “People are motivated by both intrinsic and extrinsic rewards.” Both intrinsic and extrinsic rewards motivate value-creating behavior and are effectively employed by managers. Most corporate reward systems, however, are built around extrinsic rewards, since money is the one tangible and highly manipulable incentive that corporations can give. A corporation cannot easily tell its sales reps, “Meet your sales goal this year, and we’ll respect you more.” But it can say, “If you make your quota, we’ll pay you $5,000.”

**Intrinsic Rewards Generally Motivate Best**

Some of the best advice on intrinsic and extrinsic rewards can be found in an old source: Frederick Herzberg’s classic article “One More Time: How Do You Motivate Employees?” which was first published in 1968. Herzberg found that extrinsic incentives such as bigger paychecks and plush offices don’t necessarily make people work harder or better. When such motivators do succeed, the positive effects are short-lived. Recall the well-worn phrase “What have you done for me lately?” This explains why so few academics and practitioners categorize pay and perks as true motivators or commitment generators. Pay matters in the sense that a company has a difficult time recruiting and keeping good employees without a competitive level of pay and benefits. Money can be a huge motivator, but it often motivates the wrong behaviors—for example, encouraging people to cut ethical corners to earn a bonus or to game the reward system—and it does not build commitment. Consider Southwest Airlines. At the entry level, the carrier is one of the lowest-paying of the major airlines, yet it enjoys remarkable commitment from its people. Here, real motivators such as recognition and team spirit, when combined with adequate pay, have produced a committed workforce and the lowest level of employee turnover in the U.S. airline industry.
Herzberg’s prescriptions remain valid today, and you can use them to enhance the motivation of all your subordinates. Figure 2-1 summarizes his findings. The term “hygiene factors” in the figure refers to the extrinsic elements of workplace life that affect job satisfaction. Note the importance of achievement and recognition on employee attitudes toward their jobs; note in comparison how little salary, status, and job security contribute to those attitudes.

These findings have been validated by more recent studies, including a 2000 survey of managers conducted by McKinsey & Company, in which 59 percent of respondents cited “interesting, challenging work” as critical in their decision to join or stay with a particular company. Financial rewards and career and advancement opportunities trailed at 39 percent and 37 percent, respectively. Just remember that a solid performance management system requires due respect to both intrinsic and extrinsic rewards.

Take a minute to think about the intrinsic and extrinsic rewards in your work environment. Are they sufficient? Are they effective? Do they motivate the right behaviors? Have you found the right balance between pecuniary and psychological rewards?

Unless you are a senior executive, your control of the extrinsic rewards offered by your company may be limited, but you do have substantial control over the intrinsic rewards experienced by your subordinates. At a minimum, do this:

- Compliment good work on the spot when you see it. “Thanks for doing that job so well.” This will impart a highly motivating sense of personal accomplishment.

- Involve subordinates in planning. Their involvement will give them a feeling of control over their work—and people are more conscientious when they feel that they “own” their work. Perhaps the greatest reason that some people feel alienated from their work is that they lack control over how they spend their working days.

Simple actions like these can be highly motivating, and yet they cost nothing. You’ll never go over your budget by doing these things.
Figure 2-1

Factors affecting the job attitudes, as reported in twelve investigations

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The Challenge of Incentive Systems

A full discussion of incentive systems and the extrinsic rewards they offer is beyond the scope of this book. But to quote Brian Hall, the management of incentives is “generally difficult and messy”:

Tensions arise over the division of pay as managers and workers routinely feel underpaid but rarely feel overpaid. The bonus plan, even when it is “working,” never seems to drive precisely the right behavior. And subjective performance evaluations—especially those tied to rewards and punishments—are a dreaded task. They are fraught with anxiety, vulnerable to destructive politicization, and typically disliked by both those doing them and those receiving them.

Difficult and messy as they are, incentive systems are nevertheless essential since people are motivated by, among other things, many of the rewards that firms have to offer, and because workers in a competitive labor market demand them. So, if incentive systems are necessary, what should they look like? Conceptually, the answer to this question is simple: an incentive system should create alignment between desired performance and the rewards that employees value.

Achieving that alignment, however, is anything but simple. Indeed, perfect alignment is impossible. This is because the two elements that must be aligned—performance and “what people value”—are seldom clear and are often hard to measure. What, for example, do your subordinates value? Money, for sure. But how much money does it take to alter someone’s behavior? Offer $100 to your sales reps if they hit their quotas, and you won’t even get their attention. Offer $1 million, and you’ll have their full attention, but that’s not feasible. So, what is the right number? No one can say for certain. Worse, the right number for one person is the wrong one for someone else.

The performance element of alignment is equally uncertain. As described by Hall, measuring performance has three pitfalls:

- **The uncontrollability problem.** Most performance measures, such as sales revenues and profits, are the result of factors that are both controllable (e.g., working harder and smarter) and
uncontrollable (e.g., passage of adverse regulations). Almost all performance measures contain some level of uncontrollability.

• **The alignment problem.** Today’s jobs typically require many tasks; some tasks are easy to measure (e.g., percentage of on-time deliveries), but others are not (e.g., courteous treatment of customers).

• **The interdependency problem.** Most outcomes are the result of work by many people, sometimes working together and other times working independently. Isolating the contribution of individual employees within these outcomes is nearly impossible.

These three problems are sources of inescapable conflict whenever companies design and implement incentive strategies. People complain that some incentives are unfair, reward some things but not others, fail to account for important efforts, are inequitable, and so forth. The subjective nature of performance evaluation is also a problem that defies precision and fairness—particularly for managers. Managers are supposed to develop the skills and careers of their people. But precise measurement of this duty is impossible. Managers are also required to coordinate their units’ activities with those of others. How is this coordination to be measured?

Undeniably, these issues are difficult and messy. It’s nearly impossible to satisfy everyone’s sense of fairness. And some of the most important things that people must do are difficult to measure. But, as a manager, you cannot allow these impediments to keep you and your colleagues from working toward an effective incentive system.

**Practical Tips for Motivating**

Assuming that pay is fair and competitive, the things that make employees’ jobs more interesting are the surest approach to individual motivation. How can you accomplish that? Here are some tried-and-true suggestions.
Demonstrate Trust

Some managers don’t trust people to do a good job, and not surprisingly, these managers get what they expect. Others demonstrate greater faith in the inherent capability of their subordinates. These leaders trust each employee to do his or her job well, and—assuming that they have capable people on the payroll—such managers also generally get what they expect.

There are many ways to demonstrate trust: by removing some controls, or by asking a person to create a plan or schedule, or by putting a subordinate in charge of something you would normally handle. Demonstrate trust, and you will often be pleasantly surprised by the result. Just one caveat: be sure that the person to whom you extend trust understands that he or she is accountable for results, and provide oversight and support as needed.

Make Jobs More Complete

Theory X jobs are narrowly construed and highly specified. “Put bolt A into hole B.” “Examine this loan application and check credit references; then, pass it on to John.” This makes sense when people are viewed as extensions of a mechanized process and when they cannot be trusted to think, make judgments, or take independent action. But it is highly demotivating. People who have these types of jobs spend half the day grumbling and watching the clock. If you want to motivate people who seem ready for a new challenge, give them a more complete unit of work.

Team-based approaches to automobile assembly, research, new-product planning, and so forth, are examples of more complete jobs. These teams are given collective responsibility for planning their work, scheduling vacations, dealing with other units in the organization, and accomplishing other tasks. The same broad responsibilities can be designed into many jobs.

Psychologists Timothy Butler and James Waldroop have used the term “job sculpting” to describe their own form of job design.8 Their prescription is to design jobs that match the “deeply imbedded
life interests” of employees. For instance, a competent engineer with a deeply embedded life interest in counseling and mentoring might be asked to plan and manage the orientation of newly hired engineers. A salesperson with an interest in quantitative analysis might be given new duties working with the firm’s market research analysts. Effective job sculpting is only possible, however, when a manager asks questions and listens carefully to what employees have to say about their real interests.

**Introduce Challenge**

People are often capable of handling tasks that are more complex and more demanding than their managers expect and that their job descriptions require. When presented with tougher assignments, employees will usually rise to the challenge. This is true in the workplace and in other aspects of daily life. Consider this true story:

*Every summer, the minister of a small Protestant congregation took a two-month vacation, and church trustees hired a divinity student to conduct Sunday services in his absence. This arrangement worked well. One year, however, they could not find a summer substitute and consequently asked church members to do the job.*

*Joan, a social worker by profession, volunteered to lead one Sunday service that summer, even though she had absolutely no experience in this area. But Joan rose to the occasion. She recruited a pianist to provide special music, selected hymns for the congregation to sing, and asked others to read from Scripture. She even wrote and delivered the sermon.*

*The people who attended Joan’s service marveled at how well organized and polished it had been and at the thoughtfulness of her sermon. “If the minister ever quits,” said one, “we should hire Joan.”*

*No one was more moved by Joan’s performance as stand-in minister than Joan herself. Though the prospect of conducting a service had seemed daunting at first, she was pleased with how she had handled it. The entire experience was highly motivating, so motivating that Joan eventually quit her job and entered divinity school with the goal of becoming an ordained minister.*
Joan’s story exemplifies what people can accomplish when challenged and the motivational power of such experiences. By giving them opportunities to reach for higher levels of performance, you can provide similar motivation for the people who work for you.

Before you move on, take just a moment to think about the people who report to you. What new and challenging experiences would motivate them and—simultaneously—benefit the company?

**Encourage Some People to Become Experts**

Another way to motivate is to encourage certain individuals to become experts in subjects that interest them and that provide real value to the organization. Every operating unit requires resident experts: in quality control, information technology, process improvement, inventory control, budget matters, and dozens of other subjects. This expertise needn’t be a full-time job to add real value to the unit. Simply having available people with deep knowledge in key areas can be a big plus. And giving a person leave to develop expertise can be highly motivating, instilling that person with greater pride and a sense of accomplishment and recognition at work. “Thanks for that article on process benchmarking. That’s a technique we could use here. Would you be interesting in becoming our resident expert on benchmarking? Once you’ve mastered it, you could teach it to the rest of us.”

**Drive Out Fear**

The late W. Edwards Deming (1900–1993) was one of the founders of the quality movement. His teachings on statistical quality control, and his fourteen principles of management, profoundly influenced business leaders, first in Japan and then in America. One principle he emphasized was “Drive out fear.”

Fear of failure is sometimes useful. It reminds us that everything we do has consequences. But pervasive workplace fear demotivates people and discourages the behaviors that all businesses need in order to learn and succeed.
A fearful environment is created when bosses threaten or bully people or punish or fire them for making honest mistakes. Fear encourages excessive caution and motivates people to place self-protection ahead of the workplace activities that contribute to business success: collaboration, creativity, prudent risk-taking, and finding ways to improve work processes by admitting and learning from mistakes. As Harvard University professor Amy Edmondson has explained, organizations benefit when there is a climate of “psychological safety,” which makes it possible for employees to shift their focus away from self-protection to more useful behaviors, such as discussing mistakes and sharing different perspectives. As she describes it, psychological safety does not imply a lack of consequences for poor performance; accountability must remain.

Is fear lurking somewhere in your unit? If it is, find it and replace it with employee confidence. Doing so will have a positive impact on people’s motivation.

Preserve Your Subordinates’ Dignity

Be sure to maintain your subordinates’ dignity and self-respect at all costs, even when you must be critical of their performance. You cannot motivate people whom you have stripped of dignity; some bosses do not understand this point and inadvertently behave in ways that humiliate their charges.

Have you ever witnessed a boss criticizing a subordinate in front of the person’s peers? Incidents like this happen, and they violate one of the first laws of supervision: praise in public, criticize in private. The effect on the subordinate’s dignity and motivation is usually devastating. Consider this true story:

Members of a district sales group were dining with their boss, the sales manager. They had just finished a long and tiring day of meetings. Disappointing sales over the past six months had added an element of tension to their gathering. As they lingered over too many after-dinner drinks, the manager threw out a question: “We have some great products. Why aren’t they selling as well as they should?”
It was a complex question, and no one wanted to respond with a simple answer. Besides, the veterans in the group knew how argumentative and combative the boss could be after he’d had a drink or two. Frustrated by their silence, the boss restated the question and directed it to Dave, a young fellow who had joined the company just a year earlier.

Being inexperienced, Dave responded with what everyone at the table knew to be true, but which no one dared to acknowledge: “Well, lots of the buyers in my territory tell me that our returns policy is a problem for them.”

True to form, the boss went ballistic and gave Dave a dressing-down in front of the entire group. “I’m sick and tired of these lame excuses from losers like you as to why you can’t meet your sales goals,” the boss ranted. His outburst continued for several minutes, with all of it directed at poor Dave.

Dave, in this case, had failed to meet his sales goals. But he was young and inexperienced and would probably have improved with time and proper coaching. But Dave was so humiliated by this incident that he soon left the company and joined a direct competitor and, before long, became a much more effective salesperson.

Sack the Slackers

Slackers are people who have no interest in doing more than what is minimally required. Their favorite expressions include “That’s not my job” and “I’m not getting paid for that.” Slackers put a damper on the enthusiasm and creativity that every company and every team needs to improve performance.

A timid manager will lower performance expectations to a level that accommodates the slow pace and low standards of slackers. Doing so is a huge mistake because it lowers the performance of the group as a whole and demotivates the best people. Instead of lowering standards, a manager should set them at a high but achievable
level and challenge people to meet them. If slackers cannot or will not rise to the challenge, the manager has three options:

- Reclaim them through coaching
- Move them into positions more suitable to their level of work
- Dismiss them

Once slackers are reformed or removed, you’ll find that motivating people will be less of an effort.

**Empower, Don’t Micromanage**

People are generally more motivated when they feel as though they own what they do. Ask any entrepreneur. Ownership can mean legal ownership; it can also mean having control over the information and the decisions that involve one’s immediate work. In either case, ownership means giving employees some responsibility for shaping their jobs, and even some voice in the design of the larger business structure.

In the world of Frederick Taylor, workers had no sense of ownership. They were merely cogs in the machinery of production and expected to follow orders. It’s no wonder their bosses thought them dull, lazy, and uninterested in the goals of the enterprise.

If you want employees to feel and act like owners, start by looking at your company rule book. That’s what Gordon Bethune did shortly after he took over failing Continental Airlines in 1994. One of the first things he did was burn the rule book—literally!

*We had rules—specific rules—for everything from what color pencil had to be used on boarding passes to what kind of meals [the] delayed passengers were suppose to be given to what kind of fold ought to be put in a sick-day form. Even worse [our rule book] spelled out job responsibilities to such a fine degree that employees were utterly bound by arcane rules and demands, and the penalties for disobeying the rules were severe.*
Well, nobody likes to work like that. Nobody likes to be treated like a robot, like a little kid who can’t solve a problem and make a contribution.

Very soon . . . we took a bunch of employees and a bunch of those manuals out to the parking lot and had the employees set fire to the manuals. I have to tell you, they didn’t mind doing it. And we sent word into the field that henceforth we wanted our employees to use their judgment, not follow some rigid manual. When faced with an atypical situation, employees were instructed to do what was right for the customer and right for the company.10

Burning the rule book was quite a gesture! Bethune put a lot of decision-making power into the hands of frontline personnel along with the assurance that if they thought things through and didn’t do anything “out of bounds,” they would not be called on the carpet by management. And it worked. Morale at Continental took a huge step forward, as did productivity and profitability.

Hire Self-Motivated People

Perhaps the surest approach to staff motivation is to recruit people who are self-motivated. Some readers may say that this course of action has more to do with talent management than with performance management—and that would be true—but anything you can do to increase the level of motivation in your unit is fair game.

You can identify self-motivation in the hiring interview. Self-motivated people are generally optimistic, confident, goal-oriented, and ambitious. They have a can-do attitude. These people require little care and feeding; just point them in the right direction, support them with appropriate resources, and give them periodic praise and rewards, and they will get the job done.

Like slackers, the attitude of self-motivated people can be infectious. But unlike slackers, they infect their coworkers with an attitude that is positive and desirable. Just take care that management doesn’t smother these self-motivated employees under a mountain of
rules, give them too short a leash, or make them kowtow. Even the most self-motivated people can be dispirited by bad management—which suggests our final point.

**Be a Good Boss**

Motivation is often self-generating when people have a boss whom they respect and with whom they have a good relationship. A company can have terrific pay and benefits, employee-friendly policies, and all the other features that make for a healthy workplace, but a bad manager can neutralize these features and demotivate subordinates. Gallup researchers Marcus Buckingham and Curt Coffman put it this way:

> Managers trump companies. It’s not that... employee-focused initiatives are unimportant. It’s just that your immediate manager is more important. She defines and pervades your work environment... [If] your relationship with your manager is fractured, then no amount of in-chair massaging or company-sponsored dog walking will persuade you to stay and perform. It is better to work for a great manager in an old-fashioned company than for a terrible manager in a company offering an enlightened, company-focused culture.11

So, what do we mean by being a good boss? As a general statement, a good boss not only achieves unit goals, but also earns the respect and trust of his or her subordinates by following these effective practices:

- Maintaining high standards for himself or herself and for subordinates
- Empowering people to do their jobs and advance their careers
- Acknowledging the contributions of others
- Providing objective feedback
- Rewarding genuine performance
- Taking an interest in the personal goals of subordinates
You surely know the difference between a good boss and a bad one, and you know how demotivating a bad one can be. So, if you want to motivate your people, be the best manager you can be.

**Summing Up**

- The Theory X view of human nature sees employees as lazy and untrustworthy—motivated solely by pay (the carrot) and fear of dismissal (the stick).
- The Theory Y view of human nature postulates that people are not naturally slackers, but are eager to work, to accept responsibility, and to produce good results.
- Pioneering research by Elton Mayo indicated that work output was influenced by social norms, management-employee communications, and the level of employee involvement in workplace decisions.
- Intrinsic rewards are those that produce nonquantifiable, personal satisfaction, such as a sense of accomplishment, personal control over one’s work, and a feeling that one’s work is appreciated. Extrinsic rewards are external, tangible forms of recognition such as pay hikes, promotions, bonuses, and sales prizes. Both types of rewards have a place in performance management.
- An incentive system should create alignment between desired performance and the rewards that employees value. Achieving that alignment, however, is difficult, and perfect alignment is impossible.
- Practical suggestions for motivating personnel—things that managers can do—include making pay fair and competitive; demonstrating trust; making jobs more complete; introducing challenge; encouraging some people to become experts; eliminating fear from the workplace; preserving the dignity of subordinates; sacking slackers; empowering people and avoiding micromanagement; hiring self-motivated people; and understanding the importance of being a good boss.
Notes

Chapter 2


7. Ibid., 13.


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