

Motivation beyond money: the intrinsic reward, performance, engagement link

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Labour markets/Rewards categories

Monetary/Economic (extrinsic)

Rewards are tangible:
external to the work,
controlled by others

Monotonic relationship
between performance
and rewards

Social (intrinsic)

Rewards are
intangible: sense
of self, not con-
trolled by others

Performance is
independent of
level of rewards

Motivator/Rewards comparison

Extrinsic



schedules

deadlines

goals



salary

bonuses

incentives

VS

Intrinsic



meaning
autonomy
challenge •

Economic/monetary market:

**What are performance based
incentive
programmes?**

The conscious use of reward
programmes to reward
performance and penalise non-
performance

Primary problems

- Design of incentive programmes does not reflect the psychology of how people respond to incentives
- There is a very questionable link between incentives and performance (desired behaviour)

Incentive supposition

- If low payment then low performance, high payment then high performance
- However, this is highly questionable....

Research on incentives

- **The MIT Study:** highest incentive = poorest performance (Ariely et al, 2010);
- **Princeton study:**



- No incentive= better performance (Glucksberg, 2010)

- **So...**
- For tasks involving mechanical skills basic incentive schemes work well
- For tasks involving even rudimentary cognitive skills higher incentives lead to poorer performance

Neuroscience

- Relationship between the thinking brain and behaviour/outcomes
- PM practices damage performance: misunderstanding of human responses
- Numerical rating/ranking (labelling) = rapid reaction, aggressive movement
- When rated/ranked, people disengage
- **Ill-suited to thoughtful, reflective responses**

Neuroscience (cont'd)

- 300% more likely to cheat
- High levels of attrition, low productivity, low collaboration
- **Numbers-based HR Management is obsolete**

(Rock, Davis & Jones, 2014)



Social Market

...Money changes everything....

- People are motivated to work without money
- Money changes the interaction: motivation decreases
- People have an internal, intrinsic motivation to work, but money causes 'Crowding out'
- What is economically inefficient is socially efficient

.....money: different set of norms

removes humanity and care



Meaning in work

- Points to the process and fruits of our labour



We care about reaching the end, the fight, the challenge, the meaning in the challenge

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A simple experiment...

- Building bionicles



- Meaningful condition = 11 bionicles
- Sysiphic condition = 7 bionicles

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Adam Smith vs Karl Marx

- Smith = efficiency is fundamentally important
- Marx = alienation of labour, meaning is even more important

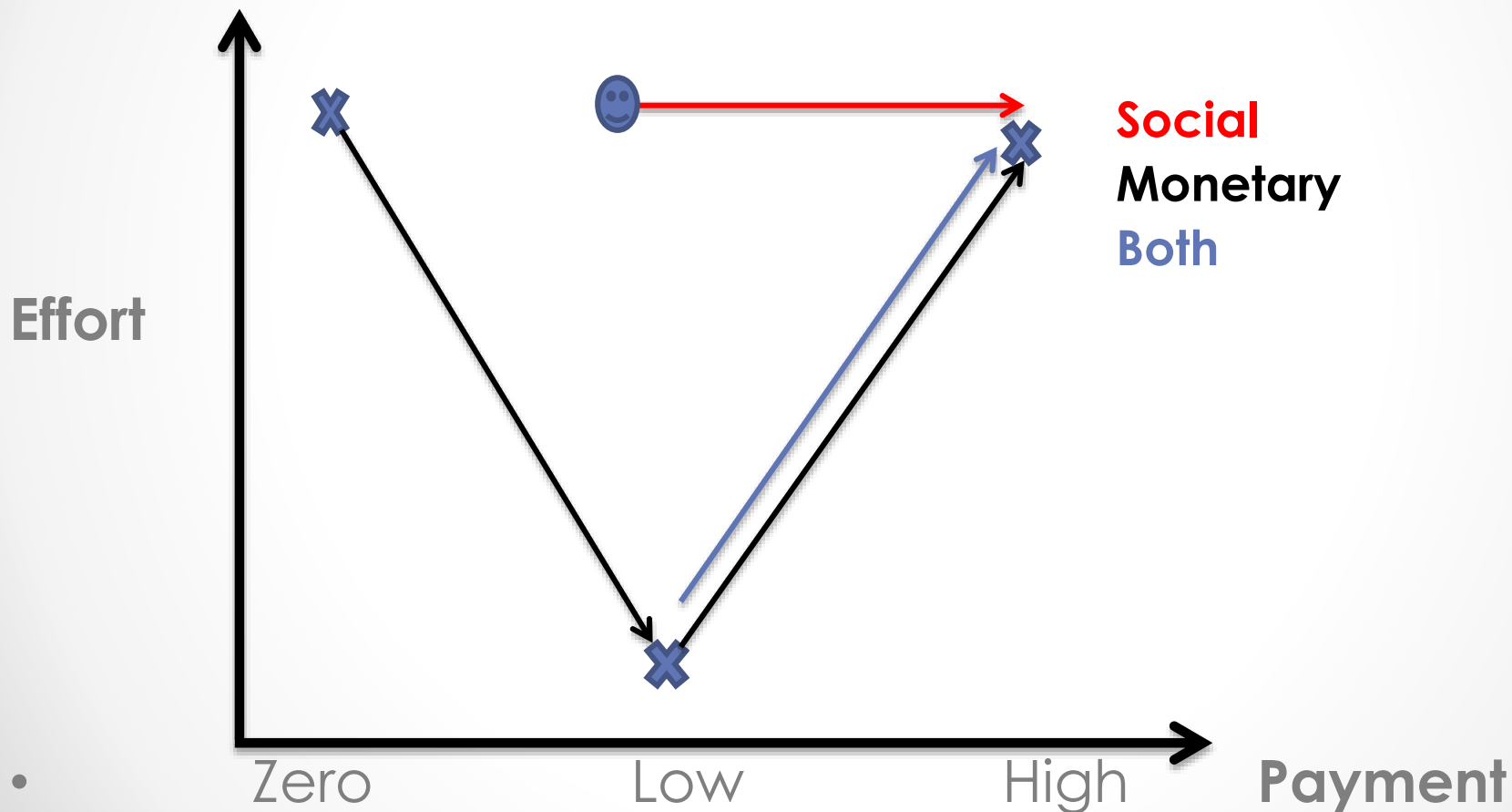
Industrial revolution

Smith > Marx

Knowledge economy

Smith < Marx

Monetary vs Social 'payment' comparison



Basic Research conclusions:

Extrinsic motivators/rewards:

- Cause self-motivated interest to wane (Deci, 2010)
- **After a certain reasonably low level of income, further extrinsic reward**
 - ..has no effect on the level of productivity
 - ..does not positively affect performance
 - ..in many cases causes worse performance(Ariely, et al, 2010, Sibson Consulting & WorldatWork, 2010)
- Decrease motivation and attitudes (Festinger & Carlsmith, 1959)

Research conclusions

Intrinsic motivators/rewards

- Lead to greater levels of persistence, creativity, energy and well-being = increased performance, retention, **engagement**
- **Not sensitive to the level of 'payment'**
- **Result in more effort for no 'payment'**
(Ariely, 2013)
- External motivators (extrinsic) = less of all of above
(Ryan & Deci, 2000)

Most important....

Extrinsic rewards:

- May be useful for purposes of retention
- Cannot be used to 'purchase' engagement

Intrinsic rewards:

- Are fundamentally important for purposes of engagement and therefore retention
- *What science knows and business practices is very different*

A revised model of labour

- **Motivation** = payment, **but more important:**
 - meaning**
 - creativity**
 - challenge**
 - ownership**
 - identity/recognition**
 - pride**
- **More productive, engaged, happier**

An engagement programme: an intrinsic intervention

Research on the **Personal Management Interview Programme** investigated its effects on several indicators of team and unit effectiveness

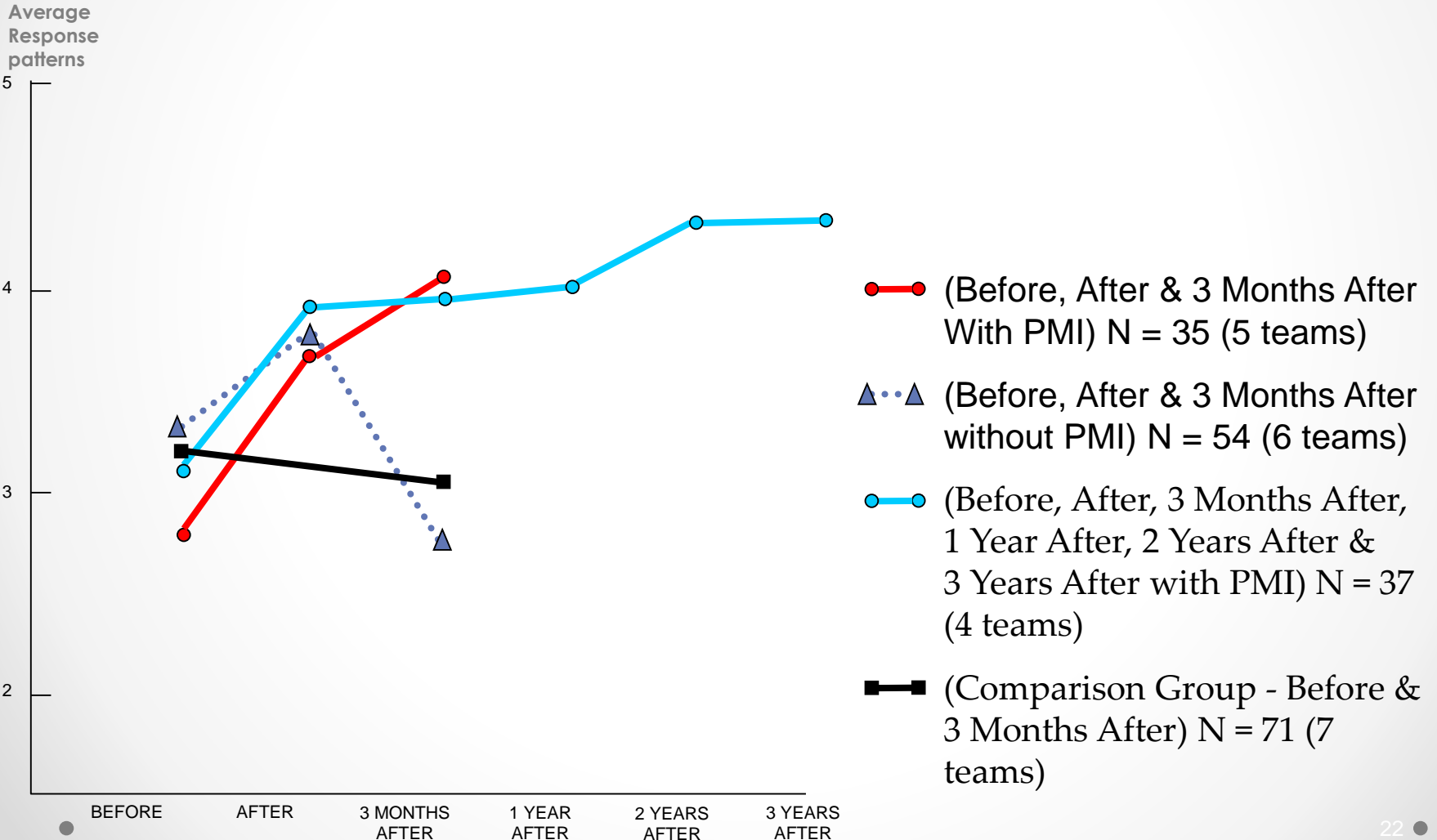
- Productivity
- Leader-subordinate relationships
- Empowerment and mutual influence
- Participation and teamwork
- Trust
- Effectiveness of unit meetings

(Cameron, 2012)



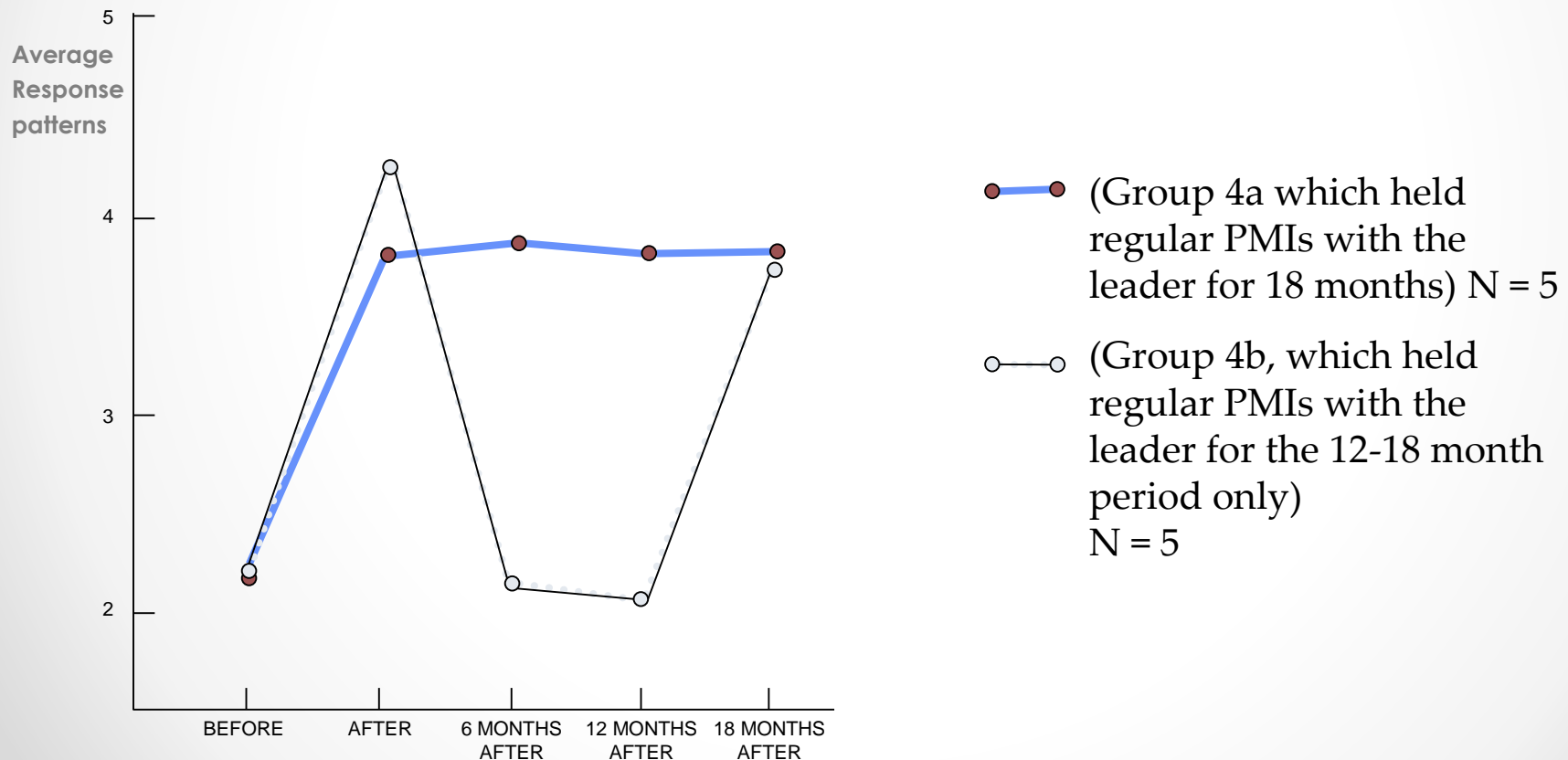
PMI Research Results

Average response patterns on the group behavior inventory for 22 natural teams and a comparison group subsequent to a team-building session with and without the implementation of personal management interviews.



PMI Research Results

Average response patterns on the group behavior inventory for the staff members of one natural team following a team-building session, where one-half (group 4a) held regular personal management interviews for 18 months while the other half (group 4b) held regular personal management interviews for the 12-18 month period only.



PMI Research Results

	<u>With PMI</u>	<u>Without PMI</u>
Organizational Climate Scores		
Organization 1	13.22	10.54
Organization 2	13.50	10.52
Organization 3	13.39	10.34
Organization 4	12.44	11.15
Organization 5	15.02	13.13

Team Effectiveness Scores

Organization 1	3.85	3.38
Organization 2	3.76	3.33
Organization 3	3.82	3.15
Organization 4	3.51	3.27
Organization 5	3.81	3.54

Individual Job Burnout Scores (N = 3122)

Low burnout scores	53.4%	38.6%
Medium burnout Scores	17.2%	18.4%
High Burnout scores	29.4%	43.0%

An intrinsic case study

The Rocky Flats Nuclear Arsenal

The Condition of the Site in 1995

- A special Nightline news program rated two Rocky Flats buildings as “the most dangerous buildings in America” due to their levels of radioactive pollution.
- Contamination existed in walls, floors, ceilings, duct work, surrounding soil, and, potentially, ground water.

Clean-up costs

- The Department of Energy's estimate of closure and clean-up in 1995: 70 years and \$36 billion—to be completed in 2065.

Results of the intrinsic intervention

- Completed 60 years early (10 October 2005)
- \$30 billion under budget
- 13 times cleaner than required
- Adversaries and antagonists are, by and large, advocates and supporters
- Labour relations “the best in my career”
- Safety twice as good as the industry average
- Unions enthusiastically worked themselves out of a job
- 200 technological innovations

Rocky Flats – 1995 and 2005



So...

- Why are companies not creating and implementing a culture of intrinsic motivators and rewards?
- Requires a massive shift in long-term beliefs
- Changed employer/employee mind-set, and how we work
- But: meet basic extrinsic motivators/rewards first

- **“It’s very simple – the repetition, boredom and aggravation that too many people accept as part of working can be replaced with joy, inspiration and freedom.”
(Semler, 2012)**