Preserving Intrinsic Motivation For Work

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1 Introduction

A surprising mismatch is present today in the way that businesses manage their employees and how psychology of that relationship works. Majority of incentives is still external and directly associated with productivity. The amount of work done is directly proportional to the amount of salary bonuses an employee is going to receive. Many psychologists and sociologists would argue that such approach is outdated and it is time for a new system of incentives in businesses. They propose that "autonomy, mastery and purpose" should be key motivators in doing work. [1]

2 Research

2.1 Choking under pressure

Let's start by looking into how a certain level of monetary reward affects the performance of an individual. A series of validation experiments called *Large Stakes and Big Mistakes* has been done by MIT researchers to show that "high monetary rewards can decrease performance".

McGraw and McCullers (1978) provided support for this mechanism by showing that "the introduction of monetary rewards for tasks that involved problem-solving had detrimental effects on performance. In addition to the narrowing of attention, large incentives can simply occupy the mind and the attention of the laborer, distracting the individual from the task at hand" [2].

In the 6 separate experiments, participants attempted various problem solving games. During those experiments, it has been consistent that higher levels of rewards produced lower performance on all tasks that involved creative thinking. To summarize, the experiments were held in India and highest reward would have been equal to "half the mean yearly consumer expenditure in the village" [2]. With so much pressure, all participants "choked under pressure". Their mind was too preoccupied with the reward itself rather than the task.

2.2 Loosing Intrinsic Interest

Another factor to consider when using financial incentives is the risk of devaluing original intrinsic motivation. It is called the "over justification" hypothesis. Hypothesis is explored in "Undermining children's intrinsic interest with extrinsic reward" [3]. Kindergarten children who showed intrinsic interest in drawing were then offered an extrinsic reward for doing that activity in three different ways. Most damaging was the "expected reward" approach, when children were expecting a reward for drawing something. Later, they showed less intrinsic interest in doing the activity which they liked doing just for the fun of it before, because now they were doing it for the extrinsic reward.

It is logical to expect a similar response form adults. If we like doing something to begin with, it is damaging to offer an expected extrinsic reward for it. That does not mean that businesses should stop paying their employees, but that financial reward should not be associated with doing an activity that has a potential to be liked just for its intrinsic interest. One option for a reward in such type of work is public recognition or giving a definite sense of value to the employee.

However, adding an extrinsic reward for something that does not give an intrinsic interest is a way to get somebody to do something.

2.3 Theory X vs Theory Y and their results today

Theories known as *Theory X* and *Theory Y* were described by MIT Sloan School of Management back in 1960's [4]. They describe two radically different types of management.

Theory X implied that the average worker dislikes his job and would avoid doing it if such opportunity presents itself. Examples of such work-environments are janitors, construction-workers and others when most of the work is routine and doesn't involve creative thinking. Therefore, management needs to be strict and incentives are the main way to raise motivation.

Theory Y, on the other hand, works for environments where effort to work is natural for employees. Examples would be any job that is creative and interesting. In such environment, the biggest factor to consider is to avoid direct association of hard-work and external incentives. Bonuses need to be fair, but not direct. For example, the amount of projects finished is not supposed to be equal to the salary of an employee. Quality and creativity should be praised in this type of management.

2.4 Alternative Incentive models in today's businesses

Even though majority of businesses still ignores the advances in sociology that were mentioned previously, some are catching on.

A few businesses have incorporated the tactics of giving people autonomy, mastery and purpose. What those terms mean is giving people autonomy, so that they could be free to work and explore their opportunities, mastery, so that people could reach perfection in their work, and purpose, so that people would work for results and goals that are interesting to them.

Google and Atlassian both use the "20 percent time" policy. The policy encourages employees to experiment with their own ideas for 20 percent of their workday. As a result, dozens of side projects in Google such as Gmail, Google news, Google Earth were created during those 20 percent of the day. However, even in such idealistic scenario, company does a lot of work to focus those 20 percent on innovation and inspire employees to share/innovate and, therefore, prosper.

Another approach is called *ROWE, Results Only Work Environment* [5]. The approach allows employees to do whatever they want, be wherever they want as long as they get the work done by set deadlines. It is currently successfully used in Gap and was attempted in BestBuy, but BestBuy decided to drop such policy, since it was found to be inefficient in their business. Some comments about inefficiency were that the objectives were not clear. Therefore, by letting people "free", BestBuy could not track all the things that needed to be done.

3 Takeaways

To summarize, when managing a team, we need to remember a few key factors:

- It is possible to "choke" people under pressure. Competition and bonuses are a good way to inspire better results, but when your employees constantly think about how their actions affect their well-being, they are likely to lose productivity.
- It is possible to "over motivate" employees, when the initial intrinsic incentive would be substituted by expectation of external incentive. Therefore, increasing incentive is not always equal to increases in productivity.
- There are different types of work and external incentive may be used if an internal incentive was absent to begin with. That is closer to Theory X type of management.
- Theory Y should be used in any work that has a potential to be interesting to employees. It allows people to be creative and autonomous while being productive. Example of such application is ROWE environment, when only results matter.

References

[1] TED talks: *Dan Pink: The puzzle of motivation.* `http://www.ted.com/talks/dan_pink_on_motivation`

[2] Dan Ariely, Uri Gneezy, George Loewenstein, and Nina Mazar. *Large Stakes and Big Mistakes.* `https://www.bostonfed.org/economic/wp/wp2005/wp0511.pdf`

[3] Journal of Personality and Psychology: *Undermining Children's Intrinsic Interest with Extrinsic Rewards.* `http://courses.umass.edu/psyc360/lepper%20greene%20nisbett.pdf`.

[4] Douglas McGregor *The Human Side of Enterprise.* `http://www.netmba.com/mgmt/ob/motivation/mcgregor`

[5] Douglas McGregor *Results Only Work Environment.* `http://gorowe.com/`