



# Motivation and Performance

## 1. Introduction

Staff motivation is key to the productivity and strategic effectiveness of an organisation. Imagine a bunch of lazy, uninspired officers versus a team of driven professionals; it isn't hard to guess which group of people has a better time and achieves more. But what does research show us on the effect of motivation? And what does this mean for the tasks of a manager in motivating staff? This syllabus gives some theoretical background on staff motivation, while giving the manager some tools in motivating staff, while we will also show how common practices (be it in business, government, schools or NGO's) are often counterproductive, and come from a mindset (or paradigms) that does not quite understand what makes people perform. Research suggests that we shift away from buying and rewarding 'talent', to praising effort and expertise, embracing failure as stepping stone, and encouraging a mindset of belief in growth among our staff.

The issue of motivation becomes even more pertinent in a world in which creativity rather than mechanical manual labour is key to and in which networks gain in importance and success, because in this case performance cannot be coerced by authority, as is the case within organisational hierarchies. Furthermore, in development cooperation agencies often aim at strengthening partners, some of which are institutions with poor performance records, and the challenge is to help turn them around, or at least improve in aspects such as efficiency, service-orientation, transparency and effectiveness. Even if technical assistance is combined with funding (and conditionality), the desired changes highly depend on leadership motivation and commitment at the partner organisations.

Understanding staff motivation is a start to improve results of your organisation. Findings of researches give us insights on how motivation works, but both insights and practice change over time and still a lot of interesting research is ongoing.

## 2. Research and Concepts on Motivation

### 2.1 Maslow's hierarchy of needs

|                           |   |
|---------------------------|---|
| Physiological/basic needs | : food, clothing, housing, salary, working conditions |
| Safety/security           | : safety, security, pension legal status etc.         |
| Social Needs              | : belonging to a group, being accepted, interaction   |
| Esteem                    | : recognised by others, being proud of oneself        |
| Self-actualisation        | : self-progress, development, autonomy etc.           |



The theory of Maslow indicates that before a person will address higher needs like esteem and self actualisation, the more fundamental needs like the physiological needs, safety/security and social needs have to be addressed in a sufficient manner.

In an update that Maslow did not complete during his life, he refined the model and added a highest level of self-transcendence, in which the individual is motivated by making a contribution to society. Victor Frankl, Austwitz survivor and author of “Man’s search for meaning” comments that Maslow’s lower “needs” are actually means, while meaning is the end goal or need. In other words: What we ultimately need is to find and fulfill meaning, and to enable this other factors (such as safety and food) serve as means.

Various authors have critiqued the hierarchy of the model, but the least that remains are the different domains Maslow distinguished.

## **2.2 The right people, leadership and a culture of discipline (Collins)**

In “Good to Great” (2001) Jim Collins published the results of five years of research on the differences between companies that, after at least 15 years of mediocre performance, sustained at least 15 years of extra-ordinary performance, and comparison companies that did not make such a transition<sup>1</sup>. One of the findings is that the great companies, rather than first establishing a strategy and then looking for the right people to implement it, first get a team together. Collins refers to this principle in short as “First who, then what”, and says the key is “to get the right people on the bus, on the right seats, and the wrong people of the bus”. As simple approximation for who “the wrong people” are, he says it is anybody you would not hire, if he or she were not working with you already, or anybody about whom you would secretly feel relieved, if he or she would resign.

In view of research listed below<sup>2</sup>, and in view of which variables our clients have control over (many a manager does not have the power to hire and fire, which may impede a transformation from good to great, but may still allow for a transition from poor to fair), we wonder whether his view is too dualistic and radical. Nevertheless, two further logical consequences of the “the right people” focus may have great relevance:

- Collins asserts that “motivating people is a waste of time”, and makes the point that people should be self-motivated in the first place, with management only removing demotivators, such as bureaucracy and performance obstacles. Readers will recognise that in terms of Herzberg and Maslow, Collin’s point is that pay issues should be settled (though he found executives in great companies earned on average 20% less than those in the comparison companies, while their CEO’s came almost all from within the organisation), but prime attention should be on the work.
- Similarly Collins points out that none of the great companies did become great through extensive team building or change management efforts: They just devised better ways of working, and got “buy in” within the company by showing (initial) results, and pursuing them consistently. Again attention is on the actual work, rather than the approach towards or perks around it.

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<sup>1</sup> Note that he worked with companies for practical reasons, but that his research premise and design was such that his research findings equally apply to government and non-profit, although he also published additional notes for non-profit applications.

<sup>2</sup> The question that Collins leaves unanswered, but which is later discussed by Matthew Syed (see below), is whether “wrong people” can ever turn into “the right people”. Collins still suggests that the difference may be inborn, while later researchers have found it to be “programmed” and therefore changeable.



Another research finding is that great companies have a culture of discipline, characterised by each leader living an examples, rather than chasing after his subordinates. Incentive systems that try to force lazy people to work hard work, act negatively like a self-fulfilling prophecy. You first device a reward and punishment system, but then people start to argue or find their ways through the net, and possibly you will respond making the net tighter. In the process you develop a bureaucracy, in which self-motivated people leave (increasing your percentage of “bad people”) or become themselves unmotivated, both because of the culture that impedes effective performance, and because they see colleagues getting away with doing a bad job (equity theory). On the whole energy is drained from where it belongs: From *doing* a job into *proving* what one has done and achieved and how clever one is (e.g. through widely-copied emails).

In short: When a lot of energy is spent on proving the validity of appraisals, rather than on feedback and learning, you are on the wrong system already. It may be helpful to further delink learning and rewards, to give a genuine learning and culture a chance. Key issues in performance management are then to establish a positive feedback and work culture, and to act directly on under performance (“bad news interviews” or “constructive criticism”).

Finally the Collins research found that individuals and organisations thrive, if they have a clear, sharp and inspiring definition of what they do, and don’t do, and stick to that.

### 2.3 10,000 Hours (Gladwell and Syed)

Two recent books researched whether excellence is based on in-born talent and/or based on training, coming to the overwhelming conclusion that people are born as complete equals, but grow to different levels of effectiveness based on training. Malcolm Gladwell set forth his findings in “Outliers. The Story of Success” (2008) referring among others to the Beatles and Bill Gates. In “Bounce. How champions are made” (2010) Matthew Syed starts from sports, but expands into business and arts, noting that Mozart and Picasso were not exceptional in their early compositions and paintings respectively.

What sets exceptional performers apart, then, is 10 years or 10,000 hours of purposeful practice. Practice becomes purposeful practice if it is:

- intensive, but not beyond three to four hours a day, in your stretch zone (that is: at tasks you do not master yet)
- if it includes clear feedback, which implies having a clear target so that one can compare intention and result (e.g. where a ball should land, comparing one’s own chess move or one’s own diagnosis of an X-ray diagnosis with that of an expert)
- expert coaching, both technically and in terms of mentality (see below)
- largely an internal motivation in which practice is chosen for freely and independently by the person and seen as a privilege rather than a chore
- in which “failure” is not feared but seen as an opportunity to improve. In fact, top sporters fall and fail more than amateurs, because they enjoy continuously looking for their stretch zone, and continuously move on after falling or failing)
- based on a “growth mindset”, which believes in transformation, as one has witnessed progress and ones coaches/parents have repeatedly shared this message
- praised for effort rather than for talent

In short: “Stars are made, not born”<sup>3</sup>. Yet even if you would not be convinced by the statistics, one can compare the *effect* of the different paradigms; the talent paradigm or the

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<sup>3</sup> The most extensive research on this subject was done by Anders Ericsson, who found among musicians that nobody who had reached the elite group (of “talent” with “most potential”, according to



effort paradigm. In 1998 Carol Dweck did research on the effect of praise to 400 11-year old kids. After having solved a simple puzzle, 200 were praised for intelligence with the words “You must be smart at this!”, while 200 were praised for effort with the words “You must have worked really hard!” Subsequently they were given a choice between a tough and an easy test, and next (as a third test) they were given an easy test again (as easy as the first), while finally they were asked to inform kids in another school about their results. Here is what happened:

| <b>Praised for talent</b>  | <b>Praised for effort</b>   |
|--|---|
| 67% chose an easy follow-up test   | 90% chose a tough follow-up test  |
| 20% decrease in the third test as compared to the first (equally difficult) test | 30% increase in the third test compared to the first (equally difficult) test |
| 40% lied about their scores  | 1 (out of 200) lied about their scores  |

And this is the effect of a single time a single, six-word message! Unfortunately the positive effects of effort-based praise and believe in growth wear out, if given only once. A growth mindset is a response to continued positive “programming”, or the conclusions one draws from key events in ones biography. While at any time one may change ones “scripting”, childhood messages and conclusions tend to be maintained as a self-fulfilling prophecy<sup>4</sup>.

Syed believes the same principles were at play at Enron, when it collapsed in 2006, uncovering lies about their results. Enron had a system of paying high performance perks to executives who were scouted for “talent” rather than hard work and experience, and reported good weather results. Pressures to never disappoint, rather than a culture in which failure is embraced as an opportunity to learn, pushed them into lying.

#### 2.4 Expertise and multiple intelligences (Gardner)

The above case also illustrates the issue of specialisation. Great companies appreciate that expertise is highly task specific: A good tennis player is not necessarily a good badminton player, and a great executive in steel does not make a great banking executive overnight. 10 Out of 11 CEO’s who led the transition from good to great in Collins’ research came from inside the company. This is because professionalism implies combining highly complex combinations of tasks<sup>5</sup>. You can run checklists for each individual component of a task, but you have to learn the combination through purposeful practice, to be better than a beginner can be, regardless of the degree and distinction that beginner brings with him or her<sup>6</sup>. Gary Klein, doing research on expert decision making for the US military, found that top decision

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their teachers) did so without the most intense practice, and nobody who had worked hard failed to excel. This finding has profound implications: Yes, experts scouting for “talent” do truly recognise a difference, but their expertise can be taken over by one single question on hours of purposeful practice. Moreover, the “talent” or “high potential” they establish is not born, but made.

<sup>4</sup> Here we get close to a school in (among others) psychology, education and marketing known as NLP (Neuro Linguistic Programming). They recognise drivers and stoppers that a person internalises, and that determine feelings and effectiveness in critical situations that have a seeming resemblance with the past. In stress situations adults often regress to childhood feelings of inability and chose coping responses rather than the address the issue from an adult state of mind.

<sup>5</sup> On the other hand the era of life-long employment seems to be over. While many employees can continue to perform well if given chances to grow within the company, employers may accept the reality of regular change (which is not the same as the superficial habit of job hopping) rather than try to bind staff through bonds or financial perks.

<sup>6</sup> Generalists may still be valuable, if they realise which type of generalism they are specialised in and if they have the modesty to acknowledge their drawbacks and are willing to learn the facts and relate to reality and experts each time they engage in a new area.



makers subconsciously integrate so many factors that they seem to *know* what to do (without actually weighing alternatives against each other), often without knowing why.

To balance the picture on expertise, we recall findings of Collins and Covey, and like to also mention research findings on “multiple intelligences” (refer to Howard Gardner and colleagues at the “Zero project” at Harvard). Stephen Covey emphasises that truly great managers find a good work-life balance, while both Collins and Covey point out that greatness is in consistently pursuing a chosen direction, which would be undermined by frequent changes. “Multiple intelligences” research finally shows that we have some seven types of intelligence (from logical to emotional to musical), but that they boost each other. It was for example found that the match results went up for children who started to play the piano for half an hour a day. The conclusion is this: To become a champion<sup>7</sup> on has to engage at length in a specialisation, yet at the same time maintain some balance in other areas of life.

## 2.5 The disincentive of conditional financial rewards (Pink)

In his book “Drive, The Surprising Truth About What Motivates Us” (a summary of which can be found in an attractive YouTube video, RSAanimate and cognitivemedia, summarise MIT (Michigan Institute of Technology) Daniel H. Pink presents interesting and counter-intuitive research findings, which are still largely ignored in both profit and non-profit organisations.

The main point: For performance that requires more than rudimentary cognitive skills (but innovation and creativity), performance rewards have a *negative* impact, and this pattern has been observed consistently and worldwide, and in fact among animals as well. For uncreative skills (manual labour), conditional pay is an effective short-term incentive<sup>8</sup>: If you reward people for this type of performance, they deliver more. But if you work with financial perks for jobs that require creativity and innovation, performance drops - people try harder, but take more time and are less effective in puzzles and problem solving because they are too focussed to think out of the box. Their enjoyment drops too (people who have once been rewarded for an activity, later spend less voluntary time on it).

To explain these research findings, Pink distinguishes three types of motivation:

- Motivation 1: Natural drives, like craving for food and intimacy
- Motivation 2: Conditional drives, carrots-and-sticks, rewards and punishment
- Motivation 3: Intrinsic motivation – doing something because you enjoy it

Clearly people are motivated and made effective not only by pay, but also by

- autonomy (self-direction),
- challenge and growth (mastery), fun and
- purpose (making a contribution).

The Internet age shows this new mindset: Many experts passionately spend large parts of their free time on sharing knowledge for free, while within their paid jobs engaging their full potential is not only not rewarded, but not wanted and allowed. Companies that realise this

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<sup>7</sup> Collins addresses the question whether to strive for greatness at all. While emphasising that greatness does not have to be in business and in economic terms, he points out that full dedication has better returns, while it has no disadvantages. The choice expresses a life position, with no rational to choose for mediocrity.

<sup>8</sup> Unfortunately performance rewards, which activate the same brain centers as drugs, have to increase over time to maintain the same effect, while introducing performance rewards reduces intrinsic motivation (motivation 3).



reality, give more support and free reign to creativity and innovation. The step from compliance to engagement is a matter of removing obstacles, rather than of stimulating people. Yet many common practices still run straight against these empirical findings. Consider the below practices. The issue is fairly delicate – incentives can truly work and motivate, but they can (and are more likely to) have larger demotivating effects:

- Pocket-money-for-work makes that children regard the task at hand as “work” (rather than play) and reduces how well they do it
- If businesses scout and reward talent rather than drive, employees experience high stress levels, compete rather than collaborate and engage more in lying and focus on short-term gains at the expense of long term value
- Whenever schools award certificates for outstanding performance, this often isolates the winners and demotivates the larger group of losers
- Where donors were paid for giving blood, donations went down (as the reward undermined altruism), while the number of late parents increased when a fine was introduced (as the reward undermined feelings of responsibility and solidarity)
- Alcoholics Anonymous (probably the worlds largest and most effective treatment for alcoholics) and Vipassana (meditation in the tradition of S.N. Goenka) survive on donations, which they only accept from members, which expresses their ethics, and deviating from it would undermine their bond and pride

Pink notes that as more on more people work for purpose rather than profit motives (alone), the distinction between business and the social sector becomes less strict. Wikipedia survives on volunteers, Toms Shoes has as mission to change “the act of buying into the act of giving” by giving a pair of shoes away for every pair sold...

## 2.6 Win-win agreements (Covey)

Of course authors do not always agree. Unlike Pink, who puts the entire idea of carrots-and-sticks (rewards and punishments) into question, Covey observes that people exert themselves more when working towards targets, and believes that this works best if they are linked to rewards. In other words: While Pink advises to put the issue off rewards off the table so that people focus on tthe work, Covey proposes to reward rightly. He favours working with Balanced Score Cards, which drill organisational top priorities down to the individual level, so that ultimately every action follows strategy.

However, Covey also points out that in practice many organisations make win-loose agreements, in which only the best performers get a perk. This raises competition, and a culture in which elbowing someone else down is as important as making a contribution. Arguing that “you get what you reward” he advocates rewarding team efforts and on the individual level to set objective targets (rather than relative, comparative targets), thus aligning HR systems with core strategies and valid insights. He quotes an organisation of 800 persons, which in one year rewarded 30 top performers (implying 770 losers), and the next had set individual win-win agreements, 80% became winners – who each produced as much business as the previous year’s 30. More than 700 people had in the earlier year felt discouraged to give it their best, because they believed they would not surpass their colleagues. Now that the bar was not set as being better than others, but in actual performance, their behaviour, the organisational culture, and its results dramatically improved for the better.

## 2.7 Whole person engagement. The growth mindset and spirituality

The development of mindset is a long-term issue, and when it comes to conscious training it needs a free choice from the person concerned. Companies, NGO’s and government



organisations are more likely to change to greatness by firing under-performers, than by trying to mould them into adopting a growth mindset. That is what Collins observed and why he advocates getting the wrong people off the bus. Yet this would imply maintaining the schism or duality of winners and losers, like a self-fulfilling prophecy. Although you may cast the “bad guys” (or rather the lazy ones) out of your particular organisation, this view still believes in a zero sum game for society as a whole.

So what are the means to educate the heart, one heart at the time, so that humanity may make progress as a whole? As mentioned earlier, mastery in any field requires 10,000 hours of purposeful practice, and that again requires a support system of professional and emotional guidance, instilling the growth mindset. Childhood is crucial for both, but need not be the final character forming influence. Also at work, we can train ourselves, first of all by taking care of ourselves, and next by extending a growth mindset (next to a focus on the work) to our colleagues.

Most religions, but also humanistic worldviews, recognise that educating the heart has two aspects; that of wisdom and that of compassion, which ultimately should merge again. The former can be trained through uncompromising contemplation of what Collins calls “the brutal facts of life”. As Steve Jobs (long term CEO of Apple) used to remind himself and people he met, one may think about death and impermanence and what one truly wants to achieve in life, or one may study the social, economic and environmental facts and figures of one’s work with open-minded dedication. The compassion aspect may be developed (strengthened and enlarged) through connecting to anything one loves. This takes the form of compassion towards beings one sees as helpless or less fortunate, love to those who one perceives as equals, and devotion or aspiration to those who one objects to be exemplary, at least in a certain field. Religious people may pray and then act in society, while the non-religious may act without the intermediate, incremental step of prayer and retreat.

The above first and foremost applies to how we can approach our work as an individual with a larger, perhaps spiritual, view. In our modern day, the employees in most organisations do not share a common approach (e.g. belonging to the same church), so joint humanitarian or religious celebrations may not be the binding factor of our age, in most cases. Even so, it may be worthwhile to see in which areas of inspiration and concern you may connect, to unleash, engage and bundle the energy of our stronger and deeper motivations. Stephen Covey suggests imagining ones 80<sup>th</sup> birthday, after having lived life to the fullest, and listening to the tributes friends and colleagues would make. Next one can take these elements to formulate a personal mission statement to set the right priorities in life, and to listen deeper to what drives others.

In “The 8<sup>th</sup> habit” Covey makes the case that in the industrial age the manual worker could just comply with his body, but that in the knowledge and wisdom economy we need full person engagement, which requires that we:

- Body: Pay them fairly
- Heart: Treat them kindly
- Mind: Use them creatively
- Spirit: Engage them:
  - In serving human needs (rather than just let them sweat for shareholder profit)
  - In principled ways (applying ethical, social and environmental guidelines)