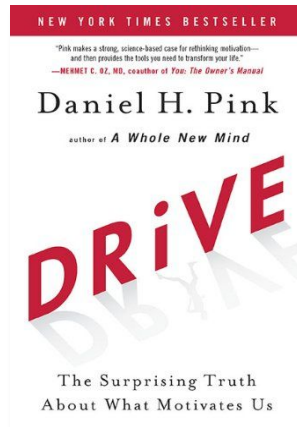




Drive – the surprising truth about what motivates us By Dan Pink



Content = **** Readability = **** Clarity & Structure = ****

<http://www.youtube.com/watch?v=u6XAPnuFjJc>

IN A NUTSHELL

Rewards don't work. People are more motivated by internal factors than by external drivers. Once basic financial needs are met, people are more motivated by having a desire for **Mastery** and a sense of **Autonomy**/self-direction towards a driving **Purpose** (MAP).

External motivating forces (esp. money) tends to kill intrinsic motivation, leading to reduced levels of motivation.

KEY THEMES

Many managers have a belief that extrinsic motivators work and they see them as a useful way to 'control' people. However, there is scientific evidence that these rarely provide long-term performance improvements.

Why carrot & stick approaches no longer work

Reduction in algorithmic work

Taylor in 1900's saw workers as part of a complicated machine where desired behaviour was controlled through reward and punishment. This mindset still dominates the way many companies manage their people. But his principles

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were born out of an era when most work was mechanical, repetitive labour (aka algorithmic i.e. a learned simple repeating pattern). For these types of jobs that still exist, evidence suggests extrinsic motivators are still effective.

Increase in complexity

These days many people's work is more complex, constantly evolving, less routine, less directed and more interesting (aka heuristic). This requires a different approach to management and motivation.

Changing management structures

We are seeing a reduction in management levels in many organizations, requiring a less hands-on, more self-directed work patterns.

Internet driven open sourcing

Open sourcing (such as Wikipedia, Linux, Firefox, Apache, cookbooks, stock photography, legal briefs, medical research etc) is a radically different model. The reward is contribution and some recognition – but not £ in the short-term.

Lakhani & Wolf (Boston Consulting Group) surveyed 684 open-source developers. They found the primary motivation was the enjoyment from creating something in its own right (rather than any extrinsic rewards).

A change in corporate focus

In 2008, Vermont was first US state to allow a new type of 'low profit limited liability' company (aka L3C) to be set-up (versus the for-profit or not-for-profit social cause driven organizations). L3C aim to return modest profits to allow them to instead focus on their primary goal of social benefit.

The reality of what really drives behaviour

Rational driven economic theory predicts that in a world of perfect information and low transaction costs, parties will bargain to a position of wealth maximization. But this is not what happens in reality. People make decisions more on internal factors than external factors – we spend hours mastering an instrument for no external financial gain, we leave expensive jobs to work to become teachers, nurses or aid workers. As Frey writes, "It is inconceivable that people are motivated solely or even mainly by external incentives"

The 7 deadly flaws of extrinsic motivators

1) They can extinguish intrinsic motivation

Once you get past basic threshold levels (of fairness and adequacy), carrots & sticks can achieve the opposite of their intended aims. Extrinsic rewards kill intrinsic rewards (cf Festinger's cognitive dissonance – the reward becomes the key reason to do it and destroys the intrinsic enjoyment of the task itself.

Harlow ('49) found that monkeys enjoyed the intrinsic experience of solving puzzles – the joy of the task was its own reward. When given external motivation (extra food etc) it actually led to increased mistakes and slower time.

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Lepper, Nisbett & Green ('78) observed how pre-school children choose to spend their free play. They divided the children into three groups: Group 1 was told in advance they would get a reward for their drawings ('If-then'). Group 2 were not offered any incentives up front. However, upon completion they were given an unexpected gift ('now that..'). The third group were not promised anything for their efforts and nor did they receive anything. 2 weeks later the room was laid out with paper and pens during their free play period. Those who had been in the 'If-then' reward group drew less than the other two groups.

2) They can diminish performance (esp. long-term)

Research has shown that extrinsic rewards caps growth – If bonused to achieve 10% growth, then why go for 15%?

In 2009, LSE analyzed 51 studies of corporate pay-for-performance plans. They concluded, "We find that financial incentives...can result in a negative impact on overall performance"

Deci ('69) discovered that if an incentive is no longer offered, it led to a reduction in commitment to the task. The original external motivating may provide short-term lifts in performance but can backfire when no longer offered.

Dan Airely conducted experiments where simple tasks were motivated by different sized incentives. He found those with very high incentive levels (equivalent to 5 months pay) fared worse. Too much was at stake leading them to 'choke'.

3) They can crush creativity

Bonuses etc drives functional fixedness, whereby the incentive so focuses action and attention, that it prevents wider perspectives to be taken into account, reducing potential creativity.

Artists commissioned to do work for people to set briefs often produce less creative work than when given free reign.

4) They can crowd-out good behaviour

Sociologist, Richard Titmuss concluded that paying citizens to donate blood would actually lead to a reduction in donation rates as it would move the donation from a socially responsible act of altruism to being financially motivated.

Psychologists studied patterns of behaviour by parents in a childcare (which required the children to be picked up at 4pm). They found that when a fine was imposed for late pick-ups the number of 'offences' doubled. It was hypothesized that the penalty removed the moral guilt and turned it into a purely financial transaction (of buying overtime).

5) They can encourage cheating, shortcuts and unethical behaviour

Heavily bonused goals can lead to overly focused actions (which can compromise other areas of the organization e.g. NASA Apollo) – and in extreme case can encourage unethical behaviour (e.g. ENRON).



6) They can become addictive

The study of drug abuse can be applied to extrinsic motivators – the more frequently they are given, the more we expect them. This leads to two consequences: 1) The same amount loses its motivational impact, requiring ever larger sums to be paid to extract a similar motivational effect. 2) When withdrawn, they lead to a slump in behaviour.

7) They can foster short-term thinking

Researchers have found that companies that spend the most time guiding quarterly earnings deliver significantly lower long-term growth rates than other companies that do not.

Extrinsic vs. Intrinsic driven people

Pink defines two types of people: Type X (Extrinsic) are primarily driven by external factors, such as money, fame, status symbols etc. They can often be highly successful but can be troubled by an insatiable appetite for more 'stuff' (the joy of monetary success for example never fully satisfies. It quickly evaporates and is replaced by further longing for the next pay rise, the bigger car etc etc).

Type I's (Intrinsic) motivation comes from within - to accomplish something meaningful to them. Success is measured by the task and not by an added-on reward.

They have been shown to have higher self-esteem, better interpersonal relationships and greater physical and mental well-being.

Type I's will usually outperform a Type X in the long run.

Type I behaviour is fuelled by three factors: 1) Purpose 2) Mastery and 3) Autonomy. They have a clear purpose in mind – and that is often to master/excel in an area. They then desire the freedom to do it in their own way.

We will look at each of these three in more depth:

Purpose

Passion behind a meaningful purpose makes us more motivated and engaged.

In 1962, Clare Boothe Luce, one of the first women to serve in the U.S. Congress, offered some advice to President John F. Kennedy. 'A great man,' she told him, 'is one sentence.' Abraham Lincoln's was: 'He preserved the union and freed the slaves.' Franklin Roosevelt's was: 'He lifted us out of a great depression and helped us win a world war.' So what is your one sentence?



Lack of inspiring purpose at work

Everyone benefits from a driving purpose. The issue is most organizations do not have a motivating purpose, Gary Hamel states, “As an emotional catalyst, wealth maximization lacks the power to fully mobilize human energies.”

Deci, Richman, Ryan & Niemic asked graduates at Rochester University about their life goals (and followed up with them 2 years later). They found that those with extrinsic goals (i.e. to be wealthy etc) had the same level of self-esteem and satisfaction as when at University, but their stress level was much higher. However, those with intrinsic goals (e.g. to learn, to grow to help others etc) reported higher levels of satisfaction and lower anxiety than when at university. They concluded that extrinsic goals (whilst successful at helping one achieve those goals) do not tend to make people happy. Thus satisfaction is more to do with what goals you aim-for rather than the achievement of the goals themselves.

The changing demands of a new generation

Gen Y's are demanding more corporate social responsibility.

Harvard's MBA students have developed their own Hippocratic oath: “My purpose is to serve the greater good...I will strive to create sustainable economic, social and environmental prosperity worldwide.”

Co-created teams

The development of teams is starting to change. Teams naturally form around natural leaders – i.e. those who have such a burning passion for a purpose – something that inspires others to self-organize around them.

At Gore-tex, anybody who wants to rise in the ranks and lead a team must assemble people willing to work for them – thus leadership is given by the people – not by management. Likewise, at Whole Foods, it's the peers who decide if a person should be employed after their 30-day trial.

The Internet now allows geographically disparate people to come together to make a virtual team – hence the rapid escalation and potency of open-source projects.

Mastery

We have an innate desire to grow and develop – to become really good at something. And this mastery leads to a sense of personal fulfillment. But without passion and engagement, mastery will not happen.

Gallup research has found that more than 50% of US people are not engaged at work (and 20% are actively disengaged). McKinsey have found that in some countries only 2- 3% are highly engaged in their work.

Mastery even for algorithmic roles

Wrzesniewski and Dutton have studied hospital cleaners, nurses and hairdressers and found many were finding areas of personal mastery that engaged them at work.

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Three laws of Mastery

- 1) Mastery is a mindset – What people believe shapes what they can achieve.

Dweck demonstrated that those who believe intelligence is genetically fixed are less likely to push themselves and consequently restrict their growth potential (for fear of finding out they are not as clever as they think). Conversely those who believe intelligence can be developed do take risks, do push themselves and in the end out-perform those with a more fixed mindset. Dweck therefore recommends we praise effort not talent.

- 2) Mastery is painful – It takes ‘grit’ (a key determinant for success at WestPoint) to overcome the inevitable set backs along the way to mastery.

- 3) Mastery is an asymptote – Total mastery is never fully realized (which keeps people constantly pushing on).

Autonomy

People want autonomy in four areas: Task, time, techniques and team.

Studies have shown that perceived control is an important component of one’s happiness. Lack of free-will and choice reduces a person’s vitality. Having a sense of autonomy has been shown to have a powerful effect on performance, attitude, job satisfaction, and causes less burn-out.

Cornell University studied 320 small businesses – half of which had granted their people autonomy. These businesses grew at four times the rate of the control oriented companies.

Economist, Francis Green points to individual lack of discretion at work as the main explanation for declining productivity and job satisfaction in the UK.

Fed-Ex days

William Knight, 3M’s past president said, “Hire good people and leave them alone”. They pioneered the idea of allowing staff to spend up to 15% of their time pursuing projects that are of interest for themselves (which might benefit the company). Many companies have adopted the same principles – e.g. Google and Atlassian.

Once a quarter, Atlassian (an Australian software company) run a Fed-Ex day (it’s called Fed-Ex because the staff need to deliver the next day). The staff are given 24 hours to work on anything they want – and then show their results the next day. These Fed-Ex days have solved many of their software issues.



Autonomy even for mundane tasks

Even some quite simple roles can benefit from autonomy.

Call centres which have heavily scripted responses and carefully monitored response call times have turnover rates of 35% - double that of the UK average. Zappos, the US shoes on-line retailer do not monitor the calls and have no scripts. They even pass down the discretion on how to address complaints. Their mission is to provide the best customer service possible. They often use homeshoring (where calls can be diverted to their own homes). Turnover is minimal.

CRITICISMS

An interesting and enjoyable book, but I am left wondering what he has added that Maslow had not said back in 1943. That said, it's a digestible pulling-together of the core concepts of motivation research. As such it's welcomed into the sometimes-misguided world of management.

A few smaller considerations:

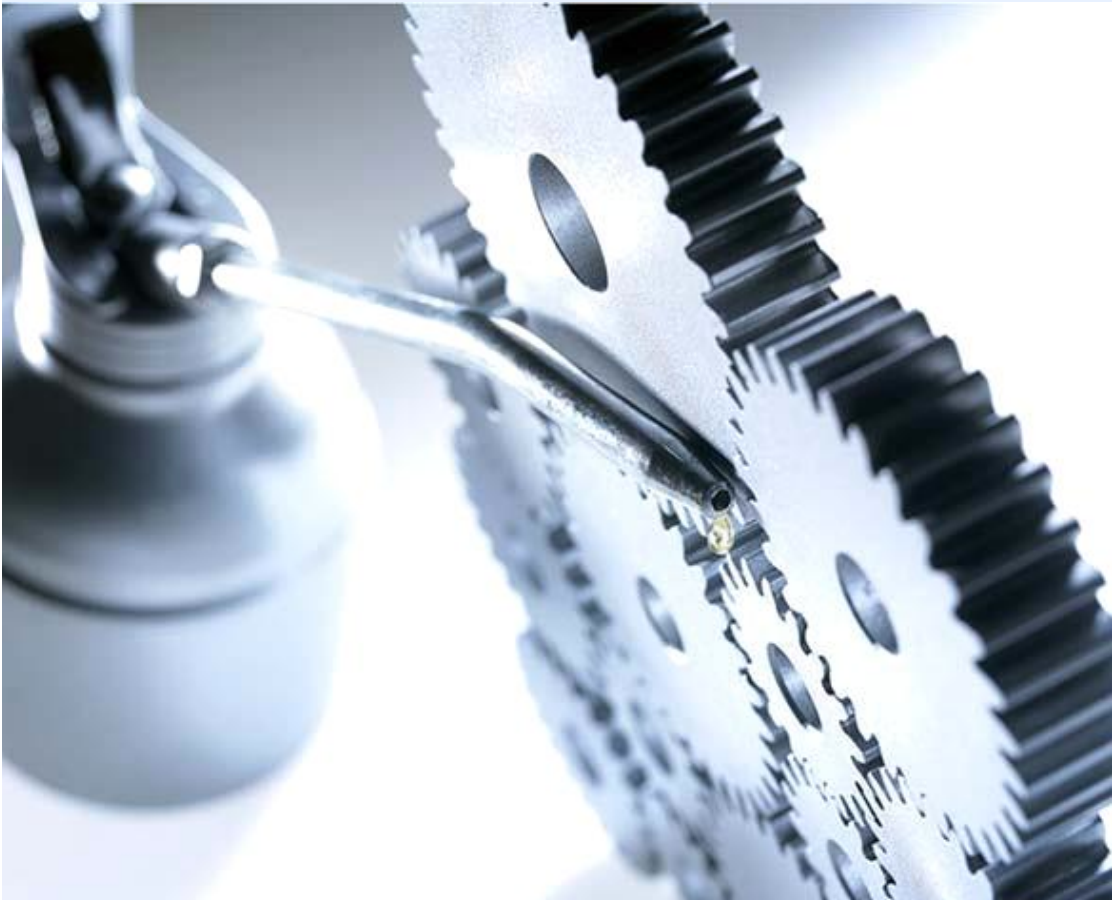
The trouble with all these books is that there is little peer review – we are not familiar with the depths of the research and methodologies that the findings are based on (nor are we aware of different pieces of research that may conclude the opposite). So we must be careful not to 'swallow whole' everything they say.

We assume we all want more autonomy – some people and some cultures still may favour a more directorial approach and would struggle if given complete autonomy.

Malcolm Gladwell thinks he should have followed his thesis though to other areas such as how it applies for Wall Street and tax policies.



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