

Leadership of Motivation: The Ethics and Practicality of Incentives

by Carol Sanford

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Probably one of the most erroneous notions sold to business leadership today is the idea that incentives are the best medicine for improving low productivity and bottom line return. Incentives are those experiences we have that generate in us the fear of punishment or the expectation of reward, thereby inciting us to action or effort. Increasingly in the last forty years, refinements and enhancements have been made to incentive programs with the belief that incentives are the foundation of motivation. In fact this belief is so prevalent that incentives have themselves become the cornerstone of a culture—an incentive culture, so to speak.

The Global Dream: Systematic Erosion

Many businesses today are seeking to become self-reliant organizations in which individuals and teams can be counted upon to use their own judgment. What is “right” for the whole of the business is to be the guide for behavior of employees. “Full Business partners” implies a workforce that is

continuously learning, developing, and taking on bigger and riskier challenges in service of the business. Companies with workforces that routinely behave this way are unbeatable from a competitive standpoint. In short, business leaders want workers to have the same level of commitment and value for the business, its resources, and its future, as they would if they owned the business themselves.

As a society, we want our young people to grow up to be contributing and forthright citizens who represent the stalwart, honest, and determined nature that is idealized, and maybe romanticized, as a legacy from our forefathers. We want leaders of our communities and nation who care more about the welfare of the whole than their own self-interest or that of a special interest group. We want a society in which uniqueness can be discovered and expressed and in which every person from birth to death is continually learning and developing and contributing this personal evolution toward enabling a better society.

Incentive-based cultures are the antithesis of such dreams, not just from poor implementation or design of such programs, but in the scientific,

economic and psychological premises from which they are drawn. Alfie Kohn in Harvard Business Review (Sept.-Oct. 1993) points out that we have spent so much of our energy on refining and tinkering with incentive plans that we have forgotten to assess whether incentives are the right approach at all.

Incentive Culture: A Flawed Theory Base

An incentive culture is one that has embedded incentives so deeply in its way of working that people can no longer see any other way of viewing the world; every program and plan has the premises behind creating incentives built into its design. Some examples are programs that rate and rank employees against one another; managers who buy pizzas, hats, or jackets for the workforce for a job well done; and those who post their “employee of the month” for safety, service, sales, or “whatever” on the bulletin board. An incentive program may pay for pieces of work produced or the achievement of production goals, or sharing the “gain” with employees, or even enlisting motivational speakers to inspire workers with “a better way.”

By now you are probably feeling like a challenge is being made to a way of life. Looking behind these programs provides a better understanding of why, instead of the American Dream, incentives are giving us something akin to our worst nightmare.

By the nature of the approach, an incentive culture requires people to be highly susceptible to the wishes of others; to focus on specific prescribed behaviors to the exclusion of other behaviors, without necessarily understanding the implications of such choices to the whole of which they are a part or any secondary negative impacts; to be concerned mostly with the direct personal benefit their efforts; and to compete with their own colleagues and peers towards an end in which some and maybe most others become losers. An incentive culture requires that others determine the merits of our work compared to those of our co-workers and requires working from the assumption that higher organizational levels know the “right” answers in the same way that our parents and teachers did.

The development period of the incentive approach to motivation covers about 300 years of evolution and can be found in the tenets of scientific,

economic, and psychological thought, much of which has been rejected by modern thinkers as incomplete or misapplied. During its evolution the incentive culture has been woven from the premises of Adam Smith, the Father of Economics; Charles Darwin, whose many followers created what has come to be called “Social Darwinism”; John Watson, the founder of Behavioral Psychology, and his student B. F. Skinner; and Sir Francis Bacon, the English philosopher and scientist. The core incentive premises might be stated as:

- The essential nature of human beings is one of self interest versus sacrifice for the common good (Adam Smith’s main economic postulate, Lux: 1990).
- Humans are driven by stimulus-response mechanisms without the presence of consciousness or free will with which to override the mechanical choices (John Watson and B. F. Skinner, Watson: 1935).
- Humans are the product of competitive forces with a natural tendency to try to win based on the laws of survival of the fittest,

incapable of operating from purpose (Darwinian principles adapted to social settings, Berlin: 1991).

- Humans will seek to imitate that which is offered and rewarded as a role model (Behavioral Psychology, Watson: 1935).
- It is possible and desirable to predict and control nature and therefore to control humans as beings of nature (Sir Francis Bacon, Berlin: 1991).

Human Nature: Altruistic or Self-Interest? YES!

There is a long standing debate as to whether humans are at their core purely interested only in themselves or whether they are altruistic. The intensity of this debate seems to be based on the often held assumption that things must be one way or the other, with maybe on some occasions a compromise. As a result of this dualistic way of resolving philosophical questions we frequently settle for partial answers, which is the case with motivation. But when motivation is viewed non-dualistically and less simplistically it provides a much richer source of leadership ideas.

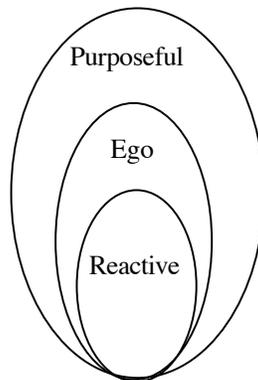
Several Eastern and Western traditions see motivation as triadic phenomena that can be understood as a developmental process. The three natures of motivation move from a lower to higher order, each encompassing the lower. *Order* here is not meant in a pejorative sense, relating to relative value. Order is the ability to organize thinking about increasingly complex situations and matters. Modern psychology includes non-dualistic systems developed by scientists of human behavior, the most well-known of these being Abraham Maslow's. In fact Maslow's theories are frequently used, or at least referred to, by the same organizations that are embedded in the incentive culture, and rarely is the potential for inconsistency noticed.

The theoretical constructs of both Maslow's work and older philosophical traditions add dimensionality to people and see them as having several levels of needs, motivations, or elements of drive. It is helpful to take these into consideration when observing behavior and when seeking as a leader to understand the potential and the complexity present in the make up of human beings.

Behavior and Motivation: A Triadic View

If we reflect on our own and other's behavior we can detect that we engage in a threefold set of behaviors and have experienced each of the three over a period of time, even in the same situation. At the first level, we find ourselves being reactive to a stimulus that comes toward us. A response is produced that seems to come without thought or reason. This is the same level of behavior that the Behaviorists presented as cause-effect or stimulus-response, and as the sole source of learning and motivation. A triad view holds this as one element of our psychological make-up, but with a lower *ordering* quality. Our reactive nature is conditioned by our environment and by others interacting with us. It is not however our only mode of behavior.

Triad of Behaviors



On another level, we experience ourselves as able to respond to nuances surrounding us and override a reaction by choosing to be sensitive to particular needs, including personal needs. This ego-managed behavior comes from ego strength or self-esteem. In these situations, our ego takes control of our reactive or impulsive self and works to produce a desired end. It is this behavioral attribute that allows us to be acceptable members of society. We use our ego selves to manage the reactions that are in our lower nature.

Beyond the ego resides another level of behavior which again must be guided by us if it is to be active in a situation. This behavior is referenced in ancient and modern literature as *purposeful*, or as the teleology of human nature. We willfully bring this behavior to bear on a situation when we make ourselves conscious of a higher purpose that has meaning and significance to a greater whole of people or an entity of which we are a part. The purposeful behavior can take control of and manage the reactive and ego behaviors. This behavior requires intentional development and is not well understood or developed in our industries or our society.

When we know how to enable our purposeful behavior, we can manage the role our ego plays in any situation. We find that situations that might be threatening to us if we were in reactive mode do not capture our energy and attention or divert us from a path we see as critical to the achievement of a purpose. Thus our behavior comes under our own management.

Incentives are working with the lowest nature of human behavior and invite workers into a cycle of environmental stimulus, with the hope of a predictable response. Just as with animals in research studies, the reactive behavior of humans becomes focused on the reward. As also happens when animals, when workers cannot achieve the reward, they may stop trying and die—in spirit if not literally.

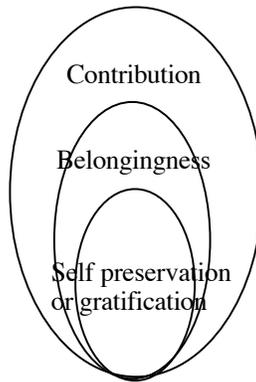
A 1993 survey of employees by *INC. Magazine* found that the most frequent response to the question, “What was the single most important long-term motivator?” was “a sense of mission and purpose.” “Bonuses” was the second least frequent response, just above “profit sharing.” The second most frequent was “feedback and communication.”

Mission and purpose, feedback and communication are highly correlated to a purposeful mode of behavior and our ability to realize it at our place of work. Yet even in organizations that develop purpose and mission statements, incentives tend to absorb the greatest attention. Incentives frequently also tend to reveal that the organization's mission statement is merely a platitude.

Values behind our Behavior: the Triad Deepens

Each of the three kinds of behavior is nurtured by and nurtures in return a particular set of values that enliven and inform motivation. To understand the value base provides enlightenment regarding the triadic processes of behavior.

Triad of Values



The first level of value to which we may be drawn in a situation, at least as an initial response, is one in which the ability to realize *self-preservation* or *self-gratification* is sought. We will initiate or respond to causes that nourish this basic value of being in ourselves. We tend to be reactive in these situations, particularly if we feel ourselves threatened—whether the threat is actual or imagined.

Beyond self-preservation is *belongingness*, a level of value that corresponds with the need or desire to belong to a social group and to feel welcome and valued—to feel as if one is part of a greater whole. Here we respond to causes that nourish the level of self that wants to avoid alienation and instead feel identity with a peer group. This value is frequently realized by becoming a team member or joining a club or union.

Beyond belongingness, the third level of value might be called the need to *make a contribution* or sometimes, on a grander scale, to *make a difference* with our lives. In all situations, all three levels of value are always seeking a place and a way to be realized.

The inherent hierarchy in these levels clarifies the distinctiveness of each and also the potential relatedness. For instance, when we join with or become a true part of a cause that helps us realize *belongingness*, such as a team in the work place, we are also able to realize a self-preservation value by having others “in it with us.” When we are part of a contribution opportunity, such as a charity campaign, we have not only the feeling of belonging with our co-campaigners but also with the community of receivers of the charity or even the larger community beyond. We also feel a sense of self-satisfaction or self-gratification from the camaraderie we find.

On the other hand when we evoke the *drive* in people to attach themselves to the level of motivation that helps them realize a *self-gratification* need, such as “service employee of the month,” we may and frequently do work

against their needs to realize the higher values. How often have you noticed conflict and disagreement among people when one person wins over others or is recognized over others? This *divisiveness* may arise even in situations in which it is imperative to the success of the organization that everyone feel a part of the same team and, further, wish to make a contribution of their unique talents.

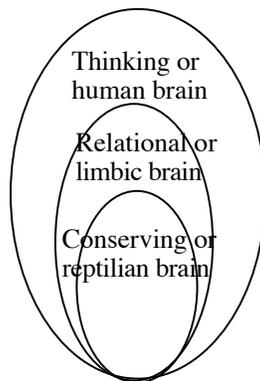
Working to satisfy lower needs by addressing them directly never succeeds as well as an approach that enables the highest order of contribution and provides the context in which higher order motivation can be realized. An incentive culture is by its nature divisive because everyone is “working the system” with their own agenda, either to win or to prove that the system is unfair. Also, uniqueness of contribution is aborted when some people are seen as “higher performers” than others.

The Enabling or Limiting Factors of our Brain: The Triad of Intelligence

A team of researchers led by Paul MacLean at the National Institute of Health has synthesized the work on the brain done by the institute and several other major research centers. They have developed a construct of

three “brains” or neurological systems in all humans that act vertically *and* together as an integrated unit in ways similar to the interactions in our behavior and value structures. Charles Krone has developed a set of intelligences and processes for developing them that correlate directly to these brains (Krone: 1993). These structures give us a scientific, psychological, and even physiological base for understanding the functioning of our behavior and values.

Triad of Intelligences



Our brain is composed of three parts, literally organized in three segments. Part of this triune design is shared with reptiles and part with mammals. The third part is shared partially with higher mammals, such as the other primates, but within the third is a smaller but distinctively important portion

that is unique to humans. All three brains and intelligences are working all the time, primarily outside our control and awareness and therefore not to their full potential. It is critical to develop the capacity of the higher intelligences because otherwise the lower brain and intelligences usurp the higher capacities into the service of the more primitive “defensive and territorial systems” of the reptilian brain. With development, the higher intelligences and distinctly human aspects of the third brain automatically integrate the lower brains and associated intelligences into their service and employ all thinking processes to their best advantage (Pearce: 1992).

The reptilian brain is conservative by its nature and seeks habituation, permanence, and stability. It correlates with the stimulus-response mechanism that is studied by the behaviorists when they look at animals. The behaviorists’ extrapolation to humans is correct as far as our reptilian brain is concerned. However, even these stimulus response mechanisms can be guided, directed, and modulated when put into the service of the higher intelligences.

The middle or limbic brain, maintains all relationships at the physical level of the body, as well as the emotional bonds among individuals, families, and societies. This brain also has responsibility for dreaming, visioning, and intuition. It can help the reptile brain determine whether there is a true emergency or threat and develop appropriate action. It can help individuals overcome their competitiveness in settings where this is appropriate and design cooperative efforts where needed. When the middle brain is not well developed, the lower brain may use emotions to bring an emergency to a fever pitch and become carried away with fear or other intense emotions.

The middle brain has functional aspects of its own and can provide the reflective intelligence needed to make the best use of the sensory motor and physical processes of the lower brain. Because the middle brain can scheme and figure out ways to predict and control environments and other people, and because it is philosophical and poetic, inventive and emotional, it is a powerful force when co-opted by the lower brain. But it can also be a potent manager when developed as the guiding force of the lower brain.

When it is developed, the thinking brain, or neo-cortex, can radically alter the potential of both the middle and lower brains. It instantly incorporates their learning and it can use them for higher purposes. Managing the lower brains takes only a small amount of energy from the neo-cortex because it is designed for constantly evolving and intervening in the constructs we hold of the universe and reality itself. When the neo-cortex is undeveloped we tend to get stuck in defensive or emotional postures and the highest system is forced to focus on the needs of the lower systems. Because this takes very little effort, the highest system for the most part is simply put on idle until the coast is clear. If this happens often enough and for long enough periods, the highest system tends to atrophy and what is developed of the neo-cortex becomes dormant.

What does this suggest for leadership? It is not merely a matter of putting the minds of our people to work. When incentives or any kind are involved, people will tend to fall back on their reptilian brains. Within our culture, the upper brain and its corresponding intelligence are so seldom developed with so few exceptions within families, schools, and work environments that we can only use this brain in the service of our self-preservation and belonging

values. And these tend to be ramrodded by our lower and sometimes our middle brains.

Today most organizational work designs provide lots of food and fuel for the reptilian brain. Some newer designs nourish the middle brain but without really developing it and giving it the guiding capability needed to manage a now unruly and quite strong lower brain. The higher brain is not yet considered in work designs at any level of system—educational, business, or societal. Yet think of the potential of a nation, an industry, or a leader with three well-developed, well-integrated brains/intelligences!

The design and implementation of incentive programs impact almost exclusively on only the lower brain, even though most managers would say they are working on the qualities we have spoken of for the middle brain and even some for the higher brain. These programs are intended to get a specific, predictable response that produces some habitual result in the organization. Even though designers hope to provide encouragement and self-esteem to the winners or recipients of such programs, the lack of relationship to purpose and the production of more losers than winners

(losers are by definition all those who do not win) tends to trigger the lower brain, which senses threats from the majority of the members of the organization.

In contrast, an organization that works on the development of all three brains and the intelligences that go with them will create a culture that enables the full development and expression of a complete value base. This will make possible a whole set of behaviors guided in their execution by the *thinking* brain, with the potential for creating development and evolution of all businesses in all industries and nations.

The Bottom-line on Incentives

Some of you, at this point, will think you now see a way to make incentives work by trying to appeal to and provide incentives to higher values and mental capacities. Rest assured that the nature of incentives themselves works to make this impossible. Incentives have the effect of conditioning, just a bell and the reward of food conditioned Pavlov's dog.

Because incentives are environmental stimuli, when we use them we nurture the lower reactive self that seeks self-preservation and gratification. Buyouts of such programs are frequently necessary. Because they engaged the conservative reptilian brain they are hindered with the conservative brain throughout implementation and even cancellation. The behaviorists are right: incentives do work—but only to a degree. We may be effective in producing the expected response in some, but then it is necessary to accept the trade-off of activating the lower nature of human psychology that does not use judgment. This mindset is the same one that leads some people to see society as “owing them.” It is becoming ever more pervasive since the practice of incentives has also invaded homes and schools, where children are taught from a young age to expect rewards for efforts—or more sadly, to experience themselves as losers, never able to achieve the rewards.

Incentive cultures cause us to look to others for guidance about what is best to pursue and even for confirmation of the worth of our efforts. We slowly lose the ability to assess our own actions and their appropriateness and to test and upgrade our thinking. We are not enabled to develop critical thinking skills. Even when these skills are taught in training courses, their

value is expressed principally in the context of actions by leadership. Workers do not see them as the highest priority because they are focused on incentives. This is just an adult version of peer pressure; as sophisticated adults we learn to work the system and keep our own values and thoughts to ourselves. Over time this nature of intervention encourages people to listen to only a part of themselves, not to the whole of their values and intelligences.

Incentive cultures tend to produce homogenization of approaches and ends rather than development and expression of uniqueness. We emulate the role model rather than find an inner source of creativity that can be put forward for the gain of the whole.

A society cannot sustain health when its citizenry limits itself to conserving the past, the habitual, and the nonthreatening in the pursuit of self-gratification. A business cannot serve its stakeholders with a workforce that is waiting for the next set of incentives to be articulated or to experience failure and loss of spirit from an incentive program. Leadership can further the development of a society and the success of a business by working to

develop the full intelligence and critical thinking skills of its workforce. It can do this only by designing work systems that enable the development of higher values of uniqueness and contribution. Through this development and expression of the higher ordering process, lower ordered values are satisfied. Organizations that move in this direction (e.g. Developmental Organizations) are not only incredibly successful as businesses; they are also the most exciting places on Earth to work.