

Leadership of Motivation: The Ethics and Practicality of Incentives

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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. For the last forty years increasingly, refinements and enhancements have been made to incentive programs with the belief that incentives are the foundation of motivation. In fact it is so prevalent that incentives have become the cornerstone of a culture themselves, an incentive culture so to speak.

The Global Dream: A Systematic Erosion

Many businesses today are seeking to move toward becoming self reliant organizations where 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 which have workforces which routinely behave this way are unbeatable from a competitive standpoint. Business leadership wants the workforce, in short, to have the same level of commitment and value for the business, its resources, and its future, as though the workers 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 and every program and plan has the premises behind creating incentives built into its design. Examples: programs that rate and rank employees against one another, or managers who buy pizzas, hats, or jackets for the workforce for a job well done. It is those who post their “employee of the month” for safety, service, sales, or “whatever” on the bulletin board. It is paying for the pieces of work produced or the achievement of production goals or sharing the “gain” with the employees. And even seeking motivational speakers to inspire people 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 regarding why incentives are giving us something akin to our worst nightmare, instead of the American Dream.

For an incentive culture to be effective, it needs people, by the nature of its approach, to be highly susceptible to the wishes of others, to focus on specific prescribed behaviors to the exclusion of other behaviors, (without necessarily producing any understanding of the implications of such choices to the whole of which they are a part or any secondary negative impacts), to be concerned with direct personal benefit for one’s efforts, and to compete with one’s own colleagues and peers to an end where some and maybe most others become losers. The 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 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. (Darwin 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 men as beings of nature. (Sir Francis Bacon. Berlin: 1991)

Human Nature: Altruistic or Self-Interest? YES!

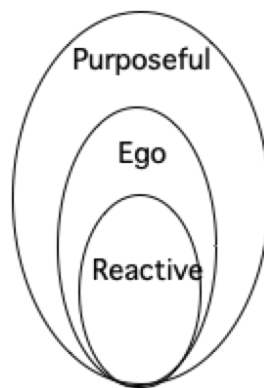
There has been a long-standing debate about whether humans are at their core really purely interested only in themselves or whether they are altruistic. The intensity of this debate seems to be based on the often-held assumption that things must be one way or the other, with maybe, on some occasions, 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. Motivation, when viewed non-dualistically and less simplistically, provides a richer source of leadership ideas .

Several Eastern and Western traditions see motivation as a triadic phenomena that can be understood as a developmental process. The three natures 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 human behavior scientists, the most well known being Abraham Maslow. In fact Maslow's theories are frequently used or at least referred to in the same organizations embedded in the incentive culture, without ever noticing the potential for inconsistency. 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 three fold 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, to override a reaction by choosing to be sensitive to particular needs in a situation, including personal needs. This behavior comes from a higher ego strength or self esteem—an *ego* managed behavior. In these situations, our ego takes control of our reactive or impulsive self and works to produce a desire end. It is this behavioral attribute that allows us to be an acceptable member of society. We use our ego self 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* behavior—or the teleology of human nature. We willfully bring this behavior to bear on a situation when we make ourselves consciousness of a higher purpose that has meaning and significance to a greater whole of people or entity of which we are a part. The purposeful behavior can take control of and manage the reactive and ego behaviors. This behavior requires development and is not well understood or developed in our industries or as a society.

When we are able to enable our purposeful behavior, we can manage the role our ego plays in any situation. We will find that situations that might be threatening in a 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 workforce members 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 or as also happens when the animals can not determine how to achieve the reward, they stop trying and die—in spirit in the case of the factory worker. A 1993 survey of employees by INC. magazine found that the highest response to the question “what was the single most important long-term motivator”, the highest response was “a sense of mission and purpose” with “bonuses” second from last just above “profit sharing”. Second was feedback and communication. Number one and two are highly correlated to a purposeful mode of behavior and our ability to realize it at our place of work. Even in organizations that develop purpose and mission statements, the incentives tend to absorb the greatest attention. Incentives frequently also tend to show how the mission statement of the organization is merely platitudinous.

Values behind our Behavior: the Triad Deepens

Each of these behaviors 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 where 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 that we have a level of value, *belongingness*, that responds to a need or desire to belong to a social group, and to feel welcome and valued—i.e. a part. Here we respond to causes that nourish the level of self that wants to avoid alienation and rather feel identity with a peer group. This need is frequently realized by being on a team, or joining a club or union. 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. These three levels of value are always seeking a place and a way to be realized.

There is an inherent hierarchy in these levels, one that clarifies the distinctiveness of each but also the potential relatedness. For instance when we join with or become a true part of causes that help us realize a *belongingness* need, such as a team in the work place, we are 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 a feeling not only of belonging with any co-campaigner, but also with a larger community of receivers of charity or 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 the other needs being realized. How often have you seen conflict and disagreement among the people when a person wins over others or is recognized over others; this *divisiveness* may happen even though it is imperative to the success of the organization that everyone feel a part of the same team and further to make a contribution of their unique talents.

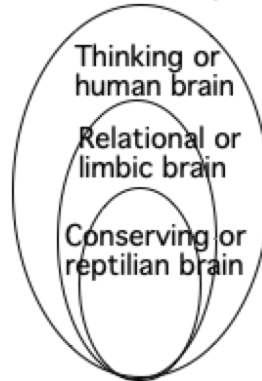
We can not work to satisfy lower needs as well by working on them directly, but rather by an approach that works from the highest order of contribution being enabled. This approach provides the context in which higher order motivation can be realized. An incentive culture is by its nature divisive since everyone is “working the system” with their own agenda, either to win, or prove the system is unfair. Uniqueness of contribution is also 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 themselves and several major research centers. They have developed a construct of three brains or neurological systems in humans that

act vertically and as an integrated unit similar to the interaction we have already seen 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 gives 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 of our brain structure is shared with reptiles, and part with mammals. The third part is shared partially with higher mammals, e.g. primates, but within the third part is a smaller though distinctively important part that is unique to humans. All brains and intelligences are working all the time, primarily outside our control and awareness, therefore not to their full potential. It is critical to develop the capacity of the higher intelligences, because without this development, the lower brain and intelligences usurp the higher capacities into the service of the more primitive “defensive and territorial systems” of the reptilian brain. But with development the higher intelligences and more human sections of the thinking brain, automatically integrates the lower brain and associated intelligences into the thinking brains service and employs 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. Their extrapolation to humans is correct also 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 brain, or limbic brain, maintains all relationship at the physical level of the body as well as the emotions bonds between individuals, families, and societies. This

brain also has responsibility for dreaming, visioning, and intuition. It can help the lower 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 inappropriate and to design cooperative efforts where needed. If it is not well developed, the lower brain will use its emotions to bring an emergency to a fever pitch and to become carried away with fear or other intense emotions. The middle brain has functional aspects of its own and it can provide the reflective intelligence needed to make best use of the sensory motor and physical processes of our lower brain. Since the middle brain can scheme, and figure out ways to predict and control our environment and other people, be philosophical and poetic, inventive and emotional, it is a powerful force when co-opted by the lower brain or a potent manager when developed as a guiding force of the lower brain.

The thinking brain, or neo-cortex, if developed can radically alter the potential of both the other brains. It incorporates instantly the learning of the two other brains. But most importantly 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 brain is undeveloped we tend to get stuck in defensive or emotional postures and the higher system is forced to focus on the needs of the lower system. Since this takes very little effort the higher systems for the most part is simply put on idle until such time as the coast is clear. If this happens often enough for long enough, the highest system tends to atrophy and what is developed of this brain becomes dormant.

What does this suggest for leadership? It is not merely a matter of putting the minds of our people to work-using the potential of people. People will tend to put to work the reptilian brain, particular if the involvement of people is accompanied by incentives of any sort. The upper brain and its corresponding intelligence is not developed in our culture through families or schools, or work environments with so few exceptions that we can only use this brain in the service of our self-preservation and belonging values which tend to be ramrodded by our lower and maybe middle brain. Most organizational work designs today provide lots of food and fuel for the reptilian brain and intelligences. Some new work designs are initially nourishing the middle brain, without really developing it and giving the guiding capability needed to manage a now unruly and quite strong lower brain. The higher brain its not yet considered in work designs for any level of system-educational, or business or societal. Think of the potential of a nation or an industry, or a leader who had all three brains/intelligences developed.

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 of the higher brain. The 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, the production of losers (i.e. those who did not win) tends to trigger the lower brain sensing threat among the majority of the members of the organization. An organization that works on the development of all three brains and the intelligences that go with them, is creating a culture that will enable the full development and expression of a full value base. This makes possible a whole set of behaviors guided in their execution by the *thinking* brain that has the potential for creating development and evolution of us as businesses 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 as Pavlov's dog was conditioned by the ringing of the bell for food. Because the incentives are environmental stimuli we are nurturing the lower reactive self that seeks self preservation and gratification. Buy outs of such programs are frequently necessary. Because these programs initially engaged the conservative reptilian brain they are confronted with the conservative brain throughout implementation and even cancellation. The behaviorists are right about it working- at least to some 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". This is becoming even more pervasive since the practice of incentives has also invaded the home and schools where children are taught from a young age to expect rewards for efforts or in many cases to see themselves as never able to achieve the rewards.

Incentive cultures cause us to look to others for thoughts about what is best to pursue and even what the worth is, of our efforts. We slowly lose the ability to assess our own actions and their appropriateness and to test and upgrade our own thinking. We are not enabled to develop critical thinking skills. Even if these skills are being taught in training courses the value for them is expressed principally by leadership actions. The thinking skills are not seen as the highest priority since the workers become focused on the

incentive programs. It is just an adult version of peer pressure and 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, and not to the whole of their values and intelligences.

Incentive cultures tend to produce homogenization of approaches and ends rather development and expression of uniqueness. The role model is what we are to emulate, not the finding of an inner source of creativity which can be put forward and from which the whole can gain.

A society cannot sustain health when its citizenry limits itself to conserving the past, the habitual, the non-threatening, and to seeking self-gratification. A business cannot serve its stakeholders with a workforce who is waiting for the next set of incentives to be articulated or to experience failure and loss of spirit from an incentive program. Business leadership can lead in 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 by designing of work systems that enable the higher values of uniqueness and contribution to be developed and expressed. Through this development and expression of higher ordering process, lower ordered values are satisfied. Organizations who move in this directions (e.g. Developmental Organizations) are not only incredibly successful as businesses, they are also the most exciting places on earth to work.