The Case Against Incentives

A Monograph summarizing the findings of research on rewards, the workplace and motivation

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The issue of incentives\(^2\) has become one of those mythological topics where there seems to be no contrary position to the inherent good. While most people have moved beyond behaviorism as a viable theory for learning, most still adopt it operationally in their lives. The following monograph makes the case against the prevalent assumption that incentives motivate desired actions. The bulk of the documentation cited here is from Alfie Kohn’s definitive work on the subject, *Punished by Rewards* (1993). Other references have been added as well. The evidence provided here is first related to the idea of rewards, the underlying premise for incentive systems. Then it deals with the question of motivation in the workplace and what is really motivating.

**Is it effective to reward?**

Rewards must ultimately be “judged on whether they lead to lasting change—change that persists when there are no longer any goodies to be gained” (Kohn, 37). The data from numerous studies (and most people’s own anecdotal experience) overwhelmingly shows that rewards fail in achieving this change. While there may be a short-term change in behavior, there is no lasting change as behaviorism deals only with behavior. Here is the list of studies that give empirical evidence on the failure of operant conditioning to lead to lasting change.

**Token Economy Programs\(^3\)**

These systems are generally used in controlled systems such as classrooms where the participants are dependent subjects. Still, they do not seem to effect any lasting change.

Kazdin and Bootzin concluded—a contradiction to their hypothesis—that token reinforcement is only effective to the extent the reward continues. “Generally, removal of token reinforcement results in decrements to desirable responses and return to baseline or near-baseline levels of performance” (38 of Kohn). The extent of this lack of generality was found even in the same context; for example, when the reinforcement program was used during the mornings with patients, the desired behaviors would not manifest in the afternoons when there were not reinforcements. (See Kazdin and Bootzin (1972) “The Token Economy: An Evaluative Review” *Journal of Applied Behavior Analysis* 5, 343-72.)

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\(^2\) Incentives as used in this monograph refer narrowly to those inducements offered as reward (sometimes punishment) for desired actions or behaviors. These do not refer to the broader definition that includes things like compensation and other non-material inducements that are offered as a condition of employment or association.

\(^3\) These are typically used in various forms in schools and nursing homes where students or patients earn credits or tokens that can be redeemed for some kind of reward.
Kazdin reviewed the subsequent literature of the 1970s to make the same conclusion. While he did assert some transfer (behavior change outside the reinforcement context) it was only slight. He still concluded “It is still prudent to assume that behavior gains are likely to be lost in varying degrees once the client leaves the program.” (See Kazdin 1982, “The Token Economy: A Decade Later.” *Journal of Applied Behavior Analysis, 15*, 431-45.)

Researchers studied 4th and 5th graders who were rewarded for playing certain math games over others. Predictably, the rewarded kids gravitated to the games that had a payoff. However, when the rewards stopped, interest in those games dropped to the point that these kids were now less interested in them than the kids who were not rewarded in the first place. The researchers concluded: “The use of powerful systematic reward procedures to promote increased engagement in target activities may also produce concomitant decreases in task engagement, in situations where neither tangible nor social extrinsic rewards are perceived to be available.” (39 of Kohn). (See Greene, Sternberg, and Lepper 1976. “Overjustification in a Token Economy.” *Journal of Personality and Social Psychology, 34*, 1219-34.)


Another researcher asserted, “so long as the locus of control is tied to people and procedures that are external to the learner, there is no reason to expect such transfer [to new situations] to occur” (in Kohn, 311). (See Thomas (1980). “Agency and Achievement: Self Management and Self-Regard.” *Review of Educational Research, 50*, 213-40.)

More recently a writer concluded there is no empirical support for token economy systems to produce any long-term changes in behavior. (See Glynn 1990. “Token Economy Approaches for Psychiatric Patients: Progress and Pitfalls Over 25 Years.” *Behavior Modification 14*, 383-407.)

**Weight Loss**

In a small study comparing two groups of dieters, the group that was given cash rewards for having lost weight each week—and had shown improvement early in the program—gained back the weight compared to the control group which lost weight overall. (See Dienstbier and Leak 1976. “Overjustification and Weight Loss: The effects of Monetary Reward.” Paper presented at the annual convention of the American Psychological Association, Washington, D.C., September.)

No difference found between the payment and non-payment groups of dieters (expect that many more of the no-shows were in the payment group, however). (See Kramer, M., Jeffery, Snell, and Forster 1986. “Maintenance of Successful Weight Loss over One Year: Effects of Financial Contracts for Weight Maintenance or Participation in Skills Training.” *Behavior Therapy 17*, 295-301.)
Smoking Cessation

Large study that divided volunteers into three groups: one that received rewards, one that received feedback, and a control group that received nothing. The reward group did return the first report (a self-report on their smoking behavior) in greater numbers than the others; but 3 months later they were more likely to light up again compared to both groups. Furthermore, saliva samples revealed that the reward group was most likely to lie about their report of quitting smoking. The researchers also determined there was an interaction for those that received both treatments (reward and feedback); the reward diminished the reactions to the positive feedback (i.e., the external device was deleterious to intrinsic motivation). (See Curry, S., Wagner, and Grothaus 1991. “Evaluation of Intrinsic and Extrinsic Motivation Interventions with a Self-Help Smoking Cessation Program.” *Journal of Consulting and Clinical Psychology* 59, 318-24.)

Safety Belt Use

Large study of 28 seat belt programs in 9 different companies (nearly half a million vehicle observations over 6 years). The findings showed that programs that rewarded employees for wearing seat belts were the least effective in long-term change. The average increase in use for non-reward programs was 152%; the range for reward programs was -4% to 62%. These findings were unexpected as the authors admitted “the greater impact of the no-reward strategies from both an immediate and long-term perspective... was not predicted and [is] inconsistent with basic reinforcement theory” (In Kohn, 41) (See Geller, S., Rudd, Kalsher, Streff, and Lehman (1987). “Employer-Based Programs to Motivate Safety Belt Use: A Review of Short-Term and Long-Term Effects.” *Journal of Safety Research* 18, 1-17.)

In fact, it is asking too much to expect operant conditioning programs to lead to change that will transfer to new situations. (Deci and Ryan, 286). Even theoretically, while the reinforced behavior can be extended by various means, it will eventually become extinguished if reinforcement is removed. (See Deci, E., & Ryan, R. 1985. *Intrinsic Motivation and Self-Determination in Human Behavior*. New York: Plenum.)

Kohn looks at what ways rewards are actually effective, because it is apparent that behaviors do change due to reinforcement. They are effective at getting compliance, which means that extrinsic rewards will impact behavior, especially those associated with tasks such as obeying orders. This is consistent with what we know about the brain. Kohn notes the inherent problem with behavior modification schemes. While these interventions try to modify what we do (behavior), they make no attempt to change what we think about—“attitudes and emotional commitments” (41).
Do rewards improve performance?

Studies have found that rewards do not even improve performance, especially when quality is considered.

In 1961, a grad student set up a study where 72 nine-year old boys were shown a series of nearly identical pictures. They were asked to tell them apart. Some of the boys were promised a reward for being successful; the controls were simply told if they were correct. Contrary to the hypothesis, the investigator found that those that were promised a reward were more likely to make mistakes. This result occurred regardless of the amount of the payment or the prior achievement level of the student. The study concluded, “The clear inferiority of the reward groups was an unexpected result, unaccountable for by theory or previous empirical evidence” (cited in Kohn). (See Miller, L. & Estes, B. “monetary Reward and Motivation in Discrimination Learning.” Journal of Experimental Psychology 61 (1961): 501-04.)

When older students were studied (undergrads), similar results were found. Out of a total sample of 128 students, the investigator compared student ability to solve a problem involving a set of objects needed to mount a candle. One group was given the problem in an unstructured manner (more challenging) than the control. For each group some students were informed of a cash reward (between $5 and $20). The finding was that the rewarded group took nearly 50% longer to solve the more challenging problem than the unrewarded one (they were about the same for the less challenging situation). Subsequent studies (1964) replicated this result. (See Glucksberg, S. 1962. “The Influence of Strength of Drive on Functional Fixedness and Perceptual Recognition.” Journal of Experimental Psychology 63, 36-41; see also, Glucksberg, S. 1964. “Problem Solving: Response Competition and the Influence of Drive.” Psychological Reports, 15, 939-42.)

In the 1970’s renowned psychology researchers such as Janet Spence (eventual president of the APA) found the same thing. She set up an experiment of children who were asked to remember which of two words was “right” (arbitrarily set by investigator) when it came up later mixed in with other words. The group that was promised an M&M got fewer right than those who simply received feedback on their answer. Spence commented that rewards “have effects that interfere with performance in ways that we are only beginning to understand” (See Spence, J. 1970. “The Distracting Effects of Material Reinforcers in the Discrimination Learning of Lower- and Middle-Class Children.” Child Development, 41, 95-102; also, Spence, 1971. “Do Material Rewards Enhance the Performance of Lower-Class Children?” Child Development, 42, 1461-70.)

Four more studies in different journals at the same time as Spence’s:

1. The researcher had undergraduate students select a pattern that was least like two other patterns on that page. Those students offered money performed significantly poorer than those that were not offered anything. Furthermore, when he doubled the reward, the exact same results occurred. (Viesti Jr., C. 1971. “Effect of Monetary Rewards on an Insight Learning Task.” Psychonomic Science, 23, 181-83.)
Do rewards improve performance? (Cont.)

2. In a non-psychology laboratory experiment, college journalism students were observed writing headlines. Specifically, they were taught how to write them using a rule-based procedure. The students got better and worked more quickly (baseline), before some of them were paid for each headline written. The result was that the paid group stopped improving while the non-paid group kept getting better. (See Deci, E. 1971. “Effects of Externally Mediated Rewards on Intrinsic Motivation.” *Journal of Personality and Social Psychology, 18*, 105-15).

3. Fourth graders confronted with a task performed more poorly when they were offered the very reward they said they valued the most (e.g., particular toy or candy). The researchers concluded that the results were “puzzling.” (See McCullers, J. and Martin, J. 1971. “A Reexamination of the Role of Incentive in Children’s Discrimination Learning.” *Child Development, 42*, 827-37.)

4. High School students were given 5 different tasks (ranging from memory tasks to creative ones). Again, those not promised a reward performed better for all tasks. (See Kruglanski, A. Friedman, I. and Zeevi, G. 1971. “The Effects of Extrinsic Incentive on Some Qualitative Aspects of Task Performance.” *Journal of Personality, 39*, 606-17.)

Even when a quantitative increase related to rewards has been found, the outcome does not improve quality. A creativity experiment found that a monetary reward did increase the number of ideas children came up with but had no effect on the quality of those ideas (see Ward, W., Kogan, N. and Pankove, E. 1972. “Incentive Effects in Children’s Creativity.” *Child Development, 43*, 669-76.) Another study in 1979 found that children who already liked to draw did produce more drawings when working towards an award but did a sloppier job (See Loveland, K and Olley, J. 1979. “The Effect of External Reward on Interest and Quality of Task Performance in Children of High and Low Intrinsic Motivation.” *Child Development, 50*, 1207-10.). John Condry (1977) when reviewing the literature concluded that the effect of anticipated rewards on task performance is to increase activity yet lower the quality of the activity (“Enemies of Exploration: Self-Initiated Versus Other-Initiated Learning.” *Journal of Personality and Social Psychology, 35*, 459-77).

More studies: 1) Sixth grade girls were rewarded with movie tickets for successfully tutoring younger girls on how to play a new game. Compared to the controls, these girls were less patient and took longer to communicate—with their tutees less able to play the game than those of the controls (see Garbarino, J. 1975. “The Impact of Anticipated Reward upon Cross-Age Tutoring.” *Journal of Personality and Social Psychology, 32*, 421-28.). In an authentic setting, a study of 1,330 college students found that volunteers for a tutoring program for disadvantaged youth who admitted they joined for extrinsic reasons reported their own performance was inferior to others who had more intrinsic reasons for volunteering (See Fresko, B. 1988. “Reward Salience, Assessment of Success, and Critical Attitudes Among Tutors.” *Journal of Educational Research, 81*, 341-46.).
In the 1980’s the studies continued to support the previous findings. Looking at college students’ performance on intelligence tests, those that were rewarded for scores exhibited “a lower level of intellectual functioning” on the creative portions of the exam (See Fabes, R., Moran III, J., & McCullers, J. 1981. “The Hidden Costs of Reward and WAIS Subscale Performance.” *American Journal of Psychology*, 94, 387-98). A similar study with 3rd graders came up with the same result (See Fabes et al. 1986. “Children’s Task Interest and performance: Immediate Versus subsequent Effects of Rewards.” *Personality and Social Psychology Bulletin*, 12, 17-30).

Also in the 1980s, Schwartz studied adults and found that when faced with learning a new game—after being trained at the task and promised a reward for doing well—were less successful. (See Schwartz, B. 1988. "What Applied Studies of Human Operant conditioning Tell Us About Humans and About Operant Conditioning." In *Human Operant Conditioning and Behavior Modification*, edited by Graham Davey and Chris Cullen. Chichester, England: Wiley.)

Amabile found that when young creative writers were given just 5 minutes to think about the rewards that might come with their work, they wrote less creative poetry than the controls who did not think about the rewards. Furthermore, the quality of this work was deemed inferior to their own earlier work. Professional writers blind to the study purposes judged creativity. (See Amabile, T. 1985. "Motivation and Creativity: Effects of Motivational Orientation on Creative Writers." *Journal of Personality and Social Psychology*, 48, 393-99.)

In another research study, Amabile included both children and adults in a number of tasks such as making collages. Some subjects were promised rewards and creativity was compromised for this group regardless of the amount and timing of the reward, the type of task, and the age of the subjects. (See Amabile, T., Hennessey, B., & Grossman, B. 1986. "Social Influences on Creativity: The Effects of Contracted-for Reward." *Journal of Personality and Social Psychology*, 50, 14-23.)

Fourth and Fifth graders were given problem solving tasks similar to the board game Clue. The group promised a reward (toy) "formulated hypotheses in a much less systematic fashion" and took longer to get the solution than those not promised a reward. In addition, those anticipating rewards did poorer when doing a completely different task a week later. (See Lepper, M. & Cordova, D. 1992. "A Desire to be Taught: Instructional Consequences of Intrinsic Motivation." *Motivation and Emotion*, 16, 187-208.)

Morton Deutsch concluded from six different studies "there is not evidence to indicate that people work more productively when they are expecting to be rewarded in proportion to their performance than when they are expecting to be rewarded equally or on the basis of need." (See Deutsch, M. 1985. *Distributive Justice: A Social-Psychological Perspective*. New Haven: Yale University Press.)
In the mid-70s, social psychologists helped draft the following conclusion (see McGraw, K. 1978. “The Detrimental Effects of Reward on Performance: A Literature Review and a Predictions Model.” In The Hidden Costs of Rewards: New Perspectives on the Psychology of Human Motivation, edited by Mark R. Lepper and David Green, Hillsdale, NJ: Erlbaum.).

Incentives will have a detrimental effect on performance when two conditions are met: first, when the task is interesting enough for subjects that the offer of incentives is a superfluous source of motivation; second, when the solution to the task is open-ended enough that the steps leading to a solution are not immediately obvious.

Kohn gives several reasons why incentive plans in the workplace fail. Some of them are practical such as the expense involved (see Chester I. Barnard on the economy of incentives) or that they are simply unnecessary. Others are more fundamental such as the fact that use of rewards are a form of punishment and that they undermine interest people might have for the work. Then there is the assumption that money motivates people to work and that merit pay systems are effective at increasing performance. Kohn cites evidence to the contrary.

1. It [money] is consistently ranked down the list of factors that are motivating. The finding was the same for employees in 1946 and those in 1986. For the latter group more interesting work was number 1 factor. Interestingly, supervisors assumed money was number one and made managerial decisions based on that erroneous belief. (See Kovach, K. “What Motivates Employees? Workers and Supervisors Give Different Answers.” Business Horizons, Sept-Oct 1987, 58-65.)

2. Pay was ranked 6th out 10 factors for utility company applicants over a 30-year period, well behind considerations such as type of work. When these same people were asked what was important for others, most thought it was pay. (Jurgenson, C. "Job Preferences (What Makes a Job good or Bad?)." Journal of Applied Psychology, 63 1978, 267-76.)

3. Csikszentmihalyi (1990) cites several studies that showed reasons other than money for workers leaving their jobs.

4. Learning new skills and using one's talents fully is not just for some kinds of people but all kinds, even those in blue-collar jobs. People in all kinds of jobs are "powerfully affected in their assessment of a job by the level of intrinsic rewards it offers . . . Extrinsic rewards become an important determinant of overall job satisfaction only among workers for whom intrinsic rewards are relatively unavailable" (62). (In Gruenberg, B. 1987. "The Happy Worker: An Analysis of Educational and Occupational Differences in Determinants of Job Satisfaction." American Journal of Sociology, 86, 247-71.)
5. Even salespeople do not cite money as the reason for switching companies. From a poll the authors conclude that "In fact, we believe that one of the biggest management fallacies is that salespeople can be motivated by external factors (p. 160-61). (See Greenberg, J & Greenberg, H. 1991. "Money isn't everything." Sales and Marketing Management, May 1991, 10-14.)

6. Consider a survey of 1,200 workers in three different organizations who were the recipients of performance-related pay (PRP). The conclusion by the English researcher is quite damning to the premise that people are motivated by pay:

   “The overall picture is one of a predominantly negative impact of PRP on employee motivation across all organisations and between high and low performers. These findings would tend to support a growing view that PRP often does more to demotivate the majority of average performing employees and does little to enhance the motivation of the top five percent (who are likely to perform well in any case)” (p. 14). (See Thompson, M. 1993. "Pay and Performance: The Employee Experience." Report 258. Falmer, Eng.: Institute of Manpower Studies, University of Sussex.)

7. A short while later, a report found that "a system of linking pay to performance for 68,000 staff at the Inland Revenue [analogous to the IRS] is universally regarded by employees as demotivating." (See Clement, B. 1994. "Tax Office Pay System Condemned by Staff." The Independent, 5 April 1994:7.)

   Other studies refute the fallacy that people find work intrinsically dissatisfying.

   First, most people report they are satisfied w/ their jobs. Better than 80% in some surveys (See Hackman and Oldman, 1980, Work Redesign, p. 10). Argyle cites a series of studies that show 52% very satisfied.

   Second, those that are freed from financial need to work, still work. Kaplan (1985) reports that 60% of those winning over a $1 million in a lottery remained working over a year after winning. Furthermore, many of those who did quit returned to the workforce to do something else. (See Kaplan, H. 1985. "Lottery Winners an Work Commitment." Journal of the Institute for Socioeconomic Studies, 10, 82-94.)

   Finally, the most unselfconscious moments we experience take place at work. Csikszentmihalyi found in one experiment that "flowlike experiences" occurred 3 times as often at work than at leisure. (See Csikszentmihalyi and LeFevre, J. 1989. "Optimal Experience in Work and Leisure." Journal of Personality and Social Psychology, 56, 815-22.) Another study found that the intrinsic rewards from work are higher than rewards from leisure. (See Juster, T. 1985. "Preferences for Work and Leisure." In Time, Goods, and Well-Being, edited by F. Thomas Juster and Frank P Stafford. Ann Arbor: University of Michigan Institute for Social Research.)
The use of rewards has other negative impacts as well. For example, behavior of supervisors and managers seem to be affected by the use of rewards. One study found that supervisors who used rewards were less forthcoming with informational feedback and "more controlling in their style of supervision when their job included administering rewards" (p. 553). (See Harackiewicz, J. and Larson, Jr. J. 1986. "Managing Motivation: The Impact of Supervisor Feedback on Subordinate Task Interest." *Journal of Personality and Social Psychology, 51*: 547-56.)

Because of a prevailing belief that rewards motivate, supervisors end up using them to the detriment of worker intrinsic motivation. A recent study found this the case. Supervisors were told that their direct reports either enjoyed the task for its own sake or were doing it just for the money (these attributions were random and not real). Predictably, the supervisors who believed they were in charge of someone extrinsically motivated became more controlling (i.e., using rewards) and the targets did become less interested in the task—the result becoming a self-fulfilling prophecy. For those supervisors who believed they had someone interested in the work, more effort was made on improving the work environment, resulting in those workers actually enjoying the work more. (See Pelletier, L. and Vallerand, R. 1996. "Supervisors' Beliefs and Subordinates' Intrinsic Motivation: A Behavioral Confirmation Analysis." *Journal of Personality and Social Psychology, 71*: 331-40.) As Kohn concludes, these results are especially disturbing because most managers have a belief that people need rewards.

There is plenty of anecdotal evidence that pay for performance systems don't work.

1. In 2000, New Balance, a shoe manufacturer that competes against primarily low-wage foreign plants, scrapped incentive plans based on pay per shoes produced, changing to an hourly rate. The V.P. of Operations states this new plan allows staff "to concentrate on training and upgrading their skills, and to internalize that the competition is other plants, overseas, not other workers next to them." (See "New Balance stays a step ahead." *U.S. News & World Report*, July 2, 2001, p. 34.)

2. Marshall Industries, a large electronics components distributor, decided that it was the incentive system (including bonuses) that was preventing the company from moving forward. The company first got rid of games and contests that were now viewed as pitting employees against each other. The next to go was management incentives followed by the sacred cow, sales commissions. The result was an 80% decline in turnover and a dramatic increase in productivity and sales (due in part to better teamwork and coordination among functions. They started phasing out incentives in 1992 and went from a $575 million company to over $1.5 billion in seven years. The CEO says not only did the move away from incentives allow success but also that with them "I'm not sure we'd still be in the game today" (p. 264 of Kohn).
3. The President of a manufacturing firm writes about the divisive impact of a bonus plan in his company. While sales initially went up, he found a "divisiveness that wasn't there before" and productivity ended up falling off. He suggested that employees "were so busy fighting over who was going to pay for what that they couldn't make decisions that were good for the customers or the company as a whole" (p. 263).

4. In 1995 it was reported in CFO magazine that DuPont had canceled an incentive program because of its negative impact on employee morale.

5. In law firms, the practice of performance incentives has been criticized as an excuse to place responsibility on the individual. (See American Lawyer.)

Consider all the people who insist, through years of study and observation in the business context, that you cannot motivate people with pay: Deming ("Pay is not a motivator"); Herzberg (pay can actually be a de-motivator); McGregor (How do you motivate people? . . . You don’t); Barnard, D.H. Robertson ("A high wage will not elicit effective work from those who feel themselves outcasts and slaves, nor a low wage preclude it from those who feel themselves an integral part of a community of free men. Thus, the improvement of this element of the supply of labour is an infinitely more complex and arduous task than if it depended on the wage alone").

Barnard articulated this in the 1930s, McGregor and Herzberg in the 1960’s. What we now know about human behavior and social psychology since then have only tended to support their premise—that human beings cannot be motivated, nor can they be effectively coerced with carrot and stick tactics. (Read the first section of McGregor’s book, The Human Side of Enterprise, and you will get a clear explanation of the limits of both authority and carrot and stick motivation practices, characterized as Theory X style of management.) From a management perspective, control is the underlying value that drives behavioral motivation plans. Consider this from McGregor:

"Individual incentive plans provide a good example of an attempt to control behavior which fails to take sufficient account of ‘natural law’—in this case, human behavior in the industrial setting.

The practical logic of incentives is that people want money, and they will work harder to get more of it. In accord with this logic, we measure jobs, establish standards for ‘a fair day’s work,’ and determine a scale of incentive pay which provides a bonus for productivity above the standard.

Incentive plans do not, however, take account of several other well-demonstrated characteristics of behavior in the organizational setting: (1) that most people also want the approval of their fellow workers and that, if necessary, they will forego increased pay to obtain this approval; (2) that no managerial assurances can persuade workers that incentive rates will remain inviolate regardless of how much they produce; (3) that the ingenuity of the average worker is sufficient to outwit any system of controls devised by management."
Motivation in the Workplace (Cont.)

A ‘good individual incentive plan may bring about a moderate increase in productivity (perhaps 15 per cent), but it also may bring a considerable variety of protective behaviors—deliberate restriction of output, hidden jigs and fixtures, hidden production, fudged records, grievances over rates and standards, etc. In addition, it generally creates attitudes which are the opposite of those desired—antagonism toward those who administer the plan, cynicism with respect to management’s integrity and fairness, indifference to the importance of collaboration with other parts of the organization (except for collusive efforts to defeat the incentive system).

All of these results are costly, and so are the managerial countermeasures which must be established to combat them (staff effort, elaborate control procedures, closer supervision, concessions with respect to rates, down-time provisions, the incentive program—both direct and indirect—were calculated, it would often turn out that they add up to more than the total gains from increased productivity. Certainly the typical incentive plan is of limited effectiveness as a method of control if the purpose is to motivate human beings to direct their efforts toward organization objectives.” (p 9-10).

Kohn presents several steps that can be used to create an environment that is conducive to motivating the workforce—since motivation cannot be coerced or demanded. Step 1, abolish incentives. This does not mean that people are not paid or that money is not necessary to secure their efforts, only that the money should be decoupled from the work. Compensation is important, it just should not be the focus while workers are doing the work. (Gain sharing plans are acceptable as a large study found them to not hurt performance; see O’Dell, C. 1987. “People, Performance, and Pay. Houston: American Productivity Center.)

Step 2 is to reevaluate evaluation schemes. Evaluation schemes meant to do something to workers are a bad idea. For example, if they are used to rate employees, motivate them, or to determine compensation then they are coercive and function as things that do something to the worker. Evaluation can be useful when it is used as a feedback and development mechanism—not tied to performance. As Kohn says, this arrangement “offers the possibility of working with people” (185). The danger of performance appraisals is echoed by others such as Peter Scholtes: “Using performance appraisal of any kind as a basis for reward is a flat out catastrophic mistake” (p. 46). (See Scholtes, 1990. “An Elaboration of Deming’s Teachings on Performance Appraisal.” In Performance Appraisal: Perspectives on A Quality Management Approach, ed. by Gary N. McLean, Susan R. Damme, and Richard A. Swanson. Alexandria, Va. American Society for Training and Development.) Herbert Meyer said the same thing in the 1960s, noting the self-conflicting role of counselor and compensation judge. (See Meyer, H., Kay, E., French, Jr., J. 1965/89. “Split Roles in Performance Appraisal.” Reprinted in HBR Retrospect. Harvard Business Review, Jan-Feb: 26.) Finally, “By linking compensation to performance appraisal . . . the exchange between superior and subordinate is then not about performance but rather about pay, and it is only likely to produce de-motivators . . . [only when the discussion is done with no prospect of reward or penalty is the communication likely to be productive]. (See Halachmi, A., and Holtzer, M. 1987. “Merit Pay, Performance Targeting, and Productivity.” Review of Public Personnel Administration 7, 80-91.)
Step 3. Create conditions of Authentic Motivation. Changing the work and the conditions that people work in has more impact than pay. This was the conclusion of Alan Blinder in his review of the evidence. (See Blinder, A. 1990. Introduction to Paying for Productivity: A Look at the Evidence. Ed. By Alan S. Blinder. Washington, D.C.: Brookings Institution.) This means that managers and those in charge should pay attention to the work context. Kohn suggests that there are three elements to creating this motivating work context: **collaboration**, **content**, and **choice**. Collaboration relates directly to cooperation; Barnard’s *Functions of the Executive* details how critical this is to engaging people to contribute. Content relates to the work itself. Herzberg says, “If you want people motivated to do a good job, give them a good job to do” (Herzberg, 1987. “Workers’ Needs: The Same Around the World.” *Industry Week*, 21 (September): 29-32). Also from Herzberg: “Idleness, indifference and irresponsibility are healthy responses to absurd work” (Herzberg quoted in Bosquet, 1973).

Kohn notes that motivation is highest when the job offers a chance to learn new skills, to experience variation in tasks, and to acquire and demonstrate competence (189-90). Herzberg makes this point also:

> “Managers do not motivate employees by giving them higher wages, more benefits, or new status symbols. Rather, employees are motivated by their own inherent need to succeed at a challenging task. The manager’s job, then, is not to motivate people to get them to achieve; instead, the manager should provide opportunities for people to achieve so they will become motivated” (from Kohn, p. 190).

While Kohn seems to overemphasize trying to match employee interest with jobs, Hackman and Oldman argue that “Work motivation often can be enhanced by increasing the levels of responsibility, meaningfulness, and feedback that are built into jobs” (In Kohn, 190; See Hackman and Oldman, 1980, *Work Redesign*, p. 71). In fact, Hackman and Oldman assert that the way the work is designed and managed is more important than the “personal dispositions of the people who do them.” This supports the notion that it is too often the action of management to blame the people rather than fix the work or the system. A study by a sociologist found that even garbage collectors can find the content of their work interesting and motivating based on the way the work was designed (to be more varied and cooperative) and the company structured (providing ownership as a cooperative). (See Perry, S. 1978. *San Francisco Scavengers: Dirty Work and the Pride of Ownership*. Berkeley: University of California Press.)

The third element, choice, relates to the content—giving people choices in how they do the work and what work they do will impact motivation. There are some interesting results when control is exerted on employees. Kohn relates a personal story of postal workers who were given precise job assignments with tough enforcement of these standards. The result was that the workers stopped doing those little things they had taken upon themselves to make things work; instead the orientation was to now do just what was asked (Kohn, 354, note 30).
Another example in the author’s work experience. When the Dean came out with a new faculty role assignment, laying out the number of publications, committees, and other assignments required to meet minimum performance requirements. One faculty member put the requirements up against his Vita, which included many more activities that he volunteered to do over the course of the year (most of them for which he had intrinsic interest in doing). His response was to cross out the “extra” activities as now unnecessary against the new job standards.

Kohn provides further proof of the debilitating effect of lack of control by workers. Specifically, it is those jobs where “individuals have insufficient control over their work situation” that burnout is most apt to occur” (from a large study looking at a variety of occupations; see Karasek, R., Theorell, T., Schwartz, J., Schnall, P., Piper, C., & Michela, J. 1988. “Job Characteristics in Relation to the Prevalence of Myocardial Infarction in the US Health Examination Survey (HES) and Health and Nutrition Examination Survey (HANES).” American Journal of Public Health, 78, 910-16.)

Amabile (1988) found that freedom directly impacts creativity. She surveyed research and development scientists along with people in fields like marketing, development and sales in large companies. When reporting those events where their creativity was at its height, freedom was the one most common characteristic associated with that event. Conversely, when relating events of lowest creativity the single most common factor was lack of freedom. (See Amabile, T. 1988. “A Model of Creativity and Innovation in Organizations.” In Research in Organizational Behavior, vol. 10 Ed. Barry M. Staw and L.L. Cummings. Greenwich, Conn.: JAI Press.) Related to this are people resisting new policies. This is likely not because they don’t like change, but that they dislike being changed—again, something is being done to them. (From Scholtes, 1988.)

Absen teeism is a problem in places where control is firmly out of the hands of workers. Consider American automobile plants where absenteeism is 10% or more. Compare this to Ambrake Corporation where the work environment is less restrictive (and there are no time clocks): the absentee rate is 0.5%. (See Levin, D. 1992. “Toyota Plant in Kentucky is Font of Ideas for U.S. New York Times, 5 May: A1, D8.)

Control is a learned behavior—those that work for controlling bosses are most likely to be controlling themselves. (See Kanter, R. 1977. Men and Women of the Corporation. New York: Basic Books.) The key to giving up control is by setting big accountabilities that allow the worker to determine how to achieve outcomes. It is noted that creating structures that support work autonomy is itself a difficult job (See Deci and Ryan, 1985, esp. p. 308). That may be a big reason managers gravitate towards using incentives to gain performance—it is much easier than trying to really fix the problem.
Even the best horse trainers recognize that coercion is often counterproductive in getting the most out of their horses. In the late 1930’s an unorthodox horse named Seabiscuit captivated the public. By the time the horse was three, his owner and well-regarded trainer had given up on the horse as a racer; in fact, they could not even sell it in several claiming races he was entered. After buying the horse for a modest $5,000, the new owner turned the horse over to his similarly unorthodox trainer, Tom Smith. After watching his new charge thrash all over the track without any direction, Smith figured out quickly what the problem was.

“Smith knew what he was seeing. Seabiscuit’s competitive instincts had been turned backward. Instead of directing his efforts against his opponents, he was directing them against the handlers who tried to force him to run. He habitually met every command with resistance. He was feeding off the fight, gaining satisfaction from the distress and rage of the man on his back. Smith knew how to stop it. He had to take coercion out of the equation and let the horse discover the pleasure of speed. He called out to the rider: Let him go.” (Seabiscuit, An American Legend, by Laura Hillenbrand, 2001. p. 416 of e-book version)

From here the trainer and riders let Seabiscuit gain control, refusing to use the whip except as a tool of feedback (and rarely needed for this). They even recognized that the horse was able to choose its own pace; the rider noted that there was no need to hold the horse back as a means of controlling pace (called “rating” in the horse racing business). The rider would say later “Why rate him? He knows the poles better than I do.” After a few weeks of training the author goes on,

“With long, careful schooling, Seabiscuit began to figure things out. Once he was no longer being coerced, his instincts bubbled back to the surface. His innate love of running returned. Pollard [the jockey] used the whip not as an implement of force, but as a signal: one glancing swat on the rump at the eighth pole, another a few feet from home, a cue that it was time to hustle.” (p. 432)