Rethinking What Motivates Employees and Candidates

We're all sure that pay for performance is what motivates people to work harder and better. Or are we?

By John Zappe

Last year at the TEDGlobal conference, Dan Pink took his 18 minutes to make a case as to why pay for performance, so intuitively progressive, so widely endorsed, is so wrong for today's workplace.

"There's a mismatch," says the workforce consultant and bestselling author early in his talk, "between what science knows and what business does." Carrots and sticks may have worked fine when work was mechanical and rote, "but for 21st century tasks, that mechanistic, 'reward and punishment' approach doesn't work—often doesn't work—and often does harm."

What does work, says Pink, in his now famously viral address viewed by more than 3 million worldwide, is "autonomy, mastery, and purpose. These are the building blocks of a new way of doing things."

High reward levels, oddly enough, can have detrimental effects on performance.

Paul Peterson is national talent resource manager for the Canadian branch of international accounting firm Grant Thornton. "I don't know that we necessarily talk about it that way, but we try to appeal to those same drivers," says Peterson. "Flexibility is the No. 1 carrot."

Grant Thornton is a top 10 accounting firm. In size, it ranks fifth or sixth, depending on who's counting. Either way, it's one firm with significant resources, career mobility, a global reach, and, as Peterson observes, a brand that is not as well known in North America as the Big Four (Deloitte Touche Tohmatsu, PricewaterhouseCoopers, Ernst &Young, and KPMG.) With salaries and benefits comparable among the firms, his recruiters have to be more innovative in selling Grant Thornton to top candidates.

"We work hard to identify potential high-quality employees in advance," he says. "When we approach them, we have a stated goal of getting inside someone to find out 'what makes them tick.' Once you have a sense of someone's values you can take a step back and determine ways to structure a job to accommodate them."

It takes time, often a lot of time, he concedes, so not every position warrants the same intensity. But when it does, his recruiters will do what it takes to build a profile of the candidate, right down to talking to their spouse or, as happened for one hard-to-fill position, to their fiancé.

"Then we figure out what we can do," Peterson says. While money always factors in, it is rarely the primary attractor. "It's so much more than that … sometime we highlight the things that are already in place. Sometimes it's about the flexibility in work arrangements. That flexibility gives them control, autonomy."

The word "carrot" turns up frequently in discussions of motivation and engagement. While the two terms are frequently used interchangeably, and are closely linked, they are not the same thing. Engagement, as the authors of a WorldatWork study define it, is "a high level of employee involvement, commitment to the organization, and job satisfaction." Motivation is the internal or external force (Maslow's hierarchy of needs) driving an individual to accomplish goals.

Tangible carrots of all sorts—the Yin of management—have long been the tools employers have used to motivate workers to higher levels of productivity. Sticks are the Yang. An article published last year in the *Harvard Business Review* detailed the results of a multi-year study of worker activities and motivations. As part of the study, the authors surveyed some 600 managers about what they considered to be important drivers. "Recognition for good work (either public or private)" ranked as most important in motivating workers. While recognition is not unimportant to workers, it was progress—what Pink calls "mastery"—that was their most important motivator.

The managers, in a dramatic show of disconnect, listed progress dead last.

Organizational consultant and author Stephan Balzac uses a sports analogy to illustrate the importance of progress to an individual and their organization.

"If you play sports, you keep working at getting better. The best want a new challenge because accomplishing the same thing is less interesting … you want to have more of a challenge the next time."

Apply that to business and you get contests, which, as any sales manager will attest, tend to lose their effectiveness if repeated too often. "Cash becomes a problem," Balzac observes, "when it is the goal itself."

On the other hand, "When I'm working on something meaningful, and when I'm improving as I do that and do good work, rewards along the way can be motivating," he explains. "I'm not working *for* them, but they are reinforcing."

An entire industry is built around the idea that rewards and recognition improve performance and can stimulate employees to higher achievement and help retain the workers a company wants to keep.

Razor Suleman, founder and CEO of I Love Rewards, says that while employers have long used non-monetary rewards, the recession has put more emphasis on using them to attract and retain top performers. Before the recession, when the war for talent was raging, more than a few companies fought the battles with money, Suleman says. Now, "there's a huge shift to using non-monetary incentives."

Multiple surveys, including those his company has done, show, "None of the factors of engagement is more cash," he says. Autonomy over how an employee manages their work and their yearning to improve are key to engagement. Peer recognition is the outward evidence of the success of that engagement, says Suleman.

"Top performers like the world to know they are a top performer," Suleman maintains. "No. 1 is peer-to-peer recognition." I Love Rewards specializes in such recognition, enabling workers to award each other points and praise.

Companies with a social media presence should make the most of recognition programs by publishing employee recognition to Facebook, Twitter, and elsewhere, Suleman advises. Not only does it, as he says, "let your mom know" you were recognized, it adds to an understanding by a company's friends and followers of its culture.

The "Guru of Thank You," Bob Nelson, did a survey several years ago and found personal praise to be so important to employees that it ranked well above cash, achievement awards, and public praise. The most important form of recognition? The support and involvement of the manager. Flexible working hours, personal autonomy and authority, and learning and development were the next-most important.

While the public praise that Suleman talks about wasn't as important to the workers in Nelson's survey, it still ranked fairly high. And, bear in mind that the survey was done before there was a Facebook.

None of this is at odds with the findings published in the *Harvard Business Review* or with Pink's thesis. Of recognition, the article's authors say: "it does indeed motivate workers and lift their moods. So managers should celebrate progress, even the incremental sort. But there will be nothing to recognize if people aren't genuinely moving forward…"

What should this mean for recruiters, and how can they use these findings in working with candidates?

Writing in the September issue of this *Journal*, Joseph Shaheen, managing director of Human Alliance, Inc, said, "The recruiting leader's responsibility is no longer simply to recruit. It is to manage the livelihood of her entire organization."

In his view, amplified in a conversation on how recruiters should use the data, Shaheen says recruiters should be talking to hiring managers about their candidate experiences, sharing what they have learned from speaking with them, and "get past" the conversation about pay and benefits.

"The way most HR managers are… they are not looking at alternatives," he says. In fact, "Recruiters are not even expected to discuss these things."

What kinds of non-monetary incentives might tip the scales for a high potential candidate? Regular access to the CEO or other high-ranking company executive—visibility—might convince a career-focused candidate. Another might value coaching. It's a benefit that is routinely offered to senior executives and almost never to mid-level candidates, Shaheen says.

Still another might be lured by the promise of working on challenging projects. That's an incentive technology recruiters find works well, says Dice's Tom Silver. Seven percent of tech recruiters who are finding they have to sweeten offers, use projects as a primary incentive. More use flexible working arrangements.

Money is still the No. 1 sweetener, which, as Pink and most everyone else agrees, is important—at least up to the point of equity. But that's where many candidate offers begin and end. Obviously, tech recruiters and hiring managers have learned that other incentives may be equally, and even more, important to candidates. Clearly, at least at some places, they work together to make these alternatives possible.

"It's the only way it's going to happen," says Paul Marciano, whose *Carrots and Sticks Don't Work* was published this summer. "Recruiters may have to lead. Flexibility in management style has to be part of the company culture. Culture drives behavior."

Recruiters can't—or shouldn't—pitch a culture that isn't genuine. Shaheen's September article in this *Journal*, "Issues of Employment Branding and the Psychological Contract: A Discussion" outlines the serious consequences for recruiting and retention when the corporate brand being sold isn't the brand being lived.

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Pink, in a presentation for the Royal Society for the Encouragement of Arts, Manufactures and Commerce, offered ammunition for change: research published, he amusingly said, by the "notoriously left-wing, socialist group" the Federal Reserve Bank. Conducted by a team of economists from MIT, Carnegie Mellon, and the University of Chicago, they paid groups of MIT students and workers in rural India increasing amounts of money for certain types of work. Their conclusion: "With some important exceptions, we observed that high reward levels can have detrimental effects on performance." The exceptions were when the subjects were assigned rote, mechanical tasks, not requiring any significant creativity or problem-solving.

That's the kind of counterintuitive information that causes people to sit up and take notice. That's the kind of information recruiters and managers need to discuss so they can work to make the cultural changes to provide workers the autonomy and mastery and purpose that make for an engaged and motivated workforce. And, not coincidentally, give recruiters more ammunition to tip the scales.

At Grant Thornton, Paul Peterson's recruiters have those conversations with hiring managers and supervisors.

"They have influence (on the corporate culture)," says Peterson. "Because they are talking to a lot of people, hearing from candidates and digging in to their motivations, trying to get inside them, they have the data."

Grant Thornton recruiters, he says, have "a lot of input," encouraging managers to be flexible in how they incent and manage staff. The feeling among recruiters and managers is that it is paying off. The candidates for whom the terms of employment were more flexible—call them the personalized offers—provide more and better referrals than more traditionally hired workers. There's a sense, too, that they are more productive.

"You have to have a culture internally that accepts it (flexibility and non-traditional arrangements). In the end, it's a lot more up-front work, but it's much more successful this way."

John Zappe is a writer for ERE.