



07 Motivation v Incentives

The dictionary definitions of Motive and Incentive are almost interchangeable (move to action and incite to action). That being so, why is it that we so commonly see the words used in a way that attributes distinct meanings? I believe that this is because we tend to think of Motivation as an internal cause to do something, and Incentive as an external one. Failure to understand this distinction will lead to inappropriate corporate treatment of staff.

Another way in which the two differ is the length of their effect, with motivation having a substantial lifetime and incentives having only a short-term benefit.

Motivation

Abraham Maslow deduced that man had a hierarchy of needs, and that as one level of the hierarchy was partially or fully satisfied, the next level started to come into play. The needs were seen to be:

- Physiological - need for life-giving food and water.
- Safety - need for shelter and protection.
- Love - need for companionship, inclusion in the group.
- Esteem - need to feel good about themselves.
- Self-actualisation or self-fulfilment - need to be the most that the person is capable of being.

If you check out your own experiences, I think you'll agree that Maslow was essentially correct. Wage slaves are those people who are stuck at the first two levels, but anyone deriving satisfaction from being an accepted member of a work group and enjoying doing the job well will be operating in the third and fourth levels most of the time.

Frederick Herzberg developed two theories, Hygiene Theory and Motivation. Hygiene Factors are those which are

beyond the control of the individual, in the same way that a sterile surface cannot be made more sterile. They include:

- The company.
- Its policies and administration.
- The nature of on-the-job supervision.
- Working conditions.
- Salary.
- Status
- Job security.

These factors produce movement, not motivation. His Motivation Theory comprises motivators such as:

- Achievement.
- Recognition.
- Growth / advancement.
- Interest in the job.
- Responsibility.

These factors result from the employee's internal generators, and produce motivation rather than movement. Whilst a Hygiene Factor may not be a motivator when it is present, it can become a demotivator if unsatisfactory - wages being an obvious example. This scotches a commonly-held belief that money motivates people; actually, money incentivises people, that is it achieves short-term movement (they'll be back for another wage rise next year when the effect of the last one has worn off).

Douglas McGregor put forward his Theory X and Theory Y understanding of human nature. Theory X is that the average human being has an inherent dislike of work. In that case, they need to be controlled, threatened, have no responsibility and above all are only interested in security. Theory Y, on the other hand, holds that physical and mental work is as natural as play or rest, control and punishment are not the only ways to get people to work, people seek responsibility, and so on (otherwise why



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would people take on allotments or volunteer for committees?).

Many companies have in the past (and still in the present) treated their employees as Theory X people, thereby eliminating in large measure any chance of motivation. Some enlightened companies have adopted the Theory Y view and as a result have staff who are in the main loyal and motivated.

Hopefully you can see the common ground and common sense in all of these theories - and take my word for it, there are many more that I haven't mentioned. You might also by now have spotted elements of those theories that are really about Incentives.

Incentives

There are two sorts - threats and rewards (or bribes?). Threats are used in order to get something started and seen through to the end - 'If you don't do this, we'll sack you' says the company, (bang goes Maslow's second level of needs says the employee). But the short-term effect is to get the job done, even if quality might suffer as a consequence. If the threat is removed, people start to relax and productivity reduces because of McGregor's Theory X style of management. Rewards are promised for when the task has been completed. If you achieve this quality standard, sell this much or pass this examination, we'll give you a wage rise / bonus / holiday abroad or promotion. The effect of this sort of incentive is to concentrate the minds of employees long enough to achieve the desired results. There are two dangers inherent in reward incentives:

- Staff may come to see it as a standard feature of their package and become demotivated if it is withdrawn.
- Encouraging an increase in performance (especially volume of sales in sales forces) by offering a reward when a target threshold of performance has been reached. Those who would have achieved the threshold anyway get a reward for doing what they always do. The only

people who are spurred on to make an extra effort are those who would normally almost achieve the target level - say within 10% of the target level.

The lesson here is that reward incentives should be based on individual performance with performance thresholds set at a higher level than the person's normal productivity. This raises another issue, rewards for groups.

Some bonus schemes and other incentives are partially or wholly dependent on the performance of the group or company as a whole, which in some cases means that deserving individuals are penalised by a failure in an area beyond their control. There may be circumstances in which group or team incentives are appropriate, but like all incentive schemes they need to be carefully thought through.

In Summary

- Motivation should not be confused with Incentives.
- Motivation is something that goes on within an employee, incentives are threats or rewards that are externally imposed on the employee by the employer.
- Motivation is inculcated in people by giving them recognition for their achievements, valuing them as group or team members, trusting them with responsibility.
- Motivation provides long-term enthusiasm for the job and the company.
- Incentives achieve short-term movement, their effect quickly fades away.
- The first two levels of Maslow's Hierarchy of needs, McGregor's Theory X and Herzberg's Hygiene Factors are really all about Incentives, not Motivation.

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