

The money controversy: To be or not to be motivated

Per Nikolaj Bukh, Kurt Klaudi Klausen, Niels Peter Mols and Flemming Poulfelt

Would you turn up at work tomorrow or next month, if you were not paid for going to work? Directly asked the question, especially if our employer posed it, most of us would probably say no. It could, however, be that we actually were content with our job but dependent upon our salary – and it could be that any seizure of payment in itself would create mere dissatisfaction leading us to quit the job. Although espoused intentions may differ from what we actually would do in a hypothetical situation, at least some of us would rather prefer to spend some more time in our garden, with our children or simply doing something else than go to work.

Does this mean that we work »for the money?« and do financial incentives determine our work effort? Again, directly asked, most people will probably only partly agree: Work is not only about pay and incentives are not only monetary. It is also from the on-going debate in relation to the incentives at the labour market and various social security allowances clear that many people go to work even though their job is, strictly speaking, not worth the money. Something else must be at stake: It may be argued in a Weberian vein that being employed and going to work is at the heart of a protestant work-moral – and it may be that other motives like need for affiliation drives behaviour.

For most adults, work is a fundamental part of living in the modern world, but human life is characterised by many more activities than just work regardless whether we are paid or not for performing our jobs. What we chose to do and how we do it is a matter of motivation. Colloquially speaking, motivation is often thought of as an attitude or an emotion, like satisfaction and joy: »I feel motivated to day« or »I'm motivated at job«. However, in organization theory motivation is about behaviour and the scientific study of motivation is thus the study of the 'why's and 'how's of behaviour.

Similarly the study of incentives and performance is not so much a study of whether incentives work (it is actually part of the definition of an incentive that it influences actions); rather it concerns why and how they work, including the conditions where incentives led to intended behaviours: The term motivation de-

rives from the Latin word *movere*, meaning 'to move'. Accordingly to be motivated means to be moved to do something. If a person feels no impetus or inspiration to act she is characterized as unmotivated, whereas someone is considered motivated, if she is energised or activated towards something. Hence, both the direction of the motivation and the energizing of the behaviour are of importance.

The literature on job choice suggests that pay is among the most important factors taken into account when seeking and accepting a job. But it is more controversial how pay influence motivation and hence persistence and effort put into performing the job. In most studies of work motivation it is found, that pay motivates employees when it is closely tied to their perception of their performance. However, studies have also shown that paying people for performing tasks that they would otherwise have done voluntarily may decrease motivation and potentially lead to a poorer performance with respect to the activity that is rewarded (c.f. Andersen & Pedersen 2014; Frey 1997). The important question here is whether Public Service Motivation is violated by incentives conflicting with employee's professional values.

Various forms of incentive systems are an integral part of many firm's management practices and many firms practice some kind of pay for performance. In a public sector context bonus schemes are also being implemented, and the Productivity Commission (Produktivitetskommissionen 2013) has suggested that increased use of performance and competence based pay in the public sector could be one of the instruments to increase productivity.

We have no doubt that incentives in general, and monetary incentives specifically, influence behaviour. But the important question is how? Many scandals and breaking news histories revealing problems in both private and public sector organisations, has elements of control systems and pay schemes that fails to work as intended. Further, problems seem to show up repeatedly and we have more doubt if any lessons are been learned.

Most likely, the 'how' question in relation to incentives has not been adequately answered from neither a theoretical or practical point of view. However, to move forward in our understanding of motivation, incentives and actions, attention has to be directed to *why* incentives works as this is the key to understand how they works.

In the increasingly globalised work place and with cultural diversity within organisations the conventional understanding of motivational forces may be challenged. Differences in motives are not only a matter of differences between what motives drive bankers and school teachers, or what motives public employed nurses might have compared with nurses at private hospitals. Differences in national cultures and cultural aspects of ethnicity and religion are at stake as well.

Motivation and hence the urge to act is formed by situational factors and personal motives in combination. Cultural values are represented at the individual level as criteria for evaluating the opportunities that various situations offer for satisfying needs. When persons in different cultures – whether national or professional – base their interpretation on different values it can be expected that what is perceived as a motivator in some cultures may be perceived as a de-motivator in other cultures.

The field of motivation, and especially work motivation, has been shaped by Western theories and values. However, it should be considered if these theories overlook cultural factors and their potential influence on motivation. Western theories of motivation consider mostly a set of motives that are related to individual self-expression, including to maintain a positive self-view, to experience a sense of self-worth and well-being as fulfilled by satisfying motives like self-enhancement, self-efficacy and self-consistency.

Even though most motives can be considered to be universal to people in all cultures they take different form in different cultures and different factors influence them. Self-efficacy, for instance, takes different form dependent on values of collectivism versus individualism (cf. Hofstede 1991): In collectivistic cultures efficacy is associated more highly with the group than with the individual. Further, efficacy perception at the group level is a form of collective efficacy capturing the shared beliefs that the team can accomplish a certain task.

David McClelland's (1961) notion of achievement motivation is considered to be universal, as it has been identified across cultures. However, achievement is related to the efficacy perception and has a stronger motivational force in individualistic as opposed to collectivistic cultures. Thus, in individualistic cultures (in general North America and Europe) high achievers are more motivated to reach individual performance targets and less intrinsically motivated by the task itself. Further, they are intrinsically motivated if they perform better than their peers. In contrast, individuals formed by collectivist cultures (in general Asia, Africa and Latin America) are more likely to see the consequences of their actions as a result of collective actions. Consequently, the achievement motivation is related to the success of the collective rather than to the success of the individual.

It is most likely also highly cultural dependent what is regarded as a desirable reward. Therefore the motivational effect of a given incentive system is very much determined by its congruence with the cultural values (Erez 2008). While pay for performance is an often-used practice in the United States where it facilitates the display of differences among individuals' achievements it is less used in collectivistic cultures where people work in groups and where individual rewards may violate the group harmony as they differentiate among group members. Further, pay for performance may also violate prevalent values in cultures characterized by high power distance (e.g. Japan) where seniority based pay systems therefore is more used.

The debate in the research based literature on the implications of monetary rewards versus non-monetary rewards and intrinsic motivation in general may reflect the socioeconomic conditions that often differentiate Western individualistic cultures and non-Western collectivistic cultures. A poor economy increases the incentive effect of monetary rewards for those whose standard of living is low compared with people living in countries where the standards of living in general is higher.

Recognizing how culture shapes motive dispositions in different cultural settings at any level is therefore crucial in designing work environments that direct employee's energy towards desired actions with a high motivational intensity. Motivation is at the core of organisational behaviour and we welcome any advances in our knowledge of how behaviour is motivated. And knowledge about why incentives work in relation to individual motives is even more likely to foster a better understanding of how performance can be increased in our society – if this is what is desired...

References

- Andersen, L.B. & L.H. Pedersen (2014). *Styring og motivation i den offentlige sektor*. København: Jurist- og Økonomforbundets Forlag.
- Erez, M. (2008). Social-cultural influences on work motivation. In *Work Motivation: Past Present, and Future*, R. Kafer., G. Chen & R.D. Pritchard (eds.), New York: Routledge.
- Frey, B.S. (1997). *Not just for the Money: An Economic Theory of Personal Motivation*. Cheltenham: Edward Elgar Publishing.
- Hofstede, G. (1991). *Cultures and organizations: Software for the mind*. London: McGraw-Hill.
- McClelland, D.C. (1961), *The achieving society*, Van Nostrand, Princeton.
- Produktivitetskommissionen (2013). Analyserapport 3: Styring, ledelse og motivation i den offentlige Sektor, september 2013.