The Practice Of Motivation: Self-Determination Theory

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Abstract

The purpose of this paper is to understand how organizations can become more successful in "motivating" their work force. The argument is that much of the work on motivation is not useful for business. This paper argues that if "motivation" is to be useful, it is necessary to assume that there is some reason to expect that people are capable of psychological growth. It will be argued that the Self-Determination Theory (SDT) of Deci and Ryan provides a more robust description of how to think about it. Their position is that self-motivation, rather than external motivation, is at the heart of creativity, responsibility, healthy behavior, and lasting change.

Introduction

Motivation is a word that is often used (or misused), particularly in sports, where it seems that the good player is someone who will give 110 percent (or more) effort. We hear stories about the rousing speech that the coach gave at half-time of the big game and how the team responded with a super effort in the second half and won the game. This suggests that motivation is something that can be given to us from outside. It is as if motivation is mechanical--if the coach didn't give the speech, the players would not improve their effort in the second half and would lose, but one may wonder why the pre-game speech wasn't as effective. Most work on this subject today would deny that this is a compelling explanation. Even the football players who do make the big second half turnaround usually say that the coach didn't really do or say anything at half time other than perhaps to remind them of why they were there. The team itself examined its own attitude. This may be an overstatement. External motivation may work for the moment, but, if it is to stick, it must be internal. The point is that motivation is something that is internal--we do it to ourselves. Our goal then is to create the conditions under which an individual can be self-motivated.

The above example looked at motivation at play, but what about motivation at work? Here we begin to see the difficulty in thinking about how motivation affects work for many people have an ambivalent attitude toward work. (Drucker Management 168) Consider the following set of words: work vs. play, work vs. leisure, work vs. out-of-work, work vs. idleness, work vs. retirement, work vs. rest, meaningful work vs. meaningless work, all connote different attitudes toward work. Sometimes "work" is the preferred word, sometimes not. Or consider, what distinguishes work from play? We play chess, but work on chess problems, or we play tennis, but work on our backhands. It is likewise the case that work is impersonal, but working is personal. Of course, it may be best (on the job at least) if work and play become indistinguishable as an Eastern proverb tells us, but how does this happen? This introduces us to the problem, but, by itself, it does not tell us how to proceed.

My interest in motivation comes from the desire to give a practical answer to businesses who want to know what they can do to become more successful by "motivating" their work force. The argument is that much of the work on motivation is not useful for business. Most chapters in Introductory Management textbooks provide the reader with many descriptions of what motivates the person. These include the need hierarchy theories of Maslow, as modified by Alderfer, the acquired needs theory of McClelland, Herzberg's two-factor theory, equity theory of Stacy Adams, Victor Vroom's expectancy theory, Albert Vandura's social cognitive theory, and the goal-setting theory of E.A. Locke and G.P. Latham (Hitt). The economics approach to the topic is to use principal-agent (PA) theory. While all these models are presented, there is very little discussion of which one(s) might actually provide a better way of looking at the problem. Of course, they do overlap to some extent. In general the discussion of all these models centers on what incentives we can provide which will cause a person to be motivated. Underlying this is the assumption that behaviorism is the key to understanding the problem. So the discussion is how to get the proper incentives. We can tinker with different incentive structures until we get it right and then we will have motivation. Needs, for example, refer to deficiencies an individual experiences at a particular time. The deficiencies may be physiological (e.g., a need for food), psychological (e.g., a need for self-esteem), or sociological (e.g., a need for social interaction). Needs are viewed as energizers or triggers of behavior responses (this again is mechanical). The implication is that when need deficiencies are present, the individual is more susceptible to a manager's motivational efforts. However, as Peter Drucker reminds us: the argument "people need us more than we need them" is not correct and, if we try to determine the "needs" of others, we may be very mistaken. (Drucker, Management 243). In fact, it is very arrogant to think that we can determine the needs of others.

Expectancy theory is widely used as another explanation for motivation (See, for example, Lawler 1994, 2003). The focus is on two relationships: effort leads to performance, and performance leads to outcomes. The stronger the relationships, the more motivated we will be providing that the outcomes are what we desire. While it is interesting, the actual explanation seems far too elaborate in comparison with SDT.

These theories are not useful in the sense that one cannot say that if we do "x," it will motivate workers to do "y." In particular this calls into question whether money or extrinsic motivators can actually work. In fact there is reason to believe that they don't work. Thus, before we can discuss motivation, we need to consider what question it is that we are trying to answer. Perhaps the answer is found not in management or psychology books but in philosophy ones.

It will be argued that the SDT of Deci and Ryan (2002) provides a more robust description of how to think about motivation, but their work is not found in the management textbooks. It is more robust because it is simpler and allows us to concentrate on what is important. This theory is in line with several developments in modern psychology. There is positive psychology or happiness psychology that begins with the work of Martin Seligman and now includes many others (Ben-Shahar). The paper is divided into three parts. It will begin by considering what a motivation model should do. It then looks at principal-agent (PA) analysis which is the economics approach to the problem. The last section discusses the Deci-Ryan approach and shows how other theories like those of Hertzberg, Csikszentmihalyi, and Livingstone (Pygmalion) fit into this framework.

Framework

Hitt, Black, and Porter (412) define motivation as follows: "Motivation can be thought of as the set of forces that energize, direct and sustain behavior." They continue that these forces may be either external or internal. This does not reflect the view that external and internal motivations are quite different and fundamentally different in their successful use. Perhaps even more important, this definition is breaking into the middle of the argument. Beginning with Aristotle's view of human nature, people are assumed to possess an active tendency toward psychological growth and integration (Deci 2002, 3 and following). Others reject this by arguing that there is no tendency toward growth, but rather behaviorism explains people's actions. A third explanation is that we have a multitude of selves, or personalities, and finally some would argue that a post-modernist view of a fragmented self best explains the self. Deci and Ryan seek to integrate these views.

This paper argues that if "motivation" is to be useful for the manager, it is necessary to assume that there is some reason to expect that people are capable of psychological growth. Our main concern, writes Viktor Frankl in his presentation of logotherapy, "is not to gain pleasure or to avoid pain but rather to see a meaning in...life"....The one thing that can never be taken from us, writes Frankl, is our attitude toward a situation. If we search to create meaning, we can survive and even flourish (Wheatley 134). Martin Seligman, for example, writes that success may depend upon whether you are an optimist or a pessimist (Seligman 13). Maslow makes the same point in a somewhat different way (8): "Why do people NOT create or work? Rather than Why DO they create? Everyone has the motivation to create and to work, every child, every adult. This can be assumed. What has to be explained are the inhibitions, the blocks, etc. What stops these motivations which are there in everyone?" Gordon MacKenzie worked for Hallmark Cards for several years and provides an answer to Maslow's questions. As part of his job he often went to primary schools to talk about art. He relates the following story. He always began by saying that he was an artist and that he thought there were other artists in the room. His responses never varied (19): First grade: En mass the children leapt from their chairs, arms waving wildly, eager hands trying to reach the ceiling. Every child was an artist; Second grade: About half the kids raised their hands, shoulder high, no higher. The raised hands were still. Third grade: At best, 10 kids out of 30 would raise a hand. Tentatively. Self-consciously.

If there are a multitude of me's, or if I am a fragmented person, it is hard to see how others can motivate me. Hence, we begin with a "positive" question, "How do we determine if we have lived a successful life?" One answer (from philosophy) is to say that life is a journey and that we should seek to live, to learn, to love, and to leave a legacy. Following this broad theme, Richard Leider (117) suggests that we look to retired people for what insights they have gathered over a lifetime of employment. He conducted more than 1,000 interviews with people who were successful in their jobs. Here is what he found:

First, they said that if they could live their lives over again, they would be more reflective. They said that they got so caught up in the doing, that they often lost sight of the meaning. Wayne Dyer, among others, suggests there is a reason we are called "human beings" rather than "human doings."

Second, if they could live their lives over again, they would take more risks. In relationships, they would have been more courageous. "Most of us go to our grave with our music still inside us," attributed to Oliver Wendell Homes. "If only I had______, then_____" (you fill in the blanks).

Third, if they could live their lives over again, they would understand what really gave them fulfillment. Leider calls this the power of purpose: doing something that contributes to life, adding value that extends beyond yourself. Purpose is always outside yourself, beyond your ego or your financial self-interest. Fulfillment comes from integrity, from expressing who you are as fully as possible. It doesn't have to do with your job description or the specifics of your work. It has to do with how you bring your self to your work, regardless of what that work is. Thus, Leider shows that most of us do not put money as the objective of our life work.

Other suggest that what we say or how we act determines what may transpire in our lives. Norman Cousins, for example, wrote in Head First (65): "I have seen too many cases these past ten years when death predictions were delivered from high professional station only to be gloriously refuted by patients for reasons having less to do with tangible biology than with the human spirit, admittedly a vague term but one that may well be the greatest force within the human arsenal." Can such a thing really happen? It should be noted that there is a casual sort of empiricism which says such things happen. In fact, researchers have referred to the Matthew Effect from the Bible: the rich get richer and the poor get poorer. Randi DuBois puts it this way: Consistently, we observe that the weakest muscle in the body is the one between the ears. Self-imposed limitations and beliefs hold most people back (Kouzes and Posner 67). In other words, if we would just think optimistically, we could change our behavior.

James Hillman, The Soul's Code (6) makes the same point: We need to make clear that today's main paradigm for understanding a human life, the interplay of genetics and the environment, omits something essential--the particularity you feel to be you. By accepting the idea that I am the effect of a subtle buffeting between heredity and societal forces, I reduce myself to a result. The more my life is accounted for by what already occurred in my chromosomes, by what my parents did or didn't do, and by my early years now long past, the more my biography is the story of a victim. I am living a plot written by my genetic code, ancestral heredity, traumatic occasions, parental unconsciousness, and societal accidents.

To reiterate the assumption here is that people have the capacity for responsible action, that they have a natural desire to learn and understand things, and that they have the desire to do good work. Any other (tacit) assumption is dehumanizing (Kohn 1993a, 26). Edward L. Deci puts it this way (Deci 1995, 9):

All the work that [Richard M.] Ryan and I have done indicates that self-motivation, rather than external motivation, is at the heart of creativity, responsibility, healthy behavior, and lasting change. External cunning or pressure (and their internalized counterparts) can sometimes being about compliance, but with compliance comes various negative consequences, including the urge to defy.

With this in mind let us turn to principal-agent theory.

Principal-Agent Theory

The basis of principal-agent theory (See Prendergast, Roberts) is that an individual (the agent) acts on behalf of another individual (the principal). The actions of the agent are not observable or at least are not completely observable and it is hypothesized that the agent may provide less effort on the principal's behalf than what the principal desires. The premise is that "effort" refers to some activity that the individual would rather avoid. This is the key to the theory. It rejects Aristotle's view of human nature. It takes a behaviorist, negative view that we are not capable of working without the promise of a reward or the threat of punishment. If the effort of the agent were observable then the two parties could simply contract on the action to be taken. Wearing (7) list several reasons why a contract may not happen: the future is unknown and it would be difficult to foresee all possibilities; it may be hard to negotiate successfully a satisfactory outcome, especially when there is a lack of prior experience; and it may be difficult to write a contract that can be clearly interpreted by an outside party such as a court or an arbitrator. The basis of the theory is that people respond to incentives. The objective is then to find the proper incentives, so the agent will perform as the principal desires.

These models see man as a machine. Managers are attracted to these economic theories because they control money and believe they can design systems, using money, to motivate workers. They see the worker as a machine, a passive agent who must be turned on by management. There are shortages or scarcities that push us to act. Money is the fuel that drives the machine. Yet, it is clear that money, by itself, does not motivate the $1 million executive to strive for $2 million, nor does it motivate the production worker who is given a 50 cents per hour raise to work harder or smarter.

Prendergast's long article reviews models that focus on the provision of incentives in firms. He points out that many of the models are actually one period models, so that in these models there is not even the possibility of recontracting or changing jobs if the agent is unhappy with the outcome, or that the agent could be fired if the principal feels the agent is not performing in a satisfactory manner. He does discuss two period models in which younger workers are underpaid in the first period and older workers are overpaid in the second period, but, it is hard to say that this is what the PA problem is about. Nevertheless, he concludes (56) that agents respond to incentives and that they are capable of actions that are privately beneficial at the cost of overall efficiency

Roberts provides a thorough description of the PA model. He considers whether either party is risk-averse or risk-neutral, financial constraints, the choice of performance measures, manipulation of performance measures, tournaments, multi-tasking, group performance pay, subjective evaluations, reputations, and organizational architecture. While his discussion is interesting and provides several insights, it does not seem to be useful for discussing motivation. In fact, one can agree with Alfie Kohn (1993a 130-141) that rewards and attempting to measure the outputs that determine rewards undermine interest in the activity itself. We become more interested in the reward than in the activity and consequently look for ways to collect the reward. It is for this reason that Kohn is opposed to giving gold stars in primary school. It is an indication that the activity itself (reading for example) is not worthwhile unless you are given a gold star. It also causes the reader to seek shortcuts to get the prize.

Many discussions of this topic refer to a paper by Lazear on motivation at Safelite Auto Glass (Lazear). Safelite switched compensation from an hourly rate to a piece rate. Productivity increased by 44 percent, half due to working faster and half due to selection effects. But how much can we learn from this? The output is easily measured, so this is not what the principal-agent problem is about. The Sears Roebuck auto repair case gives a different result (Paine). Sears also changed its compensation from hourly to piece rate, but now the worker was responsible for deciding whether a repair or replacement needed to be performed. Since the new hourly rate of pay was below what was adequate to provide an adequate income, workers did repairs that were unnecessary and Sears paid huge fines when this practice was discovered.

There is a further point. Roberts has nice descriptions of growth and organizational change at Nokia and BP. There is no discussion of PA when he discusses them. Actually, this is not quite true. He does discuss "high commitment human resource management systems and notes that "such systems are especially attractive when it is difficult to measure performance accurately, and thus to provide incentives through direct reward systems (175)." He also quotes a top official at Nokia (174) that the workers are "happily-badly paid." Why are they happy? The answer would seem to be that they are happy because they are doing interesting work. The conclusion seems to be that PA theory does not work in these situations. In fact popular writing draws the same conclusion.

After reviewing dozens of surveys and years of research studies, Inc. magazine's researchers determined that people "want the same things they've always wanted." Even though job security is increasingly tenuous, regardless of industry or location, "interesting work" has a dramatic twenty-two-point lead over "high income" when it comes to importance to workers (Caggiano 101-02). These answers which include working with good people and having a say about what one is doing in addition to interesting work are not rewards. They are not offered conditionally, on the basis of satisfying someone who has more power than you do.

A survey of Industry Week readers found that quality of leadership ("working for a leader with vision and values") means more than dollars ("pay raises and bonuses") as a source of motivation for today's workforce (Caudron 33). Jerry Hirshberg trained in design, not automobile design. When he interviewed with GM, Chuck Jordan told him, "Look, you could go to New York and design elegant toasters that might wind up in the Modern (Museum of Modern Art) and continue to gripe about the single most important product on the planet. Or, you could give it a few years and try to improve the American automobile. We like your anger. Join us and become a paid renegade! 'I was hooked (52).'" Steve Jobs convinced John Scully to join Apple by asking him if he always was going to work for that colored water (Pepsi) company?

Finally, there are additional reasons for dismissing the effectiveness of rewards (Kohn 1993a). W. Edwards Deming distilled half a century's worth of experience observing and advising organizations as follows: "Pay is not a motivator." Dee Hock (253) adds, "Money motivates neither the best people nor the best in people. It can move the body and influence the mind, but it cannot touch the heart or move the spirit." Furthermore, if money were such a motivator, then we would all want to be tort lawyers. Frederick Herzberg (Kohn 1993a, 182) amends this declaration by reminding us that money can nevertheless be a demotivator. If you ask people what they care about, they never rank salary first. However, it is interesting that these same people believe the money motivates others. This is not to say, following Herzberg, that pay cannot be a demotivator. Cut salary by half and there will be a revolt. Double salary and productivity may be unaffected.

Furthermore, rewards punish. Kohn argues vigorously that punishments, like rewards, are cut from the same cloth. Both seek to control. The person in charge is trying to change behavior. Is it possible that the recipient looks at the reward as a bribe? That it is the only way the organization can get the person to do what is required? Furthermore, if you don't get a reward that you expect, you will be embittered.

Rewards also rupture relationships. Performance appraisal systems that rank individuals make co-workers competitive and do not enhance team learning. Even team appraisals can cause problems if team members feel that one or more persons are preventing them from getting a reward, and, in Herzberg's terms, you will be demotivated.

Giving rewards allows us to avoid asking why something is not working. It also allows us to ignore feedback, social support, and the other things that workers need to do a good job. The "five whys" of the Toyota system—why did this happen?...well then why did that happen?—seek to overcome this problem. It enables us to discover the root causes of a problem (May 23).

Finally, rewards discourage risk-taking. Why try something that may fail when it is possible to get a good reward for just doing things the same as always.

If money is not a motivator, then how do we motivate workers if we are a manager or an owner? What do we do? Kohn answers (1993), "The problem is not with compensation, per se, but with pushing money into people's faces by offering more of it for this or that. The more closely pay is linked to achievement, the more damage is done. If rewards do not work, what does? I recommend that employers pay workers well and fairly and then do everything possible to help them forget about money. A preoccupation with money distracts everyone–employers and employees–from the issues that really matter."

Thus, I would conclude that the PA model is much like the hypothesis of profit maximization. It is elegant but it doesn't really offer any practical advice as to how to proceed. Nevertheless this model is important because business school curricula are "heavily influenced by economics and the assumptions and language of economics, including assumptions of self-interest, agency problems, and the virtues of markets as ways of allocating resources (Pfeffer 2006, 18)."

Self-determination Theory

Deci and Ryan have been writing about SDT for over 35 years. The theory begins (2002, 5) "by embracing the assumption that all individuals have natural innate, and constructive tendencies to develop an ever more elaborated and unified sense of self…We characterize this tendency toward integration as involving both autonomy (tending toward inner organization and holistic self-regulation) and homonomy (tending toward integration of oneself with others)….[But] one cannot take this for granted…There are clear and specifiable social-contextual factors that support this innate tendency, and that there are other specifiable factors that thwart or hinder this fundamental process of human nature." Their overall conclusions (2002, 10-11) are that tangible rewards decrease intrinsic motivation so long as they are expected, but that verbal rewards or praise enhance rather than undermine intrinsic motivation, though subject to how the praise is given. Further, if we want an activity to continue such as losing weight or exercising, the withdrawal of a reward may cause the action to cease (Deci 2002 51)

They posit that there are three fundamental psychological needs— autonomy, relatedness, and competence —that are essential for successful integration. While these are needs, they are not like Maslow's needs because, in effect, they are never permanent and therefore never stop motivating. It is the striving that is the key.

Autonomy refers to being the perceived origin or source of one's own behavior. Deci argues that any occurrence that undermines a person's feeling of autonomy—that leaves them felling controlled, will lessen intrinsic motivation (Deci 1995 31). Autonomy concerns acting from interest and integrated values. When autonomous, individuals experience their behavior as an expression of the self, such that, even when actions are influenced by outside sources, the actors concur with those influences, feeling both initiative and value with regard to them. It should be pointed out that autonomy is often confused with, or melded together with, the quite different concept of independence (which means not relying on external sources or influences), but the SDT view considers there to be no necessary antagonism between autonomy and independence. Indeed, one can quite autonomously enact values and behaviors that others have requested or forwarded, provided that one congruently endorses them. On the other hand, one can of course rely on others for directions or opinions in such a way that autonomy is not experienced, as in the case with mere compliance or conforming. (Deci 2002, 8) In this respect, it was somewhat surprising (to me at least) that competition can make one feel controlled because winning is the predominant goal. On the other hand, if I accept the values of competition, it may increase my intrinsic motivation. Behaviors that support autonomy (Baard 263) include optimizing subordinate's control or influence, ameliorating internal and external pressures, reducing or eliminating excessive rules, allowing self-selection for tasks, when possible, permitting failure, taking subordinate's perspective, at least, initially, even if you believe it to be inaccurate, providing feedback in a non-controlling manner, choosing an assertive communication style rather than using controlling (aggressive) language, and avoiding manipulative incentive systems. In short, giving people choice. In fact this has to be what modern management is about. A traditional manager could order his workers to complete a physical task before leaving for the day, but today's manager cannot order a software writer to write so many lines of code before he or she leaves.

Relatedness refers to feeling connected to others, to caring for and being cared for by those others, to have a sense of belongingness both with other individuals and with one's community. Relatedness reflects the integrative tendency of life, the tendency to connect with and be integral to and accepted by others. The need to feel oneself as being in relation to others is thus not concerned with the attainment of a certain outcome (e.g. winning a competition) or a formal status (e.g. becoming a spouse, or a group member), but instead the psychological sense of being with others in secure communion or unity (Deci 2002 7). Managerial behaviors that support relatedness (Baard 267) include holding regular meetings, setting reward structures that support cooperation, avoiding triangulation, sharing information whenever feasible, and conducting team-building exercises when appropriate.

Finally, competence refers to feeling effective in one's interactions with the social environment and experiencing opportunities to exercise and express one's capacities. The need for competence leads people to seek challenges that are optimal for their capacities and to persistently attempt to maintain and enhance those skills and capacities through activity. It is an affirmation that my life is worth living. Competence is not an attained skill or capability, but rather is a felt sense of confidence and effectiveness in action. (Deci 2002, 7) Thomas Friedman (97) recently wondered why people were willing to work "for free" in the "open-source" community. He was given two answers. One answer was that IT people are very bright and they want everyone to know just how bright (competent) they are. The other answer is that the whole operation is nothing more than a peer review. Academics should understand this. Managerial behaviors that would support competence (Baard 265) include training, preparing, and supporting subordinates, removing barriers to efficient performance, agreeing on achievable goals, helping subordinates determine reasonable goals, helping subordinates determine reasonable ambitions, providing optimal challenges, allowing feedback to occur regularly, keeping critical comments in perspective, and encouraging self-discovery of errors.

Overall Deci and Ryan conclude that motivation must be intrinsic to be successful (useful), but that individuals may internalize extrinsic motivators if they are consistent with one's beliefs. One will also be willing to do onerous tasks (unmotivating or demotivating tasks) if this contributes to the overall goal. For example, a person may hate to clean tables, but accepts doing it if he or she is working in a restaurant and clean tables are necessary to encourage patrons to visit. Another example would be grading student papers. The important thing about this model for managers is that we can take actions that will increase competences, autonomy, and relatedness. It is also consistent with previous motivation theories that have been used in a business setting. We now turn to three of them.

Herzberg's two-factor theory is consistent with the idea of self-determination theory. Most of the points which Herzberg discusses are other names or further refinements of competency, autonomy, and relatedness. The two factors have been variously called the dissatisfiers-satisfiers or the hygiene-motivators or the extrinsic-intrinsic factors. The original research which led to the theory gave rise to two specific conclusions.

First, there is a set of extrinsic conditions, the job context, which result in dissatisfaction among employees when the conditions are not present. If these conditions are present, they do not necessarily motivate employees. These conditions are the dissatisfiers or hygiene factors, since they are needed to maintain a level of "no dissatisfaction." Dissatisfiers include salary, job security, working conditions, status, company procedures, quality of technical supervision, and quality of interpersonal relations among peers, with superiors and with subordinates.

Second, a set of intrinsic conditions, the job content--when present in the job, builds strong levels of motivation that can result in good job performance. The factors in this set are called the satisfiers or motivators and include achievement, recognition, responsibility, advancement, the work itself, and the possibility of growth. Thus, these conditions result from feelings of competence, autonomy, and relatedness.

Mihaly Csikszentmihalyi argues (6) that strongly motivated people will be in flow which he defines as the process of achieving happiness through control over one's inner life. His description of being in flow also seems very much like SDT. He finds enjoyment has eight major components. When people reflect on how it feels when their experience is most positive, they mention at least one, and often all, of the following. First, the experience usually occurs when we confront tasks we have a chance of completing. Second, we must be able to concentrate on what we are doing. Third and fourth, the concentration is usually possible because the task has clear goals and provides immediate feedback. Fifth, one acts with a deep but effortless involvement that removes from awareness the worries and frustrations of everyday life. Sixth, enjoyable experiences allow people to exercise a sense of control over their actions. Seventh, concern for the self disappears, yet paradoxically the sense of self emerges stronger after the flow experience is over. Finally, the sense of duration of time is altered; hours pass by in minutes, and minutes can stretch out to seem like hours. The combination of all these elements causes a sense of deep enjoyment that is so rewarding people feel that expending a great deal of energy is worthwhile simply to be able to feel it (49). If people are in flow, they will work harder, the increased involvement and commitment that comes from having more control over and say in their work. They will work smarter; high performance management practices encourage the building of skills and competence and, as importantly, facilitate the efforts of people in actually applying their wisdom and energy to enhancing organizational performance. Finally, high commitment management practices, by placing more responsibility in the hands of people farther down in the organization, save on administrative overhead as well as other costs associated with having an alienated work force in an adversarial relationship with management. SDT and "Flow" are explained in different language, but the process is similar. Neither are in the management textbooks that I have looked at, nor is the following "Pygmalion Effect."

Our final topic in this section is to look at what has been called the "Pygmalion Effect" or the self-fulfilling prophecy. In this explanation it might be thought that the motivation is external, but remember that SDT concludes that verbal rewards or praise enhance rather than undermine intrinsic motivation. George Bernard Shaw's "Pygmalion," was based on Prince Pygmalion in Greek mythology. Pygmalion sculpted a maiden (Galatia) and fell in love with her. Aphrodite brought the statute to life and, as the story goes, "they lived happily ever after." In the original play (later made into "My Fair Lady"), Professor Henry Higgins transformed Eliza Doolittle from a cockney flower girl into a well-spoken young woman, obviously of superior upbringing.

Robert Merton first wrote about expectations influencing behavior in 1948. He argued that the self-fulfilling prophecy consisted of three stages. First, an individual believes something, which is false at the time. Second, this belief causes the person to engage in some new behavior that she would not have otherwise done, except for the false belief. Third, the prophecy is fulfilled (Eden 1).

The reader may be familiar with this effect in a famous education experiment. Robert Rosenthal and Lenore Jacobson showed that the IQ's of a randomly selected group of students were raised four points over a control group when the teachers were told that these students were "late-bloomers." There was no other intervention. Subsequently it was discovered that teachers smile more and give other nonverbal positive feelings to those of whom they expected more, give more feedback and more varied feedback to them, challenge them with more challenging materials, and also give them more chance to produce output. The "Pygmalion Effect" has been broadened to include the "Galatia Effect." With the "Pygmalion Effect," the manager or leader is told that she is working with a "superior" group. With the "Galatia Effect," the students or workers are told that they are special (Eden).

J. Sterling Livingston first applied the Pygmalion effect to management. He writes that what managers expect of their subordinates and the way they treat them largely determine their performance and career progress. A unique characteristic of superior managers is the ability to create high performance expectations that subordinates fulfill. "Small wins" may provide the same results. The initial, limited success causes a person to gain in self-confidence. Again, the argument is that if management provides an atmosphere of autonomy and relatedness, competency will emerge and workers will be highly motivated. This is consistent with the SDT view.

What about salary and bonuses? How do they fit into the discussion? We still have to pay our workers. Deci and Ryan agree that money can motivate, at least in the short-run, but that it comes at a price because it reduces intrinsic motivation. I would suggest that money should be considered under "relatedness" in SDT. Your salary can indicate your relative importance to an organization. "If I am the best, then why doesn't my compensation reflect this?" If you are underpaid, you will feel a sense of unrelatedness.

Yet, it is dangerous to rely just on money to recruit and motivate people for "A rise is only a raise for thirty days; after that, it's just your salary (O'Reilly 235)." David Beirne, a Silicon Valley headhunter turned venture capitalist, puts it this way, "I never sold compensation when I was a headhunter...I sold psychic reward (Economist)." But this is not the end of the story. Thomas Stewart, among others, emphasizes the importance of communities of practice. Communities of practice emerge of their own accord when people are drawn to one another by both political and social forces. They collaborate, use one another as sounding boards, teach each other, and explore new subject matter. The difficulty for an organization is that people can be rented, but not owned. So how does a firm keep its brightest and best? If the heart of a community of practice is in your shop, they will want to stay. But, Stewart adds, "If the primary source of professional satisfaction is learning about cheese, you won't keep them if you offer only the chance to build a better mousetrap (Stewart 95-102)."

Fortune asked the same question: How come you're staying at your present job? Their answers vary--cutting edge technology, exciting work, the chance to change careers within the same company, a shot at a challenging overseas assignment, the promise of promotion from within, flexible or reduced work hours that still keep you on the fast track, truly terrific benefits (Fisher 69-70). Perhaps not surprisingly, no one mentioned money. "Over and over again, people at the 100 Best companies talk about how much fun they're having."

While high wages are considered a dissatisfier in Herzberg's terms, we must be careful not to deemphasize pay. In labor markets, as in other markets, there is a tendency to get what you pay for. If you want to recruit outstanding people, and want them to stay with the organization, paying more is helpful, although not absolutely necessary. Once I decide what I want to do, I will always prefer more pay to less pay, but it is not the money that attracts me in the first place. High wages tend to attract more applicants, permitting the organization to be more selective in its hiring. This selectivity is important in finding people who are going to be trainable and who will be committed to the organization. Paying more makes turnover less likely, as there is less chance that someone will be able to increase his or her income by moving. Perhaps most important, higher wages send a message that the organization values its people. Nordstrom typically pays its people an hourly wage higher than the prevailing rate for retail clerks at comparable stores. Coupled with incentive pay for outstanding work, Nordstrom salespeople often earn twice the average retail income (Pfeffer 1995, 35). Richard Ricketts reported in the Oil and Gas Journal that some oil refineries paid its workers 35 percent more than oil workers in the same region. They were able to hire better qualified workers and trained them in multiple skills. The result? Maintenance outlays were 25 percent less than the next leading refinery (Pfeffer 1997, 49).

In one study David Levine found that workers whose wages were higher than might be predicted based on standard demographic and human capital factors expressed higher levels of job satisfaction, were less likely to quit, and indicated that they would work harder (Pfeffer 1995, 35) . But before we accept the proposition that it is just the monetary rewards, we must also ask what else such firms are doing to make work a pleasant experience. In another study of business units of major U.S. companies, Levine discovered a positive relation between changes in wages and changes in productivity. Moreover, "the increase in productivity from an increase in wages was approximately large enough to pay for itself." Thus, there is systematic evidence, as well as case examples, that support the efficiency efforts of paying more (Pfeffer 1995, 3).

At the same time, you must be careful not to overemphasize pay. If the only attraction your firm has is a higher salary, then your successful hire will be equally susceptible to a better offer in its broadest sense at some time in the future. Tandem Corporation, in the years before Compaq acquired them, handled this problem by refusing to discuss salary until an individual agreed to join the firm. There response to inquiries was that they paid a competitive wage (Pfeffer 1998, 118). Cypress does not offer big raises for people to join their company, nor do they pay extra to keep people (Rogers 33).

Incentive pay also fits into the SDT framework. "Organic corporations such as 3M don't rely on cash incentives. 'We steer clear of monetary rewards,' explained Geoff Nicholson. 'People who do technically good jobs will get promotional opportunities. But peer recognition is most important to us (Baskin 136).'" Nevertheless, many companies have made pay more variable to reflect performance (Economist). Why? It is simply a matter of equity and fairness. If an organization produces greater returns by unharnessing the power of its people, justice suggests that some proportion of those gains should accrue to those who have produced the results as opposed to going solely to the shareholders or management. If people expend more effort and ingenuity, observe better results as a consequence of that effort, but then receive nothing, they are likely to become cynical and disillusioned and to stop trying (Pfeffer 1998, 84) or they may leave.

It is true that people are motivated by more than money--things like recognition, security, and fair treatment matter a great deal. However, it is also true that fairness and justice virtually dictate that if people are responsible for enhanced levels of performance and profitability, they will want to share in the benefits. Consider the alternative--if all the gains from extra ingenuity and effort go just to top management or to shareholders (unless these are also employees), people will soon view the situation as unfair, become discouraged, and abandon their efforts (Pfeffer 1995, 37).

Second, contingent compensation helps to motivate effort, because people know they will share in the results of their work. At Whole Foods (natural foods), a gainsharing program "ties bonuses directly to team performance--specifically, sales per hour, the most important productivity measurement."...At Solectron, the implementation of self-managed teams positively affected quality and productivity. But when bonuses based on team performance were instituted, productivity and quality improved yet again (Pfeffer 1998, 84-85).

Merit pay made on an individual basis is controversial, with some people believing it actually harms performance. The former director of human resources at Mars Candy Company noted that "companies spend all their time and energy on merit programs and all they do is make employees angry." The quality expert W. E. Deming believed that "the merit rating nourishes short-term performance, annihilates long-term planning, builds fear, demolishes teamwork, and nourishes rivalry and politics." However, regardless of one's position on merit pay for individuals, it is possible and indeed desirable to reward performance, if not on an individual level, then on the basis of performance by groups, subunits, or even the entire organization.

A comprehensive review of the literature on profit sharing, which includes gain sharing, concluded that "profit sharing and productivity are positively related....[M]ost case studies show improved performance when there is profit sharing or gain sharing" (Pfeffer 1995, 38).

A final way to show that you are serious about merit pay comes from Nucor. Ken Iverson explains why workers, who had endured deep cuts in pay and who had every reason to fear for their futures, reached out to share a laugh with a manager passing through the mill? The reason was simple. No employee was being asked to carry more than his or her part of the burden. Their department heads had taken pay cuts of up to 40 percent, and the general managers and other officers of the company were earning 50-60 percent less than we had made in preceding years. "My own pay," said Iverson, "dropped…to…about $110,000 [in 1982?] from about $450,000 the year before (Iverson 13).

Conclusion

This paper has looked at how motivation might actually be thought about and used in practice. It used the SDT model developed by Deci and Ryan which argues that an individual can be motivated if he or she is given the tools to be competent, if he or she is allowed to be autonomous, and if he or she can connectto others. It also shows that a person can be provided with external motivation, but it will only be effective if the worker internalizes it. The paper also showed the motivation models developed by Herzberg, by Csikszentmihalyi , and by Livingstone fit nicely into the SDT model. We can finish no better than to repeat Douglas McGregor's statement that "Strictly speaking the answer to the question managers so often of behavioral scientists—'How do you motivate people?' is, 'You don't. Man is by nature motivated. He is an 'organic' system, not a mechanical one....We do not motivate him because he is motivated. When he is not, he is dead. (Bennis 208)"

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