WHY WON’T THEY JUST DO WHAT THEY’RE TOLD?

Understanding and Applying the Art of Employee Motivation

Keith E. Ayers, CEO, Intégro Leadership Institute
Brad Jobe, Senior Consultant, Intégro Leadership Institute
Intégro’s Research Desk was launched in 2011 as a way to share our research findings with the wider business audience.

The reports tackle leadership issues that concern small, medium, and large companies around the world. It is in working with such a wide array of organization types and sizes that we have discovered the common themes of importance to leaders – no matter where in the world they work: How to create an environment where employees want to come to work and do their best, every day? How to ensure that leaders get the most from their employees – and themselves? How to go beyond engagement and create a team of passionate employees? How to get senior team members aligned on the critical decision-making issues that arise each week?

Not only is it our passion to provide exceptional value to our clients, and to operate our own workplace by the principles we espouse in our consulting work, it is also our commitment to share the solutions we have uncovered that help leaders like you to deliver exceptional value to your customers.

As always, we welcome your comments and suggestions. If you would like to propose a topic for the Research Desk to tackle, or would like to discuss any of the issues we’ve covered, please send an email to support@integroleadership.com with the subject line: “Research Desk.”

Sincerely,

Keith E Ayers,
CEO, Intégro Leadership Institute
Keith Ayers is the CEO of Intégro Leadership Institute, author of Engagement is Not Enough: You Need Passionate Employees to Achieve Your Dream (Elevate, July 2008), and one of the world’s most respected experts on the topics of employee engagement, leadership development and workplace trust.

Having joined Intégro as a consultant in 1977, Keith took over the ownership of the organization in 1982, and developed it to become one of Australia’s top specialist leadership development consulting firms. With an increasing proportion of his time allocated away from Australia, Keith moved to Pennsylvania in August 2001, where he grew the U.S. division of Intégro to over 60 certified associates. Keith returned to Australia in 2009.

Keith’s first career was as a Navigator in the Royal Australian Air Force, which included a term of active duty in Vietnam. His expertise is working with CEOs and senior executive teams to help them create a high performance culture, one that is based on a high level of trust and personal responsibility. Keith has worked with executive teams in Fortune Global 500 organizations and SMEs in Australia, New Zealand, Hong Kong, China and the U.S. He has also been a keynote speaker at conferences in Germany, Finland, the U.K. and the U.S.

A long-held view that training events do not produce business results, led Keith to create Intégro’s Leadership Development Process™ and Senior Team Alignment Process™. These integrated processes include before and after measurement and application projects that help executive teams and managers take their company culture head-on, and get all employees committed to achieving outstanding results. Most recently his work has focused on measuring employee passion and workplace trust, culminating in the launch of Intégro’s range of “trust inside” assessments.

In March 2009, Keith launched his blog, which tackles issues relating to trust in the workplace, in addition to his unique take on the most pressing leadership and management issues.
**Brad Jobe** is a senior consultant with Intégro Leadership Institute. He joined the team in 2000 after a 15-year association with the company as a client. He has over 30 years’ experience in consulting, financial services and insurance, encompassing a range of leadership roles in learning and development, sales management and business development. Brad is an expert facilitator and since joining Intégro has been a leadership consultant to organizations in the public and private and not for profit sectors, including Boral, Rondo Building Services, the Anglican Church Sydney diocese, The Cancer Council of NSW, Terumo, Hartmann and the Inspire Foundation. He has developed a large number of Intégro’s most valued and long-term client partnerships – many of which have lasted over 10 years.
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EXECUTIVE SUMMARY

According to Gallup research, the difference in levels of actively engaged employees at world-class organizations versus the rest is 34 percentage points. Can you imagine if an additional third of your employees demonstrated the highest levels of commitment to the organization and their work?

There are numerous stories of corporate efforts to motivate employees – everything from unlimited vacation days to free time at work to dedicate to any project. Some have been successful, at least in terms of product innovation. But for most companies, motivating people is a battle, and often a losing one at that. It doesn’t have to be this way. There is a process that virtually all managers can follow to create the kind of environment in which employees are motivated to do a great job.

Many firms still believe that financial incentives will motivate employees, despite considerable evidence to the contrary. So what is the alternative? The first thing to understand is that employees are already motivated. They just might not be motivated in the direction you would prefer. The goal is therefore not to just motivate employees, but to create the kind of environment where they will become motivated to do a great job.

The onus is, unsurprisingly, on management to demonstrate leadership to create the right environment. The first step is to understand employee needs. This is because needs drive behavior. If you can tap into the different needs that various employees have, you are half way to addressing them. The second half of the process is to go through four phases that takes you from developing a basic level of trust between you and your team members through to having a winning team – the kind of team in which the level of engagement is 34 percentage points higher than that of your competitors.
1. WHY DO WE NEED MOTIVATED EMPLOYEES?

The difference in performance between an organization with a normal level of motivation and one with high levels can be dramatic. Global research from The Gallup Organization found that, on average, 33 percent of employees described themselves as “actively engaged,” 49 percent were “not engaged,” and 18 percent were “actively disengaged.” Compare this to levels at what Gallup describes as world-class organizations: 67, 26, and 7 percent respectively. Imagine the difference in your organization if you could double the number of actively engaged employees.

**Three Principles of Motivation**

1. Everyone is motivated – to some degree and in some direction
2. You cannot motivate others
3. You can only create an environment that encourages people to become more motivated

But motivation is difficult, and takes time and concerted effort. Add to this the fact that it does not lend itself well to measurement and quantitative analysis and you can see why many firms ignore it altogether, or choose to equate motivation with compensation and leave it at that. It is clear, however, that organizations with more motivated teams perform better, year after year. Not only do firms that successfully motivate their people have higher levels of engagement, they also have considerably less staff turnover, perform better on customer service, and ultimately deliver more shareholder value. The reality is that motivation can no longer be ignored. The most successful firms take it very seriously.

A recent feature in *The Economist* highlighted some of the more elaborate programs organizations are developing to motivate their people. Tony Hsieh, CEO of Zappos, an online shoe retailer recently acquired by Amazon, takes the idea of a
harmonious workplace to the extreme. The company encourages dating and socializing among employees as part of what Hsieh calls “work-life integration.” Google famously allows employees to spend 20 percent of their time on any project they like. Netflix, an online film rental service, allows an unlimited number of vacation days for its employees per year.

These grand motivational schemes make for compelling headlines, and they may even help the companies attract talent. But do they make a difference when it comes to actually motivating people on a day-to-day basis? Clearly there is a place for inventive motivational schemes. In some instances, such as Google’s 20 percent policy, such schemes can be very useful for motivation, and no doubt have a positive impact on product development in a creative industry. Google’s array of innovative offerings is testament to that. But for all firms, including those as successful as Google, there is no substitute for interpersonal interaction – that is, actually talking to employees and taking the time to understand their unique needs.

“It is a stretch to expect employees to integrate their work and life. But it is not a stretch to want a culture in which employees are engaged and highly motivated to do a great job.”

Furthermore, many organizations are a long way from work-life integration. In fact, most are perfectly happy for employees to keep work and life separate. It is a stretch to expect employees to integrate their work and life. But it is not a stretch to want a culture in which employees are engaged and highly motivated to do a great job. How many of us can say with honesty that our team is highly motivated? The purpose of this paper is not to share stories about the grand motivational schemes among some of the world’s most creative cultures – rather it is to give practical guidance on motivation for the rest of us.
2. MONEY IS A POOR MOTIVATOR

For centuries, emperors, princes, generals, presidents, captains of industry, and managers have been grappling with the same issue: how do I motivate my people? Clearly we’ve come along way from the motivate-by-fear approach favored by Machiavelli and his sixteenth-century devotees. Nowadays, many managers use the carrot rather than the stick: salary increases, bonuses, free holidays – the list goes on. But is this approach more sophisticated than that used in the past?

“In reality, leaders have switched from one blunt instrument – fear – to another: money. No doubt, everyone likes to be well compensated. But in our experience, compensation only goes so far. People expect a fair and appropriate level of compensation for the work they do, but money is rarely, if ever, the difference maker.”

In reality, leaders have switched from one blunt instrument – fear – to another: money. No doubt, everyone likes to be well compensated. But in our experience, compensation only goes so far. People expect a fair and appropriate level of compensation for the work they do, but money is rarely, if ever, the difference maker when an employee comes to work in the morning and decides whether to work hard or not.

In the US, Princeton economist Angus Deaton and psychologist Daniel Kahneman wrote a paper that attached a figure to the limitations of money as a motivator: US$75,000 a year. The authors concluded that monetary compensation has a positive impact on emotional wellbeing, up to a point. Beyond a US$75,000 salary, the positive impact of additional earnings diminishes. Not only is this an interesting piece of research, it is telling for leaders around the world. If you are managing people, you need to think beyond material benefits because they seldom make a great deal of difference to your employees’ wellbeing.

The first step to moving beyond Napoleon, Henry Ford, and the motivators of a bygone era is a simple one, but most managers
are embarrassed to admit they’ve never done it: ask your employees what they think would help to motivate them.

**Employees Are Already Motivated**

The most fundamental principal of employee motivation is to understand that people are already motivated. They could be motivated to achieve the organization’s goals, to impress their boss, to get one over on a colleague, or to do as little as possible. The goal for managers is to get people motivated in the right direction. In our experience, most managers use themselves as the template when motivating others. I love wine, so who wouldn’t want a bottle of wine as a gift?

Our favorite story involved a young lady who reported to us that her manager had arranged a free vacation for her in Bali. The manager was incredulous that her employee was not overwhelmed with excitement about a trip to Bali. But the manager failed to realize that the lady had two young children to take care of, not to mention the fact the she had no interest in going to Bali. But her manager loved it there!

“How often have we seen an employee put in the spotlight for praise, only for the individual to cower with embarrassment? Some people simply do not like that kind of attention.”

It is quite natural for us all to use ourselves as a template in this way. But we should not be surprised when it fails to motivate employees. It will work with some – those who share our interests and motivators – but it can go very wrong with others. How often have we seen an employee put in the spotlight for praise, only for the individual to cower with embarrassment? Some people simply do not like that kind of attention. A quiet
word of appreciation in the office might be the perfect form of appreciation for some people.

**Intrinsic Needs Matter More Than Extrinsic Needs**

Understanding the difference between extrinsic and intrinsic rewards is the key to motivating your team members. Extrinsic motivators are those that come externally to you: a bonus, a pay rise, a promotion, or some kind of tangible reward. Intrinsic motivators are internal, such as seeing what you do as stimulating, interesting, challenging, rewarding, or meaningful. There are many ways to satisfy people’s needs intrinsically that don’t cost a cent.

Graham Marks, a manager with a technology company in Sydney, Australia, realized after understanding the difference between intrinsic and extrinsic motivators that he really did not know what his employees needed. Why? He had never asked. When he finally did, he learned that one of his team members was not finding satisfaction in her work; specifically, this team member wanted more responsibility and to learn more about other areas of the organization.

This surprised Graham. His working assumption, whether he explicitly acknowledged it or not, was that people in his team would want to do the least they could get away with. But when Graham created the opportunity for this employee to learn about other areas of the department and the firm as a whole, she took on additional responsibilities and became a much more productive and motivated employee.

This is a small but very typical example of how a change in a manager’s set of assumptions can have a significant impact on an individual employee and their level of motivation in the workplace. Graham recognized his own blind spot, and was willing to tackle it. An ad hoc approach, along the lines of that taken by Graham, can and often does make a significant difference, but it’s difficult to scale up across an entire department or organization. It takes a degree of structure to achieve that.
3. START WITH AWARENESS OF EMPLOYEE NEEDS

In 1943, Abraham Maslow famously outlined how human needs operate in a hierarchical, pyramid structure, starting with physiological needs at the base – food, shelter, sleep – to self-actualization – self-expression, creativity, morality – at the peak of the pyramid. Similarly, the basic structure applies to workplace needs. At Intégro, we have used the pyramid to illustrate the intrinsic needs employees have and that must be met in order to create a highly motivated team. There are five levels of needs, each one building on the level below. It starts with respect.

Understanding Intrinsic Needs

The need for respect: It is almost as basic a human need as oxygen – all of us have a need to be respected by others. Yet so many leaders unintentionally treat their team members with disrespect. People don’t feel respected if they are not listened to;
when decisions that affect them are made without their input; when they are not compensated fairly; or when their need for a balance between career and family is dismissed.

**The need to learn and grow:** We are born with an innate curiosity that drives us to want to learn. It stays with us throughout life unless it has been extinguished by experiences or the influence of others. Even then, the thirst for knowledge and desire for new experiences can be rekindled by a leader who is skillful at coaching and mentoring. These skills bring a significant return to the organization as employees become more talented and productive.

**The need to be an “insider”:** Insiders have a strong emotional connection to the organization. They know they are part of the team and they feel valued and involved. Leaders who value the unique differences each team member brings to the team will encourage their participation in problem-solving and decision-making, and involve them in looking for ways to improve performance.

**The need to do meaningful work:** The sense of doing meaningful work comes from knowing we are doing something worthwhile. When employees understand the purpose of their work and how it makes a difference to others, they tend to reach higher levels of engagement and commitment, and are consequently more motivated to do a great job. Leaders can play an important role in satisfying this need by ensuring every team member sees the connection between the purpose of their role and the purpose of the organization.

**The need to be on a winning team:** When a team works together so well they outperform even their own expectations of themselves, their motivation levels grow and grow. The ability to bring a group of people together and turn them into a high performance team is a skill all leaders should aspire to. In reality, this skill is acquired by mastering all of the leadership skills outlined on the Passion Pyramid.
Getting Started on Awareness with Your Team

Once a leader develops his or her understanding of the concept of employee needs, it is time to start putting the concepts into practice in the organization. This is similar to Graham Marks just asking the question of his team, except that we recommend doing it in a formal, measurable way. There are various diagnostic tools on the market to achieve this. At Intégro we work with both Inscape Publishing’s Work Expectations Profile, to develop an understanding of the relative importance an employee attributes to various aspects of work, and the Intégro Employee Passion Survey, which demonstrates at both the individual and team levels how passionate employees are about their work and the organization.

“A good diagnostic tool will show you where employees’ priorities are and give you clear feedback on how good a job the organization is doing at meeting those needs.”

The point of using a diagnostic tool is, first, to get a clear and detailed picture across the organization of what employees see as their needs. Second, it is important to add another layer to this that tells you the degree to which the employee believes these needs are being met. For example, an employee could rate “work-life balance” at the highest level of importance and “compensation” lower down. But the organization could pay scant attention to balance, but offer substantial bonuses. A good diagnostic tool will show you where employees’ priorities are and give you clear feedback on how good a job the organization is doing at meeting those needs.
“Needs inevitably create expectations. The extent to which you can tap into these expectations drives your ability to motivate employees. The process outlined above will place you in a position where you have the ability to motivate your people. But it is only the extent to which you act on this newly acquired ability that will drive the level of motivation in your organization.”

In other words, once you have uncovered employee expectations, then you must deliver. The Pandora’s box will have been opened and people will feel betrayed if you fail to continue. Furthermore, it takes more than good will alone; it is a challenging process that takes time and perseverance. The best approach we have determined is to work in phases, allowing leaders to develop and master skills, and then build upon them with their team members.

**Phase 1 – Building trust:** Trust is a feeling you have about another person. Exceptional leaders have developed the ability to emotionally connect with everyone on their team – regardless of their age, gender, ethnicity, experience, qualifications, intelligence level, years of service, or behavioral style. Everyone on the team feels comfortable communicating with them, and being open with them about their personal goals, their anxieties, and what they believe needs to be done to improve performance. This skill requires a very high level of interpersonal flexibility and emotional intelligence.

Key skills to build:

- How to create an environment where employees want to and can perform at their best
• Four key people skills: building trust, solving problems, facilitating change, satisfying needs

• How to coach employees to take responsibility for their own expectations

Phase 2 – Mentoring and coaching skills: The ability to sit down with a team member and have an open, honest discussion about performance is an essential leadership skill. But it will not happen until there is a high level of trust and mutual respect – that first, basic skill is a prerequisite. And simply acquiring the skill is not enough – leaders must have put it into practice with each and every team member. The application of this skill guides employees to establish their own goals and action plans for delivering exceptional value to both external and internal customers.

Key skills to build:

• Listening skills necessary for effective coaching and mentoring

• Feedback skills – both for employees and leaders

• Practical application of these skills with employees

Phase 3 – Inspire commitment and passion: As leading management thinker Gary Hamel has noted that employee passion is the number one driver of value creation in an organization. Passionate employees inspire passion in customers. Passionate customers not only keep coming back, they insist that their friends and family do business with you as well. One of the most important things a leader can do is to inspire employees to be passionate about their work, and about the organization. Only then will they deliver value your competitors can’t match.

Key skills to build:

• How to identify factors that affect the engagement levels of each employee
• How to maintain and improve leaders’ performance under pressure

• Excelling at motivating people who have different needs and expectations to you

**Phase 4 – Build winning teams:** The ultimate achievement for an exceptional leader is to remove themselves from day-to-day operational activities – to build a team that takes ownership of their own performance and is totally committed to delivering exceptional value every day, freeing up the leader to devote time to making the team function even better. While the team may achieve high levels of performance individually and collectively, the need for a leader to provide inspiration, guidance and mentoring typically does not go away.

Key skills to build:

• Encouraging team members to be more proactive and getting all employees involved in, and contributing to, innovation

• How to identify the leadership strengths of each member of their team and how to maximize their leadership contribution

• How to empower the team to take full responsibility for continuously improving their performance

“For the vast majority of firms, motivation is a process, not an event.”
5. CONCLUSION

The difference in performance between an organization with a normal level of motivation and one with high levels can be dramatic, but motivation is difficult, and it takes time and concerted effort to move from average levels of engagement to world-class levels. There are many examples in the corporate world of elaborate motivational schemes – many of which are successful. But they are simply not applicable to most firms. Organizations also continue to use money as a motivator, but research tells us that its impact dwindles beyond a certain level of income. For the vast majority of firms, motivation is a process, not an event. It begins with leaders in the organization developing an awareness of the intrinsic needs that actually drive employees’ behavior and motivation. Once leaders understand these needs, they can begin the process of addressing them. The process takes time and concerted effort, but the difference between average and world-class, as evidenced by Gallup research, is startling and self-evidently worth the time investment. The journey can start today.

i. “Got Talent? Competing to hire the best and motivate the rest,” The Economist, September 10, 2011.