

Money Motivates People

THIS IS A MYTH that many untrained and inexperienced managers believe so they do not have to take responsibility for the unacceptable behaviours and poor performance they might be experiencing from their employees.

It is much easier to get Human Resources and Finance to create an incentive program rather than coach employees through their four levels of competency, inspire them when they are struggling, and take corrective action when it is necessary.

I have personally conducted research with thousands of managers and many more thousand employees. In all surveys, managers ranked money as one of the top three motivators. Surprisingly, the employees ranked it anywhere from ninth to thirteenth. Always in the top three was "recognition from management". On the top-twelve list of what they want in a dream job, according to D-Code, the Toronto-based strategy, research and development firm who interviewed over 1,000 young people, money placed seventh and stock options came in last.

In recent years, I have found some interesting rankings. Employees have not only

prioritized 'recognition from management' as their number one motivator; it sometimes receives a score 50% higher than the number two! Usually on the top-five were 'having sufficient responsibility and authority', 'meaningful and worthwhile work', and 'opportunity for challenging assignments'.

Recognition from management is the #1 motivator

Pay is what I call a "show-up" factor: It does get people to show up. However, once an employee shows up, money will not guarantee the quality of their work performance, cause an increase in effectiveness or inspire creativity. More importantly, it does not develop higher levels of loyalty, create enthusiasm, or ensure ethical work related behaviours.

Elements that contribute to a positive workforce are: providing a suitable, comfortable work environment; a healthy work-life balance; rewarding success; and keeping open lines of communication between management and staff. What really gets people to excel is having a sense of control over their work, their decisions, their time and their life.

When organizations go down the black hole of bribing people to perform, it starts the cycle of dependency for empty gratification. The result will be employees looking for personal self-fulfillment elsewhere, which leads to them wanting higher salaries, just to keep them showing up.

Studies have shown that an organization can pay people as much as 20% less than the industry average and they will stay. This is possible if managers focus on the important areas that really motivate people, i.e. challenging work, opportunity for personal growth, respect from management, real skills being put to use, opportunity to use initiative, etc. However, if these real motivating factors do not exist, people can earn as much as 20% more than the industry average, and they will still quit! Employees would more appreciate the boss saying to them: "thanks for staying late last night, you really were a big help to us", rather than giving them fifty bucks.

Having said all this, I strongly believe in paying people appropriately. You must pay competitively to attract talented people. If you under pay, you will attract the inexperienced and under achievers. As much as I agree with commissions, bonuses, pay for performance plans, and profit sharing; they are recognition for what has been accomplished in the past. They are not effective at motivating constructive behaviours in the future.

For anyone who doubts any of this, just look at the single biggest industry in Canada, which attracts the largest number of self-motivated people. It is ... **volunteerism!**

About the Author



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An Internationally acclaimed speaker and trainer, Joe has been delighting audiences with his thought-provoking, interactive and inspirational presentations for over 20 years.

Joe teaches powerful techniques designed to identify your thinking styles, communication preferences and improve management effectiveness. His sessions will change behaviour and improve your personal and professional life.

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