

sign features of the incentive program are imperative.

First, the criteria for and the actual evaluation of performance must be seen as objective and within the performer's control. This means that anyone should be able to predict the reward consistently and reliably based on given actions and results. The reward should not be determined through highly subjective

processes, such as a supervisor's individual opinion. Kohn seems to support this view when he states that "not receiving a reward one had expected to receive is...indistinguishable from being punished."

Second, the recipient should consider the reward equal to the effort that produced it. Too insignificant and the incentive will be insulting and thus ineffective; overdone and

the balance of fairness will be upset. Insufficient attention to these dynamics may underlie the apparent failure of many executive incentive plans, which could more accurately be termed entitlement programs.

Kohn goes on to decry the inability of incentives to "create an enduring *commitment* to any value or action." I question the relevance of this criticism. The purpose of incen-

## Alfie Kohn Responds:

The average U.S. company has come to resemble a game show: "Tell our employees about the fabulous prizes we have for them if their productivity improves!" None of my respondents doubts the pervasiveness of this mentality. In fact, several profess incredulity that anyone would question the value of dangling rewards in front of people. In my experience, this reaction most often comes from the consultants who make their living selling incentive programs. What I hear around the country from people with no axe to grind is a frank acknowledgment that incentive plans rarely work.

Consider the following:

□ A human-resource executive at a major U.S. auto company recently surveyed her colleagues in various industries; they told her that, at best, their incentive plans didn't do *too* much damage.

□ *Training Magazine* ran a cover story in August: "Why No One Likes Your Incentive Program."

□ As Michael Beer observes, pay-for-performance programs are typically tossed out a few years after they are begun.

□ To the best of my knowledge, no controlled study has ever found long-term improvement in the quality of performance as a result of extrinsic rewards.

Of course, it is comforting to believe that incentives fail only for incidental reasons, such as that they are "misused," as

Donita Wolters would have it, or that they are offered "for the wrong behavior," as George Baker claims. But I believe incentive plans *must* fail, because they are based on a patently inadequate theory of motivation. Trying to undo the damage by adopting a new pay-for-performance scheme is rather like trying to cure alcoholism by switching from vodka to gin. This argument makes a lot of people angry, as seems clear from Jerry McAdam's unpleasant speculations about my ulterior

for-performance in particular. Neither can produce quality, but only the latter is positively harmful. I agree with Amabile that "generous compensation...need not be seen as a bribe," but I disagree that "people do not always feel controlled by rewards." Richard Ryan and his colleagues at the University of Rochester, pioneers in researching this question, have concluded that "rewards in general appear to have a controlling significance to some extent and thus in general run the



motives and from the amusing, if predictable, mutterings about communism by G. Bennett Stewart. If the attachment to carrot-and-stick psychology – or any dogma – is deep enough, questioning simply isn't permitted.


W. Edwards Deming, and others before him, have been telling us for years that money is not a motivator. Judging from Teresa Amabile's response, however, I may not have been clear enough about the difference between compensation in general and pay-

risk of undermining intrinsic motivation." Offering good things to people on the condition that they do what you tell them is, almost by definition, a way of trying to exert control.

But even someone who insists that it's possible in theory to devise a noncontrolling reward has to concede that control is what incentive plans in the real world are all about. Just listen to the defenders of these programs: the whole idea is to "direct [employees'] behavior," as Wolters says.

tives is not to change employees' values but to direct their behavior in ways that will benefit the organization and the employees themselves. More telling is Kohn's failure to identify a viable alternative to incentives. Of course, the intrinsic rewards he praises are extremely motivating where they happen to exist, but they are not always present and cannot usually be created.

The current trend in organizations is toward less hierarchy and more teamwork. For employees, this means that fewer promotions are available and greater cooperation among coworkers is required. For employers, this means that maximum versatility and productivity must be summoned from all members. The use of incentive plans represents one strategy for aligning or-

ganizational and individual goals by treating employees as partners in both the risks and the successes of the business. Kohn recognizes that the majority of companies in the United States utilize some sort of incentive plan. Indeed, his assertions are being tested on the firing line and disproved by a persuasive cross section of U.S. business.   
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## "I believe incentive plans *must* fail."

No wonder the evidence shows that incentives do not "supplement the intrinsic drive of individuals," as Baker believes, but tend to supplant it. As a rule, the more salient the extrinsic motivator, the more intrinsic motivation evaporates.

One could say, as Baker does, that incentives work too well, in the sense that they are destructive of excellence and interest. But one cannot conclude from this that the problem is merely one of implementation. Baker

behavior. Rather, the use of rewards and the extrinsic orientation they produce inexorably lead people to focus on pleasing those in charge of handing out the goodies. Fine-tuning the incentive plan cannot solve the problem.

Finally, a number of correspondents are understandably curious about my views on what should replace incentive plans. If a discussion on this point was conspicuously absent from the article, which was an excerpt from my book *Punished by Rewards*, it

pensation over another: for example, need, seniority, job responsibilities, training, market value. My concern is primarily to convince managers to stop manipulating employees with rewards and punishments and to stop pushing money into their faces.

My other concern is to emphasize the futility of fiddling with compensation schemes. This is not the road to quality. Andrew Lebbly, a consultant, and Eileen Appelbaum, a researcher, corroborate this, and each offers a way of thinking about where excellence actually comes from. I find it useful to think in terms of three C's: choice, collaboration, and content. Choice means that employees should be able to participate in making decisions about what they do every day. Collaboration denotes the need to structure teams in order to facilitate an exchange of ideas and a climate of support. Content refers to what people are asked to do: as Frederick Herzberg said, "If you want people motivated to do a good job, give them a good job to do."

An organization that provides these three ingredients in place of artificial inducements like incentive plans will not "lose its best people," as Beer worries. Innovation and excellence are the natural results of helping people experience intrinsic motivation. But intrinsic motivation cannot survive in an organization that treats its employees like pets.



errs in assuming that just because rewards undermine cooperation it follows that they can also create it. If something has the power to hurt, that doesn't mean more of it will motivate. Again, think of money: less of it can demotivate, but that doesn't mean that more of it will motivate. I think Baker also misunderstands why employees try so hard to convince their reward-dispensing supervisors that everything is under control. It's not because the latter are deliberately rewarding such

was due to limited space. I do grapple at length with alternatives to incentives in another chapter, "Thank God It's Monday." Here, a few words will have to suffice.

On compensation, my advice is this: pay people well and fairly, then do everything possible to help them forget about money. I have no objection to profit-sharing: it seems sensible enough that the people who made the profit ought to have it. Nor am I keen to promote one criterion for com-

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