

## The real value of motivation

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Perhaps you felt as cheered as I did by the recent finding that Dubai is the most competitive economy in the Middle East (National Competitiveness Report 2009, National University of Seoul).

No doubt keen entrepreneurs will take this as an endorsement of the virtues of competition, and declare that the way out of this recession is to reward individual success with performance-related pay.

At first glance, the advantages do seem overwhelming - apparently the perfect blend of competitive efficiency and good employee relations.

There is a strong sense of fairness that great efforts on behalf of the company should be repaid by generous benefits. This will clearly create a "success climate," stimulating further constructive efforts and encouraging whole teams to raise their game. It will also help you to retain outstanding performers.

For the less motivated, it acts as a spur - perhaps the key moment in their career when they suddenly see the point of sharpening-up. And for the ones with a negative attitude, it is the signal that they are in the wrong place and should move on.

As for the drawbacks, I can illustrate these through the fortunes of one client-company of mine in the fire-extinguisher market. For the sales team, there were few opportunities to make spectacular wins, and the performance-linked bonuses tended to be fairly modest.

Then, owing to new health-and-safety regulations, their small range of specialist fire-extinguishers for the chemicals industry were suddenly in urgent demand. Overnight, those with good contacts in the chemical sector were making huge bonuses.

This made everyone else selling to other sectors feel inadequate, if not actual failures, and the more ambitious of these quit for other jobs. Meanwhile the newly successful salespeople were given a new budget for client entertainment.

Within a year, however, everything had changed. By that time, most chemical companies had installed the right equipment, and the bonuses reverted to modest levels.

Meanwhile, some of the first division had come to identify their future with the clients instead of their own management, and several were offered jobs with them.

The company was therefore left with only a remnant of both groups - a diminished number of star-achievers, along with those generally mediocre team members who had not been able to find employment elsewhere.

It was an expensive lesson in the dangers of using bonuses as a substitute for active team leadership and management.

In other words, a run of success attributed to performance-related pay can induce tunnel vision blinding the employer to the need for the overall motivation of the entire team.

### **Performance: Work rewards**

- Sustained efforts on behalf of the company should be well-rewarded.
- Ignoring the more modest performers can lead to team break-up.
- Motivation of whole teams must be continued in good and bad times.

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