

## ***Books***

**Daniel H. Pink.** *Drive: The Surprising Truth About What Motivates Us.* Riverhead Books, U.S. 2009. 256 page. (Hardbound).

Daniel Pink points out that Encarta was developed by a of well-paid team by Microsoft as a flagship project, but it lost out to Wikipedia that was developed by people without payment.

Modern human resource management (HRM) emerged in the industrial revolution and was based on extrinsic motivations—“carrots and sticks” such as “if you do this, you get that consequence”. Thus, promotions in a hierarchy were offered as were bonuses and salary increase and some non-cash advantages for work well done. In the opposite case, instruments were reprimands, denial of promotions, bonuses and benefits and in the worst case “fired from the job”. He calls these extrinsic motives because they are defined by the system with little involvement of the individual.

Pink argues that these extrinsic motivations though still widely used even in the 21st century are now obsolete in view of recent psychological research as well as growing experience with new organisation forms emerging in the digital economy.

With increasing wealth as well as the rise of the welfare state the basic needs of food, shelter and simple living have been met and thus human motivation is now looking for more. Now self-actualisation, esteem and recognition apart from pure mere financial remuneration (see Maslow, 1958). He calls this intrinsic motivation.

As examples consider the rise of “crowd-sourced” knowledge, innovation and community-building has seen the rise of Wikipedia, Linux, online teaching, creation and publishing much of which without payment. People appear to want to share in creation for the mere joy of it.

“Carrots and sticks” don’t work well

Studies have shown that systems based on reward and punishment without appeal to intrinsic motivation appears have not worked well for several reasons. People become so focused on their individual performance goals. Indeed, these individual goals may not be so well aligned with the larger goals of the organisation as was often are difficult to align with the requisite objectives. The case of Nick Leeson in 1995 who caused the collapse of cost Barings in a bid to maximise his performance is well known in this regard (Greener....) (Drummond, 2008; Taris and Schaufeli, 2015). The book also cites the example of giving pre-school children a reward for drawing meant they drew less than the groups without any reward 2 weeks after the task ended. The group without a reward had kept their intrinsic motivation intact and thus kept drawing with gusto. Excessive reliance on extrinsic motivation might reduce intrinsic motivation making the task mechanical and lessening the reward (Lepper et al. 1996).

Similarly, bonuses have been found to excessively focus action and attention towards a specific result, distracting us from the bigger picture, and often reducing

potential creativity. In one study, it was found that a panel judged artists who produced art for art's sake as more creative compared to when working on commission.

Voluntary work for welfare, political activities as well as community activities remains an important aspect everywhere. Monetary rewards for such a socially responsible act of altruism could in reality detract from the nobler intrinsic motivation. How would you compensate a billionaire or a high-priced lawyer or investment banker for volunteering at a soup kitchen or a charity event? Would they even want that payment which values their work far less than their worth? Or would the intrinsic reward of such work be more valuable to them? For example, it has been shown that payment for blood donation might reduce donations or the quality of donations (see Niza et al. 2013).

The 2008 crisis also showed the powerful impact of bonuses on inducing behaviour that maximised short term gains while exposing their organisation to longer term risks. Similarly bonuses and clever schemes for benefitting senior management led to the failure of the savings and loans in the US and the famous ENRON. It has been seen that bonuses and such sharply focused incentive systems can encourage cheating. At a minimum, people get so sharply focused on what they lose sight of the bigger picture. In addition, they could get overly mechanical in their job.

Bonuses and annual performance reviews also lead to "short termism". The annual bonus or the next promotion is all that matters. This behaviour becomes addictive making reform or reengineering processes difficult and developing long term visions and plans more difficult. Thus, Drive indicates that companies most hell-bent in guiding quarterly earnings deliver significantly lower long-term growth compared to their peers.

### **Towards a New HRM**

Drive advocates that in this new age where creative work will be at a premium and mass production and assembly line on the decline, fresh approaches to human resource management are already being developed in the newer tech and other startups.

At the heart of this new approach is the fact the new digital economy is different from the old industrial economy. He suggests that the new HRM must consider the following 3 principles which increase productivity by offering people greater agency in their work.

- (1) **Autonomy**—the desire to have some control over your work; to be able to devise your own methods and show some creativity in your work. Thus, many companies are now allowing far more independence in terms of timing and location of work to be able to meet ultimate objectives. Work is also becoming far more creative as organisations are computing and artificial intelligence is taking over creative work and people are given ownership of their creativity in various forms.

Disruptive technology has empowered autonomy by allowing people to choose the platform economy rather than the corporate economy. Young people are choosing to offer their skills on platforms for a greater degree of autonomy and avoiding workforces with uniform cultures.

- (2) **Mastery**—in the coming era people are expected to be quite mobile in their careers possibly even switching careers. Young people are realising that the old system of static lifetime careers limited with limited or no skill growth is

now possible. Hence everyone wants skill growth. Jobs are not an end but a growth possibility.

Premium is therefore attached to continuous training and growth in a job. Being part of a creative team is desirable as is leadership positions in teams that add value and create products, processes and new systems. Organisations that provide these opportunities attract the best talent and hence are most productive.

- (3) Purpose—there is a yearning in humans to do something with a sense of purpose—to do something more than just earning a living and be part of a machine. Pink follows Victor Frankel to suggest that meaning is important to human lives (see Frankl, 1985). This involves doing something that matters; doing it well; doing it in the service of a cause larger than ourselves.

Traditionally companies have focused on profit maximisation with little regard for individual or corporate purpose maximisation. But recently, companies like Apple have focusing on making great products as a means to achieving market share and profits. The new startup culture is not emphasising problem solving to meet human needs as opposed to simply pushing products through hard marketing.

### **Evaluating Drive**

While Pink may have pushed hard the thesis that money is not important as it was in the past, it is important to understand technological advancement has not only produced an age of plenty but is also changing our organisational forms and our approach to work. We can see the rise in demand of leadership skills, psychological testing and increased professionalism in most of the world.

In this world talent is at a premium and countries are developing their immigration policies for talent attraction (see Haque) and talent moves on the basis of opportunities not just to make money but also to develop new ideas, do startups make patents. Increasingly governments and organisations are seeking and nurturing ideas. At least 2 Nobel Prizes have been awarded to pointing out that ideas, knowledge and discovery all of which arise from human innovation and entrepreneurship.

The book is valuable to remind us of human motivations and organisational development. Perhaps it is a welcome reminder of humanity in history. 20th century industrial progress happened in military fashion seeking uniformity everywhere. Yet human progress has always depended on individual innovation and entrepreneurship. People have always demanded autonomy, mastery and purpose. And enlightened monarchs have given them as can be seen by the patronage they offered to Aristotle, Leonardo, Pascal, Newton, Shakespeare and many more. History is made by driven investigators, explorers and builders. But the industrial age and the rise of big government began to cherish uniformity and cookie cutter human resource management.

Nowhere is this uniformity more visible than in hangovers of colonial government such as Pakistan where ironclad hierarchies are cherished, and rewards are linear and guaranteed an autonomy, mastery and purpose are strictly denied. Creativity and innovation are often punished. Consequently, people are dulled midway into their careers into becoming a burden and public sector downsizing is often sought.

Drive should be on the reading list of anyone interested in HRM and organisational growth. It reviews of a large amount of recent research to make a strong, compelling case for moving past material rewards.

In a series of webinars in PIDE, we discovered that Pakistan is talent repellent. HRM practices in Pakistan are backward, unable to draw and retain talent in government and most of the private sector. Multinationals have long used Pakistani to draw and train our best talent and move it outside Pakistan as soon as they are at international standards.

The need to nurture and retain local talent has been argued by PIDE over the last 3 years (see Haque). If we want long term growth to meet the growing needs of our youthful population, we must take HR and Drive seriously. Since the government has an excessively large role in our economy as well as an overly rigid, hierarchical and uniform HRM system, a lot could be learnt from the research in this book. More autonomy, more individual initiative, innovation at every level, increased flexibility, greater diversity in job execution and training and assortment of rewards aligned to creativity in public service delivery and policy development would help lead us all to the Naya Pakistan we dream of (see Haque, 2017).

It is time we all paid more attention to HRM. Everyone talks of educating people without worrying about where the educated go. Without better HRM the demand for education will remain low and our best talent will migrate. Human capital these days is almost as mobile as physical capital (see Haque and Kim, 1995). Drive is a must read in that regard.

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