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Motivating Knights or Knaves? Moving Beyond Performance-Related Pay for the Public Sector

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Back to the Future? Performance-Related Pay, Empirical Research, and the Perils of Persistence

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In their article, Perry, Engbers, and Jun conclude that recent research indicates performance-related pay in public sector organizations typically fails to deliver on the promise of increased performance. In spite of this conclusion, the global diffusion of New Public Management (NPM) suggests that performance-related pay is a reality for public managers. Thus, performance-related

pay seems destined for a sequel. The problem with sequels, however, is that they typically are not as good as the original, and in this case, previous reviews remind us that the original was not that great (Ingraham 1993; Kellough and Lu 1993; Perry, Mesch, and Paarlberg 2006).

The authors suggest that we make the best of the situation by studying the contexts in which performance-related pay is likely to be effective and by providing advice as to how to improve its implementation. Furthermore, they identify public service motivation as a research topic that may provide insight for developing other motivational tools, yet why this is the case is beyond the scope of their review. It is on this latter point that I will build my comments by suggesting

that research on public service motivation provides an avenue for moving public management beyond performance-related pay.

In building the case for research on public service motivation, three questions will be addressed. First, why are we destined for a sequel to earlier performance-related pay schemes? Second, what are the consequences of performance-related pay under inappropriate circumstances? Third, how does public service motivation provide an avenue for research that may generate more effective tools for managing public sector workers? The answers to these questions revolve around our understanding of human nature. Before designing any motivational system, managers must ask: Who are we trying to motivate, "knights" or "knaves"?

Public Workers Are Knaves, Aren't They?

Why are we likely to see a sequel based on an original plot that did not work well in the first place? Perry, Engbers, and Jun state that public organizations seek to adopt performance-related pay because they are coerced, seek to mimic private organizations, and attempt to conform to professional standards or social norms. But these explanations beg the question as to why private sector organizations and practices are regarded as the standard for the public sector to emulate. Understanding why this is the case will better explain why we are destined for a sequel in spite of the present and previous reviews of performance-related pay in the public sector.

In short, current attitudes about human motivation are dominated by the assumption that individuals are self-interested and respond to financial incentives. The assumption that public employees are motivated by self-interest, not the public interest, is evident in the dominant ideology about the wel-

fare state, academic theory, public sector reforms, and social narratives about public servants. Obviously, government workers are knaves.

Julian Le Grand (2003) explains how assumptions about human motivation have changed in recent decades. For his analysis of changes to the welfare state in Great Britain, Le Grand draws inspiration from the following quote by David Hume in "On the Independency of Parliament":

In contriving any system of government, and fixing the several checks and controls of the constitution, every man ought to be supposed a knave and to have no other end, in all his actions, than private interest. By this interest, we must govern him and, by means of it, notwithstanding his insatiable avarice and ambition, cooperate to the public good. (Le Grand 2003, vii)

Thus, Hume recommends that government institutions be designed assuming that individuals are knaves (i.e., self-interested actors) and to direct this self-interested behavior towards pursuit of the public interest. However, contrary to the advice offered by Hume, Le Grand argues that the initial architects of the welfare state regarded government workers as "public-spirited altruists," or as knights. It was assumed that those working for the state were competent, benevolent, and worked largely for the public interest. They were motivated to meet the needs of the people and to use the resources provided them in the best way possible.

Le Grand contends that beginning in the 1980s, neoliberal ideology challenged this assumption, as well as the nature of the welfare state. Instead, workers were assumed to act in their self-interest and not in the public interest. Consistent with Hume's advice,

public workers were regarded as knaves, not knights. Thus, to motivate public workers to pursue the public interest effectively requires institutional arrangements that directly reward them for doing so.

Academically, this latter view of motivation is represented by the dominance of principal-agent theory, which reduces all relationships to a series of contractual arrangements. Principals and agents are assumed to be self-interested actors whose interests typically diverge. The challenge for principals is to design institutions that reduce shirking by putting agents in a position where it is in their interests to work toward the outcomes the principals want. Performance-related pay is one such institutional design. In this way, the application of principal-agent theory to the public sector is built on the assumption that government workers are extrinsically motivated and are responsive to external incentives.

The popularity and influence of these ideological and academic forces are at the base of prominent efforts to reform the public bureaucracy. Often labeled NPM, these reforms are characterized by accountability based on performance, a reliance on market and quasi-market mechanisms, and the adoption of a consumer orientation. These reforms are built on the assumption of the public service worker as a knave. The emphasis is on encouraging an entrepreneurial spirit among public managers as the key to improving program efficiency and effectiveness. Examples of these bureaucratic reform efforts are the National Performance Review in the United States, La Rélève in Canada, The Next Steps Program in the United Kingdom, and the Copernicus reform in Belgium (Barnes and Gill 2000; Gelders

and Van de Walle 2007; Van de Walle and Bouckaert 2003).

Furthermore, the view of public workers as knaves is consistent with the dominant social narrative about government. Public bureaucrats often are characterized as incompetent, deceptive, disingenuous, wasteful, and even crooked (Fiorina 1983; Goodsell 2004). As the government officials with whom citizens are most likely to have direct contact, street-level bureaucrats are most likely to be the target of citizen distrust and anger (King and Stivers 1998). This has led to concerns that citizen trust in the public bureaucracy is low, a common perception across western democracies (Bekke and van der Meer 2000; Berman 1997; Yackee and Lowery 2005). Thus, it is generally understood that, in the abstract, citizens have a negative opinion of government administrators.

The effect of these forces is the perpetuation of an overly simplistic understanding of human motivation, especially as it is applied to public sector organizations. It is assumed that individuals generally are extrinsically motivated. Work is merely a means to an end in that it provides a salary necessary to satisfy an individual's true needs. Individuals engage in work activities to attain rewards or in response to commands. Thus, the reward emanates from a source outside the worker and the locus of causality for the behavior is external (Deci and Ryan 1985). Based on this view of human motivation, performance-related pay is ideal for motivating worker behavior.

These forces fail to appreciate the importance of intrinsic motivation. At times, individuals engage in work tasks out of an inhe-

rent interest in the activities (enjoyment-based) and because they find the work to be meaningful, owing to a commitment to self-defined goals or social norms (obligation-based) (Deci, Koestner, and Ryan 1999; Frey 1997; Osterloh, Frey, and Frost 2001). In these instances, the motivation to act resides within the individual and is self-determined (Deci and Ryan 1985; Frey and Osterloh 2002).

Thus, a more complete understanding of human motivation entails recognizing that both extrinsic and intrinsic motivation are important and that to manage motivation effectively a manager must think carefully about the types of motivational tools that are employed. Yet, due to the convergence of popular ideology, academic theory, and social narratives, the simplistic view of human motivation is virtually regarded as dogma and thus unassailable. It is for these reasons that we are likely to see a sequel to performance-related pay, regardless of the lack of evidence demonstrating its success in the public sector.

If Public Workers are Knights, What's the Harm in Treating Them like Knaves?

Perry, Engbers, and Jun identify several characteristics of the public sector that make it difficult to design and implement performance-related pay effectively. They point out that it does not fit well with the fiscal constraints, transparency, and stewardship role of the public sector. However, the disappointment of performance-related pay may be less a function of the unique characteristics of the public sector than its overly simplistic understanding of motivation, which renders it appropriate only in a limited number of situations, regardless of sector. While evidence indicates that monetary rewards can enhance performance (e.g., Stajkovic and Luthans 2003), the utility of performance-related pay systems beyond

simple jobs has been questioned (Gibbons 1998; Prendergast 1999). When applied to managerial responsibilities and overall organizational performance, the effect of variable pay is not obvious. For instance, Bruno Frey writes:

In fact, empirical research has not found any connection between corporate success and performance-related pay. The cherished notion that the introduction of pay for performance raises productivity and earnings has been shown to be incorrect. (2002, 69)

Performance-related pay is best suited for jobs that are simple, involve tasks that are easily measured, and where the measures are closely related to individual performance. This point is made succinctly by Frey:

The key to performance-related pay is that compensation is adjusted to reflect an individual's performance.... Improved performance only occurs in simple, easily measured activities. (2002, 57)

Effective performance-related pay also requires that employees perceive the performance measures and their relationship to pay to be fair (Weibel and Rota 2002). Conversely, it is not well suited for complex jobs that involve multiple tasks, especially where these several tasks vary in ease of measurement and require teams to deliver a service or good (Frey 2002; Osterloh and Frost 2002).

Beyond the nature of the task being performed, the personality of the worker is also a factor in the success of these incentive schemes. Individuals who are primarily motivated by money are obviously likely to respond to monetary incentives, and so might status seekers. Those who are more motivated by loyalty, autonomy, or a commit-

ment to particular values are not likely to respond positively to monetary incentives (Frey 2002). While jobs with variable pay are likely to attract individuals who are more driven by extrinsic motivation, it cannot be assumed that this is always the case. This suggests that the success of performance-related pay is a function of staffing decisions.

Aside from merely being ineffective, performance-related pay systems may generate negative consequences when poorly designed or used in inappropriate circumstances. In other instances, performance-related incentives work too well. First, monetary incentives for jobs that involve multiple tasks are likely to distort the amount of attention that employees devote to the variety of tasks. It is important that all facets of the job be adequately assessed, yet this is difficult to accomplish because some tasks are likely to lend themselves more directly to quantitative assessment than are others. The result is that employees are likely to pay more attention to those tasks that are more easily measured and rewarded because they can be assured that their efforts will be compensated (Bohnet and Oberholzer-Gee 2002; Holmström and Milgrom 1991). In contrast, those job tasks that are difficult to measure directly will be less fully compensated and thus are more likely to be neglected.

Second, performance-related pay influences which employees perform those tasks that are monetarily rewarded. Workers motivated by pay will self-select those tasks for which monetary rewards are attached, regardless of their skill level. The result is a greater variation in the skill levels of those performing a task, which reduces overall organizational efficiency (Bohnet and Oberholzer-Gee 2002). In other instances, performance-related pay can undermine or "crowd out" intrinsic motivation (Frey and Osterloh

2005). When the resulting loss of intrinsic motivation (crowding-out effect) exceeds the increase in extrinsic motivation stimulated by the external incentive (relative-price effect), there is a net loss in total motivation to perform a job task (Frey and Osterloh 2005). Even more important, the crowding-out effect may spill over to other tasks, reducing motivation to perform even those tasks that are not tied to variable pay (Frey 1997). In other words, performance-related pay can reduce a knight to a knave.

The crowding out of intrinsic motivation occurs for two reasons. First, an external motive can have adverse consequences for an individual's sense of self-determination (Deci and Ryan 1985, 2000). A monetary incentive can be perceived as an attempt to control employee behavior, reducing the perception that employees determine their own actions. The locus of control shifts from inside the individual to an external source, shifting the focus from the action itself to the external incentive.

Second, monetary incentives can adversely affect an individual's self-esteem. Beyond the explicit transactional contract for which an employee agrees to contribute their talent and effort in exchange for remuneration, when joining an organization employees enter into an implicit psychological contract built on mutual trust and respect (Frey 1997; Frey and Osterloh 2002). When a monetary reward is offered for a task that an employee is intrinsically motivated to perform, it implies that the employee's contribution can be reduced to mere monetary value, thereby failing to acknowledge the full meaning of the contribution for the employee. In this way, the employee feels that her contribution is devalued or not appreciated. The content of the activity itself loses its importance and meaning and she becomes less intrinsically motivated.

The significance of crowding out is that intrinsic motivation is necessary for behaviors that are essential for the functioning of organizations. First, monetary incentives do not foster creativity and innovation and may actually impede it, as extrinsically motivated workers are likely to stay with what they know works to increase their monetary rewards. Intrinsic motivation is generally regarded as necessary for innovation (Amabile 1998; Frey and Osterloh 2002). Second, the effective transfer of tacit knowledge relies on face-to-face communication and personal cooperation, and it is facilitated by intrinsic motivation (Osterloh and Frey 2000; Osterloh and Frost 2002). Tacit knowledge refers to the implicit understanding about routines and procedures and about how things are done and why that accumulates over time. This becomes a part of the organizational culture that cannot be effectively communicated through written procedures and standards. Instead, it is shared through socialization (Ambrosini and Bowman 2001).

Third, the depletion of intrinsic motivation among employees adversely affects organizational citizenship behavior (Osterloh and Frost 2002; Weibel and Rota 2002). These are employee behaviors that maintain the organization's social system and are important to the smooth and effective operation of the organization. Organizational citizenship behavior can take the form of filling in for some responsibilities normally handled by a colleague who happens to fall ill, volunteering for tasks that are not required, helping a new worker get adjusted to the office, having a positive attitude, being conscientious, or participating in the social functions of the organization. Because these extra-role, discretionary behaviors are not stipulated in an employment contract and are difficult to measure and reward, intrinsic motivation is necessary for their voluntary provision.

However, there are situations in which variable pay may increase or "crowd in" intrinsic motivation for a task. External incentives have two facets in that they are both controlling and informing. To the extent that an incentive is perceived to be controlling, it will reduce an individual's sense of self-determination and self-esteem, which undermines intrinsic motivation. To the extent that an incentive is perceived as informing an employee that their effort and talent are recognized and appreciated, intrinsic motivation is enhanced. In this latter instance, extrinsic rewards are viewed as supportive, not controlling (Frey 1997). Thus, the external reward can provide recognition and foster knightly acts.

Crowding effects have been found in studies of performance-related systems in the public sector. For instance, examining the productivity at Danish research institutions, Andersen and Pallesen (2008) find that financial incentives perceived by employees as supportive crowd in intrinsic motivation, while perceptions that the incentives are controlling have a crowding-out effect. Bertelli (2006) finds that the pay-banding system adopted by the U.S. Internal Revenue Service had a crowding-out effect among employees with high levels of intrinsic motivation but a crowding-in effect for those with low levels of intrinsic motivation. Most recently, Lee and Whitford report that the pay-for-performance system applied to the Senior Executive Service crowds out "important intrinsic motivating factors like voice and loyalty" (2008, 664).

But under what circumstances is an external incentive perceived as supportive versus controlling? The design of the reward is one potential factor. The crowding-in effect has received relatively little research attention and represents an avenue of research that

public administration scholars would do well to explore. Le Grand (2003) suggests that a crowding-in effect is likely to occur when the additional compensation offered only partially reimburses an individual for his effort. He draws this conclusion from research on blood donation and volunteering that indicates people engage in pro-social acts at significant personal sacrifice. It is this sense of sacrifice that gives an act its inherent meaning. When a low amount of remuneration is provided to compensate partially for the pro-social act, this pay is regarded as an award that signals a recognition and appreciation of the sacrifice that has been made. However, when the external incentive fully compensates for the level of effort that is made, the sacrifice is devalued—which lowers the inherent satisfaction of the knightly act.

An external incentive is likely to be perceived as controlling and result in crowding out intrinsic motivation the more closely tied the reward is to individual performance and when norms of distributive and procedural justice appear to be violated by managers (Osterloh, Frey, and Frost 2001). Additionally, monetary rewards are more likely than symbolic rewards to crowd out intrinsic motivation, as are expected rewards as compared to unexpected rewards (Frey and Osterloh 2005). The likelihood of crowding out also increases the closer the interaction of the employee is to the person that implements the variable pay scheme. This is because it diminishes the implicit relational contract (Frey 1997).

Le Grand's (2003) advice about small monetary incentives seems contrary to the typical argument that performance-related pay has not been effective in public sector organizations, in part due to budget constraints that make the additional compensation insuffi-

cient to be an effective extrinsic motivator (Heinrich 2007). In other words, the relative price effect of the monetary incentive is typically thought to be insufficient to offset its crowding-out effect. Miller and Whitford (2007) indicate that this may be because it is in the principal's self-interest to keep such expenditures low, what they term the "principal's moral hazard constraint."

But the size of the award may be less important than the mechanism through which it is administered. The incentive that Le Grand (2003) describes clearly signals an appreciation for the sacrifice made by the pro-social actor, acknowledging the intrinsic motivation. The typical treatment of performance-related pay in the public sector is framed in transaction terms, thus framing these incentives in terms of extrinsic motivation. Examining the framing effects of different mechanisms for implementing performance-related pay may identify the types of mechanisms that are perceived as supportive versus controlling. Such an avenue for research may help to accomplish what Perry, Engbers, and Jun seek, namely recommendations that may result in a more effective application of performance-related pay for public sector organizations.

More generally, the nature of the job is important for fostering intrinsic motivation. It can do so by increasing one's sense of self-determination or self-esteem. As Osterloh, Frey, and Frost state:

The ideal incentive system for all kinds of intrinsic motivation consists in the work content itself, as well as conditions allowing identification with the existing norms. (2001, 234)

Summarizing research on this topic, Osterloh, Frey, and Frost (2001) and Osterloh and

Frey (2000) identify several ways in which intrinsic motivation can be fostered within an organization: make employees aware of the ultimate result of their efforts, increase employee responsibility for organizational outcomes, provide tasks that allow employees to meet personal goals and carry out valued social norms, use personal as opposed to anonymous communication, foster team spirit (e.g., use group or team-based organizational structures), permit employee participation in organizational decisions, and acknowledge the intrinsic motivation of employees. Furthermore, for a crowding effect to occur, intrinsic motivation must be present from the outset. While external incentives can reduce a knight to a knave, a knave cannot be transformed into a knight. This suggests that the recruitment and selection of employees is an important concern.

Given the above issues, the use of performance-related pay is less appropriate the higher in the hierarchy an employee is positioned. Frey and Osterloh (2005) recommend the use of fixed pay, as opposed to performance-related pay, for managers because:

...variable pay for performance:

- Gives a signal to managers that doing one's duty without extra pay is socially appropriate.
- Approximates within the firm the conditions of a competitive market in which pro-social behavior is inadequate.
- Changes relational contracts into transactional contracts, which include less socioemotional elements.
- Undermines the neutrality of superiors, therewith reducing perceived procedural fairness.

- Enlarges the self-serving bias of managers and directors. (2005, 106)

These observations are consistent with the recommendation that fixed pay enhances other-regarding behavior (Irlenbusch and Sliwka 2005).

While the above discussion applies to organizations generally, these limitations are likely magnified when applied to many public sector organizations. Due to the complexity of service provision by public organizations, there are few jobs that entail simple tasks comparable to those that might be observed in factory production. This is especially the case where public services are provided by a network of organizations, an increasingly common phenomenon. The difficulty of measuring the tasks of public sector organizations is a classic argument used to distinguish public from private administration. Lest we forget, Radin (2006) reminds us of the difficulty of measuring performance in the public sector. If measuring organizational performance is difficult, the attribution of individual performance to the accomplishment of organizational goals is an even larger challenge in the public sector. Contrary to the notion that performance-related pay plans will be most effective at higher levels of the public organization (Risher and Fay 2007), the above suggests that these efforts to target public sector managers appear especially ill advised.

Lastly, the crowding out of intrinsic motivation by external incentives may have negative consequences for citizen trust in the public bureaucracy. Bureaucratic reforms based on NPM ideas such as performance-related pay seek to increase citizen trust by increasing the competence of public service provision. However, competence is only one

facet of trust. The other dimension is trustworthiness. This refers to the belief that the public servant will act in a manner that is not driven by self-interest but instead takes into account the interests of the citizens on whose behalf he acts (Hardin 1998; LaPorte and Metlay 1996). It is an affective dimension that is "grounded on relationships and affective bonds generated through interaction, empathy and identification with others" (Rowe and Calnan 2006, 377).

The danger in focusing on increasing public trust largely through enhancing bureaucratic performance is that increases in competence may come at the cost of reduced trustworthiness. By adversely affecting intrinsic motivation, performance-related pay reduces the drive to behave in a manner that has consequences for how a citizen is treated (e.g., listening, being compassionate, doing more than required). In this way, processes used to increase performance may actually lead to lower levels of trust by alienating the service user (Taylor-Gooby 2006). For instance, responsiveness to performance-related pay that resulted in the highly publicized IRS abuse of citizens (Thompson 2006) certainly was not good for increasing trust in the public bureaucracy.

Thus, performance-related pay systems diminish the importance of public employee contributions to society in intangible ways that go beyond organizational objectives. They entail a commitment to the public interest (Thompson 2006). As Thompson writes:

Pay-banding and pay-for-performance systems that make performance more consequential inevitably exacerbate the tensions between enhancing performance and acting pursuant to a public service ethic. (2006, 498)

Isn't it Time We Treat Public Workers as Knights?

In contrast to the assumption that public workers are knaves implicit in performance-related pay motivation schemes, research on public service motivation recognizes that public workers possess knightly inclinations. Consistent with traditional notions that public service is a calling, a sense of duty, rather than a job (Frederickson 1997; Pattakos 2004; Staats 1988), public service motivation focuses on the intrinsic element of human motivation thought to be especially prevalent among those employed in public services. While a principal-agent approach may explain why bureaucrats "shirk, subvert, and steal on the job," it cannot explain why they "strive...support...and sacrifice on the job" (DiIulio 1994, 281). Thus, Perry, Engbers, and Jun identify research on public service motivation as important for a more complete understanding of how to motivate public employees effectively.

Recently, Perry and Hondeghem defined public service motivation as "an individual's orientation to delivering services to people with a purpose to do good for others and society" (2008b, vii). It focuses attention on intrinsic motives in the form of a commitment to the norms of service to the public, making a difference in society, and social equity. Individuals characterized by high levels of public service motivation are public-spirited knights.

Much of the extant research has been devoted to measuring public service motivation and demonstrating its existence, most especially among public service workers. It appears that those employed in public sector organizations regard intrinsic motives as more important than do those employed in the for-profit sector. In comparison to private sector workers, public employees place

less of an emphasis on higher pay as a job motivator (Jurkiewicz, Massey, and Brown 1998; Rainey 1982; Wittmer 1991) and more emphasis on service to society and the importance of meaningful work (Crewson 1997; Houston 2000; Rainey 1982; Wittmer 1991). Similarly, using a sample of Dutch workers, Steijn (2008) finds public service motivation to be higher among public employees.

Public service motivation is positively correlated with organizational citizenship behavior (Kim 2006; Pandey, Wright, and Moynihan 2008) and whistleblowing (Brewer and Selden 1998). Public sector workers are more likely to be civically engaged, donate money and time to charitable organizations, and even give blood (Brewer 2003; Houston 2006, 2008; Rotolo and Wilson 2006; Wilson and Musick 1997). Additionally, Brehm and Gates (1997) reinforce the significance of intrinsic motivation as they conclude that public bureaucrats work hard, primarily because of their own preferences and workplace norms established by colleagues.

While the research literature devoted to public service motivation is increasing, there is much to be studied to provide managers with a set of tools for managing intrinsic motivation. A thorough assessment of the state of research on public service motivation is accomplished in the edited volume by Perry and Hondeghem (2008a). Two topics are especially worthy of scholarly attention as related to the management of motivation: (1) the selection and recruitment of public employees and (2) the relevance of the work environment for fostering public service motivation.

In terms of selection and recruitment, Brehm and Gates (1997) conclude (contrary to common perceptions) that "adverse selection" is a more significant challenge for pub-

lic organizations than is "moral hazard." A greater understanding of person-organization fit and person-job fit is thus seen as important for creating a better public service (Leisink and Steijn 2008). It is often hypothesized that individuals with high public service motivation needs will self-select to public sector jobs (Perry 2000; Perry and Wise 1990). However, most evidence in support of this hypothesis is indirect in that it focuses on those already employed (Lewis and Frank 2002; Steijn 2008; Vandenabeele, Hondeghem, and Steen 2004).

Vandenabeele (2008) does find public service motivation to be present prior to employment. But Leisink and Steijn conclude that "public service motivation has little importance in selection, because...the emphasis of most selection techniques is on the requisite job-related skills" (2008, 129). Instead, they argue that qualifications for public service occupations should be expanded beyond a focus on education, previous experience, and job-specific knowledge and skills to include the level of intrinsic motivation encompassed by public service motivation (Vandenabeele, Hondeghem, and Steen 2004). They are joined by Ingraham who writes: "Merit is having not only the necessary skills and competencies to fill the job in question but also a *public service character*—a desire to act, not for individual self-interest but for a broader good" (2006, 487, emphasis in original).

Towards this end, the following questions should be targeted in future research:

- Is public service motivation present prior to employment or is it merely reflective of organizational socialization? Can professional training enhance public service motivation?
- What is more important—person-organization fit or person-job fit?

- For what types of positions is public service motivation most relevant? Does the need for public service motivation for a position vary according to its level in the organizational hierarchy? For what types of occupations or job tasks is public service motivation most necessary?
- How can employers assess an applicant's public service motivation?
- What is the relative importance of public service motivation versus other applicant characteristics for success in the public sector?

Additionally, while scholarship has begun to focus on the relevance of the work environment for fostering public service motivation, much more research is needed. Characteristics of the work environment that promote self-determination and self-esteem should help workers satisfy those intrinsic motivational needs that are elements of public service motivation. For instance, Moynihan and Pandey (2007) found that bureaucratic red tape is negatively correlated with employee public service motivation, while the presence of employee-friendly reforms is positively correlated. Camilleri (2007) reports that an employee's public service motivation is positively correlated with clear organizational goals, performing significant tasks that are varied and challenging, dealing with others, strong manager-employee relations, and friendship opportunities at the workplace. Leadership also has been found to be correlated with public service motivation (Park and Rainey 2008).

The opportunity to make meaningful contributions to a community, as well as to see the effect that one's work has towards that end, should be especially important for satisfying the intrinsic motivational needs characterized as public service motivation. While not examining public service motivation direct-

ly, an experiment conducted by Grant (2008) indicates that making employees aware of the contribution their work ultimately has on organizational outcomes can enhance employee attitudes and behavior. Pandey and Stazyk review research on the antecedents of public service motivation and suggest that "nonmonetary, intrinsic rewards may be as important, if not more, than pecuniary motivators" (2008, 109). An organization could foster the desire to perform public service by encouraging or presenting organized activities beyond job-related tasks that get employees to engage in pro-social acts for the community.

The following questions may be useful for guiding this research:

- What impact do the structural characteristics of organizations have on public service motivation?
- How can leaders cultivate relationships with and among employees that enhance public service motivation?
- How do the social characteristics of organizations influence public service motivation?

Motivating Knights, Knaves, and Those In Between

Are public sector workers knights or knaves? As noted, performance-related pay and principal-agent theory imply that workers are knaves, while public service motivation assumes that public workers are knights. Of course, a complete view of human motivation must recognize that workers have both knightly and knavish inclinations, a reality recognized in the literature. For instance, the importance of both intrinsic and extrinsic motivation to bureaucratic behavior is illustrated by Maynard-Moody and Musheno (2003) in their study of cops, teachers, and social workers. They conclude that, at times, bureaucratic behavior is characterized

by a state-agent narrative that portrays the public worker as a self-interested rule follower, one who relies upon rules and regulations to make the job easier and for personal protection. This state-agent narrative depicts a public sector worker that is largely extrinsically motivated.

At other times, however, the same public worker acts in a manner characterized by a citizen-agent narrative. In these instances, the public worker regards rules and regulations as obstacles to serving citizens and goes to great lengths to provide services to those citizens deemed deserving. These public service employees are willing to make their work harder and more dangerous. They will break or ignore rules to ensure that worthy citizens are treated fairly and justly, illustrating a commitment to morality over legality. This citizen-agent narrative portrays government workers as intrinsically motivated in a manner consistent with public service motivation.

Furthermore, while the negative consequences of extrinsic motivation are typically recognized (e.g., crowding out), it is important to acknowledge the dark side of intrinsic motivation. Frey and Osterloh make this point when they write: "Intrinsic motivation can also assume an immoral or undesirable dimension" (2002, 22). It is not a given that intrinsically motivated behavior will be committed to pursuing organizational goals. In fact, bad things can happen when people are acting based on their commitment to strongly held personal beliefs, values, or norms. For instance, Maynard-Moody and Musheno (2003) report that public servants may go to extraordinary lengths to get and punish the "bad guys" or withhold services from those judged by the public worker to be unworthy. Instances of police brutality provide another example of the dark side of

intrinsic motivation. The use of racial and ethnic profiling also may be an illustration of strongly held values or norms being left unchallenged. In these instances, extrinsic motivational tools can help keep these passions in check. Moynihan (2008) recommends a "marriage" between the two approaches to motivation, which he labels the market model and the normative model. Similarly, Wright (2004) indicates that both extrinsic and intrinsic motives are important to management.

Clearly, tools for managing both aspects of human behavior belong in the public manager's toolbox. It is also important, however, to point out that variable pay is not the only external incentive managers have at their disposal. Other tools for encouraging extrinsic motivation are: base pay, fringe benefits, commands (rules and regulations), promotion, job security, status, and recognition (social and professional). A greater reliance on nonmonetary tools may reduce the likelihood of a crowding-out effect.

While a comparable list of tools for fostering intrinsic motivation may not be so easily compiled, research on public service motivation again promises to help identify these tools. Toward this end, Paarlberg, Perry, and Hondeghem (2008) provide a set of strategies for managing public service motivation that are informed by existing research. More research is needed to provide more specifics for these strategies, but they point us in a promising direction. Moreover, as this review of prior research suggests, public service motivation has the potential to expand appreciably public managers' motivational toolkits. Until that time, attention to the limits of performance-related pay, situations in which it is—and is not—appropriate, and characteristics of systems that crowd in rather than crowd out intrinsic motivation can make the sequel to performance-related pay

as worthwhile as possible. The authors of this article have used their extended e-version to appreciably advance this effort.

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