

PAR

*the premier journal of
public administration*

Theory to Practice

*Response to
Commentators*

Article

Public Administration Review

July | August 2006
Volume 66 | Number 4

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Motivating Employees in a New Governance Era: The Performance Paradigm Revisited

***Editors' Note:* The authors' response is to the commentaries available as *PAR* went to press.**

We are gratified by the commentators' general acceptance of our conclusions. We also appreciate their efforts to interpret our conclusions in light of their experiences. They provide some perspective and new insights about which we would like to reflect. We begin with some general reflections in light of the commentaries, then discuss the four motivational programs, and conclude with final reflections about future research and practical implications.

What Motivational Results Should Public Managers Expect to Achieve?

In his commentary, Steve Hays uses the Holy Grail as a metaphor for public managers' search for worker motivation. He cautions that motivating employees is not as

complex as may be inferred from the complexity of the literature. We agree. Although we sorted through voluminous research, our propositions sum to a relatively straightforward picture of motivation that emphasizes some elements (e.g., job design and goal setting) above others (e.g., individual monetary rewards).

Just as public officials and agency managers err when they conceive motivation as overly complex, they also can err by thinking too simplistically about motivation. As Robert Tobias notes, at the federal level, the White House and Congress tend to look toward one-dimensional, pay-for-performance strategies as an overly simplistic fix. As Cappa and Tillman emphasize, public managers also may err if their approach to motivation is too general, ignoring

vation is too general, ignoring consequential individual and contextual considerations (see our additional comments in the next section).

We take two general lessons from the commentaries. First, public managers need to be realistic about what they can achieve in motivating their staff. We sometimes forget, as we noted in our extended online *PAR* article, that "intervening to change human performance will always be an uncertain and indeterminate process." The effects of managerial influence are not only uncertain, but are bounded by many factors (as the commentators' emphasize). These include employee cooperation (e.g., Hays's view that a portion of the workforce may be unwilling or unable to be motivated) and institutional constraints (e.g., the lack of real commitment among the President and his appointees that Tobias persuasively articulates). Second, the commentators imply that it is important for managers to have *some* strategy. If public managers have no motivational strategy, then they have little prospect of adding value to their organizations' performance.

Context is Critical

The general model that guided our review (see Figure 1) gave prominent attention to mediating and moderating variables that may influence motivation across settings. The commentaries, either explicitly or implicitly, agreed that context is critical. Robert Tobias's commentary was largely devoted to articulating the centrality of political institutions (i.e., the President, his appointees, and Congress) for the motivational equation in the federal government. He rightly notes (as did Perry and Porter in their 1982 review) that motivation theory and empirical research have been inattentive to incorporating institutional context and rules

into motivational frameworks despite the demonstrated importance of context.

An unarticulated facet of the lack of presidential and congressional leadership that Tobias bemoans and that lies at the heart of Comptroller General David Walker's decision to place strategic human capital management on GAO's high-risk list is political ideology. The ideological right wing clearly has an interest in maintaining a federal government with limited capacity to implement public policies. Federal failures strengthen the case for federal load-shedding or privatization. For the right wing to embrace a strong federal government would also be contrary to the ideology articulated by Ronald Reagan—government is the problem, not the solution. The interests of the ideological left wing also may be served by a weak federal government that is a lesser threat to be oppressive.

Cappa also reflects Tobias's experience in observing that the efficacy of job design as a motivational strategy for performance improvement depends on upper management support. The four commentators' experiences are primarily federal, however, with Hays sharing his consulting experiences at all levels of government. We hope that local, state, private, and nonprofit practitioners will join the online discussion, because we are interested in hearing their perspectives about our conclusions and the perspectives of the commentators.

Financial Incentives

We find it noteworthy that the commentaries include a considerable discussion as to the impacts of financial incentives on employee motivation in the public sector—largely at the federal level. All reviewers agree with our conclusions that "individual financial in-

centives are ineffective in traditional public sector settings." In our "review of reviews," we use the theoretical propositions of reinforcement theory as the motivational framework for our review of financial incentives on performance.

It is interesting that the commentaries focus less on the motivational aspects of pay-for-performance systems, and more on the ways in which financial incentives are applied and implemented. That is, our commentators seem to agree, at least in principle, that individual financial incentives should work, but are less than effective primarily due to the constraints found in the public sector.

From Tillman's experience, financial incentives are the least important factors in influencing employee performance, with social recognition more of a motivator than cash awards. Cappa's experience as a manager supports the idea that individual pay-for-performance is not an effective motivator, but that timely evaluation of performance can be. She notes several reasons for the lack of success of pay-for-performance systems: (1) the evaluation and bonus are not implemented at the same time; (2) the amount of the bonus pool is unknown at the time of evaluation; and (3) the bonus pool is announced after the evaluation and not tied to the annual performance evaluations—resulting in failure to connect performance and pay.

Tobias observes that pay-for-performance efforts fail because agencies are unable or unwilling to set individualized performance standards and managers are reluctant to link within-grade increases to performance. He takes his observation even further, however, by posing this provocative question: "Does Congress really care about increasing executive branch performance?" In the process, the substance of his criticism focuses on is-

issues related to implementation of a pay-for-performance system. These include: no performance goals to measure policy implementation; lack of a system in place on which to base funding allocations on agency performance; failure to define success; little alignment between congressional and executive branches concerning what constitutes performance or improvement; and low priority for the President in allocating the time necessary to lead the creation and implementation of pay-for-performance systems.

Hays also comments that most merit pay systems at all levels of government have operated like seniority systems—rewarding time in service through annual raises rather than performance. His experience again focuses on a lack of leadership: leaders have failed to articulate goals and objectives for employees and ignored feedback and reinforcement.

We find it interesting that the shortcomings of pay-for-performance systems discussed in the commentaries are markedly consistent with failures to follow the principles of reinforcement theory. For a pay-for-performance system to work, rewards must be contingent on performance. This translates into governments creating financial reward systems where employees see the relationship between their performance and rewards; where performance improvement can be objectively identified and measured; where the financial reward is sufficient enough to motivate an individual; and where the financial reward is consistently applied. In order for a pay-for-performance system to be effective, these principles *must* be applied.

Importantly, Tobias does provide examples of demonstration projects that show a stronger link between pay and performance compared to the General Schedule pay system. Rather than "throwing the baby out

with the bathwater," we need to examine why these demonstration projects are more successful in relation to the theoretical propositions of reinforcement theory and how we can apply these principles to settings other than the laboratory.

Moving beyond individual incentives, it is unclear whether group incentives may be more promising. Hays notes that "there are signs that *group productivity* measures are gaining footholds in some locations." He adds that this approach to compensation may be more attractive where managers know more about aggregate measures of performance than about individual employee outcomes. However, from Cappa's experience, group incentives are not effective in the public sector primarily due to the perceived randomness of group awards, the lack of criteria for allocating rewards to group members, the small amount of bonuses, and the time lapse between performance and reward. These, again, are all problems in implementation of the reward system and in incorrectly applying the principles set forth in reinforcement theory. She points out a unique problem in using group incentive systems: when rewards are shared equally (same award amount) for all group members even though individuals did not put in the same amount of effort, dissatisfaction is likely.

Given that our review of the literature indicates that group incentives can sustain high levels of productivity and satisfaction, and that more innovative organizations increasingly are utilizing team-based work structures, we need to think carefully about how to manage group incentives effectively. Teams, like individuals, must see the relationship between efforts and rewards as fair and equitable.

Finally, Hays points out that money has a symbolic meaning—signifying the "worth"

of the employee to the organization—even though public sector employees may not primarily be motivated by money. This makes it even more important to consider how financial awards are administered by our public sector agencies.

Job Design

The commentary by Cappa is the most explicit about the preeminence of job design, but the other commentaries also offer implicit support for the motivational power of job design. Not only does Cappa believe that job design is the most important motivational tool managers possess, but she also notes that job design is "local" in that it starts with the employee. We interpret her comment to mean that managers have control of job design even when faced with constraints on other fronts. A manager's control of job design therefore may be an antidote for some of the institutional limitations identified by Tobias.

Participation

Our review suggests that while participation in workplace decision making may have positive effects on employees' attitudes toward their work, it may have less impact on employee performance. In addition, the cost of implementing participatory management systems may far exceed the actual return. However, the commentators provide numerous professional examples to suggest that participation in workplace decision making in government settings not only improves employees' attitudes toward work, but also increases their performance. Their comments suggest that changes in the nature of organization and task environments, employees' desires to participate in workplace decision making, as well as rapid advances in technology facilitating such exchanges, may make participation an even more important determinant of performance in the future.

From the rapid pace of the work environment at the Food and Drug Administration (FDA) to the need to reduce "stove piping" at the Bureau of Labor Statistics, Tillman and Cappa, respectively, suggest that employee participation in workplace decision making is essential for high performance. Their observations suggest that as government employees increasingly find themselves working on tasks that involve numerous players, such as the case of the FDA's interdisciplinary project teams or collaborative networks, broad participation in decision making is essential.

Similarly, the move from manual work to knowledge work, in which employees accomplish their tasks by creating and applying new information to problems at hand, has important implications. On the one hand, it requires that workers know more about their area of responsibility than any other person in the organization. On the other, the shift to knowledge work means that timely and effective decision making becomes dependent upon participatory decision making. Effective managers must, therefore, tap into that knowledge and create organizations in which employees do not hoard their information, reducing what Cappa describes as stove piping.

In addition to changes in the nature of the task and organization environments, the commentators also provide hints that employees may increasingly *expect* to participate in workplace decision making. Tillman describes a workplace cultural norm in which "every member of a review team has a right to voice their own scientific perspective, and every person involved in a review has a right to be heard." Such participation in workplace decision making has long provided a sense of value and importance. However, observers of demographic shifts suggest that future generations of workers

will be entering the workplace with an expectation that they have a *right* to be heard and will be less reluctant to offer their input at all stages in their career.

One of the greatest barriers that scholars have identified to increasing participatory decision making effectively is the cost of such systems. But rapid technological advances not only have increasingly allowed employees to have the information that they need at their fingertips, but they also have made it much easier for organizational leaders to both solicit and aggregate input in ways that provide increased value to the organization. In addition, creative use of the Internet provides possibilities to enhance the quality of strategic decision making, as well as the transparency and accountability of such decisions. So, too, does "social computing" allow for the solicitation of information from employees, moving away from one-way suggestion boxes to interactive dialogue. IBM's use of "jamming," for example, has received a great deal of attention for its ability to involve employees across the globe in discussions on a range of organizational issues. Hays, in turn, directs our attention to a novel project in a Michigan agency that facilitates an ongoing computer dialogue between supervisors and their subordinates.

To be sure, the use of technology to open up decision-making processes within and across organizations has the potential ultimately to improve the quality of decision making in all types of organizations. Yet there still are many challenges to the use of participatory techniques in government organizations. As Tillman suggests, when the decision-making hierarchy flattens, managers and higher-level decision makers will increasingly be expected to provide support for their decisions. In addition, participatory decision making requires that managers already pos-

ness or seek to acquire the people skills necessary to coordinate and negotiate collaborative decision making.

As technology improves our capacity to actively involve employees in workplace decisions, as the nature of task and organization environments changes, and as a new generation of employees expects involvement, our commentators rightly suggest that additional research is needed to understand the complex process of participatory decision making. What additional variables moderate this relationship? Does the nature of the issue, for example, or the uncertainty of the outcome or the complexity of the task, influence this relationship? Finally, how do the characteristics of decision makers, particularly the diversity of decision makers, influence participatory decision-making processes?

Goal Setting

Consistent with the vast body of research on goal setting, the commentators appeared in general agreement on the importance of goal setting in government organizations. Their practical experiences suggest that application of goal setting is key to achieving high performance. As Hays notes, drawing upon a popular management book, *The One Minute Manager*, it really should not be that hard. Managers need to set goals, evaluate them, and then reward progress toward those goals. In fact, strong institutional support for goal setting and results-oriented evaluation are essential for public managers, legislators, and chief executives at all levels of government to have.

But this raises another question: are there moderating or mediating variables that will influence the process of goal setting in government and nonprofit settings? Tillman raises important points that the inherently ambiguous nature of government work and

increasing complexity of network models of governance may hinder the process of goal setting in government organizations. But consistent with the empirical literature on goal setting, Tillman's work at the FDA suggests that "learning goals" may be important motivators in government organizations. These observations inherently beg other important questions. First, how can organization leaders translate goal setting mandated by Congress into goals that are appropriate for employees operating in complex, knowledge-based environments in which learning goals may be more appropriate motivators? Second, how do employees and managers operating in complex environments in which multiple entities are involved in the goal-setting process navigate potentially conflicting goals?

Tillman also throws out a second challenge related to goal setting to both managers and scholars. She suggests that managers should clearly articulate employees' short-term goals in ways that resonate with the agency's public service mission. This suggestion requires that managers need a clear understanding of the diverse motivations of their employees. It also raises important questions for further research about the process by which unique public service motivations (PSM) influence performance. For example, does setting goals in ways that reflect employees' PSM lead to higher levels of effort on such goals? Similarly, are employees with clear PSM more likely to set or accept difficult and challenging goals, which lead to higher levels of performance?

While Tillman raises key questions about the role of PSM in goal setting, Tobias and Hays both raise concerns about how an atmosphere of cynicism may moderate employees' commitment to the public service goals of their organizations. This is definitely a concern that warrants further re-

search. To date, much of the research on goal setting has been performed in laboratory settings. Consequently, our review of the literature and the commentators' observations suggest the importance of learning more about field settings.

Future Research Agenda and Implications for Practice

We are fortunate to have had the opportunity to hear from a wide range of experts in the field who served as commentators on our review on motivating employees. The commentaries certainly have provided researchers and practitioners food for thought on how to motivate employees in a new governance era. We ended our article with several general observations that we felt would provide guidance for future research. However, the commentators offered other suggestions as well. We summarize here what we believe are the general themes for future research and implications for practice as suggested by the commentators, and offer our views on how this research can be applied.

First, we are encouraged that all commentaries found our review to be useful to public sector practitioners in thinking about how to design and implement motivational programs. They were, as we are, cautiously optimistic that the generalizations about motivation derived from our review can be applied in a transformed public sector. Hays noted that public personnel systems are coming into closer alignment with research findings on worker motivation—but that effective and enlightened leadership were the most direct paths to motivation. Tobias also expressed the importance of leadership in motivation. He suggested that we examine the impact of federal sector leadership on effectiveness of the design and implementation of motivational programs. In particular, he urged researchers to study the impact of

leader behavior in terms of the passion and personal time spent by officials as they implement the motivational programs envisioned.

Tobias affords an interesting research direction; however, one that is difficult to measure. We may be at a point, though, where doing in-depth case analyses of successful leaders, effective demonstration projects, and exemplary programs could provide us with some answers to the questions that Tobias sets forth. As he notes, this would help to "shed light on why programs fail, how risks may be mitigated, and what factors ultimately lead to program goal achievement."

Second, our commentators encouraged research addressing the contextual factors and other potential mediators and moderators that we may not have considered. We certainly agree. For example, Hays's commentary prompts questions about the role of participation in teams. These include studying the effectiveness of using "change teams" to solicit opinions from all workers, as well as the role of worker participation on innovations in job design. Cappa asks researchers to consider other potential mediators and moderators. These include time elapsed between work and reward; presence or absence of continuous feedback; the extent of employee involvement in job design; and whether or not performance is publicly celebrated. Tobias implores us to understand the key contextual factors that determine success or failure of leaders at the federal level and to direct research on the impact of the organizational commitment to performance improvement of those high-ranking officials. We, too, called for research on additional yet understudied moderators such as the role of employment security or job insecurity.

Finally, the commentaries point out that scholars and practitioners alike have a lot to

learn about financial rewards in the public sector—particularly group incentives and group productivity measures (which we also note in our review). Tobias suggests research questions regarding the link between federal sector financial incentive interventions and programmatic evaluations now being conducted by the Bush administration. Cappa urges assessments of the relationship between how employees perceive their opinions valued and their subsequent performance on teams. In our review, we also point out the lack of empirical work conducted in the public sector on the effect of financial incentives on team performance. Given that the commentators agree that there is a difference between public and private sector employee motivation, scholars and practitioners need to address these questions.