

## Video Transcription

### RSA Animate – Drive: The Surprising Truth About What Motives Us

**Dan Pink:** Our motivations are unbelievably interesting, and I've been working on this for a few years and I just find the topic still so amazingly engaging and interesting, so I want to tell you about that. The science is really surprising; the science is a little bit freaky okay? If we are not as endlessly manipulable and as predictable as you would think. There's a whole set of unbelievably interesting studies.

I want to give you two that call into question this idea that if you reward something you get more of the behavior you want; if you punish something you get less of it.

So let's go from London to the mean streets of Cambridge, Massachusetts in the North Eastern part of the United States. And let's talk about a study done at MIT, Massachusetts Institute of Technology. Here's what they did; they took a whole group of students and they gave them a set of challenges, things like memorizing strings of digits, solving word puzzles, other kinds of spatial puzzles even physical tasks like throwing a ball through a hoop. They gave them these challenges and they said to incentivize their performance they gave them three levels of rewards. So, if you did pretty well you got a small monetary reward, if you did medium well you got a medium monetary reward, and if you did really well, if you were one of the top performers you got a large cash prize. We've seen this movie before, this is essentially a typical motivation scheme within organizations; we reward the very top performers, we ignore the low performers and the folks kind of in the middle, okay you get a little bit.

So what happens? They do the tests they have these incentives, here's what they found out: One, as long as the task involved only mechanical skill, bonuses worked as they would be expected, the higher the pay the better their performance. Okay, that makes sense. But here's what happens. But once the task called for even rudimentary cognitive skill a larger reward led to poorer performance.

Now this is strange - a larger reward led to poorer performance - how can that possibly be? Now what's interesting about this is that these folks here who did this are all economists; two at MIT, one at the University of Chicago, one at Carnegie Mellon - top tier of the economics profession. And they're reaching this conclusion that seems contrary to what a lot of us learned in economics, which is that the higher the reward the better the performance and they're saying that once you get above rudimentary cognitive skill it's the other way around, which seems like this kind of... the idea that these rewards don't work that way. It seems vaguely left wing and socialist doesn't it? It's this kind of weird socialist conspiracy.

For those of you who have these conspiracy theories, I'm going to point out the notoriously left wing socialist group that financed the research, the Federal Reserve Bank. So this is the mainstream of the mainstream coming to a conclusion that's quite surprising, seems to defy the laws of behavioral physics. So this is strange a strange finding. So what do they do? They say this is freaky, let's go test it somewhere else.

Maybe that \$50 or \$60 prize isn't sufficiently motivating for an MIT student. So let's go to a place where \$50 is actually more significant relatively. So we'll take the experiment, we're going to go to Mudarai India, rural India, where \$50/\$60 whatever the number is actually a significant sum of money.

So they replicated the experiment in India roughly as follows: small rewards equivalent of two weeks' salary... I mean sorry, small performance, low performance two weeks' salary; medium performance about a month's salary; high performance about two months' salary. So those are real good incentives so you're going to get a different result here.

What happened though was that the people offered the medium reward did no better than the people offered the small reward, but this time around the people offered the top reward they did worst of all.

The higher incentives led to worst performance. What's interesting about this is that it actually isn't all that anomalous. This has been replicated over and over and over again by psychologists, by some extent by sociologists and by economists over and over and over again. For simple straightforward tasks those kinds of incentives - if you do this then you get that - they're great. For tasks that are algorithmic, a set of rules where you have to just follow along and get a right answer, if then the rewards carrots and sticks -outstanding. But when the task gets more complicated when it requires some conceptual, creative thinking those kind of motivator demonstrably don't work. Fact: money is a motivator at work but in a slightly strange way.

If you don't pay people enough they won't be motivated. What's curious about this is there's another paradox here which is that the best use of money as a motivator is to pay people enough to take the issue of money off the table. Pay people enough so that they're not thinking about money and they're thinking about the work.

Now once you do that, it turns out there are three factors that the science shows lead to the better performance, not to mention personal satisfaction: autonomy, mastery and purpose. Autonomy is our desire to be self-directed, to direct our own lives.

Now in many ways traditional notions of management run afoul of that. Management is great if you want compliance, but if you want engagement, which is what we want in the workforce today as people are doing more complicated sophisticated things, self-direction is better. Let me give you some examples of this almost radical forms of self-direction in the workplace that leads to good results.

Let's start with this company right here, Atlassian, an Australian company, it's a software company and they do something really cool. Once a quarter, on a Thursday afternoon, they say to their developers, "For the next 24 hours you can work on anything you want. You can work on it the way you want, you can work on it with whomever you want, all we ask is that you show the results to the company at the end of the hours 24 hours" in this fun kind of meeting, not a star chamber session but this fun meeting with beer and cake and fun and other things like that.

It turns out that that one day of pure undiluted autonomy has led to a whole array of fixes for existing software, a whole array of ideas for new products that otherwise had never emerged -one day. Now this is not an if-then incentive, this is not the sort of thing that I would have done three years ago before I knew this research, I would have said "You want people to be creative and innovative, give them a fricken innovation bonus. If you do something cool I'll give you twenty five hundred dollars." They're not doing this at all.

They're essentially saying, "You probably want to do something interesting, let me just out of your way". One day of autonomy produces things that had never emerged.

Now let's talk about mastery. Mastery is our urge to get better at stuff; we like to get better at stuff. This is why people play musical instruments on the weekend. You have all these people who are acting in ways that seem irrational economically; they play musical instruments on weekends - why? It's not going to get them a mate, it's not going to make them any money why are they doing it? Because it's fun, because you get better at it and that's satisfying.

Go back in time a little bit. I imagine this if I went to my first economic professor, a woman named Mary Alice Schuuman, and I went to her in 1983 and said, "Professor Schuuman, can I talk to you after class for a moment?" "Yeah." "I've got this inkling, I've got this idea for a business model, I just want to run it past you. Here's how it would work.

You get a bunch of people around the world who do highly skilled work, but they're willing to do it for free and volunteer their time, 20 sometimes 30 hours a week." Now she's looking at me somewhat skeptically there.

"Oh but I'm not done. And then what they create they give it away rather than sell it. It's going to be huge." She truly would have thought I was insane. It seems to fly in the face of so many things but what do you have?

You have Linex powering one our four corporate servers in four to five hundred companies. Apache powering more than the majority of web servers. Wikipedia - what's going on why are people doing this? Why are these people, many of whom are technically sophisticated, highly skilled people who have jobs okay, they have jobs, they're working jobs for pay doing sophisticated technological work, and yet during their limited discretionary time they do equally, if not more, technically sophisticated not for their employer but for someone else for free, that's a strange economic behavior. Economists who looked in it, "Why are they doing this?" It's overwhelmingly clear - challenge and mastery along with making a contribution - that's it.

What you see more and more is a rise of what you might call the purpose motive as if more and more organizations want to have some kind of a transcendent purpose: partly because it makes coming to work better; partly that's because that's the way to get better talent. And what we're seeing now is in some ways, when the profit motive becomes unmoored from the purpose motive bad things happen.

Bad things ethically sometimes but also bad things like not good stuff, like crappy products, like lame services, like uninspiring places to work that when the profit motive is paramount, or when it becomes completely unhitched from the purpose motive, it just... people don't do great things. More and more organizations are realizing this and it's sort of disturbing the categories between what's profit and what's purpose.

And I think that actually heralds something interesting. And I think that the organizations that are flourishing whether they're profit, for profit or somewhere in between are animated by this purpose motive.

Let me give you a couple of examples. Here's the founder of Skype, he says, "Our goal is to be disruptive but in the cause of making the world a better place" - pretty good purpose.

Here's Steve Jobs, "I want to put a ding in the universe." All right that's the kind of thing that might get you up in the morning racing to go to work. So I think that we are purpose maximizers not only profit maximizers, I think the science shows that we care about mastery very, very deeply, and the science shows that we want to be self-directed. And I think that the big takeaway here is that if we start treating people like people and not assuming that they're simply horses, you know, slower, smaller, better smelling horses, if we get past this kind of ideology of carrots and sticks and look at the science I think we can actually build organizations and work lives that make us better off, but I also think they have the promise to make our world just a little bit better.