

7-11-72

## ON THE FOLLY OF REWARDING A, WHILE HOPING FOR B

Steven Kerr

Whether dealing with monkeys, rats, or human beings, it is hardly controversial to state that most organisms seek information concerning what activities are rewarded, and then seek to do (or at least pretend to do) those things, often to the virtual exclusion of activities not rewarded. The extent to which this occurs of course will depend on the perceived attractiveness of the rewards offered, but neither operant nor expectancy theorists would quarrel with the essence of this notion.

Nevertheless, numerous examples exist of reward systems that are fouled up in that behaviors which are rewarded are those which the rewarder is trying to *discourage*, while the behavior he desires is not being rewarded at all.

In an effort to understand and explain this phenomenon, this paper presents examples from society, from organizations in general, and from profit-making firms in particular. Data from a manufacturing company and information from an insurance firm are examined to demonstrate the consequences of such reward systems for the organizations involved, and possible reasons why such reward systems continue to exist are considered.

### SOCIETAL EXAMPLES

#### Politics

Official goals are "purposely vague and general and do not indicate... the host of decisions that must be made among alternative ways of achieving official goals and the priority of multiple goals..." (8, p. 66). They usually may be relied on to offend absolutely no one, and in this sense can be considered high-acceptance, low-quality goals. An example might be "build better schools." Operative goals are higher in quality but lower in acceptance, since they specify where the money will come from, what alternative goals will be ignored, etc.

The American citizenry supposedly wants its candidates for public office to set forth operative goals, making their proposed programs "perfectly clear," specifying sources and uses of funds, etc. However, since operative goals are lower in acceptance, and since aspirants to public office need acceptance (from at least 50.1 percent of the people), most politicians prefer to speak only of official goals, at least until after the election. They of course would agree to speak at the operative level if "punished" for not doing so. The electorate could do this by refusing to support candidates who do not speak at the operative level.

Instead, however, the American voter typically punishes (withholds support from) candidates who frankly discuss where the money will come from, rewards politicians who speak only of official goals, but hopes that candidates (despite

Source: Reprinted from *Academy of Management Journal*, 1975, vol. 18, pp. 769-83.

the reward system) will discuss the issues operatively. It is academic whether it was moral for Nixon, for example, to refuse to discuss his 1968 "secret plan" to end the Vietnam war, his 1972 operative goals concerning the lifting of price controls, the reshuffling of his cabinet, etc. The point is that the reward system made such refusal rational.

It seems worth mentioning that no manuscript can adequately define what is "moral" and what is not. However, examination of costs and benefits, combined with knowledge of what motivates a particular individual, often will suffice to determine what for him is "rational." If the reward system is so designed that it is irrational to be moral, this does not necessarily mean that immorality will result. But is this not asking for trouble?

### War

If some oversimplification may be permitted, let it be assumed that the primary goal of the organization (Pentagon, Luftwaffe, or whatever) is to win. Let it be assumed further that the primary goal of most individuals on the front lines is to get home alive. Then there appears to be an important conflict in goals—personally rational behavior by those at the bottom will endanger goal attainment by those at the top.

But not necessarily! It depends on how the reward system is set up. The Vietnam war was indeed a study of disobedience and rebellion, with terms such as "fragging" (killing one's own commanding officer) and "search and evade" becoming part of the military vocabulary. The difference in subordinates' acceptance of authority between World War II and Vietnam is reported to be considerable, and veterans of the Second World War often have been quoted as being outraged at the mutinous actions of many American soldiers in Vietnam.

Consider, however, some critical differences in the reward system in use during the two conflicts. What did the GI in World War II want? To go home. And when did he get to go home? When the war was won! If he disobeyed the orders to clean out the trenches and take the hills, the war would not be won and he would not go home. Furthermore, what were his chances of attaining his goal (getting home alive) if he obeyed the orders compared to his chances if he did not? What is being suggested is that the rational soldier in World War II, *whether patriotic or not*, probably found it expedient to obey.

Consider the reward system in use in Vietnam. What did the man at the bottom want? To go home. And when did he get to go home? When his tour of duty was over! This was the case *whether or not* the war was won. Furthermore, concerning the relative chance of getting home alive by obeying orders compared to the chance if they were disobeyed, it is worth noting that a mutineer in Vietnam was far more likely to be assigned rest and rehabilitation (on the assumption that fatigue was the cause) than he was to suffer any negative consequence.

In his description of the "zone of indifference," Barnard stated that "a person

<sup>1</sup>In Simon's (10, pp. 76-77) terms, a decision is "subjectively rational" if it maximizes an individual's valued outcomes so far as his knowledge permits. A decision is "personally rational" if it is oriented toward the individual's goals.

can and will ac  
of his decision,  
(1, p. 165). In I  
personally irrat  
implementing a  
(despite the rev

### Medicine

Theoretic  
tively one seem  
he is actually w  
enjoyable food  
needless medic  
and thus avoid t  
to conclude th

Such a co  
are presently al  
when the docto  
The doctor clas  
ingly tells the p  
often acts as a  
patient for all

Why doe  
error (pronoun  
Again, a look a  
are real: guilt, e  
hand, a type 1 e  
practice, indica  
errors also are f  
who, being wel  
dying abruptly

Fellow pl  
errors and at th

### GENERAL O

#### Rehabilit

In terms o  
as these are su  
orphanage ther  
in good homes  
rules concernin

<sup>2</sup>In one stud  
to be clinically ney

can and will accept a communication as authoritative only when . . . at the time of his decision, he believes it to be compatible with his personal interests as a whole" (1, p. 165). In light of the reward system used in Vietnam, would it not have been personally irrational for some orders to have been obeyed? Was not the military implementing a system which *rewarded* disobedience, while *hoping* that soldiers (despite the reward system) would obey orders?

### Medicine

Theoretically, a physician can make either of two types of error, and intuitively one seems as bad as the other. A doctor can pronounce a patient sick when he is actually well, thus causing him needless anxiety and expense, curtailment of enjoyable foods and activities, and even physical danger by subjecting him to needless medication and surgery. Alternately, a doctor can label a sick person well, and thus avoid treating what may be a serious, even fatal ailment. It might be natural to conclude that physicians seek to minimize both types of error.

Such a conclusion would be wrong.<sup>2</sup> It is estimated that numerous Americans are presently afflicted with iatrogenic (physician *caused*) illnesses (9). This occurs when the doctor is approached by someone complaining of a few stray symptoms. The doctor classifies and organizes these symptoms, gives them a name, and obligingly tells the patient what further symptoms may be expected. This information often acts as a self-fulfilling prophecy, with the result that from that day on the patient for all practical purposes is sick.

Why does this happen? Why are physicians so reluctant to sustain a type 2 error (pronouncing a sick person well) that they will tolerate many type 1 errors? Again, a look at the reward system is needed. The punishments for a type 2 error are real: guilt, embarrassment, and the threat of lawsuit and scandal. On the other hand, a type 1 error (labeling a well person sick) "is sometimes seen as sound clinical practice, indicating a healthy conservative approach to medicine" (9, p. 69). Type 1 errors also are likely to generate increased income and a stream of steady customers who, being well in a limited physiological sense, will not embarrass the doctor by dying abruptly.

Fellow physicians and the general public therefore are really *rewarding* type 1 errors and at the same time *hoping* fervently that doctors will try not to make them.

## GENERAL ORGANIZATIONAL EXAMPLES

### Rehabilitation Centers and Orphanages

In terms of the prime beneficiary classification (2, p. 42) organizations such as these are supposed to exist for the "public-in-contact," that is, clients. The orphanage therefore theoretically is interested in placing as many children as possible in good homes. However, often orphanages surround themselves with so many rules concerning the adoption that it is nearly impossible to pry a child out of the

<sup>2</sup>In one study (4) of 14,867 films for signs of tuberculosis, 1,216 positive readings turned out to be clinically negative; only 24 negative readings proved clinically active, a ratio of 50 to 1.

place. Orphanages may deny adoption unless the applicants are a married couple, both of the same religion as the child, without history of emotional or vocational instability, with a specified minimum income and a private room for the child, etc.

If the primary goal is to place children in good homes, then the rules ought to constitute means toward that goal. Goal displacement results when these "means become ends-in-themselves that displaces the original goals" (2, p. 229).

To some extent these rules are required by law. But the influence of the reward system on the orphanage's management should not be ignored. Consider, for example, that the:

1. Number of children enrolled often is the most important determinant of the size of the allocated budget.
2. Number of children under the director's care also will affect the size of his staff.
3. Total organizational size will determine largely the director's prestige at the annual conventions, in the community, etc.

Therefore, to the extent that staff size, total budget, and personal prestige are valued by the orphanage's executive personnel, it becomes rational for them to make it difficult for children to be adopted. After all, who wants to be the director of the smallest orphanage in the state?

If the reward system errs in the opposite direction, paying off only for placements, extensive goal displacement again is likely to result. A common example of vocational rehabilitation in many states, for example, consists of placing someone in a job for which he has little interest and few qualifications, for two months or so, and then "rehabilitating" him again in another position. Such behavior is quite consistent with the prevailing reward system, which pays off for the number of individuals placed in any position for 60 days or more. Rehabilitation counselors also confess to competing with one another to place relatively skilled clients, sometimes ignoring persons with few skills who would be harder to place. Extensively disabled clients find that counselors often prefer to work with those whose disabilities are less severe.<sup>1</sup>

### Universities

Society *hopes* that teachers will not neglect their teaching responsibilities but *rewards* them almost entirely for research and publications. This is most true at the large and prestigious universities. Clichés such as "good research and good teaching go together" notwithstanding, professors often find that they must choose between teaching and research-oriented activities when allocating their time. Rewards for good teaching usually are limited to outstanding teacher awards, which are given to only a small percentage of good teachers and which usually bestow little money and fleeting prestige. Punishments for poor teaching also are rare.

Rewards for research and publications, on the other hand, and punishments for failure to accomplish these, are commonly administered by universities at which teachers are employed. Furthermore, publication-oriented resumé usually will be

<sup>1</sup>Personal interviews conducted during 1972-73.

well received  
ment and qua  
sity teachers  
at the expen

By the  
displacemen  
rewarded fo  
knowledge f  
toward that  
pedite the kn  
much more  
tuition refur  
they are sup

It there  
cent years co  
organized ch  
a personally  
than knowle

### BUSINESS

Ecolo

Assun  
ing alternat

1. Spend  
river a
2. Do no  
with a

Unde  
mine that >  
Add the fa  
stockholder  
totally unre  
becomes cl

Evalu

It is a  
that the org  
that firms s  
or whateve  
it is not bec  
practitione

The individuals (whether in personnel, manpower planning, or wherever) who normally would be responsible for conducting such evaluations are the same ones often charged with introducing the change effort in the first place. Having convinced top management to spend the money, they usually are quite animated afterwards in collecting arigorous vignettes and anecdotes about how successful the program was. The last thing many desire is a formal systematic and revealing evaluation. Although members of top management may actually *hope* for such systematic evaluation, their reward systems continue to *reward* ignorance in this area. And if the personnel department abdicates its responsibility, who is to step into the breach? The change agent himself? Hardly! He is likely to be too busy collecting anecdotal "evidence" of his own, for use with his next client.

### Miscellaneous

Many additional examples could be cited of systems which in fact are rewarding behaviors other than those supposedly desired by the rewarder. A few of these are described briefly below.

Most coaches disdain to discuss individual accomplishments, preferring to speak of teamwork, proper attitude, and a one-for-all spirit. Usually, however, rewards are distributed according to individual performance. The college basketball player who feeds his teammates instead of shooting will not compile impressive scoring statistics and is less likely to be drafted by the pros. The ballplayer who hits to right field to advance the runners will win neither the batting nor home run titles, and will be offered smaller raises. It therefore is rational for players to think of themselves first, and the team second.

In business organizations where rewards are dispensed for unit performance or for individual goals achieved, without regard for overall effectiveness, similar attitudes often are observed. Under most Management by Objectives (MBO) systems, goals in areas where quantification is difficult often go unspecified. The organization therefore often is in a position where it *hopes* for employee effort in the areas of team building, interpersonal relations, creativity, etc., but it formally *rewards* none of these. In cases where promotions and raises are formally tied to MBO, the system itself contains a paradox in that it "asks employees to set challenging, risky goals, only to face smaller paychecks and possibly damaged careers if these goals are not accomplished" (5, p. 40).

It is *hoped* that administrators will pay attention to long-run costs and opportunities and will institute programs which will bear fruit later on. However, many organizational reward systems pay off for short-run sales and earnings only. Under such circumstances it is personally rational for officials to sacrifice long-term growth and profit (by selling off equipment and property, or by stifling research and development) for short-term advantages. This probably is most pertinent in the public sector, with the result that many public officials are unwilling to implement programs which will not show benefits by election time.

As a final, clear-cut example of a fouled-up reward system, consider the cost-plus contract or its next of kin, the allocation of next year's budget as a direct function of this year's expenditures. It probably is conceivable that those who award such budgets and contracts really hope for economy and prudence in spending.

It is obvious, h  
be given," few

### TWO COMP

#### A Manu

A midwe  
time by aspects  
purposes, inter  
was administer  
American and  
participation in  
day for comple  
of the survey co  
by the researche  
by the firm han  
for, it seems li

A modifi  
of the question  
approval or dis  
actions. A sever  
probably bring

Although  
are unavailable  
survey in sever  
corresponded c  
as can be seen f  
various work u  
work unit, were  
in particular lo

Most imp  
Approval scale  
revealed that the  
tional were tho  
pared to job lev  
a much higher a  
31 and 37 perce  
with the majori  
brought approv  
a majority sugg

Furtherm  
behaviors gear  
punished. Only  
was positively re  
"tendencies tow

well received at other universities, whereas teaching credentials, harder to document and quantify, are much less transferable. Consequently it is rational for university teachers to concentrate on research, even if to the detriment of teaching and at the expense of their students.

By the same token, it is rational for students to act based upon the goal displacement which has occurred within universities concerning what they are rewarded for. If it is assumed that a primary goal of a university is to transfer knowledge from teacher to student, then grades become identifiable as a means toward that goal, serving as motivational, control, and feedback devices to expedite the knowledge transfer. Instead, however, the grades themselves have become much more important for entrance to graduate school, successful employment, tuition refunds, parental respect, etc., than the knowledge or lack of knowledge they are supposed to signify.

It therefore should come as no surprise that information has surfaced in recent years concerning fraternity files for examinations, term-paper writing services, organized cheating at the service academics, and the like. Such activities constitute a personally rational response to a reward system which pays off for grades rather than knowledge.

## BUSINESS-RELATED EXAMPLES

### Ecology

Assume that the president of XYZ Corporation is confronted with the following alternatives:

1. Spend \$11 million for antipollution equipment to keep from poisoning fish in the river adjacent to the plant; or
2. Do nothing, in violation of the law, and assume a one in ten chance of being caught, with a resultant \$1 million fine plus the necessity of buying the equipment.

Under this not unrealistic set of choices it requires no linear program to determine that XYZ Corporation can maximize its probabilities by flouting the law. Add the fact that XYZ's president is probably being rewarded (by creditors, stockholders, and other salient parts of his task environment) according to criteria totally unrelated to the number of fish poisoned, and his probable course of action becomes clear.

### Evaluation of Training

It is axiomatic that those who care about a firm's well-being should insist that the organization get fair value for its expenditures. Yet it is commonly known that firms seldom bother to evaluate a new GRID, MBO, job enrichment program, or whatever, to see if the company is getting its money's worth. Why? Certainly it is not because people have not pointed out that this situation exists; numerous practitioner-oriented articles are written each year to just this point.

It is obvious, however, that adopting the proverb "to him who spends shall more be given," rewards not economy, but spending itself.

## TWO COMPANIES' EXPERIENCES

### A Manufacturing Organization

A midwest manufacturer of industrial goods had been troubled for some time by aspects of its organizational climate it believed dysfunctional. For research purposes, interviews were conducted with many employees and a questionnaire was administered on a company-wide basis, including plants and offices in several American and Canadian locations. The company strongly encouraged employee participation in the survey, and made available time and space during the workday for completion of the instrument. All employees in attendance during the day of the survey completed the questionnaire. All instruments were collected directly by the researcher, who personally administered each session. Since no one employed by the firm handled the questionnaires, and since respondent names were not asked for, it seems likely that the pledge of anonymity given was believed.

A modified version of the Expect Approval scale (7) was included as part of the questionnaire. The instrument asked respondents to indicate the degree of approval or disapproval they could expect if they performed each of the described actions. A seven-point Likert scale was used, with 1 indicating that the action would probably bring strong disapproval and 7 signifying likely strong approval.

Although normative data for this scale from studies of other organizations are unavailable, it is possible to examine fruitfully the data obtained from this survey in several ways. First, it may be worth noting that the questionnaire data corresponded closely to information gathered through interviews. Furthermore, as can be seen from the results summarized in Table 1, sizable differences between various work units, and between employees at different job levels within the same work unit, were obtained. This suggests that response bias effects (social desirability in particular loomed as a potential concern) are not likely to be severe.

Most importantly, comparisons between scores obtained on the Expect Approval scale and a statement of problems which were the reason for the survey revealed that the same behaviors which managers in each division thought dysfunctional were those which lower level employees claimed were rewarded. As compared to job levels 1 to 8 in Division B (see Table 1), those in Division A claimed a much higher acceptance by management of "conforming" activities. Between 31 and 37 percent of Division A employees at levels 1-8 stated that going along with the majority, agreeing with the boss, and staying on everyone's good side brought approval; only once (level 5-8 responses to one of the three items) did a majority suggest that such actions would generate disapproval.

Furthermore, responses from Division A workers at levels 1-4 indicate that behaviors geared toward risk avoidance were as likely to be rewarded as to be punished. Only at job levels 9 and above was it apparent that the reward system was positively reinforcing behaviors desired by top management. Overall, the same "tendencies toward conservatism and apple-polishing at the lower levels" which

TABLE 1 Summary of Two Divisions' Data Relevant to Conforming and Risk-Avoidance Behaviors (extent to which subjects expect approval)

Dimension	Item	Division and Sample	Total Responses	Percentage of Workers Responding		
				1, 2, or 3 (Disapproval)	4	5, 6, or 7 (Approval)
Risk avoidance	Making a risky decision based on the best information available at the time, but which turns out wrong.	A, levels 1-4 (lowest)	127	61	25	14
		A, levels 5-B	172	46	31	23
		A, levels 9 and above	17	41	30	30
		B, levels 1-4 (lowest)	31	56	26	16
		B, levels 5-B	19	42	41	16
		B, levels 9 and above	10	50	20	30
Risk	Setting extremely high and challenging standards and goals, and then narrowly failing to make them.	A, levels 1-4	122	47	28	25
		A, levels 5-B	168	33	26	41
		A, levels 9+	17	24	6	70
		B, levels 1-4	31	48	23	29
		B, levels 5-8	18	17	33	50
		B, levels 9+	10	30	0	70
	Setting goals which are extremely easy to make and then making them.	A, levels 1-4	124	35	30	35
		A, levels 5-8	171	47	27	26
		A, levels 9+	17	70	24	6
		B, levels 1-4	31	58	26	16
		B, levels 5-8	19	63	16	21
		B, levels 9+	10	80	09	20
	Being a "yes man" and always agreeing with the boss.	A, levels 1-4	126	46	17	37
		A, levels 5-8	180	54	14	31
		A, levels 9+	17	88	12	0
		B, levels 1-4	32	53	28	19
		B, levels 5-8	19	68	21	11
		B, levels 9+	10	80	10	10
	Always going along with the majority.	A, levels 1-4	125	40	29	35
		A, levels 5-8	170	47	31	32
		A, levels 9+	17	70	12	18
		B, levels 1-4	31	61	23	16
		B, levels 5-8	19	68	11	21
		B, levels 9+	10	80	10	10

TABLE 1 (continued)

Dimension	Item	Division and Sample	Total Responses	Percentage of Workers Responding		
				1, 2, or 3 (Disapproval)	4	5, 6, or 7 (Approval)
Being careful to stay on the good side of everyone, so that everyone agrees that you are a great guy.	A, levels 1-4		124	45	18	37
			173	45	22	33
	A, levels 5-8		17	64	6	30
			31	54	23	23
	B, levels 1-4		19	73	11	16
			10	80	10	10

divisional management claimed by subordinates existing reward system was *hoping* for, but it ordines to be *reward*

#### An Insurance F

The Group Her provides another rich not desired by top m

Attempting to r firm systematically k complaint received f provoke cries of outri in courteous silence. ment which of two su formed, and since wr by firm concerning ' new hire in more th norm: "When in do

The situation v of the firm's reward "merit" increases ar

1. If the worker i employees per
2. If the worker is rated): 4 perce
3. If the worker might be disch

Now, since (a) the c hard work and the small and (b) since cash (rather, the w overinsured), man ing the extra one p indiscriminant pa

However, n should absences or 4 or 5 percent due firm may be desc What it gets, of c reader to be strin "days" absent, a two days. A work

divisional management had complained about during the interviews were those claimed by subordinates to be the most rational course of action in light of the existing reward system. Management apparently was not getting the behaviors it was *hoping* for, but it certainly was getting the behaviors it was perceived by subordinates to be *rewarding*.

### An Insurance Firm

The Group Health Claims Division of a large eastern insurance company provides another rich illustration of a reward system which reinforces behaviors not desired by top management.

Attempting to measure and reward accuracy in paying surgical claims, the firm systematically keeps track of the number of returned checks and letters of complaint received from policyholders. However, underpayments are likely to provoke cries of outrage from the insured, while overpayments often are accepted in courteous silence. Since it often is impossible to tell from the physician's statement which of two surgical procedures, with different allowable benefits, was performed, and since writing for clarifications will interfere with other standards used by firm concerning "percentage of claims paid within two days of receipt," the new hire in more than one claims section is soon acquainted with the informal norm: "When in doubt, pay it out!"

The situation would be even worse were it not for the fact that other features of the firm's reward system tend to neutralize those described. For example, annual "merit" increases are given to all employees, in one of the following three amounts:

1. If the worker is "outstanding" (a select category, into which no more than two employees per section may be placed): 5 percent
2. If the worker is "above average" (normally all workers not "outstanding" are so rated): 4 percent
3. If the worker commits gross acts of negligence and irresponsibility for which he might be discharged in many other companies: 3 percent.

Now, since (a) the difference between the 5 percent theoretically attainable through hard work and the 4 percent attainable merely by living until the review data is small and (b) since insurance firms seldom dispense much of a salary increase in cash (rather, the worker's insurance benefits increase, causing him to be further overinsured), many employees are rather indifferent to the possibility of obtaining the extra one percent reward and therefore tend to ignore the norm concerning indiscriminant payments.

However, most employees are not indifferent to the rule which states that, should absences or latenesses total three or more in any six-month period, the entire 4 or 5 percent due at the next "merit" review must be forfeited. In this sense the firm may be described as *hoping* for performance, while *rewarding* attendance. What it gets, of course, is attendance. (If the absence-lateness rule appears to the reader to be stringent, it really is not. The company counts "times" rather than "days" absent, and a ten-day absence therefore counts the same as one lasting two days. A worker in danger of accumulating a third absence within six months

merely has to remain ill (away from work) during his second absence until his first absence is more than six months old. The limiting factor is that at some point his salary ceases, and his sickness benefits take over. This usually is sufficient to get the younger workers to return, but for those with 20 or more years' service, the company provides sickness benefits of 90 percent of normal salary, tax-free! Therefore. . . .)

## CAUSES

Extremely diverse instances of systems which reward behavior A although the rewarder apparently hopes for behavior B have been given. These are useful to illustrate the breadth and magnitude of the phenomenon, but the diversity increases the difficulty of determining commonalities and establishing causes. However, four general factors may be pertinent to an explanation of why fouled-up reward systems seem to be so prevalent.

### Fascination with an "Objective" Criterion

It has been mentioned elsewhere that:

Most "objective" measures of productivity are objective only in that their subjective elements are (a) determined in advance, rather than coming into play at the time of the formal evaluation, and (b) well concealed on the rating instrument itself. Thus industrial firms seeking to devise objective rating systems first decide, in an arbitrary manner, what dimensions are to be rated, . . . usually including some items having little to do with organizational effectiveness while excluding others that do. Only then does Personnel Division churn out official-looking documents on which all dimensions chosen to be rated are assigned point values, categories, or whatever (6, p. 92).

Nonetheless, many individuals seek to establish simple, quantifiable standards against which to measure and reward performance. Such efforts may be successful in highly predictable areas within an organization, but are likely to cause goal displacement when applied anywhere else. Overconcern with attendance and lateness in the insurance firm and with number of people placed in the vocational rehabilitation division may have been largely responsible for the problems described in those organizations.

### Overemphasis on Highly Visible Behaviors

Difficulties often stem from the fact that some parts of the task are highly visible while other parts are not. For example, publications are easier to demonstrate than teaching, and scoring baskets and hitting home runs are more readily observable than feeding teammates and advancing base runners. Similarly, the adverse consequences of pronouncing a sick person well are more visible than those sustained by labeling a well person sick. Team-building and creativity are other

examples  
to observ

Hy

In s  
desired be  
may be tr  
the manu  
managem  
unwilling  
of top ma  
tion of tr

Em  
Rat

Son  
which rev  
Americar  
ability to  
larly, the  
outweigh  
the war i

It s  
systems r  
and fourt  
the syste  
rewarder  
rather th

CONCLU

Modern c  
tions and  
managem  
remedies

Sel

It is  
whose go  
cases the  
by mana  
however,  
(for exar

examples of behaviors which may not be rewarded simply because they are hard to observe.

### **Hypocrisy**

In some of the instances described the rewarder may have been getting the desired behavior, notwithstanding claims that the behavior was not desired. This may be true, for example, of management's attitude toward apple polishing in the manufacturing firm (a behavior which subordinates felt was rewarded, despite management's avowed dislike of the practice). This also may explain politicians' unwillingness to revise the penalties for disobedience of ecology laws, and the failure of top management to devise reward systems which would cause systematic evaluation of training and developing programs.

### **Emphasis on Morality or Equity Rather than Efficiency**

Some consideration of other factors prevents the establishment of a system which rewards behaviors desired by the rewarder. The felt obligation of many Americans to vote for one candidate or another, for example, may impair their ability to withhold support from politicians who refuse to discuss the issues. Similarly, the concern for spreading the risks and costs of wartime military service may outweigh the advantage to be obtained by committing personnel to combat until the war is over.

It should be noted that only with respect to the first two causes are reward systems really paying off for other than desired behaviors. In the case of the third and fourth causes the system *is* rewarding behaviors desired by the rewarder, and the systems are fouled up only from the standpoints of those who believe the rewarder's public statements (cause 3), or those who seek to maximize efficiency rather than other outcomes (cause 4).

## **CONCLUSIONS**

Modern organization theory requires a recognition that the members of organizations and society possess divergent goals and motives. It therefore is unlikely that managers and their subordinates will seek the same outcomes. Three possible remedies for this potential problem are suggested.

### **Selection**

It is theoretically possible for organizations to employ only those individuals whose goals and motives are wholly consonant with those of management. In such cases the same behaviors judged by subordinates to be rational would be perceived by management as desirable. State-of-the-art reviews of selection techniques, however, provide scant grounds for hope that such an approach would be successful (for example, see 12).

## Training

Another theoretical alternative is for the organization to admit those employees whose goals are not consonant with those of management and then, through training, socialization, or whatever, alter employee goals to make them consonant. However, research on the effectiveness of such training programs, though limited, provides further grounds for pessimism (for example, see 3).

## Altering the Reward System

What would have been the result if:

1. Nixon had been assured by his advisors that he could not win reelection except by discussing the issues in detail?
2. Physicians' conduct was subjected to regular examination by review boards for type 1 errors (calling healthy people ill) and to penalties (fines, censure, etc.) for errors of either type?
3. The President of XYZ Corporation had to choose between (a) spending \$11 million for antipollution equipment, and (b) incurring a 50-50 chance of going to jail for five years?

Managers who complain that their workers are not motivated might do well to consider the possibility that they have installed reward systems which are paying off for behaviors other than those they are seeking. This, in part, is what happened in Vietnam, and this is what regularly frustrates societal efforts to bring about honest politicians, civic-minded managers, etc. This certainly is what happened in both the manufacturing and the insurance companies.

A first step for such managers might be to find out what behaviors currently are being rewarded. Perhaps an instrument similar to that used in the manufacturing firm could be useful for this purpose. Chances are excellent that these managers will be surprised by what they find—that their firms are not rewarding what they assume they are. In fact, such undesirable behavior by organizational members as they have observed may be explained largely by the reward systems in use.

This is not to say that all organizational behavior is determined by formal rewards and punishments. Certainly it is true that in the absence of formal reinforcement some soldiers will be patriotic, some presidents will be ecology minded, and some orphanage directors will care about children. The point, however, is that in such cases the rewarder is not *causing* the behaviors desired but is only a fortunate bystander. For an organization to *act* upon its members, the formal reward system should positively reinforce desired behaviors, not constitute an obstacle to be overcome.

It might be wise to underscore the obvious fact that there is nothing really new in what has been said. In both theory and practice these matters have been mentioned before. Thus in many states Good Samaritan laws have been installed to protect doctors who stop to assist a stricken motorist. In states without such laws it is commonplace for doctors to refuse to stop, for fear of involvement in a subsequent lawsuit. In college basketball additional penalties have been instituted

against players Milton Friedman  
tional to disob  
By alterin  
ing only desiral  
(as described in  
defined—no o  
well despite th  
explain it. Wh

## REFERENCE

1. Barnard, C  
University
2. Blau, Peter  
Chandler,
3. Fiedler, Fre  
the Conting
4. Garland, L  
*Journal Re*  
pp. 25-38.
5. Kerr, Steve  
*ment Proce*
6. Kerr, Steve  
pp. 92-93.
7. Litwin, G. I  
Harvard U
8. Perrow, Ch  
ed., *Reading*
9. Scheff, Th  
*Medical Di*  
*tions in Be*
10. Simon, He
11. Swanson, C  
*Journal of*
12. Webster, F  
Relations C

against players who foul their opponents deliberately. It has long been argued by Milton Friedman and others that penalties should be altered so as to make it irrational to disobey the ecology laws, and so on.

By altering the reward system the organization escapes the necessity of selecting only desirable people or of trying to alter undesirable ones. In Skinnerian terms (as described in 11, p. 704), "As for responsibility and goodness—as commonly defined—no one . . . would want or need them. They refer to a man's behaving well despite the absence of positive reinforcement that is obviously sufficient to explain it. Where such reinforcement exists, 'no one needs goodness.' "

## REFERENCES

1. Barnard, Chester I. *The Functions of the Executive*. Cambridge, Mass.: Harvard University Press, 1964.
2. Blau, Peter M., and W. Richard Scott. *Formal Organizations*. San Francisco: Chandler, 1962.
3. Fiedler, Fred E. "Predicting the Effects of Leadership Training and Experience from the Contingency Model," *Journal of Applied Psychology*, vol. 56 (1972), pp. 114-19.
4. Garland, L. H. "Studies of the Accuracy of Diagnostic Procedures," *American Journal Roentgenological Radium Therapy Nuclear Medicine*, vol. 82 (1959), pp. 25-38.
5. Kerr, Steven. "Some Modifications in MBO as an OD Strategy," *Academy of Management Proceedings*, 1973, pp. 39-42.
6. Kerr, Steven. "What Price Objectivity?" *American Sociologist*, vol. 8 (1973), pp. 92-93.
7. Litwin, G. H., and R. A. Stringer, Jr. *Motivation and Organizational Climate*. Boston: Harvard University Press, 1968.
8. Perrow, Charles. "The Analysis of Goals in Complex Organizations," in A. Etzioni, ed., *Readings on Modern Organizations*. Englewood Cliffs, N.J.: Prentice-Hall, 1969.
9. Scheff, Thomas J. "Decision Rules, Types of Error, and Their Consequences in Medical Diagnosis," in F. Massarik and P. Ratoosh, eds., *Mathematical Explorations in Behavioral Science*. Homewood, Ill.: Irwin, 1965.
10. Simon, Herbert A. *Administrative Behavior*. New York: Free Press, 1957.
11. Swanson, G. E. "Review Symposium: Beyond Freedom and Dignity," *American Journal of Sociology*, vol. 78 (1972), pp. 702-05.
12. Webster, E. *Decision Making in the Employment Interview*. Montreal: Industrial Relations Center, McGill University, 1964.