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Initially it Worked

Happy Faculty >> Happy Chair

Happy Health System:

- Call became a commodity
- No holes in the schedule
- Reduced complaints about late hours
- Improved off hour services

Happy Dean:

- Academic productivity increased
- Publications
- Abstracts
- Meeting presentations
- Grants

Department of Anesthesiology Publications

MONEY is a MOTIVATOR

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Until it Didn't

Incentives should be about superior performance

"If everything is incentivized, you really incentivize nothing. You might as well go to the beach."
 ----- David Lubarsky, MD, MBA
 CEO UC Davis Health

Lubarsky, Anesth Analg 2005;100:490-2
 Lubarsky, et al., Anesthesiology 2019; 130:154-70

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So What Happened?

Response to extrinsic motivators is not universal

Routine Task Incentives

- Clinical productivity remained high
- Satisfaction with the call system was sustained

Creative Task Incentives

- Quid Pro Quo expected for educational material produced, lectures provided, any out of OR work...
- Desire for all administrative/committee tasks to be compensated
- Abstracts without subsequent publications increased

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The Lesson

Behavioral Economics and Incentives

People always act in their rational self interest

Incentives almost always work perfectly to generate the desired behavior assuming the incentive is large enough

Failure often occurs when we fail to understand what wanted behavior is really desired

in-cen-tive (in-sen-tiv)
 noun - Something, such as the expectation of reward that induces action or motivates effort.
 adj. - Serving to induce or motivate

Lubarsky, Anesth Analg 2005;100:490-2

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On the folly of rewarding A, while hoping for B

Steven Kerr

Dangers of Poorly Designed Incentive Systems

Reward A	Want B
Individual Effort	Teamwork
Efficiency	Quality
Clinical Billing	Academic Productivity

Kerr S. Academy of Management Journal 1975;18:769-83

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Ideal Incentives

If more is spent on clinical tasks less will be spent on other academic activities

- Should target an expected performance below which there is no incentive
- Should Have (as much as possible) an unrestricted bonus pool
- Should be noncompetitive
- Should Have a variable component


Lubarsky. Anesth Analg 2005;100:490-2
Lubarsky, et al., Anesthesiology 2019; 130:154-70

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Nonclinical Incentives

Reward activities that you desire

- Recognize importance of academic activities
- Avoid rewarding all activities equally
- You may be rewarding A but wanting B
- Consider non-monetary rewards




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Rewards

Rewarding clinical over nonclinical activities

While "if then" incentive systems clearly work they encourage faculty to spend more time pursuing dollars than academic success

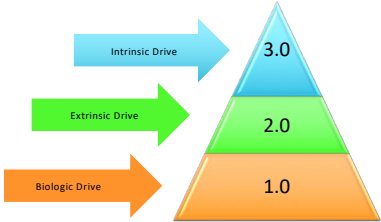
"IF... THEN..." (Rewards for ROUTINE (not CREATIVITY))



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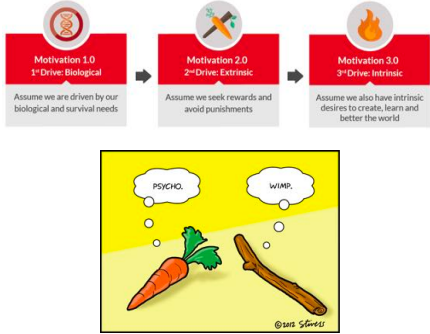
Motivational Pyramid

Modified Maslow's Hierarchy of Human Needs



Pink D. Drive. New York, NY: Penguin Books; 2009: 1-10

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Motivation 1.0
1st Drive: Biological
Assume we are driven by our biological and survival needs

Motivation 2.0
2nd Drive: Extrinsic
Assume we seek rewards and avoid punishments

Motivation 3.0
3rd Drive: Intrinsic
Assume we also have intrinsic desires to create, learn and better the world

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Motivation 2.0 – Extrinsic Drive

If-Then Incentive Programs

Hard research shows incentivising tasks that involve critical thinking actually slows the solution speed. Rewarding clouds judgement & reduces efficacy.

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Carrots and Sticks

The Seven Deadly Flaws of Motivation 2.0

- Extinguish intrinsic motivation
- Diminish performance
- Crush Creativity
- Crowd out good behavior
- Encourage cheating, shortcuts, and unethical behavior
- Become addictive
- Foster short-term thinking

Pink D. Drive, New York, NY: Penguin Books; 2009; 57

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When to Use Rewards: A Simple Flowchart

The flowchart starts with the question 'Is the task mostly routine?'. If 'Yes', it asks 'Can you increase the task's challenge or variety, make it less routine, or connect it to a larger purpose?'. If 'Yes', it says 'Then, I can do this!' and leads to 'Offer a reward, even "if-then" rewards, but be sure to: 1. Offer a rationale for why the task is necessary, 2. Acknowledge that the task is boring, 3. Allow people to complete the task that over time'. If 'No', it leads to 'Concentrate on building a healthy, long-term motivational environment that pays people fairly and that fosters autonomy, mastery, and purpose. Avoid "if-then" rewards in almost all circumstances. Consider unexpected, noncontingent "how-they" rewards, and remember that those rewards will be more effective if: 1. They offer praise and feedback rather than things people can touch or spend, 2. They provide useful information rather than an attempt to control.'

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Motivation 3.0 - Intrinsic Drive

Characteristics

Autonomy: Ownership of the task, driving their own learning.

Mastery: Expertise of deep understanding of concepts & skills.

Purpose: Knowing why, the rationale behind the task.

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Thoughts on Compensation

Best way to use money is to take money off the table

The more prominent salary, perks, benefits are in someone's work life the more they inhibit creativity and unravel performance

The most important aspect of any compensation package is fairness (it is not equity!)

- Ensure Internal and external fairness

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Thoughts on Compensation

Pay More Than Average

Fair Wage-Effort Hypothesis

- workers proportionally withdraw effort as their actual wage falls short of their fair wage

Efficiency Wage Hypothesis

- paying people more increases their productivity

Pay-more-than-average

- Bypasses if-then rewards
- Eliminates concerns about unfairness

Akerlof GA and Yellen JL. The Quarterly Journal of Economics Vol. 105, No. 2 (May, 1990), pp. 255-283

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Thoughts on Compensation

Make Performance Metrics Wide-Ranging, Relevant and Hard to Game

When the incentive for reaching metrics is modest rather than massive its less likely to narrow peoples focus or encourage them to game the system

Some people will inevitably try to game the system

Using a variety of measures that reflect the totality of work can transform often counterproductive "if-then" rewards into less controversial "now what" rewards



Pink D. Drive. New York, NY: Penguin Books; 2009: 181

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Summary

Finding the Right Balance of Extrinsic and Intrinsic Motivators

Both extrinsic and intrinsic motivators can be effective or ineffective depending on context and expectations

Pay people enough money to take money off the table, in fact pay them above average if you can

Avoid overly complex bonus systems

Consider the long term effects of your incentive systems

Do not allow your incentives to be conflated with compensation

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THANK YOU

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Medical Center

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