

Beyond rewards: motivating effort in the age of remote working

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Executive Summary

Objectives:

Since early 2020, many organisations in the UK have seen a shift towards more flexible working practices, including remote and hybrid working. This poses a challenge for organisational leaders in terms of ensuring employees remain motivated when away from the office, in the absence of direct social interaction and managerial oversight. This challenge is exacerbated by mixed effectiveness of the incentives currently used to motivate effort, which highlights a broader problem with our understanding of effort-reward relationship in the workplace. To address this problem, in this working paper I propose a new, broader approach to effort, beyond the traditional understanding of this phenomenon as an economic cost, and suggest new strategies to motivate workers regardless of where they are working from.

Analytic/Methodological Approach:

Narrative review of studies exploring effort from the behavioural economic, psychological and neuroscientific perspective was conducted to establish current understanding of effort-reward relationship in these disciplines. Behavioural economic approach to effort was contrasted with current evidence from psychological and neuroscientific studies, to demonstrate the discrepancy in the conceptualisation of effort between disciplines. Based on this review, a new, broader and interdisciplinary understanding effort in the workplace was proposed.

Key Findings:

Evidence from psychological and neuroscientific domains suggests that effort should be understood as a psychological response to effortful tasks, determined by the physiological signals from the body, environmental context, and learning history of an individual. In that respect, it resembles an emotional experience rather than an economic cost, and so should be treated as such when devising strategies to motivate greater effort.

Conclusions:

To address the problem of inadequate tools for motivating effort in remote and hybrid work environment, a new approach to effort was developed. This approach incorporated insights from psychological and neuroscientific domains, suggesting that effort is a psychological experience dependent on context and previous experiences of an individual. Such conceptualisation of effort explains the existing literature showing mixed effectiveness of incentives on workplace effort, and provides new avenues for motivating employees in the workplace

Recommendations:

If effort is more like an emotional experience than an economic cost, incentives are unlikely to have a sustained and universal impact on workplace effort, as emotions do not typically change in the presence of incentives. Instead, financial and social rewards should be used in a targeted way, to encourage employees to engage in effortful activities, and to provide opportunities for positive associations with effort to develop. As effort is being exerted, techniques typically used for emotion management should be more effective in ensuring effort is put in a task.

Beyond rewards: motivating effort in the age of remote working

Since early 2020, many industries in the UK have seen at least a partial switch from office to remote working, precipitated by the governmental response to the COVID-19 pandemic and facilitated by the rapid development of software that makes remote working possible (e.g. teleconferencing tools such as Microsoft Teams, Zoom, etc). Despite initial fears that this would lead to productivity drop due to reduced managerial oversight and diminished contact between co-workers (e.g. Felstead & Reuschke, 2021; Morikawa, 2022; Smite et al., 2022), output remained largely unchanged, or even improved, in companies where staff has been able to move to remote working (e.g. Anakpo et al., 2023; Deole et al., 2023). This has led to sustained change in working practices, with approx. 40% of UK workers reporting home or hybrid working between September 2022 and January 2023, up from 12% in 2019 (Hendry et al., 2023).

While early research evidence supports the switch to more flexible working where possible (for a review see: Anakpo et al., 2023), adopting this new way of engaging with the workplace requires a change in the way organisational leaders approach effort and the techniques they use to encourage it. Current models of workplace effort are typically poor at predicting what impact changes in organisational practice, such as a move to remote or flexible working, might have on productivity. The tools these models propose for motivating effort (i.e. financial and social incentives, performance monitoring) are not well suited to motivating employees that are physically absent from the office, and their effectiveness is limited even in the office environment. In light of this, a better model of effort exertion in the workplace is needed, to help with effective management of employee motivation regardless of the mode of working.

In this working paper I propose such new approach to workplace effort, suggesting that it should not be treated as an economic cost but rather as a psychological construct arising through integration of physiological signals (e.g. increased heart rate) with information about context (e.g. task characteristics) and previous learning history of an individual (e.g. previous experience with similar tasks). Such conceptualisation of effort leads to a more nuanced understanding of the role of incentives in motivating effort, suggesting that while they might have some energising effect, they are by no means the only, or even the best way to encourage effort. This calls for a more targeted use of rewards and a greater focus on managing experience of effort as it arises to motivate greater effort in the workplace.

Motivating employees when effort is treated as a cost

Initial fears regarding potential productivity drop due to remote working were largely founded on the common beliefs surrounding effort exertion in the workplace, which centre on the assumption that for a large proportion of workers effort is a ‘necessary evil’, a personal cost that they would rather avoid wherever possible (e.g. Lazear, 2018). This belief is rooted in the behavioural economic approach to effort, where this phenomenon is typically defined as an energetic or cognitive cost of voluntary action, aversive but possible to overcome in the presence of appropriate incentives (e.g. Westbrook & Braver, 2015). In this conceptualisation, willingness to exert effort depends mostly on how much we expect to gain from it. Despite that, both experimental and practical attempts to motivate greater effort through financial and social incentives have been found to be of mixed effectiveness (Ariely et al., 2009; Van Dijk et al., 2001), putting into question traditional understanding of the relationship between effort and incentives.

Prevalent approach to motivating employees emphasises the importance of incentives and performance monitoring for overcoming effort costs and improving productivity (e.g.

Larson & Callahan, 1990). This approach is backed up by research showing that financial (e.g. bonuses) and social (e.g. public praise) incentives have an energizing effect on behaviour, increasing the willingness to exert effort (e.g. Brüggen & Moers, 2007; Bucklin & Dickinson, 2001; Stajkovic & Luthans, 2001). The problem is that the effect of incentives is neither universal nor sustained, particularly in the workplace. Several reviews of the literature exploring the effect of financial rewards on performance have shown that rewards sometimes make little difference, or even hinder performance on tasks (Bonner et al., 2000; Bonner & Sprinkle, 2002; Camerer & Hogarth, 1999; Jenkins Jr et al., 1998). Such findings are not uncommon either: in these reviews, approximately half of the studies surveyed did not show the expected motivating effect of rewards (e.g. Bonner et al., 2000). Social incentives seem to be effective when used appropriately (Ashraf & Bandiera, 2018; Bandiera et al., 2010), but the problem is that opportunities for providing them are much more limited when employees are working remotely. For similar reasons, relying on performance monitoring is somewhat trickier in an online environment, as is team building and collaboration, making managerial work more challenging.

Considering this, new way of approaching workplace effort is needed, which should provide alternative methods to motivating workers in the remote context. This new approach should aim to bring about sustained levels of motivation and effort without resorting to explicit financial rewards, while reducing reliance on social incentives when the opportunities for direct social interactions are limited. It should also be able to explain the lack of productivity drop as the shift to remote working was made and help predict the effect of other changes in working practices on effort exertion in the workplace.

Changing approach to effort in organisational context

In parallel to behavioural economic investigations, effort and its' relationship with incentives has been the focus of extensive psychophysiological and neuroscientific studies (André et al., 2019; Bijleveld, 2018). Findings from these domains suggest an alternative view of effort, with important implications for organisational policy makers. Specifically, these studies suggest that effort is different to other 'costs' traditionally considered in the economic context, such as delay, risk, or uncertainty, in that it has a strong physiological component – it is associated with changes in the body designed to increase oxygen delivery to metabolically active cells (e.g. Kennedy & Scholey, 2000; Turner & Carroll, 1985). At the same time, there is no unique physiological signal that determines how effortful a given task feels (Marcora, 2009; Morel et al., 2017). Activities requiring similar energetic input can be perceived very differently depending on the individual performing it, the type of task, and the situation in which effort is performed (e.g. Ashburner & Risko, 2022). Overall, experience of effort seems to be related to a number of largely unspecific physiological changes associated with metabolic activation, which are interpreted as effort because of the context in which they occur. When looked at from that perspective, effort seems to be less like an economic cost, and more like another set of phenomena which are also subjective and dependent on context: emotions.

Emotional experience seems to be created when people attach meaning to the sensory input from the body and from the environment, using their knowledge about the world from previous experiences (e.g. Lindquist et al., 2012). This meaning is context dependent and tailored to the situation in which this sensory input arose. Considering the similarities between the sensory input from the body during arousal associated with effortful and emotional experiences (e.g. changes in heart rate, perspiration, pupil dilation, etc.), it is possible that the same mechanism is used for creating cognitive representations of both emotions and effort,

with the critical difference between the two types of experiences being environmental context and learning history of an individual.

Applying the insights from studies on emotion formation to effort, I propose that effort should be defined not as cost, but rather a psychological process that occurs when we perform a mentally or physically demanding tasks. Physiological changes that take place during these tasks are translated into a mental representation of bodily state. Environmental cues and previous learning history are key for interpreting these representations and determining the perception of effort. What we typically understand as ‘effort’ is a feeling we experience in certain situations requiring energy expenditure. This feeling should be understood and managed in a similar way to emotions. From organisational perspective, this means switching the focus from monetary and social incentives to techniques aimed at changing the way bodily signals and context are interpreted, to motivate greater effort in employees. Such conceptualisation has important implications for policies designed to motivate workplace effort.

Applying theory in practice: what changes when we start treating effort like an emotion?

Treating effort like an emotion, not an economic cost, changes the way in which we should go about motivating greater effort exertion in workplace settings. If we assume that our perception of effort is not predetermined by an objective energetic cost of an activity, but depends on a complex interplay between physiological signals, environmental context, and our previous experiences, then incentives are unlikely to be the best way to ensure consistent effort is exerted. While they might change the context of the task (incentive structure is typically part of relevant task characteristics), they do not affect physiological signals associated with metabolic activation, nor do they change past learning history of an individual. It is to be expected, then, that their effect on effort exertion would be patchy and unreliable – in line with

the existing evidence from research studies exploring the relationship between rewards and effort described earlier.

That is not to say that incentives do not have an impact on workplace effort. Assuming we are goal-directed and future oriented beings that tend to engage in activities that bring us closer to our goals (Osman, 2015), we usually take into account incentives when deciding which effortful activity to engage in. But rewards do not guarantee that we will follow through with our choice (Ludwiczak et al., 2020). When we perform an effortful task, rewards seem to mainly determine the upper limit of effort that the task is deemed worthy (Brehm & Self, 1989). In the meantime, most of the effort that is actually exerted is determined by the task itself and its' requirements (Ludwiczak et al., 2020). What this means in practice is that while people often choose certain activities based on the associated rewards, these rewards do not change the feeling of effort experienced when performing the task. In situations where effort is high and immediate while rewards are delayed and potentially uncertain, feeling of effort together with actual task requirements are likely to determine performance on the task, regardless of rewards (e.g. Marcora & Staiano, 2010). Taken together, this suggests that in the organisational context, rewards can be used to encourage employees to engage in effortful tasks, but, if effort is akin to emotions, these rewards are unlikely to help achieve high effort exertion on the task itself.

If incentives exert their strongest effect on behaviour when we *choose* an effortful task, then a question remains: what tools should be used to motivate greater effort as the task being performed? Assuming effort is a psychological construct arising from physiological experiences, one potential avenue for action would be targeting thought processes accompanying tasks that require energy expenditure. This could potentially be done in following ways: 1) through trailing techniques used for emotion regulation (e.g. mindfulness, controlled breathing) in the effort context (e.g. Morgan, 1994), or 2) targeting the thought

patterns (cognitive schemata) associated with effort. Such techniques could be used to increase tolerance of effort as it is being exerted, or break the negative associations linked to certain tasks/actions that lead to a feeling of effort to occur in the first place.

Interestingly, these techniques are not entirely new in the effort context. Some of them are already used by people engaging in effortful and time-consuming activities not linked to immediate rewards (e.g. athletes, emergency workers). These people might use distractors (e.g. music, humour) that produce pleasant affective state and take attention away from the feeling of effort. Over time, they might build a complex set of beliefs surrounding effort that in the lay terms might be described as ‘strong work ethics’, which helps deal with frequent episodes of high energy expenditure. If effort is akin to emotions, learning to tolerate and manage it could potentially be a much more powerful tool in eliciting sustained effort than any sort of reward that is typically available in organisational context.

Fortunately, if we assume that feelings of effort are socially learned, just like emotions are, then it means that perception of effort should be amenable to the effort-related learning experiences in the workplace. From that perspective, financial and (particularly) social rewards that coincide with or follow an effortful task could be an important tool in encouraging positive effort associations, leading to greater effort exertion on future tasks. Evidence for potential usefulness of utilising rewards to encourage positive associations with effortful tasks comes from studies investigating the phenomenon of ‘learned industriousness’ (Eisenberger & Adornetto, 1986; Eisenberger & Leonard, 1980), where effort becomes rewarding in itself after being repeatedly linked with rewards. The key thing for organisational leaders is to acknowledge that the effect of rewards on effort exertion is likely to be cumulative over a longer period of time, not immediate, and design strategies to motivate employees with that in mind.

Recommendations

To better motivate employees in organisational contexts, we need to move away from treating effort as a cost. Instead, effort should be thought of as a psychological construct based on physiological changes in the body, context, and previous learning history of an individual. From practical perspective, this means moving away from using financial and social incentives in order to encourage greater ‘on the spot’ effort on a given task. Rewards should be used primarily to encourage employees to choose to engage in effortful tasks, or to create positive effort-related learning experience for them to benefit future effort exertion. In terms of motivating greater effort as a task is being performed, this could potentially be achieved through targeting psychological representations of effort. If workers have the tools to deal with the feeling of effort, they should be much better equipped to engage in time-consuming tasks that require energy expenditure, even when these tasks are not linked to immediate rewards. These tools should be useful both in the office and remote contexts, and apply to a large variety of tasks, leading to a sustained effort exertion in the absence of incentives or direct managerial oversight.

Conclusions

Motivating workers to put in their best effort into their job while working away from the office is one of the key managerial challenges in the shifting, post-pandemic landscape. The reason why this is problematic are two-fold: 1) current methods of motivating greater effort (incentives, performance monitoring) are not well suited to remote working, 2) the effectiveness of these strategies has been shown to be limited even in the office context. To address these problems, a new way of approaching effort in the workplace was proposed in this working paper.

This new model asserts that effort is not an economic cost, but a psychological construct associated with some tasks requiring energy expenditure. It is context dependent and learned from previous experiences. In that sense, it shares important characteristics with emotions. This view of effort means that organisational leaders should move away from treating effort as a cost that needs to be overcome using incentives, and focus instead on providing employees with successful strategies for managing the feelings of effort, and developing thinking patterns that would facilitate effort. This has a potential to lead to sustained increase in effort exertion on a variety of workplace tasks, something that monetary and social incentives often fail to achieve.

This is not to say that incentives do not matter in the organisational context - they do, but they need to be used appropriately. More specifically, new approach to effort suggests that monetary and social rewards should be used primarily to encourage employees to engage in effortful tasks, or to develop long-term positive associations with effort, not as tools to encourage greater 'on the spot' effort exertion. Key advantage of such approach is that it is not dependent on workers being physically present in the workplace and should be effective in both office and remote working context

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