

Motivation

The Power of Second Paychecks

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When you study motivation, one of the first things you learn is that motivations can be classified under two headings: extrinsic motivations and intrinsic motivations.

Extrinsic motivations depend on incentives such as pay, promotions, and recognition – things which come from someone else, which come from outside of us. Intrinsic motivations arise from within us. They include such things as a sense of pride in our work or the sense of achievement from accomplishing a challenging task.

Of the two, intrinsic motivations have longer-lasting motivational power. That is, if people receive significant intrinsic motivation from a job, they will stick with it long after they conclude that they ought to receive greater extrinsic rewards, such as salary.

Today we are discussing five intrinsic motivations which every leader or manager should take into account when seeking to bring out the best in people. Every person in your organization utilizes one of these considerations to determine his or her level of job satisfaction. Learn to take these considerations into account in your tasking and motivation, and you are sure to Upsize Your Leadership.

A few weeks after I began my leadership development firm, a friend of mine enlisted me for a multi-year consulting engagement. He wanted to position his already successful business for an eventual buyout. It took us the better part of five years to achieve that goal. And one of the reasons that we were successful is because he had an uncanny knack for hiring exceptional frontline service providers and retaining them in his company for years on end.

Many of his retention incentives were extrinsic. He had some of the most generous employee benefit programs I've ever seen – so generous, indeed, that we had to slowly phase out some of them before finding a buyer, knowing that no successor management would be likely to retain such expensive benefits.

However, the real secret of his retention success stemmed from his understanding of intrinsic motivations. It manifested itself in his frequent discussion of what he called a “second paycheck.” Each year the company hosted a large, formal dinner for its more than 100

employees and their spouses. As part of the evening's proceedings, my friend would always make some remarks about trends in the company and the industry.

The substance of his remarks changed from year to year as trendlines changed. But one thing was always prominent in his comments. At some point he would talk about the importance of every employee receiving a second paycheck. He would word it something along these lines.

"Every one of you should be receiving two paychecks from the company. One is the monetary paycheck which we deposit to your bank account once or twice a month. The other is a paycheck which has no dollar amount affixed to it. Instead, it's an emotional and psychological paycheck. It's the paycheck you get each day when you leave the office saying to yourself, 'I really feel good about all the people I helped today.' Or 'I can't imagine working around a more wonderful team than the one that I'm part of here.'"

"I don't know what your personal second paycheck is," he would add. "But whatever it is, you need to be sure that it is regularly paid in full. If it is not, please come talk to me. If you're not in a role or position right now which affords you a second paycheck, let's work together to find a place in the company where you will have it. And if we can't find it in our company, I'll work with you for a year or two, if it's required, to help you to find some other company where you draw that second paycheck."

He would then conclude, "You may wonder why I would make such an offer to you. The answer is quite simple. I know that if your second paycheck is unsatisfying, in time neither I nor our customers will be getting the productivity we need from your monetary paycheck."

Interestingly, in the five years I worked with his company, interfacing regularly with every single employee, I never once heard anyone challenge his assumption. Everyone seemed to know instinctively that it took more than a good paycheck and an array of employee benefits to bring out their best performance.

Since then, I've told this story to hundreds of executives, managers, and entrepreneurs whom I've coached. To a person, they agreed that second paychecks are vitally important. Yet, I found that few of them had put much thought into what constitutes a second paycheck for their workers. So, let's explore that topic for a few minutes, shall we?

In a brief podcast like this, I can't possibly cover all of the intrinsic motivations which underlie personal performance. Therefore, I'm limiting myself to one sphere of intrinsic motivation, namely, the ones which emerge when workers (or volunteers, in the case of a non-profit organization) are asked, "Why do you choose to work here instead of somewhere else?"

This question implies, of course, that the worker has a choice of where to work. That's not always the case. In many small towns in America, there may be only one or two major employers. Second paycheck or not, workers have little recourse as to where they look for a job.

For the moment, therefore, let's set those instances aside. Let's assume that you are managing workers who indeed have alternative opportunities for employment. Or perhaps you are a leader in the non-profit world. If so, many of your workers, if not all of them, are volunteers. They always are free to discontinue their volunteer service or take it elsewhere.

What are the intrinsic factors, then, which lead people to be part of your company or non-profit organization rather than some other one? When asked that question, workers generally couch

their rationale in terms of five considerations. Years ago, I began referring to these five considerations with a set of alliterative names which all begin with the letter “A.”

The first is Achievement. This motivational drive takes two different forms. In some cases, people are driven to achieve personally. In others, people are looking for opportunities to play a substantive and recognized role in an organization which is making notable achievements. In either case, these are action-oriented people. They want an environment focused on accomplishment, on getting things done.

The second intrinsic factor which draws people to a given organization is its Aims. This motivational attraction is commonplace in the non-profit world, where many organizations exist to bring about some altruistic purpose, such as conquering a particular disease or eradicating poverty or helping the disabled.

But companies in the for-profit sector can also have noble or exalted aims which inspire workers who find these aims magnetic. Some examples are companies which seek to produce organically-grown foods more economically. Or a company building affordable housing in poor, long-neglected neighborhoods. Many workers may draw a second paycheck merely by being part of such an enterprise.

The third motivational factor which leads people to be part of an organization is Affiliation. The organization holds their loyal engagement because it provides them with one of two things: either a strong sense of belonging; or close association and interaction with people whom they truly like. For these workers, work is as much a place to enjoy a vibrant social network as it is a place to earn a living. Family-run businesses, especially those which employ a large number of extended family members, are particularly prone to have workers whose second paycheck comes from Affiliation.

Unlike people motivated by Achievement and Aims, those motivated by an Affiliation impulse may have only passing interest in what the company achieves or what it espouses as its higher aims. They are therefore not perturbed if the company rebrands itself, restructures itself, or repurposes itself, so long as the changes do not deprive them of the interpersonal associations which they cherish.

The fourth of our five factors is Activity. This is the motivational impulse for people who enjoy certain types of activity so much that they can be contented workers wherever they have opportunities to pursue that activity. They move somewhat effortlessly from company to company, industry to industry, or from the for-profit sector to the non-profit sector. What they do is far more important to them than where they do it or the people with whom they do it.

To cite some examples, people who enjoy designing and delivering training may be willing to take that skill set anywhere that their training expertise is widely utilized. HR specialists in hiring and onboarding may be equally flexible as to where they work, so long as they can continue to hire and onboard workers. As with those who are motivated by Affiliation, workers who put a motivational premium on Activities may be unruffled by wholesale changes in the organization's Aims and fields of Achievement so long as they can continue doing the kinds of things which they enjoy.

Our fifth and final category is workers whose second paycheck comes in the form of Access – access to certain people, access to certain technologies, access to certain training, or access to certain sources of information. For decades people who wanted to be airline pilots have

undertaken five to ten-year stints in the Navy or Air Force to gain access to free flight training in high-performance aircraft. This gave them the *entre* which they needed to pursue a career as a commercial pilot. And while speaking of the airline industry, we might add that many people who work in this industry do so to have access to free air travel for themselves and their families. Take away that benefit, and they would be easily tempted to pursue employment elsewhere.

These then are the five motivational impulses which determine the kind of second paycheck which individual workers desire: Achievement, Aims, Affiliation, Activity, and Access. You can think of them as the currency in which workers want to receive their second paycheck. A person who is looking for a second paycheck in the currency of Activity will draw only limited motivation, if any at all, from a second paycheck in the currency of Aims or Affiliation.

I've never met anyone who was equally motivated by Achievement, Aims, Affiliation, Activity, and Access. In fact, having coached hundreds of people, I've not found anyone who was seriously motivated by more than two or maybe three of them. Even then, one was preferred above the others.

Once you know the type of second paycheck which carries the most motivational weight for a given worker, you are better prepared to anticipate how this person will react to specific changes under consideration. Will the worker support the change? Or resist it?

The more a change threatens a worker's second paycheck – or in the case of volunteers in a non-profit organization, their only paycheck – the more likely the worker is to resist change. On the other hand, if the change has little impact on the desired second paycheck, there may be no resistance whatsoever.

Because what we have been calling a second paycheck is the sole paycheck for volunteers in non-profit organizations, leaders in the non-profit sphere must be especially attuned to how change may affect their workers and their donors. I've repeatedly seen volunteers who had given years of loyal and dedicated service to a non-profit, simply walk away from it because the organization changed aims or because activities which the volunteers enjoyed were struck from the agenda or because other volunteers with whom they felt a sense of community dropped out.

Even though this dynamic is quite visible in the non-profit world, it is no less at play in the for-profit sector, in institutional life, or in government agencies. Leaders who ignore the importance of second paychecks imperil the possibility of having a top-performing organization.

Part of a leader's duty is to have a grasp of what his or her people are looking for, individually, in terms of a second paycheck. Can you answer that question for the people you lead? If not, then finding this answer should be a personal priority.

Then, once you have this answer, how will you assure that your people's tasking and duties provide ample opportunities for them to draw a regular second paycheck which will keep them highly motivated and engaged?

Wherever you lead, it is imperative for second paychecks to be paid as faithfully as monetary paychecks. Otherwise, you are inviting needlessly low morale and engagement and the likelihood of elevated turnover. Second paychecks don't put a drain on your cash flow. But they can certainly add to it.

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