

rewards and recognize individual differences. In using punishment, managers should punish only undesirable behavior, give reprimands or disciplinary actions as soon as possible, be clear about what behavior is undesirable, administer punishment in private, and combine punishment and positive reinforcement.



## 12.6 Using Compensation & Other Rewards to Motivate

Compensation is only one form of motivator. For incentive compensation plans for work, rewards must be linked to performance and be measurable; they must satisfy individual needs; they must be agreed on by manager and employee; and they must be perceived as being equitable, believable, and achievable by employees.

Popular incentive compensation plans are the following. (1) Pay for performance bases pay on one's results. One kind is payment according to piece rate, in which employees are paid according to how much output they produce. Another is the sales commission, in which sales representatives are paid a percentage

of the earnings the company made from their sales. (2) Bonuses are cash awards given to employees who achieve specific performance objectives. (3) Profit sharing is the distribution to employees of a percentage of the company's profits. (4) Gainsharing is the distribution of savings or "gains" to groups of employees who reduced costs and increased measurable productivity. (5) Stock options allow certain employees to buy stock at a future date for a discounted price. (6) Pay for knowledge ties employee pay to the number of job-relevant skills or academic degrees they earn.

There are also nonmonetary ways of compensating employees. Some employees will leave because they feel the need for work-life balance, the need to expand their skills, and the need to matter. To retain such employees, nonmonetary incentives have been introduced, such as the flexible workplace. Other incentives that keep employees from leaving are thoughtfulness by employees' managers, work-life benefits such as day care, attractive surroundings, skill-building and educational opportunities, and work sabbaticals.

# Management in Action

## School Officials from Marshall Metro High School Attempt to Motivate Students & Teachers to Achieve Higher Performance

At 7:15 on a chilly May morning, Marshall Metro High School attendance clerk Karin Henry punched numbers into a telephone, her red nails clacking as she dialed.

"Good morning, Miss MeMe," she said to Barbara "MeMe" Diamond, a 17-year-old junior with a habit of oversleeping. "This is Ms. Henry, your stalker."

The timing of the call was key. Earlier in the year, Ms. Henry and a coworker were spending nearly two hours a day calling every student who hadn't checked into school by 9:30 a.m. But weekly data tracked by their office found that only about 9% of those students ever arrived. So they changed tactics, zeroing in on habitual latecomers like MeMe, and delivering wake-up calls starting at 6:30. On that May morning, 19 of the 26 students called showed up. "I just stay in bed if no one calls me," MeMe said. "That 6:30 call be bugging me, but it gets me here."

District officials are betting that data—the relentless collection, evaluation, and application of them—can serve as a wake-up call for Marshall as well.

Chicago won \$20 million in federal money over three years to help improve its worst-performing schools, part of a \$3.5 billion program that targeted

1,247 failing schools nationwide. The district is kicking in another \$7 million in local money, and officials were determined to invest in programs that would help them measure progress, use the information to fine-tune tactics on the fly, and hold staff and students accountable for the results.

"We want to move investments to things that work," said Don Fraynd, the district official overseeing Marshall's turnaround.

One year in results from Marshall are far from conclusive, but district officials see promising trends. Average attendance rose 22 points to 75% for the year, and 79% of freshmen were on track to advance to 10th grade, up from 34%. At each grade level, scores on standardized tests improved from fall to spring in English, math, reading, and science. Other Chicago schools that have been in the program longer have reported similar gains. . . .

Data collection and analysis aren't new to public education; Houston's district was an early proponent and judged it a success. But few districts have embraced them to manage student and staff performance the way Chicago has. Mr. Fraynd said the data he tracks have played a role in disciplinary

actions and job losses for employees of his office and the schools he oversees. The data haven't been used against teachers, as their union contract bars it. But by 2013, such benchmarks as student academic growth will become part of broader teacher performance evaluations.

Chicago's program was partly modeled on CompStat, a New York City police system that required precinct commanders to analyze and answer for weekly crime statistics. Proponents said CompStat sharply reduced crime, though critics said the pressure led precincts to manipulate results. Similar concerns have been voiced about data-driven reform in schools.

An informal 2009 study by the Chicago Teachers Union found that a third of teachers felt pressured to alter student grades, in part because of the district's focus on data. The union said it doesn't object to data analysis to manage teacher performance, but worries that it will be used to punish teachers rather than help them. CTU spokeswoman Liz Brown said the union opposes the district's proposed method for incorporating student test data into teacher evaluations, calling it "unreliable and erratic." . . .

At Marshall, many staffers grumbled about the data-collection and entry requirements. Teachers, for example, had to log every incidence of student misconduct, from texting in class to fighting. Deans and department chairs input scores from every classroom teacher observation.

For Didi Afaneh, the year ended in frustration. As lead freshman teacher, she was responsible for keeping students on track to pass to 10th grade. She missed her goal by one percentage point, despite a series of steps teachers tried, from before- and after-school tutoring to visiting students at home to assigning mentors and counselors.

"For people who bust their butt every day to reach kids, and still we don't make our goals, it gets really depressing," she said at a May staff meeting. . . .

District officials targeted Marshall—a basketball powerhouse spotlighted in the documentary *Hoop Dreams*—based on some grim statistics. It had the city's lowest percentage of freshmen on track to become 10th-graders, and the lowest attendance rate among Chicago's conventional high schools: 53%. Half of its students were dropouts; only 3% passed state proficiency exams. . . .

The school used its turn-around funds to replace 80% of its faculty, revamp curriculum, and enhance antitruancy efforts, among other steps; it adopted the CompStat-style system to measure progress on all those fronts.

Two number crunchers at Marshall digested tens of thousands of data points, from the frequency of

fight to cheerleaders' GPAs. Charts lining the hallways listed attendance rates of individual students. Staff members gathered regularly for "performance management" meetings to review data and outline solutions. . . .

Principal Kenyatta Stansberry, who's ultimately responsible for the stats, proposed more training for teachers in data analysis so they can better track students, and a requirement that teachers complete detailed reports on student progress every five weeks. She also pledged to be more selective in picking teachers for the online program.

Kyle Birch, a first-year special-education teacher, adopted Marshall's data mining to scrutinize his own teaching methods. He picked apart every answer on one 40-question exam and found only 17% of his students could graph a sloped line, despite his spending days teaching the skill.

So Mr. Birch summoned his students outside and had them plot points with chalk on a grid drawn on the sidewalk. He made them walk a path connecting the dots, hoping the movement would aid their comprehension. In retesting later, he found that most of them understood. . . .

Marshall's most aggressive turnaround efforts focused on its most persistent challenge: attendance. Two years ago, barely half the students showed up on an average day.

Such absenteeism can doom broader reform efforts. Research shows that dropouts follow a process of gradual disengagement, where students miss more and more school until they find it impossible to catch up. Sporadic attendance makes it difficult for teachers to stay on pace with their lessons.

Ayesha El-Amin Calhoun, head of the attendance office, tried a number of tactics to boost attendance, from calling kids at home before school to dangling common attendance rewards such as bus passes and MP3 players. She also hired "student advocates," to cruise neighborhoods searching for students. Each of these efforts was measured, evaluated and, when warranted, adjusted or dropped.

At a January 27 meeting, Ms. Calhoun reported that her office was most effective with the most chronic absentees: 88% of students who showed up just a third of the time during the first quarter boosted their attendance the second quarter after some contact with her office.

She and her coworkers decided to focus more effort on students who were chronically late or absent, calling them before school and sending advocates out to find them. By the end of the year, attendance had risen to 75%.

What made the biggest difference, Ms. Calhoun concluded, was not the calls, but the quantity and

quality of interactions between students and her staff-ers. “The kids who make a connection to Ms. Henry or other adults in this office are the ones who keep coming back,” she said. She wants her staff to spend more time cultivating relationships with students like MeMe.

The most successful attendance program—the Calhoun Challenge—evolved over time. At the beginning of the year, Ms. Calhoun asked 74 chronically truant students to sign in every day for six weeks.

During the first few weeks, their attendance improved to 50% from 45%, but eventually trailed off to about 40%.

“I realized a short-term goal of 10 days was [more] attainable,” she said.

From there, Ms. Calhoun kept tweaking the challenges to boost response rates and test variables. In late October, she asked 43 frequent absentees to sign a contract promising to attend school for 10 straight days. In that span, they nearly closed the 20-point gap between their attendance rates and Marshall’s average. Once the challenge ended, the students lapsed.

Next year, Ms. Calhoun plans to open the challenges to more students, with competitions pitting siblings or groups against each other and follow-up contracts for students who slough off. She also plans

to devote more effort to students who have the intellectual ability to do well in school but who fall behind because of absenteeism.

## FOR DISCUSSION

1. To what extent are Marshall Metro’s attempts to motivate students consistent with recommendations derived from need theories? Discuss.
2. Which needs contained in Maslow, Alderfer, and McClelland’s theories are likely to motivate teachers to higher levels of performance? Explain your rationale.
3. To what extent is Marshall’s attempts to motivate students and teachers consistent with both equity and expectancy theory? Explain.
4. What type of reinforcement is Marshall using to motivate students to attend classes and study?
- 5.. What are the key lessons learned from this case? Discuss.

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## Self-Assessment

### What Is Your Reaction to Equity Differences?

#### OBJECTIVES

1. Assess your reaction to equity differences.
2. Gain more insight into yourself.

#### INTRODUCTION

Have you ever noticed that certain people scream “No fair!” whenever they perceive something as unequal? Have you also noticed that other people don’t seem bothered by inequity at all? According to researchers, when given the same amount of inequity, people respond differently depending on their individual equity sensitivity. There are varying degrees of equity sensitivity:

*Benevolents* are individuals who prefer their outcome-input ratios to be less than the others being compared. These are people who don’t mind being underrewarded.

*Equity Sensitives* are individuals who prefer outcome-input ratios to be equal. These people are

concerned with obtaining the rewards they perceive to be fair in relation to what others are receiving.

*Entitleds* are individuals who prefer that their outcome-input ratios go above those of the others being compared. These people aren’t worried by inequities and actually prefer situations in which they see themselves as overrewarded.

The purpose of this exercise is to assess your equity sensitivity.

#### INSTRUCTIONS

The five statements below ask what you would like your relationship to be within any organization. For each question, *divide* 10 points between the two answers (A and B) *by giving the most points to the answer that is most like you and the fewest points to the answer least like you*. You can give an equal number of points to A and B. You can make use of zeros if you like. Just be sure to use all 10 points on each question. (For instance, if statement A is completely appropriate