

Redefining worker motivation as virtue-driven

Most business literature assumes a binary divide between profit-seeking and mission-seeking motives. The problem with such a divide is that it is fundamentally judgemental and moralist: profit-seeking is not selfish in itself. The thing is that both mission-seeking and profit-seeking motives can be grouped under the concept of *virtue-driven work*. The term would avoid a common judgement of people's values, although it is irrefutable that solely relying on profit-seeking as a motivator has the potential to lead to short-termism, fraud and disengagement in the workplace. Virtue is the pursuit of what one sees as right to the best of one's ability, regardless of whether that is pure profit-seeking or fuelled by visions of fairness, trust or reciprocity. It also allows for people to be fuelled by multiple motives, in varying degrees over time and depending on the person. It is not uncommon to see an individual once primarily fuelled by fairness become more fuelled by economic capital once they become a parent, or an individual such as Bill Gates once primarily focused on economic incentives transition to philanthropy, with fairness overcoming economic gain as a main driver. This is a short review of how business literature should redefine worker motivation as virtue-driven to accommodate for the complexity of human philosophy.

Classic economic textbooks define the *firm* as the following: $q = f(K, L)$. A pure input of capital and labour makes a quantity, a product. Many authors have highlighted how such a depiction undermines the centrality of the firm in society. Simon (1991) argued that an external observer would see firms as structured organisations with internal hierarchies and authority dominating the economic landscape, rather than as mere points of market exchange. The recognition of the centrality of the firm in society rather than a simple aggregation of individual agents complexifies its definition and the reasoning behind what motivates the existence of firms. Transaction cost theory, developed by Coase (1937) and Williamson (1975), argues that firms substitute "*learning and haggling costs*" with hierarchies. They argue that markets are characterised by constant negotiation, and these costs in terms of economic capital and time make it *inefficient* for firms not to mitigate these costs by the prospect of long-term economic partnership. However, the definition of the firm as an aggregation of contracts and relations complexifies the conceptualisation of the firm further: the problem of *individual interest* arises. The separation of ownership from management makes the *principal-agent problem* all the more real. The *indeterminacy* of the relationship, a concept developed by Hart & Moore (1990), highlights that owners buy labour power, but not labour itself and that there is a conflict of interest between manager and owner. The visualisation of the firm as a *nexus of contracts* drives agents to try and build complete contracts, where a big part is done through bonuses and long-term incentives, particularly bridging the gap between ownership and management, although it has been shown being a shareholder largely differs from ownership per se. There are however, many criticisms of the definition of the firm as a *nexus of contracts*, pointing at a diversity of goals of firms and motivations of individuals. The firm, in this vision, is an *empty shell* (Kay, 2019), meaning that it reduces the firm to a legal structure without capturing its deeper social role .

The means employed by contract makers who view utility maximization are flawed through their over-reliance on performance pay. If performance pay was as efficient and fundamentally desired by workers as implied by models assuming agents are rational utility maximisers, such as Taylor's scientific management model, why is performance pay not as prevalent in the public sector than it is in the private sector? It was indeed demonstrated by Bryson et al. (2017) that performance pay was negligible in the public sector compared to the private sector, and that it increased neither performance nor satisfaction in the public sector. This hints at the fact that there exists multiple types of motivations to execute work. The motivation can be different in profit-seeking work or mission-oriented work, while it would be presumptuous to assume that profit-seeking work is not a form of mission-seeking work. There is furthermore ample evidence to suggest that workers are motivated by the concepts of fairness, trust and reciprocity (Falk, 2014). This indeed allows the separation of *eu-tychè* from *eu-daimone*, but can be enveloped in a broader concept: it is the search of fulfillment and happiness through *virtue* that fuels workers. Virtue is broad enough to be fairness, trust and reciprocity, with proportions of importance depending on the individual, while also not diminishing the vitality of performance pay in the performance and satisfaction of workers. Virtue also has the ability to be subjective and universal, it is simply to do what is right to the best of one's ability. While one may believe that what is right is to be fair, another might believe it is accumulating capital in order to allow their family

to be well off, in all cases, workers will aim to fulfill their beliefs, irrespective of their primary driver. The term therefore encompasses all individuals with all kinds of beliefs, be it a trader on Wall Street in search for maximum profits or a factory worker in the Soviet Union in the 1930s, fuelled by equality.

The concept hints at a type of management pragmatic and innovative organisations seem to have been converging towards for a while. There is a deep incorporation of worker-led innovation in organisational projects that are enabled through freedom and a culture rewarding employees showing initiative in innovating inside the firm. The proof is the number of firms such as BMW, Samsung, and Volkswagen that encourage their employees to lead projects in the firms. This is embedded in an implicit contract, but also individual motivation led by virtue. Numerous social exchange theories argue that when employees feel valued and supported, they reciprocate with loyalty and productivity (Eisenberger et al., 1986), and allowing employees to build and innovate, to create a lasting positive impact in projects that allow them to do what they think is right to the best of their ability results in positive outcomes for the organisation.

However, there is a further relation that can be established: take Google's '20% time' policy for example. Allowing employees to work on independent projects encourages intellectual virtue and will tend to make workers more fulfilled and creative, increasing performance. This does not however, reduce the need for KPI-based incentives to account for the diversity of sources of motivation workers have individually and collectively.

Much business literature, reflective of human capital theory (Becker, 1964), views employees' skills, knowledge, and abilities as critical resources that can be enhanced to increase organisational productivity, yet disregard the need for the alignment of the organisation and the mind of the worker inside it to guarantee they see the success of the organisation as conducive to individual fulfillment. Employers would therefore not only need to guarantee the training, development and mental well-being of the employee, but also a sense of philosophical alignment through their company culture, or to allow employees to realise a possibly pre-existent alignment. Companies successful in such an alignment include Google, Canva and Blackstone through perceiving and acting in regards to what workers are fundamentally aligned with the most, innovation, generosity and fairness respectively with regards to Google's small team projects, Canva's "Force for Good" and the Blackstone's Copeland initiative.

The philosophical concept of pursuing happiness through virtue is one fully ingrained in our way of thinking. The prerequisite to the understanding of the concept introduced by Aristotle is firstly the recognition of happiness as the highest good and as something that is desired for its own sake, not as a means to something else. An important distinction to determine, as is made in ancient Greek, is to differentiate *eu-tychè*, which translates to fortune or pleasure, and is exogenous to oneself from *eu-daimone*, which is endogenous and can be seen as self-flourishing. Aristotle argues, in *Nicomachean Ethics*, that as humans have the ability to think, reason and act rationally, contrarily to plants and animals, that they should do so to fully express their nature. Where this philosophy becomes useful in business and worker motivation is that it is highly ingrained in what we think in the modern era and applies to the various motivations workers have. It even applies to workers that work with a poor amount of self-fulfillment possible through their job but work to find fulfillment outside of work.

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