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Breakthrough Loyalty: The New Normal Requires New Thinking about Human Motivation and Behavior

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The game has changed. The paradigms that brought success in the past will not bring success in the future. The uncertainty spurred by the economic crisis and recession has intensified the need to ensure your valued customers, employees and business partners stick with you. People's relationship with business has changed, and too many businesses are caught with an outdated set of assumptions on what makes people tick. Peter Drucker described business as a social institution and management as a social discipline. All social disciplines are anchored in assumptions about human behavior (Drucker, 1999). In this paper, we challenge prevailing assumptions about human motivation and behavior. We propose that an evolved set of principles, anchored in the latest research in neuroscience and the human sciences, are needed if we are to create truly loyal relationships. Those who invent new paths for loyalty must begin with an updated set of assumptions about people and how they relate to business.



Executive Summary

Rational Self-Interest – The Prevailing Paradigm

Classical economics is the prevailing paradigm underpinning most business practice. The core of this theory says that people maximize utility through self-interest, often in competition with others. The score of the game is kept by how much you get, and if that means you get more by winning against your competition, so be it. It presumes people are completely rational and wired to make rational decisions that are in their best self-interest. Consider your consumer loyalty program or your channel sales incentive program. How is it designed? Most likely, it is designed based on a “do this, get that” proposition. The more you spend, the more you earn, or the more you sell, the more you earn. Today, that’s [just table stakes](#). **In the new normal, if this is all you’re doing, you’re falling behind.**

More than Rational

A man rushes in to a burning building to save a stranger. A woman drives ten minutes out of her way and pays twice as much for a coffee from her favorite shop. A sales rep pours over product knowledge information so he can sell more simply for the honor of being called sales rep of the month. If not driven purely by self-interest, where do our motivations come from?

A whole lot has happened since Skinner declared that behaviors were all that could reliably be studied—that the human brain was a “black box” that could not be understood. Particularly in the last two decades, there have been massive advances in understanding the human brain and how mental processes impact behavior and social interactions. Which brings us to an essential people principle that must underpin program design: **People are both rational and emotional.**

The brain has two interdependent systems at work at all times – the emotional system and the rational system. The duo’s tension is captured best by an analogy used by University of Virginia psychologist Jonathan Haidt in his book *The Happiness Hypothesis*. Haidt says that our emotional side is an Elephant and our rational side is its Rider. Perched atop the Elephant, the Rider holds the reins and seems to be the leader. But the Rider’s control is precarious because the Rider is so small relative to the Elephant. Anytime the six-ton Elephant and the Rider disagree about which direction to go, the Rider is going to lose. He’s completely overmatched (Haidt, 2006).

A more scientific understanding of these two systems is offered by Matthew Lieberman, a leading neuroscientist at UCLA, who says we are aware of controlled processes (sometimes referred to as [rational processes](#)). They require effort and conscious intent. Typically rational processes are experienced as self-generated thoughts. Automatic processes (sometimes referred to as [emotional/nonconscious processes](#)), on the other hand, operate outside of our awareness and conscious intention. They require very little effort and are usually experienced as perceptions or feelings (Lieberman, 2003).

Here is where the whole thing gets messy. These systems work in parallel, intermixing emotional and rational functions in various ratios. In fact, at an unconscious level, the emotional system is whirring away largely coloring how your organization and/or program are viewed, and whether people feel motivated to buy more, sell more, or work harder. So, isn’t it worth getting to know this emotional system and the different ways we are motivated a little bit better?

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We Are Driven

A recent book, *Drive –The Surprising Truth About What Motivates Us* by Daniel Pink, strives to unveil the core motivators all humans share. This is a worthwhile pursuit because understanding core motivations is critical to creating more effective business practices and programs. This book, grounded in psychology, points out that a combination of extrinsic and intrinsic motivators drive our behavior. We believe that neuroscience can lend complementary insights and evidence that provides new understanding.

In order to more deeply understand what drives people, it is important to broaden our context beyond the individual. Our brains have evolved over thousands of years in a social context. **Our brains are wired to be social.**

The brain is set up to be sure there is social connection. In fact, the entire fields of social neuroscience and social cognitive neuroscience have sprung up to study the ways that our brains and physiology process information about ourselves and our interactions in the social environment. Daniel Goleman captures this concept:

The social brain is the sum of the neural mechanisms that orchestrate our interactions as well as our thoughts and feelings about people and our relationships. The most telling news here may be that the social brain represents the only biological system in our bodies that continually attunes us to, and in turn becomes influenced by, the internal state of people we're with. All other biological systems, from our lymphatic glands to our spleen, mainly regulate their activity in response to signals emerging from within the body, not beyond our skin. ... Our social interactions even play a role in reshaping our brain, through "neuroplasticity," which means that repeated experiences sculpt the shape, size, and number of neurons and their synaptic connections. By repeatedly driving our brain into a given register, our key relationships can gradually mould certain neural circuitry. (Goleman, 2006, p. 11)

So, there really is truth to what our parents told us – watch out what friends you choose. Biologically, the people you spend time with not only affect your mood, but can actually change the way your brain works. What else can biology and other sciences tell us about our motivations?

The human sciences are revealing that human drives are processed primarily in the limbic region of the brain which is often called "the seat of emotions." The limbic center is a cluster of brain modules located in the lower central brain and is a gateway between our senses (sight, hearing, etc.) and our prefrontal cortex, which is the "seat of rational processes" (thinking back to the elephant and rider analogy, the rider's home is the prefrontal cortex.) When neural messages are routed from our senses through the limbic centers of the brain, they pick up "markers" that indicate whether the "thing being sensed" is registering as beneficial or harmful in terms of basic human purposes or drives. For example, when we sense danger, the "marker" comes in the form of adrenalin, helping us to fight or flee. These "markers" or affective signals are an essential part of the reasoning and decision-making processes. Reasoning does not work without affective signals to provide goals, intentions, and ultimate motives (Damasio, 1994). This perspective is largely supported by self-determination theory of Edward Deci and Richard Ryan, who propose that "human needs are innate, organismic necessities rather than acquired motives." (Deci and Ryan, 2000).

Finally, people are driven by multiple motivators. It is time for the incentive and loyalty industry to expand our perspective on what drives people. People are driven by more than acquiring things (i.e. chasing “carrots”). This means that the “do this, get that” reward structure is insufficient for true loyalty. True loyalty must also tap the basic human drive to climb the status ladder, the human drive to connect meaningfully with one another, the human drive to express oneself, the human drive to learn and master a skill. The bottom-line is that people are more complex than we have been willing to acknowledge.

In Summary

The game has changed. It is time to challenge prevailing assumptions about human motivation and behavior and to propose an evolved set of assumptions, anchored in the latest research in neuroscience and other human sciences. Pragmatically speaking, this evolved set of assumptions or people principles should inform program design and spur very different thinking for strategies and tactics of loyalty programs. Often when we want to create very different results, we tweak our current designs and execution plans. This may create an improvement, but isn't likely to create a very big difference. We are adding a higher-leverage component to the mix by taking a fresh look at human motivation and behavior. When we change and evolve our assumptions about people, we are able to think very differently about program designs that have the potential to create very different results. Companies that embrace this thinking are more likely to not only to survive but to thrive in the new normal.

The Maritz Institute

Simply stated, the role of The Maritz Institute is to help create “Better Business. Better Lives.” The Institute serves as a bridge between the human sciences and Maritz business solutions, which are designed to help companies achieve strategic goals by engaging employees, business partners and customers. We bring insight – anchored in science – that provides a foundation for understanding, enabling and motivating people in ways that are most meaningful to them. For more information, visit www.maritz.com/institute.

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