"If you're looking for proven ways of increasing company performance while building employee loyalty, productivity, and satisfaction, this book is for you. I recommend it enthusiastically."

—Richard Parsons, CEO of Time Warner

THE ENTHUSIASTIC EMPLOYEE

How Companies Profit by Giving Workers What They Want

BASED ON YEARS OF RESEARCH WITH MILLIONS OF EMPLOYEES

DAVID SIROTA
LOUIS A. MISCHKIND • MICHAEL IRWIN MELTZER

The Enthusiastic Employee

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This work is dedicated to our families:

Our wives: Barbara, Carol, and Janet.

And our children: Rima and Abigail,
Samson and Eden, Rachel and Daniel.

Our enthusiasm at its source.

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About the Authors

David Sirota has two abiding professional interests: organization behavior and survey research. Both of these interests took hold at the University of Michigan, where he received his doctorate, and which, in that university's Institute for Social Research, was a leading center for applying survey methods to the study of organizations, their employees, and their effectiveness.

Upon receiving his doctorate, he was recruited by the International Business Machines Corporation to help initiate behavioral science research there. He stayed at IBM for 12 years in a variety of management and research positions, leaving in 1972 to set up his own firm, Sirota Consulting. Sirota Consulting specializes in the diagnosis and improvement of the relationships of organizations with all of their key constituencies: employees, customers, suppliers, investors, and communities. In 1996, David became Chairman Emeritus of the firm, after completing his own succession plan with key employees. He continues to consult with selected clients, primarily on matters of teamwork within and between organizations.

Parallel to his career as a consultant, David has had an academic career, having taught at the School of Industrial and Labor Relations of Cornell University, the School of Industrial Administration of Yale University, the Sloan School of the Massachusetts Institute of Technology, and the Wharton School of the University of Pennsylvania.

David is married with two children and lives in New York City.

Louis A. Mischkind is a Senior Vice President of Sirota Consulting and the first appointed Fellow of the David Sirota Research Foundation for the Social Sciences. He has been associated with the firm for over fifteen years.

Lou's work has spanned the public, private, and government sectors. He specializes in multi-constituency research such as the teachers, principals, students, and staff members of the Dallas Independent School District and the trade affected workers, employers, training providers, and staff of the Trade Adjustment Program of the Department of Labor. His other clients are quite varied and include the Mayo Clinic, the New York Times Company, General Mills, the Computer Science Corporation, and the Bank of America.

Before joining Sirota, Lou was Program Director of Executive Development for IBM. One of his duties included running the executive assessment center for the IBM technical community. Lou also spent ten years as the "Plant Shrink," as it was affectionately called, in the IBM General Products Division San Jose site in California. He oversaw the employee survey, ran team development programs, and was a teacher in management and professional development programs.

He holds a Masters Degree in Experimental Psychology from Columbia University and a Ph.D. in Organizational Psychology from New York University. He lives in Irvington, New York, with his wife, Carol. He is the father of two grown children.

As a practicing attorney in a Manhattan law firm for over 25 years, **Michael Meltzer** has seen a startling assortment of business environments. From financial consultancies to real estate developers, from sales and distribution juggernauts to professional practices and entertainers, Michael has had the benefit of extensive experience in dealing with people and businesses. His practice ultimately transcended legal issues alone and Michael has had the opportunity to also focus on key business issues: organizational governance, business strategy, and personnel policies.

In the course of his general practice, Michael represented Sirota Consulting and in 1990 was named as the company's outside general counsel while he continued his private practice. In 2001, he became Sirota Consulting's first in-house counsel. He now serves as the firm's Chief Operating Officer and its General Counsel.

In the early part of his career, Michael was also an Adjunct Assistant Professor at Pace University in New York, teaching business organizations, real estate law, and trusts and estates. He holds a B.A. from The George Washington University, in Washington, D.C., and a J.D. from Brooklyn Law School.

Michael lives in White Plains, New York, along with his wife, Janet, who is a nursery school teacher and who continues to teach him the truly important lessons. Michael has learned to play well with others but still cannot draw a straight line. They have two grown children.

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Introduction

The impact shook everything for blocks. Fire, charged by thousands of gallons of jet fuel, sucked so much oxygen out of the air around the impact zone that windows in nearby buildings blew out as the towers of the World Trade Center began to wither and then collapse. On the 32nd floor of the World Financial Center, the offices of *Barron's Magazine* shook. Computers, office supplies, and equipment flew out the windows. Stunned workers held on for dear life. Then, they carefully made their way out of the building to safety. The editorial and business offices of *Barron's Magazine* had been almost instantaneously decimated. The damage was so great that it took more than a year to refurbish the offices.

Yet, on September 11, 2001, as people fled the building, *Barron's* employees had already turned their attention to the task of publishing the magazine on time. Months later, Ed Finn, *Barron's* Managing Editor, recalled that the attack had not prevented his employees from publishing a full edition of the magazine three days after their offices were destroyed. In fact, the idea of not publishing never even came up; the only question any employee asked was how the team would accomplish it. None of us would want to face the challenges that *Barron's*—and many, many others—faced that day, but we can all appreciate what the *Barron's* employees did. We can all agree that most organizations would love to have employees who display that level of enthusiasm for their jobs, their companies, and their colleagues.

This is a book about enthusiastic workers.

Managers at all levels often spend an inordinate amount of time with "difficult" individual employees—employees who are angry, uncooperative, or perhaps neurotically demanding of attention. In fact, the task of dealing with such behavior problems is often perceived as a significant human resources cost. But, the reality is even worse, because the bigger problem is the vast number of workers who are not openly troublesome, but who have become largely indifferent to the organization and its purposes. This is the greater problem because the troublemakers can be identified and dealt with; the "walking indifferent," however, are silent killers. They have learned to expect not too much and to give not too much. Yet, these workers are normal people with reasonable human wants. Somehow, their human needs are only marginally satisfied, if at all, by the companies for which they work. In return, they give to the companies a mere fraction of what they are capable of contributing. The economic cost of this underutilization to the affected businesses is enormous.

How does a company tackle this problem? One approach is to more closely supervise employees, pressuring them to do more. On a more positive note, other managers treat their workers to a procession of "motivational" speakers, rah-rah events, and programs. Neither approach will do much good—in fact, the former will likely exacerbate the problem. We need to get to the root of the matter, the source of employee indifference, and we need to address it. The real challenge is to turn indifferent workers into enthusiastic workers. The solution might surprise you.

First, we must understand what workers want. Then, we must give it to them!

This may sound absurd to some, a sure road to insolvency. On the contrary, it is a powerful path to business success. Why do we say this?

1. Many years of research have established that, surprisingly, little real conflict exists between the goals of the overwhelming majority of workers and those of their employers.

   It is a common, but harmful, misconception that people and their organizations are in a natural state of conflict. This book starts by setting the record straight, examining the source of this confusion, and providing a fresh start to understanding what workers really want. We show that the key question is not how to motivate employees, but how to sustain—and prevent management from destroying—the motivation that employees naturally bring to their jobs.

2. Workers have basic human needs that management can and should work to address. Creating an environment in which these needs are met results not just in satisfied employees, but enthusiastic employees.

   What is the basis of human motivation in the workplace? We discuss three key factors of worker motivation and what they mean. We also show the extraordinary effect of successfully addressing all three of these key factors.

3. Employee enthusiasm—a state of high employee morale that derives from satisfying the three key needs of workers—results in enormous competitive advantages for those companies with the strength of leadership to manage for real long-term results.

Our proof is the numerous cases that we have collected over 30 years of survey research into the effect of employee attitudes on organizational effectiveness. We explore what the data show, illustrating our data with case histories and comments drawn from our extensive research, and we connect the data to business outcomes.

Asking the Questions

How do we claim to know what workers want? It is not by untested hypothesis, imagination, or philosophy. It is not by thinking "out of the box" as the vogue term goes, nor is it by generalizing based on a series of anecdotes. The only real way to learn what's on workers' minds is to *ask them*! This involves asking them simply and directly using inquiry methods that assure that the results are representative and valid.

Real data are the best antidote against jumping to conclusions based only on personal biases, the latest fad, or anecdotes. By using real data, we know what workers want, why they want it, and what it means.

We have been asking workers questions for more than 30 years…or, more accurately, a talented group of industrial organizational psychologists at Sirota Consulting, along with the authors, have engaged in employee-attitude research for more than 30 years. In that time, we collected over 4 *million* survey responses from employees around the word. The data have been collected on various general topics or dimensions of attitudes. Over the course of time, we organized those dimensions into a model that aligns employee attitudes with bottom-line business outcomes.

Asking the Right Questions

Although it is certainly a positive thing that we have collected extensive attitudinal data by actually asking workers about their opinions, we imagine that a few readers are now wondering how we know which questions to ask. The answer to that question requires a little background.

In 1972, David Sirota organized a small business to pursue his mission of improving organization performance through the systematic assessment and management of employee, customer, and community relations. From 1959 through 1972, David was a director of behavioral science research and application for IBM. There, David's activities included the establishment of IBM's worldwide employee-attitude survey program.

David has a broad industrial and academic background. With a doctorate from the University of Michigan, he was a study director at that University's Institute of Social Research. He now serves on that institute's Board of Advisors. He has taught at the School of Industrial and Labor Relations of Cornell University, at Yale University, the Sloan School of Management of the Massachusetts Institute of Technology, and as associate professor of management at the Wharton School of the University of Pennsylvania. He is now Chairman Emeritus of Sirota Consulting.

Co-author Louis Mischkind is, likewise, steeped in survey research, with over 35 years of experience in the field. Prior to joining Sirota Consulting, as Senior Vice President, Lou was the program director of executive development at IBM, advisor on human resources to the president of the General Products Division, and in charge of opinion surveys and management assessment for IBM's technical community. He has taught courses in social and organizational psychology at NYU. He holds a master's degree in experimental psychology from Columbia University and a Ph.D. in organizational psychology from New York University.

Co-author Michael Meltzer comes to the subject from a different background. Michael is a lawyer, practicing business and related law since 1976. He has been an advisor to diverse businesses, including financial consulting, real-estate development, sales and distribution, labor law, construction, and business-management companies. Michael also served as an adjunct assistant professor at Pace University, teaching business organizations, real-estate law and trusts and estates, and he has served as a New York City civil court arbitrator. Michael received a B.A. from The George Washington University in Washington D.C., in 1972, and a J.D. from Brooklyn Law School in 1975. He joined Sirota Consulting in 2001 as Managing Director and General Counsel.

As David's reputation grew, both for superior research and for an ability to collect meaningful data that could be used for real business improvement, the small business expanded into an internationally known and respected consultancy. Sirota Consulting is now one of the larger independent privately owned companies in the U.S. that specializes in organization survey research. Sirota consultants have conducted a wide variety of surveys for hundreds of organizations around the world. The company's mission remains much the same as it was when David first started it: to use survey data to help organizations build strong, productive relationships with its key constituencies such as employees, customers, suppliers, communities, investors, opinion leaders, and the public at large.

Our experience, although extensive, is not the only basis for the statement that we have asked the right questions. The research done by Sirota Consultants over the years has followed a widely accepted protocol for attitudinal research: individual interviews, focus groups, and reliability and validation testing. You can find more detailed information on our methods in Chapter 2, "Employee Enthusiasm and Business Success," in Appendix A, "Survey Administration and Population Composition," and Appendix B, "Reliability and Validity of the Data."

Our years of research, experience, and testing have resulted in an enormous pool of responses from which the data for this book have been drawn.

Questions Result in Data

What are our survey data made of? Regarding the kinds of questions we ask, our approach, as we have indicated, is to ask simple and direct questions. You will see that we "psychologize" neither in the interpretation of the answers to our surveys nor in the way we ask our questions. If we want to know how employees feel about their pay, we ask them how they feel about their pay. We don't use "projective" techniques (such as asking them how they feel *others* would rate their pay) on the assumption that they would be hesitant to tell us how they feel but would "project" their views onto others. Although some debate exists among survey researchers about the use of direct versus indirect techniques, the evidence is clear: when administered correctly, such as with guarantees of confidentiality, almost all employees answer direct questions honestly. Furthermore, there is no confusion when the responses to such questions are reported to management: when employees say that they are happy or unhappy with their pay, that's exactly what they mean. You can find a detailed discussion of this matter and examples of the numerous reliability and validity tests we have applied to our data methods in Appendix B.

How about the kinds of people we survey? This is an important question because we need to know just how representative and recent our evidence is. First, the analyses in this book are based on the employee survey data collected just from 1994 to 2003; therefore, the data are relatively recent. Second, although the data come from many organizations and are representative of them, we do not claim that they are representative of all workers everywhere over that period. That would be an over-generalization. Yes, a wide variety of industries is represented, but our evidence comes predominantly from the private sector, with just 5 percent of the organizations surveyed being government agencies and 12 percent not-for-profit organizations, such as hospitals. Because survey efforts of this type are not typically done in small organizations for various reasons, large corporations predominate in our sample. Many participating companies are multinational corporations; most are headquartered in North America and 78 percent of the employees we surveyed work in the U.S. or Canada. The majority of the others work in Europe. See Appendix A for further details on the composition of the surveyed populations.

Obviously, our data come only from organizations that asked us to survey their employees. To the casual reader, it might seem that this fact might make the participating organizations unrepresentative because the sample would be made up of companies that are probably more interested in employee satisfaction than the average company. Although that's theoretically true, the reality is that the overwhelming majority of large organizations in all sectors have conducted surveys, so this is not significant.

Another issue concerns the types of organizations that would commission this particular firm, Sirota Consulting, to conduct the survey. Sirota

Consulting employs a rather intensive data-feedback and action-planning process that requires more management time than is true of the typical employee poll. Agreeing to this process might mean that management is more serious about morale than is the average company and, therefore, possibly has higher morale than elsewhere. We have collected and reviewed the data from many surveys performed by others—both external and internal consultants—and we find a great similarity between their results and ours. This, therefore, is not an important problem, either. Appendix D contains a comparison of our data with those from research done by others.

The main issue, then, is the skewed nature of our sample with respect to organization size and geography. But, although the company's clients as a whole may not be perfectly representative of the universe of all organizations, there still is considerable diversity among them: in size, type of industry, types of occupations, average ages of the workforce, and the like. This book shows that the basic patterns of results we describe hold across all these differences. In statistical terms, therefore, having a sample more representative of all organizations, for example, with more small companies, would likely have little impact on our conclusions.

We can bring together the results from many different organizations because, although the surveys are geared toward the needs and conditions of individual clients, a core set of questions is appropriate and is asked just about everywhere. The core questions permit a broad, reliable depiction of worker attitudes across many varied organizations, and an analysis of those attitudes determines their causes and their business consequences. These data and analyses—amply supplemented by the systematic studies and thoughtful observations of others—form the research basis of this book.

The data are also liberally supplemented throughout by "qualitative" and "anecdotal" data. The quantitative information and analyses provide *scientific rigor*; the qualitative information helps to give *meaning* to the numbers. One source of qualitative information is the "open-ended" questions in our surveys to which employees are asked to respond in their own words (rather than check an answer to a multiple-choice question). When, say, 73 percent of employees in a company respond negatively to a multiple-choice question about their ability to get their jobs done, the answer to an open-ended question can tell us why they feel that way. For example, in answer to the open-ended question, "What do you like least about working here?" an employee in that company wrote:

> *The biggest problem here is the maze of bureaucracy and red tape. I frequently see long e-mail chains that show very clearly how often people have spent days, if not weeks, just trying to track down the proper person or department to contact for assistance or approval. Why do we need so many approval levels? I often feel this company cannot get out of its own way, not unlike the ill-fated Titanic.*

Numerous similar comments about “bureaucracy” appeared in that company’s survey.

Our other major sources of qualitative information are:

- Focus groups, conducted before just about every survey with small groups of randomly selected employees from throughout the organization. We use these free-wheeling discussions to help determine the unique issues that need to be addressed in that organization’s questionnaire and to help in the interpretation of the quantitative data that the questionnaire generates.
- In-depth interviews and case studies from clearly identified high-morale, high-performing client organizations to give greater insight into what those managements do. These are both total organizations and segments of them (such as *Barron’s Magazine*, which is a division of Dow Jones).
- Our own informal observations and discussions over the many years we have been doing this work. For example, we have observed how managers struggle with a variety of pay-for-performance plans, seeking the one that will best reward and most motivate employees (or, at least, will result in the least dissatisfaction). As we move from company to company, we observe which plans seem to work best and which least well, and we share these observations with the reader. When sound research on these issues is available, we bring it to bear on our conclusions.

Therefore, the data in this book consist of a *combination* of quantitative and qualitative data.[1] While disputes rage in the social sciences between proponents of the two kinds of information, *both* kinds of data are important—neither stands well by itself. One provides statistical reliability and proof, the other provides meaning—it brings the dry statistics to life and can also provide direction for dealing with the issues uncovered by the survey. Most of the underlying framework for our book, however, comes from the quantitative data—the percentages of employees that report satisfaction or dissatisfaction on our surveys and the way those numbers relate statistically to each other and to management practices and measures of performance. As will be seen in this book, our results, as well as the survey results of others, repeat themselves in similar basic patterns in study after study. This is the great benefit of quantitative research: its results can be *tested* through replication using scientific methods. Qualitative information—such as anecdotes—don't have that power: one can "prove" or "disprove" anything through a selected anecdote or write-in comment. Their power lies in their giving depth to the statistics.[2]

In conclusion, Sirota Consulting has been studying the attitudes of people at work—and the business consequences of those attitudes—for more than three decades. Since 1994 alone, we have surveyed approximately 2.5 million employees in 237 private, public, and not-for-profit client organizations in 89 countries. Sirota Consulting's database of responses is extensive and, supplemented by our sources of rich qualitative data, provides insight into what workers want and why smart managers give it to them!

After the Honeymoon

It is a well-known phenomenon that the overwhelming majority of people begin a new job with a sense of enthusiasm. As they enter a job, people are naturally excited about their work and their organizations, eager to be part of a productive team of co-workers, and reasonable in how they expect to be treated. This is true for about 95 percent of any worker population; the other 5 percent—largely those who might be described as "allergic" to work—should never have been hired and, while at work, can be managed only with continuing close supervision and credible threats of dismissal. A major problem is that, in many organizations, management generalizes the behavior of this small group to just about every worker, which makes the work environment oppressive for all and suppresses the natural enthusiasm that most people bring to their jobs.

For that reason and others, usually starting about six months after being hired, something happens to the great masses of employees who begin work enthusiastically. We find significant declines in morale in 9 out of 10 companies after the "honeymoon" period. It is not just that the novelty wears off; the decline—and its deleterious impact on performance—is a consequence of management practice. In fact, one can say that, often, it is *management* that kills enthusiasm!

Yet, we find that in about 10 percent of organizations, worker enthusiasm does not materially diminish. What accounts for this difference? That is a central topic that this book explores and answers.

A Quick Look at "Old-Fashioned" Theories

Some people might see this book as having an old-fashioned point of view because our thinking flies in the face of the currently vogue theory that "loyalty is dead." The "loyalty is dead" crowd suggests that new economic conditions have made untenable the previous paternalistic pattern of lifetime careers in "caring" companies. In short, the new theorists argue that it's every person for himself or herself in a brutal new environment where the employment relationship becomes no more than a transaction.

We argue that loyalty between workers and management is, indeed, dead if it derives from the old parent-child model of paternalistic organizations. That's not what we talk about when we argue for satisfying workers' wants. We think of most workers as mature and independent adults, not children.

However, the paternalism of the past does not have to be replaced with a value-neutral transactional system where, in essence, employees "are owed nothing but a paycheck" and are removed from the payroll as soon as they are no longer needed. (In fact, if at all possible, they are not put on the payroll and are instead employed as "independent contractors.")

The gains from a transactional relationship are usually temporary, in part because such organizations receive from most of their workers little beyond what is absolutely required and monitored. For example, can a company expect its employees to treat customers with individual care and concern—the care and concern that create loyal customers—when the employees themselves are treated as invisible, interchangeable and expendable parts? A transactional relationship is therefore often a prescription for short-term success (in terms of cost reduction) and long-term mediocrity.

We therefore maintain that neither a paternalistic nor a transactional relationship is the most effective way to create high levels of long-term organization performance. The policies and practices we describe in this book represent, in their sum, a third alternative, which we call *partnership*.

The loyalty in a partnership relationship is not the kind that parents and children have toward each other, but rather the bonds that develop among adults *working collaboratively toward common, long-term goals and having a genuine concern for each other's interests and needs.* As we use the term, partnership is a business relationship *plus*—the plus being the human dimension, the trust and goodwill, that allows people to perform above and beyond what is required by monetary calculations, formal contracts, and very short-term interests. Partnership has not been used often to describe the actual or even ideal employee-management relationship, but in our view, it most accurately captures the spirit of the policies and practices we find repeatedly in enthusiastic and high-performing organizations.

This book is old-fashioned in other ways as well. For one, there is a strong tendency for modern authors in our field—the field of organization psychology—to focus almost exclusively on what they term higher-order employee needs, such as "self-actualization." There is less written about the fact that people also work for a living! Ignoring or downplaying matters such as pay, benefits, and job security is an error of monumental proportions. As we show in this book, management can do little to maintain high employee morale if workers harbor a fundamental sense of unfairness as to how they are treated on these basic issues.

A related error is made by "new economy" theorists who disparage what they consider characteristics of "old economy" companies and older workers, such as the need for work direction and structure. At the extreme, these theorists seem to advocate extraordinarily fluid organizations, almost chaos, as what today's workers want and what organizations need to survive in a rapidly changing business environment. Nonsense! Many classical dictums about direction and structure are as applicable today as they were before the "information age." We wonder how much of the implosion of companies in the hi-tech sector was a consequence of their inattention to the basics (the "blocking and tackling") of management. And we think that workers themselves have not changed that much. Although frustrated by micromanagement, they certainly don't want an absence of management, no matter what their industry or their age.

Solid Theory, Research, and Management Practice to Which We Are in Debt

We therefore find ourselves in sharp disagreement with those in our field whose views are supported neither by research evidence nor business results—these are pet nostrums and fads that fade away after a burst of publicity and experimentation. But there has also been a great deal of substantial and illuminating research and theory that, while generating less publicity, has had a significant and steady impact on management practice and has been immeasurably important to our own work and to this book. For one, we are indebted to the seminal work of five giants of our field: Douglas McGregor (his "Theory X—Theory Y" paradigm), David McClelland (the needs for "achievement" and "affiliation"), Abraham Maslow (the "hierarchy of needs"), Elton Mayo (the importance of social relationships at work), and Rensis Likert (management systems and styles).[3] A good deal of what we ask in our surveys is strongly influenced by the concepts of these five, as are our interpretations. For example, our repeated assertion of the desire of most workers to do their work and do it well is a direct descendent of McGregor's Theory X—Theory Y.

We are also greatly indebted to a number of contemporary researchers and we reference their relevant studies throughout the book. Among the more important for us have been Jeffrey Pfeffer, Edward Lawler, James Collins and Jerry Poras, Fredrick Reichheld, and Wayne Cascio. Their work is distinguished by solid research and thoughtful interpretation and while they cover somewhat different areas than we do, there is, where we overlap, considerable congruence between their findings and conclusions and ours.

How This Book Is Organized

This book's organization is straightforward. Chapter 1, "What Workers Want—The Big Picture," and Chapter 2, "Employee Enthusiasm and Business Success," elaborate on the general ideas of employee enthusiasm and its consequences for performance. They also contain a description of and an introduction to the Three Factor Theory—the three key needs of employees whose satisfaction is the basis for an enthusiastic workforce.

Chapters 3 through 10 break the Three Factor Theory into specific practices that organizations can and should deploy to maintain employee enthusiasm. Understanding and applying these specific practices within an organization results in marked improvements in employee commitment and performance and in long-term business success. Chapter 11, "The Partnership Organization," and Chapter 12, "Translating Partnership Theory into Partnership Practice," provide the wrap-up, where we show how the various policies and practices add up to a "partnership" culture and provide practical guidance on the necessary steps to achieve genuine cultural change.

The conclusions and recommendations are at both the broad policy level (for senior management) and for individual managers at all levels working day-to-day to achieve the highest possible performance from their own employees.

Finally, the appendixes describe our research methods and provide additional data and statistical analyses. Appendix E contains a Readiness Questionnaire to assist with cultural change.

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CHAPTER 1

What Workers Want—The Big Picture

"Human capital will go where it is wanted, and it will stay where it is well treated. It cannot be driven; it can only be attracted."

—Walter Wriston, Former Chairman, Citicorp/Citibank

An accurate understanding of motivation in the workplace is more than an academic pursuit. The effectiveness of critical business policies depends on the extent to which our assumptions about human motivation are accurate. If they are not accurate, they either have no impact at all, or worse, they boomerang and damage the organization. Accuracy depends not only on wisdom and experience, but on *systematic research.* Research protects us from personal bias, seeing what we want to see instead of what is there. Research also protects us from the lure of fads and fashions.

The problem with many theories in this field is not that they have nothing to say, but rather that they:

- Focus on just *one* aspiration as *the central* motivator (and, therefore, the central explanation) of employee morale and performance.
- Claim that most people are frustrated with the achievement of that aspiration (the "sky is falling" scenario) and that dealing with that single frustration will solve all problems.
- Typically assert that what the theorist has uncovered characterizes a "new generation" of workers and is therefore novel.

It is helpful to look at a few of the more prevalent management fads before we review the results of real research.

Blame It on the Young

For reasons that we will soon show are misguided, popular theories of what employees want change continually, and the change is often couched in terms of "new generations" of workers whose needs and expectations somehow magically differ from their predecessors. We are told that there are important differences between the "baby boomers" and "GenX." Don't look now, but here comes Generation Y, followed almost immediately by Generation D (for digital!). It is theorized that they all need to be dealt with differently because they are all different.

These seemingly significant differences make for interesting reading, and the business media have surely accommodated us. Numerous stories have been published on generational change and its implications for management practice. Generation X, for example, is widely assumed to put maximum emphasis on individual freedom and minimum emphasis on company loyalty. A few years ago, the author of a *Fortune* article on GenX advised that, "If your competitor lets employees keep a birdbath in the office, you will have no choice but to follow suit."[1] A *Time* columnist summed up the generation as one that, "…would rather hike in the Himalayas than climb a corporate ladder."[2]

These observations are seductive; managing people is a difficult and complicated job filled with many headaches, and most managers want to learn all they can about human motivation. Furthermore, the answers provided by the theories on generational change seem intuitively correct. When a certain age in life is reached, people almost inevitably begin to talk about "that new generation" in a way that means, "What's this world coming to?" The new generation is not only "not like us," but they are "not like we were at that age." This discussion has been going on forever.

The fact that young people are so often viewed with apprehension by their elders should make us think about the validity of assertions about genuine generational change. It may be just a matter of age, but even more importantly, it may be a confusion of what's apparent, such as the clothes and music preferences of young people, with what is real, such as their basic goals as they enter the workforce.

An example of this tendency to confuse youthful tastes with human needs became most dramatically apparent in the early 1970s. As the tumultuous ’60s ended, a deluge of books, television specials, and newspaper articles spotlighted a new generation of workers. These young people were (supposedly) severely discontented with work. Even worse, it was popularly suggested that the traditional sources of worker grievances (unhappiness with pay, benefits, hours, and working conditions) were no longer the primary causes of worker dissatisfaction. We were told that the very nature of work itself drove the “new” worker to near distraction. This worker was shown as a product of the ’60s, when rebellion against “over 30” adult materialistic values appeared widespread, and freedom and self-actualization were the goals. These workers, it was claimed, would not settle for their fathers’ routine and mind-numbing jobs.

The concern about workers and work at that time was perhaps best summarized in a 1973 study sponsored by the U.S. Department of Health, Education, and Welfare (HEW), titled *Work in America*. In describing the profoundly negative impact work seemed to have on so many young employees, the study’s editors reported the following:

> The discontent of trapped, dehumanized workers is creating low productivity, increasing absenteeism, high worker turnover rates, wildcat strikes, industrial sabotage, poor-quality products and a reluctance of workers to give themselves to their tasks.
>
> Work-related problems are contributing to a decline in physical and mental health, decreased family stability and community cohesiveness, and less “balanced” political attitudes. Growing unhappiness with work is also producing increased drug abuse, alcohol addiction, aggression, and delinquency in the workplace and in the society at large.[3]

That statement was quite an indictment, and one that the media repeated endlessly. Of course, when a single factor (in this case, “dehumanizing” work content) is presumed to be responsible for so many business, social, and personal ills, rest assured that a single cure would soon follow. In the case of the HEW report, the cure (or, more accurately, the cure-all) was seen as the magic of “job enrichment.”

The Lordstown Strike and Job Enrichment "Solution"

Based on Frederick Herzberg's "motivator-hygiene" theory, job enrichment was seen as an attempt to reinvigorate work with the prospect for real achievement, thus creating genuine satisfaction and motivation. In brief, the motivator-hygiene theory states that the work itself—the challenge of doing a job from start to finish, and so on—is the true motivator of workers, while the work environment—"hygiene" factors such as pay, benefits, and human relations—cannot positively motivate workers but, when adequate, temporarily prevent them from feeling unhappy. Therefore, the key to true motivation and lasting satisfaction is job enrichment, structuring work so it provides workers with a sense of achievement and accomplishment.[4]

The motivator-hygiene theory and the job-enrichment solution were extraordinarily popular in management thinking and teaching for much of the 1970s, but have since faded from view. That is not surprising because, for one thing, cure-all solutions for cause-all problems are seldom real. Despite its academic trappings, the hullabaloo smacked of patent-medicine salesmanship. In fact, considering that so much of the expressed concern was about blue-collar workers on assembly lines, no labor unions had placed demands for more meaningful work on their collective-bargaining agendas. Indeed, many labor leaders explicitly declined to join the rising chorus of voices concerned with job content.

The attention given to a 1972 workers' strike in the Lordstown, Ohio, assembly plant of General Motors (GM) reinforced the skepticism about job enrichment and its claims. This strike was widely interpreted to be the result of the dehumanizing nature of assembly-line work. However, the reality of Lordstown vastly differed from the way the strike was generally portrayed in the media and academia.

The GM Lordstown plant was a sprawling complex of factories. In the 1960s, GM built a new factory at Lordstown that was specially designed to assemble Vega passenger cars that GM hoped would prevent foreign manufacturers from eroding GM's margins in the compact-car arena. By 1966, GM was hiring workers for the factory, eventually employing about 7,000 people. This new plant, built by GM with advanced robotics, represented a $100-million investment by the company. GM recruited younger, better-educated workers who, it was claimed, were products of the ethos of the 1960s. Many of them even had long hair, so this was indeed a "new generation." Then, GM adopted a variety of efficiency rules designed to increase the production of the new Vega plant from 60 cars every hour (or

1 every minute) to 100 cars in the same time (or one every 39 seconds). The company did not increase the work force or decrease the number of procedures each worker was responsible for. It just required its workers to increase their pace. The workers fell behind, reasonably not being able to keep up with the line's speed.

If the pace was maddening, the results were disastrous. Workers tried various self-help remedies, such as letting cars go by, doubling up (surreptitiously doing an additional procedure for a short period of time—usually very poorly—so that a friend could rest). Absenteeism increased, and harsher work rules were imposed that violated many traditional but unspoken shop-floor conventions.

The workers went on strike. The primary reason for the strike was the workers' view that the company was engaged in a speed-up, which is hardly a novel issue in the history of labor-management conflict. It was not a sense that the work itself had become dehumanizing, but that the company's demand for faster work was impossible to reasonably satisfy. As one writer put it, "The main principle of Lordstown technology is the speed-up as developed by Henry Ford."[5]

What People Actually Say About Work

Employee surveys regularly ask people specifically how they feel about the kind of work they do, as opposed to other aspects of their employment, such as pay or the relationship with their supervisors. Our job satisfaction "norm" is 76 percent. This means that, on average, 76 percent of all workers across all the organizations surveyed generally enjoy the work they do. Although a 76-percent average satisfaction rate may not approach unanimity (although it would be considered a landslide in an election), it appears to belie the notion that work for most employees is somehow intrinsically unsatisfying, or "dehumanizing."

Contrary to the variety of unsupported theories about worker attitudes, such as the GenX and job-enrichment fads, we find that the overall satisfaction of workers with the type of work they do is strong and constant over a wide variety of industries and occupations. For example, on the high end, the job-satisfaction figure for healthcare and hospital workers is 79 percent. At the low end is the job satisfaction of oil and gas workers, which is at 71 percent. That's not much of a difference. Management across all industries is a bit more positive than non-management (83 percent versus 74 percent on the average), and the higher the management level, the more positive; non-management professionals (such as engineers, accountants, and salespeople) have a slightly higher satisfaction rate than other salaried employees (such as clerical workers) who, in turn, are higher than hourly (mostly blue-collar) employees. But 72 percent of hourly employees are still positive! Therefore, the percentage of people satisfied with their work is high for every group; most of the remaining employees are neutral, and a small percentage express dissatisfaction. The differences among the various groups are small and, by and large, in line with what you might expect.

Also, there is no evidence that younger workers are more (or less) disenchanted than their elders. Although individuals are rarely asked to state their age in surveys, we do obtain data on tenure, which is a reasonable surrogate measure. Racial and gender differences are also small or nonexistent, as are those by regions of the world. (North America and Europe are the two regions for which we have sufficient data.) Appendix C, "Job Satisfaction: Demographic, Occupational, and Regional Breaks," details the job-satisfaction data for the various demographic, occupational, and regional groups.

Our results on job satisfaction may seem counterintuitive to those unfamiliar with employee attitude survey findings. However, as noted in the Introduction (and summarized in Appendix D, "Comparisons with Other Norms"), our data are similar to those collected by other researchers. Furthermore, going back to 1972 when Sirota Consulting began its surveys, we find hardly any change at all. The average level of job satisfaction on our surveys in 1972–1982 was 73 percent and in 1983–1993 it was 79 percent.

If, contrary to popular social myth, people generally like the work they do, why is it that some workers nonetheless appear more highly motivated than others, that workforces in some companies routinely perform better than others, and that workers are often unmotivated to do their jobs well, despite apparently liking what they do? In other words, if people generally like the work they do, why are they often unhappy with their work situations? Are they being irrational? What accounts for this apparent disparity?

Let's Ask

What can you learn by asking workers about their goals and views in a simple and direct way? First, that identifying what *most* motivates employees—such as the work itself—is a waste of time. The vast majority of employees want a *lot* of things "most." Indeed, it is a psychological illness to want just one thing, such as money to the exclusion of everything else, or affection to the point that one is willing to sacrifice anything for it, including fair compensation for one's labor.

Three Factors

We assert that there are three primary sets of goals of people at work: *equity*, *achievement*, *and camaraderie*. We call this our *Three Factor Theory of Human Motivation in the Workplace* and we maintain that:

1. These three sets of goals characterize what the overwhelming majority of workers want.
2. For the overwhelming majority of workers, no other goals are nearly as important as these.
3. To our knowledge, these goals have not changed over time and they cut across cultures, at least the cultures of the economically developed sectors of societies (the only sectors we studied).
4. Understanding these sets of goals, and establishing organization policies and practices that are in tune with them, is the key to high workforce morale and firm performance. There is no conflict between the goals of most workers and the needs of their organizations.

Note

Keep in mind that our focus is on the goals of people *at work*. There is more to life than work, and our theory is not meant to cover all human motivation.

What is the evidence on which our assertions about human motivation are based? For one, we have been in the business of observing and querying employees for more than four decades. After all this time and the literally tens of thousands of employees with whom we have had direct contact and the millions we surveyed by questionnaire, we see certain themes repeating themselves time and again. They repeat themselves no matter what the occupation—from assembly-line workers to research scientists—no matter what the region of the world (North America or Europe), and no matter what the sex, race, or age. The specifics vary, of course, but everywhere we worked, people want to be proud of the work they do. They want to be paid a fair wage for their efforts and have job stability. Their co-workers—their cooperation and congeniality—are important to them. There is no escaping these fundamental needs of people at work and the enthusiasm they experience and express when the needs are satisfied (and the frustration when they are not).

Having trained as behavioral scientists, we are also aware that these impressions—no matter how impressive and convincing to us—must be buttressed by evidence gathered through systematic research. The evidence we have is derived from numerous analyses of survey data:

- Statistical analyses of the answers to the multiple-choice questions in our questionnaires invariably show that the questions that correlate most highly with employee morale and performance are those that measure the three factors (equity, achievement, and camaraderie).
- When we directly ask employees what they want from their jobs and their companies, they mention several goals, and the bulk of their answers fall into the three factors.
- When we ask employees, in focus groups and in the “write-in” questions at the end of the questionnaire, what they like and dislike most about working for their company, a careful analysis reveals that their likes and dislikes almost always reflect the three factors.
- In our research on employee turnover, we learn that the major reasons people stay with or leave an organization—other than personal reasons, such as a spouse getting a job in a different geographical area—almost always reflect the three factors.

To summarize, the evidence—both impressionistic and systematic—is overwhelming. We review a portion of this evidence later in this chapter. But first, here is our description of the three factors and the degree of satisfaction of employees with them in their work lives.

Equity. To be treated justly in relation to the basic conditions of employment.

Certain basic conditions are expected simply by virtue of the employment relationship. They are unrelated to position in the company or to performance. They are defined by generally accepted ethical and community standards and, while the basic goals do not change over time, a number of the standards that define what is acceptable do change. The basic conditions are as follows:

- Physiological, such as having a safe working environment, a workload that does not damage physical or emotional health, and reasonably comfortable physical working conditions.
- Economic, such as having a reasonable degree of job security, satisfactory compensation, and satisfactory fringe benefits.
- Psychological, such as being treated respectfully, having reasonable accommodation made for personal and family needs, having credible and consistent management, and being able to get a fair hearing for complaints.

Are those things surprising? Of course not. What is surprising is how little we hear of them in many modern theories of management. *But, enlisting the willing cooperation of a workforce in achieving the aims of an enterprise is impossible unless people have a sense of elemental fairness in the way they are treated.*

We use the term "reasonable" frequently in our definitions because employees do not expect a level of perfection unrelated to the realities of our world. For example, the desire for job security does not mean that employees expect a lifetime-employment guarantee. They are not naïve; they understand that such a guarantee is virtually impossible in a capitalist economy. But, they are angry when they (or their co-workers) are laid off without the company having a pressing need to let them go (when, for example, it is already highly profitable or when it has not exhausted other more obvious ways to reduce costs). Their anger is magnified by insensitive handling of layoffs, such as when layoffs are done without adequate notice or financial and job-placement assistance.

In other words, employees become angry when, in their view, elementary considerations of fairness are completely submerged by the company's pursuit of its short-term business interests, such as the anticipated immediate impact of an announced layoff on a company's stock price.

Similarly, consider compensation. Most people know that becoming tremendously rich is more fantasy than reality. So, the common assumption that "employees will never be happy with their pay" is fallacious. Our norm on our satisfaction-with-pay survey question is 46 percent favorable and 23 percent unfavorable. (The rest are neutral about their pay.) Although pay satisfaction is among the lower-rated aspects of work, it is hardly very negative. Furthermore, those are the averages across many organizations, and the range of responses is large: the most positive company response is 69 percent favorable and the least positive is 16 percent.

Contrary to "common sense," people can view their pay as fair. Our research shows that perceived fair compensation is a function of a number of variables, including perceptions of what other organizations pay for similar work, the relationship of pay to employee contribution, and the company's profitability. Chapter 4, "Compensation," elaborates on these variables. The underlying attitude that these results reflect is simply whether the organization tries to be fair with its salary policies or whether it tries to squeeze every last nickel from its employees. And "fair" does not mean wildly generous. Everything else being equal, we find employees pleased with "competitive" pay and *very* pleased with compensation that is even a few percentage points above other companies' pay.

Similar observations can be made about other elements of the equity factor, such as benefits. But there are elements where the ultimate is expected, such as the following:

- **Safety.** Where loss of life or limb is at stake, perfection has become the goal, and understandably so.
- **Respect.** People want to be treated like responsible adults, but many workers—primarily in factories but also in many white-collar settings—are, as they see it, treated like children or criminals, subjected to strict monitoring of their work and other behavior to coerce performance and conformity to the "rules." The response to this kind of treatment is that anger builds up in workers over time, and this has always been a major element in the more severe industrial relations conflicts we have studied. Even when the reaction is not explosive, this mode of management is self-defeating for the company. It is based on false assumptions about the great majority of workers (e.g., that they are irresponsible) and becomes a self-fulfilling prophecy: management that expects the worst from people gets it.
- **Management credibility.** A basic need of human beings from childhood through adulthood is to be able to trust the word of those whose actions have significant impact on them. A major source of discontent among many workers is information about important matters that is incomplete, unclear, contradictory, or simply absent. When workers assume that the company is

> deliberately withholding information, the void is filled with paranoid thoughts about what is really going on. This is a sure way to poison the relationship between management and its workforce.

How do workers feel about the degree to which their equity needs are being met? Our research indicates that the highest degree of average satisfaction concerns how people feel about safety at work, while the lowest relates to the failure of the organization to effectively deal with favoritism. There is a large difference in response from the highest to the lowest; in this case, from 79 percent favorable for safety to 43 percent favorable for favoritism. This demonstrates that employees make sharp differentiations among the various aspects of their work.

See Table 1-1 for a sample of the normative data relating to equity. We show in that table the average percentage satisfied across all our surveys for each question and its range: the lowest score we have ever obtained on the question (the "minimum") and the highest (the "maximum").

Table 1-1 1994–2003 Norms and Ranges for a Sample of Equity Questions

		Range	
Question	**Norm**	**Min**	**Max**
Safety	79%	33%	94%
Treated with respect and dignity	67%	32%	91%
Supervisor's human-relations competence	66%	35%	82%
Benefits package	65%	12%	97%
Physical working conditions	62%	24%	94%
Job security	60%	6%	90%
Amount of work expected	58%	17%	77%
Company interest in employee well being	52%	5%	98%
Company communication on important matters	52%	10%	80%
Sr. management's actions consistent with words	51%	37%	70%
Pay	46%	16%	69%
Favoritism (lack of)	43%	21%	70%

The overall ranking of items is similar within most of the individual organizations that we survey. When we discover an exception to the pattern, it is cause for particular attention. Take safety, for example. In general, safety is highly rated in our surveys, but there are a few organizations, especially in heavy manufacturing, where it is one of the lower-rated items. But, there are exceptions to that, too. As an example, see Chapter 6's discussion of Paul O'Neill (the former Secretary of the Treasury) and his work on safety when he was chairman of Alcoa. These "exceptions to the exceptions" are particularly noteworthy and illuminating because from them we learn that in management practice, little is foreordained. Much can be done if there is a will to do it.

Although this pattern tends to hold up across organizations (with exceptions, as noted), the *levels* of satisfaction—within the same broad pattern—vary widely. Thus, for example, employees in companies A and B can rate safety among the highest and pay among the lowest of all the equity items, but company A employees can be much higher than those in company B on both of these (and on just about every other equity item).

The great variations among organizations can be seen in the ranges in Table 1-1, and they are extremely important. First, they lend the lie to the commonly held assumption that people, no matter where they work, are similar to each other in their disgruntlement with their employment conditions. What management does is critical and the differences among organizations in management behavior—and therefore employee response—can be huge. Second, the variability allows us to answer the "So what?" question about employee attitudes: does satisfaction matter for business success? In Chapter 2, "Employee Enthusiasm and Business Success," we show how business performance varies markedly among organizations with different degrees of employee satisfaction.[6]

Achievement. To take pride in one's accomplishments by doing things that matter and doing them well; to receive recognition for one's accomplishments; to take pride in the organization's accomplishments. A sense of basic equity in the employment relationship serves as the foundation on which high employee morale can be built: the powerful need to feel proud of one's accomplishments and the accomplishments of the organization is then freed to drive behavior toward high performance. Pride comes both from the employees' own perceptions of accomplishment and from the recognition received from others.

That is why the often-asked question, "How do you motivate employees?" is foolish. Most people enter a new organization and job with enthusiasm, eager to work, to contribute, to feel proud of their work and their organizations. Perversely, many managers then appear to do their best to *demotivate* employees!

You may reject that argument if you believe that people (other than a few saints, overachievers, or neurotic workaholics) are basically greedy and lazy when it comes to work. The reverse is true: most people are reasonable in what they expect in terms of treatment and are eager to perform in a way that makes them feel good about their performance. When we observe the opposite in an employee, it is either an atypical case (see the following discussion on individual differences) or, most commonly, because management has damaged that employee's motivation.

Our statistical analysis shows that a sense of achievement has six primary sources:

- **Challenge of the work itself.** The extent to which the job uses an employee's intelligence, abilities, and skills.
- **Acquiring of new skills.**
- **Ability to perform.** Having the training, direction, resources, authority, information, and cooperation needed to perform well.
- **Perceived importance of the employee's job.** The importance to the organization, to the customer, and to society.
- **Recognition received for performance.** Both non-financial (such as a simple "thank you" from the boss or a customer) and financial (compensation and advancement that are based on performance).
- **Working for a company of which the employee can be proud.** Because of its purpose, its products (their quality and their impact on customers and society), its business success, its business ethics (treatment of customers, employees, investors, and community), and the quality of its leadership.

As with the equity items, the surveys reveal a mixed picture regarding achievement. A sample of the normative data relating to achievement is shown in Table 1-2. We ask many questions about this area, and these are discussed in relevant chapters. But, for now, we note that among the most positive ratings are those focused on two opposite organization poles: the macro and the micro. Employees, on the average, are most favorable toward the overall characteristics of the organization (such as the quality of the organization's products and services, its profitability, and its ethics) and, at the other pole, toward the immediate work environment (such as the job, co-workers, and the technical ability of the immediate supervisor). The least positive ratings tend to be about efficiency at a "middle" level (such as bureaucracy, consistency of direction from management, and, as will be seen later, cooperation across units) and also about reward. There are some apparent contradictions, such as the view of many employees that the amount of work expected of them hurts quality and yet the very positive feeling about the quality of the products and services the organization delivers to its customers. These matters are all discussed in detail in the book. Where we have comparisons with other surveys, the results are similar to ours (see Appendix D).

Table 1-2 1994–2003 Norms and Ranges for a Sample of Achievement Questions

		Range	
Question	**Norm**	**Min**	**Max**
Clear idea of results expected	84%	7%	95%
High-quality products/services for customers	80%	16%	100%
Supervisor's technical competence	78%	38%	91%
The work itself	76%	52%	95%
Pride in organization	74%	48%	96%
Company profitability	72%	13%	97%
Corporate citizenship	67%	11%	100%
Tools and equipment to do job	64%	23%	94%
Information to do job	62%	29%	88%
Training	57%	9%	83%

	Range		
Question	Norm	Min	Max
Company overall is effectively managed	57%	24%	92%
Employees treated as important	57%	40%	73%
Feedback on performance	53%	21%	79%
Recognition for good job	51%	16%	86%
Decisions without undue delay	49%	30%	85%
Participative environment	44%	21%	81%
Not a lot of wasted time and effort	44%	24%	71%
Don't receive conflicting instruction from management	43%	25%	65%
Solve problems rather than blame	41%	16%	69%
Merit salary results from performance	40%	5%	91%
Bureaucracy (lack of)	39%	12%	72%
Balance of praise vs. criticism	38%	11%	71%

Camaraderie. To have warm, interesting, and cooperative relations with others in the workplace.

Human beings are social animals: positive interaction with others is not only gratifying, but essential for mental health. We often neglect the extent to which an organization functions not only as a business entity, but also as a *community* that satisfies social and emotional needs of its members.

We offer respondents an opportunity to write comments on the survey. One typical question asks, "What do you like most about working here?" One of the most frequent and consistent responses to this question involves the people with whom they work. That is because co-workers are important and because, by and large, people get along well with each other within their work units. We receive considerably fewer positive comments about relationships with other units in the organization; those comments are often in response to what employees like *least*. For example, note the following:

- From an employee in a real estate company (what employee likes "most"): "My team is full of intelligent people who are friendly and constantly want to do better and help each other. We work beautifully together."
- From an employee in a factory (likes "most"): "The people I work with." Simply this phrase, or variations of it (such as "the great people I work with"), appears repeatedly in almost every survey in response to the question about what respondents like most.
- From an employee in a hospital (likes "least"): "Cooperation and communication between physicians and nurses needs to be much better. Nurses truly know the patients. We are at the bedside dealing with families and the patient. Many times, we are ignored. It's like we're the physicians' servants and we should jump when they say so."
- From an employee in an information-technology group in a bank (likes "least"): "What gets me most upset is the way the departments we have to service are absolutely clueless about how busy we are and short handed we are. We can't do everything just when they want it. They don't care and when they complain to our V.P., he doesn't support us."

The quality of interaction in organizations is obviously greatly affected not just by friendliness and mutuality of interests, but also by co-workers' competence and cooperation. In that environment, a friendly slacker is an oxymoron: being unhelpful to co-workers is, by definition, unfriendly. This is another example of the way employees' needs—in this case, for positive interpersonal relationships in the work setting—are congruent with the organization's needs for high performance.

The camaraderie concept is somewhat less complex than equity and achievement, and we came to an explicit realization of its importance somewhat later in our work. Therefore, in our surveys, fewer questions have asked about camaraderie and these are shown in Table 1-3. However, we can state that the most favorably rated aspect of camaraderie is simply the relationship between co-workers, followed by teamwork within the workers' unit, teamwork across departments in a given location, and finally, teamwork and cooperation across the entire company.

Table 1-3 1994–2003 Norms and Ranges for a Sample of Camaraderie Questions

Question	Norm	Min	Max
Relationship with co-workers	83%	37%	97%
Teamwork within work unit	73%	51%	93%
Teamwork across departments in location	51%	23%	89%
Teamwork across company as a whole	49%	5%	88%

As previously mentioned, teamwork is not just a camaraderie issue. It also has a major effect on achievement. And we said that attitudes toward teamwork are more positive at the *micro* level—within units—than at what we have termed the *middle* level—across units. The differences between companies, however, are large, which shows that familiarity and proximity do not always breed contentment or distance antagonism. For example, although the norm for teamwork within the unit is 73 percent, the range varies from 51 to 93 percent. Also, the norm for teamwork across units is 51 percent, but the range varies from 23 to 89 percent!

Chapter 10 discusses camaraderie, its impact on performance, and ways of enhancing it. That chapter also discusses the way camaraderie can sometimes work against organization goals. For example, solidarity in a workgroup might develop in opposition to a management whose practices are considered unjust by employees. Management becomes the “enemy camp” and, in those situations, equity issues must be dealt with first.

That summarizes the key sets of goals of the overwhelming majority of employees. Other than extreme cases where our theory does not apply (which will soon be discussed), we assert that a manager does not need to know much more about human motivation at work. That is quite an assertion, but we challenge anyone to suggest other motivators that are as powerful, relevant in the workplace, and widespread. We further claim that a genuinely high-morale, enthusiastic, and highly productive workforce is impossible if those needs go unsatisfied.

The three goals we propose are distinct needs that, unfortunately, cannot be substituted for each other. For example, enriching the content of a job does not increase satisfaction with pay or cause an employee to minimize the importance of his pay dissatisfaction. Discontent with pay can be ameliorated only by more pay! Similarly, unhappiness with a boring job can be solved only by restructuring the job or transferring the employee to work that is more interesting. Paying the employee more won't solve the issue. Each goal—and most every subgoal—must be dealt with individually. There are no panaceas.

The Evidence

We make rather strong claims—some might say startling and unbelievable—about the pervasiveness of the three sets of goals. We claim that they are nearly universal, applying to roughly 85 to 90 percent of a workforce (that's just about any workforce).

Our assertions might appear to be counterintuitive—they go against common observation and common sense. Managers and employee-relations experts talk endlessly about differences: the differences between individual workers and between categories of workers (such as males and females, older and younger workers, professionals and non-professionals) and between workers in different countries. Are we saying that this is hogwash? Yes, in part.

We already discussed what we consider to be distortions about generational differences—the belief that younger workers are not interested in working as hard as their elders and that they are not concerned about job security. We have solid evidence for our assertion that generational differences are greatly exaggerated as are other purported differences and we will soon provide that evidence.

First, however, consider the following questions in relation to the three factors: do you believe that an entire category of workers—demographic (age, sex, race, and so on), occupational, or national—does not consider being fairly treated by their employer—say, in wages—to be of very high priority? Do you believe that a category of workers exists in which the overwhelming majority does not want to take pride in their work and in their organization? Do you believe that there is a category of workers for whom having congenial and cooperative co-workers is unimportant? Of course, there are *individuals* to whom these rules do not apply—even individuals who willingly allow themselves to be exploited economically by their employers—but never more than a very small minority in any category.

Are there no major demographic, occupational, or national differences in these needs? Not in the fundamentals we have described (the desire for equitable treatment, achievement, and camaraderie). The differences emerge largely in *what* will satisfy these needs, which varies because of differing objective conditions and expectations. Let's consider a few examples of this:

- **The work itself.** In Chapter 8, "Job Challenge," we discuss the satisfaction people seek from the kind of work they do. We say that workers want to be proud of their work. Pride in work has numerous sources, among them the employees' feelings that their intelligence and skills are being used; that, in turn, is partly a function of the latitude they have to exercise judgment in doing their jobs. We know that the latitude given to, say, the average engineer is normally going to be much greater objectively than what's given to a blue-collar machine operator. *Despite this difference, they may experience the same degree of subjective satisfaction with their job autonomy*. The machine operator doesn't expect—indeed, would consider it inappropriate—to have the engineer's latitude. But he doesn't want to be treated as an automaton; that is, he wants to exercise the judgment that makes sense *for that job and for his skills*, and that latitude can be considerable (as you will see in Chapter 8). People at work are not stupid and do not have outrageous expectations. They—no less than engineers—have a need to be treated on the job as intelligent human beings, but the standards by which this is judged are obviously somewhat different.
- **Job security.** Chapter 3 discusses job security. How an organization treats employees in this regard is a key source of employee morale, but what is considered fair has greatly shifted in the United States over the last few decades. Although employees in many organizations previously expected lifetime job security, employees today rarely expect that. They understand that the business world has changed, but this does not mean that their desire for security has diminished. *The change has been in the criteria that employees use to judge the fairness with which the issue is handled by organizations.* Organizations differ greatly in this respect—for example, in whether layoffs are treated as a last resort instead of the first action taken—and these differences have a profound impact on the morale and performance of a workforce.

- **Vacations.** A concrete and visible example of a cultural difference is that between the vacations received by workers in the countries of Western Europe compared to those in the United States. On average, Western European countries have much longer vacations; even new employees receive at least a full month of vacation. (Vacation time is five weeks in France, Sweden, Austria, Denmark, and Spain.) This certainly is a major difference, with profound cultural meaning and probably significant economic effect, but what are its implications for our argument regarding the commonality of the major needs? Are European workers lazy? Are they less interested in doing a good job? Do they find their jobs less interesting? *There is absolutely no evidence for any such an assertion.* By virtue of broad historical and social trends, different countries evolved different patterns of labor relations. Even within the United States, different industries have different patterns, including the amount of vacation time employees receive. These differences result in different subjective standards of what is "fair," but in no way undercuts our proposition regarding the fundamental goals of workers.

Similar comments could be made about the satisfaction of many other goals and subgoals: employee expectations in the United States regarding the fringe benefits an organization provides—especially medical insurance—have greatly changed, and what might have been considered unfair a decade or so ago, such as an organization not paying full medical-insurance premiums, can be entirely satisfactory today; operating in the opposite direction is equipment, where the tools people use on their jobs *improve* continually, so what was satisfactory before is rarely satisfactory today.

Our argument, then, is not that there are no demographic, occupational, or cultural differences or that the differences are unimportant. It comes down to this: when we say that workers want to feel pride in their work, we mean almost all workers, whoever they are, whatever they do, and whenever or wherever they do it. The fundamentals are constant, but knowing how to satisfy those fundamental needs often requires knowledge of the expectations of particular groups of workers. To cite an extreme example, if an organization decided to halve the vacation time of

European workers based solely on the assumption that their fundamental need to do a good job and to be treated fairly are the same as American workers, that organization is in for big trouble.

But don't make the opposite error, namely, to assume that the obvious cultural, occupational, and demographic differences in expectations and standards signify major differences in basic goals. For example, treat a blue-collar worker as if all that interests him is his wages—that exercise of his judgment on the job doesn't matter—and you wind up with an indifferent or hostile employee. At the other extreme, treat engineers and scientists as if wages don't matter—that all they want is an opportunity to be creative—and you wind up with hostile engineers and scientists (if they stay with the organization at all).

Table 1-4 summarizes a representative portion of the strong quantitative evidence on which we base these claims. As we will explain, the table shows that employee morale strongly relates to the degree to which each of the three needs is satisfied, *and that the relationships are extraordinarily similar across all demographic, occupational, and national groups*. There are no differences in the strengths of the goals to speak of; they are, indeed, nearly universal.

How do we know, in a systematic, quantitative way, whether a goal is important and how universal it is? One way is to correlate satisfaction with it with employees' *overall* satisfaction with the organization. Table 1-4 does this within a number of groups. Overall satisfaction is a product of the degree to which employees feel their specific goals are being met, so the higher the correlation between satisfaction with a specific goal and overall satisfaction, the more important we can assume the goal to be. If an employee doesn't care much about something—say, the color of the walls where she works—liking or not liking it would have no impact on how she feels about the organization as a whole. Compare that to the importance of how she feels about her pay or boss. This reasoning is identical to how the performance approval rating of the president of the United States—determined from political-opinion polls—is a function of how Americans feel about specific aspects of the president's performance, such as his handling of the economy, of national security, and so on. The stronger the correlation is between a specific aspect and the overall approval rating of the president's performance, the more important that aspect is.

Table 1-4 Evidence for the Near Universality of the Three Factors

Correlations with Overall Satisfaction			
	Equity	**Achievement**	**Camaraderie**
Total	.59	.43	.36
Within Racial and Ethnic Groups			
White	.60	.45	.34
Black	.57	.45	.34
Hispanic	.58	.47	.41
Asian	.63	.45	.41
Native American	.54	.44	.37
Within Tenure Groups			
0–2 yrs	.60	.48	.35
2–5 yrs	.60	.45	.33
5–10 yrs	.58	.42	.33
10–20 yrs	.59	.44	.36
> 20 yrs	.56	.39	.36
Within Genders			
Women	.59	.42	.35
Men	.59	.45	.37
Within Levels			
Mgt	.58	.44	.33
Non-Mgt	.58	.43	.36
Within Positions			
Professional	.60	.46	.36
Non-Professional	.55	.39	.30
Within Regions			
North America	.60	.45	.37
Europe	.58	.40	.32

The relationship between variables (such as between overall satisfaction and satisfaction with pay or the color of the walls) can be assessed in various ways. In our analysis, it is measured by a statistic called the *correlation coefficient*, which has a symbol of "r." The higher r is, the stronger is the relationship. r can range from .00, which means no relationship, to 1.00, which means a perfect relationship. (r can also be negative, in which case, the relationship is inverse: the higher on one variable, the *lower* on the other.)

Our basic finding is that highly significant positive correlations exist between the questions on our surveys that tap the three needs and overall satisfaction. These correlations hold up in *all* demographic, occupational, and national groups *and at approximately the same level.* Illustrations of these correlations are shown in Table 1-4 where the following questions are used to tap the three needs:

- **For equity.** "How would you rate your organization on taking a genuine interest in the well-being of its employees?"
- **For achievement.** "Do you agree or disagree: my job makes good use of my skills and abilities."
- **For camaraderie.** "How would you rate the cooperation and teamwork within your work unit?"

The question measuring overall morale is "Considering everything, how would you rate your overall satisfaction in [organization] at this time?"

The correlations shown in Table 1-4 were calculated using data from 135,000 employees in 40 organizations surveyed over the last 5 years. All four questions were asked in identical ways for each organization. For those readers interested in tests of statistical significance, all the correlations are highly significant, beyond the .00001 level!

This table contains the correlations for three demographic breaks: race/ethnicity, gender, and tenure, and for occupation and regions of the world. Those familiar with correlational data, will, we trust, be amazed at just how similar the patterns are. In *every* instance, the item measuring the equity goal correlates in the .50s or .60s with morale, that measuring achievement in or near the .40s, and that measuring teamwork in the .30s and .40s. The possible reasons for the differences in sizes of the correlations—why equity should be the highest and teamwork the lowest—are discussed later in this chapter. For now, suffice it to say that not only are all the correlations highly significant, which verifies the importance of the goals, but to all intents and purposes, they are also the same in all categories of employees.

Which aspects of work do we find *not* correlated with overall employee morale? They tend to be about what might be termed the "frills" of work. Although senior management often spends much time on them, they don't really touch on workers' basic goals and what goes on in important ways in their daily workplace activities. We refer to matters such as the aesthetics of the physical work environment (such as the wall color), recreational activities (such as holiday parties), various formal "programs" (such as suggestions programs), and formal communication mechanisms (such as a company newsletter). It's not that employees don't care about these at all, but that they matter much less than other more fundamental concerns. It matters much less to them, for example, that there be a well-designed company newsletter or a suggestions program than that their immediate supervisors communicate and listen to them. We are in no way suggesting that the frills be dropped—almost everyone likes a holiday party—but that they be seen as supplements to, not substitutes for, the more basic policies and practices that we discuss throughout this book.

Similar findings are obtained in analyses of answers to the open-ended questions. This type of analysis shows that the things employees spontaneously write in about what they "like most" and "like least" about their organizations almost invariably involve the three factors. These findings are given as examples throughout this book. The frills are almost never mentioned.

How the Three Factors Work in Combination

Our analysis shows that the three factors interact with each other in an interesting way. The Three Factor Theory asserts that employees seek to satisfy three needs—equity, achievement, and camaraderie—in any employment situation. It further asserts that, when all three needs are met, it results in enthusiasm directed toward accomplishing organizational goals. As we discuss in Chapter 2, enthusiasm is not just about being happier or more content—it is employees feeling that they work for a great company, one to which they willingly devote time and energy beyond what they are being paid for or what is expected and monitored. A great company for employees is one that largely meets *all* of their needs for equity, achievement, and camaraderie. Until that happens, it is no more than a "good" company.

Statistical support for this idea can be seen in the way individual satisfaction of the three needs interact to produce overall satisfaction. They just don't add to one another in their impact, but *multiply* each other's impact. Figure 1-1 shows how employees respond to the question, "Considering everything, how would you rate your overall satisfaction in [organization] at this time?" The percentages shown are just those saying "very satisfied," the highest possible response to the question. The percentages are shown for four categories of employees: those whose satisfaction with all three needs is relatively low (labeled "None"), those who have just one need being satisfied, those who have two, and those for whom all three needs are being satisfied (labeled "All Three"). The questions used to assess satisfaction with the three needs are the same as in the correlational analysis shown in Table 1-4, namely, "How would you rate your organization on being concerned about the well-being of its employees?," "My job makes good use of my skills and abilities," and "How would you rate cooperation and teamwork within your immediate work unit?"

It can be seen that as more satisfied needs are added, the percentage of very satisfied employees increases *exponentially*. When all three needs are being satisfied, the percentage is 45! What would you think of as a great company in which to work? It's probably not just having very good pay and benefits, or challenging and enjoyable work, or having terrific co-workers. It involves *all* these needs, and when all these needs are satisfied, something unique happens to many employees and their relationship with the organization… It is what we call enthusiasm.

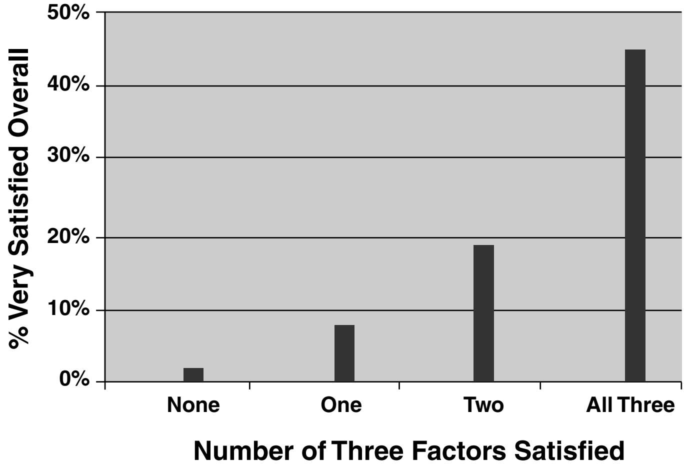

Figure 1-1 The exponential impact of the Three Factors.

There is one more wrinkle, namely, the special effect of equity. More in-depth analysis suggests that although all the needs are important, equity has a certain basic importance. That is, if people are not satisfied with the fairness with which they are treated, satisfaction of either of the other two needs has a relatively minor effect on morale. On the other hand, feeling fairly treated does have a major impact even when one or both of the other needs are not being satisfied. That is the reason the correlations of overall satisfaction with the equity need are consistently higher than the correlations with the other two factors.[7]

The moral of the story is that it can be difficult to get employees excited about a company that, say, gives them challenging work to do (part of the achievement need) when they have a basic sense of inequity as to how they are treated. But equity alone is not enough to create enthusiasm: the impact of fair treatment is greatly magnified when all three needs are being satisfied.

These analyses and conclusions hold up in an amazingly consistent way across demographic groups, occupations, and world regions.

Individual Differences

We repeatedly refer to the goals of "the overwhelming majority of the workforce." But, of course, individual differences exist in the strengths of needs. Some people are less socially oriented than others; some are more prone to see injustice in their treatment than are others; for some, work can be less important as a source of pride, perhaps because of fulfilling outside activities. The differences between individuals that are of most practical relevance to managers are the employees at the extremes, people who with regard to the equity need, for example, see injustice at every turn or, at the other end, never see it. We estimate these extremes to constitute approximately 12 to 15 percent of a population of workers, 5 percent who are almost invariably negative and about 7 to 10 percent who are almost invariably positive. Our theory, and its practical implications for management practice, is much less relevant for these workers at the extremes.

Where do we get these estimated percentages of people at the extremes?

At the most general level, when employees are asked about their overall satisfaction with their organization, even the most positive organizations in our database (over 85 percent satisfied) still have 6 to 8 percent of workers rating themselves as dissatisfied. (The rest are neutral.) Some portion of these people are not invariably unhappy, but might be unsuited to their particular positions in that organization, or to a particular manager, or even, perhaps, to an enthusiastic culture. But, we do know that, by nature, some people are cranky and won't be positive about their employment anywhere. Our rough estimate, based on largely informal assessments over the years, is that these constitute about 5 percent of most every workforce.

At the other end of the continuum, even in very low morale companies, 12 to 15 percent will express satisfaction. Some of this is no doubt due to a fortuitous fit, albeit unusual for those organizations, between themselves and their jobs, their managers, or the culture. (Some of them are likely to be the ones making everyone else unhappy!) But, we also know that there are people who, no matter how bad the environment is, come across as happy souls, the proverbial optimists who try to see the bright side and usually give management the benefit of the doubt. It takes an enormous amount to frustrate or anger these people and our rough estimate is that they constitute about 7 to 10 percent of an average workforce.

That's the general condition of the exceptionally and persistently dissatisfied or satisfied individuals. Our theory has less relevance for them because their satisfaction (or lack of it) will not be much affected by management's actions. At a more specific level relating to the three factors, consider the exceptions to what we said about the achievement goal. We asserted that most people want to work and be proud of their work. But, we know that there are employees who are, in effect, "allergic" to work—they do just about anything to avoid it. For them, our question, "How do you keep management from demotivating employees?" is nonsense. They *are* unmotivated and a disciplinary approach—including dismissal—is about the only way they can be managed.

At the opposite extreme are those employees who are just about impossible to *de*motivate, namely workaholics. They work through any and all obstacles that the organization puts in their path, perhaps even secretly relishing the obstacles because these provide an excuse for spending additional time at work. For them, too, the motivational issue that we are discussing is largely irrelevant.

In a workshop one of the authors of this book conducted on recognition practices, managers were asked to describe their experience with "unintended effects" of recognition. One spoke

> *of her experience with two employees who were, by far, the most productive people in her department and among the most productive she had come across at any time. She already had given them several large salary increases but wanted to do more. She called them into her office and announced that she was granting them two additional paid days off as a token of her appreciation. They frowned, so she asked them what was wrong. Were two days not enough? Their response was extraordinary: for them, days off from work were a punishment, not a reward. Such was the level of involvement in their work. She replaced the days off with dinner-for-two rewards and they expressed their appreciation.*

Similar extremes can be found on the equity and camaraderie dimensions. For example, some people feel unfairly treated no matter what ("collectors of injustices," if you will), and those who never see injustice no matter what management does. Also, there are social isolates for whom social interaction appears to be unimportant (or even distasteful) and those for whom it is all-consuming.

Obviously, managers must be sensitive to these extremes and adjust their behavior accordingly. But, a major problem is the tendency of many organizations and individual managers to mistake the extreme for the whole. This is especially obvious, and dysfunctional, with regard to the achievement goal. Many organizations and managers assume that the desire of an employee to do something that matters and do it well is the exception rather than the rule. So, when an isolated problem occurs, control systems and supervisory styles are applied to everyone, and that has the effect of demotivating the great majority who come to work eager to contribute.

In summary, this chapter presented what is essentially a positive view of the nature of people at work. That view is supported by the mountain of evidence we gathered over many years of research, by the thinking and systematic research of others, and by observation of the success of organizations whose policies and practices reflect such optimism.

We say that the essentials of human motivation have changed very little over time. If significant change is observed, it is not that workers' goals have changed, but that management is acting differently and is reaping the consequences of its actions.

For example, treat workers as disposable commodities, which began to happen with the downsizings of the late '80s and the '90s, and—surprise!—employees are no longer "loyal." Why would they be? Most people are eager to strongly identify with an organization of which they can be proud and that treats them well. But, it would be irrational for people to be loyal to organizations that show no interest in them other than as, essentially, temporary "hands" to get the work done.

Nothing is very complicated about what we have proposed. Although the detailed implications for management practice are reserved for future chapters, those are not complicated, either. Let's call them the "blocking and tackling" of an enlightened management, enlightened in its understanding that what the overwhelming majority of people seek from work doesn't conflict with management's objectives and, in fact, usually strongly supports them. Satisfying these goals—fairness of treatment, pride in work and company, and a sense of camaraderie with fellow employees—is to everyone's advantage. The results will be outstanding. Let's now look in more detail at the evidence for the business implications of employee enthusiasm.

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