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.

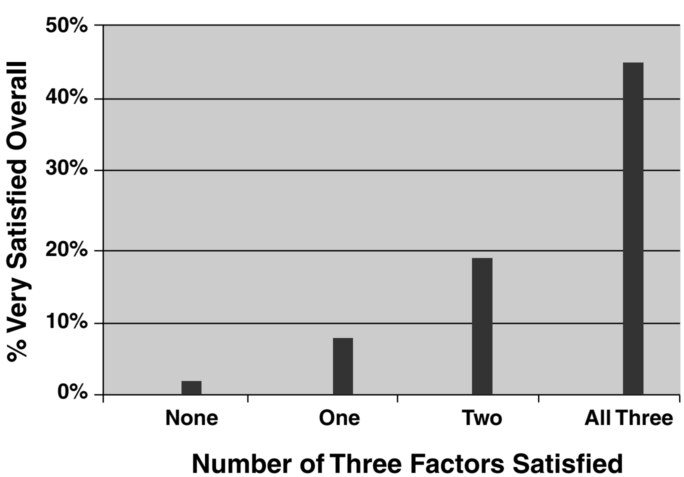

Figure 1-1 The exponential impact of the Three Factors.

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.