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Employee Motivation: A Powerful New Model

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Getting people to do their best work, even in trying circumstances, is one of managers' most enduring and slippery challenges. Indeed, deciphering what motivates us as human beings is a centuries-old puzzle. Some of history's most influential thinkers about human behavior—among them Aristotle, Adam Smith, Sigmund Freud, and Abraham Maslow—have struggled to understand its nuances and have taught us a tremendous amount about why people do the things they do.

Such luminaries, however, didn't have the advantage of knowledge gleaned from modern brain science. Their theories were based on careful and educated investigation, to be sure, but also exclusively on direct observation. Imagine trying to infer how a car works by examining its movements (starting, stopping, accelerating, turning) without being able to take apart the engine.

Fortunately, new cross-disciplinary research in fields like neuroscience, biology, and evolutionary psychology has allowed us to peek under the hood, so to speak—to learn more about the human brain. Our synthesis of the research suggests that people are guided by four basic emotional needs, or drives, that are the product of our common evolutionary heritage. As set out by Paul R. Lawrence and Nitin Nohria in their 2002 book *Driven: How Human Nature Shapes Our Choices*, they are the drives to *acquire* (obtain scarce goods, including intangibles such as social status); *bond* (form connections with individuals and groups); *comprehend* (satisfy our curiosity and master the world around us); and *defend* (protect against external threats and promote justice). These drives underlie everything we do.

Managers attempting to boost motivation should take note. It's hard to argue with the accepted wisdom—backed by empirical evidence—that a motivated workforce means better corporate performance. But what actions, precisely, can managers take to satisfy the four drives and, thereby, increase their employees' overall motivation?

We recently completed two major studies aimed at answering that question. In one, we surveyed 385 employees of two global businesses—a financial services giant and a leading IT services firm. In the other, we surveyed employees from 300 *Fortune* 500 companies. To define overall motivation, we focused on four commonly measured workplace indicators of it: engagement, satisfaction, commitment, and intention to quit. Engagement represents the energy, effort, and initiative employees bring to their jobs. Satisfaction reflects the extent to which they feel that the company meets their expectations at work and satisfies its implicit and explicit contracts with them. Commitment captures the extent to which employees engage in corporate citizenship. Intention to quit is the best proxy for employee turnover.

Both studies showed, strikingly, that an organization's ability to meet the four fundamental drives explains, on average, about 60% of employees' variance on motivational indicators (previous models have explained about 30%). We also found that certain drives influence some motivational indicators more than others. Fulfilling the drive to bond has the greatest effect on employee commitment, for example, whereas meeting the drive to comprehend is most closely linked with employee engagement.

But a company can best improve overall motivational scores by satisfying all four drives in concert. The whole is more than the sum of its parts; a poor showing on one drive substantially diminishes the impact of high scores on the other three.

When it comes to practical implications for managers, the consequences of neglecting any particular drive are clear. Bob Nardelli's lackluster performance at Home Depot, for instance, can be explained in part by his relentless focus on the drive to acquire at the expense of other drives. By emphasizing individual and store performance, he squelched the spirit of camaraderie among employees (their drive to bond) and their dedication to technical expertise (a manifestation of the need to comprehend and do meaningful work). He also created, as widely reported, a hostile environment that interfered with the drive to defend: Employees no longer felt they were being treated justly. When Nardelli left the company, Home Depot's stock price was essentially no better than when he had arrived six years earlier. Meanwhile Lowe's, a direct competitor, gained ground by taking a holistic approach to satisfying employees' emotional needs through its reward system, culture, management systems, and design of jobs.

An organization as a whole clearly has to attend to the four fundamental emotional drives, but so must individual managers. They may be restricted by organizational norms, but employees are clever enough to know that their immediate superiors have some wiggle room. In fact, our research shows that individual managers influence overall motivation as much as any organizational policy does. In this article we'll look more closely at the drivers of employee motivation, the levers managers can pull to address them, and the "local" strategies that can boost motivation despite organizational constraints.

The Four Drives That Underlie Motivation

Because the four drives are hardwired into our brains, the degree to which they are satisfied directly affects our emotions and, by extension, our behavior. Let's look at how each one operates.

1. The drive to acquire.

We are all driven to acquire scarce goods that bolster our sense of well-being. We experience delight when this drive is fulfilled, discontentment when it is thwarted. This phenomenon applies not only to physical goods like food, clothing, housing, and money, but also to experiences like travel and entertainment—not to mention events that improve social status, such as being promoted and getting a corner office or a place on the corporate board. The drive to acquire tends to be relative (we always compare what we have with what others possess) and insatiable (we always want more). That explains why people always care not just about their own compensation packages but about others' as well. It also illuminates why salary caps are hard to impose.

2. The drive to bond.

Many animals bond with their parents, kinship group, or tribe, but only humans extend that connection to larger collectives such as organizations, associations, and nations. The drive to bond, when met, is associated with strong positive emotions like love and caring and, when not, with negative ones like loneliness and anomie. At work, the drive to bond accounts for the enormous boost in motivation when employees feel proud of belonging to the organization and for their loss of morale when the institution betrays them. It also explains why employees find it hard to break out of divisional or functional silos: People become attached to their closest cohorts. But it's true that the ability to form attachments to larger collectives sometimes leads employees to care more about the organization than about their local group within it.

3. The drive to comprehend.

We want very much to make sense of the world around us, to produce theories and accounts—scientific, religious, and cultural—that make events comprehensible and suggest reasonable actions and responses. We are frustrated when things seem senseless, and we are invigorated, typically, by the challenge of working out answers. In the workplace, the drive to comprehend accounts for the desire to make a meaningful contribution. Employees are motivated by jobs that challenge them and enable them to grow and learn, and they are demoralized by those that seem to be monotonous or to lead to a dead end. Talented employees who feel trapped often leave their companies to find new challenges elsewhere.

4. The drive to defend.

We all naturally defend ourselves, our property and accomplishments, our family and friends, and our ideas and beliefs against external threats. This drive is rooted in the basic fight-or-flight response common to most animals. In humans, it manifests itself not just as aggressive or defensive behavior, but also as a quest to create institutions that promote justice, that have clear goals and intentions, and that allow people to express their ideas and opinions. Fulfilling the drive to defend leads to feelings of security and confidence; not fulfilling it produces strong negative emotions like fear and resentment. The drive to defend tells us a lot about people's resistance to change; it's one reason employees can be devastated by the prospect of a merger or acquisition—an especially significant change—even if the deal represents the only hope for an organization's survival. So, for example, one day you might be told you're a high performer and indispensable to the company's success, and the next that you may be let go owing to a restructuring—a direct challenge, in its capriciousness, to your drive to defend. Little wonder that headhunters so frequently target employees during such transitions, when they know that people feel vulnerable and at the mercy of managers who seem to be making arbitrary personnel decisions.

Each of the four drives we have described is independent; they cannot be ordered hierarchically or substituted one for another. You can't just pay your employees a lot and hope they'll feel enthusiastic about their work in an organization where bonding is not fostered, or work seems meaningless, or people feel defenseless. Nor is it enough to help people bond as a tight-knit team when they are underpaid or toiling away at deathly boring jobs. You can certainly get people to work under such circumstances—they may need the money or have no other current prospects—but you won't get the most out of them, and you risk losing them altogether when a better deal comes along. To fully motivate your employees, you must address all four drives.

The Organizational Levers of Motivation

Although fulfilling all four of employees' basic emotional drives is essential for any company, our research suggests that each drive is best met by a distinct organizational lever.

The reward system.

The drive to acquire is most easily satisfied by an organization's reward system—how effectively it discriminates between good and poor performers, ties rewards to performance, and gives the best people opportunities for advancement. When the Royal Bank of Scotland acquired NatWest, it inherited a company in which the reward system was dominated by politics, status, and employee tenure. RBS introduced a new system that held managers responsible for specific goals and rewarded good performance over average performance. Former NatWest employees embraced their new company—to an unusual extent in the aftermath of an acquisition—in part because the reward system was tough but recognized individual achievement.

Sonoco, a manufacturer of packaging for industrial and consumer goods, transformed itself in part by making a concerted effort to better meet the drive to acquire—that is, by establishing very clear links between performance and rewards. Historically, the company had set high business-performance targets, but incentives had done little to reward the achievement of them. In 1995, under Cynthia Hartley, then the new vice president of human resources, Sonoco instituted a pay-for-performance system, based on individual and group metrics. Employee satisfaction and engagement improved, according to results from a regularly administered internal survey. In 2005, Hewitt Associates named Sonoco one of the top 20 talent-management organizations in the United States. It was one of the few midcap companies on the list, which also included big players like 3M, GE, Johnson & Johnson, Dell, and IBM.

Culture.

The most effective way to fulfill the drive to bond—to engender a strong sense of camaraderie—is to create a culture that promotes teamwork, collaboration, openness, and friendship. RBS broke through NatWest's silo mentality by bringing together people from the two firms to work on well-defined cost-savings and revenue-growth projects. A departure for both companies, the new structure encouraged people to break old attachments and form new bonds. To set a good example, the executive committee (comprising both RBS and ex-NatWest executives) meets every Monday morning to discuss and resolve any outstanding issues—cutting through the bureaucratic and political processes that can slow decision making at the top.

Another business with an exemplary culture is the Wegmans supermarket chain, which has appeared for a decade on *Fortune*'s list of "100 Best Companies to Work For." The family that owns the business makes a point of setting a familial tone for the companywide culture. Employees routinely report that management cares about them and that they care about one another, evidence of a sense of teamwork and belonging.

Job design.

The drive to comprehend is best addressed by designing jobs that are meaningful, interesting, and challenging. For instance, although RBS took a hard-nosed attitude toward expenses during its integration of NatWest, it nonetheless invested heavily in a state-of-the-art business school facility, adjacent to its corporate campus, to which employees had access. This move not only advanced the company's success in fulfilling the drive to bond, but also challenged employees to think more broadly about how they could contribute to making a difference for coworkers, customers, and investors.

Cirque du Soleil, too, is committed to making jobs challenging and fulfilling. Despite grueling rehearsal and performance schedules, it attracts and retains performers by accommodating their creativity and pushing them to perfect their craft. Its employees also get to say a lot about how performances are staged, and they are allowed to move from show to show to learn new skills. In addition, they get constant collegial exposure to the world's top artists in the field.

Performance-management and resource-allocation processes.

Fair, trustworthy, and transparent processes for performance management and resource allocation help to meet people's drive to defend. RBS, for instance, has worked hard to make its decision processes very clear. Employees may disagree with a particular outcome, such as the nixing of a pet project, but they are able to understand the rationale behind the decision. New technology endeavors at RBS are reviewed by cross-business unit teams that make decisions using clear criteria, such as the impact on company financial performance. In surveys, employees report that the process is fair and that funding criteria are transparent. Although RBS is a demanding organization, employees also see it as a just one.

Aflac, another perennial favorite on *Fortune*'s "100 Best Companies to Work For," exemplifies how to match organizational levers with emotional drives on multiple fronts. (For concrete ways your company can use its motivational levers, see the exhibit "How to Fulfill the Drives That Motivate Employees.") Stellar individual performance is recognized and rewarded in highly visible ways at Aflac, thereby targeting people's drive to acquire. Culture-building efforts, such as Employee Appreciation Week, are clearly aimed at creating a sense of bonding. The company meets the drive to comprehend by investing significantly in training and development. Sales agents don't just sell; they have opportunities to develop new skills through managing, recruiting, and designing curricula for training new agents. As for the drive to defend, the company takes action to improve employees' quality of life. Beyond training and scholarships, it offers benefits, such as on-site child care, that enhance work/life balance. It also fosters trust through a no-layoff policy. The company's stated philosophy is to be employee-centric—to take care of its people first. In turn, the firm believes that employees will take care of customers.

The company examples we chose for this article illustrate how particular organizational levers influence overall motivation, but Aflac's is a model case of taking actions that, in concert, fulfill all four employee drives. Our data show that a comprehensive approach like this is best. When employees report even a slight enhancement in the fulfillment of any of the four drives, their overall motivation shows a corresponding improvement; however, major advances relative to other companies come from the aggregate effect on all four drives. This effect occurs not just because more drives are being met but because actions taken on several fronts seem to reinforce one another—the holistic approach is worth more than the sum of its constituent parts, even though working on each part adds something. Take a firm that ranks in the 50th percentile on employee motivation. When workers rate that company's job design (the lever that most influences the drive to comprehend) on a scale of zero to five, a one-point increase yields a 5% raw improvement in motivation and a correspondingly modest jump from the 50th to the 56th percentile. But enhance performance on all four drives, and the yield is a 21% raw improvement in motivation and big jump to the 88th percentile. (The percentile gains are shown in the exhibit "How to Make Big Strides in Employee Motivation.") That's a major competitive advantage for a company in terms of employee satisfaction, engagement, commitment, and reluctance to quit.

The Role of the Direct Manager

Our research also revealed that organizations don't have an absolute monopoly on employee motivation or on fulfilling people's emotional drives. Employees' perceptions of their immediate managers matter just as much. People recognize that a multitude of organizational factors, some outside their supervisor's control, influence their motivation, but they are discriminating when it comes to evaluating that supervisor's ability to keep them motivated. Employees in our study attributed as much importance to their boss's meeting their four drives as to the organization's policies. In other words, they recognized that a manager has some control over how company processes and policies are implemented. (See the exhibit "Direct Managers Matter, Too.")

Employees don't expect their supervisors to be able to substantially affect the company's overall reward systems, culture, job design, or management systems. Yet managers do have some discretion within their spheres of influence; some hide behind ineffective systems, whereas others make the most of an imperfect model. Managers can, for example, link rewards and performance in areas such as praise, recognition, and choice assignments. They can also allocate a bonus pool in ways that distinguish between top and bottom performers. Similarly, even in a cutthroat culture that doesn't promote camaraderie, a manager can take actions that encourage teamwork and make jobs more meaningful and interesting. Many supervisors are regarded well by their employees precisely because they foster a highly motivating local environment, even if the organization as a whole falls short. On the other hand, some managers create a toxic local climate within a highly motivated organization.

Although employees look to different elements of their organization to satisfy different drives, they expect their managers to do their best to address all four within the constraints that the institution imposes. Our surveys showed that if employees detected that a manager was substantially worse than her peers in fulfilling even just one drive, they rated that manager poorly, even if the organization as a whole had significant limitations. Employees are indeed very fair about taking a big-picture view and seeing a manager in the context of a larger institution, but they do some pretty fine-grained evaluation beyond those organizational caveats. In short, they are realistic about what managers cannot do, but also about what managers should be able to do in meeting all the basic needs of their subordinates.

At the financial services firm we studied, for example, one manager outperformed his peers on fulfilling subordinates' drives to acquire, bond, and comprehend. However, his subordinates indicated that his ability to meet their drive to defend was below the average of other managers in the company. Consequently, levels of work engagement and organizational commitment were lower in his group than in the company as a whole. Despite this manager's superior ability to fulfill three of the four drives, his relative weakness on the one dimension damaged the overall motivational profile of his group.

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Our model posits that employee motivation is influenced by a complex system of managerial and organizational factors. If we take as a given that a motivated workforce can boost company performance, then the insights into human behavior that our article has laid out will help companies and executives get the best out of employees by fulfilling their most fundamental needs.