

THE CASE FOR MOTIVATION

*What's sapping it, what will
bring it back*

The background of the entire page is a photograph of an electric car's charging port. A black charging cable with a white connector is plugged into the car's charging inlet. The car's body is a light blue or silver color. A large, semi-transparent green rectangle is overlaid on the left side of the image, containing the text. The text is in white, bold, sans-serif font.

THE PROBLEM

Tech disruptions and outdated corporate structures are sapping people's drive to work at a distressing, if not record, level.

WHY IT MATTERS

Motivation is what drives all the great innovations the world enjoys today, not to mention the bulk of corporate profits.

THE SOLUTION

Companies need a new roadmap to inspire rather than crush employee spirit, while individuals need to spark self-motivation in their work lives.



Introduction

This is an exciting moment in human history. For the first time, people have turned the uncontrollable forces of nature—famine, sickness, and extreme poverty—into manageable challenges. This hasn't come through any magic pill, of course. These once-insurmountable issues have been slowly brought down to size by motivated people, both individuals and groups, armed with the flexibility and desire to generate innovative ideas. Indeed, motivation is a seed that produces innovation.

But in recent times, motivation has become one of the greater concerns—and mysteries—of today's business world. Even though these should be idyllic times for workers, with the economy and the labor market at such favorable levels, study after study suggests something has gone terribly wrong with workforce motivation. People still have the drive to work hard, but much of this drive has become sapped inside corporate hallways and factory walls. One of the most comprehensive surveys of the American workplace finds that 70% of workers say they are not highly engaged in their jobs—a disappointing figure given the funds companies dedicate to engagement.

The Korn Ferry Institute believes this mystery in motivation can be unlocked. According to our research, the heart of the problem centers on several very topical factors, from rapid tech disruptions to antiquated corporate structures to a disturbing rise in employee stress. Indeed, our analysis of a major global employee survey covering nearly 50 countries reveals that employee stress has risen nearly 20% in three decades. But we also believe that companies and employees together can turn the power of motivation to their favor, by creating a greater sense of purpose in the workplace, improving individual and corporate agility, and evolving leadership practices and operating structures.

This paper provides a roadmap to these steps, reaffirming the value of human capital in general and human motivation in particular. With the pace of change only increasing, stress is not likely to recede, so individuals must learn to cope, or better yet thrive, under a new management paradigm, while prevailing leadership and organizational practices must be reimagined to unleash the true adaptive potential of today's workforce. Some measures can come with relative ease; others may require a more demanding process. But the stakes behind today's battle for motivation could not be greater, with the very momentum for the pervasive innovations we enjoy today—and expect for tomorrow—now hanging in the balance.



The matrix of motivation.

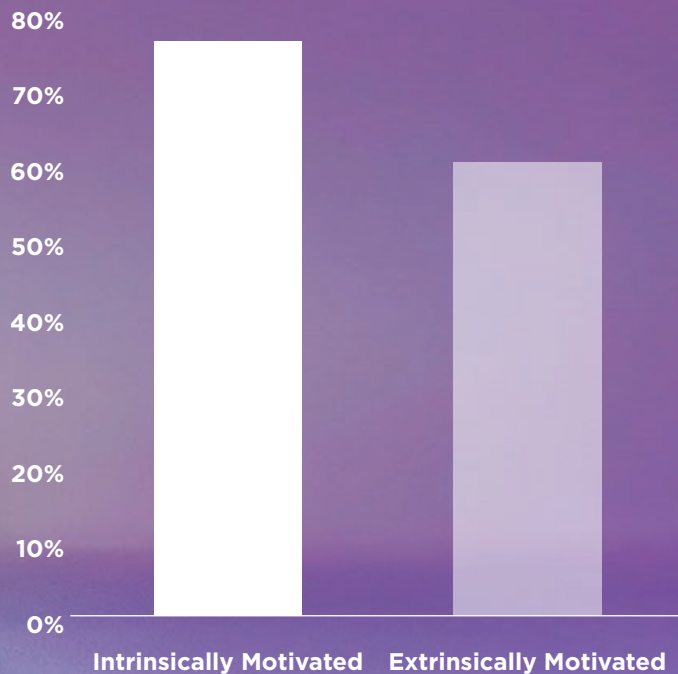
In a landmark study, the Korn Ferry Institute revealed that while companies place enormous emphasis on the value of physical assets, the economic value of human capital is far greater, with a detailed analysis revealing it has a total global economic potential value of \$1,215 trillion. Put another way, the value of people within organizations—their ability to lead, to create, to drive change—is 2.33 times the potential of assets like technology, real estate, and inventory that are the focus for most companies.

But human capital is fed by motivation, and not all motivation is created equal. When people feel “intrinsically” motivated, they don’t have to be enticed or rewarded in order to work hard because they find reward in the work itself. On the other hand, when people feel “extrinsically” motivated, they tend to do the minimum required to get the reward or to avoid getting fired. Intrinsically motivated people don’t wait for interesting work to come their way; they actively seek out new challenges and opportunities to learn. An obstacle in their path becomes a chance to take a risk and get creative. It isn’t a stretch to see that intrinsic motivation holds the key to an organization’s ability to foster innovation and adaptability.

Indeed, studies have demonstrated a range of benefits when intrinsic motivation is stoked, including far better individual performance. According to Korn Ferry’s global employee opinion database, 76% of employees who feel intrinsically motivated exceed performance expectations, compared to 60% of those who feel extrinsically motivated.



PERCENTAGE OF PEOPLE EXCEEDING PERFORMANCE EXPECTATIONS



A significantly higher proportion of people who exceeded performance expectations reported that they were intrinsically motivated (76%) as opposed to extrinsically motivated (60%), according to Korn Ferry's global employee opinion normative benchmarks which sample more than 6.4 million employees in 390 organizations around the world in a variety of industries.

The key to catalyzing intrinsic motivation is to satisfy human beings' three intrinsic needs: autonomy (personal accountability), competence (capability and efficacy), and purpose (personal identity). Satisfaction of the three intrinsic needs helps people and their organizations thrive.

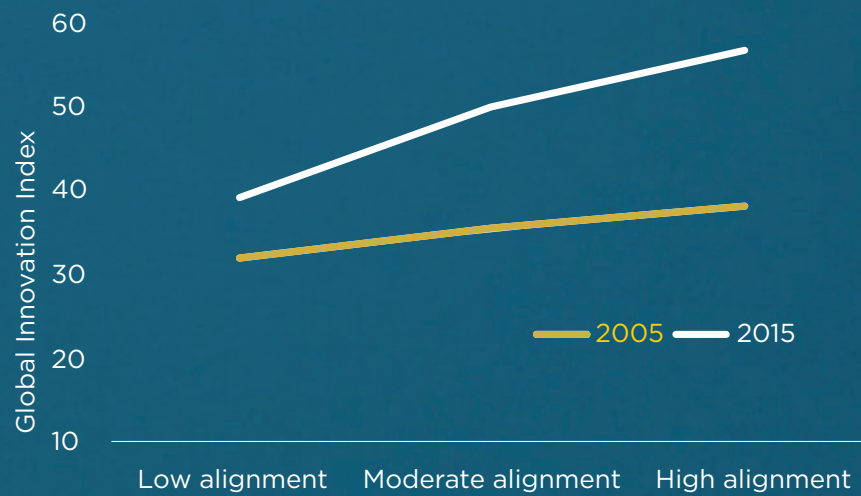
Autonomy and competence are defined in this case as the opportunity to make contributions through increased independence, skills, and confidence. These become a self-reinforcing cycle. Independence affords the opportunity to take risks, and whether those risks succeed or fail, the learning experience builds competence. In the early days of Silicon Valley, for example, one start-up after another was able to attract the best and brightest by instilling independence in the individual, asking that workers develop their own ways to reach their own potential. Far larger firms with far stronger employer brands could not compete, weighed down with underemployed workforces and organizational structures that sapped the kind of independence that enriches motivation. It was at these feisty start-ups—the future Googles and LinkedIns of the world—that individuals sensed they had “impact.”

But that impact for most of us must have purpose, and that sense of purpose provides meaning and aspiration larger than ourselves. People who are successful in their fields and have the resilience to pursue their passions despite setbacks and obstacles are often able to do so because they are working toward fulfilling a purpose. In Korn Ferry's recent “Women CEOs Speak” study, 68% of the women CEOs reported being driven by a strong sense of purpose. Another Korn Ferry study found a positive impact on promotion rates and retention for key leaders who reported that purpose gave them the courage to take risks in the form of bigger jobs or daunting assignments. “My core purpose is not about the prestige, the title ... it's about the ambition to get to where I am,” one executive commented.

Our research shows that by putting these two elements in place—autonomy and purpose—motivation is often ignited and ultimately spurs on great innovation. As seen in the chart to the right, we looked at various countries' “innovation scores,” as determined each year by various metrics of the Global Innovation Index, then married those scores with the International Social Survey Program (ISSP), a global survey that measures how employees rated the “usefulness” of their jobs and “helpfulness to society.” The result: The more aligned they felt with a good purpose, the higher the innovation score. And this relationship has been growing stronger, based on our comparison of 2015 to 2005—with countries landing higher innovation scores when employees felt more useful and more beneficial to society.

Little wonder that real-world examples of this connection abound. Netflix, for example, is known for a talent strategy of hiring only “fully formed adults”—those ready for autonomy and the responsibility that comes with it. By stripping away unnecessary bureaucracy and replacing it with trust and high expectations, employees are free to focus on why they are there: to create and innovate. Good judgment, a byproduct of independence and expertise, is rewarded over hard work and process orientation. With such a system in place, few can question the company's ability to anticipate and adapt to the future. “The best thing you can do for employees—a perk better than foosball or free sushi—is hire only ‘A’ players to work alongside them,” says Patty McCord, a former chief talent officer for Netflix, told the *Harvard Business Review*. “Excellent colleagues trump everything else.”

HELPFUL AND USEFUL JOBS MEAN HIGHER INNOVATION SCORES



According to data from the Global Innovation Index, in 2015, innovation scores were 41.4% higher in nations where people felt their ideals were fulfilled by holding jobs that were useful and helpful to the society compared to nations where workers didn't feel that way.

A stressed-out workforce.

Though research can show the right triggers for motivation, it is up to companies—and the individuals within them—to pull the right levers to drive it. However, though it is rarely discussed and often ignored in any discussion about motivation, one outside factor can have enormous impact. Indeed, it can be crippling: stress.

Despite our incredible potential for innovativeness and adaptability, humans have a design flaw: Working memory—the capacity for actively holding something in mind to work on, a trait significantly related to ability and potential—is limited. Stress clogs up working memory by impeding the function of the prefrontal cortex, the area responsible for high-level thinking such as abstract reasoning, thought analysis, planning, and decision making. It also arouses our sympathetic nervous system, which cannot be directly controlled. These responses show up as feelings of nervousness, anxiety, and worry. The result hinders people's ability to think clearly, stay open and aware, and maintain healthy immunity to illness. Bottom line, stress is a well-known creativity killer.

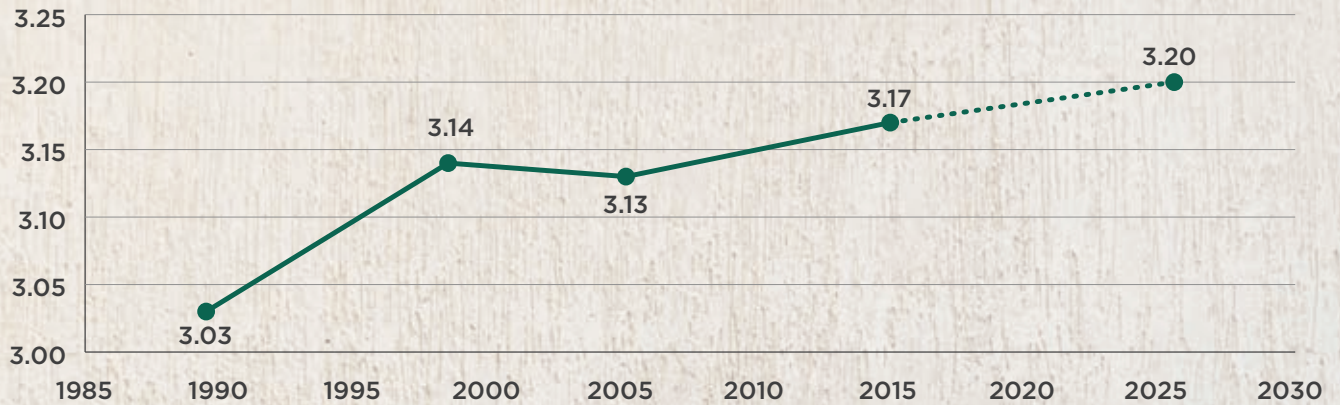
Is your company stoking or suppressing people's intrinsic drive?

Yet survey data tracking more than 145,000 employees around the world reveals a rise in workplace stress, reaching disturbing levels globally (see chart on the next page, with workers asked to rank stress from one to five, averaging 3.17 in 2015). People who reported their work to be “always” or “often” stressful increased nearly 20% from 1989 to 2015. In the United States alone, people's stress levels have increased 10% to 30% over three decades, while in the United Kingdom, Britons find their jobs more stressful, precarious, and demanding than ever before.

The root cause of all this stress is not surprising; according to another recent survey, the top two triggers are the prospect of losing one's job to artificial intelligence (AI) and the pressure to learn new skills because of automation and business disruption. Whether the increased use of AI and automation destroys more jobs than it creates is still up for debate, but one thing is for sure: The increased use of technology is stressing out the workforce. Indeed, beyond the fear of tech's future shadow, almost one in five Americans identify the use of technology in their lives—from smartphones to ever-present screens—as a significant source of stress.

This mounting stress has unintended and ironic consequences. After all, technology has always offered the great promise of removing mindless tasks to free up people's minds and improve productivity overall. But as people reach their stress threshold, their ability to cope with ongoing change, transformation, and disruption is impaired, resulting in detrimental attitudes, maladaptive behaviors, and disappointing performance. In the end, we find ourselves with a workforce suffering intellectual and emotional paralysis brought on by tech-related stress, undermining motivation as well as the ability to adapt.

STRESS IN THE WORKPLACE IS ON THE RISE



In a 2015 survey of 145,641 global employees, based on ratings between 1 and 5, respondents found work to be more stressful than those surveyed in the past. Projections suggest stress levels will continue to increase.



A roadmap to self-motivation.

Organizations clearly have a large influence over motivation, but unfortunately, many seem to be failing badly at stirring engagement. According to Korn Ferry's global employee opinion survey data, more than 40% of workers feel their firms aren't doing enough—or anything—to motivate them at work. "That's a lot of time wasted for both those employees and their employers, who are not getting the full impact of their potential," says Mark Royal, a Korn Ferry senior principal and engagement and culture consultant.

But individuals too must play a role in motivating themselves. In the case of reacting to stress, research suggests that by building agility and resilience, people can actually use the stress as fuel for change and creativity. For his part, Richard Boyatzis, a Korn Ferry strategic partner and professor of organizational behavior and cognitive science, suggests people first limit exposure to negative emotional states and maximize positive emotional states. When a negative emotional state is in play, people feel judged, out of control, helpless, insecure, and incompetent. Conditions that contribute to a positive emotional state are those that make people feel competent, valuable, useful, respected, hopeful, encouraged, and secure. It is no surprise that the latter state of mind is more conducive to opening up to risk and vulnerability, which are preconditions to learning and changing.

But positive feelings alone are not enough. For individuals to progress toward their ideal selves, they also need to develop a vision or passion. This self-generated aspiration becomes both an inspiration and a guide for self-development. It also provides a broader perspective regarding purpose, which serves to buffer day-to-day stresses or make them more meaningful or worthwhile in the pursuit of broader goals.

Interestingly, the absence of stress can be as immobilizing as too much stress. Here too, individuals must seek out the right level of challenge depending on their skills and readiness,

and ideally the degree of challenge increases as the person masters new skills and amasses new experiences. This progressive cycle was a key career propellant for the women CEOs we interviewed. An ideal response to boredom is to seek challenge. An ideal response to being overwhelmed is to get energized by challenge.

Challenge-seeking people differentiate themselves, and when they comprise or lead companies, the result can generate game-changing innovation. Deanna Mulligan, the CEO of Guardian Life Insurance, wakes up at 4 a.m. each day not because her job or personal life dictate it, but because it's when her unbound mind has room to roam and she can think of potential solutions for her biggest challenges. "If you want to grow and attain better results, you have to be willing to do things differently," Mulligan says.

The right corporate moves.

An organization doesn't change on its own, of course—its leaders do it. Today, the traditional management view of leadership as “someone who takes the lead while others follow” is obsolete. Leadership is increasingly shared, transitory, and project-based. With the increasing levels of disruption and stress, organizations do not just need more strong leaders, they need a completely different kind of leader: one who can nurture change-resistant employees, who can adapt their mind-sets accordingly, and who—whether tech savvy or not—can harness the skills and foster the cross-generational knowledge transfer of digital natives.

The pace of change can no longer be characterized as continuously improving or evolutionary, but “revolutionary.” When the Korn Ferry Institute asked 12,857 upper-level leaders to describe the degree of change in their work environments, 61% identified with “revolutionary” environments, dealing with rapid changes in roles and responsibilities. Approximately 20% reported being part of “evolutionary” organizations, whereas only 19% considered their environment to be “stable” with minimal amounts of change.

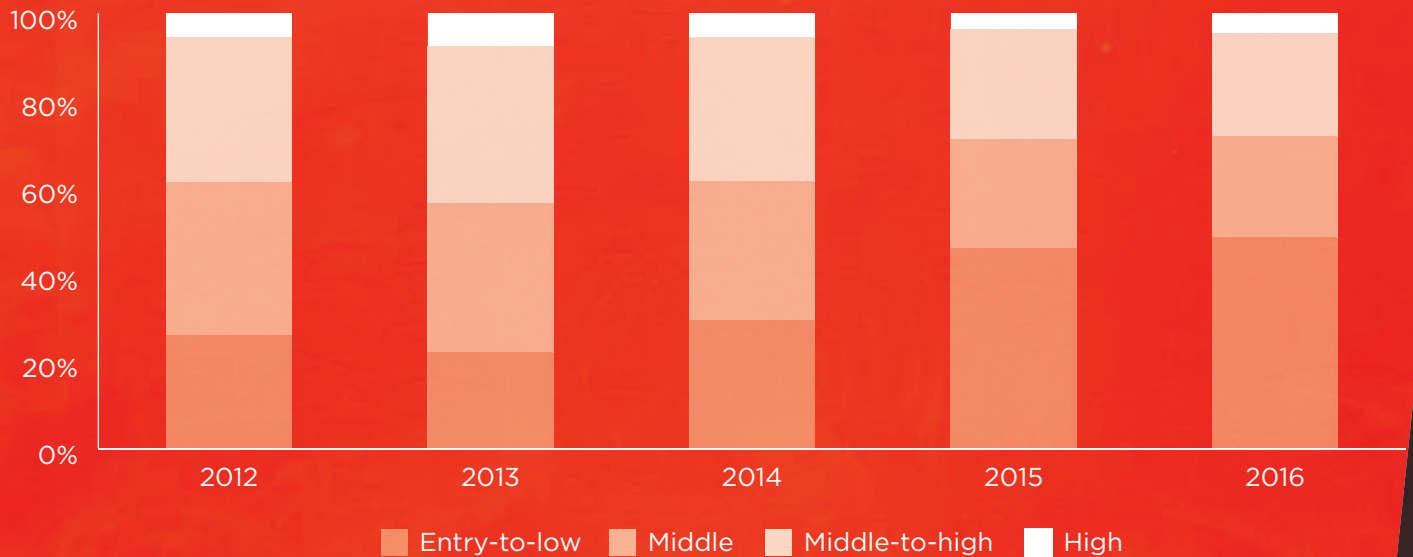
As revolutionary work environments become the norm, leaders who are high-performing innovators will be the ones who thrive and help others thrive. These leaders enable employees to become entrepreneurial, proactive, and risk-taking, promoting them into those roles where they must quickly learn. Singapore Airlines (SIA) spends \$100 million a year on employee training, giving its staff a wide range of authority to keep travelers happy. Ng Chin Hwee, the airline's executive vice president for human resources and operations, has said the airline offers rotations through different divisions of the company to keep employees interested and challenged. The result: Cabin crews stay on the job an average of 10 years, while ground crews stay with the airline for more than 20. “From SIA's perspective, we see training not as a cost item but an investment,” Ng said at a human resources conference recently.

Disruptive organizations require leaders to think and act differently. In analyzing survey data from close to 80,000 employees around the globe, Korn Ferry research disclosed the impact of leadership style on organizational climate. A flexible and innovative environment prevails in organizations led by leaders who adopt visionary, participative, and coaching leadership styles. Traditionally authoritarian, top-down, and pacesetter leadership styles are destructive to innovation.

High performance also hinges on individual choice; innovative employees are more likely to stay in high-change, high-challenge roles. Other leaders will likely self-select out, gravitating toward roles that require high expertise, adherence to process, or stability. Even within the same organization, both types of leaders are needed in different contexts. The best outcome occurs when organizations understand the nature of the role, the nature of the person, the degree of fit, and the extent to which a gap may be closed through targeted, accelerated development.

Does your company have the right leadership to navigate the world of hyper-change?

COMPANIES ARE BECOMING FLATTER AND LESS TOP-HEAVY



The make-up of the workforce is evolving. The proportion of the entry-to-low-level workforce segment has increased over the past five years, while the middle of the organizational hierarchy has shrunk.



What's more, capitalizing on intrinsically motivated, stress-tested people requires new thinking on how a company organizes its workforce. The Korn Ferry Institute analyzed its pay and rewards database (the largest of its kind in the world) and found a significant structural change in organizations over the last decade. Companies are becoming flatter and less top-heavy. Indeed, over the last five years, organizations have experienced declining ratios of employees who put themselves in the middle to middle-to-high leadership ranks, as shown in the chart.

These decreasing ratios suggest both an increased move toward project-based, team-oriented work (without formal leadership structure) and an increased span of control for those who remain in leadership positions. Organizations are changing, but how much of the change is deliberate, and how much is a knee-jerk reaction to seemingly uncontrollable disruptive forces?

In much the same way, traditional management often inhibits employees' intrinsic motivation, and the traditional way of organizing does not drive flexibility and adaptability. Functional divisions and hierarchical layers are the two most notable structural features of traditional organizations, added as an organization grows to control increasing complexity. Such an approach to organizing has the advantage of scale; companies have been able to scale into hundreds of thousands of employees. This mattered when large corporations needed to have more resources, possess strong bargaining power, and create high barriers of entry.

The advantage of scale, however, is increasingly less important to organizational success. Technological advancement has significantly

reduced barrier of entry, and business-model innovation can make size irrelevant. Organizations with small physical and financial investment today can generate more sales than established megacorporations.

The traditional, bureaucratic approach to organizational design intended to solve for increasing complexity. The approach itself, however, becomes a contributing factor to business complexity. It overwhelms people, distracting them from fully concentrating on serving customers. Substantial amounts of employee energy are wasted on maintaining the structure and system, curbing the organization's responsiveness to the changing business situation. According to Korn Ferry's global employee opinion database:

- 25% of employees express concerns that their jobs do not make good use of their skills and abilities.
- 33% of employees express concerns that the amount of work expected of them is unreasonable.
- More than 50% of employees report that time is wasted due to work on unnecessary or poor processes and procedures.

Future-focused organizations promote flexible, project-based teams as the natural way of organizing employees. Permanent silos and functions are replaced with modular units that freely communicate and recombine according to the situation at hand. An organization becomes a dynamic network of teams. Businesses, regardless of size, can operate like small companies that can decide and act quickly on customer needs. This new approach to organizing carries high motivational potency.

Rewrite the management playbook to catalyze human motivation.

Traditional management principles	New management principles
Functional division	Dynamic team
Talent specialization	Talent mobility
Hierarchical control	Distributed responsibility
Impersonal system	Humanistic connection
Focus: exploiting existing capability	Focus: exploring new capability
Operation goal: large and efficient	Operational goal: small and nimble
Business goal: economic worth	Business goal: social worthiness





Conclusion: Driving home drive.

As has been well documented, the age of disruption has only just started, and in response leaders have mostly put the onus on technology to guide their organizations through the shake-ups. But in doing so, most are missing the critical element here—humans, who as partners with machines will be the ones ultimately finding and deciding on solutions for navigating the age of driverless cars, artificial intelligence, and nimble global competition. But without a motivated workforce, humans will never reach their potential and in turn technology will fail to reach those anticipated heights. The Korn Ferry Institute concludes that the great mystery behind today's troubling decline in motivation is within our reach. Individuals, leaders, and organizations can reimagine the future, discard outdated paradigms, and in the process unleash the potential of both people and organizations to drive themselves—adapting and innovating as humankind has never seen before.





What now: Moves to make.

For individuals:

Be mindful of stress triggers. Notice causes of stress in the workplace, then take time to pause before responding. Practice mindfulness to promote greater awareness of yourself and your context.

Make a difference. Connect with your core purpose. Find meaning at work, seeking out work and responsibilities that will help you grow your span of influence.

Disrupt yourself. The shelf life of skills is shrinking, so people should reinvent themselves several times in their careers. Aggressively seek disruptive experiences, do things that scare you each day and week, and know the value of taking risks for current and future goals.

For companies:

Define purpose. Develop and then communicate early and often the firm's purpose beyond financial gain. Align individual aspirations with the organizational purpose to ignite people's passions.

Install a new mind-set for leadership. Grow a new breed of leaders who believe less in controlling people and more in seeing the unique potential in everyone—and creating contexts for their innovations to happen.

Remove rules and silos that are limiting. Allow people to own and be accountable for results. Remove hierarchical barriers and foster connectivity within and across boundaries to support more collaboration. Create empowering environments.

Inspire performance. Positive environments create the conditions for learning and creativity to flourish. Create a reinforcing cycle of positivity with leaders who cultivate motivation and inspire high performance in people.

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About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

About the Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.

