

# WHAT'S WRONG—AND WHAT'S RIGHT— WITH U.S. WORKFORCE PERFORMANCE

## *Interview with Daniel Yankelovich*

**Public Perspective:** The competitive position of the US in the world economy ranks high in everyone's concerns. Among the factors which determine that position, the capabilities and performance of American workers, compared to those of our principal competitors, are surely central.

There's been worry in some circles that our work force is falling back in critical areas. Some detect a weakening of the American "work ethic." Others say US workers are being inadequately educated for today's jobs. Declining morale in an age of much-publicized corporate mergers, plant closings, and lay-offs has often been cited as a problem.

Yet when one reviews the findings of recent survey efforts to assess US workers—data which we have brought together in this issue's Public Opinion Report—we see cause for considerable optimism. Morale looks high. Employees say they are broadly satisfied with their jobs, that they get a proper hearing for their good ideas, that they have an opportunity to shape the work they do, etc. The work ethic seems alive and well.

But, are these data in some way misleading or incomplete?

**Daniel Yankelovich:** They are misleading in one significant way—they do not distinguish between *satisfaction* and *mo-*

*tivation*. An employee can be satisfied because he's not being driven. In research I did in the 1970s and 1980s, I found that workers generally liked their managers—but didn't respect them very much. People had considerable freedom on the job, and that is still shown in the data. But they weren't using this freedom to maximum effect. We have a satisfied workforce, one that feels reasonably free and not driven by computers. People have a lot of discretion, but the discretion isn't being mobilized to good effect, to produce products of excellent quality.

**PP:** What can we say about how this workforce of ours stacks up against its competitors?

From *PUTTING THE WORK ETHIC TO WORK* (New York: Public Agenda Foundation, 1983), By Daniel Yankelovich & John Immerwahr, reprinted by permission.

Today, the United States is in the grip of a second industrial revolution. While the first, stretching from the 1870s to the 1970s, shifted the main sector of the American economy from agriculture to industry, the new revolution is shifting the economy away from traditional "smokestack" manufacturing industries to those based upon information, services, and new technologies. It took the country decades to accommodate the cultural and social implications of the first industrial revolution, and it would be rashly optimistic to assume that we will not face serious stresses in coming to terms with the changes that are transforming the workplace today. A key element in these changes is the increased discretion in the workplace, a factor of critical importance in shaping the nation's strategy to regain its competitive momentum.

Discretion is not new to the American workplace. Preindustrial America probably had a great deal of it. In 1800, for example, close to 80% of all American workers were self-employed (as compared to only about 8% today). Many of these workers had high-discretion jobs as farmers, or as independent tradesmen or skilled craftsmen. But the harsh realities of early American life insured that few workers could use this high discretion as an opportunity to hold back effort from their work.

America's rise to economic pre-eminence in the mid-19th and early 20th centuries was partly based on a radically new way of organizing the workplace. One of the most significant changes was a deliberate effort to reduce the amount of job discretion for most workers. The new approach skillfully blended the available human resources with newly developed technologies into what one might call a "low-discretion model" of the workplace, one that maximized productivity by minimizing the need for creativity, autonomy, and commitment on the part of individual workers. This approach was enormously advantageous, both for American industry and for the economic well-being of many American workers.

Only in the last several decades has the low-discretion model begun to fall apart. We believe that it is precisely because of its long-term success that managers and jobholders have failed to recognize that the workplace conditions that made it practical no longer pertain.

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In explaining our own economic difficulties and the success of our competitors, both leaders and the public are quick to point to a supposed failure in the American work ethic as a central cause. (In this report we use the term "work ethic" in a purely secular sense to mean a desire to work hard and effectively for the sake of the work itself.) More than seven out of ten people (73%) believe that

**DY:** In an international study that I did,<sup>1</sup> it looks like a more satisfied workforce than the others. If you compare it to the Germans, ours is more satisfied. Workers here like their bosses more and have more autonomy.

In addition, we can say that just about the only thing not wrong with the American economy is the American work ethic. The work ethic is getting a bum wrap. I define work ethic as "surplus value"—getting more out of the job and having a bigger stake in it than *just* the economic one. The anti-work ethic idea—"work sucks, but I need the bucks" (an old automobile workers' slogan), "I just work for the money"—that's held by only about a quarter or less of the workforce. The preponderant majority have a strong work ethic. As your data show, we are a workforce of reasonably good morale—much better than the external perception. A workforce reasonably loyal, reason-

ably satisfied with their managers, and with their jobs, and with a proper work ethic—your data show this clearly and correctly.

Now comes the "But". It has to do with the motivation to be more productive and to produce higher quality. In "Putting the Work Ethic to Work," I developed the concept of "discretionary effort" as a counterpart to the economists' concept of discretionary income. Discretionary effort is the amount of effort you really can control on your own. Now, when it comes to quality, the discretion is almost total. You can make people come to work and go through the motions. But when it comes to producing products of quality, dependence on a highly-motivated workforce, on discretionary effort, is total. Here we're lagging.

One of the reasons US workers like their bosses is that their bosses are cow-

ards. When it's raise time, everybody gets almost the same percentage increase, regardless of performance. Rewarding performance is tough on a boss, because you have to tell a lot of people that they're not going to be rewarded because they are not performing. Managers don't do that. They now often take the easy way out. That's one of the ways they get to be liked. But it's also a powerful de-motivator.

Today, people in the workforce have a great deal more discretion than they used to, and production and quality are in their hands. But we do not have a system that is geared to motivating people.

In my book, *Starting With The People*,<sup>2</sup> I develop the concept of a new social contract in the workplace: "More for more." Give more, get more. Part of the "more" for workers is corporate loyalty, compensation related to performance, and, ideally, an ownership stake of one

Americans' motivation to work hard has deteriorated in the last ten years, and nearly eight out of ten (78%) feel that Americans take less pride in their work than they did ten years ago.\* A survey of business and government leaders...found virtual unanimity (87%) in the belief that a failure in the American work ethic is a key factor in our diminished ability to compete effectively with Japan.

Many leaders attribute this failure to the emergence of a new set of cultural values that stress hedonism, leisure, narcissism, and self-satisfaction, and are antithetical to the values of hard work and commitment to the job—an analysis that has bred an uncharacteristic sense of defeatism among American leadership. They know that if the cause of our declining economic vitality is a moribund work ethic, neither management nor government can do much about it....

Research done both by the Public Agenda and by others shows that this perception of a deteriorating work ethic is both inaccurate and misleading. Although work behaviors are indeed deteriorating, there is still a broadly shared endorsement of the work ethic in all sectors of the American work force. A majority of the work force describe themselves as having an inner need to do the very best job that they can, regardless of pay; fewer than a third of the work force (27%) reject the work ethic in favor of other motivations (e.g. work as a pure financial transaction). Nearly two-thirds (62%) say that they would prefer "a boss who is demanding in the name of high quality work."\*\*

Perhaps more important is the fact that, although the work ethic is strong among all sectors of the work force, it is particularly prevalent among better educated jobholders in high-discretion jobs. Nearly two-thirds of college educated jobholders (63%) have a strong work ethic, as compared to just under half (47%) of the jobholders with a high school degree or less. Since the amount of discretion on the job and the level of education seems to be rising, the currency of the work ethic may very well be increasing.

One of the most striking findings of our research concerns the effect of new cultural values. Many younger jobholders bring a new set of self-development and "expressive" values to their work. In the 1960s and 1970s these values were not always translated into commitment in the workplace. Many of our best educated young people sought to fulfill their values—a desire for autonomy, inner growth, and a connectedness with nature—outside of the work place through the pursuit of leisure. But our study shows that now that affluence can no longer be taken for granted, younger, better educated jobholders are discovering that the new values are in no way inconsistent with hard and effective work. Our findings show that expressive values actually reinforce and enhance the work ethic when people who focus on personal growth hold jobs that can serve as an outlet for self-expression and self-development. More than seven out of ten (72%) of the jobholders who endorse the new cultural values also subscribe to a strong work ethic. They feel an inner need to do the best job possible, regardless of pay....

form or another. So far, the workplace hasn't been organized to achieve this.

There's a lot of lip service in corporate circles to the idea that "nothing is more important than our people." But, in fact, the last 20 years have been almost totally dominated by financial management, with people totally secondary. We are now just beginning to emerge from the era of financial management. When I first entered the business community, engineers and production people were top dogs. Then came the turn of the marketing people. And then the financial people. The financial people have been in for a very long time. I don't think we'll ever get out of our competitiveness problems until the financial people move over and the turn is taken by managers who know how to manage people and quality.

A big structural change will have to take place. Motivating the average worker was not the key to success in the past. They were self-motivated. You had at the turn of the century a lot of very hungry people in the form of immigrant labor. And that's the energy Henry Ford unleashed. There were also people coming off the farm who had been brought up with a strong, old-fashioned work ethic.

After World War II we had another burst of energy from the veterans. A certain amount of motivation could be taken for granted. Our success was achieved through mass production and "good enough" quality. We never made the best quality in the world. We always made quality that was good value for the money.

So, to the extent the people had to be motivated, we could take their motivation for granted and it was good enough at the time. Now that's changed. High quality at low prices is the name of the game. Discretion is the key to quality. And we have not learned how to manage a high discretion workforce. A high discretion workforce means a higher level of motivation and more dedication to quality.

But, for all the problems I see in this area, we have many strengths. With less adversarial labor unions and the feeling of classlessness reported in your data, we have a better opportunity than in countries like Sweden or Germany to have average employees identify with the company. The old labor unions were predicated on a conflict of interest, irreconcilable differences between workers and management. One of the reasons that the unions have weakened is that argument doesn't hold

water anymore. People feel an identity of interests with the companies they work for. And the companies feel that way. We don't have the class warfare that almost killed the British economy, did a lot of harm to the French economy, and is still very important in the German and Swedish economies. We're mostly free of that.

We have a lot going for us, but that's like being 90% across the Atlantic. We're nowhere because we haven't taken that last step. We have lots of opportunity, lots to work with, but an important piece is not in place—the US economy has not yet made the transition from managing money to managing people.

#### Endnotes

<sup>1</sup>Based on a six-nation survey conceived by the Public Agenda Foundation and The Aspen Institute for Humanistic Studies and conducted August-September, 1982. See Daniel Yankelovich, et al, *The World at Work: An International Report on Jobs, Productivity, and Human Values* (New York: Octagon, 1985).

<sup>2</sup>Daniel Yankelovich and Sidney Harman, *Starting With The People* (Boston: Houghton Mifflin Co., 1988).

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If many Americans share an inner need to give their best to their jobs, and if increasingly they have a great deal of control over their level of effort on the job, what is preventing them from giving more to their work? Why do they hold back? And what steps can be taken to encourage them to give more?

Our findings suggest that the problem, in its simplest terms, arises from the fact that managerial skill and training have not kept pace with the changes that have affected the workplace. The trend towards greater discretion on the job is outrunning present managerial practices. Our hypothesis is that incentive and managerial systems are out of synch with changing values and attitudes. As a result the actions of managers blunt rather than stimulate and reinforce the work ethic. In a low-discretion workplace, such actions may not have been overly harmful, but in a high-discretion workplace they can be fatal to effort and quality.

This conclusion suggests that practical solutions are possible. Institutional practices and policies are often actionable in ways that cultural trends are not. This is not to suggest that there are quick fixes or easy solutions. But pinpointing the cause of the debate focuses our attention on the steps that can be taken to harness the strength of America's work ethic.

Our primary focus here is on steps that can be taken by managers to correct these mistaken practices. We do not mean to imply that managers are the only ones who can take steps to reinforce the work ethic. The ultimate decision to give or withhold effort must be made by job holders themselves, and a variety of leaders in government, education, and labor also need to reinforce work ethic values. But managers are in a particularly favorable position—they hold the "action levers" that have a significant effect on how much commitment people will invest in their jobs, or, to put it another way, how much discretionary effort people will invest in their work.

#### Endnotes

\*Survey by the Public Agenda Foundation of a national cross section of 845 working Americans, August-September, 1982.

\*\*Ibid.