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WHAT MOTIVATES EMPLOYEES?

A new look at employee engagement and culture risk
By Richard Barrett, Founder of Barrett Values Centre®

ABSTRACT

The purpose of this paper is to deepen the discussion about what motivates employees. This paper briefly describes the seven stages of psychological development and the corresponding levels of motivation. These are linked to Harvard Professor Robert Kegan's work on the three types of mind (socialized mind, self-authoring mind, and self-transforming mind). Each of the three types of mind has different drives and motivations and is linked to different levels of job complexity. Understanding the motivations of the different types of mind is essential to creating a high-performance organisation with high levels of employee engagement.

The principal inhibitor of employee engagement is the Cultural Entropy® score—a measure of the amount of energy in an organisation that is consumed in doing unproductive work: work that does not add value. The Cultural Entropy score arises from the presence of potentially limiting values such as bureaucracy, hierarchy, blame, internal competition, etc. The levels of engagement associated with different levels of the Cultural Entropy score for each of the three types of mind are discussed.

Finally, the paper explores the impact of increasing levels of the Cultural Entropy score on culture risk. The culture of an organisation is rapidly being recognized as one of the key causes of lapses in ethical and integrity-based risk. The paper explores top-down and bottom-up approaches to building a strong values-driven culture that reduces culture risk by moving beyond compliance to commitment. This paper is based on the initial chapters of Richard Barrett's book *The Values-driven Organization: Unleashing Human Potential for Performance and Profit*.

MOTIVATION, COMMITMENT AND ENGAGEMENT

The reason that leaders are interested in what motivates employees is that motivation leads to commitment, commitment leads to engagement, and engagement leads to high performance. If you want to build a high performing organisation you need to understand employee motivation and how to provide employees with what they are looking for. What they are looking for depends on two main factors—the level of psychological development they have reached and the demands placed on them by their current life circumstances.

STAGES OF PSYCHOLOGICAL DEVELOPMENT

We all grow and develop in seven distinct stages. Each stage of development entails mastering a different set of needs. The first three stages of development are focused on satisfying our basic needs—surviving, belonging and developing a sense of our own self-worth. The fourth and fifth stages of

development are focused on satisfying our first order growth needs—individuating and self- actualizing, and the sixth and seventh stages of development are focused on satisfying our second order growth needs—integrating and serving. The seven stages of psychological development are shown in Figure 1.

Figure 1: The Seven Stages of Psychological Development

THREE TYPES OF MIND

The seven stages of psychological development can be divided into three plateaus of growth. In *Immunity to Change,* Robert Kegan and Lisa Laskow Lahey refer to these plateaus as the socialised mind, the self-authoring mind and the self-transforming mind.[1] As we grow and develop psychologically, we gradually evolve from one stage to the next: from operating with a socialized mind to a self-authoring mind, to a self-transforming mind. Each shift represents growth in consciousness and an increase in the complexity of thinking. The following descriptions of these three types of mind are based on my personal interpretation of Kegan and Lahey's concepts.

The Socialised Mind

The *socialized mind* is a dependent mind. The way a socialized mind responds to a situation or a request is strongly influenced by what it believes others want to hear. It wants to fit in—stay in alignment with the group it belongs to—and has a limited ability for independent thinking. It is almost wholly focused on

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[1] Robert Kegan and Lisa Laskow Lahey, *Immunity to Change* (Boston: Harvard Business School Publishing), 2009, pp.16-21.

meeting its survival, relationship, and self-esteem needs. Those who operate with a socialized mind are unlikely to want to take on a leadership position. This could destabilize their carefully managed relationships to the group they belong to. Figure 2 shows what motivates people who operate with a socialized mind.

Figure 2: Motivations of the Socialized Mind
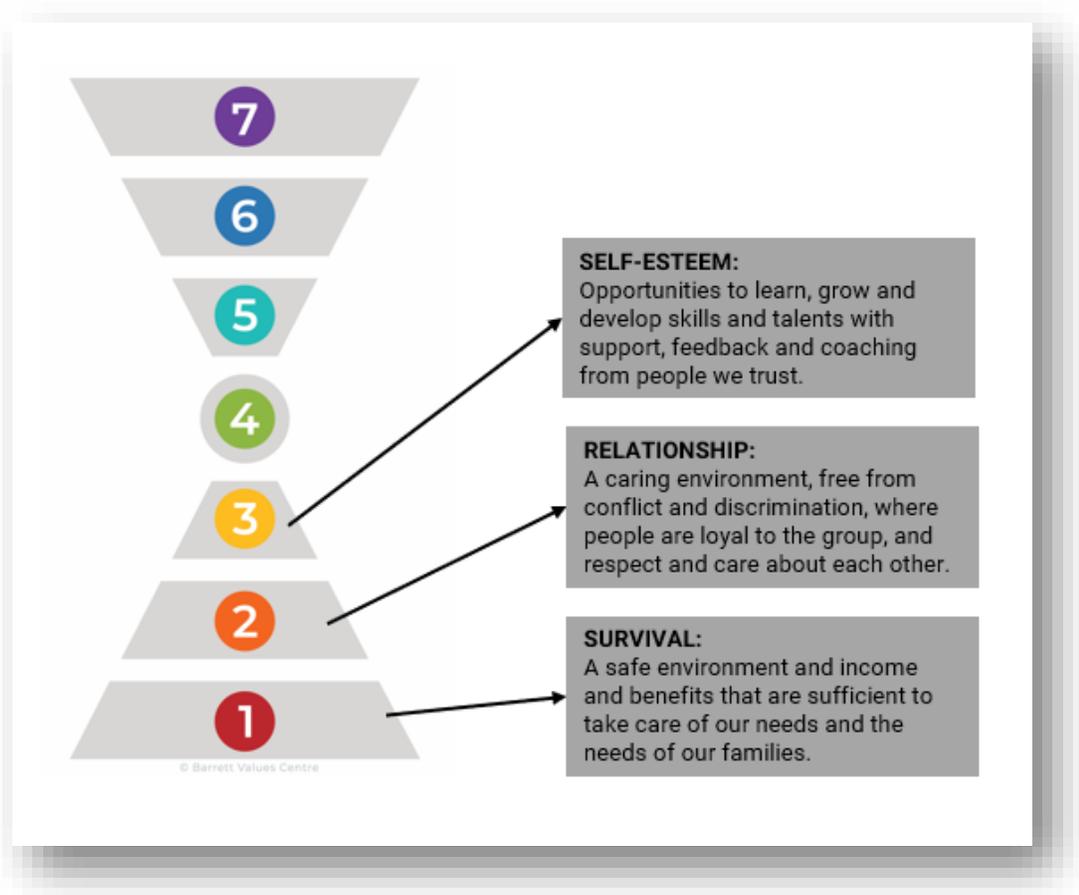
People with socialized minds tend to think of their work as a job. They are rarely highly engaged by their work. They are motivated by incentives that allow them to satisfy their basic needs—they value income and safety, friendship and respect, and recognition and rewards. They will quickly jump ship if they find an opening with another organisation that gives them more of what they want. They prefer simple tasks that can be easily mastered. They find it difficult to handle complex situations.

The Self-Authoring Mind

The *self-authoring mind* is an independent mind. The self-authoring mind responds to a situation, opportunity or request by seeking to further its agenda. The self-authoring mind wants to be accountable and take initiative but wants to do it its own way. People with self-authoring minds are ambitious and focused on achievement. They are keen to take on a leadership role. People with self-authoring minds can easily clash with other people who are also operating with self-authoring minds, especially if they hold different views on how things should be done. Figure 3 shows what motivates people who operate with a self-authoring mind.

Figure 3: Motivations of the Self-Authoring Mind
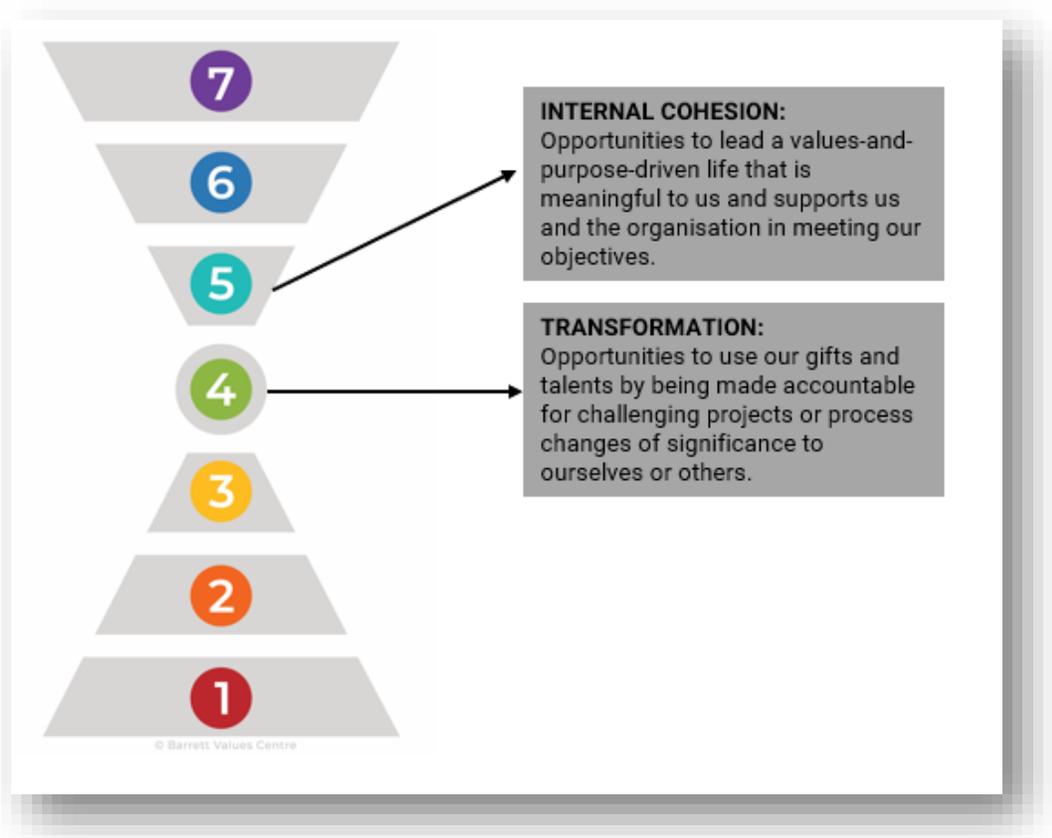
People with this type of mind tend to think of their work as a career. In addition to satisfying their basic needs, they are motivated by having opportunities to satisfy their first order growth needs—challenging situations that lead to advancement, and work that is meaningful to them. When these needs are met employees feel a strong sense of engagement. However, if the excitement and challenges they seek to dry up or disappear, they will quickly be on the lookout for other opportunities to further their careers. They enjoy complex tasks that require them to tap into their innovation and creativity. The self-authoring mind values freedom and autonomy and is looking for meaning and purpose.

The Self-Transforming Mind

The *self-transforming mind* is an interdependent mind. The self-transforming mind responds to a situation or request by seeking to further its agenda, but unlike the self-authoring mind, it is not a prisoner to its beliefs or its position. It is open to the ideas of others and if they make sense can readily integrate them into a more inclusive worldview. Figure 4 shows what motivates people who operate with a self-transforming mind.

Figure 4: Motivations of the Self-Transforming Mind
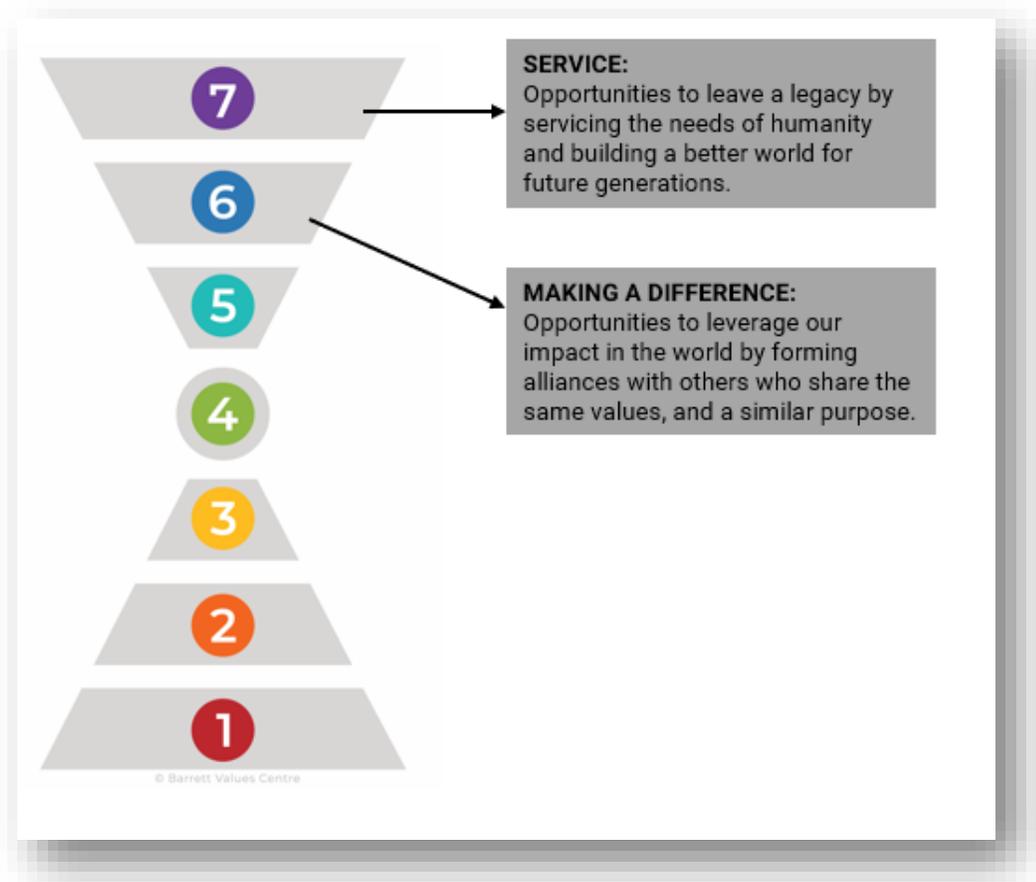
People with self-transforming minds tend to think of their work as a mission or purpose. They are motivated by having opportunities to satisfy their second order growth needs—to make a difference in their world, and leave a legacy by serving humanity or the planet. People with self-transforming minds experience the highest levels of engagement. They are prepared to put up with bureaucracy, and they will ignore internal politicking, just for the opportunity to experience the sense of fulfilment they get from being able to make a difference in the world. They bring clarity to complexity and are at ease with uncertainty.

Growth

The shift from one type of mind to the next is not something that can be taught: It has to be nurtured and developed. Some people take a lifetime to develop a self-transforming mind. Others get there more quickly. The majority of people never get there at all.

We evolve from a socialized mind to a self-authoring mind to the extent we are able to overcome our anxieties and fears about being independent—to survive and thrive on our own (individuate)—and embrace our sense of mission or purpose (self-actualize). We evolve from a self-authoring mind to a self-transforming mind to the extent we can be open to other perspectives—to integrate with others who operate with similar values and share a common purpose and live a life of selfless service.

We all start off in life trying to satisfy our basic needs—the needs that correspond to the first three levels of psychological development. If by the time we reach 25 to 35 years of age, we are able to satisfy these needs, we may feel the call to continue our developmental journey: We will begin to focus on our first order growth the needs. Once we reach 45 to 55 years of age, and we have been successful at satisfying our first order growth needs, we begin to focus on trying to satisfy our second order growth needs.

Responding to Change

People who operate with socialized minds tend to be vigilant and concerned about everything that is happening around them that involves change—they prefer stability and the status quo. They get anxious and fearful if they feel that the satisfaction of their basic needs might be threatened in any way. They want to protect what they have. Reorganisation plans or cutbacks can significantly affect their work output and stress levels.

Whereas people with socialized minds tend to view change as a threat, people with self-authoring minds tend to view change as an opportunity. They see change as a potential opening to further their careers. They have learned how to master their basic needs and consequently, for them, as long as they are, they are living in a healthy job market, change is not a threat to their stability.

People who operate with self-transforming minds tend to see change as part of the normal ebb and flow of life. They interpret what is happening around them through the filter of the "big picture"—how the changes they are experiencing allow them to further their life's mission or purpose. As long as their basic needs and first-order growth needs have been met, people with self-transforming minds are completely focused on making a difference and service to humanity or the planet.

Tailoring Incentives to Types of Minds

Based on this understanding, it is clear that the answer to the question, what do organisations need to do to create a highly motivated workforce, depends to a large extent on the level of complexity of the organisation's core business; in other words, on what types of minds are needed to perform the work.

Organisations that employ mechanics, labourers, retail or service personnel in relatively low-complexity work—usually people who are operating with socialized minds—should give emphasis to satisfying their employees' basic needs—pay and safety, friendship and respect, and recognition and rewards.

Organisations that employ knowledge workers, skilled technicians and researchers in medium-level complexity work—usually people who are operating with self-authoring minds—should give emphasis to satisfying their employees' first-order growth needs—challenging situations that lead to advancement, and work that is meaningful to them.

Organisations that employ highly qualified professionals and advisors in work that impacts the way in which organisations and societies operate, especially in international relations—usually people who are operating with self- transforming minds—should give emphasis to satisfying their employees' second order growth needs—making a difference in the world, and leaving a legacy by serving humanity or the planet.

In large organisations, one will normally find work that requires all three types of mind. In this case, it will be important to specifically tailor work incentives for each of the three types of mind.

LIFE CIRCUMSTANCES

Although our primary motivations will always be determined by the level of psychological development we have reached, a change in our life circumstances can alter our needs, and hence what motivates us. For example, if we suddenly find ourselves in a situation where we have significant financial needs, no matter what stage of psychological development we have reached we will find ourselves looking for work that provides us with more income. If on the other hand, we feel we need to spend more time caring for an elderly relative, a sick child, or disturbed teenager, we may find ourselves taking a less demanding position that allows us to spend more time with those we care about. When our life circumstances return to normal—when our need for income or personal time declines, we will always revert to the motivations that represent the level of psychological development we were at before the changes affected our needs.

EMPLOYEE ENGAGEMENT

The level of engagement an employee feels depends on two main factors: the type of mind[2] the employee is operating from, and the level of Cultural Entropy score[3] he or she experiences in their day to day activities. Table 1 describes five levels of engagement.

Table 1: Levels of Engagement

Highly Engaged	Employees bring passion, purpose and discretionary energy to their work. They are emotionally attached and committed to the organisation and want to do the right thing. They want to serve the greater good.
Engaged	Employees are willing to go the extra mile to support the company in achieving its goals and objectives as long as they can also satisfy their own goals and objectives
Becoming Disengaged	Employees are becoming frustrated, anxious and fearful about not being able to satisfy their needs.
Disengaged	Employees do what they have to do to get through the day, but are unwilling to put in any extra effort to meet deadlines or support their colleagues in difficult times.
Highly Disengaged	Employees are unhappy at their work and act out their unhappiness by actively undermining the company, and denigrating those who want to succeed.

Employees operating with a self-authoring mind will feel engaged if their basic needs are met, but will only become highly engaged if they feel the organisation also provides them with a solid career path (see Figure 3).

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[2] Socialized mind, Self-authoring mind or Self-transforming mind.

[3] The Cultural Entropy score is a measure of the amount of energy in an organisation that is consumed in doing unproductive work: work that does not add value. It is a measure of the conflict, friction and frustration that exists in an organisation due to potentially limiting values such as: bureaucracy, hierarchy, blame, confusion, short-term focus, etc.

Employees operating with a self-transforming mind, like those with a self- authoring mind, will feel engaged if their basic needs are met, and will feel highly engaged if the organisation gives them the opportunities to do the work that they are passionate about (see Figure 4).

People operating with self-authoring minds will leave the organisation if they do not have a clear career path, and people with self-transforming minds will leave the organisation if they are not given work that fulfils their sense of purpose.

When employees feel the organisation cares about them, by meeting their needs, they develop a sense of loyalty and connection to the organisation. The sense of connection increases commitment when the organisation supports them in their personal and professional growth; and the commitment increases to emotional and intellectual engagement when the organisation gives them opportunities to do the type of work that affords them challenging situations where they have to use their creativity or work that allows them to make a difference in the world and fulfils their sense of purpose.

When employees feel engaged or highly engaged, revenues increase and the portfolio value of the organisation increases. The following graph shows how the portfolio value of the 40 of the best companies to work for in the USA outperformed the S&P 500 during the period 2002 to 2012.

Figure 5: Growth in Portfolio Value of Top 40 Best Companies to Work For (BCWF) vs. S&P 500
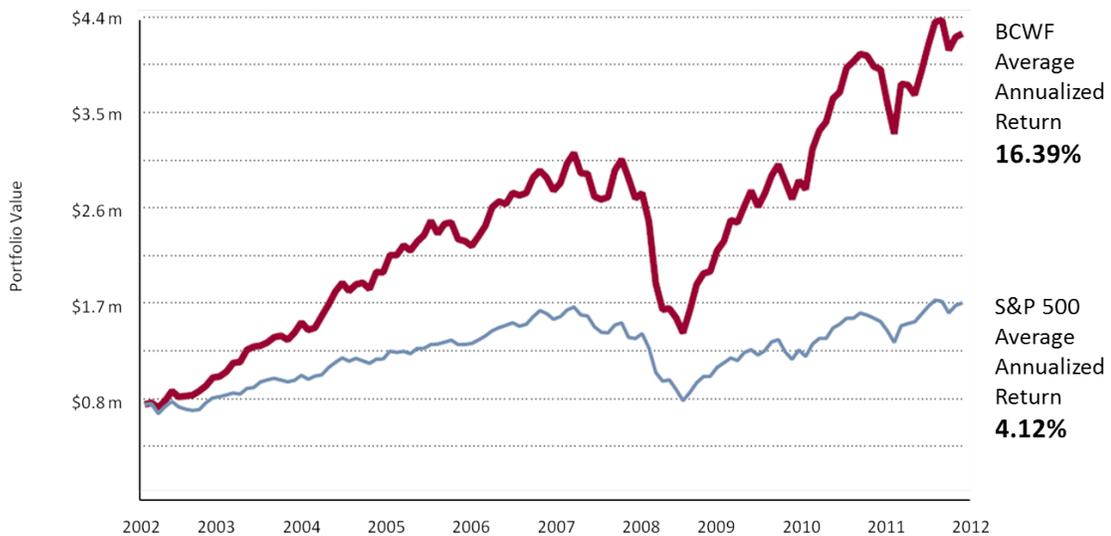
THE CULTURAL ENTROPY® SCORE

There is a very strong link between employee engagement and the Cultural Entropy score. When the Cultural Entropy score is high, engagement is low; and when the Cultural Entropy score is low, engagement is high. Figure 6, based on research carried out by the Barrett Values Centre and Hewitt Associates in Australia and New Zealand shows the relationship between Cultural Entropy score and employee engagement.

Figure 6: Relationship between the Cultural Entropy score and employee engagement
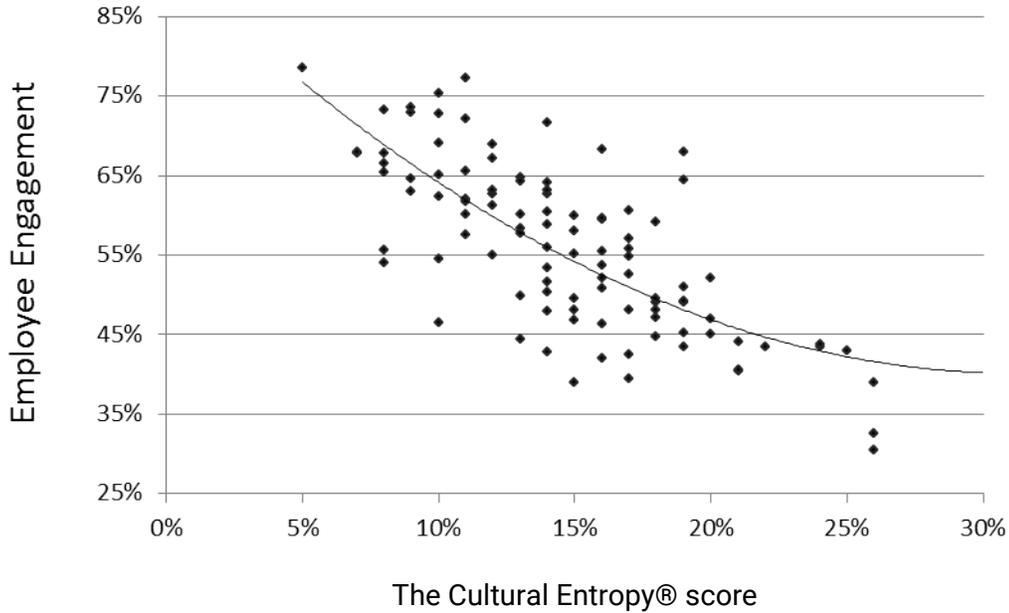

Table 2 shows how the levels of engagement, described in Table 1, are affected by different levels of the Cultural Entropy score, and also shows the potentially limiting values that show up in the culture of the organisation as entropy increases. This table is based on research carried out by the Barrett Values Centre in over 1,000 organisations where cultural values assessments were undertaken during the period Year 1 to Year 5.

Table 2: Levels of the Cultural Entropy score, Employee Engagement and Potentially Limiting Values

The Cultural Entropy® score	Most Employees are …	Potentially Limiting Values in the top ten values of the current culture
10% or less	Highly Engaged or Engaged	
11% to 20%	Engaged	
21% to 30%	Becoming Disengaged	Bureaucracy, Hierarchy, Confusion
31% to 40%	Disengaged	Additional Potentially Limiting Values: Control, Short-term focus, Silo-mentality, Long hours
41% or more	Highly Disengaged	Additional Potentially Limiting Values: Blame, Information hoarding.

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Employees start to become disengaged when bureaucracy, hierarchy and confusion get in the way of them doing their work. They become more disengaged when in addition to these potentially limiting values they also have to deal with excessive control, short-term focus and silo-mentality. At this point, they usually find themselves working long hours. They become highly disengaged when in addition to these potentially limiting values they also have to deal with blame and information hoarding.

CULTURE RISK

Culture is being increasingly recognised as a significant risk factor in business. Without a strong set of values, ethical and integrity-based risk can spiral out of control especially if the level of the Cultural Entropy score in an organisation grows beyond 20-30%. At this level of entropy, performance begins to stagnate, and the pressures to hold integrity ransom to profits are high. This factor alone has caused many companies to go bankrupt in recent years. Table 3 shows the potentially limiting values that correspond to different levels of entropy and the corresponding levels of cultural risk.

Table 3: The Cultural Entropy score, Levels of Engagement and Levels of Cultural Risk

The Cultural Entropy® score	Most Employees are …	Potentially Limiting Values in the top ten values of the current culture	Cultural Risk
10% or less	Highly Engaged or Engaged		Low Risk
11% to 20%	Engaged		Low Risk
21% to 30%	Becoming Disengaged	Bureaucracy, Hierarchy, Confusion	Medium Risk
31% to 40%	Disengaged	Additional Potentially Limiting Values: Control, Short-term focus, Silo-mentality, Long hours	High Risk
41% or more	Highly Disengaged	Additional Potentially Limiting Values: Blame, Information hoarding.	Very High Risk

In high entropy cultures, the pressures to meet short-term financial targets encourages unethical behaviour and corruption. As performance gets worse, controls are increased, cost-cutting measures are put in place, and people feel they are obliged to work long hours. When it is clear the organisation is significantly underperforming, leaders and managers try to protect themselves by retreating into their silos, blaming others and information hoarding.

Increasing levels of the Cultural Entropy score affect people differently. People operating with socialized minds quickly become disengaged when their basic needs are put under threat, especially when cost-

cutting measures are introduced. People with self-authoring and self-transforming minds become progressively frustrated and disengaged when bureaucracy, hierarchy and silo-mentality, along with budget cuts prevent them from achieving their ambitions or when the administrative work they have to do to satisfy the bureaucratic controls prevents them from doing the work they are passionate about.

Whilst highly disengaged employees operating with socialized minds can pose a significant threat to the productivity in an organisation, especially if the workforce is unionized, the largest risk usually arises when knowledge workers or managers, with self-authoring minds, decide to leave and take their intellectual capital with them or turn a blind eye to the ethical norms of behaviour in order to win or retain contracts. The pressures to perform, combined with their ambitions, and need for achievement, can easily draw people operating with a self-authoring mind into the danger zone of corruption. When they are frustrated, they present a real and present danger to the organisation because they have not yet reached the level of psychological development where who they are how they behave is as important to them as their need to be successful. They value success over integrity.

MINIMIZING CULTURE RISK

There are two possible approaches to minimizing culture risk: top-down and bottom-up. Both are necessary. The most frequently used and least effective top-down approach is ethics compliance: stressing the need for honesty, transparency and openness and making sure transgressors are punished. The least used and more effective top-down approach is building a values-driven culture. The reason this is the least used approach is that it is difficult to find leaders who are operating from full-spectrum consciousness—leaders who mastered each of the seven stages of psychological development, know who they are, and how to behave with integrity in all situations.

When you are able to build a values-driven organisation, compliance shifts to commitment, and as the values-driven culture takes hold, commitment shifts to consciousness. People not only know what they have to do to achieve excellence in their work, but they also know how to achieve excellence in their behaviour. They are living and breathing a values-driven culture. They operate with honesty and integrity because they are encouraged to do so. The leaders act as role models and they set up systems and processes that encourage ethical behaviour. As Cultural Entropy score drops to the low teens, we begin to see a commitment to shared values showing up as one of the top ten values in the culture. When entropy drops further, to below ten percent, ethical integrity becomes conscious. We not only see a commitment to shared values, but we also see a commitment to a shared vision.

The bottom-up approach I am proposing supports the top-down values-driven culture approach by making a commitment to self-leadership the sine qua non for promotion to all levels of management: in other words, a commitment to your own psychological growth. In *The New Leadership Paradigm*[4] (book and learning modules) I set out a bottom-up approach to leadership development that begins with leading self; follows with leading a team; then leading an organisation, and finally leading in society.

This approach recognises that every employee, every supervisor and every manager is on a personal journey of psychological development. Supporting them on this journey helps them: a) to measure where they are on their journey; b) to understand and modulate their drives and motivations, and c) to understand what developmental tasks they need to accomplish to accelerate their evolution. By working on their own evolution, they are able to support their staff in their evolution. This is how leaders create high levels of engagement, low levels of entropy, and enviable levels of performance.

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[4] Richard Barrett, *The New Leadership Paradigm* (Asheville, NC: Fulfilling Books), 2011.