

# Valuing People to Create Value:

## An Innovative Approach to Leveraging Motivation at Work

Based on the study conducted by Hervé Mathe, Xavier Pavie, and Marwyn O’Keeffe,  
ESSEC-Sodexo Chair in Innovation and Quality of Daily Life.

ESSEC

ISIS

INSTITUTE  
FOR SERVICE  
INNOVATION &  
STRATEGY



# Editorial

---

In late 2009, the Sodexo Group and ESSEC formed a partnership to advance research on the quality of daily life, and in early 2010, they established the Sodexo-ESSEC Chair in Innovation and Quality of Daily Life to drive research initiatives. Initial exploration of quality of life issues involved a review of existing academic and business documentation to identify prominent and emerging trends associated with the quality of daily life. The studies sponsored by the Chair should provide insight as to how services in this area should evolve, and ESSEC's international and multi-disciplinary approach offers the perfect complement to program goals.

Economists have focused on evaluating the quality of daily life for over two decades. However, this has often been reduced to well-being or happiness indexes used to complete GDP measurements, which countries still consider to be the sole indicator of economic development. Yet quality of daily life is also a micro-economic issue. As business organizations continue to strive to boost performance, they are increasingly focusing on how to enhance the work environment to create a better work experience. Today's

world is decidedly service-oriented, so everyone is concerned with the following types of questions. How can we leverage people's daily travel time in positive ways? How can we improve hospital and retirement home experiences? How can we improve the environment in academic institutions to facilitate and improve learning? With these kinds of contemporary issues in mind, the Sodexo-ESSEC Chair offers an opportunity to reflect, discuss, and build ideas and solutions to truly improve the quality of daily life. Both the economic and the sociological perspectives are essential to pursue this goal.

As part of the initial phase of investigation, the principal levers of motivation at work were identified, both from the examination of existing academic research, as well as from the analysis of exemplary corporate experiences in this domain. The main issues explored in the study were: the explanation of the fundamental characteristics of motivation in the workplace; the analysis of the sources of individual and collective motivation, and the different levers available to organizations to increase the motivation of their workforce. This study is summarized in the following report.

**Professor Hervé Mathe, Ph. D.**

Director, ESSEC ISIS (Institute for Service Innovation and Strategy)  
ESSEC-Sodexo Innovation and Quality of Daily Life Chair Holder

# Motivate to create value

Abstract of the study *Valuing People to Create Value: An Innovative Approach to Leveraging Motivation at Work*, by Professor Hervé Mathe, senior researcher Xavier Pavie and researcher Marwyn O’Keeffe, the ESSEC-Sodexo Chair in Innovation and Quality of Daily Life, 2010. This study will be published by World Scientific Publishing: Singapore, 2011.

Based on the exploration of theories and practices related to motivation at work, the study *Valuing People to Create Value: An Innovative Approach to Leveraging Motivation at Work* offers considerable insight on the issue and highlights the relationship between motivation and organizational success. Combining academic and practical exploration of the topic, this first study has generated a new definition of motivation at work as well as an original model composed of universal drivers of motivation. It allows organizations to develop well-targeted initiatives to inspire long term motivation within their workforce.

Since the 1960s, academic management research has recognized the significance of the human factor—and more specifically, of individual motivation—in business success. Now, as global enterprises face growing challenges, worker motivation has become even more critical of an issue and an organizational priority. Companies find ways to ensure competitiveness in the globalized marketplace while also responding to employees’ quest for meaning and demonstrating social and environmental responsibility. Dealing with all of these challenges and even leveraging them for growth means requires people who are deeply committed to organizational success and who are willing to contribute their best. In short, companies need motivated people. Yet motivation cannot be commanded; it must be fostered. The study sponsored by the Sodexo Institute for the Quality of Daily Life goes to the heart of where motivation comes from and reveals how to leverage this complex yet essential factor to help drive business success.

## KEY IDEAS

### What is Motivation at Work? *p. 04*

this is a complex concept. Continually changing, it stems from the connection between individual needs and desires and organizational goals. It is a subtle concept rooted in trust that is very much dependent on an organizational capacity for personalization.

### Motivation, a Major Driver of Performance *p. 06*

It is directly responsible for the flexibility and creativity on which modern organizations depend to distinguish themselves in today’s hypercompetitive, complex, international business scene.

### 9 Levers to Foster Motivation at Work *p. 08*

How can companies inspire and sustain motivation at work? This study presents nine levers in a motivation spectrum drawn from academic research and best practices from reputed international organizations.

# What is Motivation at Work?

The word “motivation” is a derivative of the Latin word *movere* or “movement”. Literally speaking, “motivate” therefore means “to stimulate toward action”.

## Defining motivation

At the beginning of Valuing People to Create Value, two definitions drawn from the study are provided to prevent ambiguity about the term “motivation”.

- **Motivation** is defined as an internal energy stimulated by the drive to attain goals to satisfy a set of individual needs and values. Motivation initiates an individual’s choice of behavior and determines its form and direction, intensity of effort, and persistence over time.
- **Motivation at work** is the ability of the organization to stimulate a person’s motivation to willfully strive towards the achievement of organizational goals by providing opportunities to fulfill individual needs.

« *Just as humans are complex... motivating people to put forth their best effort at work is accordingly complex.* »

## Motivation at Work Involves an Encounter

The encounter in question is between individual needs (influenced by personality, culture, and priorities at various stages of life and career) and organizational objectives. Early 20th century Taylorism promoted the idea of merely optimizing processes, but this perspective quickly proved insufficient and even risky. In contrast, numerous concepts focusing on the people doing the work and on providing them with meaning subsequently emerged and took root.

Nowadays, in both theory and practice, everyone agrees that motivating people by satisfying their needs is not only compatible with organizational success but is also one of its most powerful drivers.

« *One of the primary causes of job dissatisfaction is that most jobs have been robbed of meaning in the name of efficiency.* »

## The Cornerstone of a Fruitful Encounter: Management Excellence

Enlightened management is a prerequisite to this “encounter” between individual and organizational needs. Management must fully understand and integrate essential notions from motivation research and practice. They include:

### The “Mechanics” of Motivation

- **The roots of motivation**

People are driven to act to satisfy fundamental needs (i.e., a decent salary to ensure food, shelter, and a sense of security, etc.) as well as “higher-order” needs (i.e. personal growth, esteem, fulfillment, autonomy, empowerment, etc.). These needs vary from one person to another and change over time.

- **Choice mechanisms**

A number of factors guide our choices as we pursue our goals. Am I capable of reaching the goal I have been given? Will reaching this goal have an impact on me personally? Will I benefit from it? Do I value the associated rewards?

- **Set objectives accordingly**

Once choice processes have been understood, the importance of managerial practices becomes obvious. Things like assigning clearly defined goals, feedback, and, recognition of accomplishments all have a major impact on employee behavior.

### The Importance of Positive Management

A positive climate rooted in mutual trust and communication is essential for motivation. People’s perception of the workplace atmosphere (Am I treated fairly and respectfully? Can I trust my company?) substantially influences their satisfaction levels. Hence the importance of equity, transparency, and constant communication for individual motivation. Harvard Business School professor Louis Barnes explains that trust creates a sense of reciprocity. “People respond in kind to the way that they are treated.”

« *Managers must be able to recognize and value that which makes each employee unique, identify and value individual differences, and push everyone to succeed in their own individual way.* »

### The Necessity of Personalization and Adaptability

People’s hopes and needs vary greatly depending on things including age, personality, and even culture. For instance, in China and India, people value career development and learning opportunities more than anything else, whereas in the United States and England, people care first and foremost about their salary level and work-life balance (source: 2010 Global Workforce Study, Towers Perrin). The steps that companies take to boost individual motivation will not be effective unless they are adapted to individuals’ specific needs and values.



# Motivation, a Major Driver to Performance

There is an undeniable link between employee motivation and lasting business success. While it is difficult to pinpoint a direct cause/effect relationship, it is extremely worthwhile to gain an understanding of the connection.

## *Contemporary Importance of the Human Factor*

Today's organizations must deal with complex challenges that go far beyond issues of productivity. Differentiation, innovation, intangible value (service development), and global stakeholder satisfaction are just a few of them. To meet such challenges, companies are dependent on the agility, reactivity, and creativity of the members of their workforce. "The potential of people to influence the competitive positioning of the organization is more powerful than ever because, in the 'people economy', it is the human factor that can make the difference... The potential of a motivated workforce to play a strategic role in organizational success is evident."

« *We have unquestionably entered in a 'people-based economy,' where it is the human factor that can make the difference. »*

## *Motivation and Performance*

Business success depends on three components. Motivation (the personal desire to reach goals), ability (to reach goals), and resources (available for this purpose). These three factors are interdependent—i.e., motivation tends to be stronger when a person feels his or her abilities are being used to their full potential—and improving business performance necessarily requires addressing them all. Research shows that high levels of motivation go hand in hand with business success, profitability, long term productivity, lower rates of absenteeism and turnover, greater team responsiveness, and consequently greater capacity for innovation and satisfaction of organizational and market needs.

« *The hardest thing for a competitor to do is to copy our people! »*

*– Herb Kelleher, co-founder of Southwest Airlines.*

## A Win-Win Relationship

When a company effectively responds to its people's individual needs for fulfillment, it creates no less than a virtuous circle for improving business success. Investing in the conditions required to foster motivation is tantamount to establishing a veritable "psychological contract" with employees. People's effort to contribute to organizational success will be directly proportional to company initiatives to satisfy their personal needs for recognition, meaning, and fulfillment.

« *Unless both sides win, no agreement can be made permanent.* »

– Jimmy Carter.

### Motivation = Performance, Telling Facts and Figures

According to a survey by Towers Watson\*, employee engagement has a positive impact on company earnings. Observation of 50 international companies over a period of three years demonstrated this correlation: the earnings of companies with high engagement levels increased by 3.74%, whereas those of companies with low engagement decreased by 2%.

A Gallup report shows that "engaged" teams perform better than "non-engaged" teams with regard to customer loyalty (56%), productivity (50%), talent retention (50%), security (50%), and profitability (33%).

A study by Watson Wyatt Worldwide\*\* demonstrates that flexible and collaborative work processes increase corporate stock portfolio value by an average of approximately 9%.

Furthermore, a 2004 study commissioned by Investors in People shows that 43% of people are planning to quit their jobs within the next year due to a lack of motivation in their current position.

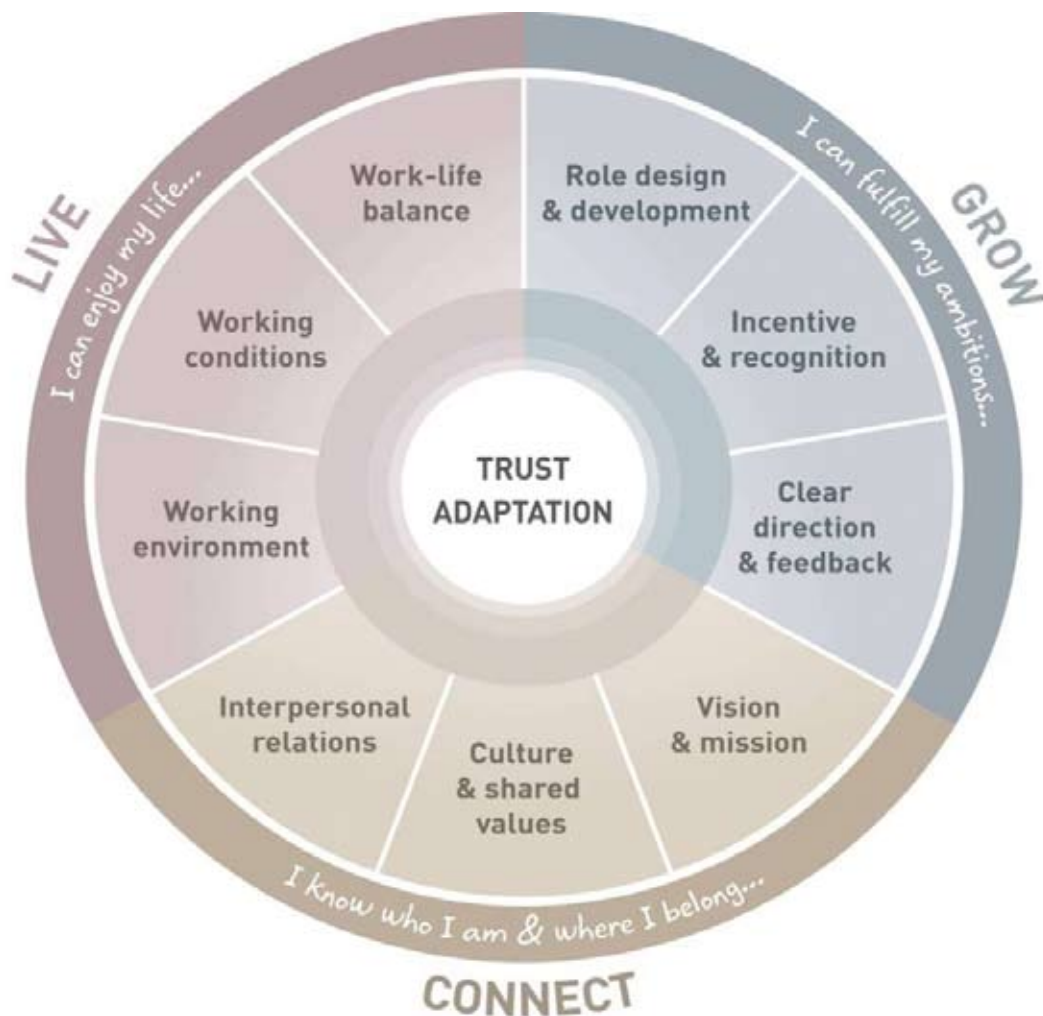
\* 2007 Global Workforce Study, Towers Watson.

\*\* "Human Capital Index: Human Capital as a Lead Indicator of Shareholder Value", watsonwyatt.com

# 9 Levers to Foster Motivation at Work

The study proposes a model of motivation that identifies 9 essential levers for motivation, organized into three major groups: Life (“I can enjoy my life”), Grow (“I can fulfill my ambitions”), and Connect (“I know who I am and where I belong”).

The research conducted by the ESSEC Sodexo Chair focused first on reconciling successful practices with theoretical research, and then on identifying the key motivational factors at work in all the diversity of these approaches. The objective? To draw out a complete and structured vision that can be used to create powerful strategies. The study thus offers a new model of motivation.



ESSEC / Sodexo Institute for the Quality of Daily Life 2010



**This model lists the 9 essential levers for motivation at work**, which combine to work their effects on people's well-being, satisfaction, engagement, and in the end on their motivation at work. These 9 levers are universal, corresponding to fundamentally human needs; all the same the relative importance of each one varies from one country to the next, from one organization to the next, and from one person to the next. Just as human beings are complex, so motivation depends on numerous factors, and fluctuates with different situations.

**Motivation at work depends on two central principles:** on one hand, positive management based on trust, and on the other, an organization's capacity to personalize its approach. The challenge is to identify each person's aspirations, and to act so that they are aligned with the organization's strategy, objectives, and resources... and then maintain the balance as time goes on.

Any organization can build a winning strategy on the basis of this model, taking into account its particular objectives and the specific needs of its own people, to reinforce motivation at work and thus to improve the performance of the organization.



Work is first and foremost a means for people to directly or indirectly satisfy their most fundamental needs while also achieving a sense of well-being.

## LEVER 1: Working Environment

- **Physical environment plays an integral role in well-being.**

Do employees have the means they need to do their jobs well? Is the workplace comfortable, and does it allow for desired types of interaction with co-workers? Do people feel good in their company and does it meet their everyday needs? A study shows that people hospitalized for a same illness recovered faster when their room had a view of a park instead of a brick wall!

- **Beware of stress!**

In addition to an ergonomic work space (which is critical, because it can boost individual performance up to 25%), workplace stress and the general work atmosphere are important, because they have a substantial impact on people's feelings and attitudes toward work. In England, a 2007 CIPD (Chartered Institute of Personnel & Development) study shows that the average amount of time taken off from work for stress-related reasons is 21 days a year.

## LEVER 2: Working Conditions

- **Frameworks, resources, status, job security, etc.**

Salary and social benefits fall into this category, as do organizational policies and legal frameworks that protect employees (i.e. contracts, insurance, social policies, support systems, etc.). In short, this refers to all of the things that contribute to an employee's social and financial security.

- **Content and form!**

There are many factors that contribute to satisfying working conditions. Overall salary levels are obviously important, because they constitute people's personal resources. But people's perception also has a significant impact on motivation. To feel satisfied, they must consider company systems as fair and equitable (Am I compensated fairly with regard to my personal contribution to the firm and in relation to others?). On the other hand, people value benefits more or less depending on their needs and how they perceive them. Companies should strive to implement systems that are both fair and transparent, and they should reinforce these values through communication recognizing employees' contributions to organizational success.

## LEVER 3: Work-life Balance

- **Support for people's increasing need for a better balance between their professional and private lives**

Engagement in work sometimes leads to an unbalance that is detrimental to both individuals and their organizations. Facilitating people's attempts to balance time for work and time for family, friends, or simply themselves helps to reduce stress and favors greater engagement in both of these areas. There is no need for specific rules; it is a matter of allowing people the flexibility and support they need to do their best on the job while also enjoying their lives. In other words, help them find their personal balance. Companies have a broad range of tools and systems at their disposal to help activate the motivational (and performance!) lever that is work-life balance, including flexible work hours and parental leave arrangements, and services like onsite day care, concierge service, restaurant and vacation vouchers, etc.

- **Personal Well-being = Business performance**

Both employees and employers benefit from good work-life balance. The numerous advantages for the latter include increased productivity, reduced absenteeism, motivated people, organizational attractiveness, company loyalty, and high quality investment in work. For example, flexibility is extremely important for young people now entering the workforce, and it has a major influence on employment choices. In the United States, 77% of employees who feel they benefit from workplace flexibility plan to stay in their jobs, as opposed to 41% of people whose companies do not offer such benefits. In Germany, a study shows that taking steps to improve work-life balance can save a company up to 50% in costs linked to family-related absenteeism. And in an American study, 55% of people who received vouchers for child care declared they were subsequently more concentrated on their work, 19% reported less absenteeism, and 75% felt that this aid had enabled them to improve their performance.

# Grow

By nature, people need to feel they are competent, to progress, and to feel fulfilled. They therefore need interesting and meaningful work.

## LEVER 4: Role Design & Development

### • Provide meaning

This lever of motivation at work is directly connected to the nature and content of a person's job. A position can be designed to inspire lasting interest. Meaningful work, autonomy, and growth opportunities are decisive factors when it comes to designing jobs that are motivating in and of themselves. There must also be a good fit between the job and the person doing it; the person's skills and knowledge must obviously match job demands.

### • Growth opportunities

Giving people responsibility for their job enables them to take ownership, advance at their own pace, and be proud of their accomplishments. Companies are also boosting people's interest and thus motivation at work by getting them involved in strategy development and decision-making, by providing learning and leadership opportunities, and by facilitating career development.

## LEVER 5: Incentive and Recognition

### • Recognize good performance

Researchers unanimously agree that this is one of the most powerful factors of motivation at work, whether it involves stimulating performance by linking goal achievement to rewards or acknowledging good performance and attitudes after the fact. Indeed, people know what is expected of them in terms of both results and behavior, but feeling appreciated and approved for doing these things significantly increases engagement and loyalty.

### • Thanks and good job!

People will be all the more motivated to do a good job in the following circumstances.

- Straightforward messages (i.e. comprehensible objectives, clear link between behavior and rewards);
- Appropriate rewards (personalization, image boost);
- Well-managed system (i.e. challenging but realistic objectives, performance measurement, fair and transparent systems);
- Sufficient communication surrounding an initiative.

Message clarity and the ways in which people are rewarded have a significant impact on the effectiveness of recognition. People are most sensitive to recognition when positive feedback immediately follows an accomplishment. "Thank you" and "good job" can also be said with a short personal note or with a gift, bonus, or symbolic award presented publically to a deserving team.

## LEVER 6: Clear Direction and Feedback

- **Establish a framework and provide meaning**

How can people make an effort if they have no goals to reach or vision of what their achievement will mean? Motivation also depends on clear directions and understandable rules. And it is further boosted when goals make sense to people and when they are given freedom and means to attain them as they see fit. These are the conditions in which people are creative; it is a matter of fostering a sense of ownership for work. Overly directive leadership where not only goals but also the means with which to achieve them are predefined is not effective. On the other hand, feedback contributes to motivation, for it enables people to assess their performance and measure progress. When goals are reached, recognition and even well-deserved rewards should not be neglected. Finally, honest, open discussion always helps sustain motivation, whether you are setting goals or monitoring results. It is a way for managers to show they are committed to their subordinate's success and it gives them an opportunity to encourage effort and efficiency.

- **Direct benefits of clear goals and honest feedback**

Research shows that in 90% of cases, setting specific and highly challenging goals leads to better performance than easy, vague, “do your best” goals. In addition, fair and accurate performance feedback can boost employee engagement up to 40%.

## *Connect*

Work is also a place for socializing. People automatically want to establish meaningful connections with co-workers, superiors, customers, and even the organization itself.

## LEVER 7: Vision & Mission

- **Identification with the company**

The connections people feel with their organization and their adhesion to its goals and vision play a powerful role in work motivation. Belief in the company future fosters motivation to play a role in it. According to research, pride in contributing to a clear and meaningful mission leads to high performance and service quality. But the company vision and mission must also translate into everyday tasks, and managers must regularly point out how the team's work is contributing to the overall organizational mission. This is a question of leadership more than management. Business leaders have to perform the critical task of creating an organizational spirit that employees will all be proud to identify with.

- **“Employees first, customers second”**

Indian IT corporation HCL has made its employees its focal point. The “employees first, customers second” perspective comes from the idea that happy employees will lead to happy customers. Hence the reason to put employees needs before those of customers and to ensure transparency, empowerment, and a value-based culture. In five years’ time, this vision has enabled HCL to retain talent, triple income, increase productivity and customer satisfaction, and strengthen its image. The company has successfully maintained a positive work environment while experiencing some of the strongest growth in its industry.

---

## LEVER 8: Culture & Shared Values

- **Coherent culture leverages mutual engagement**

In addition to adhesion to the corporate mission and vision, connecting with its culture and values is a fantastic lever of motivation. Values embodied in everyday interaction and management can generate what theorist Henry Mintzberg calls “community spirit”, which leads to better collaboration and ultimately better organizational performance. People feel connected by a shared commitment, and this translates as a solid sense of solidarity and mutual good will, both of which enhance effectiveness. To bring their values into daily life and foster cohesion, some companies give their employees opportunities to get involved in social causes reflecting organizational values.

- **Social engagement and financial performance**

Companies that have implemented social responsibility programs report sales growth, profit growth, and return on equity that is an average of 10% higher than others.

---

## LEVER 9: Interpersonal Relations

- **Good quality human relationships, the core component of motivation**

The quality of interpersonal relationships with co-workers, superiors, teams, or customers is the final lever of motivation at work. Direct daily contact with customers can give people the feeling that they are “making a difference”. It can have a major impact on their well-being and the pleasure they experience from working, especially in service professions.

- **A humane hierarchy**

A Gallup study of 2 million people in 700 American firms shows that a good relationship with direct superiors is more important for people than salary or any other form of compensation. For most people, the most stressful part of the work day is when they have to deal with their boss. According to McKinsey, “bosses who ignore... their subordinates’ humanity sometimes generate quick gains. But in the long run, such short-sightedness undermines creativity, efficiency, and commitment.”



# IN BRIEF

Employee motivation plays an essential role in the success of a company. But motivation remains a complex issue. What is motivation and how can it be encouraged or stimulated in the workplace? *Valuing People to Create Value* offers an answer to these questions from two angles—academic research and contemporary professional practices—which it reconciles in a single innovative approach that identifies 9 universal levers for motivation at work.

While these nine levers are universal, each person is unique, as is each organization. High-performance organizations are those that know how to build their own motivational strategy as a function of their objectives, the individual needs of their employees, and their environment. Motivating young and ambitious people to innovate nonstop on technological markets will require a very different culture and set of practices than those used by a company whose main need is for employees who are committed to serving a more traditional and loyal customer base.

The lessons of this book will inspire Human Resources personnel and managers alike. They will remember, most of all, that motivation grows in a positive climate and that it necessarily depends on personalization. The key is to understand the levers of motivation and the impact that they can have on individuals so as to create the optimal conditions for collective success. Motivation cannot be ordered, it must be built, one day at a time. It reconciles the quest for results and the well-being of individuals, two objectives that are not only compatible but interdependent.

# Partnership for the Quality of Daily Life

The **Sodexo Institute for Quality of Daily Life** is a think tank created by Sodexo in 2009 to study the issues, actors and mechanisms that influence and contribute to Quality of Daily Life. Supported by a network of experts, the Institute conducts, collects and analyzes studies at the global and local levels and surveys all information pertaining to Quality of Daily Life.

The Institute reflects Sodexo's commitment to advancing understanding of new ways to create value by focusing on people and their well-being.

In support of the Institute's work, Sodexo, in partnership with ESSEC-ISIS, has established the **ESSEC-Sodexo Chair for Innovation and Quality of Daily Life** to undertake scientific research and in-depth exploration of the issues related to Quality of Daily Life through education, research studies and business projects.

## About Sodexo

### Sodexo, world leader in Quality of Daily Life Solutions

Quality of Life plays an important role in the progress of individuals and the performance of organizations. Based on this conviction, Sodexo acts as the strategic partner for companies and institutions that place a premium on performance and employee well-being, as it has since Pierre Bellon founded the company in 1966.

Sharing the same passion for service, Sodexo's 380,000 employees in 80 countries design, manage and deliver an unrivaled array of On-site Service Solutions and Motivation Solutions. Sodexo has created a new form of service business that contributes to the fulfillment of its employees and the economic, social and environmental development of the communities, regions and countries in which it operates.

### Key Figures (as of August 31, 2010)


15.3 billion euro consolidated revenue  
380,000 employees  
34,000 sites  
50 million consumers served daily  
80 countries  
21st largest employer worldwide  
8.4 billion euro market capitalization  
(as of 11 January, 2011)

## About ESSEC Business School and ISIS

ESSEC Business School, founded in 1907, is a major worldwide actor in the field of management education. ESSEC upholds a tradition of academic excellence and cultivates a spirit of openness in terms of economic and social activities, and innovation.

ISIS, The Institute for Service Innovation & Strategy, is a research center within ESSEC Business School. It was created in January 2004 in partnership with companies from multiple industries. The principal aim of ISIS is to generate, stimulate and promote innovation in the 21st century knowledge and service economies, with a view to contributing to responsible growth and organizational competitiveness.

The activities of the Institute are based on researching the principles of innovation, drawing upon company best practices, assisting in organizational and managerial change, and developing measurement instruments for performance and for the creational capabilities of teams. ISIS leads an international network of economic and university partners with a common focus on the development of a solid knowledge base and structured expertise. Through continual interactions with economic leaders, a community is created around the reflection, diffusion and exchange of experiences.



Institute for Quality of Daily Life  
255, Quai de la bataille de Stalingrad  
92 866 Issy-les-Moulineaux Cedex 9  
France  
Contact: [QualityOfLifeInstitute@sodexo.com](mailto:QualityOfLifeInstitute@sodexo.com)