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The Role of Incentives, Rewards and Recognition in Addressing Quiet Quitting

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By Allan Schweyer, Chief Academic Advisor, IRF

In October 2022, based on data from the first half of the year, economists and business leaders expressed bafflement at the latest U.S. workforce productivity data.[1] After *increases* in productivity experienced during most of the Covid-19 pandemic, U.S. workers appeared to have taken a giant collective break in 2022, the biggest, in fact, since 1947.[2,3]

Much of the commentary surrounding workers' suddenly and supposedly casual attitude toward work has included the term 'quiet quitting.' Articles have linked quiet quitting to the dismal employee engagement scores most of the world has experienced over the past few decades since Gallup and others began measuring it.[4] But quiet quitting feels a little different… more intentional. It seems to me that quiet quitting is more a form of the old union tactic of working to rule. This means doing no more than what is contractually required. Unfortunately, this leaves little time for the increasingly valuable intangibles of work, including collaboration, idea-sharing, and innovation.

It comes at a challenging time for businesses, when talent remains scarce, and managers must learn – on the fly – how to motivate and assess the performance of remote and hybrid workers. Some leaders might consider it a hangover from the tough experience of the pandemic, a temporary malaise they can wait out. Others may expect talent markets to rebalance in favor of employers, perhaps from a recession that could arrive in 2023. Higher unemployment rates might, after all, shake complacent employees into working harder and longer to keep their jobs.

These explanations and expectations might prove accurate, but other trends and signals tell a different story. These include a combination of declining employee well-being and greater expectation of the total rewards of work. First, in general, it is clear that employees now demand much greater flexibility and better treatment at work.[5] This means that command and control must give way to trust and autonomy. Managers should embrace the role of coach over boss.[6,7] Moreover, and especially among younger cohorts, employees desire meaningful and interesting work. A paycheck and bonuses – even good ones – aren't sufficient to motivate many workers when they contemplate just how much of their lives they dedicate to work.[8]

Second, the evidence is now overwhelming that the workers are not all right. Mentally and physically, American workers are unwell, and increasingly so since Covid.[9,10] Even before the pandemic, loneliness, for example, effected 40 percent of American workers; since then, that number has risen to more than half among young workers, including those who spend more of their days at home and alone.[11,12] No wonder then that firms are on a hiring spree for chief health officers and directors of wellbeing (job board searches reveal tens of thousands of current listings for these and related positions).[13]

Finally, pay may take a back seat to meaning for many employees but it still matters. Why else would some 60 million Americans engage in side-hustles, mainly in the competitive 'gig' economy? Why would a full two-thirds of younger workers add extra jobs to their full-time work?[14] The fact is, many employers have not increased salary and bonuses to match accelerating rents and other costs of living.[15] Some have blamed quiet quitting on laziness, or workers' newfound desire to contemplate the meaning of their lives. Might a simpler explanation be that many people leave at 5pm to get to their next job?

Prior to and during the pandemic, the American workplace suffered from an attitude of what authors Jen Fisher and Ahn Phillips call "Workism."[16] Whether workism occurs in one job, two, or more, Phillips and Fisher found that two-thirds of US employees suffer burnout. This drives employee disengagement, decreased performance, and increased turnover. Thus, the lifestyle of being always on and always working isn't sustainable. Additional effects of burnout, like quiet quitting, may be manifesting *on top* of the business impact Fisher and Phillips cited in 2021.

Productivity is measured by "how much output in goods and services an employee can produce in an hour."[17] Chronic overwork eventually decreases output and causes stress-related problems such as burnout, depression, heart disease, and sleep disorders. Well-intentioned employees might involuntarily, even subconsciously, disengage at first, but then deliberately work to rule (quit quietly) as conditions worsen and the demands of exhaustion and juggling more than one job mount. In explaining the greatest drop in US worker productivity in 75 years, this might present an alternate narrative to suddenly lazy workers or a surge in existentialism.

Addressing Quiet Quitting:
Social Connection, Well-Being, Productivity, Coaching, and Rewards

> **Remember that managers behave the way they are rewarded. If we want to get managers to be coaches, we have to reward coaching, feedback, development, progression, and continuous learning.**
>
> - Josh Bersin, Irresistible, p. 101-102

Fisher and Phillips argue that the antidote to employee malaise is social connection; people who report higher work satisfaction have stronger work relationships. They suffer less stress, enjoy better attendance, and are more engaged, productive, and resilient.[18] "Relatedness" at work – as every incentive and motivation professional knows – represents a pillar of human motivation. Self Determination Theory, the Harvard 4-Drive Theory, Maslow's Hierarchy of Needs and most other leading theories of motivation include belonging at their foundation. The role of incentives in connecting employees – especially remote and hybrid workers – is clear. Peer recognition systems, virtual and in-person events, group incentive travel, and award celebrations, for example, all bring people together physically and/or virtually.

Reward designers should leverage the resources at their disposal to bring employees together, connect them, and build trusting relationships. But this alone is unlikely to solve the problem entirely, especially among workers with multiple jobs who may not be able to afford the time to chat with colleagues or attend non-work-hour celebrations. Leaders, and especially front-line managers, should be incentivized to learn about how to coach and inspire as leaders. Doing so will help resolve employee demands for greater autonomy, flexibility, and purpose from work, which will, in turn, improve their well-being.

For those juggling more than one job, managers who allow greater flexibility, who focus on outcomes rather than 'face-time,' and who acknowledge that firms don't 'own' their employees' time after work hours, will relieve much of the pressure. Compensation that provides a living wage and keeps pace with inflation is also crucial, along with financial counselling and education. Most firms must keep compensation in check, however, so these measures will still fall short for millions of workers who work side gigs to sustain lifestyles that one paycheck can't finance, and/or to satisfy other interests, such as eventually turning a side hustle into a full-time business.

Beyond these measures, leaders must address worker physical and mental health directly. The social determinants of health – including stressors, demands, and indignities encountered at work – drive about 80 percent of health conditions and outcomes. Better education and incentives that put a focus on wellbeing in the workplace can profoundly affect these factors.[19]

Leaders should also note the shocking disparities in health and well-being between white and minority employees. Black Americans are about one-third more likely to die prematurely from heart disease as whites, and twice as likely from stroke.[20] Black and Hispanic Americans contract dementia at much higher rates than whites, and Hispanic, Black, and Native Americans have so far experienced about twice the rate of hospitalization and deaths from Covid.[21]

Beyond doing the right thing, leaders should take measures to address the health of minority (and all) workers because it's good for business. At least 40 percent of the US population is currently comprised of racial and ethnic minorities.[22] The 'most common' age for white Americans is 58, twice that of ethnic minorities.[23] By the year 2044, minorities will account for more than half of the total U.S. population and *a significant majority of the US workforce.*[24] In other words, if quiet quitting and spiraling health insurance costs are a problem now, they stand to get much worse as workforce demographics change.

Just as managers work with team members to create individual learning and career progression plans, they should co-create personalized well-being plans to manage career pressures. This should capture each employee's personal definition of well-being and identify the activities that contribute to their ongoing health, whether diet, exercise, spending more time with family and/or in pursuing a spiritual or mindfulness practice. Plans should include measurable health goals including reduced blood pressure, improved muscle/body fat ratio, lower heart rate, etc., tailored to the individual.

Achievement of these goals should result in recognition and tangible rewards, ideally related to health and well-being. Managers should be rewarded on achieving their own health goals, on the percentage of their team members with current well-being plans, on the engagement, development, and career advancement of their team members, and, generally, against their progress as coaches. They should not earn promotions or other rewards by burning out their employees; even to achieve financial numbers.

Leaders must also help their team members manage constant time pressures by prioritizing daily tasks, reducing time spent in meetings, scheduling uninterrupted periods of work, and permitting frequent breaks. To address workers' need for coaching and for meaning, managers should explore employee's strengths and interests, then encourage them.[25] They should take time every day to notice when teams and team members' progress; then recognize and appreciate that effort, and celebrate success together. Spending time with employees helps managers get to know them, which aids in crafting tasks and learning that aligns with employees' strengths, interests, personal purpose, and career aspirations.

Though it deserves a better name, quiet quitting, is certainly "a thing," especially among younger workers who may be the most stretched financially. And though it is very much related to and intertwined with employee engagement and satisfaction, it is also distinct in important ways. Employees who quit quietly are not likely driven by laziness, resentment toward their employees, boredom, nor a general disinterest in work, but by the combination of two or three of the factors described above. They may desire more from work than in the past, including better conditions, better leadership, more flexibility, and greater purpose. They may face physical and/or mental health challenges exacerbated by the pandemic, and/or they may need to perform side gigs to make ends meet. Incentives and motivation professionals should work with leaders across the organization to identify barriers to full engagement and productivity, then use the tangible and intangible rewards described above to address them.

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