

# **Employee Performance: What Causes Great Work?**

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## Abstract

In this paper, we seek to understand what organizations can do to cause employees to produce Great Work, what organizations currently do to motivate employees, and how effective each is at causing employees to produce Great Work. We divide this paper into two sections. In the first half of this paper, we discuss the research objectives. Following the research objectives we provide detailed steps to the qualitative and quantitative methodology we employed, the categorization of our respondents, and the basic characteristics of our sample. In the second half of this paper, we explain the findings of our research. We used four different analyses, or approaches, to draw conclusions to our objectives. We provide detail and context to each of the four analyses we conducted, and provide an interpretation of the results of each of those analyses.

## Introduction

Think about an example of Great Work – work that made a difference in your organization, maybe even got the attention of senior management. What prompted that employee to go above and beyond to produce Great Work? Great Work can affect an entire organization in a positive way: from inspiring fellow employees, to creating positive financial growth for the organization as a whole. For any organization trying to encourage workers to produce innovative, productive work, knowing what causes employees to produce Great Work is extremely important.

## Objective

The objective of this research is to understand what organizations can do to cause employees to produce Great Work on a consistent basis - to discover what types of motivating perks and practices are currently being used by different organizations, and how effective each is at actually causing employees to produce Great Work. We seek to accomplish this by first defining Great Work as instances that go beyond daily, pedestrian tasks; second, by classifying employees based on their likelihood of producing Great Work on a consistent basis; and finally finding and isolating which motivating perks and practices are most effective at causing Great Work to happen consistently. The following sections explain the methodology we employed in this study as well as detailed explanations of the findings of this research.

## Research Methodology

For this study, we employed a methodology that included both qualitative and quantitative research steps. The qualitative research was instrumental in helping guide, design, and develop the quantitative research, and lent further support to the results of our quantitative analyses.

### Qualitative Research

In order to inform the development of the quantitative survey we held focus groups across the country in which we asked employees what types of motivating perks and practices their organizations use to cause them to produce Great Work. These focus groups played an integral role in the development of our quantitative research. It was during these focus groups that we confirmed the type of motivating perks and practices organizations use to encourage employees, how effective employees perceived those perks and practices to be, and how to best frame the quantitative survey to produce unbiased results.

### Quantitative Research

We administered an online survey to respondents working in the United States for companies with over 1,000 employees; no industries were excluded. Our target demographic consisted of employees between the ages of 25 and 65. We collected survey data during October 2014. A total of 980 respondents completed the survey and were included in the analysis.

Throughout the research, we may refer to “employees” (respondents) and “organizations” (the companies for which respondents work). We also consistently use the term “Great Work,” a term we borrowed from the O.C. Tanner Institute. While Great Work can mean a variety of things, for this study, we provided respondents with the following definition: work that is productive, innovative, and makes a difference that people care about.

### Categorization

It is important to recognize that employee work performance varies greatly, as do the organizations for which they work. In order to understand and compare what causes different employees at a variety of organizations to produce Great Work, it was necessary to categorize both employees and the organizations for which they work, employees in terms of their history of producing Great Work on a consistent basis, and organizations in terms of the types and strength of motivating perks and practices that they utilize to help motivate their employees to produce Great Work more consistently.

In order to measure the ability of different motivating perks and practices to cause Great Work, we looked at the correlation between the types and strength of an organization’s motivating perks and practices, and the likelihood of a respondent to produce Great Work on a consistent basis.

We could not directly ask each respondent to tell us how consistently they produce Great Work without contaminating the results with self-report bias. To avoid such bias we assigned each respondent a “Great Work Score” which measured the respondent’s likelihood of producing Great Work on a consistent basis. Scores were calculated using responses to a broad range of open-ended and multiple-choice questions designed to gauge the consistency and quality of work performance, including manager review scores, written examples, and other variables. The Great Work Scores were used to categorize respondents based on their work performance as “Infrequent,” “Occasional,” or “Consistent” performers of Great Work.

We scored organizations in a similar manner. Each was assigned a “Perk or Practice Score” based on the provision, size, frequency, and effectiveness of each motivating perk or practice. We then categorized each organization as either “Poor,” “Adequate,” or “Excellent” based on their perk or practice score in each of the motivating perks and practices. Respondents were blind to the ultimate purpose of the study and the methods of categorization to ensure unbiased results.

### **Great Work Score**

In our focus groups, we found that nearly all employees think that they produce Great Work on a consistent basis; and although our participants understood the definition of Great Work, the examples of Great Work that they shared with us indicated that few of them actually produced Great Work consistently. As a result, we determined it would be necessary for us to categorize respondents according to their actual work performance.

To score and categorize respondents, we built variables indicative of work performance into the survey. Those variables included the financial impact of the respondent’s work, job satisfaction, whether or not the respondent had received a performance-based promotion, annual pay growth, the number of performance-based raises received during the previous two years, the respondent’s latest manager review score, and a written example of Great Work that the respondent had recently produced.

We weighted each variable in a multivariate model to produce an overall “Great Work Score” for each respondent that indicated the respondent’s likelihood of producing Great Work on a consistent basis. Certainly none of these factors alone is wholly indicative of work performance, but when aggregated, the sum is telling. Following is a brief description of how each variable in the Great Work Score was determined.

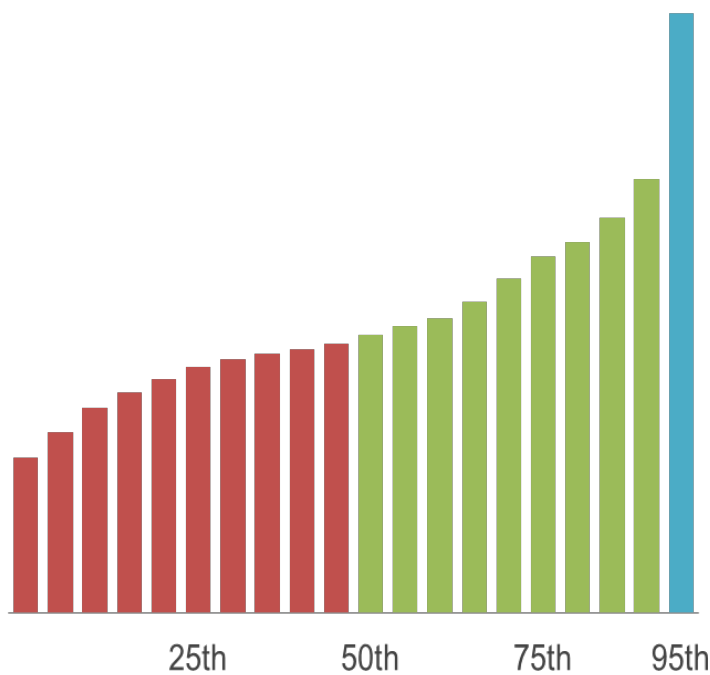
- **Written Example:** a written example of Great Work provided an unfiltered view into the respondent's actual work performance. Two unbiased, independent researchers reviewed and post-coded each of the 980 responses and rated each on a 1-5 scale (1 being the lowest and 5 being the highest) for the degree to which the respondent's example of Great Work was "productive, innovative, and [made] a difference that people care about." The responses were highly indicative of the respondent's work performance.
- **Manager Review:** the manager review score was valuable in providing a manager's assessment of overall work performance. Respondents were asked, "On a scale of 1-7 where 1 means very poor and 7 means very excellent, how did your manager generally rate your job performance during your last employee review?"
- **Raises:** respondents reported the number (up to five) of performance-based raises received over the course of the last two years. Performance-based raises ignore year-end and scheduled raises and therefore make for a strong indicator of work performance.
- **Pay Growth:** annual pay growth was calculated using starting salary, current salary, and tenure, indicating pay growth as a percent of income. Respondents that reported year over year pay growth beyond the norm were likely recognized through bonuses and raises for performing beyond expectations.
- **Promotions:** the number of performance-based promotions is a strong indicator of work performance, as the variable does not include promotions for tenure or vacancy, but only for work performance.
- **Job Satisfaction:** overall job satisfaction is often a characteristic of those producing Great Work. We considered it important to add to the model because of its correlation with Great Work, but did not weight it heavily in our model relative to other variables.
- **Financial Impact:** while Great Work is likely to have a positive financial impact on the organization that is not always the case. We reduced the weight of this variable relative to other variables for that reason.

The scores generated by our model were normally distributed. As mentioned in the research objectives, in order to understand which perks and practices cause Great Work, we cannot look at the entire sample as all results will converge upon a mean result. Instead, we divided our sample into segments for analysis (see Figure 1).

Respondents that received a score below the median were categorized as being "Inconsistent" Performers of Great Work. Respondents with a score above the median were categorized as being "Occasional" Performers of Great Work.

To isolate truly Great Work, we examined the upper limits of the “Occasional” Performers of Great Work. This elite group that scored two standard deviations above the median and above were categorized as “Consistent” Performers of Great Work. These Consistent Performers of Great Work comprise roughly 5 percent of our sample. Based on our focus group discussions we anticipated that these Consistent Performers of Great Work would be rare within an organization, but the working habits and motivators of this group are significantly different from the mean survey population. Isolating this small group ensures that we examine what causes employees to produce truly Great Work, rather than above-average work.

**Figure 1: Distribution of Great Work Scores (5-percentile Groupings)**



**Infrequent performer of Great Work**

**These employees are the least likely to produce Great Work:** They are most likely to have low job satisfaction, have limited financial impact, stagnant wage growth, below-average manager reviews, have never been promoted, and provided a poor example of Great Work.

**Occasional performer of Great Work**

**These employees are likely to occasionally produce Great Work:** They are likely to have higher job satisfaction, moderate salary growth, and above average manager reviews. Their work is more likely to have a financial impact, and they provided a better example of Great Work.

**Consistent performer of Great Work**

**These employees are most likely to consistently produce Great Work:** They have the greatest financial impact, higher job satisfaction, exceptional salary growth and promotions, are most likely to have excellent manager reviews, and gave a distinct example of Great Work.

**Perk and Practice Scores**

Organizations often use a number of different perks and practices in an effort to motivate employees to produce Great Work. We repeatedly refer to these as “motivating perks and practices” throughout this paper. These perks and practices can be anything from awards programs and raises, to installing a Ping-Pong table in the break room. In our focus groups, participants helped us identify six popular perks and practices commonly used by organizations. However, our focus groups also revealed that those perks and practices vary by type and quality from organization to organization. To manage those differences, we assigned each organization a “Perk and Practice Score” based on the strength, effectiveness, and frequency of each of these motivating perks and practices. We then categorized each organization according to their score so as to be able to compare like categories. The following is a brief overview of those six popular motivating perks and practices:

- **Recognition Practices:** recognition includes awards and plaques for Great Work performance, or simple practices such as encouragement or appreciation for a job well done. We asked respondents how frequently their organization recognizes employees for Great Work, what types of recognition the organization uses, and how effective the organization’s recognition practices are.
- **Promotion Practices:** this includes both expected promotions, such as promotions for tenure, or to fill a vacancy; and performance-based promotions. Respondents were asked how often their organization gives expected promotions, how often the organization gives performance-based promotions, and how effective the organization’s overall promotion practice is.
- **Raise Practices:** raises include expected raises, such as year-end raises, as well as performance-based raises. Respondents were asked how often the organization gives

both types of raises, how large those raises typically are, and how effective the organization's raise practice is at causing them to produce Great Work.

- **Bonus Practices:** this includes expected bonuses for overall company performance, and performance-based bonuses for producing Great Work. Respondents were asked how often their organization awards both kinds of bonuses, how large those bonuses typically are, and how effective the organization's bonus program is at causing them to produce Great Work.
- **Benefits Practices:** traditional benefits that many companies offer their employees, including 401k plan, health insurance, and paid time off (PTO) are often used to motivate employees. Respondents were asked if their organization provides these, what contribution the organization makes to their 401k plan, what share of health insurance premiums the organization covers, how many days of PTO the employees receive, and how effective these benefits are at causing employees to produce Great Work.
- **Environment Perks:** not just Ping-Pong tables and cafeterias, this category can include perks like on-site childcare and creative workspaces – any perk to keep employees happy on the job. Respondents were asked which of these perks their organization offered, how innovative the workspace was, and how effective the organization's environment perks were at causing employees to produce Great Work.

Since each of these scales varied depending on the perk or practice, we totalled points for each perk and practice, with points awarded for the types, frequency, size and effectiveness of each:

- **Types:** applies to recognition and benefits practices, and environment perks. We awarded the perk or practice one point for every type of practice they offer. For example, we awarded an environment perk 3 points if the organization offered on-site gym, day care, and cafeteria, compared to 1 point if it only offered a cafeteria.
- **Frequency:** applies to recognition, promotion, raise, and bonus practices. We awarded points for increased frequency with which the practices were implemented. For example, we awarded 3 points to a bonus practice that gives yearly bonuses, compared to 1 point for an organization that gives bonuses only every 3-5 years.
- **Size:** applies to raise, bonus, and benefits practices. We awarded points for increased size of the practice. For example, we awarded 4 points to a benefits practice that pays 100 percent of health insurance premiums, compared to 2 points for a benefits practice that pays 50 percent of health insurance premiums.



- **Effectiveness:** applies to all perks and practices. We awarded 1 point for every point on a 1-7 scale. Respondents rated the effectiveness of each of their organizations' perks and practices.

We then scaled total possible points so as to make each score comparable across the different perks and practices. Using the top and bottom scores, we divided the range into three equal categories: Poor, Adequate, and Excellent. Organizations falling in the lowest third of the scale are considered to have a "Poor" perk or practice for that category. Organizations in the middle third are considered to have an "Adequate" perk or practice for that category, and organizations scoring in the top third are considered to have an "Excellent" perk or practice for that category. Using that methodology we categorized each organization's motivating perks and practices for analysis.

## Research Findings

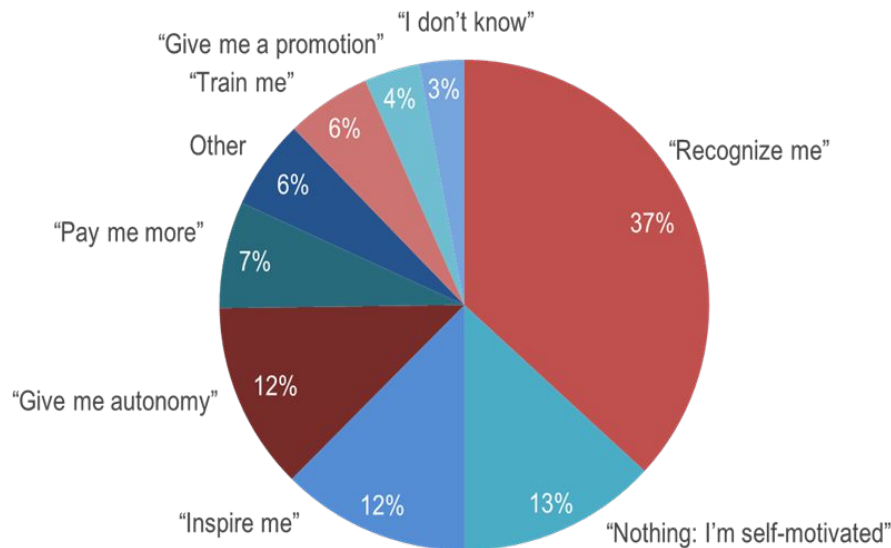
It is worth repeating that respondents and the organizations for which they work were scored and categorized. They did not self-select their work performance categories, and were blind to the ultimate purposes of the survey. We have emphasized and reemphasized our research methodology in order to elucidate not only our methods, but most importantly, the significance of the findings.

### Recognition Drives Great Work

The survey was developed using open-ended, unaided questions to ensure unbiased, accurate results. To begin, survey respondents were asked an open-ended question, "What is the most important thing that your manager or company currently does (or could do) that would cause you to produce Great Work?"

Respondents were able to answer in their own words, providing a variety of answers, from "recognize me", to "pay me more", to "nothing: I'm self-motivated". A team of unbiased, independent researchers reviewed and post-coded each response, creating buckets to categorize each of the responses. In the end, the essence of each response could be categorized into any of the nine different buckets in Figure 2: Recognition, Nothing, Inspiring Leadership, Autonomy, Increased Pay, Additional Training, Promotions, Other, and Don't Know.

**Figure 2: Most Important Drivers of Great Work**



Of those nine factors identified, 37 percent of respondents said that recognition was the “most important thing [their] manager or company does (or could do) that would cause them to produce Great Work” (see Figure 2). This is a very significant insight as more and more organizations invest in extravagant perks and benefits which may not be highly effective at producing Great Work. Take note, this question did not ask “What is the most important thing a manager or company could do to make work fun?”; rather, it asked what the most important thing is that a manager or company can do to cause employees to produce Great Work.

This is an open-ended response question. Respondents could answer truthfully in their own words, unrestricted by preconceived response options. When post-coding responses such as these, any response cited by at least two percent of respondents is included in its own bucket. Though respondents could have answered about on-site gyms, free food, and open workspaces as being the cause of Great Work, they did not recognize these as being as effective as any one of the buckets in Figure 2. Those examples may attract and retain employees, build an organization’s work culture, but they are not motivating them to produce Great Work. Figure 2.1 illustrates some of the answers that did cross respondents minds as they considered the most important driver of Great Work.

**Figure 2.1: Most Important Driver of Great Work – Verbatim Comments**



*“I really appreciate sincere appreciation and recognition. I am paid to do a job – I agreed to the job for my salary. Salary doesn’t drive my motivation. I appreciate it and like it, but it doesn’t make me perform any better.”*

*“When someone recognizes you for something you did or gives you appreciation, I feel that it hits the heart more than anything. Sure you can get a financial gain or perk, but if someone actually comes to you and recognizes you for what you do, that stands out more than anything. It is more personal.”*

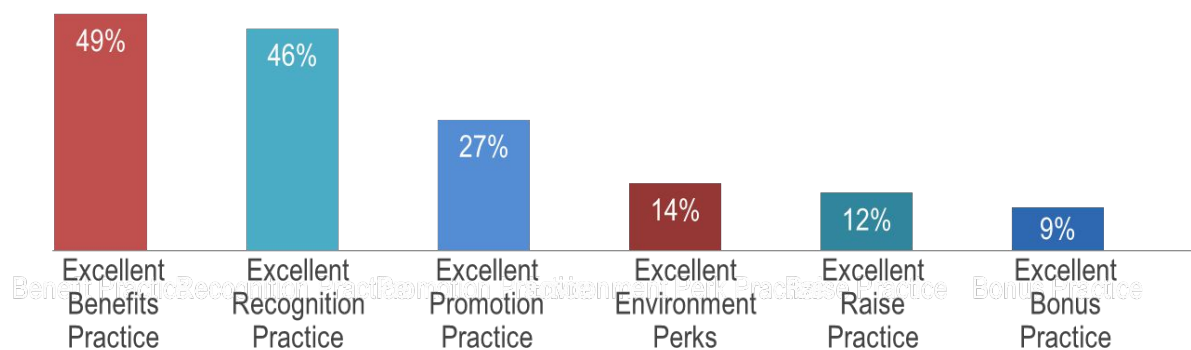
*“Lack of recognition is a deal breaker for me. It’s great to get a raise and everything, but I need recognition as well.”*

**Excellent Recognition Effectively Drives Great Work**

As mentioned in the methodology, we analyzed the different motivating perks and practices at each organization and categorized each as Poor, Adequate, or Excellent.

Figure 3 illustrates the distribution of all respondents among only those practices that were categorized as “Excellent.” It is worth mentioning that employees may work at an organization that employs more than one Excellent Perk or Practice.

**Figure 3: Distribution of All Respondents among Excellent Perks and Practices**

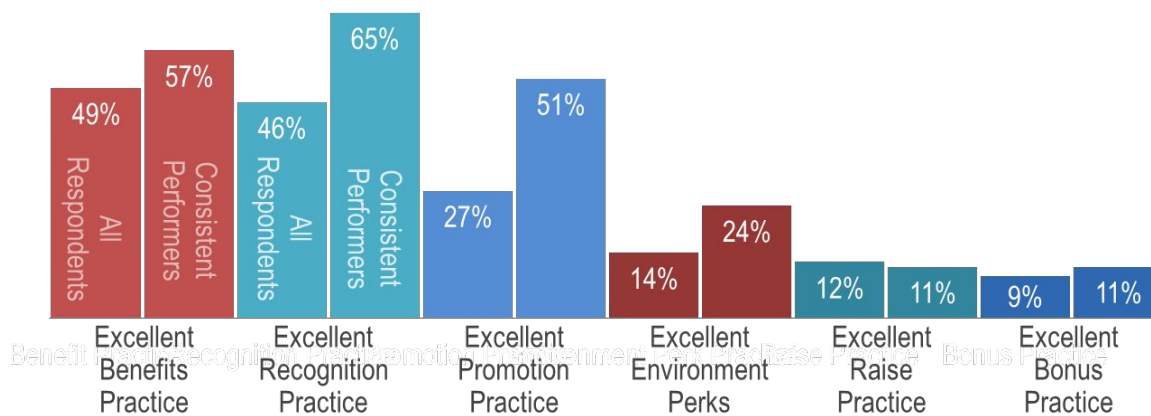


The most prevalent of the Excellent perks and practices are Excellent Benefits Practices, followed by Excellent Recognition Practices. Looking at Figure 3, because Excellent Benefits and Excellent Recognition practices are relatively prevalent, organizations may be persuaded to differentiate their organization by investing in the less prevalent Excellent perks and practices.

While doing so may certainly make an organization more unique, those perks and practices will not necessarily increase the likelihood of Great Work.

Like Figure 3, Figure 3.1 shows the distribution of all respondents among Excellent perks and practices (the left bar of each set); however, Figure 3.1 also shows the distribution of Consistent Performers of Great Work among Excellent perks and practices (the right bar of each set).

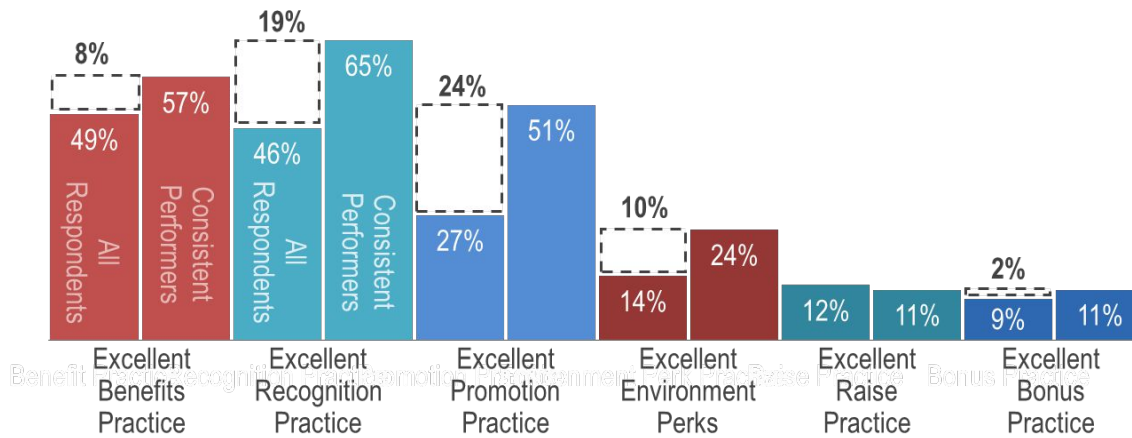
**Figure 3.1: Distribution of Consistent Great Work Performers among Excellent Practices**



By comparing the distributions of Consistent Performers of Great Work against the entire sample we see the impact that each Excellent perk or practice has on causing Great Work. Figure 3.2 highlights the magnitude of that impact.

The outlined box shows the increased likelihood of a Consistent Performer of Great Work to be employed at an organization with Excellent perks and practices. Shown in Figure 3.2, Consistent Performers are 24 percent more likely to work at an organization with an Excellent Promotion Practice. Second to that, Consistent Performers of Great Work are 19 percent more likely to work at organizations with an Excellent Recognition Practice.

**Figure 3.2: Over-Indexing of Great Workers in Organizations with Excellent Practices**



In contrast to Figure 3, solely because there are fewer Excellent Environment, Raise, and Bonus perks and practices, investment in these less prevalent perks and practices will not necessarily produce more Great Work. While those perks and practices certainly could make an organization more unique, they will not necessarily increase the likelihood of Great Work. In fact, if an organization wants to encourage Great Work, the best investment it can make is in some of the most prevalent of the Excellent perks and practices: Recognition and Promotions. We understand that there are certainly costs involved in implementing motivating perks and practices in any workplace. While Excellent Recognition and Excellent Promotion practices clearly produce the greatest impact as far as increasing the occurrence of Great Work, organizations ought to analyze which of those practices produces the greatest ROI in terms of cost and likelihood of causing Great Work.

### Perceived Effectiveness of Drivers

Knowing that Excellent Recognition and Excellent Promotion Practices are the most effective at increasing the likelihood of Great Work, a logical question would be “Just how effective are these practices?”

We used two different metrics to answer this question. The first metric we used did not directly ask the respondent how effective a perk or practice was. Rather we put the respondent in the position of a manager and asked how they would motivate others to produce Great Work. Respondents were asked in open-ended format, “You have peers that don’t attempt to produce Great Work as often as you. What would you do to cause [your peers] to attempt to produce Great Work more often?”

**Figure 4: Employee Recommendations to Cause Peers to Produce Great Work**

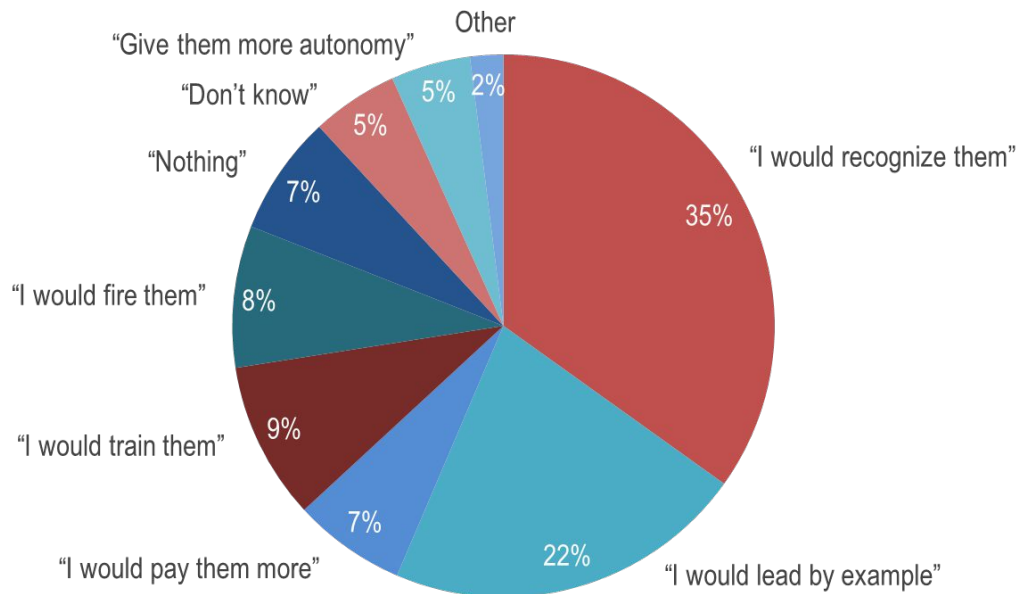


Figure 4 shows that among all responses, recognition was the practice of choice for the majority of respondents. What is most significant, is that this subconscious metric gauges what respondents feel would be the most effective at causing Great Work if they were managing their peers. Thirty-five percent agree, without prompting, that recognition is the best way to motivate employees to do Great Work.

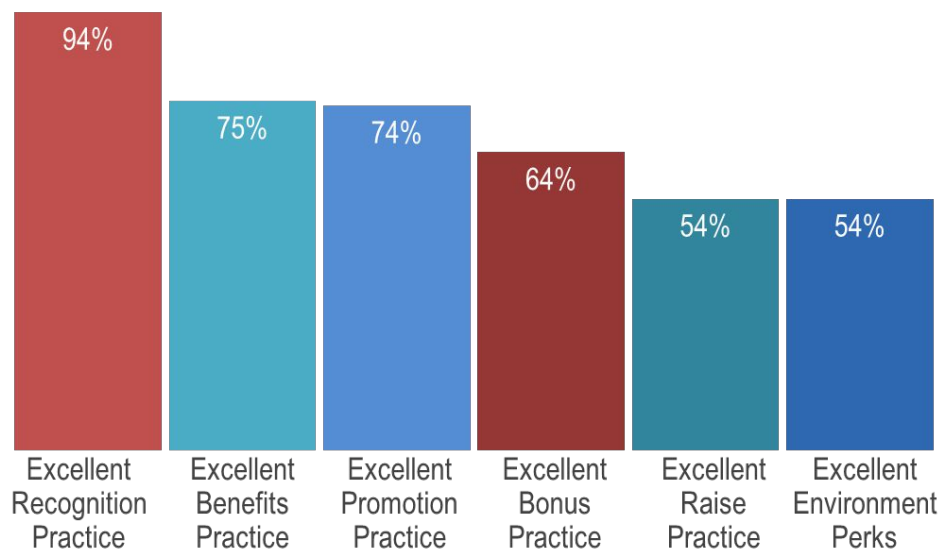
For the sake of comparing parallel results, we then directly asked respondents to rate the effectiveness of each perk or practice at the organization where they are currently employed. Respondents were asked about each motivating perk or practice, “On a scale of 1-7 where 1 means very ineffective and 7 means very effective, how effective are [your organization]’s current [perks and practices] at causing you to produce Great Work?”

For analysis, we use the top two (rating of 6 or 7 on the 1-7 scale) to quantify a perk or practice as “very effective.”

One of the issues we dealt with in focus groups was the fact that participants were unable to tell us how effective certain practices were at causing Great Work. Some participants had never been exposed to certain perks and practices, and subsequently had a difficult time quantifying the effectiveness of a perk or practice with which they had little to no experience.

Based on those focus groups experiences, we sought to avoid postulation and guesswork. Subsequently, our analysis in Figure 4 illustrates what percentage of respondents, *who have been exposed to Excellent perks and practices*, perceive those perks and practices to be “very effective.” Since only those that were exposed to Excellent perks and practices are included, this analysis measures the responses of those qualified to rate each perk or practice.

**Figure 5: Perceived Effectiveness by All Respondents Exposed to Excellent Practices**



The analysis in Figure 4 concludes that 94 percent of respondents who were exposed to an Excellent Recognition practice perceived it to be “very effective” at causing them to produce Great Work.

In addition, Figure 4 tells us that employees exposed to an Excellent Recognition practice rated that practice as “very effective” 20 - 40 percent more often than employees that had been exposed to any other Excellent perk or practice. What this tells us is that nearly unanimously, employees exposed to an Excellent Recognition practice rated that practice as very effective at causing Great Work more often than employees that had been exposed to any other perk or practice.

**Conclusion**

Through qualitative and quantitative research, we concluded that of the six common motivating perks and practices our focus group participants identified, recognition is the strongest driver of Great Work. This point was made clear in the conclusions of the four different analyses we tested.

First, respondents' unprompted responses to the open-ended question, "What is the most important thing your manager or company could do that would cause you to produce Great Work?" confirm that for 37 percent, recognition is "the most important" in causing them to produce Great Work. Our next analysis concluded that Consistent Performers of Great Work are 19 percent more likely to work at organizations that have Excellent Recognition Practices. In addition, 35 percent of respondents cited that they themselves would use recognition to motivate their peers. Finally, of all respondents exposed to Excellent perks and practices, 94 percent concluded that recognition is effective at causing them to produce Great Work.

This study is interested in the causes of Great Work, and we feel confident in our conclusion. Four different approaches all yielded the same results: If you want employees that produce and innovate more, invest in recognition.