IS MONEY ALL THAT MATTERS?

The three lenses of value to drive a workforce transformation

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EXECUTIVE SUMMARY

In an ever-evolving global economy, a nation's human-capital policies must be agile and adaptable, yet effective enough to drive national-scale transformation. But this is a daunting task, and one that has proven extraordinarily challenging for even the most sophisticated policy bodies in the most advanced economies.

The default approach is the use of compensation — so-called 'extrinsic benefits' such as salaries and benefits. Yet, time after time, these have been shown to be incomplete or ill-fitting solutions:

• The United States has found it immensely challenging to maintain a large enough base of blue-collar skilled workers, despite the increasingly attractive salaries and significantly lower costs of education in comparison to white-collar careers. The lack of such workers undercuts American competitiveness and productive capacity in key economic sectors.

• The United Kingdom is almost entirely reliant on foreign labor to support its seasonal agricultural harvests. Highly competitive markets for fresh produce make it impractical to use significant pay increases to attract domestic labor. As the UK leaves the European Union (EU), and the movement of low-cost labor in and out of the country becomes more restricted, a lack of agricultural workers poses a genuine threat to national food security.

• Saudi Arabia has been unable to shift its large base of public-sector workers to the private sector. The current gap between private — and public-sector compensation is likely too wide to be equalized over the short-term without significant economic or social disruption. The difficulty of attracting Saudis to private-sector employment threatens the nation's ability to incubate a productive private or non-oil economy, as skilled labor is a key production factor.

As the usual formula — raising compensation — yields inconsistent results, how can nations break through persistent sub-optimal labor market outcomes?

We argue that 'extrinsic' benefits rarely provide a complete answer to this problem, either from the host country or prospective employee's perspective. In addition to these 'extrinsic' rewards, we need to consider two other lenses: 'intrinsic' motivation and cultural values.

• Intrinsic motivations are the intangible forms of satisfaction people get from work: helping others, supporting communities, expressing their creativity, and so forth. Once a basic level of compensation has been reached, research shows that this is a powerful motivating factor for individuals' career choices.

• Cultural values are the unwritten rules that govern what type of work one 'should' or 'should not' do. Whether we are consciously aware of it or not, these cultural norms influence our career choices. No matter how much someone enjoys their work or how well it pays, if a certain job invites social scorn, it is unlikely that large numbers of people will take it up.
Historically, there are numerous instances in which governments have overcome seemingly insurmountable labor market barriers by employing structured, creative approaches that leverage all three lenses:

- Germany has managed to secure a robust influx of talent to its blue-collar workforce by promoting the value of skilled trades through partnerships between universities, government, and the private sector — ensuring that students are exposed to such work early and that it is normalized and regarded as highly skilled.

- During World War II the UK government managed to drive large-scale recruitment of British citizens for temporary agricultural work by invoking patriotism and civic pride at a moment of national crisis.

- Sweden effected a reduction in its civil service employment base from the mid-1990s to the early 2000s by approaching the problem from multiple fronts. These included appeals to entrepreneurship and large-scale messaging campaigns to normalize and reinforce the nation's move towards a leaner civil service.

Given the numerous successful examples, why do chronic labor force alignment challenges persist? Why are these approaches not more frequently implemented? And when might governments decide to try them?

One reason is that the approaches cut against long-standing economic theory, which holds that human beings are principally self-interested individuals interested in maximizing their financial rewards. This assumption, which retains significant influence today, holds that extrinsic factors alone can explain individuals' career decisions. It implies that market mechanisms should automatically realign extrinsic factors if labor shortages develop. However, this view is ceding ground to a more nuanced consensus that more complex, immeasurable factors are at play.

A second factor is the cross-sectoral collaboration required between private industry, government and other key labor market stakeholders. This can be difficult to achieve, particularly in a politically-charged or fragmented environment. However, in culturally cohesive and politically streamlined polities such as the Gulf Cooperation Council (GCC) states, this type of collaboration may be relatively feasible.

Thirdly, these actions often follow crises or severe market imbalances, and governments rarely demonstrate the foresight to proactively employ them in normal times. The bold transformation agendas currently underway in the GCC countries, however, constitute a moment of policy foresight, and the political environment may be ripe.

When a nation decides to initiate a large-scale workforce transformation, success demands a structured approach that explicitly considers and weighs each of the three lenses — extrinsic, intrinsic, and cultural.
We recommend a five-step approach:

**Exhibit 1: Five-step lens-mapping framework**

1. Define Problem
2. Define Objectives
3. Lens Mapping
   - a. Extrinsic
   - b. Intrinsic
   - c. Cultural
4. Solution Design
5. Implement & Monitor

Source: Oliver Wyman

- Define the problem: What is the workforce deficiency that needs to be resolved? In which sector? For which segment of workers? How severe will the potential impact be if a solution is not found?
- Define the objectives: What outcome is needed to overcome this deficiency? An increase in productivity? A realignment of skills? A change in labor costs?
- Lens mapping: How do extrinsic, intrinsic, and cultural factors relate to these objectives? How can they be leveraged to bring about the desired outcome?
- Solution design: What does the real-world version of our lens mapping look like? Are there supporting or enabling socioeconomic dimensions that need to be considered? Has the solution been tested through surveys, pilot experiments, and rigorous reviews?
- Implement and monitor: Are the activities in the solution tightly aligned? Are all stakeholders on the same page? Are the events properly sequenced?

What might this three-lens approach look like in a specific case? For GCC countries seeking to reduce their reliance on foreign labor, the five-step approach provides a basis for approaching the problem in a holistic way:

**Define the problem:**
- Significant reliance on foreign labor

**Define the objectives:**
- A labor force with a greater proportion of nationals
• Development of requisite skills among nationals
• Greater openness among nationals to non-traditional employment

**Lens mapping:**

**Extrinsic rewards:**
• Significant labor-cost imbalance between nationals and expats
• Low levels of compensation in expat-heavy sectors

**Intrinsic rewards:**
• Significant satisfaction can be derived through entrepreneurship and self-employment
• Technical and vocational professions have high rates of job satisfaction, research indicates

**Cultural norms:**
• Employment by government and semi-public firms is regarded as highly prestigious
• Extremely low representation of nationals in certain sectors

**Solution design:**
• Review and analyze public opinion
• Establish resource constraints for solutions
• Review best practices from successful case studies
• Consult leading stakeholders
• Commission pilot-scale controlled trials of the solutions

**Implement and monitor**
• Create cross-ministerial oversight committees, covering the economy, commerce, industry, human resources, culture, and other key areas
• Tightly coordinated communications and change management
• Robust mechanisms for reporting and tracking progress
• Analysis of key learnings and iteration for continuous improvement

With this approach, governments can break down their most complex labor market challenges, re-examine them through a new set of lenses, and discover solutions that they may not have explored before. As with the case studies from Germany, the UK, and Sweden, the use of all three lenses in a creative and structured way can be the decisive factor in overcoming major labor market challenges.
INTRODUCTION

Governments and firms regularly grapple with the question of how to attract particular employees to their shores, to different sectors of the economy, or to their workplace rather than that of a competitor. Research-and-development firms might want to attract the best scientists. Governments might want to attract individuals with the means and experience to make direct investments. Often just as urgently, there might be a critical need for low-paid employees in sectors in which local citizens are reluctant to work, such as fruit picking in the US and the UK. Or there may be a need to encourage citizens to take up private-sector roles in countries where the public sector is particularly attractive, such as in parts of the Middle East.

When considering how to encourage people to move into new roles or locations, governments and firms often focus on extrinsic rewards — the pay, benefits or even visa facilitation that can influence an individual’s decision. In this paper we argue that these extrinsic rewards be given due weight, but only as one of three lenses that encapsulate the motivations of individuals and groups to take jobs. We argue that the other two lenses — intrinsic motivations and cultural values — play important roles that have often been underestimated.

Exhibit 2: Lens interactions overview

Extrinsic Rewards

Intrinsic Motivation

Cultural Values

Source Oliver Wyman

Intrinsic motivation is the sense of meaning and purpose that an individual derives from undertaking a role. It explains why some people choose to do something principally because of the meaning and pleasure they derive from it, rather than doing a better-paid job.
Cultural values are the set of implicit societal rules and guidelines that open up and shut down career paths by implying that ‘people like me’ do or do not do ‘jobs like that’. These values go beyond factors that affect any individual’s motivation, and they explain why certain professions are more or less attractive in different countries: becoming a civil servant, for example, is held in much higher regard in some countries than others.

We can only hope to encourage people to take up new roles and opportunities if we consider all three of these lenses and, especially, the balance and interplay between them. It will then be possible to design more attractive, efficient, and effective systems for drawing talent into different sectors of the economy and to firms that have particular needs.

In the sections that follow, we examine the three lenses in turn and consider how each can be used to attract talent, particularly if considered in combination with the others. We also look at the different ways in which the lenses interact. Often, they are mutually supporting, but sometimes they undermine each other, as when extrinsic rewards undermine an individual’s intrinsic motivation.

We then present three examples that show how these three lenses could be applied in very different sectors of the economy and very different parts of the world. These are followed by a new framework that shows how to use the lenses to take action. (See Exhibit 1.)

### Five-step lens-mapping framework

1. **Define Problem**
2. **Define Objectives**
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   - a. Extrinsic
   - b. Intrinsic
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5. **Implement & Monitor**

Source: Oliver Wyman

This framework combines traditional policy and program management tools (defining the problem and objective) with a new model consisting of three lenses that in combination offer new insights. Importantly, this model also encourages the monitoring of the solutions developed, in order to learn which elements are most effective for a particular context.
LENS 1: EXTRINSIC REWARDS

Extrinsic rewards are the tangible rewards or benefits people receive from the work that they do. They are usually, though not always, financial — the pay, bonuses and wider benefits offered for a particular role. They are called extrinsic because they are external to the work itself. People receive their pay independently of any sense of whether carrying out the work has underlying meaning or inherent value to them.

Extrinsic rewards are the easiest of the three lenses to modify. Employers often seek to attract employees by offering higher salaries and better terms and conditions than their competitors. This does not always mean crudely material rewards. The insurance company Aviva, for example, has started to offer six months of paid parental leave, regardless of gender, partly because it believes that this will help to attract and retain employees.¹

Governments play a critical role in shaping how attractive extrinsic rewards might be in a particular sector of the economy. This might include deciding the minimum wage, the prevailing rate of income tax, or the tax treatment of retirement savings, all of which vary between comparable economies. It might also include more-targeted measures, such as tax breaks and visas for foreign workers in sectors of the economy where there is a lack of interest from jobseekers or a skills shortage in the domestic workforce.

Neoclassical economists have long argued that these extrinsic rewards are the principal — or even the only — factors that individuals weigh up when considering a career. According to this school of thought, intrinsic motivations and cultural values are irrelevant details that offer little explanatory power. These economists hold that individuals weigh up the extrinsic benefits of different career choices against the costs (such as weekly working hours or the level of education required to enter a career), and then choose the option most likely to maximize their personal utility or satisfaction.

Research from around the world backs up the argument that many people are motivated by extrinsic rewards. In a survey of 1,100 United States adults conducted in May 2018, 67 percent cited salary as the most important factor that they look for in job adverts.² A 2019 survey of Saudi job-seekers commissioned by Oliver Wyman also revealed salary to be the single most important determinant of job preference, at an average score of 4.66 out of 5 in terms of importance.³ Equally, graduate job applicants tend to be attracted to sectors that offer higher salaries. A survey of 200 graduate employers in the UK found that investment banks — which typically pay at least double the £30,000 average UK graduate starting salary — received 133 applications per job in 2017, compared with an average of 75 across all sectors.⁴

¹ The dad-friendly parental leave policies changing family life for the better
² Glassdoor Study Reveals What Job Seekers Are Looking For
³ Oliver Wyman KSA Employment Motivation Survey 2019
⁴ UK Graduate recruitment trends 2017-18
At the other end of the pay spectrum income is even more likely to be a decisive factor. For a worker evaluating two low-paid jobs, an additional $1 per hour might swing the decision, because money matters more when you have less. This concept is known as diminishing marginal utility, and it makes intuitive sense: an additional annual $1,000 is worth a lot more to an individual earning $15,000 per year than to someone on a six-figure salary.

Clearly then, extrinsic rewards are an important factor in career decisions. For those on low pay, income is a means to survival; for those paid more, it offers an additional incentive to select one career path over another. Therefore, increasing the extrinsic rewards associated with a profession will typically increase its appeal.

But despite this very real pull of extrinsic factors, a growing body of researchers are looking at the wider range of influences on decisions. Internal motivators sometimes explain why even the highest-paying job might not be a target for everyone.

**LENS 2: INTRINSIC MOTIVATION**

Intrinsic motivation refers to people's tendency to seek out new challenges, to extend and exercise their skills, and to explore and learn. This inclination is considered by developmental psychologists to be innate: from birth, healthy children are curious, inquisitive, and playful — even in the absence of extrinsic rewards. These natural proclivities continue into adulthood and are linked to the satisfaction people receive from a sense of autonomy, competence, and purpose.

In the context of career decisions, intrinsic motivation might be thought of as an individual's desire to do a job for its own sake, independently of any extrinsic rewards. This helps us to understand and explain a wide range of career choices. In a world without intrinsic motivation it would be difficult to explain why anyone might take a relatively low-paid charity job when they could have pursued a lucrative career in banking.

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5 Self-Determination Theory and the Facilitation of Intrinsic Motivation Social Development, and Well-Being
Several studies have shown that intrinsic rewards differ by career and are especially salient in certain sectors. Intrinsic rewards are commonly cited as core motivations for choosing medical professions, for example. Recent studies conducted in Australia, Malaysia, and Sweden all reported that nurses were attracted to their career predominantly by the intrinsic motivation of helping others.\(^8\) \(^9\) \(^10\) Similar findings have been reported for roles ranging from speech therapists to US Navy pilots.\(^11\) \(^12\)

The intrinsic pull of different careers presents interesting and sometimes counterintuitive findings about what is important to prospective employees. Teach First, for example, is currently the UK's largest graduate recruiter, despite offering salaries around 20 percent lower than average.\(^13\) It recently wanted to know which messages were most likely to increase teacher recruitment in remote parts of the UK. It found that advertisements that emphasized the challenging aspects of the job were the most effective.\(^14\) A job that is challenging (but not necessarily higher paid) is likely to provide an innate sense of purpose. In recognizing this, Teach First demonstrated its understanding that intrinsic motivations are critical for teachers. The same is true in all sectors, albeit in different ways and to different extents.

**LENS 3: CULTURAL VALUES**

The third lens is more complex and less easy to quantify. It relates to the cultural context that provides a set of unwritten, implicit beliefs and values that affect people's choices.\(^15\)

Culture and values are much debated terms. But most researchers agree that cultural values are manifested as sets of social norms — the rules and guidelines that implicitly guide behavior. Culture in this sense does not refer to artefacts or creations, such as works of art, music, or writing, but to the looser set of beliefs and principles that shape how we respond to the world around us.

But they do not come ready-packaged. Rather, they are learned through a process of socialization that anthropologists have labelled ‘enculturation.’ This is the process whereby individuals learn the prevailing values and norms of a culture that they are surrounded by from birth till later in life.

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8 Factors Motivating Nursing Students Towards Joining The Nursing Profession At Selected Nursing And Midwifery Schools
11 The recruitment and retention of speech and language therapists: what do university students find important?
12 Factors affecting career retention among naval aviators.
13 The Graduate Market in 2019
It is an educational journey that involves both immediate influences, such as the values held by our parents and peers, and broader social influences, including religious affiliations and gender expectations.\textsuperscript{16}

These cultural values are not static. They are constantly evolving under the influence of the changes occurring in the modern world, including migratory, demographic, and technological transformations that affect whom we interact with and how. The fluid nature of cultural values is important, because it means that governments and policymakers, as well as businesses and communities, can play a role in shaping their evolution.

Cultural values affect our employment decisions in a number of different ways, often without our conscious awareness. Firstly, cultural values shape how we make our choices. Researchers have suggested that the influence of wider cultural values on career choices varies across different societal contexts. While people in relatively individualistic societies are typically encouraged to choose their own career paths, those in collectivist societies might be expected to conform more tightly to familial and societal standards or to follow a particular career track.\textsuperscript{17}

Secondly — and regardless of how choices are made — our cultural values strongly influence our decisions. In countries as varied as India, Croatia, South Africa, Japan, and Korea, surveys show that the perceived cultural prestige of a profession is one of the key determining factors for many young people when selecting a career path.\textsuperscript{18,19} Complicating matters further, different communities within a nation can have contrasting conceptions of the relative prestige of different career options.\textsuperscript{20}

Studies also show that these views change rapidly, a process often driven by wider societal changes as well as government policy. For example, public perceptions of the teaching profession can shift significantly in just a five-year period (see Exhibit 2). In some cases, these changes can happen even more quickly. In the UK, students inspired by healthcare workers during the COVID-19 pandemic have applied in record numbers to become nurses: there were 12,840 applications between January and June 2020, 63 percent more than in the same period of 2019, when there were 7,880.\textsuperscript{21}

\begin{thebibliography}{99}
\bibitem{16} Companion Encyclopedia of Anthropology
\bibitem{17} A Systematic Review of Factors That Influence Youths Career Choices
\bibitem{18} A Systematic Review of Factors That Influence Youths Career Choices
\bibitem{19} Factors Impacting on Career Choices of Technikon Students From Previously Disadvantaged High Schools
\bibitem{20} Perceptions of occupational prestige: Differences between African American and White college students
\bibitem{21} University Applications Rise During Lockdown
\end{thebibliography}
Exhibit 3: Changes in the perceived status of the teaching profession, 2013-2018, by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>-25.36</td>
</tr>
<tr>
<td>Turkey</td>
<td>-8.9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>-8.13</td>
</tr>
<tr>
<td>Spain</td>
<td>-1.59</td>
</tr>
<tr>
<td>Brazil</td>
<td>-1.4</td>
</tr>
<tr>
<td>South Korea</td>
<td>-0.82</td>
</tr>
<tr>
<td>China</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>0.58</td>
</tr>
<tr>
<td>United States</td>
<td>1.29</td>
</tr>
<tr>
<td>France</td>
<td>1.42</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2.01</td>
</tr>
<tr>
<td>Israel</td>
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</tr>
<tr>
<td>Singapore</td>
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<tr>
<td>Czech Republic</td>
<td>11.82</td>
</tr>
<tr>
<td>Switzerland</td>
<td>19.94</td>
</tr>
<tr>
<td>Japan</td>
<td>21.21</td>
</tr>
</tbody>
</table>

Source: Varkey Foundation

Cultural values can also close off options for individuals of a particular background or gender, as when a choice is not legally prohibited but is still frowned upon culturally. In the UK, women undertake 79 percent of jobs in healthcare and social work but just 23 percent of jobs in transportation and storage.\(^2^2\)
These differences are rarely, if ever, driven by innate differences between individuals but by the weight of cultural values.

Even when an individual does select a profession that defies cultural expectations, they may run into additional barriers in the form of cultural biases among hiring managers. These biases are often unconscious, but they can significantly influence an applicant’s perceived cultural fit or suitability for a role. They are in play from the very top of a CV, where simple details such as names and educational qualifications send clear signals about an individual’s background and influence job application outcomes. The result is often a self-reinforcing cycle that perpetuates a cultural status quo. If we want to encourage people to take up employment in fields that have not traditionally been considered by their community, we need to pay attention to its cultural values and those of wider society.

**INTERACTION OF THE THREE LENSES**

These lenses have differing effects in different contexts; and they can sometimes positively reinforce each other, and other times work against each other.

**(i) Contexts that Make Each of the Lenses Relatively More Important**

It would be easy to assume that each lens is equally important all of the time. However, they will become relatively more or less important in different situations. If a profession is completely ruled out by certain groups for cultural reasons, it will not make a difference to an individual how much a job might pay or how rewarding it might be. Such a job may simply never register as a choice for that person.

However, one factor is universal in nature and therefore demands more-detailed consideration: for those at the lower end of the pay scale, extrinsic rewards are almost always relatively more important. Someone who is desperately struggling to make ends meet is unlikely to be immediately concerned by the fulfilment of their creative potential.

This idea is related to Maslow’s hierarchy of needs: insofar as extrinsic rewards satisfy an individual’s physiological and safety needs, such as food and shelter, they are lower down on the hierarchy of needs than intrinsic rewards. The latter may fulfil a person’s higher psychological needs for belonging, esteem, and self-actualization.

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23 A qualitative evaluation of non-educational barriers to the elite professions
24 Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination
25 A Dynamic Theory of Human Motivation
But people also experience diminishing marginal utility of income. The benefit derived from an extra dollar when you are being paid $1 per hour is likely to be much greater than if you are being paid $50 per hour.

While employees all along the income distribution would like to enjoy intrinsic benefits from their work, it is only at the upper end of the distribution where they have the financial freedom to do so. At the extreme end of the spectrum, billionaire philanthropists step back from their businesses to pursue passion projects. This leaves room for cultural factors to exert outsize influence in the middle of the income spectrum. Here, people’s financial prospects are sound enough to enable a range of career paths and to decline unsatisfactory employment opportunities. But they have not yet ‘bought’ total freedom to pursue intrinsic satisfaction. In this area, people are still very susceptible to external cultural pressure.

**Exhibit 4: Relative weight of each lens across the income spectrum**

The relative influences of each lens at different compensation levels are summarized in Exhibit 1. It implies that governments and firms need to think differently about the relative balance of these lenses for the roles that they are seeking to recruit into. They need to think much more about culture and intrinsic motivation, especially at the middle and the higher end of the pay scale.
(ii) Interactions Between the Lenses

The three lenses are not completely independent. They interact with each other — sometimes in a positive way, which can generate a multiplier effect, and sometimes negatively, canceling each other out. Understanding these interactions is important for anyone devising new systems for attracting talent.

Some of the clearest examples of these interactions are situations in which the cultural values of a given society are aligned with extrinsic rewards for different professions. A highly remunerated profession is often seen as an aspirational role because of the rewards that go with it. Similarly, professions that are intrinsically rewarding because they add value to wider society often align with cultural values. In many countries, becoming a doctor is seen as a highly aspirational career choice for precisely this reason.26

However, there are circumstances in which the three lenses compete with one another. The clearest of these cases are where extrinsic rewards ‘crowd out’ intrinsic motivation, such as when introducing monetary incentives undermines a previously non-monetary motivation. The classic example is paying people who were previously voluntary blood donors. The evidence suggests that this tends to reduce the likelihood that they come back and donate for free.27

This phenomenon has been documented in several domains, ranging from charity fundraising to communities’ tolerance of nuclear waste repositories. In these cases, and many more, offering a financial incentive had the effect of reducing fundraising effort and local support for a nearby nuclear waste facility.28 29 This is not to say that financial incentives do not work — of course they do. In the case of charitable giving, for example, smaller rewards crowded out intrinsic motivation; but higher rewards got people motivated again.30 In other words, we need to be mindful of how these different forms of motivation interact with each other in different contexts, or there is a risk that people will not undertake certain roles for love nor money.

In the following section we will explore three cases where the lenses influence people’s decisions to take jobs — and where these lenses interact in complex ways.

30 The Cost of Price Incentives: An Empirical Analysis of Motivation Crowding- Out
**POTENTIAL APPLICATION 1**

**United States: Skilled trades perceived as an inferior career path**

Along with many developed economies, the United States faces several workforce challenges. Among the most acute is the reluctance of American high school students to consider careers in technical trades — to become iron workers, plumbers, or electricians. Some 52 percent of American jobs require some skills training, though not a four-year college degree — yet only 43 percent of American workers have such training. Conversely, just 32 percent of American jobs require a college degree, yet 37 percent of American workers have such a degree.31

In the US, supply and demand are heavily relied upon to efficiently distribute compensation across the labor market. The assumption is that a labor shortage in a given sector will, all else being equal, push up labor prices. This effect is evident today as there are increasing numbers of lucrative employment opportunities that do not require a college degree: of the roughly 150 million jobs in America, there are approximately 30 million that do not require a college degree, but pay an average of $55,000 per year. This is around 60 percent more than the national median personal income of $34,000.32 33

Yet market mechanisms are failing to optimally allocate labor and inform the educational decisions taken by young Americans. Based on extrinsic rewards, a skilled trade represents a competitive value proposition for a worker. But the persistence of labor shortages illustrates that such rewards alone are not enough. To better understand this challenge, we must consider lenses 2 and 3: intrinsic motivation and cultural values.

Many studies show that working with one’s hands yields high levels of intrinsic satisfaction.34 That might not be relevant if most US employees overall were intrinsically fulfilled by their work, but this doesn’t appear to be the case. One poll revealed that just 30 percent of American workers were passionate about and engaged in their work.35 We might therefore expect the intrinsic rewards in the trades to attract people, yet workforce supply deficiencies persist. Why?

Perhaps a stronger barrier consists of the cultural values that hold technical professions to be relatively low status. The extent to which this overrides extrinsic rewards can be significant. More than half of young Americans in one poll said they would prefer to work as a barista rather than as a welder — even though trained welders can net $100,000 per year or more in compensation.36 More than half of respondents to the same study indicated that a career in a skilled trade affords less respect than a career requiring a four-year degree. Part of the problem

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31 National Skills Coalition, US skills mismatch fact sheet, March 2020
32 NPR, “High-Paying Trade Jobs Sit Empty, While High School Grads Line Up For University,” April 2018
33 FRED, St. Louis Fed, 2019
34 CBS News, “How busy hands can alter our brain chemistry,” March 2018
36 Pamplin Media, “Skilled trade jobs pay more. But young prefer service work,” December 2019
seems to be that American high school students are rarely introduced to trades as a viable career option. The social signal is clear: *People like me don't do jobs like that.*

Lessons from around the world show that it is possible to change the cultural values that give rise to these perceptions. The vocational and educational training (VET) system in Germany, for example, is heralded as an example of how nations can encourage citizens to enter skilled trades. In 2017, nearly seven times as many German students entered VET programs as American students entered apprenticeships — despite Germany having just a quarter of the population.

In contrast to many other systems, the German model follows the ‘dual principle’ in which classroom and apprenticeship training are delivered together. This may serve as a bridge from familiar academic settings into hands-on work environments for students who are hesitant to take up blue-collar work. This approach is followed in many German university courses, serving to normalize and destigmatize manual work for all students, regardless of their chosen field. In addition, the VET system is closely coordinated with government and business. Both have incentives to support a culture that favors trades work, and for business that includes participation in training programs.

This first example shows the importance of considering all three lenses together. It also shows that it is possible for governments and businesses to influence the three, including the cultural values ascribed to different professions. Clearly, adjusting extrinsic rewards alone is unlikely to persuade young people to consider skilled trades as a viable career. But introducing them to these careers and their intrinsic benefits at an earlier stage has the potential to destigmatize these choices.

**POTENTIAL APPLICATION 2**

United Kingdom: Unwillingness of British nationals to take on seasonal agriculture jobs

One of the UK’s longest-running workforce challenges has been the reluctance of British citizens to work in seasonal agricultural jobs. This forces UK farmers to employ tens of thousands of non-British temporary farmhands each year. Historically, they have come from low-income European countries, facilitated by the free movement of labor within the EU. Workers from Romania and Bulgaria comprise over 60 percent of the seasonal migrant agricultural workforce. But the issue has been brought to a head by Brexit, which will likely make it harder to access migrant labor in the same way.

37 DW, “What is Germany’s dual education system — and why do other countries want it?” June 2018
38 Financial Times, “UK farmers struggle to hire overseas workers for harvest,” August 2019
Extrinsic factors are certainly a strong reason for the reluctance of British workers to undertake seasonal agricultural work. Compensation is low; hours are long; and the work is physically difficult. There may not be easy remedies for these issues: Prices are set by competitive retailers, leaving farms largely unable to increase this kind of extrinsic reward while remaining profitable.

It is therefore essential to examine extrinsic factors that go beyond wages. Even if someone was happy to do the work, its seasonal nature limits job security and opportunities for career progression and makes it unattractive to people seeking jobs that run throughout the year. Another barrier is the difficulty of moving repeatedly on and off out-of-work benefits. Some British workers who are open to farm work might be unwilling to relocate to the countryside because of concerns over accommodation — something that might be remedied by making affordable housing available in rural communities. So policymakers should be cognizant of extrinsic rewards outside the boundaries of compensation — that is, the surrounding context and the needs of the workforce in question.

As with US tradespeople, intrinsic and cultural factors may also affect people's willingness to take up roles in the first place. Working with one's hands can be exceptionally rewarding, and many people actively pursue fruit and vegetable picking as a satisfying and wholesome activity. Pick-your-own farms attract tourists, passers-by and residents across the US and other countries. There is, of course, a big difference between an hour of fruit picking on a sunny summer's day and a season of demanding labor come rain or shine. But there are likely to be at least some intrinsic levers to encourage fruit picking.

Long-held cultural associations have a part to play. Before the arrival of seasonal labor from continental Europe, seasonal agricultural work was historically performed by poorly-paid Irish migrants or by women and children. Thus, in the British collective consciousness, agricultural labor may carry the stigma of work performed under exploitative and inferior conditions.

But history also shows how cultural factors have been used to encourage people to work in agriculture. To support an acute shortage of agricultural labor during the COVID-19 pandemic, the UK government devised appeals to furloughed British employees using slogans such as 'Pick for Britain' and 'Feed the Nation'. (These echoed the World War II 'Dig for Victory' campaign.) 'Feed the Nation' attracted an impressive 35,000 expressions of interest, and some of those who took up the work experienced an unexpected level of intrinsic reward. One worker commented: "It's the hardest I've ever worked, for the littlest money I've ever made, but it's the happiest I've ever been — it's bizarre."

The UK is not the only country to have used appeals to patriotism to encourage farm work. Former Indian Prime Minister Lal Bahadur Shastri coined the phrase "Jai jawan jai kisaan"

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39 The Conversation, “The real reasons why British workers won't pick fruit,” June 2017
40 The Big Issue, “Why won't British workers pick fruit” August 2018
41 USA Today, “10 great pick-your-own farms across the USA,” June 2018
43 New York Times, “British Workers Try Their Hand at an Unfamiliar Job: Berry Picking” July 2020
(“hail the soldier, hail the farmer”) at a time of heightened military tensions with Pakistan. The intention was to inspire both soldiers and greater farm yields, because of the threat to food security posed by the tensions.

So a balanced approach is needed to tackle labor shortages in this relatively low-paid sector. Extrinsic rewards are, of course, important — but different kinds can be deployed, and they can be supplemented with intrinsic rewards and cultural levers that encourage people to consider agricultural work a worthwhile option.

**POTENTIAL APPLICATION 3**

**Saudi Arabia: Systematic preference for public sector over private sector employment**

Saudi Arabia, like many of its Gulf neighbors, faces steep challenges in the coming years in rebalancing its workforce between the public and private sectors. Saudi Arabia is a relatively young country with a rapidly maturing private economy. Historically, the public sector provided jobs for citizens while the private sector was still under development. Today there remains an extreme imbalance of labor between the private and public sectors: 67 percent of Saudi nationals work in the public sector, compared to an average of just 18 percent for OECD countries.

This imbalance is tied, at least in part, to extrinsic rewards. Recent data suggest average monthly compensation of SAR 11,198 (around $3,000) for Saudis in the public sector but just SAR 7,339 ($2,000) in the private sector. Similar imbalances exist in non-wage financial benefits and ancillary benefits such as working hours and holidays, although the differences vary according to factors such as type of work and seniority. While this sort of preferential treatment for public sector employees is not unique to Saudi Arabia or its Gulf neighbors, it is unfamiliar in many Western economies.

The obvious solution would be a reduction in the extrinsic rewards for public sector employment, an increase in those in the private sector, or some combination of the two. This has, indeed, been the focus of Saudi policy in recent years. Notable recent interventions include taxing expatriate labor to reduce compensation imbalances between Saudi nationals and expatriates, wage subsidies for Saudis in the private sector, and government financing of training programs to reduce hiring costs. But do these extrinsic benefits represent a complete solution?

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44 Oliver Wyman, “Increasing private sector employment of nationals in the GCC,” 2018
46 General Authority for Statistics, “Saudi Workers Monthly Average Wage in Four Sectors,” 2018
47 Gov.sa United National Platform, “Labor and Employment in the Kingdom”
In Saudi Arabia’s complex context, the dividing lines between extrinsic, intrinsic, and cultural lenses are blurred and permeable. The Gulf countries tend to have more-collectivist and less-individualistic cultural norms than Western societies, so a sense of serving the common good via government work (an intrinsic motivation) may be reinforced by the collectivist social orientation (a cultural value). In addition, the higher pay and shorter working hours in the public sector (extrinsic rewards) enable government employees to invest more time in personal and familial relationships in a society that is deeply family-oriented (a cultural value). Clearly, any concerted attempt to rebalance the labor market must therefore take the interaction between these lenses into account.

While many countries have successfully transitioned large portions of the public-sector workforce into the private sector, many have done so through brute terminations, which is typically used as a last resort and often provokes harsh backlash.

Fewer examples exist of countries that have driven change in a socially and politically sustainable fashion.

One exception is Sweden, which managed to reduce employment in its central government by approximately 40 percent from the early 1990s to the late 2000s. A significant part of the solution was the adjustment of extrinsic rewards. A unified labor law, for example, limited unique rights and privileges for the public sector. Lifelong employment, a very attractive extrinsic reward which is deeply embedded in the cultures of many civil services, was no longer guaranteed. And in many sectors, working conditions and employer-employee relations were devolved to the local or individual level, rather than being decided by the central government.

This extrinsic rebalancing was enhanced with appeals to cultural values and intrinsic benefits. The Swedish government emphasized high quality and consumer choice in public services, as well as a performance-oriented civil service. This reform campaign sought to alter the cultural perceptions of government and its role in society, and political attitudes towards privatization and corporatization eventually softened, enabling reform. The government likewise appealed to citizens’ entrepreneurial drive as a way of illuminating the intrinsic benefits of a shift to the private sector.

In the Saudi context, the government might consider appealing to citizens’ cultural orientation towards family, by focusing on the equalization of working hours and paid leave in the private sector with equal or greater urgency than disparities in monetary compensation. To broaden the cultural and intrinsic appeal of non-government jobs, media campaigns and employment communications might emphasize what various occupations contribute to the country and fellow citizens, from hotel-desk attendants to taxi drivers and agricultural laborers.

48 Statistics Sweden, “Employees in the public sector”
49 “Work Organization in the Public Sector: The Swedish Example,” Montreal Economic Institute, December 2012
50 The Impact of Decentralization and Privatization on Municipal Services
51 Pollitt, Christopher: Public Management Reform: A Comparative Analysis.
These findings once again point to solutions derived from the toolkit of extrinsic rewards alongside the other two factors, which can have an equal, and sometimes more powerful, attraction.

**HOW TO APPLY THE THREE-LENS APPROACH**

Applying the three-lens approach to the attraction of talent requires a different process to that used by most governments and firms when they consider setting up new programs. In particular, it requires policy makers and human-resources directors to draw on a wider variety of experts than usual, ranging from behavioral scientists, user-centered design practitioners, and anthropologists to data scientists and economists.

In this section, we outline a structured process, broken down into steps, for putting this into practice.

### Five-step lens-mapping framework

1. **Define Problem**
2. **Define Objectives**
3. **Lens Mapping**
   a. Extrinsic
   b. Intrinsic
   c. Cultural
4. **Solution Design**
5. **Implement & Monitor**

Source: Oliver Wyman

**Step 1. Define The Problem**

The first step is to define the overall problem. This might involve a recognition that there is a skill deficiency or excess in a particular part of the economy. Understanding the nature of the problem will enable us to set a clear objective (Step 2) and will help ensure that subsequent steps can progress rapidly and efficiently.

The problem might, for example, be that there are not enough people willing or able to pick the vegetable or fruit crop in the coming months. Or that there is insufficient expertise available for investing in the next generation of solar power. Understanding the nature and articulating the scale of the problem will be essential for setting out solutions.
Step 2. Set A Clear Objective

After defining the problem, a clear objective can be set out, including the precise gap that needs to be plugged. This should include, among other points, a clear articulation of the number of individuals ultimately required in each industry; where, geographically, they will be working; and what skills they will need. In essence, it will be important at this point to articulate a clear idea of who will be targeted, so that the lens-mapping exercise in Step 3 can be well focused.

This is also a good point at which to consider whether there are other ways to overcome the capacity and capability gaps over the long term. These might include alternative solutions to employing more people, such as investing in new technology to help harvest crops.

Once the objective has been set, the effects of the three lenses upon individuals within our target sectors can be examined.

Step 3(A). Lens Mapping: Extrinsic

The first round of lens mapping seeks to understand the existing set of extrinsic rewards available in the sector. We can typically break these down into two categories: direct and indirect.

Direct extrinsic rewards are tangible things that an individual receives as compensation, including salary and any other benefits, such as pensions and bonuses.

Indirect extrinsic rewards are harder to capture but can be just as important. They include barriers or opportunities that might otherwise be unavailable, such as visas allowing an individual to work in particular country or sector.

Step 3(B). Lens Mapping: Intrinsic

Unlike extrinsic rewards, which tend to be fairly objective in nature, intrinsic motivations are hard to ascertain. To understand them, we need to undertake qualitative work, which will likely take the form of surveys of individuals already engaged in the target roles. The surveys should seek to understand the positive qualities that give value to the tasks undertaken in the role.

As well as the intrinsic motivations of existing workers, it will also be important to understand those of potential future employees. Surveying these target groups could establish patterns that enable the gap to be bridged between the intrinsic rewards of a role and the expectations of people who might take on the role in future.

Step 3(C). Lens Mapping: Cultural

To understand the underlying cultural values of the population — and, in particular, of the groups being targeted for the new roles — some cultural mapping can be undertaken as part of the survey work in Step 3(B). The survey should probe the cultural values of the communities being targeted, as well as any views they might have of the sector and roles that need filling.
But the cultural mapping exercise will need to go deeper than a traditional survey. So we should supplement it at this point with more detailed work on a smaller set of individuals to probe the insights thrown up by the survey.

Step 4: Develop A Solution
Once we have understood the full range of motivations acting upon individuals, we can turn our attention to developing solutions. These solutions will of course, need to be alive to the fact that each of these differing motivations — be they extrinsic, intrinsic, or cultural — will need very different types of solutions for them to be effective.

As such, the first step is to examine collectively the range of motivations, and to conduct an exercise to understand the drivers and barriers that might have the potential to influence people's action. This should focus specifically on people's behaviours, rather than simply examining attitudes, values or beliefs. Because it is ultimately a change in behaviour that we want to bring about.

As such, a key part of this process will be to draw on the latest behavioural science research to understand more fully the behavioural causes underlying these drivers and barriers, which will give us important insights into what can be done to address them. Once this exercise has been carried out, we can start to design a set of interventions that draw upon these behavioural insights. These might range from changes to financial incentives and visa regimes to longer-term initiatives seeking to influence the underlying cultural values attached to different professions.

In order to ensure that our interventions have a good chance to be implemented effectively (in Step 5) a core part of this process will be to engage the range of individuals and institutions that will ultimately need to implement the initiatives. Together with — ideally — individuals who might be affected by the new policies.

It will also be important to look back to our original problem definition and objectives (established in Steps 1 and 2) to ensure that our proposed solutions map against our ultimate goals.

Step 5: Implement And Monitor
Implementation should include a set of measures to monitor the efficacy of the new approach. A feedback loop is needed to ensure that the objectives are being met in the most efficient way and to help develop future measures in related sectors.
CONCLUSION

Policymakers and firms wanting to attract new talent or plug employment gaps most often turn to extrinsic levers — the tangible rewards and benefits of the work. This usually means direct financial rewards, such as pay and bonuses, as well as wider benefits.

This paper does not suggest that extrinsic rewards are not important. In many industries, they remain the most commonly cited reasons for choosing a certain role. For low-paid individuals in particular, the benefits of an extra $1 an hour might be especially influential, perhaps enabling rent to be paid or food to be put on the table. But this paper has shown that two other lenses are sometimes more important than direct rewards, and are almost always overlooked: intrinsic motivation and cultural values.

Intrinsic motivation is an individual's desire to do a job for its own sake, independently of any extrinsic rewards. It can potentially play a role for people and careers as diverse as American skilled workers, British fruit pickers, and Saudi private-sector workers.

Cultural values are the implicit societal rules that open up or shut down career paths by indicating that 'people like me' do or do not do 'jobs like that'. These cultural values have a great influence on our choices, but people rarely consider them in their own right.

Consequently, the set of levers available to shape the choices that individuals and groups make is more nuanced than commonly assumed. Our examples show how it is possible to have an effect on the cultural values underlying a society's perception of certain professions and careers, as well as on intrinsic and extrinsic motivators. When designing new employment schemes, therefore, consideration needs to be given to all three of the lenses: extrinsic, intrinsic, and cultural.