

Meet the psychological needs of your people— all your people

Too many employers pay too little heed to the needs of the lower earners in their company. Here's why—and how—they should shift gears.

by Tera Allas and Brooke Weddle

As record numbers of workers quit their jobs, companies are busy trying to figure out how to make working conditions at their organization more attractive and more sustainable. Many companies boast flexible hours, good benefits, and, of course, higher pay. And some go further, looking closely at how roles in the organization can fulfill people's psychological needs.

Business leaders recognize these emotional needs—whether it is the sense of reward workers have when they accomplish something, the frustration they feel when being micromanaged, the anger they experience after being treated unfairly, the longing they feel to be part of a group, or the desire they have for their work to be interesting and meaningful.

Yet many leaders mistakenly believe that only other professionals who have enjoyed similar success—and the financial rewards that come with it—truly value the nonfinancial aspects of their work. As we show in this article, that is simply not true.

People in lower-paying jobs also want their psychological needs at work to be satisfied. Yet data show that those needs are typically going unmet, far more often than is the case for higher earners.

Some of this may be unavoidable: for example, there is only so much autonomy one can feasibly grant a production line worker, while the job of a truck driver may be inherently lacking in social contact. However, most jobs could be enhanced to provide a much greater degree of psychological satisfaction.

In this article, we share novel data and analysis that illustrate the premium placed by all workers on psychologically satisfying work and how current work practices appear to be exacerbating existing inequalities. We also look at what business leaders can do to address the psychological needs of their lower-earning employees.

The good news is that, for the most part, companies have direct control over actions that can improve matters. Moreover, many of the practices that are needed—while requiring some time and effort—do not typically call for direct cash outlays. In fact, better satisfying workers' psychological needs tends to correlate with higher revenues and profits.

Most people, across all income levels, believe that having an interesting job is as important as having a solid income

For thousands of years, philosophers have argued about what constitutes a “good life”—a life with more progress, pleasure, or purpose. Now, modern sciences—neuroscience, endocrinology (hormones), psychology, anthropology, and evolutionary biology, among others—have caught up. All agree: there is much more to being a human than surviving and procreating.¹

In a way, Maslow's famous hierarchy of needs² was both right and wrong at the same time. On the one hand, it recognized that people have many desires in addition to basic bodily needs such as water, food, and shelter. On the other hand, it assumed a fixed hierarchy where psychological needs—such as belonging and self-esteem—became relevant only after basic physical and safety needs were met. However, modern research has shown that these needs exist in parallel and that a person's well-being can be enhanced—for example, by good social relationships—even *if* their basic physical and safety needs are not completely fulfilled.³

It is no longer a surprise that people seek more from their employers than just a paycheck and a safe place to work. A preponderance of evidence suggests that “good work” also means satisfying employees' psychological needs.

- McKinsey's recent analysis of the reasons why employees are leaving their jobs in record numbers (the Great Attrition, or what many call the Great Resignation) showed that the most important factors were social and psychological, including not feeling valued by their organization or manager or not having a sense of belonging at work.⁴
- A quantitative analysis of more than 16,000 workers globally in 2015 showed that at all levels of income, the most important factors determining people's job satisfaction were

¹ Admittedly, the underlying motivators of human behavior—needs, desires, and preferences—may be evolutionary. In other words, they may be serving the goal of survival and procreation. Nevertheless, in modern societies, these needs, desires, and preferences include a large social and psychological component—for example, the need for belonging, friendship, and love. If these needs are not met, people's reactions can be just as visceral as if their physical safety is threatened.

² Abraham Maslow, “A theory of human motivation,” *Psychological Review*, July 1943, Volume 50, Number 4.

³ Ed Diener and Louis Tay, “Needs and subjective well-being around the world,” *Journal of Personality and Social Psychology*, August 2011, Volume 101, Number 2.

⁴ Aaron De Smet, Bonnie Dowling, Marino Mugayar-Baldocchi, and Bill Schaninger, “‘Great Attrition’ or ‘Great Attraction’? The choice is yours,” *McKinsey Quarterly*, September 8, 2021.

Exhibit 1

People in all occupations, regardless of income level, rate ‘an interesting job’ at least as highly as ‘a high income.’

Average reported importance of a high income and an interesting job by occupation, scale of 1 (not at all important) to 5 (very important); n = 45,800



¹ Includes jobs that mostly consist of routine, often manual, tasks. Roles include cleaners, waiters, couriers, and warehouse workers. Source: ISSP Research Group (2017), "International Social Survey Programme: Work Orientations IV - ISSP 2015," GESIS Data Archive, Cologne, ZA6770 data file version 2.1.0, doi.org/10.4232/1.12848; McKinsey analysis

interpersonal relationships and having an interesting job—each accounting for around 20 percent of the explainable variation. In contrast, the level of pay accounted for only 4 percent of the variation in people’s job satisfaction.⁵

- In a representative global survey of nearly 50,000 people across 38 countries, more than 60 percent of respondents agreed or strongly agreed with the statement “I would enjoy having a paid job even if I did not need the money.”⁶ Only around 40 percent agreed or strongly agreed with the statement “A job is just a way of earning money—no more.”
- In the same survey, across all occupations and income levels, only 16 percent of respondents rated “high income” as more important than having “an interesting job.” As shown in Exhibit 1, the average importance placed on “an interesting job” was on par with or higher than “high income” in all occupational groupings, *including the lowest-paid ones*.

⁵ Jan-Emmanuel de Neve et al., “Work and well-being: A global perspective,” in *Global Happiness Policy Report*, edited by Global Council for Happiness and Wellbeing, New York, NY: Sustainable Development Solutions Network, 2018.

⁶ ISSP Research Group (2017), “International Social Survey Programme: Work Orientations IV - ISSP 2015,” GESIS Data Archive, Cologne, ZA6770 data file version 2.1.0, doi.org/10.4232/1.12848. Percentages calculated using relevant weighting factors and excluding answers “can’t choose” and “no answer.”

Yet companies do a better job of addressing the psychological needs of higher-earning employees than lower-earning colleagues

One of the most prominent models of human motivation, extensively applied to organizational and employment research, is the self-determination theory by psychologists Richard Ryan and Edward Deci.⁷ According to this theory, as well as a large body of empirical evidence, all employees have three basic psychological needs—competence, autonomy, and relatedness—and satisfying these needs promotes high-quality performance and broader well-being.⁸ Additional studies, including McKinsey's own research, have also found a link between positive outcomes (for both employer and employee) and employee engagement,⁹ often embodied in questions about the degree to which employees consider their work to be interesting, and purposeful.¹⁰

Drawing on this literature, as well as a large global data set generated by the International Social Survey Programme,¹¹ we looked at how well employees' psychological needs are satisfied in different types of occupations, ranging from managerial and professional jobs to lower-paid roles, such as those in customer service, cleaning, and waste disposal. Given the data available, we focused on five psychological needs: competence (related to the concept of mastery), autonomy (related to control and agency), relatedness (including positive relationships), meaning (proxied by how interesting individuals find their jobs), and purpose (proxied by how proud individuals are of their organizations).

The results are fascinating (Exhibit 2). First, the good news: on a net basis (deducting those who “disagree” or “strongly disagree” from those who “agree” or “strongly agree”) across all occupations, a greater proportion of workers feel that their psychological needs are satisfied. Even for those with the worst net score—plant and machine operators and assemblers who were asked about feelings of competence—around 48 percent said that they could use “almost all” or “a lot” of their past experience and skills, versus 23 percent who said that they could use “almost none” of their skills on the job. Similarly, while 23 percent of workers in elementary occupations (such as cleaners, couriers, and waiters) didn't find their jobs to be interesting, more than half did.

In absolute terms, more global workers—whatever their role—feel more positive than negative about the degree to which their psychological needs are met.

The bad news, however, is that this is far less true for individuals employed in lower-paying, and often lower-skilled, jobs. The differences between, say, managers and people in elementary occupations are particularly large in terms of competence (the ability to

⁷ Delia O'Hara, “The intrinsic motivation of Richard Ryan and Edward Deci,” American Psychological Association, December 18, 2017.

⁸ Edward L. Deci et al., “Self-determination theory in work organizations: The state of a science,” *Annual Review of Organizational Psychology and Organizational Behavior*, 2017, Volume 4.

⁹ Jan-Emmanuel de Neve et al., “Employee well-being, productivity, and firm performance: Evidence and case studies,” in *Global Happiness Policy Report*, edited by Global Council for Happiness and Wellbeing, New York, NY: Sustainable Development Solutions Network, 2019; “Addressing employee burnout: Are you solving the right problem?,” McKinsey Health Institute, May 27, 2022.

¹⁰ Naina Dhingra, Andrew Samo, Bill Schaninger, and Matt Schrimper, “Help your employees find purpose—or watch them leave,” McKinsey, April 5, 2021.

¹¹ ISSP Research Group (2017), “International Social Survey Programme: Work Orientations IV - ISSP 2015.”

Exhibit 2

Employees in lower-paid occupations are less likely to have experiences that satisfy their psychological needs.

Net difference between respondents reporting core psychological needs being fulfilled and those reporting needs not being fulfilled by occupation,¹ percentage points; n = 27,000



¹ Net percentages calculated using proxy indicators as follows: sum of “almost all” and “a lot” minus “almost none” for competence (“How much of your past work experience and/or job skills can you make use of in your present job?”); sum of “strongly agree” and “agree” minus sum of “disagree” and “strongly disagree” for autonomy (“I can work independently”); relatedness (“In my job, I have personal contact with other people”), meaning (“My job is interesting”), and purpose (“I am proud to be working for my firm or organization”).

² Includes jobs that mostly consist of routine, often manual, tasks. Roles include cleaners, waiters, couriers, and warehouse workers. Source: ISSP Research Group (2017), “International Social Survey Programme: Work Orientations IV - ISSP 2015,” GESIS Data Archive, Cologne, ZA6770 data file version 2.1.0, doi.org/10.4232/1.12848; McKinsey analysis

use experience and skills) and meaning (how interesting the job is). In this sense, current work practices globally seem to be exacerbating inequalities rather than ameliorating them.

The data indicate that not all of this is inherent to, or directly determined by, the characteristics of each role. After all, some people in even the most manual, routine, repetitive, or poorly paid jobs still indicate that their work is meaningful, that they are proud of the organization they work for, and that their role enables them to express and satisfy their needs for competence, autonomy, and relatedness.

Indeed, the potential for *any* job to inspire is illustrated powerfully by the classic story of the three bricklayers working at St Paul’s Cathedral in London. Christopher Wren, one of the most highly acclaimed English architects in history, had been commissioned in the late 17th century to rebuild the cathedral. One day, he noticed three bricklayers on a scaffold, each of whom appeared to have very different levels of motivation and speed. He asked each of them the same question: “What are you doing?”

The first bricklayer, seemingly the least satisfied with his position, said, “I’m a bricklayer. I’m working hard laying bricks to feed my family.” The second bricklayer, slightly more

engaged, replied, “I’m a builder. I’m building a wall.” The third bricklayer, who seemed to be working with the greatest amount of purpose, said, “I’m a cathedral builder. I’m building a great cathedral to The Almighty.”¹² In the modern workplace, great managers and leaders can elicit a sense of meaning by emphasizing, and reflecting with employees on, the ultimate contribution that their organization is making to society.¹³

McKinsey research suggests that society is a key source of meaning for employees, along with company, customer, team, and individual. Together, they make up a collective, integrated whole that leaders can address. If average job satisfaction is weaker for lower-earning roles despite the many lower-paid individuals who do have their psychological needs met, organizations must be overlooking opportunities to do better. Luckily, they have many ways to refocus and improve their efforts.

Addressing the psychological needs of lower earners makes good business sense—here’s what leaders can do

Any organization claiming to be a good employer would want to address the imbalances highlighted above, as much as is operationally feasible. As we have written previously,¹⁴ positive and negative experiences at work—beyond pay and rations—have significant spill-over consequences for people’s personal lives.¹⁵ For example, one study showed that a mother’s dissatisfaction with her job can contribute to her children’s behavioral problems.¹⁶

However, in addition to the moral case for equalizing the scales on psychological well-being, there is also a strong business case. A comprehensive evidence base shows that higher employee satisfaction is associated with higher profitability¹⁷ and that this phenomenon is not confined to a company’s higher-earning roles. Consider the case of frontline customer service staff: one experiment showed that weekly sales for call center operators increased by 13 percent when the operators’ happiness increased by one point on a scale of one to five.¹⁸ Worker satisfaction and customer satisfaction tend to go hand in hand.¹⁹

Another direct link from employee satisfaction to the business bottom line is through employee turnover. In the wake of the COVID-19 pandemic, more people than ever are leaving their jobs voluntarily, both in the United States²⁰ and in other developed economies.²¹

¹² Jim Baker, “The story of three bricklayers—a parable about the power of purpose,” Sacred Structures, April 9, 2019.

¹³ “Help your employees find purpose—or watch them leave,” April 5, 2021.

¹⁴ Tera Allas and Bill Schaninger, “The boss factor: Making the world a better place through workplace relationships,” *McKinsey Quarterly*, September 22, 2020.

¹⁵ Diego Cortez et al., “Revisiting the link between job satisfaction and life satisfaction: The role of basic psychological needs,” *Frontiers in Psychology*, May 9, 2017, Volume 8, Article 680.

¹⁶ Julian Barling and Karyl E. MacEwen, “Effects of maternal employment experiences on children’s behavior via mood, cognitive difficulties, and parenting behavior,” *Journal of Marriage and Family*, August 1991, Volume 53, Number 3.

¹⁷ James K. Harter et al., “Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis,” *Journal of Applied Psychology*, April 2002, Volume 87, Number 2.

¹⁸ Clement Bellet et al., “Does employee happiness have an impact on productivity?,” Said Business School working paper 2019-13, October 17, 2019.

¹⁹ “Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes,” April 2002.

²⁰ “Why employees are quitting and what to do about it,” McKinsey, January 16, 2022.

²¹ *McKinsey UK Blog*, “More UK employees are leaving their jobs than ever before: How businesses can respond,” blog entry by Tera Allas, April 26, 2022.

And while the competition for talent is heated among professionals such as software engineers and medics, vacancy rates in many low-paying jobs are also sky-high. Across the United States, the United Kingdom, and the European Union, unfilled roles abound in the hospitality, entertainment, and logistics sectors, among others.²² For businesses, losing personnel means costly and time-consuming recruitment and retraining, not to mention lost output and productivity.²³

Psychological well-being at work is one of the most important factors in employees' decisions to stay or to go.²⁴ Regardless of income level, workers who "strongly agreed" that they were proud of the organization they worked for were significantly more likely also to say that they would turn down a job at another organization, even if it offered higher pay. Granted, people in higher-earning roles tended to be more loyal, but the difference in loyalty between staff who felt proud and staff who did not was dramatic across all income categories.

Whether motivated by equity considerations or bottom-line benefits, employers would do well to consider ways they can improve the working experience for lower earners.

To get started, leaders can think of this as a journey with six steps:

- **Appreciate** that the majority of people, at all levels of the organization, are looking for more than just money from their job—that they would like to have their psychological needs satisfied.
- **Recognize** that workers' circumstances vary significantly in different jobs and teams and are often very different from those of leaders themselves.
- **Analyze** how effectively psychological needs are being met in each type of job and each part of the organization, benchmarking performance to peers and best practice.
- **Identify** how psychological needs can be better satisfied—typically through changes in company culture, behaviors, and day-to-day working practices.
- **Act** by creating initiatives, projects, and processes to help make workers feel more masterful, in jobs that are, as much as possible, more skills-based, autonomous, connected, interesting, or purposeful.
- **Monitor and evaluate** the results, both in terms of how satisfied employees are with their psychological needs and in terms of commercial outcomes and employee well-being.

The best suggestions for how to redesign jobs or processes, or how to make the workplace more psychologically satisfying, will almost certainly come from workers themselves. Indeed, the process of discussing issues and opportunities and listening to employees' daily experiences is itself a core part of creating positive change. Many businesses already routinely talk to their workers about employee engagement and satisfaction.

²² McKinsey analysis based on data from the US Bureau of Labor Statistics, Eurostat, and the UK Office for National Statistics, accessed on May 11, 2022.

²³ Tera Allas, Will Fairbairn, and Elizabeth Foote, "The economic case for reskilling in the UK: How employers can thrive by boosting workers' skills," McKinsey, November 16, 2020.

²⁴ "Addressing employee burnout," McKinsey Health Institute, May 27, 2022.

However, it is vitally important to base these discussions on more than workers' fundamental needs, such as physical safety and pay. The style of conversation should focus on both what people *think* about work and how they *feel* about work. Such discussions are likely to unleash a range of responses—both positive and negative—which leaders will need to harness both respectfully and skillfully.

In addition to intensive employee engagement processes, there are a number of practical behaviors that leaders can encourage through mindsets, communication, role modeling, training, and performance-management processes. For lower-earning employees, the actions and behaviors of immediate line managers can make an enormous difference. Some of the practices that have positive returns in almost every situation include the following:

- **Recognize competence:** Frequently review a day's work (with no judgment or blame) and ask what you as the manager or leader can do to make the next day easier. Thank and praise people for a job (well) done. Make the most of individuals' skills through delegation. Provide regular, strength-based feedback oriented toward problem-solving.

For example, the plant and machine operators in Exhibit 2 who said that they were able to utilize their skills may still have had production line tasks that were fairly prescribed. But their factory organized short two-way briefings at every shift change, allowing workers to help make decisions about how operations are carried out.

- **Grant autonomy:** Focus on the end goal of what is to be achieved and why and let employees decide—or at least give them a voice in—how to get there. Give frontline workers discretion over appropriate decisions. Ask employees how they *feel* about work and really listen to their answers.

For example, retail assistants who are given the discretion to accept customer returns or hand out vouchers in specific situations are more likely not only to make customers happier and more confident but also to feel better themselves.

- **Build connections:** Set up regular (for example, daily) meetings at the beginning of each day (or shift) and allow time for socializing. Create regular breaks or events that help build social connections. Act decisively to eradicate any bullying or harassment. Praise and promote compassionate leaders.²⁵

For example, one skin care company whose sales agents work exclusively from home managed to maintain high levels of staff satisfaction by orchestrating regular one-on-one catch-ups, as well as virtual group get-togethers, throughout the COVID-19 pandemic, which allowed people to feel more connected to their colleagues.²⁶

- **Instill meaning:** Always explain the “why” behind tasks and link the reason to goals that go beyond making money (for example, being proud of the organization's product

²⁵ Nicolai Chen Nielsen, Gemma D'Auria, and Sasha Zolley, “Tuning in, turning outward: Cultivating compassionate leadership in a crisis,” McKinsey, May 1, 2020.

²⁶ Tera Allas et al., “Lessons on resilience for small and midsize businesses,” *Harvard Business Review*, June 3, 2021.

or service). Help make work more interesting by upskilling people to be able to perform more complex or varied tasks. Simply ask people what *would* make their jobs more interesting.

For example, the workers in elementary occupations in Exhibit 2 who said that they still found their jobs meaningful may well have benefited from the same attitude that met President John F. Kennedy when he visited NASA in 1962. When the president came across a janitor in the hallway and asked him what his role was, the janitor replied, “I’m helping put a man on the moon.”

- **Discuss purpose:** Set aside time for teams to reflect on the impact the company has on the world. Use one-on-one conversations to better understand workers’ individual sense of purpose and discuss how they can act on it in their work setting.²⁷

For example, for a worker at a clothing manufacturer, a manager can make the role more fulfilling by regularly sharing positive messages, photos, or videos from smiling customers wearing the company’s garments.

This advice may sound basic. We all know how to meet the psychological needs of the people in our lives—our children, our partners, our friends. We might even compliment, thank, and empathize with strangers.

We need to take these positive behaviors and apply them in the workplace as well—not only with peers but with employees at all levels of the organization. However routine their tasks, we can stop treating workers as cogs in a machine and start treating them as the wonderful human beings they are. [Q](#)

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²⁷ “Help your employees find purpose—or watch them leave,” April 5, 2021.