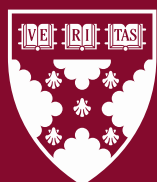


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On the Origins of Our Discontent

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Signs of discontent with global capitalism and national capitalisms abound. Unless we find ways to create better jobs and then improve those jobs further with empathic management and thoughtful mentoring, then we will be unable to create a more stable, purposeful political and economic system. We cannot resolve any of these challenges only with money. Our crisis is about the distribution of dignity, purpose, and meaning within our societies. Failure to resolve these challenges would likely lead to a generation of ongoing disruption and the destruction of our era of globalization.

The macro trends are concerning. Many countries have experienced a powerful backlash against political and economic elites—against “the establishment” and “the system.” Trust in institutions has fallen steadily almost everywhere. The fragile centrist consensus of Right and Left, a consensus that lasted particularly in the developed world from the 1980s to the 2010s, has been undermined by the frustrations of both the populist Left and populist Right. On a more micro level, we also see dramatic expressions of disappointment and frustration. One that has—at long last—captured the attention of employers is the Great Resignation. For years we have seen other signs that within firms too many employees felt disappointment and resentment toward those responsible for managing them.

Yet we have systematically misunderstood the origins of our discontent for two reasons. The first reason is that many have assumed incorrectly that these crises are primarily material. At the macro level we focused on rising income and wealth inequality within national societies. The balance of power between capital and labor had allowed average real wages to stagnate even as labor productivity and returns to capital increased. So we imagined that labor frustrations might be resolved simply by paying people more. None of this materialist analysis captures a more complex social, political, and deeply human reality.

Second, we have failed to recognize that the macro and micro challenges of capitalism constitute a single phenomenon: a crisis of dignity, purpose, and meaning. The discontent is not primarily about money. The macro backlash is itself a compilation of all these micro experiences. The system has failed to produce enough high-quality opportunities for people to contribute meaningfully through labor markets. Within firms, research has for decades demonstrated that employee satisfaction results from a sense of purpose and effective, empathic managing and mentoring—and not primarily compensation. In other words, phenomena like the populist backlash against globalization and the Great Resignation are not two separate events. They are manifestations of the same thing.

In this essay we explore the connections between the micro and the macro. In doing so we argue that our national capitalisms and the global capitalist system can be preserved only if we diagnose the problems thoughtfully, with careful attention to the lived experience of this era of hyper-competitive, rapidly evolving globalization. The solutions are, fortunately, within our grasp.

Micro: The Crisis of Mentoring and Meaning

We live in an era of primarily contractual relationships. We apparently think that we can simply pay people to do a job. Perhaps this transition began as early as the 1960s. There is a moment during the television series *Mad Men* when Don Draper, a famously mercurial bad boss, is in conversation with Peggy Olson, a young woman of great talent. Peggy observes, “You never say thank you.” Don shouts his reply: “That’s what the money is for!” Don insists on what too many young, talented workers fear: that they give up their youth and contributions to the firm merely for a wage. We must, however, do better than that as a managerial class. No one ever really wanted merely contractual relationships in their work. We have always craved covenantal relationships.

A covenantal relationship changes how you see yourself. You know there is someone in the organization who cares more about you and your progress than you might for yourself. You are “all in” because you feel alignment between what the leaders and managers say and what they do. You feel like you can take more risks; you can be more vulnerable because you will not be penalized for taking a chance. The more you are vulnerable the more you feel committed to the institution and to your boss. The opposite experience at work makes everything feel like simply a transaction. Work is not about relationships or trust or faith in one another if the only actions that matter center on transactions.

In a covenantal relationship you know that your boss is in your court. They care deeply that when you get to work you can be your best self, do your best work, focus on others and self. Bosses who create covenantal relationships foster inclusivity, a sense of belonging to a team, and thereby innovation. The employee knows they can explore options and risk without feeling like there will be a penalty for being courageous. The manager who forms covenantal relationships balances the interests of the individual and the group. Can you imagine an employee ever wanting to leave an organization or a boss that creates this kind of environment? Can you imagine having myriad institutions where employees are loyal and deeply committed to their institutions because of how they are treated?

How do we get employees to feel this commitment to the manager and the organization? First, does the individual have faith in the leaders of the organization? Will the leaders do what they say? Will they show vulnerability, show that they are human in some way? When you listen to the leaders do you want to lean in or do you want back away? Do they follow through? Are they predictable and consistent?

The second characteristic that creates the foundation for a covenantal relationship is the belief that someone cares deeply about your work and you. This is where fundamental problems emerge because many workers do not believe that anyone other than themselves care about whether they show up at work or not. Showing deep interest in one’s work takes time. It takes a conscious effort. It means listening.

When we teach older executives (in their 60s), we ask them if someone in their career has shown deep interest in them and their progression. Were they aware of someone who would act as a safety net in the confines of the institution? Older participants typically write down the initials of at

least three individuals in their career journey who cared more about the associate, for example, than they cared about themselves.

When we ask younger participants (in their 40s), they typically write down no more than two managers or leaders who make the list. When we ask executives in their 30s to write down the names of those who really cared deeply about them, they give us a look that suggests that they not only cannot write down one name, but that they do not quite understand the request.

We worry that we have broad-brushed a whole generation of younger professionals by suggesting that they need to be coddled, need constant positive reinforcement, have less interest in working hard, and so on. In a way the precise opposite is the problem. They have, in fact, been neglected by leaders and the institution. The younger professional feels like a free agent only loyal to self. The older generation has thus rationalized its practices by suggesting that the younger professionals have unrealistic expectations, when in fact they only want what the older participants received throughout their careers.

There is a reason younger professionals feel little to no commitment to institutions. They have experienced having a covenantal relationship for only a short time before they realize they are free agents responsible for themselves regardless of what the leaders may have promised. The covenantal relationship quickly erodes and ends up being a contractual relationship. This type of relationship is based on disenchantment from both the manager and the professional. The manager feels disillusioned by the lack of commitment from the employee. The professional feels like they have been cut adrift, lied to, even shunned in the worst cases. The supposed mentor is overwhelmed with other responsibilities. Leaders within organizations subsequently do not know what to do with the employee. The employee attempts to look busy or tries to take credit where credit is not due. The employee ends up angry, depressed, frustrated with the system however we define it. The employee feels abandoned. They have little to no faith in organizational life or in leaders in general. Cynicism abounds. Doubts about institutions increases.

And this is why they have, in a phrase, resigned *en masse*. The people have declared a work stoppage because they are under-appreciated and under-loved.

Imagine what might have happened if the leader or manager led and managed? Imagine if the employee over time increased in faith and belief in the institution and in her manager? What might the outcome have been for the individual and the organization?

Much of this might have been avoided, because we already understand how things look when someone has had enough. We can recognize the anxieties that play out when an employee has lost their way. When someone feels disconnected from the institution, the emotion that is evoked is ongoing guilt because nothing the person does is enough. There is no way to either reconnect with the manager or institution. Assignments are completed. The disenchanted employee is focused on face-saving, on survival.

Thus, we rationalize the so-called Great Resignation and put it on Covid, or generous unemployment benefits, or stimulus checks. All of these are abstractions that divert us from the reality that when, in the middle of a pandemic and with often with no better opportunities in hand,

the people who work for us move on because they have had enough, primarily, of *us*. It is just too difficult to look in the mirror as a manager and ask questions that might make us squirm.

Disconnection delivers three basic anxieties. Anxiety operates like an emotional vise—tightening the emotional response of professionals at all levels of organizations. Anxiety prevents people from exhibiting vulnerabilities. It keeps individuals locked in place. It freezes them like statues. This was true before the pandemic. This has been true during it. And these truths will endure.

Research has indicated that three fundamental anxieties emerge during these times of stasis: a feeling of purposelessness, concerns about possible insignificance, and a sense of isolation and disconnection.

What is it All About?

Purpose has multiple dimensions: spiritual, professional, familial. Individuals want—and need—to know who they are and the contest in which they should live. Viktor Frankl emphasized that people are driven to figure out what they were put on this planet to do and be. More and more we find students asking more existential questions about whether they are anything other than a resume. They begin to ask more fundamental questions centered on relationships with others, with themselves. They ask questions about what they really value. They worry whether it is possible to create a life in current society and find meaning in and through work.

Purpose relates to how we see ourselves. It relates to our identities. It relates to how we construct the stories, the narratives we create that help us explain the way we construct our life journey. Through these stories, we seek to define and make sense of how we live our lives. Many of us tell our stories in a way that reflects our anxieties. When we have no confidence about the future, about organizations, about leaders who propound one thing and do another, we find ourselves becoming more obsessed with control and outcomes. Purpose, however, gets lost in this process.

Purpose provides guard rails for our efforts. It provides a way for us to create chapters to our lives. It helps us recover from pandemics, from poor career decisions, from dysfunctional relationships. Purpose gives us hope to take the next step.

Do I Matter?

The current situation within organizations plays on some of the fundamental insecurities humans have in groups. Do I measure up? Am I as good as everyone thinks I am? Does management see me as indispensable or as a disposable part? Individuals begin to see every sign as a vote of no-confidence. We naturally hallucinate when they experience messages that are ambiguous. We fret based on little to no good information. We begin to see ourselves on the outside looking in, and we focus less on their work and more on themselves.

Edgar Schein writes about three dimensions in career development. He believes that we need to manage our employees along three dimensions: technical and functional competence, hierarchy, and the boundary of inclusion. This last dimension describes how leaders must worry whether their employees feel significant enough to be connected to the soul of the firm. This is about feeling like you are in the “in group.” The question we ask ourselves when we enter the

workplace is, "Will anyone except for me know whether I showed up to work?" We ask, "How central am I to the organization?" Am I "in" or "out"? Once someone feel "less than," work suffers.

Not everyone wants to be the head of the organization. Some are quietly ambitious, but not driven to draw attention to themselves. Others may have realized that the price is too high to become the head of the firm. Still others may have been overlooked-they can achieve yet for one reason or another, they are not categorized as high potentials. In fact, the number of high potentials in any organization might be relatively small. Through our research we know there is a large group of employees who are seen as solid citizens. Our worry is that they may in fact get overlooked. We know that leaders spend an inordinate amount of time focused on the top performers or on those they will become the next generation of leaders. But what about those that are the foundation of the organization? To what extent are leaders interested in making others feel significant? The concept of "the solid citizen" connects us with the third anxiety (connection) because both feeling significant and feeling connected are interconnected.

Am I in the Club?

Why do individuals worry so much about not being voted off the island? We seek community. We seek opportunities so that we experience others in groups, in dyads. The anxiety around connection permeates every organization. We alluded to earlier the concept of being "in or out" of the group. It is the fundamental question we ask ourselves when we head into work. We ask the same question when we attend the cocktail party, the family reunion, and the department gathering.

Driven personalities possess a built-in gravitational pull to feel left out. We reflexively look for signs and signals tell suggest to us that we are being excluded. The natural inclination is to withdraw and be alone to ruminate even more about our situation. It is a devastating feeling. We may be creating this self-fulfilling prophecy. The pandemic, Zoom, and, as a result, less connection at work has exacerbated the situation. It has left organizations desperate for workers who feel they should leave before they are asked to leave. But much of that dialogue transpires within us.

One former associate was told he would be given feedback by his boss. After six months the manager finally approached the subordinate with rather mild to positive data. But by then the associate had pulled away emotionally and psychologically. They no longer trusted the boss. The associate had spent hours constructing a narrative that highlighted to the associate that he was no longer central to the organization. The associate was ripe to bolt for another work environment, another boss, other potential colleagues.

Pay will not fix the problems created by managers who have lost their way, who have focused more on themselves than on their subordinates. It is not the organizations and leaders within them who want to exclude people. It is just they have failed to create effective processes that make it possible to feel connected. You allow yourself to linger in self-doubt. You don't seek support. You don't seek a lifeline. You worry if you do someone might think that you are "less than."

Feelings of isolation can develop in myriad ways. Many high achievers are particularly sensitive to feeling excluded. Many employees believe that if they continue to make promotions that they will move closer to the center of the organization. This all relates with the feeling of wanting to be in the inner circle. What are organizations doing to include, to send the message that the employees matter? If the person doesn't feel like part of the "club" the individual begins to isolate themselves. They begin to drift from the center since they don't feel connection. They feel alone.

So this, after all, is what a phenomenon like the Great Resignation reveals. It all comes back, as it always does, to the fundamental elements of what makes relationships within our organizations work. It is not mostly about the money. It never really was. And if we convince ourselves that it is, then we have already lost the struggle to overcome our discontent. But if we focus on how, at the micro level, we can restore a sense of purpose, ensure that the significance of work is recognized, and cultivate enduring connections, then we can together make extraordinarily rapid progress toward making our system one in which it could be worth living—and one that people would believe is worth preserving.

Macro: The Crisis of Dignity and Purpose

The corporate establishment—the managerial elite—has disappointed at least two successive generations of employees by failing to convey to them how their work contributes in important ways to the mission of firms and insufficiently investing in the people who work for them. At the macro level, so, too, has the political establishment undermined the sense that the people who embody the system—other political and economic elites—care about “the people.” In addition structural elements of many modern capitalist systems have not produced sufficiently employment opportunities that could be regarded—almost regardless of managerial practices—“good jobs,” to use both the vernacular and the language of what Harvard economist Dani Rodrik and Columbia political scientist Charles Sabel describe as a “good jobs economy.”

One of the eventual achievements of the post-World War II system was a consensus between the Center Right and the Center Left on the desirability of global capitalism. It was a technocratic consensus in favor of liberalized markets for goods, services, and capital. The beauty of this consensus was that it avoided the wild policy swings of the past, for the extremes of both sides of the political spectrum had been largely pushed out of political contention. Firms were thusly freed engage in ever more efficient organizations of global markets.

Then disappointments with these arrangements mounted. Unshackled, globalized markets were more prone to crisis. The social purpose of the corporation shifted from one that recognized firms as social entities embedded in national societies to, as Harvard political scientist John Ruggie observed, entities with responsibilities only to shareholders—mere pieces of property. Within many national societies, rising income and wealth inequality and a crisis of dignity for the working class combined to generate frustration with a system that seemed to benefit the few wondrously and the many meagerly.

Populist politicians of both the Left and the Right recognized that the convergence of political parties to the Center created entrepreneurial opportunities. The traditional concerns of

labor—of the working class—had been left unattended by the Center Left. So, too, had the concerns for nationalism and even nativism been ignored by the Center Right.

Majorities of societies in the developed world began to feel that neither “the establishment” nor “the elites” cared about their struggles. While income and wealth inequality increased, social and class mobility declined. Some countries, such as France sought to compensate those who were left behind by this era of global capitalism by redistributing income from those who flourished economically. And yet: the French remained disappointed by how the political and economic system functioned. This enduring disappointment should teach us something profound about our current discontent. What is true in the micro is also true in the macro: our discontent is not mostly about money. This is because money cannot buy status. It cannot buy purpose. And it cannot buy meaning. Indignity led to outrage in part because we were not paying attention to the mounting frustrations. This is precisely why populist political tropes prioritize recognition and dignity much more than material gains or losses.

Populism is a mode of politics and a rhetorical style more than it is a substantive agenda. In many countries it is anti-globalization. In Europe it has become anti-European Union. Everywhere it has emerged it has been anti-establishment and anti-elite. The core principles are that global capitalism is relentlessly paced and unforgiving to those who feel left behind; that international organizations seem incapable of taming the system well enough; that the establishment is indifferent; and that the elites seem to care primarily about themselves.

When posed that way, it does not sound like such a set of unreasonable positions. Yet these mounting disappointments manifested in the politics of populism threaten the stability of global capitalism and many national capitalist systems. If we want to preserve these geese that have for us laid golden eggs, we must and can do better.

The Way Forward

Although our global capitalist system, composed as it is of distinctive national capitalisms, is in grave danger, it can be saved. And if it is to be saved, it will be from the ground up. National politics fail us and will likely continue to do so. We cannot wait for governments to implement policies that preserve our system. So we must do it ourselves—in our communities, in our firms, and in our relationships.

From a macro perspective, our imperatives are clear. We must revitalize the Center of our political spectra. We must cultivate and nurture local entrepreneurs so that small firms thrive outside of major metropolitan areas. We must engage with our local schools both to mentor children and ensure that they have pathways to a meaningful, purposeful livelihood that does not require tertiary education. Most importantly, we must spend some significant amount of our business creativity on these macro challenges.

And there is so much conceptual and practical overlap with what we must do from a more micro perspective within our firms and organizations. We must mentor for the sake of those who work with us, rather than what they do. We must make more transparent the contributions and clarify their necessity. We must recognize and understand the anxieties that our colleagues inevitably will face and support them by showing them how their work matters and ensuring that they feel

included in the club—and actually are. Finally, and most importantly, we must create the covenantal relationships that make our going to work every day worthwhile. These technologies are timeless and essential. We have just forgotten how. Let us relearn what we once knew.