Using Utility Theory to Frame Challenges and Solutions to Employee Meaningfulness

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Abstract: In recent years, researchers, especially in human resource development, have categorized meaningful work as an important job characteristic. Though meaningful work has largely been examined in western cultures, the topic is becoming increasingly important in eastern societies as well. Prior literature typically frames meaningful work as a psychological construct or human resource function that focuses on an employee’s well-being. However, economic utility theory is absent from most discussions of meaningful work. I frame meaningful work using utility theory to highlight various challenges that organizations face when trying to improve meaningful work. Based on this theoretical framework, I provide practical, realistic solutions to foster human resource development and meaningful work. Organizations that better understand the challenges faced when addressing meaningful work will likely find success in implementing impactful solutions.

1. Introduction

Researchers investigating employee well-being have long studied compensation satisfaction (e.g., Lawler 1981) benefits satisfaction (e.g., Heneman and Schwab 1985), supervisory leadership (Rice et al. 2020), and health and safety employment conditions (Viscusi and Evans 1990) among other benefits. In more recent years, researchers, especially in human resource development, have categorized meaningful work as an important job characteristic (Bailey et al. 2019). Meaningful work is a topic of interest for employers, employees, and policy advocates alike due to a shift in worker preference for more meaningful work. In fact, meaningful work is so important that over 90% of workers are willing to sacrifice financial benefits in order to achieve greater meaning at work according to a recent study (Achor et al. 2018).

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Prior research investigating meaningful work has focused on western cultures, but the topic is becoming important in eastern cultures as well (Chaolertseree and Taephant 2020). Much of the research in eastern cultures examines worker meaningfulness in the context of spirituality (e.g., Gupta et al. 2014; Pardasani et al. 2014; Pradhan and Pradhan 2016) but the importance of meaningful work in non-spiritual contests is emerging as well such as in Taiwan (e.g., Chen et al. 2016), Vietnam (Vu 2020), and China (Ling et al. 2019).

Though the increased importance of meaningful work is apparent, improving employee well-being via increased meaningfulness remains a challenge for many employers in both eastern and western cultures (see Bailey et al. 2019). Finding solutions to vexing problems is often futile without fully understanding the nature of the challenge or problem. Thus, the purpose of this paper is to 1) utilize economic theories to detail the challenges that employers face when attempting to increase employee job meaningfulness, and 2) offer solutions to help mitigate these challenges. Understanding economic theory, specifically as it relates to utility theory for employees, should help employers improve meaningfulness in their organizations.

In economic theory, utility is something of value based on an individual’s personal preferences (Broome 1991). Though money often provides a person with utility, money is not synonymous with utility. In the context of employment, financial compensation, job security, and schedule flexibility can provide workers with utility (Rosen 1986). And given the willingness to forego financial compensation in exchange for increase meaning at work (Achor et al. 2018), meaningful work, therefore, provides utility to many employees.

Utility theory is critical to understand the challenges employers face when trying to increase employee meaningfulness. This paper highlights four corollaries that organizations should consider when trying to improve meaningfulness for employees: 1) People construct meaning at work in different ways, and not everyone desires a meaningful career; 2) Meaningfulness does not exist in isolation from other sources of utility; 3) Employee utility functions change over time, including the utility for meaningful work; and 4) The division of labor necessarily requires the existence of careers that are traditionally low meaning. In the abstract, enhancing meaningfulness at work seems like an attractive recommendation, but success is only achieved when these challenges are properly addressed.

With a clearer understanding of the challenges to improve employee meaningfulness, organizations can then explore realistic, impactful solutions, which include the following: 1) Clearly communicate culture and values to attract values-
consistent employees. Research shows that employees with differing values from their employer have lower job satisfaction (Cennamo and Gardner 2008) while employees who share their organization’s values report higher satisfaction and commitment to the organization (Paarlberg and Perry 2007). 2) Provide different pathways to address low-meaning work. Because of differing utility functions, a forced path toward increased meaningfulness may actually result in *lower* employee meaningfulness (Isaksen 2000). 3) Carefully choose employee-enhancement initiatives. Though organizations can improve employee well-being in countless ways, an organization should implement the initiatives most consistent with its values and strategic decisions (Malbašić et al. 2015).

4) Consider cafeteria benefit plans. Cafeteria benefit plans provide employees with a menu of benefit options (Barringer and Milkovich 1998), so employees can select the benefits that help maximize their personal utility functions including meaningfulness. Furthermore, such plans can increase *organizational justice* and perceived fairness (Laundon et al. 2019). 5) Consider a cafeteria-style approach to job functions. A cafeteria-approach to job functions may increase employee initiative and persistence to the extent that job functions better align with employees’ values and utility preferences (Moely et al. 2008).

This paper makes an important contribution by providing a framework based on economic theory whereby organizations can better understand both challenges and solutions to improve employee meaningfulness. Without such an understanding, not only may efforts to improve employee meaningfulness be ineffective, but in some cases, prior research suggests that such efforts could backfire (e.g., Everett 2011; Isaksen 2000). As eastern cultures increasingly face challenges with workers long experienced in western cultures, the intersection and economics and worker meaningfulness will likely become increasingly important.

### 2. Literature Review

#### 2.1. Meaningful work in eastern and eastern cultures

Research investigating meaningful work has largely centered on western cultures, but the topic is becoming increasingly important in eastern cultures as well (Chaolertsereere and Taephant 2020). Much of the documented benefits of meaningful work in western societies—such as lower absenteeism (Soane et al. 2013) and higher job satisfaction (Allan et al. 2019)—would likely be realized in eastern societies as well. As eastern economies increasingly face many employee challenges as western economies, such as turnover (Eriksson et al. 2014), the intersection of economic
theory and employee job satisfaction including work meaningfulness becomes increasingly important.

2.2. Basics of utility theory

As defined in economics, *utility* is something of value based on an individual’s personal preferences (Broome 1991). Utility is not simply monetary or financial value, but rather, anything of value, such as emotional, spiritual, or social value. One foundation of utility theory is individuals take actions to arrive at their desired outcomes according to their personal preferences, or in other words, individuals seek to maximize utility (Rothbard 1956). Thus, when faced with a decision—employment or otherwise—individuals make decisions that they anticipate will maximize their utility according to their personal preferences and values (i.e., their utility functions) (Broome 1991). Difficulties that individuals, including workers, face when trying to maximize utility include imperfect information and an incomplete understanding of their personal utility functions. For example, a worker may choose employment that maximizes compensation that results in low meaningfulness without realizing the utility that meaningful work provides them.

From an economic perspective, all paid work is valuable work. The economic transaction of a worker providing a good or service involves another party giving up money in exchange for that good or service (Waldman 1984). Thus, the party paying the worker to provide a good or service must, by definition, benefit, or find meaning, in the acquisition of the good or service. Since all paid work is meaningful to the party paying for the goods or services, a distinction can be made between meaningful work to the employer versus meaningful work to the employee. Internally meaningful work provides some intrinsic value to the worker, which in economic theory, is a form of utility. Framing efforts to increase employee meaningfulness at work in the context of utility theory provides a clearer understanding of the hurdles that organizations face.

3. THEORETICAL PROPOSITIONS: UTILITY AND MEANINGFUL WORK

3.1. Personal utility preferences including meaningful work

Consistent with utility theory, research repeatedly shows that workers obtain value from means other than financial compensation. For example, working conditions, job security, and flexible schedules affect financial compensation, which provides evidence that workers find utility (disutility) with the presence (absence) of
these job characteristics (Rosen 1986). The emergence of the “gig economy” in recent years, where workers sacrifice some pay for complete control over their schedule (Kaplan and Schulhofer-Wohl 2018), highlights the utility that non-monetary job features provide to some workers.

Workers who are motivated by the mission of their employer—such as not-for-profit organizations—require less financial compensation due in part to a “warm glow” that comes from the personal involvement with these organizations (Besley and Ghatak 2005). Thus, individuals who agree with the cause of their employer find utility in their work through meaningfulness, and they are willing to work for value-consistent employers at lower levels of compensation. Other research shows that over 90% of workers would sacrifice some pay for additional meaning at work (Achor et al. 2018).

Though strong evidence exists that meaningfulness provides utility, such evidence does not predict an individual worker’s desire to seek out meaning at work. The importance of meaningful work—especially in light of all other sources of utility through employment—differs from person to person. Some people find great utility through meaningfulness while others find little or no utility from meaningful work (Dik et al. 2009). Again, what constitutes meaningful work varies from person to person based on their individual utility function.

Individual workers’ differing utility functions is also manifested in the benefits offered by their employer (Dencker et al. 2007). Rational individuals explicitly or implicitly consider all aspects of a job when making employment decisions, and tradeoffs between sources of utility must be considered. For example, health and safety in the workplace provides utility, but the utility is not absolute or universal due to individual preferences. Viscusi and Evans (1990) confirm that individuals have differing utility functions for health and safety at work, and these utility functions differ based on the employee’s current health status. They also find that optimal level of insurance coverage is not the same for all employees due to differing utility preferences. Thus, even for basic needs such as health (see Srinivasan 1977), utility differs from person to person. Because the utility provided by all features of employment—including compensation, healthy, safety, flexibility, etc.—varies among employees, the logical implication is that meaningfulness at work varies among employees. These research findings lead to the following proposition:

**Proposition 1:** People construct meaning at work in different ways, and not everyone desires a meaningful career.
3.2. Marginal utility and meaningfulness

The utility provided by any single action is not fixed regardless of the individual’s utility function. Rather, marginal utility is the relevant measure when analyzing the utility provided by a decision (Rothbard 1956). Marginal utility is the utility provided by the next specific action, and marginal utility decreases over time (Greene and Baron 2001); thus, the utility of a decision must be examined in the context of the next available action. For example, consider the utility of eating a scoop of ice cream. The utility provided by eating the first scoop of ice cream is different than eating the ninth scoop of ice cream in one sitting. Thus, regardless of an individual’s utility function, the utility provided by eating a scoop of ice cream is not absolute or fixed, and in fact, diminishing marginal utility occurs in most situations.

Utility theory and marginal utility are applicable in employment situations as manifest in organized labor contract negotiations. As part of negotiations, a union must communicate its objectives (i.e., utility preferences) with management (Pencavel 1991). Negotiations reveal the marginal utility for elements of the contract. For example, unions do not maximize financial benefits (“rents”) for its members, but unions forego some financial benefits because of other utility preferences, such as working conditions (Clark and Oswald 1993). Thus, there are times in contract negotiation when the marginal utility provided by additional financial benefits is less than the marginal benefit provided by other nonfinancial elements of the union contract. Otherwise, unions would negotiate only for financial benefits.

Though union membership in the United States has steadily declined, reaching 10.3% in 2019 (Shierholz 2020), utility theory equally applies to employment contracts – whether formal or informal – to nonunion employees. As with other decisions, individuals make employment decisions consistent with their desires to maximize their utility, including the decision whether or not to pursue meaningful work.

Why might some workers not find utility through meaningful work? First, some workers find other work characteristics more important. In economic terms, the marginal utility of other factors (e.g., compensation, benefits, working conditions) is greater than the marginal utility provided by meaningful work. Second, some workers find greater utility and meaningfulness in areas of life outside of work, such as family, church, community service, and hobbies (Stulberg 2017). Thus, the marginal utility provided by meaningful work is less than the utility provided by non-work endeavors.

Even for careers with inherent meaningfulness, some individuals seek additional meaningfulness through job selection. For example, some doctors
willingly forego additional profits in order to increase the quality of care for their patients (Kolstad 2013). Lagarde and Blaauw (2014) find that nurses with a generous personality are more likely to take jobs in underserved, hardship communities. They also find that intrinsically motivated healthcare providers are not influenced by financial incentives, suggesting that meaningfulness provides utility that additional compensation does not.

If the utility provided by meaningfulness was consistent among employees, then economically challenged and rural communities would have too much demand for educators and healthcare providers. Instead, incentives are offered in the United States (Rosenblatt and Hart 2000) and other countries (e.g., Singh et al. 2015) to attract physicals to rural areas, and similarly, incentives are offered to educators to work in economically challenged communities (Shuls and Maranto, 2014). If utility including meaningfulness was constant, then homogeneity would exist for worker benefit preferences, but instead, research has long found that workers in the same industry have different preferences (e.g., Kocher et al. 2017; Farber 1978). Thus, as employers seek to improve meaningfulness for employees, the temptation to view employees as a homogenous group should be avoided, which leads to the second proposition:

Proposition 2: Meaningfulness does not occur in isolation from other sources of utility.

3.3. Instability of utility functions

An individual’s utility function, including the desire for meaningful work, can change over time. Factors that may change the marginal utility for something include age, family situation, health changes, and disruptive life events.

For example, a phenomenon has emerged in recent years, primarily in western cultures, called financial independence retire early (FIRE). Individuals who follow the FIRE philosophy typically live a frugal lifestyle and invest heavily in order to accumulate the financial resources necessary to retire early (Grossan, 2018). Interestingly, a common theme of FIRE adherents involves current employment with little or no meaning with the goal or pursuing more meaningful activities in retirement (Herron 2019). Perrone et al. (2015) note that disillusionment with work can also motivate an individual to pursue FIRE. Regardless of the motivations, adhering to FIRE is a planned change in utility.

Another example of changing utility functions involves burnout. Burnout is manifested by exhaustion, decreased motivation, and/or cynicism as a result from prolonged stress (Maslach, and Leiter 2015). Researchers have studied burnout
extensively in traditionally high-meaningful careers such as teachers (e.g., Huberman 1993; Fore III et al. 2002) and physicians (e.g., Prendergast et al. 2016), as well as lower-meaningful careers such as information technology (Shropshire and Kadlec 2012). Besides personal consequences including changes to one’s health, burnout often increases the likelihood of a career change (Rudman and Gustavsson 2011; Shropshire and Kadlec 2012). Thus, burnout is a common example that indicates a change in utility even in high-meaning careers.

Research shows that career changes also result in careers that create more meaning at work, such as individuals who become teachers later in life (Richardson and Watt 2005; Williams 2010). Some people change careers due to a sense of calling (Ahnet al. 2017), an expressed desire for more meaning (Wise and Millward 2005), or changes in value (Holmes and Cartwright, 1994). Though a career change is not rare events, the phenomenon illustrates the following proposition:

Proposition 3: Values, preferences, and utility—including meaningfulness—frequently change.

3.4. Division of labor and traditionally low-meaning jobs

The division of labor allows for specialization, and in fact, there are strong incentives for specialization (Rosen 1983). Even within the same household, “powerful forces” lead to the division of labor since such actions lead to greater utility (Becker 1985, 555). Though complex and large societies/economies create strong incentives for the division of labor, they also create interdependencies.

The large service economies in developed nations are only made possible because of the division of labor (cf., Walker 2004). Everyone who participates in a large economy is dependent on other members of society to fulfill even the most basic needs. For example, since only 1.3% of the U.S. population comprises the farming industry (Lepley 2019), most individuals are dependent on other for the basic need of food.

The division of labor leads in inequalities regarding work meaningfulness. Payscale.com (2018) conducted a survey regarding the meaningfulness of over 500 professions, and many professions ranked low in meaningfulness—such as actuaries, accountants, and auditors—are critical for a large society. Thus, solutions to increase worker meaningfulness cannot simply consist of advising individuals to choose careers that traditionally provide high meaningfulness. Thus, these findings lead to the following proposition:
Proposition 4: *The division of labor requires traditionally low-meaning work to exist.*

4. **ETHICAL CONSIDERATIONS AND SOLUTIONS**

Though increasing meaningfulness of work may sound ideal, ethical considerations must be discussed. Companies may have a variety of possible pro-employee initiatives that would increase the utility for workers. Examples include enhancing maternity and paternity leave, lowering employee health insurance costs, improving compensation, and increasing paid time off. Thus, given a list of all possible employment enhancement options, how should companies prioritize increasing meaningfulness? Additionally, what ethical considerations are involved in prioritizing some employees’ utility for meaningfulness over employees who do not desire increased meaningfulness?

Efforts to provide benefits and increase meaningfulness may lead some employees to feel alienated or cynical (Everett 2011). Thus, efforts to increase meaningfulness could backfire in some situations, leading to less meaningfulness and lower employee well-being. I provide five solutions that organizations should consider to increase worker meaningfulness. Figure 1 summarizes the four propositions and five solutions provided by utility theory.
### Figure 1 Meaningfulness challenges and solutions

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<thead>
<tr>
<th>Economic utility theory highlights challenges to improving employee meaningfulness</th>
<th>Possible solutions to increase employee meaningfulness consistent with utility theory</th>
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<tbody>
<tr>
<td>People construct meaning in different ways</td>
<td>Clearly communicate culture and values to attract the right employees</td>
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<tr>
<td>Meaningfulness does not exist in isolation from other sources of utility</td>
<td>Provide different pathways to address low-meaning work</td>
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<tr>
<td>Utility functions, including utility for meaningful work, change over time</td>
<td>Carefully choose employee-enhancement initiatives</td>
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<tr>
<td>Low-meaning work will always exist in complex economies</td>
<td>Implement cafeteria benefit plans for employees</td>
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<td>Implement cafeteria-style policies to job functions</td>
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**Solution 1:** *Clearly communicate culture and values to attract values-consistent employees.*

Though many aspects of diversity benefit an organization, differing values (i.e., utility functions) of employees increases complexity and may cause tension. Research shows that when an individuals’ values differ from their employer’s values, job satisfaction decreases, commitment to the organization decreases, and intention to leave the organization increases (Cennamo and Gardner 2008). In contrast, employees who share their organization’s values have more higher satisfaction and commitment to the organization (Paarlberg and Perry 2007; Meglino and Ravlin 1998). Thus, organizations benefit to the extent that they attract employees who hold similar key values and dissuade employees who hold differing values.

Employee self-selection is important to achieving a more homogenous workforce as it relates to key values. To foster this process, organizations should clearly communicate to potential employees its mission statement, values statements, codes of contact, and other information related to workplace culture. Research shows that such communication can help attract values-consistent employees and dissuade values-inconsistent individuals from applying to an organization (Dineen and Noe 2009; De Goede et al. 2011). Thus, in addition to job-
related skills, employers should proactively assess a job candidate’s fit in relation to the organization’s ethics and values.

Solution 2: Provide different pathways to address low-meaning work.

Isaksen (2000) examines meaningfulness in “the drudgery of repetitive work” using the view of Frankl (1985) that individuals have a strong capacity to construct meaning even when facing extremely negative external circumstances. Isaksen provides categories by which employees may find meaning in repetitive work, such as through social interactions, autonomy, pleasure in learning, and a sense of accomplishment. The author draws an important conclusion: “Organizational rigidity in the options for constructing meaning will tend to increase the frustration and lower the number of people who actually experience meaning in their work” (p. 102). Thus, due to individual differences, a forced path toward meaning will likely fail for most workers. Instead, organizations would be better served offering a menu of paths toward meaningfulness.

Ulrich and Ulrich (2010) note that workers must “craft” work to be meaningful, and this process is dependent on workers’ personal values. In less-than-desirable work situations, workers can still find meaning if their work aligns with their personal values, and supervisors can greatly facilitate this process through multiple pathways toward increased meaningfulness.

Solution 3: Carefully choose employee-enhancement initiatives.

As noted above, employees differ regarding their utility and preferences for employment benefits (Dencker et al. 2007). Utility for meaningfulness also differs among employees, and employees who derive utility from meaningfulness may differ on what constitutes an increase in meaning at work. Though employees’ differing utility functions could present ethical challenges for an organization as it prioritizes improvements to working conditions, solutions exist.

Organizations should use clearly-defined values to make strategic decisions (Malbašić et al. 2015), and organizations should prioritize employee welfare initiatives that align most closely to the corporate culture, ethics, and values. In other words, organizations should favor employees’ utility preferences that are most consistent with these values. Employees would view such actions as reinforcement of the corporate culture, ethics, and values.
Solution 4: Consider providing cafeteria benefit plans.

Cafeteria benefit plans allow employees to choose individual benefits from a variety of options (Barringer and Milkovich 1998). This flexibility allows employees to make choices that maximize their benefits according to their unique utility function. In other words, cafeteria plans can serve as an aid to help employees maximize meaningfulness. Cafeteria plans provide additional ethical benefits: they increase organizational justice and perceived fairness (Laundon et al. 2019).

Solution 5: Consider a cafeteria-approach to job functions

Organizations can take a cafeteria approach to employment conditions including meaningfulness, similar to cafeteria-style benefit plans where employees choose benefits from a variety of options. Organizations could offer employment options that enhance meaningfulness among other benefits, and employees can select job characteristics that align most closely with their values and utility preferences. This approach could benefit both employees and the company since research suggests that work activities that individuals find as personally important and interesting increases persistence and initiative (Moely et al. 2008).

A cafeteria approach to employment conditions provides a solution to another problem: employees’ changing utility preferences. As workers’ utility preferences change whether due to employment or personal factors, organizations with a culture of aligning employees’ utility preferences with job functions can better adapt and retain quality employees. And given that employee turnover results in significant costs to many organizations (Kacmar et al. 2006), a cafeteria approach to job functions could potentially result in cost savings for some organizations.

5. DISCUSSION AND CONCLUSION

The meaningfulness of work is an important job characteristic that has gained more attention in recent years (e.g., Bailey et al. 2019) in both eastern and western cultures (Chaolertseree and Taephant 2020). Ethical organization may desire to improve job meaningfulness for employees, but providing solutions faces many challenges. In fact, efforts to improve employee meaningfulness may backfire in some cases (e.g., Everett 2011; Isaksen 2000).

Utility theory is long-studied economic theory applicable across a variety of situations. Utility theory highlights the importance of individual preferences based on differing values, which suggests that a one-size-fits-all approach to increasing meaningfulness at work is unlikely to succeed (see Isaksen 2000). This paper presents four propositions, and the failure to acknowledge these propositions rooted
in economic theory will likely hinder an organization from improving employee meaningfulness. These propositions are: 1) People construct meaning at work in different ways, and not everyone desires a meaningful career; 2) Meaningfulness does not exist in isolation from other sources of utility; 3) Employee utility functions change over time including the utility for meaningful work; and 4) The division of labor necessarily requires the existence of careers that are traditionally low meaning.

With the framing of meaningful work using utility theory, organizations can develop ethical, impactful solutions. Such solutions include clearly communicating values to attract the right employees, providing different pathways to address low-meaning work, carefully choosing employee-enhancement initiatives, implementing cafeteria benefit plans, and utilizing a cafeteria-style approach to job functions. Not only would such actions provide more meaningful work to employees, but organizations would likely experience cost savings due to reduced turnover (cf., Kacmar et al. 2006).

Though the challenges to providing worker meaningfulness are likely robust across organizations, solutions will vary depending on the organization. In general, larger organizations will likely have the flexibility to implement some of the proposed solutions, such as cafeteria benefit plans and cafeteria-style work arrangements. However, all organizations regardless of size can focus on recruiting employees with similar values and who fit within the organization.

Future research can expand on the theoretical foundations provided in this paper. For example, future projects can examine the relative utility provided by meaningfulness for a variety of employees in both eastern and western organizations. Such information could help organizations provide more utility for employees including meaningfulness. Future research could also examine which options to increasing employee meaningfulness yield the most effective results. Because of limited resources, optimizing meaningfulness based on such constraints could provide further guidance to organizations.
REFERENCES


