

ONLYNESS
A Trillion Dollar Opportunity

Fellows

The Martin Prosperity Institute, housed at the University of Toronto's Rotman School of Management, explores the requisite underpinnings of a democratic capitalist economy that generates prosperity that is both robustly growing and broadly experienced.

ONLYNESS

A Trillion Dollar Opportunity

Nilofer Merchant
Darren Karn

Contents

Premise	5
Assumptions	6
Methodologies	7
I. Workplace Engagement Method	7
II. Regression Method	7
Discussion	8
Endnotes	9
About the Authors	10

Premise

The goal of this research was to quantify the economic impact of onliness. Onliness is the principle that ideas are widely distributed and can now be scaled through networks. Specifically, that each person stands in a spot in the world that only they stand in—a function of their history, experience, visions and hopes. From this spot, each person— independent of age, experience, education levels, and other factors— can contribute perspectives, insights and even valuable ideas. In an ideas / knowledge / creative-centric economy, onliness is the fundamental unit of value creation that starts with each person and scales through networks.

Yet, how does one size this kind of capacity? It's not a simple thing to do. Amartya Sen, the Nobel-prize winning economist, says measuring capacity is crucially important if we are to fix our larger economic problems. He argues it is different than measuring GDP because if you measure only GDP, you are measuring the economic output of a nation by the physical products a country makes. But, he argues, this only measures one factor of wealth creation. Measuring *capacity*, he argues measures the ability to create value, which may or may not have a dollar sum attached to it or a physical product to show for it. While it's commonly understood there is capacity and related economic gain in having a vast variety of ideas, judgment, creativity, and passion, we lack a way to measure it.

This research is a way to start this measure. One way is to use worker engagement as a proxy. Engagement was defined by Kahn in 1990 as “the

harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” We chose worker engagement after looking at several alternatives, including, the role bias plays in limiting the contribution of certain genders, races and so on. It is cognitive differences that let people solve new problems¹ or come up with new market ideas.² Cognitive differences overlap with and are linked to demographic differences (race, gender, age, economic status). Cognitive difference is more specifically related to the capacity of creativity that each of us have, but for large scale economic analysis, we lack handy measures for cognitive difference, and so we have to use demographic measures as a proxy.

Kahn's “harnessing of selves” is synonymous with “expressing onliness.” It is the ability to contribute one's own perspectives, ideas, show independent judgment, and make decisions; thus engagement is a good proximate start. Note, that there is a different context between Kahn and Merchant's onliness work; Kahn assumes the organization as the way to scale whereas onliness is organizationally-independent. Onliness-born ideas can now be scaled through either centralized organizations or distributed networks, as long as it does not sacrifice their original intent.

Assumptions

A recent paper from Deloitte³ revealed that approximately 60% of workers hide some aspect of themselves at work — an act the author termed “covering.” Workers of all stripes would modify their true thoughts and beliefs in order to “fit in with the mainstream.” In the study, the author found examples of covering that might be expected: a gay man engaging in “manly” sports talk to hide his sexual orientation, or a black woman frequently combing her hair straight to appear more “like a white woman’s hair.” The author also found something less expected: 45 percent of straight, white men also reported some aspect of covering; they would seek to play a particular role or match a certain archetype instead of being themselves.

Actively seeking to fit in — at the expense of one’s own ideas — is like giving up on oneself. Yet, fitting in is not personally driven, say by a person who lacks self-confidence; conforming (of a person) is a social construct, the way the norms and conditions reinforce socially acceptable conventions or standards. Put another way, we can say that “covering” is similar to the suppression of onliness, and therefore one’s own ideas and creativity. This logic would suggest that examining the economic impact of covering could act as a meaningful proxy for the suppression of onliness.

That the study discovered 60 percent of workers “cover” is an interesting finding as it approximates the number of American workers who feel disengaged (58 percent are disengaged) at work. These frequently-published engagement

numbers originate from [Gallup surveys](#). The critical assumption underpinning this phase of research is that worker engagement survey results represent a reasonable proxy for those workers engaging in covering activities, which relates to the degree to which they are able to share their ideas in the workplace.

Finally, for the purpose of sizing, we take the assumption that those workers expressing onliness are those who are working at their productive potential. They can share their perspectives, thus improving the quality of their team’s output (research shows 30 percent uplift of performance when people express their ideas, even when their ideas are proven to be wrong.⁴) They can show independent judgment, thus doing work that moves the organization forward, faster. And they can add new, novel and, quite possibly, even valuable ideas into the economy. Original ideas are consistently researched as the basis for the knowledge / ideas / creative economy, and we assert that by celebrating onliness, more value will be realized. The jobs that use creativity, decision-making, and independent judgment are the ones that lead to prosperity.⁵

Methodologies

Two approaches were taken to measure onlyness: a workplace engagement model and a regression model that adjusts and controls for human capital differences.

I. Workplace Engagement Method

Gallup's most recent report on engagement in the U.S. workplace looked at data collected from 2010–2012 (their most recent dataset, at the time). In that report, Gallup claims that the cost of *actively disengaged* employees is about \$450 to \$550 billion per year.* About 18 percent of the workforce is actively disengaged, with another 52 percent simply “disengaged”—the difference being the latter worker is “checked out,” while the former seeks to make things worse.

The [full report](#) offers no insight into their methodology for the cost of worker disengagement. A [different report](#) on U.S. federal employees offered that the productivity hit when disengaged and actively disengaged employees are combined was 11 percent. One could assume that a pool of public sectors workers mirrors a similar pool of private sector employees in terms of workplace engagement.

Using this simple analysis, the cost of disengagement (as a proxy for lack of onlyness expression) is \$1 trillion, (2015 U.S. GDP is \$17.9 trillion; [labor's contribution to GDP](#) is 55 percent, or \$9.85 trillion) about 6 percent of GDP.

* All values in this report are in U.S. dollars.

II. Regression Method

To check the validity of the engagement model, we also produced a regression model. While the engagement model (using Gallup and U.S. federal employee data) estimates the economic impact of everyone being engaged in their daily work, the regression model estimates a world where everyone would achieve the same earnings for the same job given the same level of “inputs,” such as education or years of experience.

The regression method is similar to what scholars look at when it comes to getting at the gender wage gap. They control for human capital differences, industry differences, and hours worked. If there is still a gap, they call that the residual—a gap that can't be attributed to the usual explanations (women work fewer hours than men; women have less years of experience if they've taken years off to have children). The residual accounts for gender discrimination. We use a similar methodology but adjusting for different factors because the penalty is not limited to any group. Rather, individual and unique capacity are specifically not captured economically.

Volumes of research have been published regarding the nature of income inequality and wage gaps between different types of workers. Typically, these wage gaps are measured against the “white male”—as in almost all cases, the average white male will earn more than any other category of worker (non-white men, white women, etc). In the context of onlyness, we also believe that white men are best able to cap-

ture the highest proportion of their own value due to having fewer cultural barriers blocking them from voicing their ideas showcasing their unique value to organizations. Traditional organizations have been socially engineered by this dominant group so their “fitting in” requires less social tradeoffs.

This method examines the same question and models this wage gap while holding three variables constant — years of education, years of experience, and hours worked. For those Americans working more than 30 hours a week (the cut-off for “full time” employment), this method calculates the average differences in wages between white men and three other categories (non-white men, white and non-white women). The results show what non-white men, for instance, would earn if they were white, controlling for our three variables. This difference (as each category consistently earns less)

could be attributed to cultural norms preventing their full expression of onliness.

The findings align with our other measure of the economic loss due to onliness suppression. The model produced the following results:

- White women earn, on average, \$17,649 less annually than a comparable white man.
- Non-white men earn, on average, \$6,122 less annually than a comparable white man
- Non-white women earn, on average, \$16,476 less annually than a comparable white man.

Accounting for the number of workers in each category, the cumulative impact to the economy is just over \$1 trillion (\$1.035 trillion), or, 6 percent of U.S. GDP. Taking two different approaches to sizing onliness in the U.S. economy produced strikingly similar numbers.

Discussion

What is the capacity left off the table? It’s sizable.

The \$1 trillion number is an impressive start.

For a rough estimate of global impact, we can extrapolate the models to other countries and the globe as a whole. For instance, with global GDP in 2014 totaling approximately \$78 trillion, embracing onliness could bring the global economy \$4.7 trillion in additional value — a tremendous opportunity for change.

Still, it’s hard to say this is the true onliness advantage. We cannot say what percentage of historical productivity is translatable to onliness. And the same logic pertains to the second

methodology, where there is no factor tied to the wage gap other than onliness. Onliness is not simply about disengagement or about the wage gap captured by issues like gender. In addition, one could argue that using a GDP-based measure to get to a capacity measure might be at odds. Capacity is surely larger than GDP, and yet we’re lacking ways to measure.

There is more work to be done, surely, yet this data offers us the rough sizing and insights to show it’s worth pursuing this work.

Endnotes

- 1 Scott Page, at the University of Michigan, has created a mathematical equation around this. He and his co-author, Lu Hong — she’s an economist at Chicago’s Loyola University — constructed a formal model that showed mathematically that diversity of ideas (what we can call expressed individual onliness) can trump ability, and also when it does. Their paper was published in The Proceedings of the National Academy of Sciences. What the model showed was that diverse groups of problem solvers outperformed the groups of the best individuals at solving problems. The reason: the diverse groups got stuck less often than the smart individuals, who tended to think similarly. The book talking about the academic paper is “The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools and Societies” (Princeton University Press).
- 2 New ideas are often proven to come from left field. In fact, when a Harvard innovation professor Karim Lakhani did a meta-study of 166 science studies involving 12,000 scientists, he found the most remarkable thing led to the best results; breakthrough ideas nearly always came from what he and his team called “marginality”. Marginality is their word for the source for different perspective and heuristics. This different point of view played a key role in explaining the success in problem solving and the related innovations. While it’s questionable to use “marginality”, because it uses majority culture as the anchor, Lakhani’s research recognizes the key point of onliness: we each have different information in what we notice, process, think and until we recognize it, as the key source of value creation, we’re all missing out. For more: <http://www.peerevaluation.org/read/libraryID:27029>
- 3 Research by Christine Smith of Deloitte found that 83% of LGBT people cover. People with disabilities, 81%; blacks, 79%; people of color, 67%; women, 66%; Hispanics, 63%; Asians, 61%. Full report is here: <http://www2.deloitte.com/content/dam/Deloitte/us/Documents/about-deloitte/us-inclusion-uncovering-talent-paper.pdf>
- 4 Minority viewpoints have been proven to aid the quality of decision making by juries, by teams and for the purpose of innovation. The 2005 research, by Berkeley profs Nemeth & Goncalo, proves then even when the minority points of view are wrong, they cause people to think better, to create more solutions and to improve the creativity of problem solving by 30%.
- 5 This is based on the work of Richard Florida’s and the Martin Prosperity Institute ... whose work intersects social implications of economic trends. Richard is currently a professor at the Rotman School of Management at the University of Toronto, and one of the leading thinkers in the world about how creative work blossoms. His research shows that the global number of people doing creative work — work that requires independent judgment, decision making and idea generation — is 23%. That leaves 77% doing work that can be easily replaced by automation. Taken another way, it leaves 3/4 of the workforce doing work that doesn’t tap into onliness.

About the Authors

Nilofer Merchant

Nilofer Merchant has been an MPI Fellow for two years and teaches innovation at Stanford and Santa Clara Universities. During a 20 year career, she has personally launched 100 products amounting to \$18 billion in revenue. Her career includes stints at Apple, Autodesk, GoLive/Adobe as well as service on both public and private boards. She is the author two best-selling books: *The New How* (2010); and *11 Rules for Creating Value in the #SocialEra* (2012). She won the 2013 Thinkers50 Future Thinker Award. She has been featured in *The Wall Street Journal*, written innovation columns for *Businessweek* and *Forbes* and is a regular contributor to *Harvard Business Review*, *Wired*, *Oprah*, and *Time Magazine*. Merchant earned her MBA from Santa Clara University, and a BS in Economics from University of San Francisco.

Darren Karn

Draws from his experience in management, business history, and environmental sciences to make connections across the pillars of infrastructure underlying democratic capitalism. When not researching, he contributes to the design and delivery of executive education programs in strategy, integrative thinking, and business design. A former geologist, Darren holds an MBA from the Rotman School of Management and a BA, Summa Cum Laude, from Colgate University.

We thank Roger Martin and Melissa Pogue for their research support.

Martin Prosperity Institute
Rotman School of Management
University of Toronto
105 St. George St., Ste. 9000
Toronto, ON M5S 3E6

w martinprosperity.org
e assistant@martinprosperity.org
t 416.946.7300
f 416.946.7606

© September 2016