The potential for gratitude to improve our lives has been touted from Plato to Oprah. Thousands of books, cases and articles admonish every student, parent, athlete and business leader to instill practices of gratitude—or else! Even as gratitude researchers, it can be overwhelming to listen to super-orbital claims for what gratitude can do. It turns out, however, that there is good reason for individuals and organizations to emphasize gratitude, but how we define, cultivate and generate gratitude makes a difference.

Missing among the clamor for gratitude is an account of how gratitude performs its magic. Most of the articles written about gratitude do not account for the fact that gratitude varies considerably based on context and personal history, and that gratitude practices can feel hollow or superfluous without a concomitant focus on tangible outcomes and accountability. Worse, without context about how gratitude works, people who fail to express gratitude may struggle with a lack of happiness, self-worth or feel guilty about not being grateful enough. In our research on the neuroscience of gratitude, we found that different levels of self-reported gratitude had corresponding differences in heart rate, brain activity and behavior. The results revealed gratitude as a woven tapestry of individual differences and overlapping feelings including empathy, joy, and vulnerability—a far cry from the typical exhortations that gratitude is simply a synonym for happiness. Gratitude becomes most potent when it is understood as a constellation of related feelings and cultivated as a personal mental framework for uniting our shared human dignity. Simply put, being grateful means being quick to show appreciation for others and to return kindness with kindness.

The goal of this note and exercise is to give readers a sense of the importance of gratitude, as well as framework for implementing it in teams, workplaces, and daily habits. We also aim to provide some guardrails for how not to cultivate gratitude and some of the risks involved when efforts to create gratitude are misinterpreted. The materials are comprised of two related segments, the case for gratitude, and the in-person exercise. The note provides background and context, followed by an innovation roleplay that demonstrates the role that gratitude can play in creating accountable and inclusive teams.
The Cost of Ingratitude

Some executives approach the idea of gratitude in business with reluctance or skepticism. A lack of gratitude in the workplace, however, can be detrimental. For example, employees in firms of all sizes struggle with disenfranchisement, which can lead to problems of: low employee morale, lack of trust and greater workforce turnover.\(^1\) Many factors contribute to organizational turnover, but many of them relate to whether employees are unhappy with their job or their company. Studies of high stress occupations have shown that as an employee’s feeling of team climate deteriorates, they become much more likely to quit.\(^2\) Organizational turnover is a major drain on fixed costs as administrative staff and leadership must spend time recruiting, interviewing, and on-boarding employees rather than spending time adding to a company’s market capitalization. These costs are staggering; in accounting firms, the average cost of turnover per employee is $32,500.\(^3\) Before we even consider how enhancing gratitude can boost productivity, efforts to improve morale and reduce turnover thus produce enhanced profit margins simply by reducing the number of employees walking out the door.

Employee disengagement and organizational turnover can often be reduced if employees feel satisfied with their positions, coworkers and managers. Employees benefit by feeling psychologically safe, accepted, and respected in their workplace. When employees feel that they are being guided and supported rather than being micromanaged, they tend to be more innovative, stay with the company for longer and feel happier with their position.\(^4\)

The Benefits of Gratitude at Work

David DeSteno explains, in a Harvard Business Review article, that pride, compassion and gratitude are better predictors of teamwide success than grit alone.\(^5\) These three attributes combine to create high performing teams because each elicits unique, durable and productive behavior. Pride, for instance, relates to how much ownership employees have over the outcomes of their work. This kind of pride differs from arrogance or hubris, rather, it is the kind of pride that elicits joy after completing a high-quality product and can inspire greater perseverance.\(^6\) Compassion can contribute to workplace success by fostering an inclusive culture. Inclusive cultures are defined by: celebrating individual perspectives, accommodating mistakes, setbacks and failures, and sharing the burden of negative outcomes through empathy and perspective taking. Finally, gratitude can act as the glue holding a team together. It can provide a means to regularly acknowledge work efforts and reinforces giving behaviors. Teams that embrace gratitude are more likely to celebrate victories together and unite against setbacks.\(^7\) Bosses that show genuine gratitude to their employees can expect greater efforts and thus greater profits at all levels of an organization.\(^8\) In sum, by seeking strategies for gratitude, compassion, and pride, business leaders sow the fields for thriving by connecting people across the organization through sharing victories and setbacks alike.
Gratitude’s power stems from its ability to strike at the root of feeling underappreciated. Grateful people are likely to be easier to work with and thus inspire productivity as it relates to the company’s larger purpose. Intentional gratitude from employers to employees has been proven to reduce employee stress levels, inspire more positive feelings and decrease health complaints. The same research showed that gratitude practices resulted in one fewer sick day per month per employee. Additionally, when organizations and employers demonstrate gratitude, it gives employees a greater sense of achievement and elicits positive emotion. Both of these emotions have been directly associated with increased creativity and resilience.

Many studies have shown the benefits of gratitude at work, but how leaders attempt to inspire gratitude is very important. When employees feel that a leader is helping them to maintain their authoritative relationship, or with any other hint of an ulterior motive, they will not feel gratitude. In fact, their cynicism may even increase. Managers who hope to create a sense of gratitude among their employees should do so through transparent selflessness and without any expectation for reciprocity or indebtedness.

Fortunately, simple gestures can go a long way toward creating gratitude among employees. When it comes time to say thank you to employees, saying it frequently, directly and personally will have the greatest impact. Research has shown that while most employees report very low levels of appreciation at work, simple hand-written thank you notes demonstrate and promote strong feelings of gratitude. The best practice is to write a thank you note that is specific to the act itself and place it in an employee’s workspace. For instance, it can be valuable to recognize a high level of effort when employees: reach out to a client, speak up in a meeting, show consideration for team members or any other specific act that benefited a team through good intention.

Gratitude in the office creates a stronger workplace environment. For example, many people approach life with a “self-serving bias.” When something good happens, they credit themselves for the success. When something bad happens, they blame others. But those who practice gratitude know the importance of giving other people credit for assisting them in their successes. A company leader who credits their team for helping to complete a project is more likely to build a positive workplace environment than a company leader who takes all the credit. This practice extends outside of the workplace. For example, when a high school senior receives a college acceptance letter, someone with a “self-serving bias” would attribute their acceptance to the sports they played that boosted their college application. Someone who practices gratitude would instead attribute some of that success to their parents, who drove them to soccer practice every day, or their teachers, who supported them in juggling academics and sports. Another example of the mindset shift that occurs when people practice gratitude is a change in the perception of what is “deserved.” The philosophical concept of a “just-world” hypothesis is that we get what we deserve in life: good things happen to good people, and bad things happen to bad people. But often this is not how life works—bad things often happen to good people, and vice versa. For many people, practicing gratitude helps them realize that they can get far more than they “deserve” and encourages them to be thankful for things they might have taken for granted.

Most importantly, as we practice gratitude, our enjoyment of its benefits increases. This is why gratitude is referred to as a skill to be developed: many people may start with a lower desire and capability to be grateful, but with practice, anyone can become more grateful. Practicing gratitude does not need to be time-consuming or intense. It can be as simple as spending 5 minutes a day journaling about what you are grateful for. This journaling can enhance long-term happiness by 10%. Other ways to express gratitude in your daily life include writing thank you notes, verbalizing appreciation for others, and not complaining. The same is also true for organizations. Behavioral interventions aimed at boosting gratitude have been shown to decrease employee reports of mistreatment. In as little as two weeks, a self-guided gratitude practice was shown to increase positive feelings and decrease absenteeism in workplaces.
The Psychology of Gratitude

In psychology, gratitude is what is known as a “moral emotion,” because it plays an important role in maintaining fair and equitable relationships with others. Other examples of moral emotions include: empathy and guilt, as well as certain forms of admiration of virtue and compassion. Gratitude has three moral functions. First, it functions as a moral barometer. This serves as a measurement of the perceived amount of benefit received from another’s moral actions. Second, as a result of feeling that we have received something of benefit, we are then morally motivated to reciprocate pro-socially toward the benefactor, or in some cases third parties. For example, if an employer shows gratitude to an employee, the employee is more likely to put more effort into their work. Finally, the third moral function is to serve as a reinforcer of reciprocal behavior. By expressing gratitude, it encourages benefactors to behave morally in the future. For example, once an employer expresses gratitude to an employee, the employer is more likely to continue expressing gratitude when they see the resulting increase in motivation, loyalty, or boost in morale. In sum, these three moral functions of gratitude demonstrate how it creates positive relationships and a virtuous cycle of recognition, appreciation and motivation.

Many factors can influence whether gratitude is felt after receiving a gift. However, researchers mostly focus on two factors: 1) how much effort it took to provide the gift; and 2) how much the gift was needed. By looking at effort and need, a recipient’s level of gratitude and reciprocal behavior can be predicted. Research has shown that as the effort and need for a gift increase, so too does gratitude. An extreme example of this would be the situation in which an individual receives an organ donation from another person: both effort and need are about as high as possible. Unsurprisingly, organ recipients report strong feelings of gratitude. In other research, gratitude has been associated with providing people the opportunity to build closer social relationships. Furthermore, expressing gratitude has been linked to improved mental health and well-being.

People vary in how likely they are to experience gratitude in any given context—in other words, gratitude is part of our personality. When psychologists study personality and well-being, they look at a wide range of personality traits that are all thought to be independent of one another. For instance, there are thought to be five main personality traits that most accurately describe any individual, called the Big Five. These traits are: openness, conscientiousness, extraversion, agreeableness and neuroticism. Research has shown, however, that gratefulness is its own unique personality trait and is separate from each of the Big Five. It has been found to be a better predictor of life satisfaction than any of the big five traits described above, which makes it one of the most important personality traits for well-being.

In addition to being a key trait for well-being, everyone can benefit from practicing gratitude in their daily life. Practicing gratitude leads to lower levels of stress and depression. In one study of military personnel and college students, those who practiced gratitude and mindfulness more frequently scored higher in measures of quality of life and satisfaction with life. In this same study, people higher in gratitude also had a lower frequency of mental health problems, lower levels of insomnia, and lower levels of perceived stress. Grateful people also benefit from the absence of negative emotions that can create poor work environments. Gratitude relies on a bias towards positivity and a focus on abundance. When a grateful person receives a gift, they are less likely to perceive ulterior motives and accept the gift with a cynical perspective. Indeed, research has shown that people higher in gratitude tend to be less cynical, and more hopeful about the future. In workplace settings, these factors become critical for helping create a positive team atmosphere and culture. While it may be difficult to gauge someone’s gratitude as teams are forming, it may be helpful to keep gratitude in mind during interviews as a proxy for determining how well someone may contribute to a healthy team environment.
Gratitude can also benefit how people make financial and business decisions. Some leaders consider emotions as a liability during decision-making. However, this can be a mistaken perspective. Emotions such as gratitude are part of the suite of “soft skills” needed by successful business leaders. Research has shown that simple interventions lead to better long-term decision making.\(^{28}\) In this study, participants were asked to recall a moment when they felt either grateful, happy, or neutral. Afterwards, they were given a series of economic decisions in which they could have a smaller amount of money immediately, or a larger amount of money in the future (this is an established research dilemma called “temporal discounting”). Research participants who had recalled a grateful moment were more likely to postpone the reward of the financial benefit in order to receive a higher amount. In other words, simply feeling gratitude can shift one’s perspective toward feelings of abundance and to consider the benefits of remaining patient for long term payoffs. One can imagine that if gratitude were scaled across an entire organization, the potential for better long term decision making could greatly aid in the creation of market capital. In fact, small business entrepreneurs are more likely to have enhanced temporal discounting compared with salaried employees.\(^{29}\) Therefore, it may be that training students to practice gratitude can enhance their entrepreneurial success.

In our own research we wanted to see if effortful favors could inspire more reciprocity than non-effortful favors.\(^{30}\) To run this experiment, we asked research assistants to open doors for people while carrying an overloaded box of pens. Half the time the researcher would open the door in the most effortful, polite manner possible by holding the door open and letting the person walk through the door before they entered (the high-effort condition). The other half of the time, the researcher would walk in front of the person and half-heartedly prop the door open behind himself (the low-effort condition). While opening the door, the researcher would always fumble and spill the pens onto the ground. We measured whether the person would bend down to help the researcher pick up the pens, as well as how far they were willing to walk back to the door to help. The results were startling: while many people helped with the pens in the low-effort condition, people in the high-effort condition were willing to walk back as far as 30 feet to help with the pens. In the low-effort condition, significantly fewer people helped with the pens, and none walked back more than ten steps. In addition, the people in the polite condition were much more likely to express support, to smile and acknowledge the experimenter and even in the cases when they did not end up helping with the pens, they would still be much more likely to offer help or show compassion. In total, 27% of participants helped the experimenter pick up the pens. The proportion of participants who did so was far greater for the high-effort condition (64%) than for the low-effort condition (19%). What we learned from this experiment is that how we do things matters. In both conditions, the benefit is the same for the person: they were able to walk through the door without expending any energy to open it. The effort shown holding the door open elicited different feelings of reciprocity. The effort was noticed subconsciously, and that influenced the recipient’s behavior directly. When applying this finding to the workplace, consider that more gratitude will be generated when a gift requires greater genuine effort. Employee incentive programs should demonstrate an authentic and robust effort to fulfill the needs of employees as unique individuals. A gift that is given without good intention, or with any amount of indebtedness, will not create gratitude. Employers should not expect reciprocity without carefully considering how their gifts, incentives, or promotions will be perceived.

The Physiology of Gratitude

To further illuminate gratitude’s magic, we used functional magnetic resonance imaging (fMRI) to see what areas of the brain were involved in a wide range of experiences of gratitude.\(^{31}\) In this experiment, participants were asked to imagine receiving a wide variety of gifts. After each gift, the participants took a moment to reflect on how the gift made them feel. They then rated how much gratitude they felt after each gift. The results showed that the level of gratitude felt correlated with brain activity in a part of the brain called the “medial prefrontal cortex.” This part of the brain is located in the frontal lobes of the brain, right in the middle where the brain’s two hemispheres meet. This area of
the brain is involved in nearly every major social interaction, feeling and processing rewards and interpersonal bonding. Interestingly, this area of the brain connects to regions of the brain that help with stress and pain reduction. What this means for business leaders is that gifts meant to appease or lacking in personal connection are less likely to inspire gratitude’s benefits. On the other hand, intentional giving can foster better relationships, perspective-taking, and stress relief.

Summary

Gratitude is not just one thing—it is a complex emotion that can overlap with many other feelings. By noticing the range of grateful emotions that arise during interpersonal exchanges, business leaders can begin implementing strategic initiatives to foster a grateful working environment. Particularly initiatives that inspire selfless gifts that demonstrate the giver’s effort and the recipient’s need.

We believe, gratitude should be part of any leadership strategy and coupled with key performance indicators. For this reason, we emphasize that leadership which blends empathic accountability with dedicated gratitude practice will realize some of the largest gains in company performance and culture.

Gratitude is a skill that takes time, energy and even mistakes to perfect. To that end, in this paper we intentionally focused on ongoing practices that can lead to more grateful workplaces. Like any skill, anyone who chooses to focus on gratitude will become better at it with practice, and the regular practice will reinforce the positive benefits of gratitude.

Ultimately, gratitude helps people reframe the way they see themselves, their relationships and the world around them. It helps employers better reward their employees, foster a healthy and positive workplace environment and strengthen their team culture (see below for an In-Class “Gratitude in Action” Exercise).
In-Class Exercise: Gratitude in Action

This exercise takes place at Action Potential Enterprise, a secretive (and fictional) product consulting firm that has hit a rough patch. Action Potential Enterprise, or APE, established itself in the 1990’s as the firm (supposedly) behind major fitness trends such as yoga, pilates, jogging, spin class, as well as the dance hit known as the “Macarena.” These trends established APE as the company to go to when you wanted to start a fitness craze. However, in the last few years the popularity of non-APE exercises like Zumba, Crossfit, and TRX have all diminished APE’s reputation and market share.

APE was founded by Greg Forx, an aspiring neuroscience major whose athletic ambitions in extreme sports were cut short by an injury and excessive energy drink consumption. To help him recover his mind and body, he began experimenting with alternative methods of learning and exercising. He began by combining stretching and breathing that helped him recover from injuries. He claims, this is how he invented yoga in his garage in Bakersfield, California. (Note that in reality, yoga was invented thousands of years ago in Asia.) Greg is an eccentric founder and he ran with the idea that he was stretching and breathing simultaneously better than anyone had ever thought to do so before. Greg also saw a market opportunity. Rather than open his own studio, Greg found better opportunities in franchising and licensing. So, he began training people in what he called the Art of Yoga and it spread from there.

Though he was well-suited to being a founder, Greg’s abilities as a manager and CEO were lacking. With the success of APE came fissures in the company culture. As APE grew, Greg only hired friends and fellow graduates from his prestigious university in the San Francisco Bay Area. He assumed that if his employees had the best academic degrees, they would produce good work and not challenge his eccentric personality. As a result, complacency set in as people knew they were not required to innovate any longer. APE’s latest product, the Cupid Shuffle, was a great regional hit but never really took off like yoga did. Because of this, investors are concerned that APE is no longer the transcendent force it once was. As a result, like many founders, Greg was paid out and forced out of the company by the board. However, the echoes of his poor management linger.

You have been hired (along with your classmates) as consultants to APE to help fix the stagnant culture and generate new product designs. It is time for APE to pivot, and it needs new fitness and learning crazes to restore its place in the market. In the past, APE focused on physical movement, but now they would like to combine their expertise in fitness with cognitive, emotional, and critical thinking skills. Doing so will allow APE to tap into the multibillion-dollar education and wellness industry, and help students learn and exercise at the same time.

Your job during the in-class exercise will be to invent the next cognitive-fitness exercise trend or dance, using objects in your backpack or classroom (such as water bottles or chairs) to design an intense workout that trains your mind and body. You will work in a team of 3-5 to design this new product and pitch it to investors for the chance to carry the idea into the market. Each team will have a team manager to lead the design process and pitch preparation. Your instructor can have you volunteer to be a manager or can select students for the role.

During the exercise, your goal will be to:

- As a team invent an idea for APE,
- Create a pitch deck describing the target customer,
- Assemble materials needed to design a new workout,
- Develop the basics of the business model,
- and estimate how much market share is attainable.
Following the session, each team will pitch their idea. After all the pitches are complete, everyone in your class will get the chance to invest in their favorite pitch. After the investments are tallied, your instructor will go through each of the teams to talk about their idea, pitch, and team chemistry to learn how each team innovated and how varying leadership strategies affected the team’s innovation, creativity, and product.

Good luck and remember that yoga is a craze that has taken over the world using just a rubber mat and reflective breathing. Imagine what you can come up with using all the items around you right now. APE is counting on you.
Endnotes


