

HRweek2007

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MEETING PEOPLE CHALLENGES



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EMPLOYEE ENGAGEMENT

*How to motivate and retain your
employees*

Quantum Management Indicators

Dr Des Tubridy, Director



HRweek2007



Employee Engagement

“Human capital will go where it is wanted and it will stay where it is well treated. It cannot be driven; it can only be attracted”.

Walter Wriston,

Former Chairman, Citicorp/Citibank

What is Engagement?

Formal Definition:

The means or strategy by which an organisation seeks to build **a partnership with its employees**, such that:

- **Employees** fully understand and are committed to achieving the organisation's objectives, and
- **The organisation** respects the personal aspirations and ambitions of its employees.

What is Engagement?

Another Definition:

“The extent to which an employee feels a **sense of attachment** to the organisation he or she works for, **believes in its goals** and **supports its values**”.

Source: <http://www.business.barclays.co.uk>

Eclipsing of the Traditional Employment Contract

- The traditional employment contract based on employment security for loyalty is becoming increasingly obsolete due to:
 - Global competition for skilled and professional talent (Talent War)
 - Flatter Organisational Structures
 - Generational Influences (The changing values of Generation X and Y).

Eclipsing of the Traditional Employment Contract

- **Talent War**

- Flow of talent available to organisations is impacted by the “Demographic Bust”.
- Relates to the projected declining rates of younger age groups graduating from universities and colleges and the pending retirement of Baby Boomers.
- The result is global competition to attract, motivate and retain skilled and professional talent.

Eclipsing of the Traditional Employment Contract

- **Flatter Organisational Structures**
 - Displaced middle management and the effects of technology have truncated the promotions ladder.
 - Careers tend to peak at Department Head Level
 - Few organisations can now offer security or regular promotions (traditional drivers of engagement)

Eclipsing of the Traditional Employment Contract

- **Generational Influences**

- Generations X (26-40) and Y (25 and under) bring with them very different values to the Baby Boomers.
- Place high priority on lifestyle issues, whereas the Baby Boomers tend to 'live to work'.
- Organisations are under pressure to find ways to motivate younger generations and to tailor employment opportunities to suit their lifestyle.

Emergence of the Engagement Contract

- Focus on recognising employees' **qualitative needs**
- **Personal values** and **employment flexibility** as key to engaging employees.
- The organisation must now manage a complex set of people management issues in order to attract and retain highly skilled assets.

Quantum's Engagement Research 2005-2007

Objectives:

- To identify the empirical reasons why employees engage with an organisation.
- To identify the personal values which are key to engaging employees.

Sample:

- 21,618 employees from Australia and New Zealand.

Quantum's Engagement Research 2005-2007

Results:

- Quantum has identified and measured three distinctive forms of engagement that are critical to organisations retaining employees.

Quantum's Engagement Research 2005-2007

Three types of Engagement:

- Personal Engagement (Investment)
- Continuance Engagement (Security)
- Normative Engagement (Obligation)

Personal Engagement (Investment)

- The employee feels attached to / personally invested in the organisation and stays because they want to stay.
- Their manager has identified the right mix of values, attitudes, terms and benefits to elicit this attachment / investment.

Rating	Result
Favourable	68%
Neutral	18%
Unfavourable	14%

Continuance Engagement (Security)

- Security or Continuance Engagement is mainly motivated by the need to keep a job for financial and retirement certainties.
- The perceived high cost of leaving is the primary reason the employee remains with the organisation.

Rating	Result
Favourable	29%
Neutral	31%
Unfavourable	30%

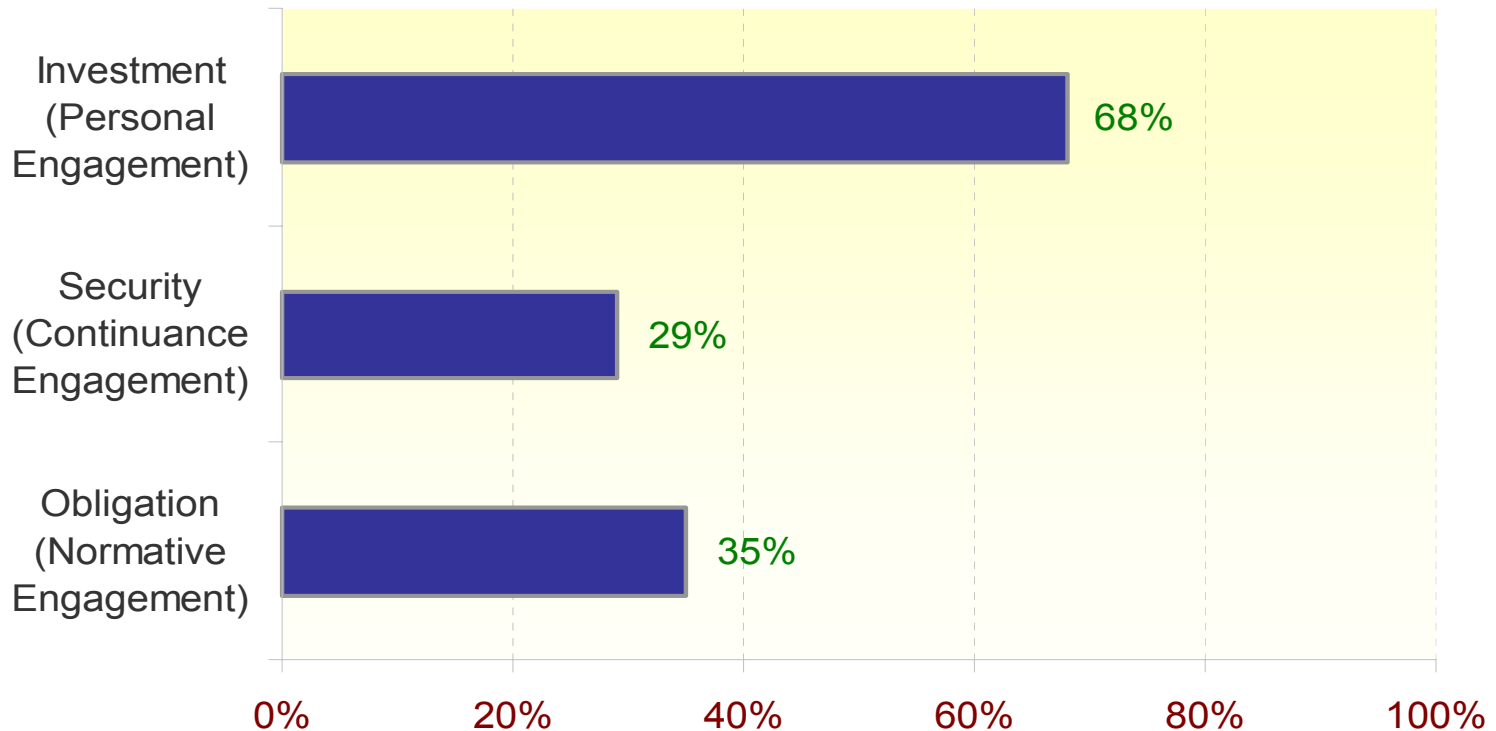
Normative Engagement (Obligation)

- Motivated by loyalty, the employee feels obligated to stay. This may be due to:
 - Loyalty to managers, co-workers or clients.
 - The feeling that leaving would place co-workers under pressure.

Rating	Result
Favourable	35%
Neutral	25%
Unfavourable	31%

Engagement/Organisation Commitment

- The following graph illustrates the percentage of employees that rated each form of Engagement favourably.

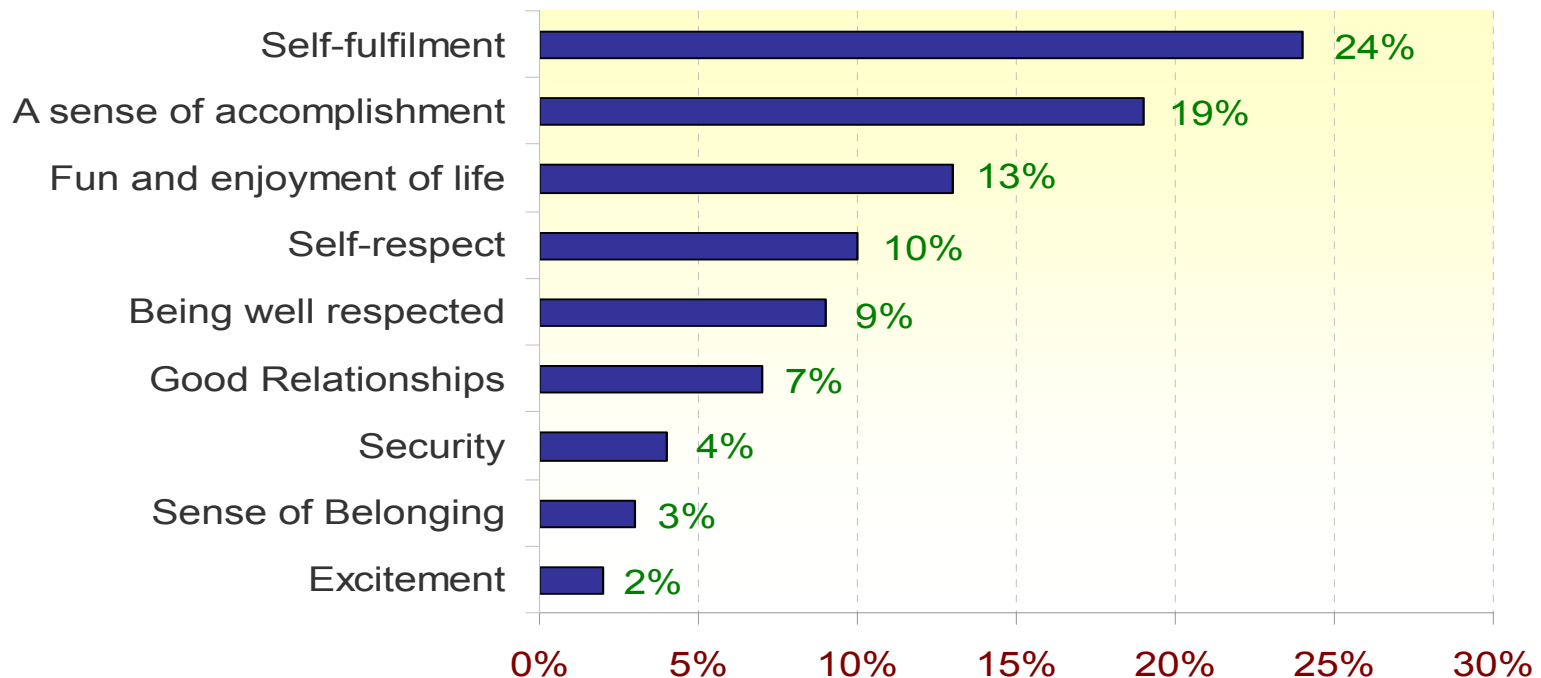


Employee Values: Qualitative Engagement Factors

- Quantum also measured the personal values critical to engaging employees.
- Why measure employee values?
 - Importance of understanding employee needs as pivotal to motivating them.
 - Predictive of the required type of culture.

Employee Values: Qualitative Engagement Factors

- The personal values of employees in Quantum's international survey are presented in the following figure.



Employee Values: Qualitative Engagement Factors

- Traditional values have been replaced by a stronger independent focus.
- The top three choices of personal values were self fulfilment (24%), sense of accomplishment (19%) and fun and enjoyment (13%).
- The importance of these particular values in motivating employees is clearly highlighted by the next case study, South West Airlines

Southwest Airlines Case Study

- American low-fare airline based in Dallas, Texas.
- It is the **largest airline in the United States** by number of passengers carried domestically for any one year and the **second largest airline in the world** by number of passengers carried.

Source: www.southwest.com



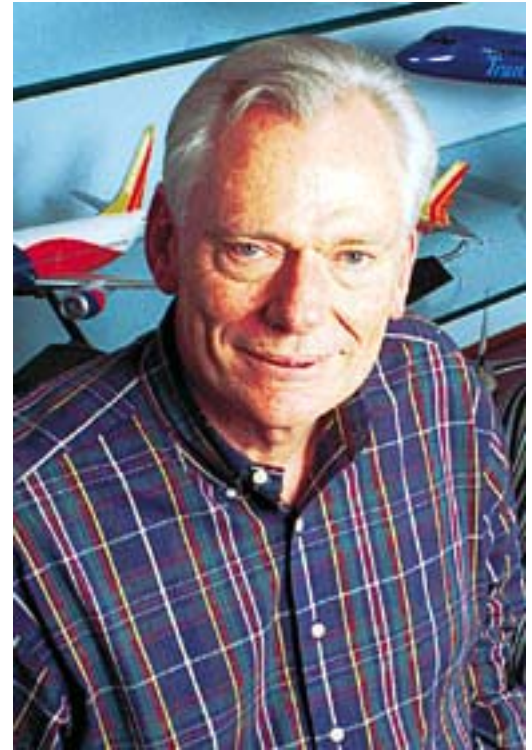
Southwest Airlines Case Study



- Kelleher's maverick style and his determination to be different have resulted in a very relaxed and fun-loving workplace where people work well together.
- He knows most of the employees by their first name and has no inhibitions about status

Southwest Airlines Case Study

- Autocratic and laissez-faire management styles demotivate the majority of employees.
- Herb Kelleher has managed to develop a unique culture.
- He has done this in a very sincere way, accepting people at all levels and relating to them very evenly and as family.
- He is sincere and straightforward and is a leader who improves organisational citizenship behaviour



Southwest Airlines Case Study

“...there is one key to profitability and stability during either a boom or bust economy: employee morale”

Herb Kelleher

Southwest Airlines Founder

Quantum's Engagement Research 2005-2007

Conclusions

- Employees will stay with an organisation because their manager has provided them with the right 'mix' of values, attitudes, terms and benefits to make them want to stay.
- While traditional drivers of engagement like security and financial reward cannot be ignored, qualitative factors have become important in determining this 'mix'.
- Quantum's findings indicate that this 'mix' will not be the same for every organisation.

Quantum's Engagement Research 2005-2007

Identifying the 'right mix':

- Each organisation has its own unique key drivers of engagement (values, attitudes, terms and benefits) which can be gauged by administering regular organisational opinion and culture surveys.
- Surveys keep managers in touch with employee perceptions and pinpoint the issues that need to be addressed to manage engagement at all levels.

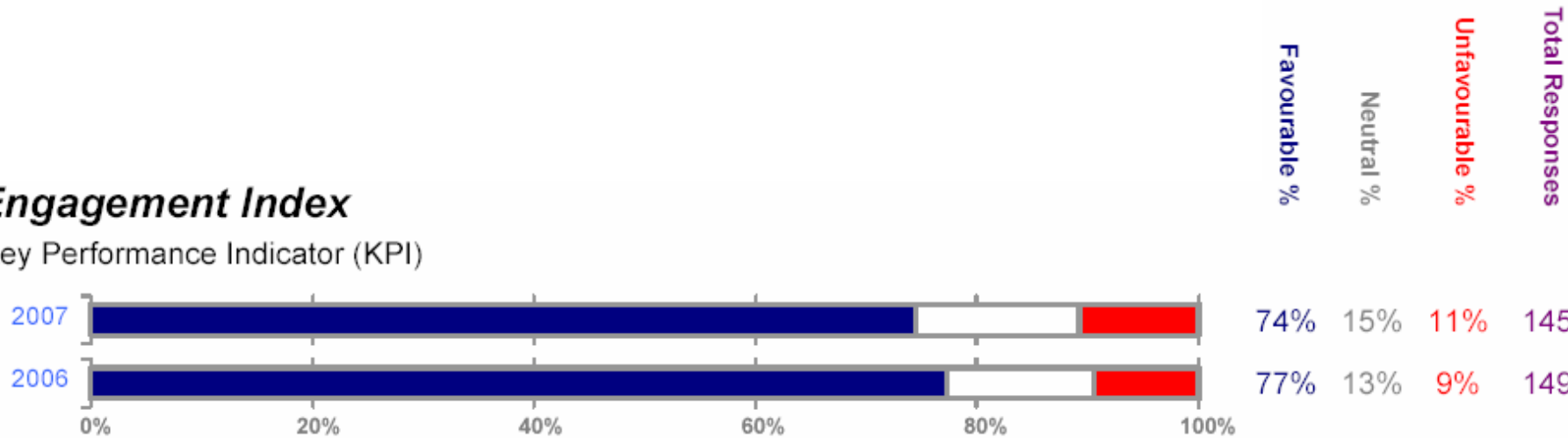
Measuring Engagement

- Quantum takes a general measure of engagement levels within your organization by means of an Engagement Index.
- Benchmark results for the Engagement Index can be provided for your sector.
- The Engagement Index contains questions which measure employee levels of attachment and commitment to your organisation.

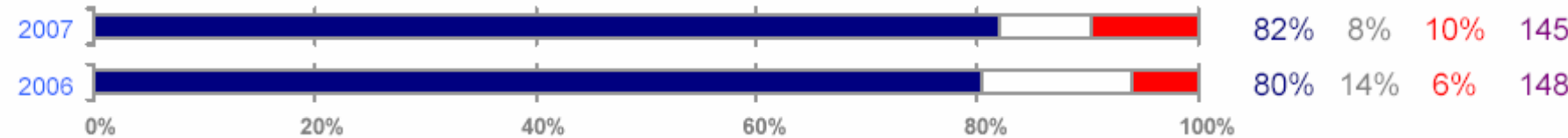
Sample Engagement Index and Qns

Engagement Index

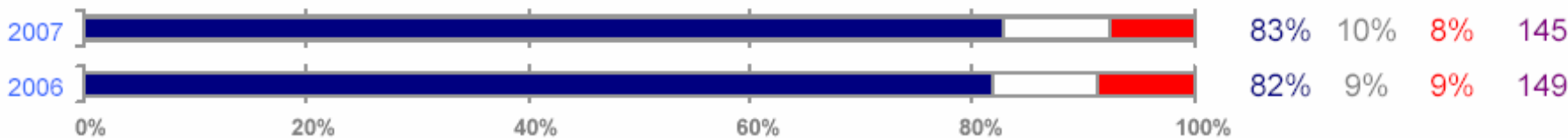
Key Performance Indicator (KPI)



Q8c I am committed to the success of ABC



Q8d I am proud to work for ABC



Measuring Engagement

- Quantum is able to identify the unique drivers of engagement within your organisation by:
 - measuring employee performance ratings of non-financial KPIs (such as: Work/Life Balance, Recognition)
 - measuring employee performance ratings of various aspects of the organisational value system (culture).
 - comparing the above results with employee ratings of KPIs and values important to them.

Elders Insurance Case Study

- In 2004, Quantum created a customised employee and culture survey to measure the unique drivers of engagement for Elders Insurance.
- Specific drivers of engagement were identified as needing improvement. In particular, Elders employees felt that their time at work would be more productive and enjoyable if communication was improved throughout the organisation.

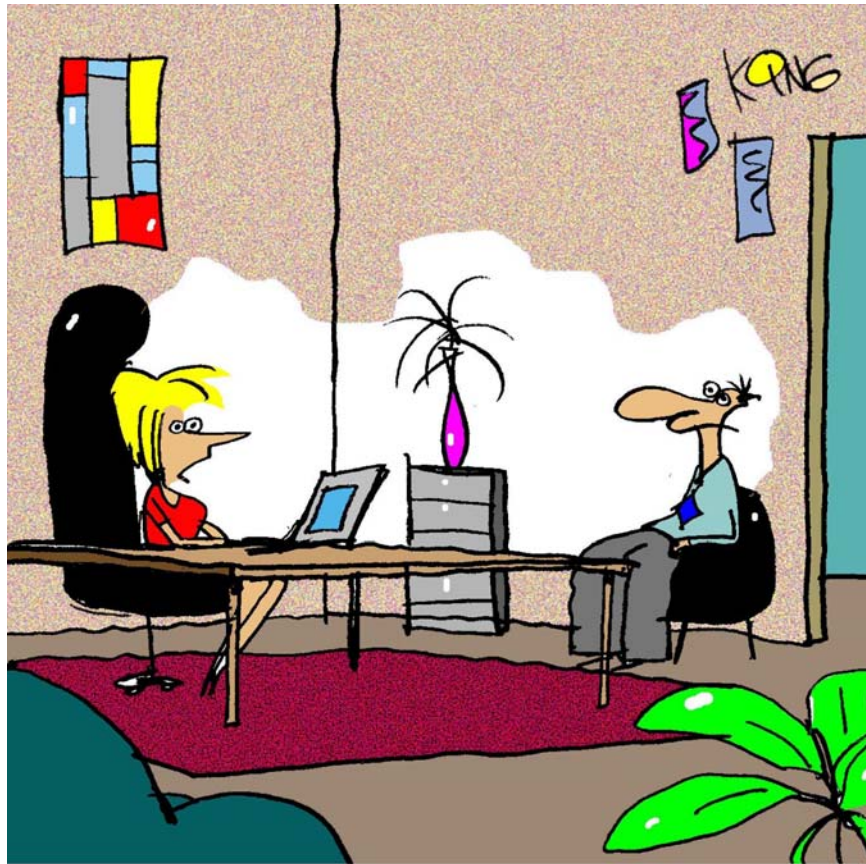


Elders Insurance Case Study

- Staff workshops were held to address this issue and the following initiatives were implemented:
 - Quarterly communication forums
 - Improved meeting formats
 - Appointment of a new Communications Coordinator.
- Subsequent surveys in 2005 and 2006 demonstrated improvements in a range of KPIs, in particular the lead indicator of Engagement.
- Staff turnover within Elders has decreased from 23% in 2004 to less than 10% today.

General Recommended Actions

- 1. Spend more time on selection. Select the right people into the right position in the first place.**



"I looked over your resume and the good news is I like the paper it was typed on. Do you really want to know the bad news?"



"He came in for an interview 3 hours ago, and I made the mistake of telling him to make himself comfortable."

General Recommended Actions

2. Encourage a more involved team based culture.



**“I’ve tried love and respect
but hatred and fear seem to
be a better fit for me”.**

General Recommended Actions

3. Respond to Changing Values.

- Employee values have changed
 - Work/life balance
(Ambition next holiday not next promotion)
 - Self-fulfilment
 - Sense of fun and enjoyment

General Recommended Actions

4. **Mixing the benefits and non-monetary recognition is the key to motivating staff.**
 - **Remuneration**
 - Providing compensation to employees based on performance.
 - **Informal recognition**
 - Day-to-day non financial recognition of performance, most importantly by immediate manager.
 - **Development Opportunities**
 - Limited promotional opportunities have resulted in employees being more interested in building their resume than waiting for long term promotions.

General Recommended Actions

5. **Appoint mentors to support the personal development plans of employees.**

General Recommended Actions

- 6. Regard high self-esteem as a resource to harness.**
 - Employees with high self-esteem make significant efforts to improve performance and gain control over outcomes.
 - Employees with high self-esteem are less likely to experience workplace demands as stressful and are better able to cope effectively with those demands.

Bibliography on request

General Recommended Actions

7. **Look for a fit between self fulfilment needs and the organisation's requirements.**

“Most of what we call management consists of making it difficult for people to get their work done”.

Peter F. Drucker

General Recommended Actions

8. Expect and plan for personal growth through work, education and training.

Benefits include:

- Increased job satisfaction and motivation among employees
- Increased efficiencies in processes, resulting in financial gain
- Increased innovation in strategies and products
- Reduced employee turnover.

“By recognizing that the company cares and is willing to invest in them, employees will make a longer term commitment to the company”

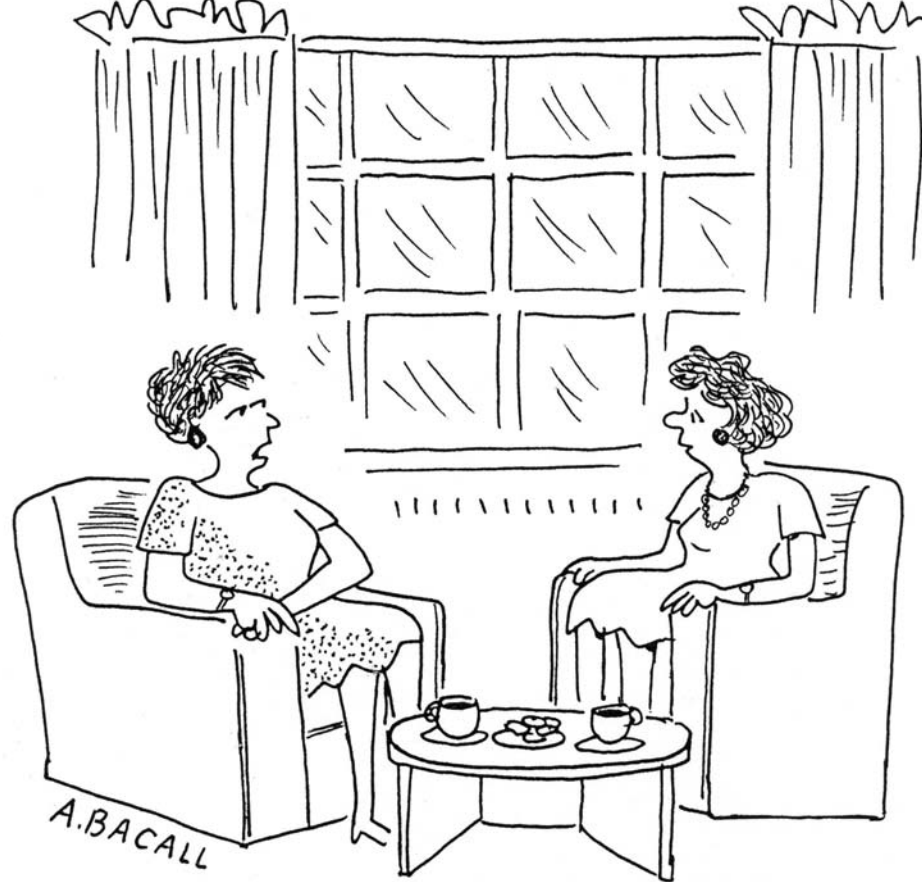
Michael Soler,
Managing Principal
DeFrain Mayer

General Recommended Actions

9. Keep in touch by effectively communicating

- Make use of various forms of communication to keep employees well informed, appreciated and part of the 'loop'
- Communicate regularly, face to face and keep issues relevant to employees.

[Bibliography on request](#)



" My son is a corporate communications director.
He never calls and he never writes."



"If you could just email me the faxes of the photocopies of the transcripts of the fifteen phone messages in question, that would probably be the simplest."

General Recommended Actions

10. Have fun

“If it was more fun, it would feel like less work”

***Herb Kelleher,
Southwest Airlines Founder***

General Recommended Actions

11. Do not substitute pay for attention

“I can live for two months on a good compliment!”

Mark Twain

Key Recommended Actions

- 12. Review HR policies regularly to ensure that they continue to support the changing needs and cultural direction of the organisation**