

WHAT IS IMPORTANT TO EMPLOYEES?

Abridged version of an article written by Raymond Robertson, Director of Strategic Reward, published in Stakeholder Magazine, July 2003.

The simple answer to this question is, of course....it depends. But why do employees' views and priorities matter anyway? FedEx founder and CEO Frederick W. Smith summed it up nicely when he said:

“It doesn't take a genius to figure out that in an environment where there is a shared vision of excellence....where people can be the best they can be on a daily basis....where, when they know what is expected of them....understand that reward is linked to performance....and BELIEVE they can make a difference because they will be heard....they WILL make a difference. They will go BEYOND our expectations and great things will start to happen.”

So-called “best companies” have undoubtedly addressed what Michael N O'Malley, in his book “Creating Commitment”, refers to as the “five general conditions related to the development of commitment”. These are shown in the table below:

Conditions related to the development of commitment	
Fit and belonging	Do I feel wanted? Are my interests and values consistent with others in the company?
Status and identity	Am I proud to belong to the organisation? Do I think I am a part of something special?
Trust and integrity	Will my interests be taken into account by the organisation? Do I think I owe the organisation for the good things it has done for me?
Emotional reward	Am I happy with what I do? Do I feel like a full and effective participant in the organisation?
Economic interdependence	Do I believe this organisation provides me with unique economic benefits compared with other companies? Is my reward fair?

But what generates such commitment in practical terms? Let's take a look at what matters to employees by considering why people join, stay and leave organisations.



Why people join

In our experience, the reasons are as diverse and varied as the people themselves but often centre on four aspects:

1. *Company reputation* – a good reputation in the market place, a well-known brand or recommendations from friends or contacts are often influential. One employee who took part in a recent focus group we ran for one of our clients told us “I researched several hotel companies and chose...because it was more people focused”
2. *Good salary and benefits package* – seen as one of the best around, includes flexible working arrangements and the ability to choose the benefits that suit them best
3. *Impressed with the people they met during the selection process and the way they were treated* – the desire to work with people who are enthusiastic, believe in what their company stands for and are engaged in the work they do
4. *Opportunities for personal development* – these look good to the applicant...“I knew people working here and they told me the training was excellent”.

Why employees stay

While competitive pay and benefits are important, the reasons people stay often go far beyond monetary reward. Our work with clients tells us that some of the most common reasons are:

- *Great work colleagues* - time and time again people say to us...“the friendly people I work with”...“there is a really good team spirit in our department”...“everybody helps each other when we’ve got a special project to finish for a customer”
- *Having the space to do what they do best* – being coached by their manager who concentrates on building their strengths rather than turning around their weaknesses (some may not be for “turning”), encourages them to come up with new ideas and pushes out the boundaries of their knowledge and capabilities
- *Being asked their opinion* – consulting employees rather than “telling them” and giving them constructive feedback on their ideas, even when they are not adopted
- *Confidence in their manager and the company’s future* – strong leadership from their manager and feeling part of a successful company that is moving forward
- *Well defined career paths* – these actually live up to the expectations the employee had when joining...“our company does a great job at bringing through and developing people at the lower levels in the organisation”. High performers especially, look for multiple career paths and a highly involving management style.



Why employees leave

While some people leave purely to get more money, most employees leave or start to look for opportunities elsewhere for a variety of reasons. Among the most common are:

- *Poor work-life balance*...“having to work long hours is part of the culture here”
- *Lack of involvement or no interesting projects* – always doing the most routine tasks, not being given extra work to help other departments out when their workload is low (especially when the employee volunteers)
- *Career stagnating* – feeling pigeon-holed, nowhere to go, even if it’s really a matter of developing a new set of skills
- *Cold shouldered, overlooked, being taken for granted*...“people who have been here a long time are not always open to new ideas”...“managers who talk down to you”...“I worked really hard to ensure delegates enjoyed their stay, but I had no thank you from my manager”
- *Company moves away from its core values/ethics*... “I was told pay was linked to performance but everybody gets the same pay rise, so why should I bother”.

When employees start to think and feel in these ways it’s often too late!

Importance means different things to different people

While these common themes provide an important backcloth about what is important to employees, we need to recognise that because the workforce is more complex and diverse than ever, views about importance are likely to vary according to different groups of people.

In two recent consulting assignments about reward strategy, our clients wanted to find out the extent to which employees valued each benefit they currently received and other benefits they would like to receive such as, more flexibility over working arrangements and access to legal services. The findings would enable our clients to target future investments in areas that were likely to produce the best-return-on-investment. Using focus groups, we asked employees to first choose the benefit (current or prospective) they “had to have/could not do without” and give it a score of ten points. Employees then gave each other benefit a score from one to nine, “in comparison to their first choice”. If some benefits were valued equally, these received the same score – although we did set some ground rules to ensure that employees did not give lots of benefits the same score!

This was designed to determine the relative importance attached to each benefit. The top six benefits in rank order of importance are shown in the table below.

Top Benefits in rank order of importance	
<u>Leisure/Hotel Company</u> Recognition – financial & non-financial Discounted “leisure“ breaks Pension – higher company contribution Free food and drink Discount card (company brands) Healthcare/health screen	<u>Financial Services Company</u> Private medical insurance Permanent health insurance Flexible work arrangements Health screen/medical Life assurance Critical illness insurance



We cannot say for certain that, if we had we analysed employee views by “employee category”, we would have found different sets of priorities – but anecdotal evidence suggests to us that this would have been the outcome.

Peoples’ preferences and interests change over time too. Employee focus groups (not conducted by us) at McDonald’s in the UK revealed driving lessons, mobile phones, cinema and theme park tickets are the key to appealing to employees between 16 and 21 years old. However, anecdotal evidence suggest to us that work-lifestyle benefits, such as flexible work times and places, the ability to buy/sell holidays, health cover/screens transcend traditional age groups.

Tapping into what matters most to employees can be used very effectively in incentive and recognition programmes. An excellent illustration of this is a manufacturing company that could not afford the bonus payments being offered by hi-tech companies in the area, knew that many of its employees liked playing golf in their free time. Managers in the company now challenge groups of employees to meet performance targets in exchange for an all-inclusive weekend at a local prestigious golf club.

Taking care of the little things

It’s frequently the “little things” which demonstrate whether or not your organisation cares about its people. Just knowing people’s names, remembering peoples’ birthdays, anniversaries and achievements outside work and knowing when to have some fun all matter. All new employees in one of our clients are asked to write down on a simple pro-forma their interests and likes such as, their favourite type of music, chocolate, drink, food, sport, hobby and book. Recognition awards are tailored to what individual employees’ value most.

How does your organisation measure up?

Finally, some questions for you.

1. Do you really know what is important to your employees (supported by hard evidence, not hearsay)?
2. Do you have a total reward strategy that reflects the needs and priorities of different groups of employees and is this aligned with the business agenda?
3. To what extent is your employee value proposition truly compelling (is this supported by employee engagement measures)?
4. What is the return-on-investment in human capital in your organisation?