Employee engagement and retention

dba

Best practice guide: How employee engagement and retention can help you keep your key staff.

Introduction

When the economy is in recession many employers find it difficult not only to attract and recruit new talent but also keep their current employees engaged and happy in their jobs. The latest survey titled *Design Industry Voices* published in the Design Week[1] indicates that around 60 per cent of employees in the design industry are looking to change jobs in 2013.

This brings significant instability to a business and its ability to effectively service their existing clients or develop new client relationships. Additionally, precious budgets and time are being spent on recruitment.

People are also indisputably your business' biggest competitive advantage. They are your know how, your culture and often your brand. A lot of their knowledge is tacit, particularly in smaller agencies, where knowledge hasn't been formalised or institutionalised in organisational processes.

Ensuring your top people stay with you and are engaged with your agency is therefore your biggest challenge and priority.

Whether your business is big or small, the first step is to have a clear grasp of the true reasons why your staff leave and an understanding of how your staff turnover affects your business performance.

Why people leave?

There are a number of factors that impact on the reasons why employees decide to leave or stay with their employer. But it mostly boils down to the following factors:

1 - Compensation that is perceived to be below the market rate
2 - Job or workplace not as expected
3 - Feeling devalued and unrecognised
4 - Work-life balance and stress from overwork
5 - Relationship at work (particularly with line manager)
6 - Lack of opportunities (including learning and career development)
7 - Loss of trust and confidence in leadership

But it's rarely one factor alone that sways an employee's decision to leave or stay.

1 – Compensation

Of course, most people work for money – after all, we have to pay for the food we eat, place we live, clothes we wear and leisure we enjoy to recharge our batteries after the day's work is done.

— It is important to have regular annual pay reviews to ensure your people are compensated at the acceptable market rate. (*The DBA's survey of salary and charge out rates is a valuable tool for this*).

But it is also a common truth that pay is not the top motivator. The often-sited Frederick Herzberg[2] identified money as an extrinsic motivator that can be powerful enough to attract

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[1] http://www.designweek.co.uk/news/number-of-design-employees-looking-to-change-jobs-at-highest-level-since-start-of-recession/3035804.article?cmpid=DWE05&cmptype=newsletter&email=true&ern=
Number of design employees looking to change jobs at highest level since start of recession. 7 Jan 2013 | By Angus Montgomery

[2] Herzberg, Frederick (2003) 'One More Time: How Do You Motivate Employees?' *Harvard Business Review.*

people to start with but whose power wanes relatively quickly to keep the employee motivated.

Non-monetary factors, such as being given some autonomy over how tasks are carried out, the freedom to make decisions about issues that affect them and having achievements praised and acknowledged, have been repeatedly shown to be far more effective in motivating people.

2 – Job or workplace not as expected

Rushed or poor recruitment decisions are often to blame here.

Frequently, in their pursuit of a candidate or in their rush to fill the vacancy, employers over-promise about the job or under represent about the true extent of challenges the company faces. This leads to candidates accepting jobs for which they are in reality unsuited or joining the company that they don't really understand or whose values they don't really share. This creates dissatisfaction and resentment. It is not surprising then that a large rate of turnover happens in the first year of the new starter's employment[3].

To avoid this pitfall:

— Think carefully about your **selection criteria** and **prepare your interviews** to ensure you ask the right questions to get the right fit between the job, the firm and the person.
— Be honest with yourself and your candidates during the recruitment process to ensure they have realistic expectations of their job.
— Give candidates the opportunity to ask and be prepared to answer challenging questions about your business, its current performance and future goals.

And of course don't forget the top tips from the December issue of Insight on *Successful Probationary Period* to ensure that your new joiners receive sufficient induction and support to minimise the number of people leaving your company within the first 6 or 12 months of employment.

3 – Feeling devalued and unrecognised

You may be losing your most talented employees because they are unhappy with your company's **workplace culture**.

— Do your individual employees and teams feel valued and recognised for their achievements on a job done well: to a tight deadline, or creatively to a challenging client brief?
— Do you foster the culture of appreciation and respect?

According to a survey quoted in the *Wall Street Journal*[4], the workplace is the last place to expect appreciation. One reason is a widespread assumption among managers that setting tough goals and pushing people is the only way to improve productivity.

But in fact, nothing could be further from the truth: **Appreciation is the most cost effective strategy to employee engagement and retention**. Make your people feel valued and trusted:

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[3] CIPD Factsheets on Employee turnover and retention, Revised July 2012.
http://www.cipd.co.uk/hr-resources/factsheets/employee-turnover-retention.aspx

[4] http://online.wsj.com/article/SB10001424127887324352004578131002460783008.html
Showing Appreciation at the Office? No, Thanks. November 20, 2012. Sue Shellenbarger.

— Recognise your employees for everything they are: employees, teammates, parents, partners, friends, sportspeople, etc.
— Remember their birthdays or anniversaries; celebrate their musical or sporting achievements – they will be genuinely pleased for such small gestures of appreciation.

Don't wait for your people to ask for recognition – actively look out for examples of achievement, give signs of appreciation freely, openly and timely.

This doesn't sound like a big deal, but it can really make a difference to most people by improving their sense of well-being and engagement.

Consider introducing a policy on **additional leave,** for example:

— Give your employees a day off on their birthday, or "time off in lieu" for working overtime on a project or sacrificing their evening for a tight deadline or late client meeting.
— For long serving employees – consider offering an additional day off after a significant service milestone, e.g. 5, 10 and 15 years.
— **Sabbaticals** can be a very effective rewarding tool. In addition to rewarding your long serving staff with an extra paid time off, sabbaticals can serve another purpose. They can re-invigorate their creativity and spark by allowing them to pursue non work-related activities such as further professional study or volunteering that could expand and improve their specific and overall skills and ability.

4 - Work-life (im)balance and stress from overwork

In the modern workplace, competitive business models require that fewer employees do more work with increasingly lower budgets and tighter turnarounds on project deliveries.

Be conscious of the affect that heavy workload and long hours have on your employees. Be wary of some employees regularly staying after the core work hours. It's widely acknowledged that longer hours do not equate to better productivity or greater effectiveness. But they do lead to a build up of tiredness, frustration and disillusionment. Beat the culture of presenteeism:

— Talk to the employee to understand the reasons for their long hours. If it's the sheer amount of work they have been given or taken on themselves, help them to re-prioritise it. Involve the rest of the team to chip in, where possible.
— Are they lacking the skills to be able to manage time and conflicting priorities effectively? Train them! It doesn't necessarily have to be an external training course. Share your experience or ask the team to share their top tips. *Coach and support them. Stepping out of the detail could help to make a real difference in their ability to see a bigger picture.*
— Could their extended presence in the office be due to some events outside of work? Don't be afraid to ask, sensitively, about their personal life if you think it affects their well-being and performance at work.
— You and your managers can undoubtedly help teams with stress reduction if you are trained to understand how stress can manifest itself. Give them the tools to assist individuals who are experiencing stress.
— Consider introducing **flexi-time**[5] **or flexible working**[6], if you haven't done so yet. Not only do you have legal obligations to consider requests for flexible working from parents and carers, but by giving flexibility to all your staff you are meeting the needs of the modern workplace.

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[5] **Flexi-hours** refer to the arrangement where you agree on your office core hours and give staff flexibility around start and end time. Be sure your approach is perceived to be fair to all staff and consistent across similar situations.

[6] **Flexible working** can incorporate a number of changes to working arrangements such as a reduction or variation in your working hours, reducing the number of days you work each week and/or working from a different location i.e. from home.

By offering your staff the benefits of managing their working time within a flexible system, you will reap the real advantages of enabling your people to be more in control of their non-work commitments, where they can:

— Stagger their start and finish times to accommodate domestic commitments and travel arrangements,
— Able to deal with domestic/personal matters at times that suit them e.g. being at home for appliance repairs, dental/doctor's appointments,
— Work at times of peak personal productivity - some of us are more morning people than "night owls",
— Work when the office is quieter in order to produce a piece of work to a deadline and a standard.

Tip: It is important to ensure fairness in your consideration of flexible working requests.

5 - Relationship at work

The 2004 report titled *Inside the Workplace* concluded that the main reason for failures of SMEs is down to poor leadership and management[7].

It has become a cliché that "employees don't leave their jobs, they leave their managers". Authors Marcus Buckingham and Curt Coffman in their book, *First Break All the Rules: What The Worlds' Greatest Managers Do Differently*[8], identified that if employees don't get along with their managers, don't like them or don't respect them, they will leave a company despite a high salary or great benefits. Good managers inspire loyalty and keep in touch even when employees leave.

A recent report published by the Chartered Institute of Personnel and Development (CIPD)[9] identified that managers who don't create the right opportunities for their staff, don't take responsibility for mistakes, panic about deadlines and pass on stress, tell staff what to do rather than consult them, often find themselves dealing with a high turnover rate.

Ask yourself:
— Are you and your line managers fully trained in people management skills?
— Are you and they competent to deal with people issues, including giving and receiving feedback, managing performance, having difficult conversations, coaching?
— Are you and your managers trained to recognise signs of stress and overwork in your staff?

If the answer is no – plan the appropriate interventions.

— Identify the skills gaps and choose the right way of dealing with them. It doesn't always have to be external training courses. Use your internal expertise to share the best management practice, use peer-to-peer coaching. But sometimes you may find that you need to use a combination of approaches to raise your and your line managers' competence in dealing with people in the work context. *Check out the DBA's Professional Practice Courses which offer training in this area.*
— Most importantly, ensure that you and your managers treat your employees fairly and with respect. Avoid blaming them for mistakes when they happen but coach them to future success. Raising voice, undermining, ignoring or showing favouritism will only

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[7] http://webarchive.nationalarchives.gov.uk/+/http://www.berr.gov.uk/whatwedo/employment/research-evaluation/wers-2004/
Kelsey, Alpin, Forth et al (2006) *Inside the Workplace: Findings from the 2004 Workplace Employment Relations Survey*.
[8] http://www.forbes.com/sites/reneesylvestrewilliams/2012/01/30/why-your-employees-are-leaving/
[9] http://www.cipd.co.uk/publicpolicy/policy-reports/engagement-behavioural-framework.aspx
Managing for sustainable employee engagement: developing a behavioural framework. December 2012. CIPD

push your best employees out, and **you will risk being left with the least competent and most fearful employees who stay only because they are worried that they won't be able to find another job.**

6 – Lack of opportunities (including learning and career development)

The other problem with job content is that if the job remains the same over years, with no opportunity to learn new things and be exposed to new challenges, the early enthusiasm the employee has for the job dissipates and a disgruntled employee emerges.

Recent research by the Institute of Leadership and Management (ILM)[10] shows that in their first two years managers are relatively positive, high performing and better able to cope with stress, but these figures dip from then on. The research also shows that those managers who receive coaching and access to a well-developed training programme report greater satisfaction with the job and higher performance levels: "With the right learning and development, it is possible to stave off the two-year tipping point effect, and prolong personal performance levels attained in the first few years after joining a company."

But it's not only the managers who value and are motivated by varied workload and new challenges.

Multiple studies find that today's younger workers – the Generation Y – have no intention of sticking around if they don't feel like they're learning, growing and being valued in a job. According to Beth N. Carver[11], a consultant who has spent 12 years researching exit interviews, the biggest reasons why young workers leave is due to a loss of training opportunities and a lack of mentors in the workplace.

*Consider the following **job enrichment opportunities**, as far as your business can accommodate or afford them:*

— Expose them to **work shadowing** or working with other teams on cross-departmental projects
— Encourage them to **learn a new tool or new skill** that not only will improve their performance on the job, and thus will have impact on your business bottom line, but by expanding their skill set would give you a trusted pair of hands in the area where your business might require skills in the future.
— Give them the opportunity to drive and own projects and the **autonomy to structure their job in the way that gives them control** over their daily grind. This way the employee will feel a greater sense of achievement and satisfaction.

But just because someone relishes autonomy, don't ignore them and assume they don't value feedback and management support. Rather ensure that you keep communication lines open and remember to have regular two-way feedback conversations so that you become aware of any concerns the employee may have or barriers they are facing.

*Consider introducing some form of **personal or career development planning** for your staff.*

Don't be put off by what you might think as being an overly complex and bureaucratic exercise. Career development is not about form-filling. **It is about helping employees to reflect on their current skills and their future potential through having meaningful**

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[10] http://www.i-l-m.com/edge/Staving_off_the_two_year_itch.aspx
Staving off the two-year itch 22 November 2012
[11] http://finance.yahoo.com/news/biggest-reason-talented-young-employees-175800178.html
This Is The Biggest Reason Talented Young Employees Quit Their Jobs. Annie Murphy Paul | Business Insider. *Sep 18, 2012*

conversations that happen over time, one at a time and fit within the flow and rhythm of daily work.

They can take form part of the formal development planning / appraisal meeting, or an informal but *structured and focused* chat over a cup of coffee. **It's the quality of the conversation that matters most** – it's where employees' perception of their managers' performance and own development stems from. It's how they make the decision to stay or go, or stay but disengage.

— Ask well-timed and well-thought through questions to stimulate reflection, insight, constructive discomfort, ideas, and action in your staff.
— Keep the focus on the individual and help him / her to own their development by committing to actions that they can achieve and you can support.
— Talk about your employee's aspirations, how these fit in with your immediate business needs and future direction, what projects or roles they would like to get involved in, what support and development interventions they would benefit from to help them get there.
— Remember that development occurs in many ways, not just during training courses. Employees can learn and reflect on their learning by attending conferences, seminars and briefings, reading relevant materials, and participating in projects.

Learning new skills is what people want and expect from work these days. If you want to hire and retain the best talent you would be wise to create an environment in which learning is fostered.

Yet, sometimes you hear about business owners being reluctant to send their staff on training for fear that they would subsequently leave, having expanded their skill set.

But consider these **two alternatives:**

— Have underqualified and dissatisfied employees, and all that entails, and keep them.
Or
— Have well-trained, qualified employees and risk losing them (including to the competition), but work hard on the other motivators to hold on to the best.

When you put it like that, it becomes a no brainer.

7 - Loss of trust and confidence in leadership

Some employees leave because they lose trust and confidence in their senior leaders. It often happens when you fail to provide a clear vision, realistic goals and a workable plan for achieving them.

And conversely, when employees have a clear line of sight between their job and your business aims and values, and understand *why they are here, where their work fits in and, more importantly, where they are going*, they feel greater engagement and affinity with the business. As the CEO of Camelot has put it: "*Understanding the journey that a company is on is critical to keeping employees engaged*"[12].

Ensure that your business aims and values are reflected in a strong, transparent and explicit organisational culture and way of working.

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[12] As quoted in http://dera.ioe.ac.uk/1810/
MacLeod, D. and Clarke, N. *Engaging for success: enhancing performance through employee engagement* (Department for Business, Innovation and Skills 2009).

A recent research by iOpener Institute[13], which analysed responses from 18,000 young professionals, reports that Generation Y are motivated to stay with their employer and actively recommend their organisation to friends, when they believe in the firm's economic or social purpose, and pride in the organisation and its work.

Ask yourself these questions:
— Do your employees feel they are 'kept in the picture' about developments in your business, new clients and project briefs, product developments, new equipment, management changes?
— Do you consult with them before making decisions that affect them or the company?

Take time to talk to your employees periodically to tell them about your vision for the business and to learn about their expectations and aspirations. In a small business, simple coffee sessions with your staff can promote a sense of unity and openness. It's a valuable tool to help employees feel acknowledged, trusted and loyal.

The key to success in nurturing a culture of employee engagement is regular communication and financial transparency.

Conclusions

Engaged employees are 87 per cent less likely to leave the organisation than the disengaged employees, according to the report commissioned by the Government[14]. They are also more likely to discuss positively and recommend their organisation to others as a good place to work via social media.

Although the above examples may not all be transferrable to your business, they show a range of options open for your consideration and adaptation. Most of time, off the shelf options cannot and will not work for your particular business, as the set of people working for you will differ in their personalities, life choices and career aspirations from those of your nearest competitor. The key in devising any retention plans is to take time and make a real effort to customise retention options based on your employees' actual needs and concerns.

This means you should first of all find out what your staff values most. Ask your employees what attracted them to your agency in the first place, what motivates them to come to work every day, what type of rewards they appreciate most, what would be the biggest incentive for them to stay?

By listening to their 'voice' and taking some proactive albeit small steps towards achieving their needs will result in a greater 'buzz' of engagement and commitment to see it through together.

[13] http://www.hrmagazine.co.uk/hro/news/1075786/job-fulfilment-pay-retains-gen-y-talent-iopener-institute-report
Job fulfilment, not pay, retains Gen Y talent, says iOpener Institute report. Tom Newcombe, 02 Jan 2013
[14] http://dera.ioe.ac.uk/1810/
MacLeod, D. and Clarke, N. *Engaging for success: enhancing performance through employee engagement* (Department for Business, Innovation and Skills 2009).

Top tips for employee engagement and retention:

— Check that your **salary** is in line with the market for the location and the type of role. Some jobs may carry a market premium.

— **Appreciation** is the most cost effective strategy to employee engagement and retention. Make your people feel valued and trusted.

— Consider offering **additional leave** for long serving employees or time in lieu for working overtime.

— Ensure that your **managers are competent** in dealing with people issues effectively, including when giving and receiving feedback, managing performance, having difficult conversations, coaching for success. **Share internal best practice and / or invest in an external training** course that will give your managers tools and confidence in people management skills.

— Create an environment in which **learning** is fostered. Create **opportunities for varied job content and development opportunities** for your managers and staff to ensure that they don't become bored and un-enthused in their jobs.

— Give people the opportunity to drive and own projects and the **autonomy** to structure their job in the way that gives them control. Demonstrate this by delegating well and not micromanaging.

— Learn to **recognise signs of stress** in your staff and deal with it effectively.

— Consider implementing **flexible working** for all staff. By offering your staff the benefits of managing their working time within a flexible system, you will reap the real advantages of enabling your people to be more in control of their non-work commitments.

— Articulate and communicate your vision and show your staff **clear leadership** by letting them know how they can contribute.

— Give them ways to **voice** their views and concerns. Let them tell you what will make their commitment to your business stronger and durable.

— Nurture a culture of employee engagement through **regular communication** and transparency.