Giving Employees What They Want Can Provide *Employers* with What *They* Want

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Our research has shown that employee engagement has a substantial, positive impact on organizational performance. When employees are motivated to put in extra effort to accomplish tasks that are central to the goals of the organization, the results include higher productivity, lower absenteeism, greater employee retention, superior service quality, more satisfied and loyal customers, and improved bottom-line business results. These are tangible benefits that no organization can afford to ignore. The obvious question, therefore, is what is it that motivates and engages employees?

Over the past 30 years, we've surveyed over 200,000 employees around the world, asking them, What is the most important thing you want from your employer? Time and again, the answers are the same. Across different countries, industries, and job roles, our research shows that there are seven things that employees really want from their managers and their organizations—and all seven can be described within the context of respect in the workplace.

ALL EMPLOYEES WANT IS A LITTLE R-E-S-P-E-C-T

In 1967, when the Queen of Soul, Aretha Franklin, released her signature rendition of "Respect," it resonated first with women but quickly became the song for all who felt that, at some point, they had been treated badly. The lyrics with the familiar "r-e-s-p-e-c-t" have special meaning for the workplace. As a way of describing what motivates employees to perform at their highest levels, we have used the letters in *respect* as an acronym for conveying the seven fundamental desires of employees:

1. ***R**ecognition*. Employees want "a pat on the back" and they want their views to count. Essentially, they want to be recognized and appreciated as valued team members—particularly by the person who should be most familiar with their work: their line manager. HR practitioners can help by encouraging managers to recognize and appreciate people for the work they do. Managers should make the time for recognition and integrate it into the normal routine. They should close the gap between employee actions and when those actions are recognized. They shouldn't ignore employee performance until the annual review—and they should never focus solely on criticism.

   An example of recognition in practice is the Symantec Corporation. The California-based software firm uses a centralized recognition system, called the Applause Program, that allows employees to be honored with gift cards totaling up to $1,000 and e-cards, to show appreciation. Prior to the Applause Program, the company estimated that only 5 percent of

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employees were recognized for outstanding performance. Now, thanks to the new program, the return on investment in employee recognition can be tracked and job-performance metrics guarantee that workers receive the appropriate recognition.[1]

2. ***E****xciting work*. Employees want a job that's challenging, interesting, and fun. They want a sense of accomplishment, and they want to feel the time they've spent at work has been worthwhile. According to our research, employees are significantly more likely to feel excited about their work if they are learning something new, are involved in a pioneering project, or are empowered to operate with autonomy. HR practitioners should encourage managers to discuss with employees what they like and don't like about their jobs. Managers should aim to provide variety where possible.

   The Eisai Company, a Japanese pharmaceutical maker, creates exciting and engaging work for its employees by using "innovation communities." Groups of employees, throughout the company, work together on new products, services, and business processes. Every employee worldwide also participates in a healthcare-related project. This helps employees to see and understand the issues that patients find most significant. It has proved to be a successful motivational tool.[2]

Managers should be persuaded to consider the morale, welfare, and well-being of their teams. If they can empower employees and give them a say in how they work, it will create trust and provide a greater sense that employees are expanding their skill sets and controlling their own destiny.

3. ***S****ecurity of employment.* Employees want job security. They want to feel confident about their organization's future, and they want stability and steady work so they can meet their financial obligations. HR practitioners must ensure that managers understand this fundamental need. Managers should be persuaded to consider the morale, welfare, and well-being of their teams. If they can empower employees and give them a say in how they work, it will create trust and provide a greater sense that employees are expanding their skill sets and controlling their own destiny.

   Lincoln Electric, the world's largest manufacturer of electric arc-welding machinery, has a long-term commitment to job security. In 1958, it introduced a no-layoff policy for Cleveland-based employees who have worked for three or more years and who complete their daily responsibilities and meet performance expectations. The company's growth, steady profits, and international presence are a testament to the success of that employment guarantee. The resulting workforce stability also ensures that company-specific knowledge is retained and severance costs and future recruiting and training expenses are spared.[3]

4. ***P****ay*. Employees want to be compensated fairly for the work they do and the contribution they make (through base pay, bonuses, and benefits). The important word here is *fair*. We all want to feel that we are being treated fairly and that our performance is evaluated on merit. In many cases, pay is what noted psychologist

Frederick Herzberg referred to as a "hygiene factor"[4]: an employee needs to be paid enough, but beyond that point, pay loses much of its motivating power. However, stopping short of *enough* deeply affects an employee's sense of goodwill at work, striking a severe blow to his or her commitment to the job and the organization. The trick is to identify what employees feel is *fair* pay. Having transparency about the salary decisions—salary ranges and the requirements for a raise, for example—helps employees to set realistic expectations and creates an environment of fairness. HR practitioners should provide an annual compensation and benefits review to underline how much the organization is investing in each individual. Allowing employees time off can compensate for lower pay.

Barclays, the global financial-services provider that operates in more than 50 countries and employs over 144,000 people, implemented a fair-wage program in 2004 by increasing hourly pay rates, providing better benefits, and increasing sick and holiday pay for its London-based cleaning staff. The program resulted in a decline in both absenteeism and turnover, with turnover falling dramatically from 30 to 4 percent. The program also resulted in better customer service and higher customer satisfaction.[5]

5. ***E****ducation and career growth.* Employees want to be given opportunities to develop their skills and to advance their career. HR practitioners can help by ensuring that resources are available for the necessary training and by encouraging managers to offer employees "stretch assignments" in which they'll learn new skills, thereby increasing their engagement and job security. HR should also facilitate formal and (at least) annual career discussions with employees to determine their goals and aspirations. Managers should be encouraged to give people the autonomy, authority, and encouragement to use their skills and to do their jobs in their own way.

   As an example, Kimberly-Clark, the multinational maker of paper and personal-care products, has worked to improve talent development for its rapidly growing overseas markets. The company increased the average training time for Latin America–based employees to 38 hours per year. Much of the training has focused on dramatically improving the manufacturing skills of their blue-collar workforce. The company has also implemented a program to build social and interpersonal skills. It also promotes the pursuit of nonwork skills, such as piano lessons.[6]

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6. ***C****onditions.* We don't work in a vacuum; what happens around us matters. Employees want a well-equipped environment that is comfortable, healthy, and safe. For most, the social working conditions are even more important than the physical conditions. This should be good news for managers since creating a positive social environment can be a lot easier to implement than costly changes to the office or factory floor. However, repairing interpersonal and team dynamics is a difficult task due to the emotional nature of the

problem. HR practitioners should encourage managers to arrange team social interactions that will promote goal alignment and teamwork. Managers should also be encouraged to listen and respond to employee complaints and to help individuals achieve their own work–life balance.

With regard to work conditions, Bobco Metals, one of the oldest metal companies in Los Angeles, redesigned its neglected workspace and consolidated its decentralized offices into one space. This allowed management and administrative and sales teams to better interact with each other. The design also improved the natural lighting through the addition of a longitudinal window and resulted in a stylish workplace including a ceiling canopy made of bent and folded metal. As a result of the redesign, the company increased efficiency and operational effectiveness.[7]

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7. ***Truth.*** Finally, employees want to be told the truth. They want to work for honest and transparent managers who act with integrity and who communicate openly and directly. Organizations ask employees to be completely committed to their work, but in the absence of accurate information about where the company is headed, employees are often hesitant to give 100 percent or even believe in their organizations. Employee perceptions of dishonesty and lack of transparency (even if the perceptions are not true) breed skepticism and distrust. Rebuilding this trust is mandatory for repairing employee engagement and commitment. HR practitioners should encourage managers to provide honest feedback and set clear goals. Regardless of how bad things are, employees should always be told the full story. They'll know if things are bad. Managers need to understand that lying will only undermine their credibility.

   The SAS Institute offers an example in this area. This analytical-software-systems company is regularly recognized by the Great Places to Work Institute as one of the top companies to work for in America. The company has implemented several initiatives to improve transparency and trust and to bolster communication. In addition to candid question-and-answer sessions, leaders have started blogging with and participating in live webcasts to their global staff. These initiatives help provide open, honest, and transparent leadership and have contributed to the firm's low rate of employee turnover, high number of job applicants, excellent customer service, and financial success.[8]

WHY SHOULD ORGANIZATIONS PROVIDE EMPLOYEES WITH WHAT THEY WANT?

Providing employees with RESPECT—recognition, exciting work, security of employment, pay, education and career growth, conditions, and truth—yields tangible benefits to organizations. It also enables employees to lead more fulfilling and rewarding lives.

The tangible business benefits that can arise from giving employees what they want can perhaps best be expressed through the framework of the balanced scorecard. The balanced scorecard is a popular and proven methodology that leadership teams use to help translate strategy into action. It focuses attention on four different quadrants of your organization: people, operations, customers, and financial performance. In the sections that follow, we examine each of these areas (listed for the purposes of this article as employee engagement, operational performance, customer satisfaction, and financial performance) and how they can be affected by RESPECT.

Employee Engagement

Enthusiasm for work, commitment, organizational pride, alignment with organizational goals, and a willingness to exert discretionary effort are all elements that show up in past research on employee engagement. The level of employee engagement, at any organization, is important because it is strongly related to a host of outcomes such as individual and team performance, customer satisfaction, profitability, and total shareholder return. Simply put, organizations with a more engaged workforce consistently outperform their competitors.

Using the Kenexa Employee Engagement Index (EEI), we quantify engagement by measuring pride, satisfaction, advocacy, and commitment. The rationale is straightforward: employees who have pride in and are satisfied with their organization also tend to advocate for and remain with their organization. Specifically, our Employee Engagement Index includes these four items:

1. I am proud to tell people I work for my organization.
2. Overall, I am extremely satisfied with my organization as a place to work.
3. I would recommend this place to others as a good place to work.
4. I rarely think about looking for a new job with another organization.

Employees answer these questions using a standard five-point balanced Likert agreement scale (for each question respondents mark either: strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree). The Employee Engagement Index score is the average percentage of agreement across the four components of the index.

The EEI score for employees whose RESPECT needs are fulfilled is 117 percent higher than for their unfulfilled counterparts. High levels of employee engagement should be a goal for all organizations. One way to guarantee it is to provide RESPECT.

Operational Performance

Employees who get what they want from their organizations also view their organizations as more formidable competitors. As you can imagine, the organization holds a tremendous advantage when its employees truly believe they are on a winning team.

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Employees are the eyes and ears of an organization, and their perceptions provide valuable insight into how well things are working. If you want to know what your suppliers and customers think of your business, just ask your employees. Employee perceptions of customer-service quality can serve as a proxy for actual ratings of customer satisfaction and loyalty.

We measure employees' perceptions of their organization's overall customer service, quality, and competitiveness using the Performance Outcome Index (POI). We ask employees to rate their organizations (using the same five-point Likert scale described earlier) on the four items that make up the POI:

1. Overall, customers are very satisfied with the products and services they receive from my organization.
2. My organization provides higher-quality products and services than other similar organizations.
3. My organization competes well against others in the industry.
4. My organization's performance has improved during the past year.

As with the computation of the EEI score, the POI score is the average percentage favorable score on the items comprising the index.

Employees whose organizations fulfill their most important wants also report that their organization is well positioned for success. The POI score for fulfilled employees is 64 percent higher than for the unfulfilled group. This means that organizations that meet employee needs are not only more engaging places to work, but are also better at providing higher-quality products and services and creating more satisfied customers.

Loyal customers not only are repeat customers, but also tend to buy more products and services, thus further increasing the organization's revenue and market share.

Customer Satisfaction

Of course, you don't have to rely solely on employee opinions of how customers feel about an organization; you can find out directly from the customers. We wanted to determine the relationship between organizations' fulfilling the RESPECT needs of their employees and the satisfaction of customers who purchase products and services from that organization.

To measure customer satisfaction, we relied on an existing and highly regarded measure, the American Customer Satisfaction Index (ACSI)—an economic indicator based on customer evaluations of US- and foreign-owned entities selling products in the United States. Companies use ACSI evaluations to improve and maximize their customer relationships, and this, in turn, drives customer loyalty and profitability. It has been shown that companies with high ACSI scores tend to have better-performing stock prices than low ACSI scorers. The national ACSI average is 75.3 points. Scores above 80.0 are viewed as very good.

After examining more than 60 companies for which we have both RESPECT data and ACSI scores, we found that high-RESPECT companies achieve an average ACSI score of 79—almost four points above the national average. This impressive result can be contrasted with the performance of low-RESPECT companies. They manage a score of only 67.3.

This means that those organizations that do a better job of fulfilling the most important workplace needs of their employees are the same ones that tend to do a better job (we could say a much better job) of fulfilling the needs of their customers. Although customer satisfaction alone does not ensure customer loyalty, we know that customer loyalty will not result without customer satisfaction. Loyal customers not only are repeat customers, but also tend to buy more products and services, thus further increasing the organization's revenue and market share.

Financial Performance

To demonstrate the impact of a high-RESPECT workplace, we have so far relied on the opinions of the workers themselves and the organization's customers. We wanted to build on this to find out how high-RESPECT organizations perform against their corporate peers. In other words, does it pay to be a high-RESPECT organization?

To answer this question, we correlated our RESPECT data against three financial metrics—diluted earnings per share, total shareholder return, and return on assets[9]—for over 100 companies worldwide. These companies represent all major industries, including retail, finance and banking, manufacturing, hospitality, health care, and business services, in all major economies around the world. We found that high-RESPECT companies outperformed both the average and the low-RESPECT companies on all three of these key measures of financial performance.

The high-RESPECT companies on average produced US $3.56 more in diluted earnings per share than the low-RESPECT companies. For total shareholder return, the results are equally dramatic. During 2009, a time of market volatility and higher-than-average returns due in part to the bottoming out of the stock market in 2008, high-RESPECT companies delivered to their shareholders an average return of 49.8 percentage points more than low-RESPECT companies. An examination of return on assets produces the same conclusion: high-RESPECT companies outperform low-RESPECT companies by up to ten times.

TALENT AND THE SHIFT FROM BUREAUCRATIC TO DYNAMIC

In the future, companies will be competing with each other not only in the consumer and commercial marketplaces, but also in the skilled labor pool. To survive and thrive in the future, organizations will need to embed the elements of RESPECT into their workplaces or risk being left behind. Further, the principles of RESPECT can help an organization to shift its culture and practices from the bureaucratic to the dynamic.

Bureaucratic organizations are well suited to a stable business environment. With centralized decision-making and standardized procedures, they can scale quickly, reduce costs, generate profits, and satisfy mass needs. A key characteristic is that problems aren't solved on the front lines where they actually occur, but in the executive suite. A few smart people make all the important decisions. Silos exist and these bring with them complex territorial issues whereby one unit's success might be at the expense of another. Turf wars are not uncommon. The manager's job tends to be focused on implementation, monitoring, motivation, and control over others. Given that a stable business environment is a thing of the past, this type of organization has to change to become more dynamic.

Dynamic organizations offer a more flexible workplace. Employees typically work in cross-functional teams and are empowered to innovate, solve problems, and work where they are most efficient (which may be at home or during nontraditional work hours).

Dynamic organizations offer a more flexible workplace. Employees typically work in cross-functional teams and are empowered to innovate, solve problems, and work where they are most efficient (which may be at home or during nontraditional work hours). Our research shows that this way of working makes employees more committed to their jobs because they

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are typically given more challenging and complex assignments. The manager's job is to facilitate smart, creative solutions and to make sure employees are contributing at their highest level and living up to their potential.

Concentrating on the seven elements of RESPECT can help HR practitioners to bring about this fundamental cultural change.

DO THE RIGHT THING

What does creating a high-RESPECT organization give you? We know that it creates more engaged employees, and we know these employees believe they are producing superior products and services. These positive employee beliefs are a proven proxy for actual corporate performance, and we see that reflected in satisfied and loyal customers, superior financial performance, and higher stock prices.

One of the great mysteries of today's global workforce is that RESPECT is so fundamental and yet often very difficult to deliver. RESPECT means having employees who want to be recognized, who want to perform at their peak and accomplish their work with a sense of security and confidence in their economic future. Yes, they also want to be fairly compensated. In addition, they want the opportunity to grow and develop their skills, and they want positive working conditions. When it comes to honesty, people at work are no different from people at home: they want to be told the truth and to be able to tell the truth without fear. These "wants" seem so reasonable that it's hard to imagine not providing them to employees.

The good news for organizations is that these things don't cost a lot, if anything, to implement. For example, providing recognition and telling the truth cost nothing. Finding exciting work just requires managers to be in touch with what motivates each individual. It's simply a case of encouraging managers to make the necessary effort.

Providing RESPECT is not only good for business; it is also the right thing to do. Consider the golden rule: "Do unto others as you would have them do unto you." This adage of reciprocity is found in nearly all religions and represents the most elemental teaching of respectful human interaction. The workplace, for its part, has become one of the most important institutions in our lives. It's where we make friends, have shared experiences, and realize our potential. As such, don't our workplaces deserve to have the golden rule hung over the entryway?

The simple conclusion from our research is that if you give employees what they want, they will—in return—work harder, stay longer, and help your organization to outperform its competitors.

NOTES

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9. Diluted earnings per share takes into account standard earnings per share (income divided by outstanding shares) but also accounts for what earnings would be if all outstanding stock options and warrants were exercised. It is seen by analysts as an accurate assessment of the health and profitability of an organization. Total shareholder return is a measure of the change in a company's stock price plus dividends paid. Return on assets is defined as net income divided by assets and provides an indication of how efficient management is at using the organization's assets to generate earnings.

Jack W. Wiley*, PhD, founder and president of the Kenexa High Performance Institute (see www.khpi.com), is recognized internationally for groundbreaking research that links employee survey results to measures of customer satisfaction and business performance. He created the WorkTrends™ survey, an annual global survey of employee engagement, performance excellence, and managerial effectiveness. He is a noted speaker and writer on these topics and most recently coauthored (with Brenda Kowske)* RESPECT: Delivering Results by Giving Employees What They Really Want *(Jossey-Bass, 2011). He also wrote* Strategic Employee Surveys: Evidence-Based Guidelines for Driving Organizational Success *(Jossey-Bass, 2010). He has more than 30 years of experience consulting with organizations in the health care, financial services, manufacturing, and retail industries. He may be reached at jack.wiley@kenexa.com.*