

Happy days

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The best staff will stick around if there are flexible conditions and they feel part of the decision-making process.

The idea of employee engagement has become something of a buzz concept in companies fighting to retain their best staff in an increasingly competitive market for the most able personnel.

When assessing an employee's level of engagement, work-life balance is seen as crucial to the degree of job satisfaction, commitment to the organisation and intention to stay. But some experts now say this is less important than many CEOs believe.

"Even janitors can be engaged if they're involved in the work design and how they go about getting their work done."

- Peter Fuda, PCD

Dr Peter Langford, a lecturer in organisational psychology and human resource management at Macquarie University, recently released the results of a two-year survey of 10,000 employees from 700 organisations, including small, medium and large companies.

The study assessed which of 28 management practices had the greatest impact on an organisation; including employee engagement, staff turnover, absenteeism and profitability.

Even Langford didn't expect work-life balance to be the worst predictor of whether employees were engaged. "It was a surprise to us," he says. "Work-life balance is such a hot topic and a lot of time, attention and money is being spent on it."

Langford says what does engage employees are what he calls the "three Ps": purpose, participation and progress.

"Purpose means people believe in what the organisation is doing," Langford says.

"Participation means they feel involved in decision-making, [are] recognised and are given opportunities in the organisation. Progress means they see the organisation as being successful and achieving goals."

Of lesser importance were property (resources and technology) and people (teamwork and working with talented people). The least important was peace, which relates to stress management and work-life balance.

"This defies what is coming through most of the media at the moment, which implies that work-life balance is very important and most organisations are doing it badly," Langford says. "The reality is completely the opposite. It's really not very important at all and most organisations are doing quite reasonably at it."

Ironically, Langford notes, the most engaged employees are those with the worst work-life balance.

"They may want some flexibility around how they spend their time, but

they don't think they necessarily need to demarcate work and family any better than they are doing now."

When the results were analysed by age and family status, work-life balance was important for those aged between 30 and 40, who were married or had children.

"But it doesn't increase dramatically and there are other things of greater importance for employee engagement," Langford says.

He also puts forward a strong business case for improving employee engagement. His figures are modeled on a 200-person firm that pays an average salary of \$80,000 per employee and has revenues of \$30 million.

Langford says if engagement can be improved by 5 per cent, turnover costs will fall by \$240,000, absenteeism costs by \$21,400 and profitability will be \$300,000 higher.

Peter Fuda, founder and managing director of PCD, a boutique change leadership consultancy, also believes work-life balance is a "bit of a furphy" in relation to employee engagement.

Fuda, whose clients include major banks, financial services companies and government bodies, says lack of engagement occurs in companies that still apply an "industrial-age mindset to the 21st-century economy".

Fuda details the beliefs of industrial-age management as: people don't need to see the future, they just need to follow the rules and do what they are told; they can't be trusted; nothing good happens without the carrot and the stick; the leader makes all the important decisions;

detailed policies and close supervision are the key to performance.

While this belief system is held by a large proportion of baby boomer leaders, Fuda says it simply doesn't work, particularly with the generation X and Y employees who now make up half the workforce.

"When baby boomers try to get things done by making all the decisions and telling people to do what they are told, that's the fastest way to disengage, disorient and disempower," he says.

If you want to engage employees, transparency about your business operations is crucial, as is having meaningful work.

"Even janitors can be engaged if they're involved in the work design and how they go about getting their work done," Fuda says.

There must be a "direct line of sight" between every individual and the contribution they make to achieving major organisational goals.

Leaders must understand how people learn and become engaged - which is not through death by PowerPoint or CEOs pitching their conclusions to employees.

"We have a saying that people will tolerate the conclusions of their leaders, but they will only act upon their own conclusions," Fuda says.

"So what you are trying to do is generate thinking and dialogue around the conclusions that you've come to, in order to allow workers to come to the same conclusions."

And if you come to quality decisions based on good data, your people will generally come to the same conclusions.

Companies must dearly define their purpose, vision and strategy, and have a set of agreed values and shared standards.

This means taking the mission and vision statements off the wall and understanding what words such as "integrity", "respect" and "communication" mean to baby boomers and to generations X and Y, because each group speaks a different language.

In enlightened organisations, Fuda says baby boomer CEOs are looking to their smartest young staff to give them a clear understanding of what is going on and how older managers can connect with these employees.

Gabrielle Riddington, senior principal at recruitment consultancy Hamilton James & Bruce, says staff retention is now high on boardroom and CEO agendas because it is markedly affecting business performance.

"The market is tight and it is getting really, really hard to attract quality and skilled employees," she says.

Riddington believes work-life balance is important, particularly because some 45 per cent of workers are caring for children or ageing parents. The number of single-parent families has grown dramatically, which has increased the need for flexible working conditions. Generation Y staff also need to balance personal and business objectives, and also want flexibility. To illustrate this, Riddington quotes a young job applicant: "I want less politics,

more action, I want more flexibility, I want to be able to respond faster, I want the opportunity to make a bigger impact and I want more control."

She says small-to-medium enterprises (SMEs) are in a good position to provide "responsiveness and ownership" to younger workers because large companies can be constrained by global processes, even if they offer best-practice environments and learning experiences.

"I think SMEs have quite a competitive advantage over the large corporates to address this issue and if they get it right it's a huge selling point.

"Generations X and Y really like to say, 'Give me the problem and let me solve it. Don't tell me how, tell me why and what you want' In an SME, that's really exciting stuff, because sometimes there's no precedent for the way it's been done."

Riddington says it's essential for baby boomer managers to learn how to manage generational differences. They must live the company values so the reality matches the rhetoric. Transparency is essential, communication must be collaborative rather than dictatorial and employees must be involved in decision making.

Coaching is a crucial core competence within an organisation, because that's what generations X and Y respond to.

"They don't respond to telling," Riddington says. "You've got baby boomer managers who tell, so they leave."

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