Strategic Human Resource Management: Employee Retention and Engagement

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Main Objectives of the Session

- Strategic Approach to HRM
- Brief Overview of the Classic Theories of Motivation
- Strategic Approach to Employee Retention: Specific Strategies and Workplace Policies that Increase Employee Motivation and Engagement
- Generational Differences and Approaches to Accommodating these Differences
- Small Group Session: Designing a Workforce Engagement Plan
Strategic Approach to Human Resource Management

- Context for the Strategic HRM: technological changes, increasing long-term fiscal pressures, massive shifts in the workforce (aging, increasing diversity, dynamism)

- Strategic HRM Tenets: 1) An agency effectively responds to environmental pressures via HRM practices; 2) Focus on organizational mission, core objectives, and employee productivity; 3) Employees are viewed as stakeholders.

- Engaged and motivated employees lower employee turnover, improved retention, higher organizational productivity: how do we avoid the ‘engagement cliff’?

- Public sector constraints: we can’t rely on the same ‘boosts’ of motivation as private sector companies do. What can we do to improve employee engagement and retention?
Retention Management: Organizational and Individual Factors

Organisational and industry attributes:
- Long, unsocial working hours
- Low pay
- Low skill requirement
- Educational mismatch
- Lack of career development

Personal Employee Dimensions:
- Stress
- Role clarity
- Resource inadequacy
- Job burnout
- Emotional exhaustion

Improved Organisation Strategies:
- Recruitment strategies
- Quality of training
- Appropriate education and job fit
- Work-life balance policies

Work-Life Conflict

Increased job satisfaction, organizational commitment and employee retention
Factors which incite and direct an individual’s action (Atkinson, 1964)

The set of internal and external forces that initiate behavior and determine its form, direction, intensity, and duration (Pinder, 1998)

Motivation is not:
- directly observable;
- the same as satisfaction/goal achievement;
- always conscious;
- not directly controllable
Classic Theories of Motivation: Maslow’s Hierarchy of Needs Chart (1943)

- **Physiological**
  - Breathing, food, water, sex, sleep, homeostasis, excretion

- **Safety**
  - Security of body, of employment, of resources, of morality, of the family, of health, of property

- **Love/Belonging**
  - Friendship, family, sexual intimacy

- **Esteem**
  - Self-esteem, confidence, achievement, respect of others, respect by others

- **Self-actualization**
  - Morality, creativity, spontaneity, problem solving, lack of prejudice, acceptance of facts
The Motivation Hygiene Theory
(Frederick Herzberg, 1959)

- **Main argument:** certain factors in the workplace that cause job satisfaction, while other factors cause dissatisfaction.

- **Determinants of job satisfaction (main factors of motivation)**
  1) achievement; 2) recognition; 3) work itself; 4) responsibility; 5) advancement opportunities.

- **Determinants of job dissatisfaction (preventative or hygiene factors)**
  1) org. policy and administration; 2) supervision; 3) salary; 4) interpersonal relations; 5) working conditions.
Theory X

- The average human being has an inherent dislike of work, and will avoid it
- Most people must be coerced or threatened with punishment to exert adequate effort
- People prefer to be directed and wish to avoid responsibility

Theory Y

- The expenditure of physical and mental effort is as natural as play or rest
- A person will exercise self-direction and self-control if he/she is committed to objectives
- Lack of ambition and avoidance of responsibility is the result of experience (not ‘bad people’)
- Imagination, creativity, and determination are common human qualities
Theory X and Theory Y
(Douglas McGregor, 1960)

‘Theory X’

Management

Theory X - authoritarian, repressive style. Tight control, no development. Produces limited, depressed culture.

Staff

‘Theory Y’

Management

Staff

Theory Y - liberating and developmental. Control, achievement and continuous improvement achieved by enabling, empowering and giving responsibility.
Improving Retention and Engagement via Motivational Strategies

- **Strategy I. Providing Conditions for Employees to Satisfy Their Needs**
  - Extrinsic and Intrinsic Rewards
  - Workplace Policies & Career Development Opportunities

- **Strategy II. Goal Setting – Aligning Employees’ Goals with Organizational Goals**
  - Establishing a Mutual Understanding of Employer and Employee Expectations

- **Strategy III. Using Leadership Skills**
  - Good and Bad Managerial Habits
Motivating People in Organizations: Extrinsic and Intrinsic Rewards

Rewards of Work

Affiliation
- Organization support
- Work environment
- Organization citizenship

Compensation
- Base salary
- Bonus

Benefits
- Insurance
- Retirement Plans
- Paid Time Off

Work Content
- Variety
- Challenge
- Empowerment
- Meaningfulness

Career
- Advancement
- Personal Growth
- Training
- Professional Development
Extrinsic rewards:
- tangible rewards given to employees by managers
- external to the work itself; other people control their size and whether or not they are granted
- generally, a very effective and universal source of motivation

Intrinsic rewards:
- psychological rewards that employees get from doing meaningful work and performing it well
- a relatively healthy and sustainable source of motivation
- 4 main categories of rewards:
  - Sense of meaningfulness;
  - Sense of choice;
  - Sense of competence;
  - Sense of progress.
Motivation, Rewards and Effect on Employee Productivity

- **Equity Theory (Adams, 1965):**
  - Explains how a worker reaches a conclusion that he/she is being treated fairly or unfairly;
  - 2 types: 1) subjective calculation of the balance between inputs (contributions) and outputs (recognition);
  - 2) comparison with other employees.

- **Expectancy Theory (Vroom, 1964):**
  - Relationship between job satisfaction and performance
  - How much an individual wants something versus perceived effort-reward probability: 1) subjective value of rewards and punishments; 2) probability of rewards and punishments; 3) confidence in one’s ability to perform the job.
Meeting Employee Needs: Flexible Working Arrangements

- Job satisfaction reports indicate the increasing demand for flexible work schedules and other work accommodations.

- **Flextime**: varying starting and ending times.

- **Compressed workweeks**: fewer than five days.

- **Regular part-time**: less than full-time status.

- **Job sharing**: two part-time employees sharing a full-time job.

- **Phased retirement**: gradually reducing hours before retirement.

- **Telecommuting**: regularly working at a site other than office.

- **Accommodating diversity**: individual preferences, cultural and spiritual needs, age-related needs.
Meeting Employee Needs: Life-Work-Balance Programs

- **Employer-Sponsored Child Care**: parental leave, on or near-site facilities, financial assistance, referrals, emergency needs.

- **Adoption Assistance**: paid & unpaid time off (use of sick and other leave), reimbursement for legal and medical expenses.

- **Elder Care**: paid & unpaid time off, referrals, assistance with insurance paperwork, information and support services, care management services, discounted backup homecare.

- **Family-Friendly or Single Hostile?** Life-style friendly policies (paid education, professional development, etc.).

- **Stress-Reduction Programs**: wellness programs & employee assistance programs; assessment, observation, feedback and coaching; workshops on time & stress management.
Multigenerational Workforce: Strategic Challenges and Opportunities

The Workforce in 2015
Projected size of U.S. labor force (in millions) by age, for the year 2015

Source: Department of Labor | WSJ.com
Considering Generational Differences in the Workforce

- Generational Cohort Theory (Strauss & Howe, 1991)
- Traditionalist/Silent (1929-45); Boomer (1946-64); Generation X (1965-79); Generation Y/Millennials (1980-99)
  - Generations are a social construct: individuals born in a certain time period are influenced by historical and social context & specific events → shared values and attitudes
  - Generational cohorts possess a unique set of preferences that distinguish their workplace tendencies.
  - Common perceived differences: use of technology, communication, work climate, leadership and feedback, work-life balance, team orientation, involvement and empowerment.
- Competing explanation: Life Stage Theories.
Generational Differences in the Workforce: Engaging the Millennials

- **Generation Y** is *technology-driven, multitasking, confident, optimistic, skeptical* (need an explanation why), *higher turnover rates* as compared to their older counterparts.

- Prefer a *culturally sensitive, fun-at-work* workplaces.

- Prefer a *team-oriented work environment*, bosses with whom they can relate and who value employee input.

- Prefer constant and instantaneous *feedback from leaders*.

- Value *work-life balance* and prioritize *engagement with family and friends* over work commitments.

- **Workplace policies:** mentoring programs, more employee development, team-based environment, flexible work arrangements, performance-based rewards, more technology.
Effective Use of Employee Development Strategies

- **ED**: training that prepares employees to perform their present jobs better, and career development activities for job growth and greater responsibilities.

- Focusing on competencies as a set of knowledge, skills, abilities.

- **Supervisor’s role as a “Performance Coach”**:  
  - clarifying performance and behavioral expectations;  
  - helping employees understand the organization’s long and short-term goals;  
  - identifying learning opportunities;  
  - giving positive and corrective feedback;  
  - and providing necessary resources.
Examples of Employee Development Activities

- **Events:**
  - Classes, workshops, seminars
  - Webinars
  - Conferences

- **On-the-Job:**
  - Cross-training
  - Challenging assignments
  - Job shadowing
  - Observation and demonstration
  - Mentoring
  - Coaching, counseling
  - Buddy assignments

- **Organizational:**
  - Team/committee membership
  - Committee leadership
  - Job rotation
  - Job enlargement & enrichment
  - Professional organizations

- **Education:**
  - Degree Programs
  - Certificate Programs

- **Independent learning:**
  - Reading Assignments
  - Online Training
10 Habits of a Bad Manager

1. Manages everyone the same
2. Their point of view is the only point of view
3. Technical to management
4. Heart is not in the game
5. Lack of empathy
6. Lack of time
7. Lack of effort
8. Lack of smart goal setting
9. Lacks of self-awareness
10. Does not want to manage people
Leadership Matters: Good and Bad Management Habits (West&Berman, 2011)

- **Good Habits**: firm position on ethics issues and refusing unethical requests; safeguarding confidential information; concern for team members’ well-being; considering rights of others in decision-making; set high standards for themselves.

- **Bad Habits**: managers being overly passive, judgmental, defensive, intimidating, closed-minded, or tardy in their performance.

- **Bad habits are more important for productivity than good habits?**
  - Bad habits significantly offset performance gains from productive management work habits.

- **Awareness is key**: people may be unaware or in denial.

- **Organizational policies** may help to offset bad habits: performance appraisals, clear promotion criteria, training, mentoring.
Using Psychological Contracts to Improve Employee-Manager Understanding
(Berman & West, 2003 & Exhibit 6.5.)

- PC - an *unwritten understanding* about mutual needs, goals, expectations, and procedures.

- **Scope:** the frequency and nature of *managerial feedback*; the possibility of *training and professional development*; support in dealing with *child care responsibilities*; flexible *work arrangements*, etc.

- PC *increase motivation, commitment, and performance* by allowing managers to better *understand* the needs of individual employees.

- PC ensure a *high degree of clarity* about roles and expectations, increase *open communication.*
1. The important **needs** of an individual worker are identified.

2. **Dialogue** about which needs can, or cannot be met, or can be met in a modified form.

3. The manager and worker reach **realistic agreement** about which needs can be met/can’t be met.

4. Both a manager and an employee commit to do their part of the job – **dual accountability**.

5. **Fair balance** between what is expected from the worker and the worker’s rewards.
Ways to Decrease Disengagement
(Lynne Cowar; Public Manager, 2014)

- Show that an employee is a valued member of the team (assignments, regular feedback with specific examples)

- Recognize employee accomplishments and organize employee events to foster a sense of belonging

- Get to know an employee and what motivates him/her (including generational differences)

- Engage in collaborative goal setting, developing personal growth plans, design opportunities for development

- Sponsor professional memberships and other networking opportunities, agency sponsored lunches, speakers, workshops

- Collaborate with others and share best practices
Strategic HRM: Engaged Employees – Productive Workplaces

• Small-Groups Session: Employee Engagement & Retention Brainstorming
  ➢ Employee Engagement Worksheet
  ➢ 4 Workforce Scenarios
  ➢ “Why Employee Morale Matters – Especially Now”

• Additional Resources on Strategic Approaches to HRM:
  • Books and articles
  • Reports (*Partnership for Public Service, ICMA*)
  • Web sites