



CUTTINGS

Number 85 April 2010

Compiled and edited by Geof Cox

Can Employee Engagement help us out of recession?

Three different reports from the UK, USA and Australia all combine to give the answer on this question. As with the analysis in the MacLeod Report, reported in *Cuttings* 82, the message is so clear, and the need so great, that managers who are not pursuing deliberate engagement strategies are causing positive harm to their organisations and should be dealt with accordingly.

Job satisfaction at an all-time low

The CIPD conducts a quarterly survey among UK employees on their opinions of and attitudes towards working life. The last survey, covering winter 2009-10 shows job satisfaction dipping to the lowest point ever with a net satisfaction score of just +35.

There are some disturbing differences across job satisfaction by age groups. There has been a dramatic dip in job satisfaction for 18-24-year-old respondents, from +28 in the Autumn survey to just +5 this quarter. This adds weight to current concerns about the 'lost generation' of young people who are being disproportionately and negatively affected by the current economic climate, particularly worrying because this 'lost generation' is the future.

Employees feel less secure in their jobs, are less likely to agree they are learning new skills or have opportunities to progress and are more likely to feel worried about the future. They are also more likely to agree there has been an increase in office politics and less likely to trust their immediate manager.

Alarm bells for senior managers

It is employees' attitudes to senior managers that should ring most alarm bells. Only about a third of employees say they trust or have confidence in their senior managers and three-quarters report that their organisation's directors do not consult them. Employees' negative perceptions of consultation is likely to be one of the reasons for the lack of trust and confidence in leaders. Inadequate consultation needs to be tackled to improve employee engagement, motivation and retention in the long term.

Getting beyond money

The second comment comes from the a recent McKinsey Quarterly survey: non-financial motivators are more effective than extra cash in building long-term employee engagement in most sectors, job functions, and business contexts.

Many financial rewards mainly generate short-term boosts of energy, which can have damaging consequences. McKinsey find that three non-cash motivators—praise from immediate managers, leadership attention, and a chance to lead projects or task forces—are more effective motivators than the three highest-rated financial incentives: cash bonuses, increased base pay, and stock or stock options.

The survey's top three non-financial motivators play critical roles in making employees feel that their companies value them, take their well-being seriously, and strive to create opportunities for career growth. These themes

recur constantly in most studies on ways to motivate and engage employees, so it makes sense to utilise them, economically and motivationally.

Engagement and business

In Australia, one hotel company has made distinct links between engagement and business outcomes. After a number of years of static survey scores, they started to present and manage the data in a different way. They highlighted a 90% correlation of Employee Engagement to Profitability, Customer Satisfaction, Employee Turnover and Employee Absenteeism.

By being able to demonstrate clear links between Employee Engagement and other business indicators, Engagement became central to business management and got treated in a similar way to Profit and Loss.

Not just a survey

The MacLeod Report makes the point that Employee Engagement is not about conducting surveys. As the Australian example shows, surveying alone does not make the change. There is a need to get management to implement very low cost, simple and easy actions: praise, attention, listening to feedback, involvement and providing opportunities. Low cost solutions when there is not much cash to use to motivate.

A no-brainer.

CIPD Report – Employee Outlook Winter 2010

McKinsey Quarterly – Motivating People: Getting Beyond Money Employee Engagement and Business Outcomes—PeopleStreme White Paper

CUTTINGS is edited and published by Geof Cox of New Directions Ltd.. The contents are the property of the publisher but may be used if the publisher is identified and if copies of such use are sent to the publisher.



Snippets

A bumper collection of thought provokers and quotations...

- ✂ “Don't take life too seriously; you'll never get out of it alive.”
Elbert Hubbard
- ✂ “I learned from Steve Jobs that people can change the world. Maybe we didn't get 95 percent market share, but we did make the world a better place. I learned that some things need to be believed to be seen. These are powerful lessons—very different from saying we just want to eke out an existence and keep our heads down.” *Guy Kawasaki*
- ✂ “No pessimist ever discovered the secrets of the stars, or sailed to an uncharted land, or opened a new heaven to the human spirit.” *Helen Keller*
- ✂ “An honest heart possesses a kingdom.” *Seneca*
- ✂ “The pursuit of truth and beauty is a sphere of activity in which we are permitted to remain children all our lives.” *Albert Einstein*
- ✂ “At first people refuse to believe that a strange new thing can be done. Then they begin to hope it can be done. Then they see it can be done. Then it is done and all the world wonders why it was not done centuries ago.”
Frances Hodgson Burnett
- ✂ “Benevolence is the characteristic element of humanity.” *Confucius*
- ✂ “Friendship is the only cure for hatred, the only guarantee of peace.” *Buddha*
- ✂ “People only see what they are prepared to see.” *Ralph Waldo Emerson*
- ✂ “Striving for success without hard work is like trying to harvest where you haven't planted.” *David Bly*
- ✂ “The thousand mysteries around us would not trouble but interest us, if only we had cheerful, healthy hearts.” *Nietzsche*

Poor negotiation skill undermines business performance

Failure to teach staff good negotiation skills is costing employers millions, according to a new study among 124 Global organisations by sales consultancy Huthwaite International.

A further significant number of organisations do not have any standardised negotiation procedures in place. The combination of both of these factors means that contracts are amended and agreed in a seemingly ad hoc manner, with no real understanding of the business impact.

The study found that success in contract negotiations typically depended on an individual's skills in the area of negotiation coupled with an understanding and use of effective negotiation procedures.

However, some 80% of respondents said that they had no standard internal negotiation processes in place, which means that any concessions or amendments made during a contract discussion were likely to be arbitrary.

To make matters worse, 84% of responding organisations failed to measure the success of any given negotiation after a deal was signed.

According to Huthwaite: "The best negotiation happens when both sides are skilled and when the individuals are going into a room understand negotiation. With skills and processes on both sides, you're more likely to get an outcome that can stick."

In terms of results, those organisations with high negotiation skills saw profits rise by an average of 42.5%, against a fall in the net income of Global 2000 firms by 30.9% over the last year.

While there was no direct correlation between negotiation skills and profitability per se, companies that had well-trained staff, took time to plan and had mature procedures in place tended to evidence better business performance.

Training makes a huge difference.

Neil Davey post in Managing People, HRZone.co.uk, January 2010

The Master simply pursues excellence
in whatever he does.
He makes little distinction
between
his work and his play,
His labour and his leisure,
his mind and his body,
his education and his recreation,
his love and his religion,
He hardly knows which is
which,
for he is always doing both.

The Zen Masters

Getting Results Without Authority

Early praise for my new book due on the bookshelves this month:

“It is satisfying to me to see that others are continuing to develop ideas and practices around the learning of influencing skills. I am sure that your book will make a real contribution.” *Roger Harrison*

“Teaching is something in which Geof excels and for that reason, this book will be a hands-on guide that will help you become a more effective leader and manager.”
John Baldoni from the Foreword

Contact me to reserve a copy...

MORE INFORMATION

Cuttings is published by New Directions and distributed through an international network of consultants and trainers who work together to learn, research, design and provide consulting and training in individual, management, and organisation development.

On our website you will find downloadable copies of all past issues of **Cuttings** plus a discussion blog, articles and information on our network and services, plus links to our partners' websites.

To discuss any ideas and to access the network, please call me direct:

Geof Cox

New Directions Ltd,
26a Downleaze, Bristol BS9 1LZ, UK
phone: +44 (0)117 968 1451

mobile: +44 (0)7753 626284

email: geofcox@newdirections.uk.com

web: www.newdirections.uk.com

www.learningconsortium.eu