

PULLING TOGETHER

The means to motivate staff is within reach of any manager. **Wendy Lyons** explains why

Motivating people to excel is critical. Why? Most businesses compete through the efforts of their people – if people's performance is second rate, the organisation will quickly struggle. This is especially true when times are tough and organisations have to work harder to survive. But what do you have to do to get people to give their best?

At work people are looking for their needs to be met by their employer. They are also looking to be rewarded

fairly for their contribution and in comparison to others. If organisations implement reward and recognition programmes that achieve these requirements, people's motivation will increase along with their performance and commitment to the organisation.

At first glance this is simple, but it is not as easy as it sounds, especially in the current tough times. Organisations have to first identify people's needs, consider these in the context of corporate goals and then look at how they can best be met in a way that is affordable and fair to everyone.





Tailor made

People's needs are different – what motivates one person will not motivate another. Some people may be motivated by money, some by flexible hours and others by recognition from their boss. Also, what motivates an individual one week may change the next. The first thing an organisation needs to do is find out what each person wants. If organisations are to win the talent war they must offer flexibility and treat people as individuals – adopting a one-size-fits-all approach simply will not do.

In order to simplify things, people's needs can be broadly arranged under the three headings: package, job satisfaction and employability, as demonstrated in figure 1. This breaks down to the following definitions:

- **The package:** Financial incentives are important – people want to see a reasonable payback for the value they create. For some people and in some jobs pay will be the critical motivator. For example, a study by Lopez et al in 2006 found that for salespeople higher commission rates were the most preferred reward, while promotion and recognition were the least preferred. However, pay can easily be matched by another employer

so organisations need to motivate staff in other ways if they are to keep hold of them and get the best out of them

- **Employability:** Many people want a career not just a job. They know the future to be uncertain and they want to be ready with a passport for alternative employment. We know, for example, that training and development and being involved in prestigious projects are particularly important to Generation Y
- **Job satisfaction:** People want to feel happy in their job. Many want to feel a sense of achievement and to work in an organisation with values congruent to their own. They may be motivated by a sense of autonomy and a working environment where they are respected and recognised.

In order to motivate, attract and retain talented people, as well as be considered employers of choice, organisations need to consider the whole triangle. Organisations must recognise that people are motivated by a range of factors so offer greater choice and flexibility in the way they reward and recognise employees.

In view of this, many organisations have now introduced total reward. The

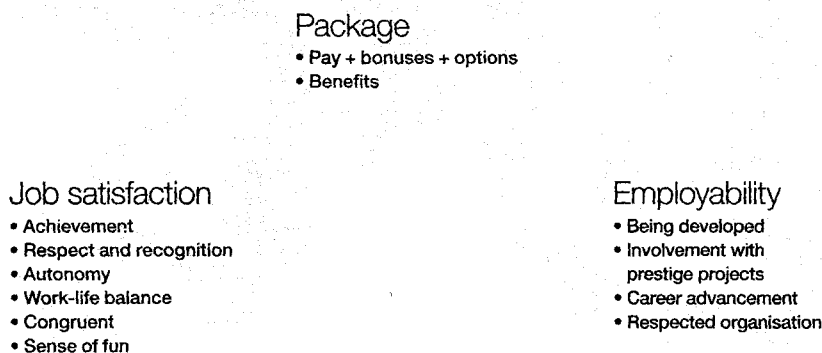
idea of total reward is that the organisation offers a single, fully integrated flexible package. Recognition is not just given through pay and benefits but also through less tangible rewards such as the work-life balance and the company culture and values. This approach goes beyond flexible benefits to provide



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employers with the chance to really sell their brand and to appeal to people who buy into that brand and what it represents. It also empowers employees to tailor their work and surroundings to meet their needs.

Figure 1: The engagement triangle



Source: Human Assets

Are you being fair?

People are motivated to get what they consider to be fair return for their efforts. They want to see what is known as distributive and procedural justice. The former is about whether a person feels that they will be rewarded fairly compared to people in relative jobs, both in their own and in other organisations. The latter is whether a person feels that the organisation has procedures in place to ensure that rewards are allocated fairly.

An example of where distributive and procedural injustice can be found



is in the financial sector. A recent report by the Equality and Human Rights Commission shows that women working in banks are paid 80% less in bonuses than their male colleagues. The report also shows that starting salaries for women working in the financial sector are significantly lower than men. It said: "Overall, including bonuses and salaries, the gender pay gap in the city stands at 47%, compared with a national average of 17%".

So, what is the impact of this kind of inequality? Organisations that fail to reward fairly miss out on their best opportunity to foster real commitment

from their talent – in this case talented women. Also, word soon gets around and it will become difficult to attract talented people to work for an organisation where their efforts are not fairly recognised. If an organisation is going to attract and keep the best people, it needs to ensure that the pay is comparable with other organisations and that it spends time developing a reward and recognition programme that is fair to all.

It seems obvious to say, but in working hard to motivate its employees, an organisation must not forget its own needs. A reward strategy should flow from the business strategy and, as

a result, focus on the behaviour and performance that support the organisational goals. For example, if team work is fundamental to the organisation's objectives it would not be right to reward an individual's status-seeking behaviour no matter how talented that individual may be. The employment proposition and employer branding describe what the organisation has to offer and reminds us that although trying to attend to the needs of each individual is important, organisations cannot be all things to all people.

Once an organisation has developed a reward and recognition programme

it doesn't end there. If it is to work then people need to understand it and, very importantly, managers need to ensure they implement it.

Job satisfaction is the strongest predictor of whether people will stay with an organisation and quality of supervision has a strong impact on job satisfaction. Unsurprisingly, that means that managers and supervisors have a critical role in the motivation and retention of talent. In fact the Chartered Institute of Personnel and Development reward survey 2009 reported that the biggest inhibitor to the successful operation of a reward strategy other than budget constraints is line management skills and abilities.

Organisations must ensure that managers are equipped with the necessary skills so that they can provide the relevant support and feedback to staff and understand their individual needs.

Through thick and thin

A 2006 study by Towers Perrin showed that companies with highly engaged employees increased their net income in one year by 13%, while those with less engaged employees saw their income decline by 4%. The argument is clear: motivating and engaging your employees is not a nicety; it must be done to survive. Not only is it important for today but also for tomorrow.

Organisations that continue to commit to their talent in the tough times are much less likely to lose them when the good times return. Such organisations will also be an attractive alternative to talented people who have not been treated as well by other employers. In line with this argument, a recent report by PricewaterhouseCoopers titled *Managing Tomorrow's People* states the importance of sound HR decisions during the recession if organisations are to attract the most talented people over the next decade.

So how do you keep people motivated in tough times?

First, communicate with people. Of course, the recession has meant that plenty of employers have been unable to fully meet the needs of staff or even preserve their jobs. Employees may well be resigned to their pay being frozen or cuts to training budgets but



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how these cuts are communicated can mean the difference between retaining the motivation of employees and not.

Those organisations that clearly communicate the situation and only make cutbacks as a last resort as opposed to preserving their executives' lifestyles are more likely to retain the trust and goodwill of employees. Senior leadership, HR and front-line supervisors and managers must all be consistent in their messages and employees should be motivated to support decisions, not simply told that this is how it is. If handled badly, insecurities build along with negative rumours and motivation can rapidly plummet.

A recent article in *People Management* revealed that "more than a third of employees affected by pay freezes or changes to their contracts during the recession have felt demotivated as a result". Also, a PricewaterhouseCoopers poll of people who had experienced these measures found that 34% felt

"demotivated" while 8% felt "angry". While these statistics are not good, they do suggest that many organisations are doing some things right as by no means all employees are feeling demotivated by the cuts. Some organisations, for example, encourage their people to take pride in being thrifty, incentivising low-cost behaviour and setting an example from the top. IKEA is one such example.

Secondly be creative and introduce rewards that won't break the bank. While cuts may indeed be inevitable and cost control paramount, organisations can be inventive in their approach to reward and recognition without spending a huge amount. For example:

- Offering flexible working
- A personal thank you note from the CEO
- Share options
- Childcare vouchers – these are free of tax and national insurance
- Awards for performance and long-service.

Procter and Gamble, for example, instead of stressing higher salaries, highlights the opportunity for flexible working, working from home and family leave to look after children or elderly parents. Other organisations have "duvet days" and bean bag rooms that are designed specifically with Generation Y in mind.

Tougher times, combined with people's increasing desire for jobs that offer much more than a good salary, require organisations to be both skilful and creative in their approach to reward and recognition. One thing is certain; those organisations that meet people's needs on an individual basis, in the context of the organisation's goals and in a way that is affordable and fair to everyone, will reap the rewards for years to come ☺

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