BEYOND BONUSES: HOW TO WIN THE HEARTS AND MINDS OF YOUR PEOPLE
I don’t think it’s possible to run a successful business in any way, shape or form unless you’ve got an engaged workforce. If you want a business to be successful, you need people to be engaged. As the employees become more engaged the customer satisfaction scores go up. The bottom line — it’s just good for business.

Andrew Barry, Managing Director, Eurest UK
Eurest beyond bonuses webcast, January 2015.
INTRODUCTION

Employee engagement has a direct, positive effect on an organisation’s bottom line making it a hot issue (Rayton, 2012). So, the big question is: how do you create happiness and engagement in the workplace in 2015?

This paper will:

• Establish the proof for the engagement-productivity correlation.
• Take a brief look at the history of winning hearts and minds.
• Examine a robust framework for understanding employee engagement.
• Look at what the hot topics in employee engagement will be for 2015.

“An engaged employee gives you discretionary effort — they work smarter and innovate for the same money — that’s the prize; that’s the thing we all crave as a business.”

Daniel Kasmir, Partner, Global Growth Institute
Eurest beyond bonuses webcast, January 2015.

THE LINK BETWEEN HAPPINESS AND ENGAGEMENT

The Oxford English dictionary defines happiness as “the state of feeling or showing pleasure or contentment”. It’s easy to imagine a scenario where an employee demonstrates their happiness through wholeheartedly embracing the aims of his or her employer, becoming more productive in the process.

Employee engagement takes this definition and builds on it. Defined as “being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to others” by the Chartered Institute of Personnel and Development (CIPD), employee engagement builds in a commitment to the employer’s aims.

The CIPD finds three dimensions to employee engagement:

• Intellectual engagement — thinking hard about the job and how to do it better.
• Affective engagement — feeling positive about doing a good job.
• Social engagement — actively taking opportunities to discuss work-related improvements with others at work (Gifford and Robinson, 2014).

For the purposes of this paper we’re equating ‘happiness at work’ with ‘employee engagement’.
CAN YOU BUY HAPPINESS?

Employers have long been searching for ways to reward employees in ways that are most likely to elicit the best continued performance and loyalty.

Up until the end of the 19th century, rewards were focused around goods: a share of crops, new clothing, and celebratory food. At the turn of the 20th century employers began substituting the traditional offerings with a cash bonus, increasingly standardised and calculated as a percentage of the wage (Rampell, 2009).

Over the past century, though, reward systems have moved away from this, adding in other forms of recognition to the remuneration package, looking for an overall approach that is more durable and cost effective than the once-a-year annual bonus. This recognises that factors other than salary are vital in creating happy and productive workers: only 12 per cent of employees leaving a job do so for more money (Fermin, 2014).

And it’s interesting to note that we have yet to find the ideal way of rewarding/motivating our workforces. A Business Wire report shows that ratings of the benefits we received in 2014 are at their lowest levels since 2008 (Business Wire, 2014), clearly signalling that we need to do more to create satisfaction and engagement.

Expectation levels are quite low so very simple things are highly impactful. Not doing the little touches can cut across all the other good stuff you’re doing. Managerial good manners — acknowledging everyone and recognising them if they’ve done something above and beyond the call of duty — cost nothing. A simple ‘thank you’ in person or via a call or card can make a huge difference.

Laraine Kemp, Head of Human Resources, Eurest UK. Eurest beyond bonuses webcast, January 2015.
**MAKING THE SUMS ADD UP**

It’s worth doing everything you can to achieve a happy and engaged workforce because it has a direct impact on your bottom line.

Extensive research by Engage for Success establishes a strong correlation between employee engagement and high organisational productivity across all sectors of the UK economy (Rayton, 2012). Here’s a flavour of the evidence they uncovered.

- Profits doubled in organisations with high employee engagement.
- Productivity increased by 18 per cent in businesses with highly engaged employees.
- Sickness levels halved in engaged employees.
- Employee turnover is four times greater amongst disengaged employees.

This robust correlation means that increasing employee engagement is seen as a priority for UK CEOs. In the latest Conference Board CEO Challenge survey, improving human capital (defined as how best to develop, engage, manage and retain talent) came top of the priority list, worldwide.

“The sheer weight of this evidence will convince even the most hardened sceptic that employee engagement is not soft and fluffy, but a bottom line issue, impacting on the profitability or on service outcomes. In other words it is a must-do, not a nice-to-have.”

David MacLeod and Nita Clarke, The ‘MacLeod Review’.
ACHIEVING A PRODUCTIVE WORKPLACE

With a positive correlation between employee engagement and productivity, how does an organisation go about boosting levels of engagement?

The 2009 MacLeod Review identified four main enablers in highly-engaged organisations that offer a robust framework within which to think about how to create a happier, more engaged workforce (MacLeod and Clarke, 2009).

1. **LEADERSHIP** that is visible and empowering, communicating clearly about the organisation’s plans and motivations.

2. **MANAGERS** who are highly-skilled in directing, coaching and stretching their people, and who treat every person as an individual.

3. **EMPLOYEE VOICE** that is heard throughout the organisation, promoting multi-directional communication with the workforce at the centre of the conversation.

4. **INTEGRITY** within the organisation that means there’s no gap between what the organisation professes and its actions.

“Start by finding out what’s going to resonate; ask your employees and find out what’s important to them.”

Andrew Barry, Managing Director, Eurest UK
Eurest beyond bonuses webcast, January 2015.
FOSTERING ENGAGEMENT IN 2015

Focusing on the four key areas of engagement outlined by the MacLeod Review will go a long way towards fostering positive attitudes and a happy atmosphere in your office. And these changes are possible, whatever the size of your available budget — the most important thing is to address the specific needs of your people.

So what could the MacLeod Review structure look like in 2015?

LEADERSHIP

A leadership that empowers its workforce is all about devolving control to allow employees to have a say in their role and working circumstances. Research by the University of Washington Foster School of Business suggests that the key to developing engaged employees is giving them autonomy. By giving your people a degree of independence they can engage in things that they feel passionate about, take ownership of the work they do and work creatively (Foster, 2011).

Empowering leadership also involves shaping a community culture that supports an ethos of self-motivation and self-determination.

What this could look like:

- Modelling the behaviour they’d like to see throughout the organisation.
- Being vocal about the company, explaining its aims and objectives openly.
- Communicating clearly and getting the most out of technology to make sure every employee is included.
- Establishing a system in which employees can develop their skills, perhaps through personal development plans or training.

Communication is key. If employees feel they understand where the organisation is going, if they understand their role in the organisation and they get regular updates — that will start to drive employee engagement.

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Improvements to happiness can be made by looking at your management structure. Finding ways to develop the role management plays in your workplace can transform the experience of your employees.

Creating a workplace culture that values real people and relationships is the first step towards a happy and engaged workforce and management plays a key role in bringing this about. Forbes notes that, for many employees, workgroup relationships and relationships between managers and workers drive engagement and loyalty (Biro, 2013).

What this could look like:

- Managers having the right skills to bring out the best in the workforce.
- Spending time getting to know the workforce.
- Giving appropriate support and training to employees.
- Encouraging discussion about all aspects of the work process.
- Creating a supportive atmosphere where employees can raise any issues of concern.
- Promoting social contact between employees, perhaps establishing a social media platform to prompt virtual contact as well as creating regular reasons to meet socially, face-to-face.
- Providing meaningful feedback and giving praise when due.
EMPLOYEE VOICE

Employee voice is two-way communication between employer and employee, giving both parties a chance to hear and be heard by the other. At its lowest level, it is a mechanism for employees to pass ideas to management in order to improve the performance of the business.

Research suggests that employee voice is strongest in organisations that actively seek to promote interaction, valuing what employees say to management above the opportunity for management to communicate with the workforce (Ackers, Marchington and Wilkinson, 2001).

What this could look like:

- Using electronic media to share and capture views.
- Face-to-face conversations between management and employees.
- Suggestion schemes.
- Attitude surveys.
- Partnership schemes that see cross-company participation in actions for mutual gain.
- Collective representation, formally via unions or informally via volunteer spokespeople.
- Employee forums for consultation and information sharing.
- Using social media for real-time communication and opinion sharing, informally.

GETTING STARTED

- Carry out an employee engagement survey and then take it from there; make it as easy as possible for people to take part.
- Make sure the whole organisation knows what will be done with the results.
- Take action on the results by getting all managers to own your engagement messages.
- Live the engagement culture and provide feedback and coaching to achieve this.
INTEGRITY

Integrity is crucial in building mutual trust and respect between workforce and management, and creates the psychological contract that supplements the legal contract. Defined as “the perceptions of the two parties, employee and employer, of what their mutual obligations are towards each other”, the psychological contract includes all the other factors that foster engagement (Conway and Guest, 2002).

Making commitments and honouring them is an easy way to show respect and build relationships. It shows organisation, and increases employee understanding and expectations: by treating your workforce this way you’ll build up loyalty with your people.

What this could look like:

- Managing expectations by making it clear what the organisation expects of employees and what they can expect in return.
- Monitoring the levels of trust in the organisation between management and the workforce.
- Measuring employee attitudes on a regular basis to find out what actions need to be taken.
- Strong communication within the organisation to make sure all concerned have a clear understanding of what the company stands for and how it operates.
- Consistency of actions.

Being authentic and consistent in your communication, so people know where they stand and what the company’s about, is very important. Plus, people want to be proud of the organisation they work for and want to be associated with a business giving something back. Openness and integrity are fundamental to this.

Daniel Kasmir, Partner, Global Growth Institute
Eurest beyond bonuses webcast, January 2015.

STARTING SMALL AND THINKING BIG

Think about benefits that are outside the norm:

- The right food offering to suit your people.
- Reconfiguring your workspaces to be more sociable to create an environment that people want to work in.
- Supporting your workforce in becoming more healthy such as lunchtime walking groups, free fruit or workplace-based support for giving up smoking.
- Recognising the efforts of the team.
- Promoting ways for your people to get together and have fun.

Turn traditional ways of doing things on their head. For example, rather than the top-down approach, ask the workforce to come up with ideas and the best ways to share them.
2015 has been declared the 'year of the employee' by customer experience research consultancy Temkin Group, which brings the whole HR function closer to the strategic eye of the organisation. It’s a great opportunity for HR to use employee engagement to drive the customer experience and will create a greater focus on exactly how organisations win and keep the hearts and minds of their people.

Organisations also need to be ready for the shift in the labour market that’ll happen as the economy expands and people start to take a fresh look at their job options. In this vigilant state they’ll be more aware of what the organisation is doing to keep them loyal. Yes, boosting bonuses and salaries can work in the short term, but the best employees need more — and the working environment (enhanced by effective employee engagement activity) is where organisations can make a difference (Fisher, 2015).

Deloitte research sees 2015 as the year that HR teams redesign some core processes, such as employee engagement, to suit the evolving workplace (Human Resources, 2015).

One trend likely to make a splash in employee engagement is the introduction of game-type thinking, or gamification, that offers a much more sophisticated and subtle way of influencing and changing employee behaviour. It goes beyond using rewards and monetary compensation to promote competition to using game mechanics (such as points, status levels, badges and leader boards) to encourage a spirit of collaboration, knowledge sharing and networking (Esteves, 2015). Plus, employee recognition will become more tailored; rewards will get more personal and targeted built from ‘wish lists’ employees create with their manager (Fisher, 2015).

Technology in 2015 will generally work harder in the employee engagement arena. In terms of recruitment and retention, making the technologies that are so widely used in the personal sphere available in the workplace will be important. This will spread into using the latest technologies for engagement purposes — providing tools that people both want to use because they are familiar and that also provide increased transparency. This will allow employees and management to share positive or negative feedback easily and in real time, helping the business to stay aligned to its core values (Higginbottom, 2015).

Employee engagement has been a big issue for some time. What’s fundamentally changed is what happens outside the world of work. You’re employing Generation Y and they are used to immediate responses. You try and manage them in a very conventional way and it doesn’t work. It’s opened up a time bomb and it’s forcing us to do things differently. Notions about appraisals and waiting six months for results are ridiculed. Engagement has become a much more instant gratification.

Daniel Kasmir, Partner, Global Growth Institute Eurest beyond bonuses webcast, January 2015.
WINNING HEARTS AND MINDS

Employee engagement must remain a topical issue for any organisation wanting to maximise productivity. The correlation between the two factors is well established and continues to hold true, even as other elements of the business world fluctuate.

What has also stayed constant is the employee’s desire to work within an organisation that values their contribution and shows that it does. Surprisingly, it doesn’t take much to engage an employee: the right ethos, a management committed to supporting its people, strong integrity and open lines of communication are enough to produce results.

And this can all be achieved without significant investment. Whatever your budget, there are improvements you can make that will have noticeable impacts on your business.

Employee engagement in 2015 has already stepped beyond bonuses and has the clear potential to win hearts and minds.
REFERENCES


