



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

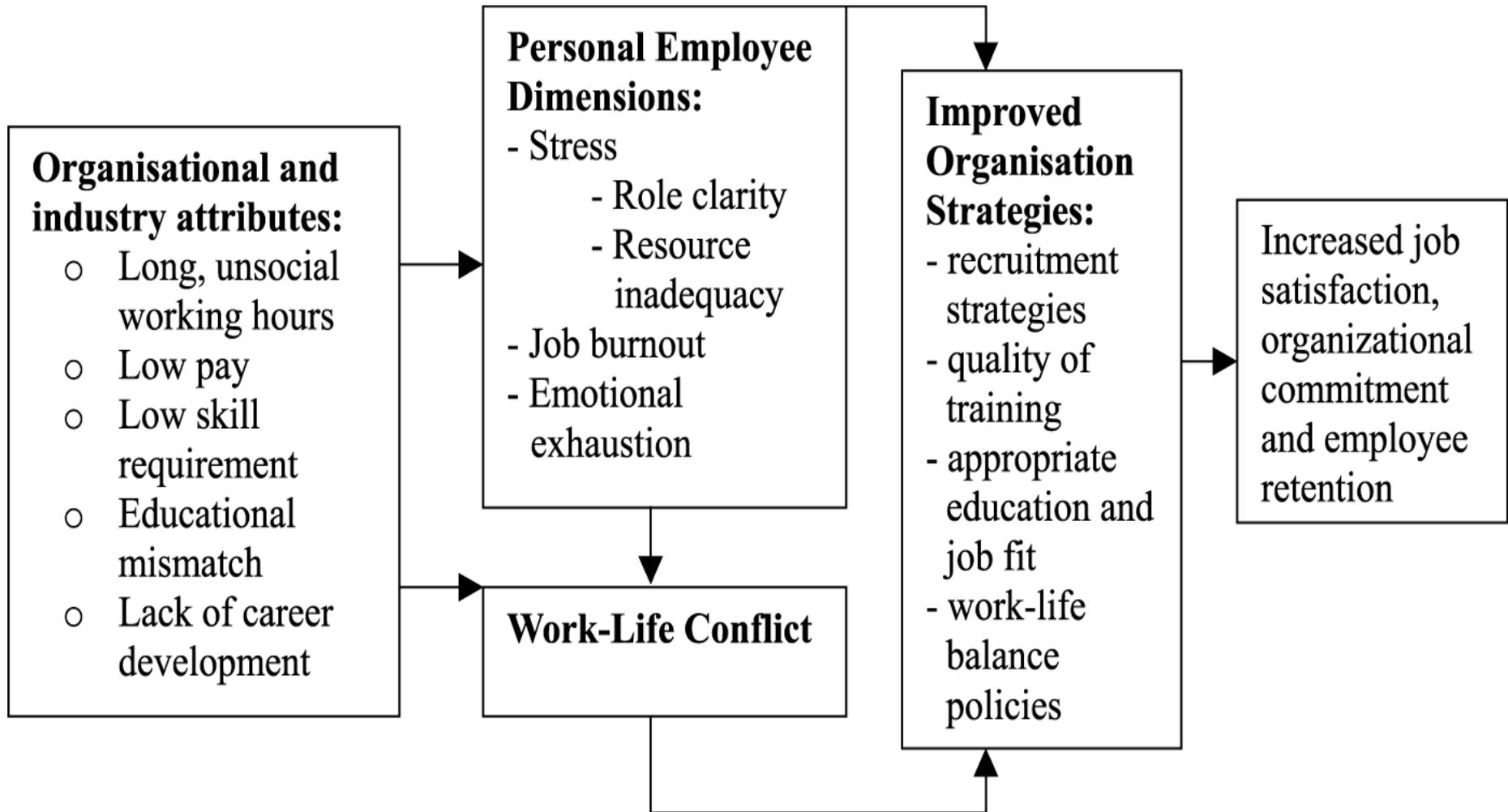


Strategic Approach to Human Resource Management

- **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



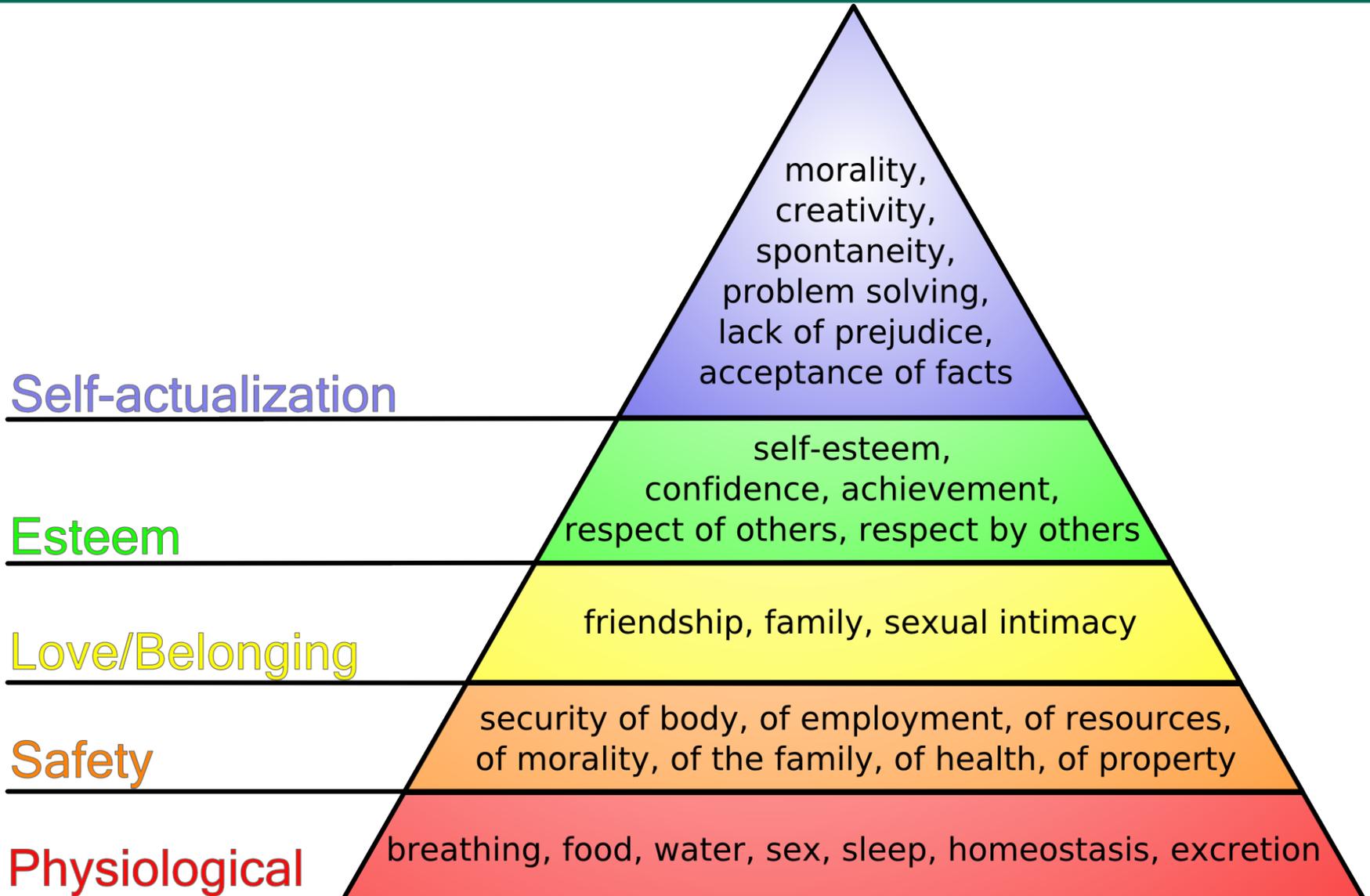


Understanding Employee Motivation to Improve Engagement & Retention

- 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)





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 and Theory Y

(Douglas McGregor, 1960)

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

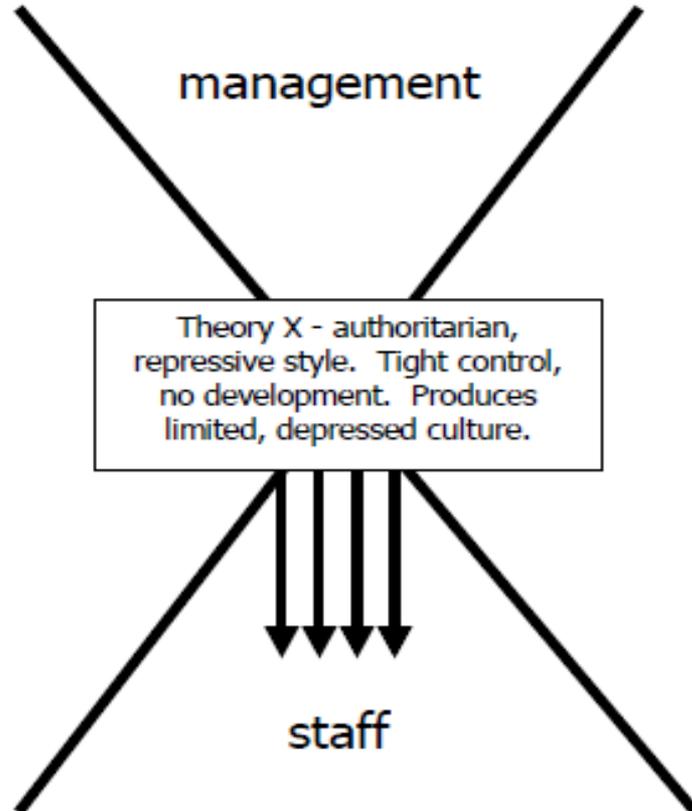
- ❑ The expenditure of physical and mental effort is as natural as play or rest
- ❑ A person will exercise self-direction and self-control if he/she is committed to objectives
- ❑ Lack of ambition and avoidance of responsibility is the result of experience (not 'bad people')
- ❑ Imagination, creativity,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



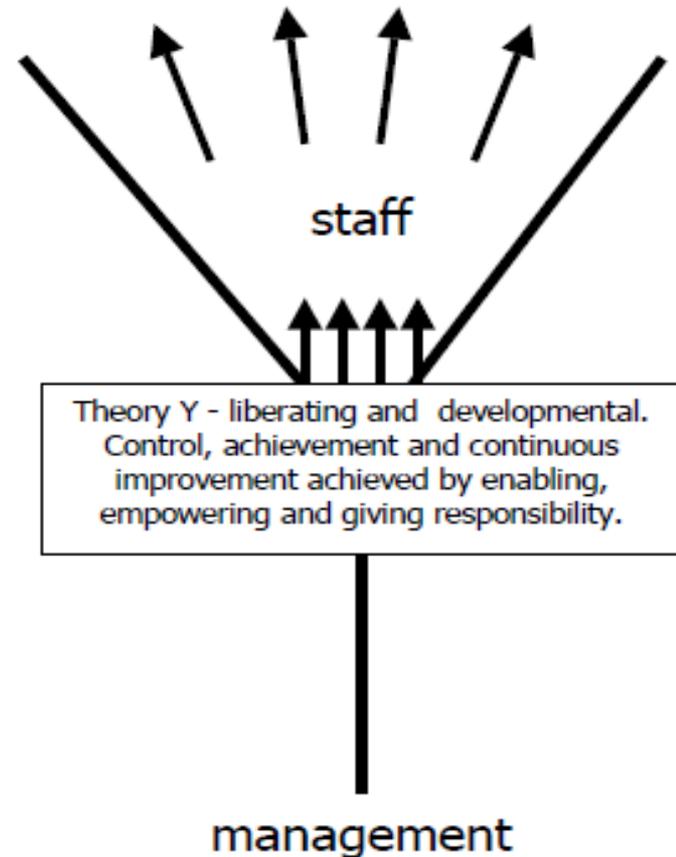
Theory X and Theory Y

(Douglas McGregor, 1960)

'Theory X'



'Theory Y'





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





Motivating People in Organizations:

Extrinsic and Intrinsic Rewards

➤ 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

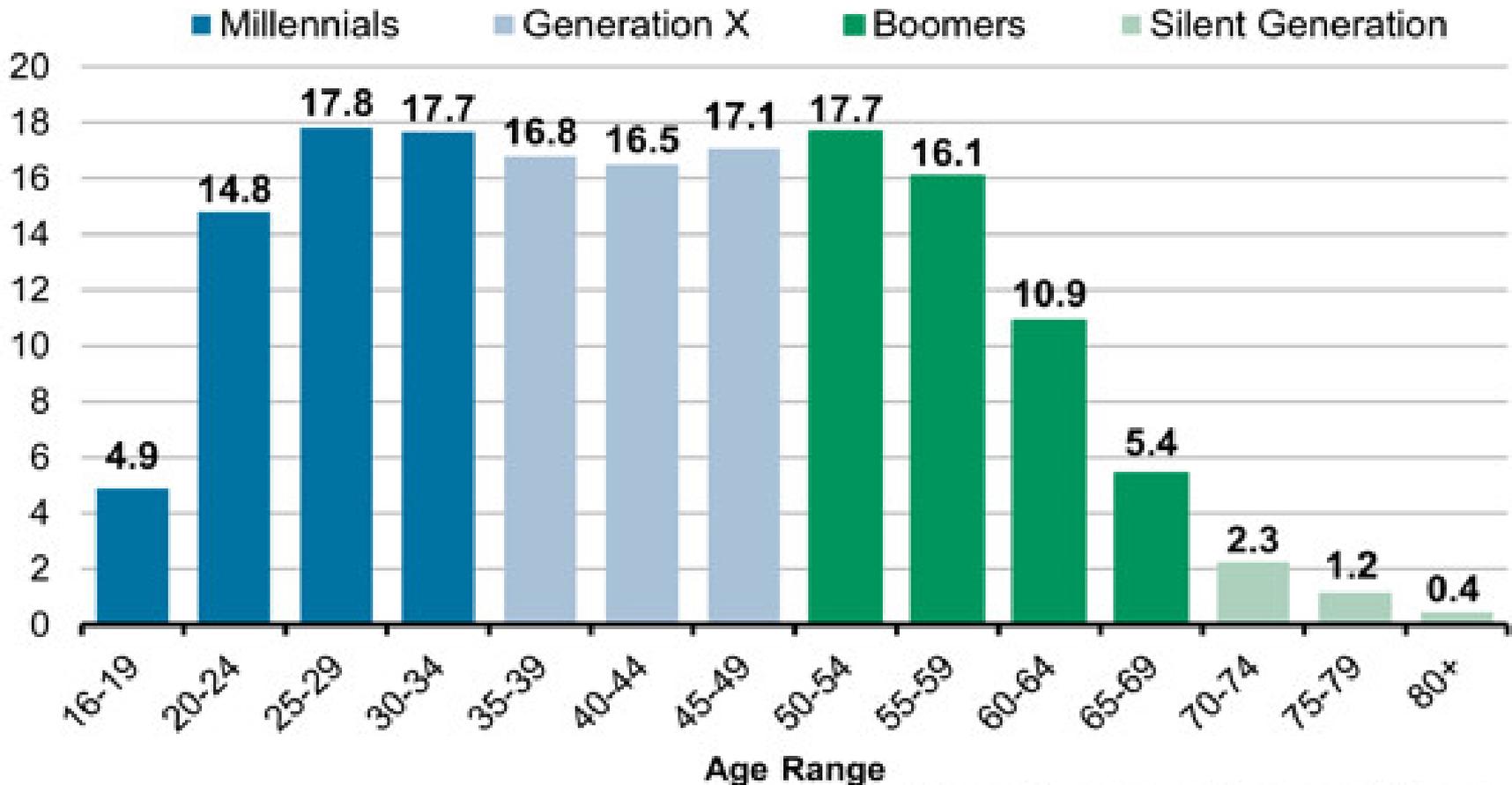
- **Employer-Sponsored Child Care:** parental leave, on or near-site facilities, financial assistance, referrals, emergency needs.
- **Adoption Assistance:** paid & unpaid time off (use of sick and other leave), reimbursement for legal and medical expenses.
- **Elder Care:** paid & unpaid time off, referrals, 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 \longrightarrow 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



Motivation and Leadership

(Tom Feher @ WhiteRock Business Solutions)

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*.



Main Principles of Effective Psychological Contracts

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