

Motivating, Engaging & Rewarding Employees During a Sluggish Economy

by James T. Stodd

One of the more frequent questions being asked today is “what can be done to maintain employee motivation, engagement and commitment during such sluggish economic times? After all, revenue growth may be relatively flat, profits lean, and money for raises and bonuses very tight”. The answer is not simple and clearly requires us to be at our best as leaders! But to understand the solutions available, we must first understand those things that produce motivated, engaged and committed workers.

What Do Employees Want?

The relationship between job satisfaction (aka “morale”) and productivity (aka “employee engagement”) has been heavily studied for decades, and study after study has confirmed that job satisfaction and productivity are inextricably linked! To date the debate continues as to whether or not *satisfied employees* make for *productive workers* or *productive workers* make for *satisfied employees*; and this “chicken or the egg” debate will likely continue. What we do know, however, is that they are almost always found operating together!

Studies have also confirmed which factors and circumstances contribute most to overall job satisfaction for the vast majority of workers. Interestingly, pay, although important, is generally not one of the most important factors. For instance, the Great Place to Work Institute¹ has summed up the determinants of high job satisfaction (“morale”) along five primary factors:

- ✓ Credibility of management,
- ✓ Respect received in the workplace,
- ✓ Fairness of treatment (*including pay decisions*),
- ✓ Pride in one’s work and their organization, and
- ✓ Camaraderie amongst coworkers.

Of these, the top three can be summarized in one simple word...TRUST!!!

On a similar note, the Gallup Organization² has found the following employee sentiments to be strongly correlated with employee engagement:

1. I know what is expected of me
2. I have the materials and equipment necessary to do the job right
3. At work, I have the opportunity to do what I do best every day
4. I receive recognition or praise for doing good work
5. My supervisor, or someone at work, seems to care about me as a person
6. There is someone at work who encourages my development
7. At work, my opinions seem to count
8. The mission or purpose of my organization makes me feel my job is important
9. My associates or fellow employees are committed to doing quality work

10. I have a best friend at work
11. In the last six months, someone at work has talked to me about my progress
12. This last year, I have had opportunities at work to learn and grow

Finally Edward Lawler III, esteemed researcher, professor at the USC Marshall School of Business, and author of numerous books and articles regarding pay, job satisfaction and motivating workers³, says this...

“Organizations need managers to have the same set of skills and competencies that employees desire—the ability to:

- 1. Engage in high-level strategic thinking about the direction the organization should take*
- 2. Design motivating work*
- 3. Distribute rewards fairly*
- 4. Train and develop people*
- 5. Treat people with respect, and*
- 6. Provide leadership and a sense of mission and commitment”*

Have you noticed? None of the factors mentioned by these experts have to do with maximizing pay, benefits or other forms of financial gain! Rather, those sentiments noted that seem most related to pay consistently involve issues of praise, recognition, appreciation and fairness of treatment.

Now in a lean and sluggish economy, where money for raises, bonuses and/or enhancements to employee benefits may be tight, this story should be very good news! It seems that “pay” may not be the answer to high morale, employee engagement or commitment as much as many think it is! Rather, it appears that we need to look at other factors that have demonstrated much greater influence in the relationship between job satisfaction, engagement and performance. These include the work itself, opportunities for growth and development, pride in one’s organization, camaraderie and social opportunities, and most importantly the quality of leadership and supervision. In fact, perhaps our limited ability (at this time) to “throw money” at the employee engagement problem is really an opportunity...an opportunity for us to learn how to better lead and manage in ways more meaningful to the engagement and commitment of most staff members, whether it be during a sluggish economy or good times!

So...What About Pay?

Of course common sense tells us that “pay” is always relevant to some extent and perhaps very important in a number of respects. We know there are some in our society that are heavily motivated by money and what it represents, and to those “pay” is everything! And for most folks “pay” often affects rather large and practical decisions like career choices, decisions to stay with a particular employer or leave for another who offers significantly better advantages (economic and otherwise), and/or decisions that are grounded in survival and economic security motives. But for most others, it

seems that equity, fairness in the distribution of rewards, and recognition are the factors most relevant to overall job satisfaction, morale and engagement.

What Should We Do?

So, let's resolve ourselves, even in a sluggish economy, to doing the following:

1. Establishing and communicating a compelling business *mission* and *vision* that give people a personal sense of "purpose" and feeling that what they do matters,
2. Establishing near term strategic goals aligned with the *vision* that challenge and keep people growing and moving forward,
3. Focusing everyone's energies on "delighting" customers and keeping the business you currently have, especially in times when attracting new business can be real difficult,
4. Doing our best to keep our existing pay practices competitive with those in our industry and surrounding geography (as best we can) and communicating such!!!
5. Giving a lot of attention to "fairness" and "equity" in decisions regarding not only pay, but also those involving work assignments, opportunities for training, growth and advancement, as well as other forms of rewards and recognition,
6. Adopting managerial practices that guide and stroke! This could mean using some type of self-funding incentives (monetary and otherwise) where people are rewarded for achieving targeted outcomes as well as less predictable bonuses (or pats-on-the-back) for noteworthy or exemplary contributions. After all, we don't want to forget that people need to be involved, recognized and rewarded...every day...and that a number of rewards beyond pay can be very instrumental in helping us do that!
7. Not doing something really stupid or insensitive! If your workforce is continuously being asked to do more with less during this sluggish economy, it may not be a good time for one of the key executives to show up for work sporting a brand new...top of the line...luxury car. We need to practice common sense and sensitivity in how we conduct ourselves.

¹ Great Place to Work Institute, 2007 (see <http://www.greatplacetowork.com/great/model.php>)

² Courtesy of Gallup's *Employee Engagement: What's Your Ratio?*

³ Edward E. Lawler III; *Treat People Right!*, San Francisco: Jossey-Bass, 2003

About the Author

Jim Stodd has facilitated numerous clients in the development of the organizational plans, designs, properties and infrastructure required to achieve their strategic visions and goals. In addition, he has assisted other organizations build strategically-focused and highly successful human resource management programs by introducing forward thinking approaches to people management issues. He is the founder and principal of JT Stodd & Associates as well as the Managing Director of the Irvine, CA office of First Transitions. In addition to his consulting, Jim regularly teaches classes in Organization Planning, Change Management and Human Resource Management at the University of California-Irvine, and is a recipient of UCI Extension's "2010 Distinguished Instructor" award.