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What really motivates employees?

By understanding what is important, companies can attract and retain talent

There are numerous local and national surveys naming the “Top Places to Work” or “Most Admired Companies”. These publications are usually fun to read because the focus tends to be on the perks offered by employers. Unusual or unique perks make for interesting conversation and allow companies to grab the spotlight momentarily, but do they result in improved employee retention long term? Other organizations take the approach that monetary rewards are the only real motivators. Consistently, employees list certain nonmonetary factors as primary motivators in their career decisions, and this edition of the *SRA Update* focuses on several.

Some Disclaimers

Before delving into a discussion of nonmonetary factors, it would certainly be naïve not to acknowledge that salary and overall compensation absolutely matter. After all, the main reason that most people work is to earn money in order to provide for themselves and their families. Also, by necessity, this article is broad and general in nature, and the personal preferences and values of a particular candidate or employee may certainly differ.

A Clear Direction and Vision

It seems obvious that a strategic vision and plan for a company is essential for its success. However, many managers and executives only focus on the day to day operations and not longer term goals.

Having and communicating a clear vision and direction for a company can be a very effective talent management tool. As the economy has steadily recovered, many employees have begun to think longer term about their career options. If leadership clearly articulates the goals and direction of the company, it engenders a lot more confidence in the strength of the company among employees. In the alternative, if management remains focused only on the short term or chooses

not to share the direction of the company with employees, rightly or wrongly, the perception of employees will likely be that the company is not as strong financially or that the executives have something to hide.

Effectively communicating the vision of the company can also inspire and motivate employees. Employees feel like they are “part of something bigger.” It is important for leadership to help employees see how their daily individual contributions help the company meet its overall goals. Having a common goal or vision motivates those who believe in it to do their best work. Employees want work that is interesting and meaningful. A company with a corporate culture which encourages management and employees to work together towards clearly articulated goals should also be attractive to top talent from other organizations.

Communication and Recognition

Improving communication from the top down through all levels of an organization can also improve employee morale, motivation, and engagement. As mentioned above, clearly articulating the company’s overall vision and plan can inspire employees. Executives and managers should also strive to meet one on one with each of their reports to define the company’s, as well as their own, expectations with respect to each individual’s position.

Too often there is a divide between company leadership and employees due to poor or infrequent communication. Company leaders assume that employees know what they should be doing and then wonder why employees fail to meet expectations. Both sides become frustrated, and ultimately, the company suffers. Employee morale decreases, and turnover increases through both voluntary and involuntary terminations. When employees understand what is expected of them and how they fit into the bigger picture, they can focus on their performance and meeting their

goals rather than trying to figure them out. More open and frequent dialogue can also inspire greater respect for, and confidence in, company leadership among employees and foster a more collegial working environment.

Everyone wants a “pat on the back” for a job well done. Bonuses, raises, trips, and other traditional rewards are certainly welcome. However, a company does not necessarily have to spend a lot of its resources on creating an elaborate employee reward or incentive program. The simple acts of thanking someone personally and praising an individual for their accomplishments are powerful. Feeling appreciated by one’s supervisor or boss can motivate an employee to continue to perform at a high level. On the flip side, employees who do not feel that they are appreciated or feel that their contributions are taken for granted will start to look for new opportunities. Even programs that include bonuses or some other monetary reward can be enhanced by announcing the accomplishments of high achieving employees companywide. The “star performers” receive additional recognition amongst their peers, and company leadership appears grateful and aware of individual contributions.

Career Development and Advancement

As the economy has improved, employees have begun to take a longer term view of their careers. An employer that offers training, career development, and advancement opportunities will be more attractive – particularly to the top talent that can ultimately assume leadership positions in the organization. The opportunity for advancement is a motivating factor often cited by those making a career change.

Some companies turn to outside sources to work with or train their executives and “high potential” employees who are being groomed for leadership positions – e.g. business coaches or MBA or other executive education programs. A good business coach, like a good sports coach, can push individuals to achieve more. The coach can serve as a mentor but can also demand accountability and improved performance from an employee. Typically, companies that utilize MBA and other executive education programs either hire professors or instructors to speak in-house or pay for selected employees to attend courses on campus. The content in these programs tends to be more generic rather than specifically geared

towards the company’s business and goals or an individual’s performance.

Rather than hiring “outside experts” a company can develop its own internal training, mentoring, and development program. In the long run this may turn out to be the most effective approach. First and foremost, it is important that employees understand their potential career path at the company. Company leadership should clearly define the internal path of advancement and the milestones that must be met for promotion to each successive position. Employees cannot “aim high” if they do not know where to aim. A company without a clearly defined path for advancement will likely find itself at a disadvantage in both retention and recruiting efforts.

The participation of senior executives can make a significant difference in the success of an internal training and development program. By sharing their own experiences and knowledge, company leaders, who “have been there and done that”, can effectively prepare the next generation of executives and help the company ensure an orderly succession. Also, the involvement of the senior leadership conveys a message that the company places a premium on the education and development of its employees which is an effective message for the recruiting and retention of top talent.

Fifty-eight percent (58%) of the executives polled in ExecuNet’s 2011 *Executive Job market Intelligence Report* stated that their organizations will work harder on retention during 2011. In retention, as well as recruiting, nonmonetary factors and benefits can influence employees in their career decisions. The companies that better understand what employees want and meet those needs will be more successful in attracting and retaining the top talent. Sanford Rose Associates® search consultants take the time to understand not only the skills necessary to fill open positions for their clients, but also the company’s culture and “sizzle” in order to attract the top candidates to fill those positions.

—Rick Carter

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