

The Equity Concept: Keeping and Motivating Your Top Employees

by Merwyn A. Hayes, Ph.D.

There is a change in the wind – and a positive one for America’s employees. In the 80’s we saw companies focus on the customer with a battle cry of “Customer First.” In the 90’s the emphasis shifted to shareholder value with a battle cry of “Bottom Line Results”, and with this focus many corporate leaders demonstrated to Wall Street that they were focusing on bottom line results by “cutting expenses” -- often through significant employee cutbacks. Neither a focus on the customer or shareholder will or should go away. But to do either of these at the expense of the stakeholder (employee) is in fact a poor business decision.

The change in the wind for the new millennium is that there is shift in emphasis to employee value. In 2000 we have seen some corporate directors attaching a significant part of executive bonuses, up to 50%, to employee satisfaction (e.g., United Airlines, Kodak). Another sign of the change to focus on employee value has been demonstrated by some of Wall Street’s largest institutional investors choosing to invest in companies where there is a high investment in their people and a corresponding employee satisfaction.

Why this change? Because people are beginning to clearly understand that without employee motivation and satisfaction the customer won’t be “delighted” and getting “bottom line results” won’t be achieved or sustained. In my 30 years of working with corporate executives I have never witnessed as much sincere belief in the often-quoted phrase “people are our most important resource.” As one leader said to me recently, “We must not just say people are important, we must demonstrate it by how we as leaders act toward them!” But it is not only the leaders that must demonstrate this; it is all managers and supervisors.

One way that companies are demonstrating a concern for employees and helping them be more motivated is through “Equity Analysis.” In the business environment this means that companies are beginning to overtly measure employee satisfaction (perhaps a better and more accurate word is “motivation”) by measuring what they give to employees in relation to what employees give to their work and the company. Employees have probably always done this, at least subconsciously.

By definition, healthy relationships are based on equity. This is true at home and work. When a person perceives they are giving more than they are getting they feel anxiety and stress. At work this results in poor performance which leads to consequences that range from “calling in sick” to “not working as hard on the job” to “choosing to leave the company for a place that does provide equity.”

Perhaps the current labor market has driven some of the attention on “Equity Analysis.” Unemployment is extremely low and in certain market segments there is virtually “full employment.” Keeping high performers in times of low unemployment is difficult for employers know they can get good work elsewhere; in fact they are being sought after by others. And when the high performers feel a sense of inequity with their existing employer – “I’m giving more than I’m getting” – they are much more likely to leave their current employer.

We have found that high performers are not leaving simply for “greener pastures” – more money and benefits. In many cases the real reason for leaving is how they have been treated. To be more

specific, it evolves around their relationship with their immediate manager and others with whom they interact daily. As I suggested earlier, it is not just the leaders who must “walk the talk,” but all managers and employees.

To keep high performers and achieve balanced relationships with employees, managers must be willing to give in order to get. To be an outstanding manager, and build equity in their relationship with their employees, managers must do the following:

- Provide a positive work climate
- Set specific and realistic goals and objectives for their employees
spend adequate time with their employees
- Communicate with their employees – keep them informed
- Consistently reinforce good performance – provide positive feedback
- Provide developmental feedback – point out in a constructive manner areas in which they can improve
- Demonstrate trust – trust in your employees and that you can be trusted
- Be a real coach – help your employees do better

The shift to putting the employee in the center of the business galaxy is a good one. And with it comes the need to give to the employees those things they rightly deserve – equitable relationships with their managers and supervisors.

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