

How to Attract, Retain and Engage Employees

NEPIRC

northeastern pennsylvania industrial resource center

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Background

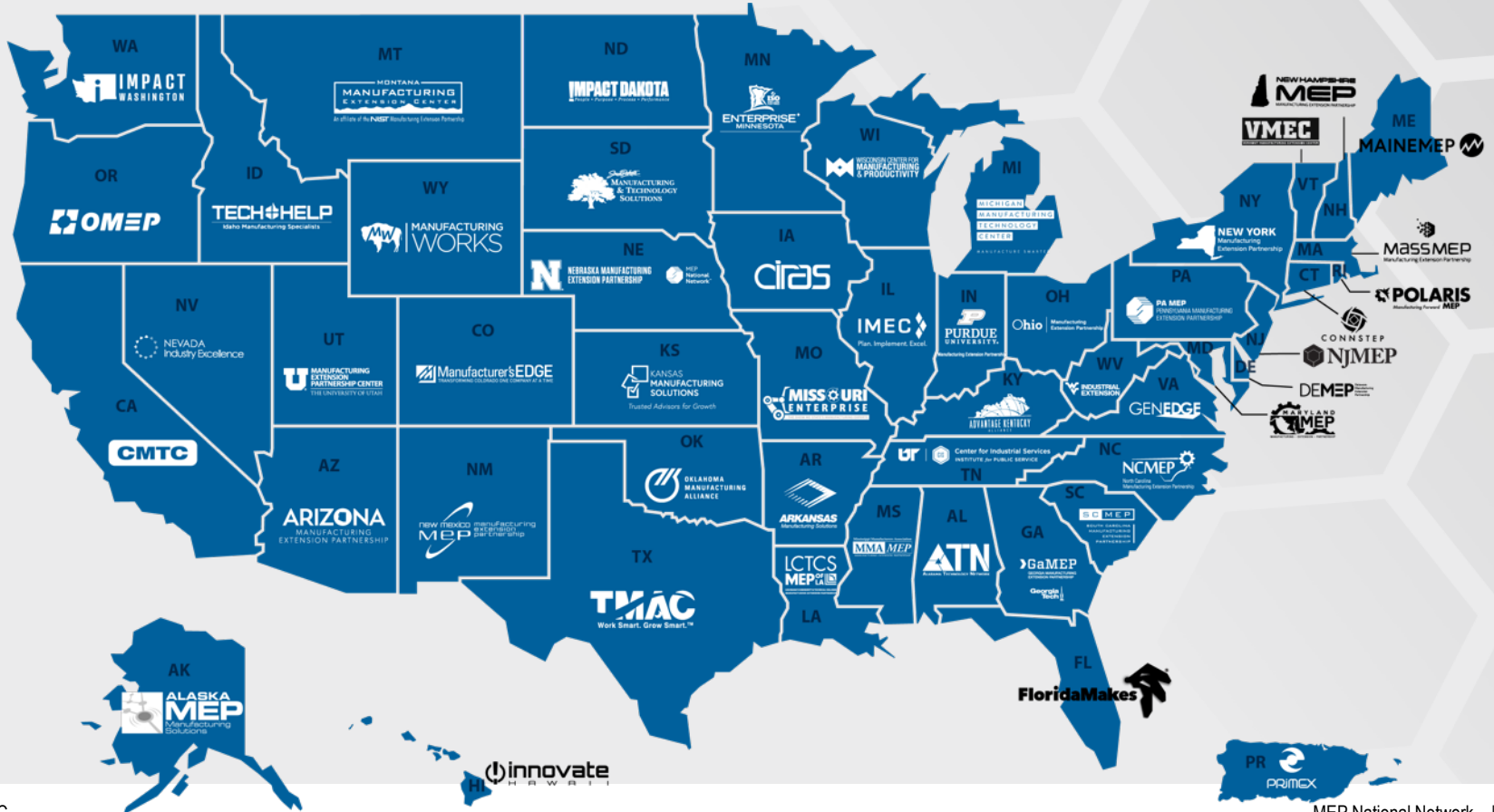
Leo Gilroy: Director, Strategy and Innovation Northeastern Pennsylvania Industrial Resource Center (NEPIRC)

Career encompasses 30+ years of manufacturing and consulting experience with professional positions in engineering, product/business development, strategic planning, workforce development, and sales.

- Executive Education Certificate: *Strategy and Innovation*
- Innovation for Growth: *Strategies for Creating Value*
- Healthcare Innovation and Entrepreneurship



MEP National Network



“Every employee, every workday, makes a decision:
Are they only willing to do the minimum work necessary
to keep their job? Or are they willing to put more of their
energy and effort into their work?”

HBR, August 2021



Outline

- **The Great Resignation and Quiet Quitting**
- **8 Reasons You're Struggling with Your Workforce**
- **How Managers Can Prevent Quiet Quitting**
- **Why Belonging is so Important and How to Create it**
- **Designing and Managing Incentive Compensation Programs**

The Great Resignation and Quiet Quitting

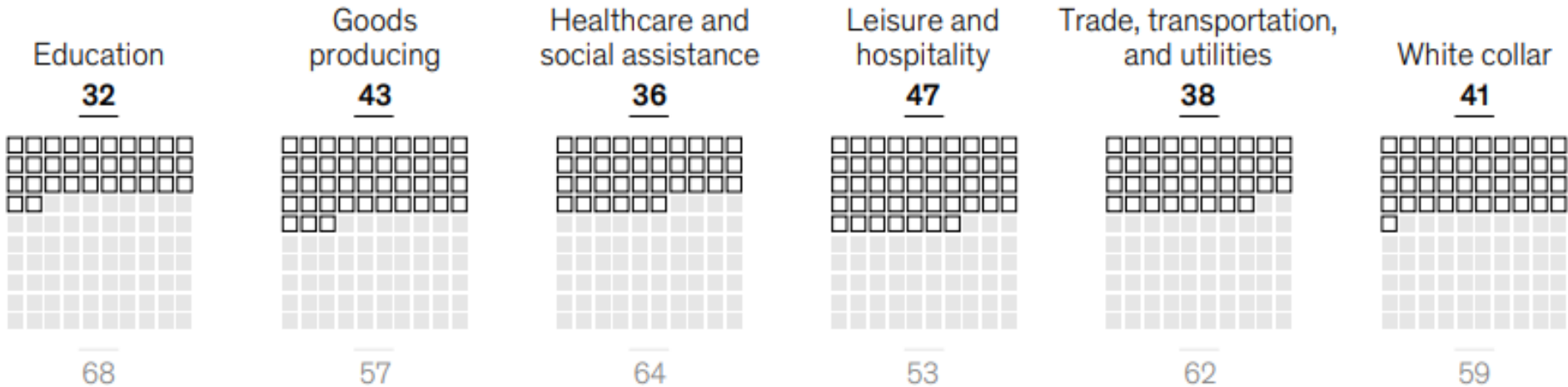
- More than **19 million U.S. workers** (and counting) have quit their jobs since April 2021, a record pace disrupting businesses everywhere.
- By not understanding what their employees are **running from**, and what they **might gravitate to**, company leaders are putting their very businesses **at risk**.

Aaron De Smet et al., "Great Attrition' or 'Great Attraction'? The choice is yours", McKinsey & Company, 2021

The Great Resignation and Quiet Quitting

Share of respondents who are at least 'somewhat likely' to leave their current job in next 3–6 months, by industry, %

At least somewhat likely to leave Not at all likely



Note: Survey encompassed Australia, Canada, Singapore, United Kingdom, and United States (n = 4,924).

The Great Resignation and Quiet Quitting

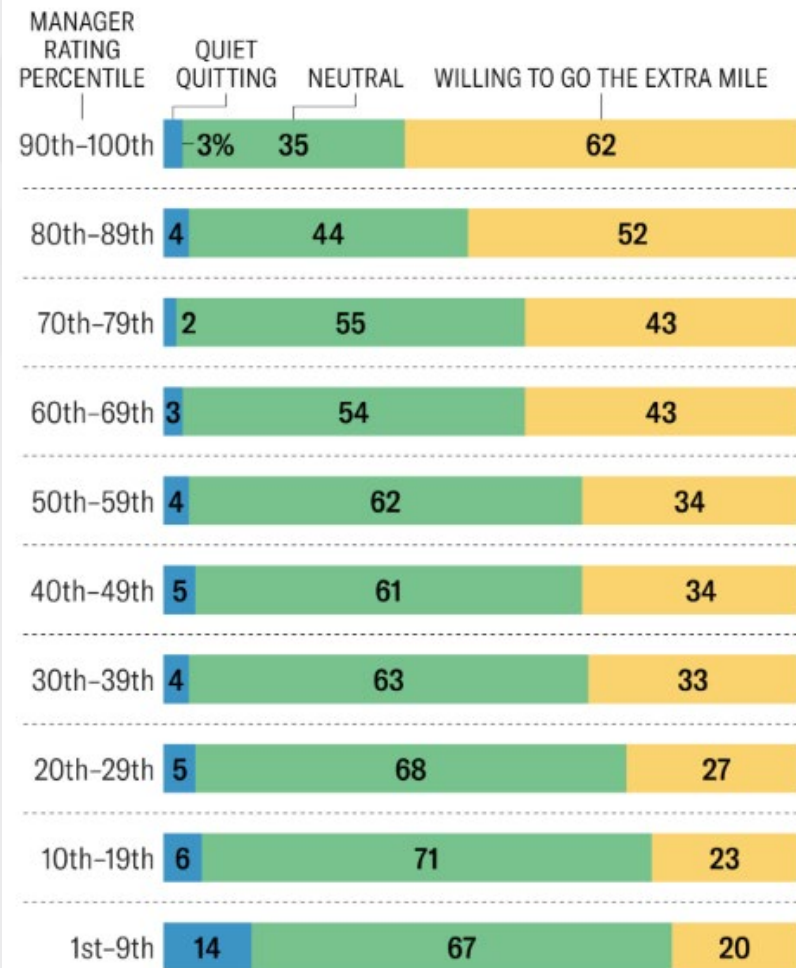
- “What makes the difference for those who view work as a day prison and others who feel that it gives them meaning and purpose?”
- “quiet quitting is ... and more about a manager’s ability to **build a relationship** with their employees...”
- Data gathered since 2020 on 2,801 managers, who were rated by 13,048 direct reports.

Zenger and Folkman, *Quiet Quitting Is About Bad Bosses, Not Bad Employees*, from <https://hbr.org/2022/08/quiet-quitting-is-about-bad-bosses-not-bad-employees>

The Great Resignation and Quiet Quitting

“Extent to which direct reports say their work environment is a place where people want to go the extra mile—**discretionary effort**—based on direct reports rating of managers ability to balance getting results with a concern for others needs.”

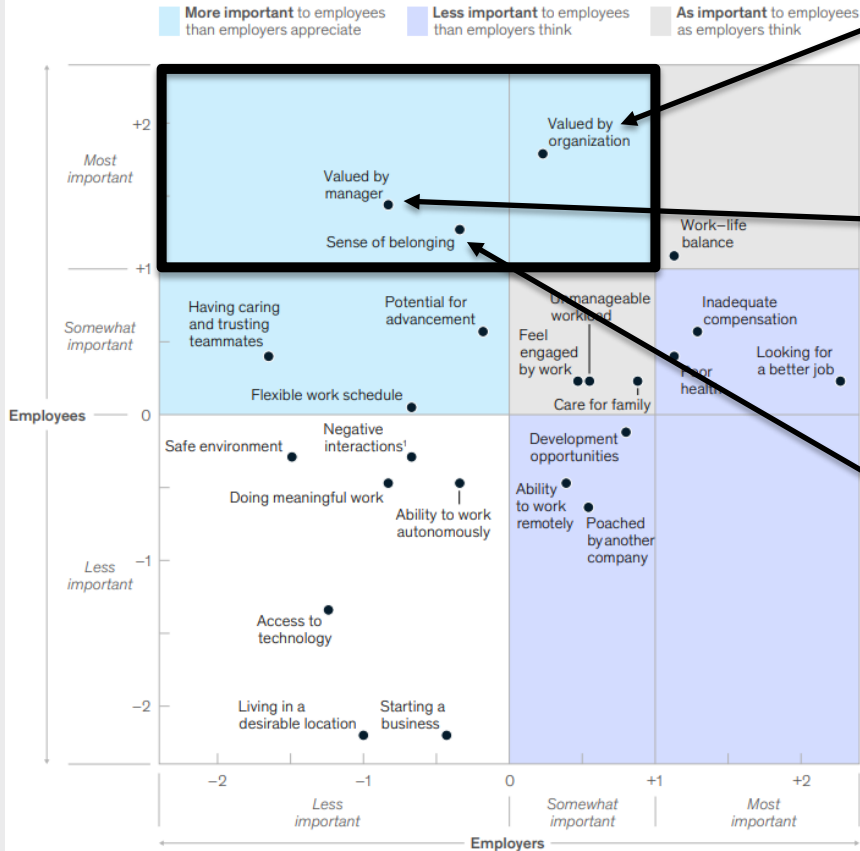
Zenger and Folkman, *Quiet Quitting Is About Bad Bosses, Not Bad Employees*, from <https://hbr.org/2022/08/quiet-quitting-is-about-bad-bosses-not-bad-employees>



Note: Figures do not add up to 100 due to rounding.

Employers do not fully understand why employees are leaving.

Factors that are important to employees versus what employers think is important



- How does an organization make people feel valued?
- How do team leaders, supervisors, and managers make people feel valued?
- How do peers and coworkers create a “sense of belonging”?

Aaron De Smet et al., “Great Attrition’ or ‘Great Attraction’? The choice is yours”, McKinsey & Company, 2021

8 Reasons You're Struggling with Your Workforce



Job Flexibility



Healthcare



Childcare



Transportation



Sustained Education



**Home and
Community Health**



Broadband Access



Access to Justice

Source: [United Way of Cleveland](#)

Matt Fieldman, *8 Reasons You're Struggling with Your Workforce*, from <https://www.nist.gov/blogs/manufacturing-innovation-blog/8-reasons-youre-struggling-your-workforce>



Job Flexibility (hard for manufacturers)

New case studies are demonstrating the value of job shares, flexible schedules, adjusting shifts to better match public transportation schedules, and more.



Healthcare

Unless we ensure we have a healthy workforce – mentally, physically and even spiritually – we'll continue to deal with absenteeism and attrition.



Childcare

Nearly **2.2 million women** have left the workforce since the beginning of COVID-19, mostly due to lack of childcare. At \$15 per hour, it makes no sense for a person to work AND pay for childcare. The solution? Highly subsidized, high-quality childcare that recognizes that there is a **significant ROI** for offering this critical service to our manufacturing workers.



Transportation

We need to approach transportation issues as a community, with employers and workers at the table to help solve this problem together.



Sustained Education

Offering tuition advances rather than tuition reimbursements? Success coach for workers who focuses on each worker's long-term career advancement, including educational attainment?



Home and Community Health – Supporting safer homes and healthier communities will have a huge return on investment in more reliable, more productive workers.



Broadband Access – If we are to have an educated, healthy and engaged workforce, we must ensure our workers have broadband internet access for reasonable prices.



Access to Justice – Equality in the justice system, and for those impacted by it, is something we must all strive to establish for our communities nationally.

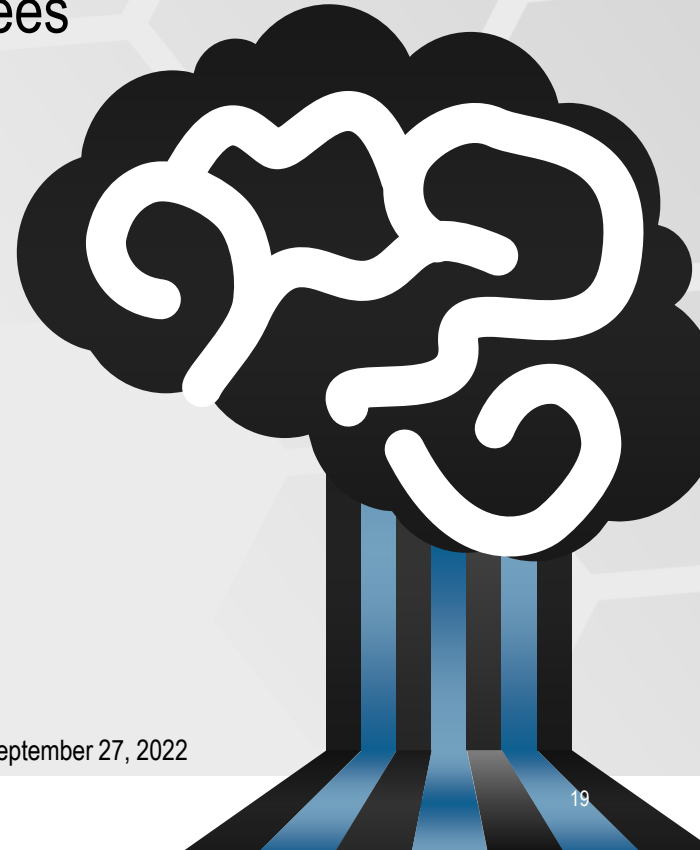
How Managers Can Prevent Quiet Quitting



How Managers Can Prevent Quiet Quitting

Create a **Psychological Contract** With Employees

- **Transactional** - 8 to 5 for 30+ years with a pension and a gold watch (old school).
- **Relational** - \$\$+ challenging work, opportunities for growth, meaningful relationships and support → in early, stay late, higher levels of discretionary effort, and good collaboration.



Ally MacDonald, *Five Ways Managers Can Help Prevent Quiet Quitting*, MIT Sloan Management Review, September 27, 2022

How Managers Can Prevent Quiet Quitting

Develop Supportive Relationships

- Feeling understood and supported by your boss decreases the likelihood of “quitting before leaving.”
- The way a manager treats subordinates makes a huge difference in whether people “quit quietly”—doing bare minimum.

Ally MacDonald, *Five Ways Managers Can Help Prevent Quiet Quitting*, MIT Sloan Management Review, September 27, 2022

How Managers Can Prevent Quiet Quitting

Create High-Quality Work

- ➔ Varied and meaningful tasks, clear goals, and a positive team climate
- ➔ Some autonomy and flexibility over their work — work from home
- ➔ Respect and fairness lead to high levels of satisfaction and commitment
- ➔ Demands and expectations are reasonable

Ally MacDonald, *Five Ways Managers Can Help Prevent Quiet Quitting*, MIT Sloan Management Review, September 27, 2022

Why Belonging is so Important and How to Create it



“The social ties that accompany a “sense of belonging” are a protective factor helping manage stress and other behavioral issues. When we feel we have support and are not alone, we are more resilient, often coping more effectively with difficult times in our lives.

Mayo Clinic Health System, December 2021

How to Create Belonging



Embrace groups. Remind yourself of the identity you share with co-workers and consider joining or creating additional groups. Being part of something—and the coherence and alignment between your goals and the group’s purpose will help you feel a greater sense of belonging.



Be authentic. TRUST is built when you are authentic, empathetic and perceived as competent. You can create the conditions for belonging when you are open and vulnerable as well as when you are empathetic toward others.

Tracy Brower, *Missing Your People: Why Belonging is so Important and How to Create it*, Forbes, Jan 10, 2021

How to Create Belonging

Signal acceptance. When people lack a sense of belonging, they may feel threatened or alone, causing them to withdraw or hold back.

Colleagues can signal acceptance and help ensure the people around them feel safe, by asking questions, listening and demonstrating focused attention. “... ask how people are doing and then really listen. **Listening is the new super power.**”



Tracy Brower, Missing Your People: Why Belonging is so Important and How to Create it, Forbes, Jan 10, 2021

Poll Question

What do you see as the **biggest obstacle** to creating a more engaged workforce your company?

1. Lack of support from upper leadership
2. Time – everyone here is so busy
3. Not sure what employees need
4. Money – our training and development budgets were cut
5. Not sure how to get started

Designing Incentive Compensation Programs



Designing and Managing Incentive Compensation Programs, from <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/designingincentivecompensation.aspx>

Common Criteria



Job Category



Years of Service



Job Classification
(exec., admin., ...)



Goal of Incentive



Payout
(bonuses, stock or cash)

Designing and Managing Incentive Compensation Programs, from <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/designingincentivecompensation.aspx>

Designing Incentive Compensation Programs



Compensation is a **key reason** why people switch jobs, and providing financial incentives help **retain** top employees - *McKinsey*.



Incentive programs can also **increase accountability** and the **perceived fairness** of differences in compensation.

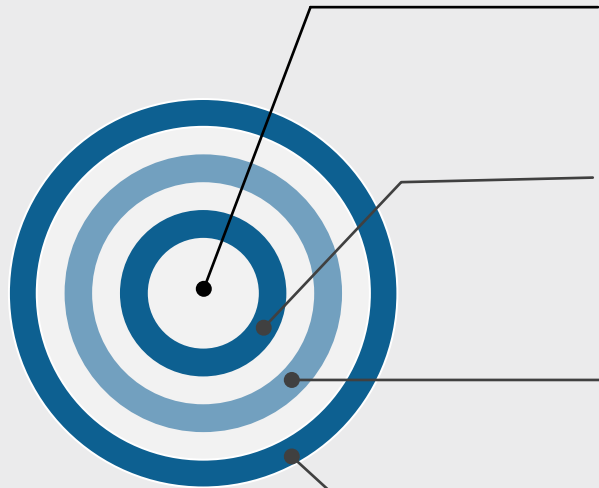


Tie incentives directly to **outcomes** within the control of participants.



Encourage **outperformance** rather than just **good** performance.

Financial and Nonfinancial Incentives



Use the incentives program to encourage broader participation performance.

Ensure payouts are made soon after initiatives are completed.

Tailor the program to the organization's strategy and culture.

Keep the design simple yet precise.

Designing Incentive Compensation Programs



Annual or quarterly incentive plans:
Tied to specific performance measurements



Discretionary bonus plan:
Non-specific and not guaranteed



Spot awards:
Successful completion of special project or task



Profit-sharing plan:
Clearly defined formula for distributing profit to participants, some plans may be discretionary

Designing Incentive Compensation Programs

- **Gain-sharing plans** – based on productivity gains
- **Team/small-group incentives** – encourages performance of a small group
- **Retention bonus** – typically based on short time period during a particularly crucial business cycle
- **Hiring bonus** – incentive to join the company, one-time or lump sum cash payments and/or stock options (future payment)

Designing Incentive Compensation Programs



Nonfinancial incentives should appeal to the five sources of meaning: society, client, company, team, and self.



Recognition from the company, specific leaders, and direct supervisors is what **truly makes the difference** beyond the prizes and rewards.



A nonfinancial-incentives program should be structured to provide **frequent, repeated recognitions and tied to specific behaviors.**

Contact Us:



Leo Gilroy: Director, Strategy and Innovation

leo@nepirc.com

<https://www.linkedin.com/in/leo-gilroy-262b898/>

<https://nepirc.com/>

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