

Engaging Employees amidst The Great Resignation

The Great Resignation, as coined by US Professor Anthony Klotz (2021), refers to the all-time high voluntary separation rates in the global labor market. According to CBS, the US was the hardest hit, with an unprecedented 4.4 million resignations in September 2021 alone. In the Philippines, the latest record of employee-initiated separations is at 5.3% in the 2nd quarter of 2021 (Philippine Statistics Authority, 2022) versus pre-pandemic rate of 3.2% in the 4th quarter of 2019.

Compounding to these figures, research by the Society for Human Resource Management (SHRM) shows that after seeing another colleague resign, 42% of the workforce reported more prominent thoughts of leaving their own jobs.

With this much demand in labor, the balance of power shifts in favor of the employee. It has ushered a more nuanced view of what used to be a clear exchange ("X amount of work" for "X amount of pay") in the employment contract. **It is no longer a value exchange between employer and employee, but a question of "what does the employee value most"?**

In the 2022 Work Trend Index, Microsoft talked about the "worth-it equation" – what employees want from work and what they are willing to give in return. Organization scholar Denise Rousseau (1989) popularized the term: *psychological contract*. It is essential yet implicit – an unwritten set of expectations from both ends where **the employer will take care of the employee's needs while the employee takes care of the business**.

A growing number of organizations have reported that they have challenges in motivating and retaining key talents. To address this, NRI recommends these companies to undergo a comprehensive 3D engagement survey. This will analyze employees' perspectives on four (4) critical drivers: Purpose, Leadership, Performance and Rewards, and Work Environment. Utilizing this effective diagnostic tool will make action plans more deliberate and purposeful, giving organizations the power to resolve issues and introduce needed changes that will yield higher levels of engagement.

Results from the engagement surveys will function as a compass, guiding priority areas and critical interventions organizations can do to increase engagement. In the context of today's labor market, here are general albeit actionable insights and practical solutions that organizations can consider to be more adaptive and responsive to their talents' evolving needs:

3D Engagement Model



Source: NRI Manila

Ensure competitiveness and equity [Performance and Rewards]

According to the Business Times (2021): "South-east Asian nations will be amongst those countries expected to see the fastest rate of salary increase in 2022 versus 2021".

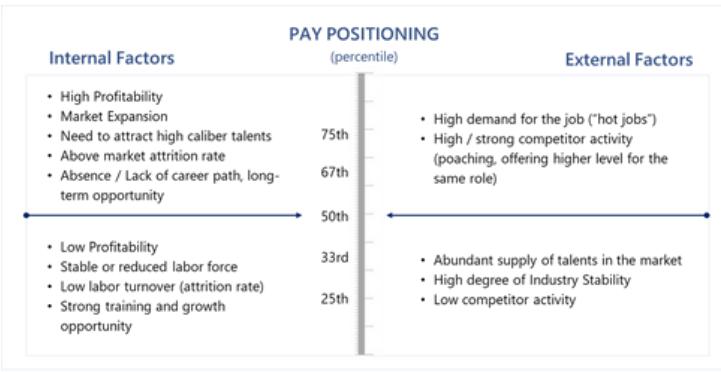
Regular market benchmarking and salary review will ensure external competitiveness and internal equity. Investing senior management time and resources in crafting your **total rewards philosophy** will serve as an effective guiding principle that will inform and align leaders in the organization as they make critical pay decisions.

An analysis of whether to employ a "*leading-the-market*" strategy (i.e. targeting the 75th, even 90th, percentile of market benchmark salary data) or "*lagging-the-market*" strategy by consciously pegging salary rates below market median is necessary. This will allow a re-direct of the budget to non-cash and/or more intangible rewards that may be more relevant to your workforce.

Businesses who can invest more and want to take advantage of the situation where competitors may still be recovering, can consider the **“Lead-and then-Lag approach”**. NRI can guide you in aging the market salary data to drive talent attraction and motivation, and then gradually taper it down to approximate market rates once aggressive business and talent management goals have been met.

Part of maintaining good pay management practices is to follow the **“3P-principle”**. This is where we establish the right pay for every *Position*, incentivize right standard of *Performance*, and acknowledge technical or leadership maturity of certain must-keep talents by providing a premium to the right *People* who demonstrate the targeted skills and expertise.

Beyond monetary rewards, there are other intangible factors that could be as, if not more, effective in driving engagement.



Offer flexibility and freedom over where they work

[*Work Environment*]

In a recent study of WeWork and Workplace Intelligence, it is interesting to note that **75% of employees are willing to trade at least one major benefit** (i.e. healthcare, paid leaves, company car) **for freedom to choose where they work, how they work and with whom they work**. This opens the discourse on alternative work arrangements such as remote / virtual work, hybrid office setup, and other such measures. Though the unanticipated work-from-home setup in 2020 has brought about blurring of personal and professional boundaries in 2021, many have learned to adjust and figured out a way to manage and integrate both work and life demands. This has, in fact, upended the idea of work-life balance. **Employees are no longer seeking to find balance between work and life; they have come to the realization that work is indeed just a part of life.**

From “cash-is-king” to “choice-is-king” perspective, Forbes magazine presented a trend that emphasizes on the power of a flexible benefits plan in tapping into the unique value proposition appealing to the unique needs of an individual. As employees are often at different stages of life, there is less merit in setting up a one-size-fits-all benefits plan. This allows smaller companies to offer a wide array of employee perks, while keeping within their allocated budget. Employees, on the other hand, can gain more control and flexibility to enjoy benefits that matter most to them.

Grow meaning-making leaders

[*Purpose and Leadership*]

As we redefine the boundaries of the workplace, the need for engaging leadership intensifies. The lack of face-to-face time and organic, spontaneous (hence more authentic) personal interactions can bring about unwarranted distance, not just physically and socially, but also emotionally. This emotional attachment or what is known in Organizational Psychology as “affective commitment” is what we need to ignite to deepen employee engagement. An employee with high affective commitment will choose to stay despite an offer for a higher role or pay (Janssens, 2003). Workers with affective commitment internalize the company’s objectives and take it personally when the company does not meet them. They feel that the company’s successes are equivalent to their own.

Now, how do we harness this level of commitment and engagement in the workforce?

Underpinning The Great Resignation is yet another movement dubbed by LinkedIn CEO, Ryan Roslansky, as The Great Reshuffle. This refers to the millions of people leaving their jobs in search for more meaning, fulfillment, and value for their expended time and energy.

It is this sense of purpose that leaders need to inspire within their respective teams. It is a skill to learn how to derive meaning in the most mundane tasks and practice the art of storytelling to awaken passion. Leaders can learn how to tap into emotion and build connection that will strengthen employees’ alignment with the company’s vision and direction. Investing in leadership development programs such as coaching and mentoring, not simply effective management skills, can help grow such meaning-making leaders that will aid in strengthening workers’ affective commitment.

Engaging employees in the context of *The Great Resignation* is more of a skillful art than a science. One employee's needs may be totally different from another, not to mention the uncertainty brought about by the pandemic. It is complex and never easy but will always be worth it. Therefore, it is crucial for leaders to listen. Listen through periodic engagement surveys or employee listening tools and pulse surveys – as often as possible. Leverage on these existing strategic tools and experts in the field to help you navigate through these trying times.

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Diane is the Head of HROD Sector, leading the Total Rewards Practice, at Nomura Research Institute – Manila branch. NRI is a leading global private think tank, systems integrator, and management consulting from Japan with branches in the world's major cities. Prior to NRI, she was the HROD Director, Head of Organization Development and HR Business Partnering, in Unilab, Inc. With over a decade of significant experience in leading teams of HR experts handling organization development initiatives, performance and rewards management, policy development, business partnering solutions, she continues to help organizations in their transformation journeys. She is also a recipient of the prestigious Australia Awards Scholarship, where she earned her Masters' degree in Human Resource Management and Industrial Relations from The University of Sydney.

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