The future of work: How can employers engage employees?

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With unemployment rates throughout the United States near 50-year lows, American companies have reported difficulties in hiring and retaining employees.

Three professors and a staff member from the University of Cincinnati's Carl H. Lindner College of Business discuss how employees can attract potential employees, how they can keep their current employees engaged with their work and shifts in employee engagement trends.

The experts are:

- Jennifer Barlow, executive director, external relations, Center for Professional Selling
- Rhett Brymer, Ph.D., assistant professor, Department of Management
- Craig Froehle, Ph.D., professor of Operations, Business Analytics and Information Systems
- Mike Wagner, Ph.D., assistant professor-educator and director, Human Resources Program, Department of Management

How can employers ensure their employees are engaged with their work?

Brymer: Ensuring employees remain engaged is tough. People have their own personal things going on in their lives that can at times pull them away from work. Some of this is out of employers' direct control.

If you can find people who are intrinsically motivated to stay in a career, the next challenge is how do you keep them within the organization. There's a combination of factors that drive that retention. Do they have friends in the organization? Do they like the culture of the organization? Do they have a good boss? Having a culture of attentive supervisors is important.

A big reason why people leave is because they don't like their boss. If you can find a way of making sure people don't get promoted to supervisor positions who aren't ready for it or don't have the personality to be an attentive boss, that's an effective way to keep people engaged.

Wagner: Listen to your employees. The best way to do that is through employee surveys, particularly through a neutral third party. This provides more candid responses because it helps ensure that the responses are anonymous and confidential. Then, the consultant and the company identify the top issues in the organization, things that people are concerned about. Finally, form groups where you talk to the employees and try to understand what those issues are.

The thing that often results in the biggest improvement in employee engagement is when top leaders in the organization listen to what their people want, and then those top leaders change their behavior. That can be rare because a lot of times leaders might think, "Well, our people want better technology," because that's a very unthreatening thing for them. Or, we're just not communicating enough. But sometimes it's a leader's own behavior that needs to change. Sometimes it's the amount of respect they show for their people. When leaders are able to get that feedback and make those changes, that often leads to the biggest improvement in employee engagement.

Barlow: I had a corporate recruiter in class this morning and he discussed the importance of building morale in the office setting. Whether it's different team building events or community service projects, bringing employees together in a positive way can greatly affect an employees' motivation to be more invested in the company. As students are looking for full-time jobs, many are asking companies about their corporate culture, service projects or employee resource groups.

How has the rise of remote work affected employees' engagement with their work?

Froehle: Any time you undermine people's emotional and social connections to their colleagues and their employer, you reduce the tethers keeping them interested in staying employed by that company. The shift to remote work is going to have some profound effects. Some are short term, and some are longer term.

One of the longer-term effects that I think has been underinvestigated and underdiscussed is the possibility that [what I call] knowledge work [work done by a professional who has expertise in their field through education and training and "thinks" for a living] that can be done remotely can also be shifted to lower-cost labor sources. Just like manufacturing was outsourced in the '80s and '90s toward lower-cost regions of the planet—and that involved setting up an entirely new manufacturing facility—if the products of knowledge work are largely information and can be transmitted inexpensively across the internet, why pay someone $100,000 a year in the U.S. if you could get comparable work quality by paying someone $20,000 in a lower-cost part of the world.

In fact, a lot of industries have already done that. Software development is a prime example. Ever since the early 2000s, there's been a lot of outsourcing and offshoring of development work to places like India and the Far East. And part of that is to take advantage of the 24/7 clock cycle; you can have teams working on it literally around the clock, which accelerates development. But a primary benefit is the potential cost savings.

Wagner: When you're new at a job, you learn a lot just by watching others. Whether it's technical stuff or interpersonal stuff, you learn a lot just by observing experienced people doing the job. Remote work can be particularly difficult for people who are new to the field. For people who are more seasoned, the remote work is really not much of an issue.

Organizations should really consider having more on-site work, particularly if they have newer employees who just need to learn by watching. It's not because we don't trust them. Because they are new, they can get lost if they're at home by themselves for long periods of time. That is the source of some of the turnover that is springing from remote work.

How can employers ensure their remote employees remain engaged with their work?

Brymer: When you come into a workplace in person, supervisors and coworkers can monitor that you are there, doing tasks, attending meetings and you're not watching Netflix all day. In some ways that can be helpful, that monitoring, feedback and social interaction.

What we're seeing also is a rise of digital monitoring. The jury is still out on it, although some initial research has suggested that can be demotivating. The idea of how many keystrokes are you doing per five minutes in your job might seem a little too invasive and doesn't give people room to do things like think about a problem or chat with somebody else.

Wagner: A lot of organizations have a shared drive, and people can see other's work on that shared drive. So that is a way of people staying in touch with each other, viewing each other's work. Leaders have to be more focused on holding people accountable for results as opposed to looking around the office and seeing whether they're working or not. Even before COVID, it would have been better to hold people accountable for results as opposed to looking busy in the office. Looking busy in the office was never an effective performance measurement criteria.

Brymer: There's engagement and performance. Those are two different things. In general, engaged people tend to perform better, but it's not a clean one-to-one relationship. You can have hyper-engaged people who can be average performers in organizations. By the same token, you can have excellent performers who aren't necessarily super engaged.

Organizations can do a number of things from a motivation standpoint. With motivation, there are extrinsic and intrinsic rewards. In extrinsic rewards, money is typically the big one. It could also be you like working there because of benefits, great workers, a fun culture or other external-to-self factors. Intrinsic rewards is tougher from an organizational standpoint because it's really about the individual and how they engage with their work.

For instance, I'm a professor. I tried a few different careers, and I'm much more intrinsically drawn to this work because I enjoy teaching, I enjoy doing research, and sometimes I enjoy service. This is work I'm called to do regardless of the external rewards in place for me. Selecting people that seem to fit is a good way of ensuring their engagement because intrinsic motivations tend to be more stable over time.

How important is trust in terms of building an engaged workforce?

Wagner: Leaders really have to trust employees. For example, if I'm a leader, I need you to complete two analyses by Friday. If you do that successfully, I have no reason to want to monitor your keystrokes or stand over your shoulder or anything like that.

Brymer: When you have this sort of Big Brother monitoring, it can feel invasive. I think that engenders some implicit distrust by the organization toward the employees, and that's often reciprocated back.

Wagner: Another thing that's really important is following through. It's quite common, unfortunately, for employers to make promises that they end up not keeping. This can be something like promises about the pay that people are going to receive; it could be promises regarding better working conditions. Another way organizations can build trust is for their leaders to get out of their offices and sit down next to their people and work beside them. What a lot of leaders have a tendency to do sometimes is to make decisions behind closed doors in the hopes that that will address problems, and it often ends up creating new problems.

At a time when companies are reporting worker shortages, how can employers stand out and attract potential employees?

Wagner: If you listen to your employees, and you take action based upon what they've told you, then your company will get a reputation for being an employer of choice. The actions you are taking to retain people can also help you attract as well.

Another thing that companies are starting to do more of is some benchmarking [a process of measuring the performance of a company's products, services or processes against those of another business considered to be the best in the industry] on recruiting practices.

For example, they review what are all the things that we're doing to try to attract new applicants and then go out and do a search of what their competitors are doing to attract new applicants. Maybe our competitors have some good ideas. Maybe they're doing some things that we're not doing. And then put yourself in the shoes of an applicant. If you were an applicant, would you be attracted to these jobs?

Brymer: If you pay higher than your competitors, you'll attract more people. Beyond that, what companies are realizing is if you pay high and you attract those people who are going to respond to higher pay, those are people who are fairly easy to poach. If people are motivated by that higher pay, then competitors know that, too, and they're easy to hire away.

Barlow: Every student is different, and it depends on what motivates them. For some students, money is a motivator so that salary needs to be very attractive. Other students, it's the corporate culture and community service projects that motivates them. A flexible work schedule is also key, but it's something that needs to be earned.

A lot of students spent their time during COVID in a remote or hybrid work setting and they are wanting to get back into an office setting. However, having the ability to work one day from home could be very attractive to employees.

Wagner: Sign-on bonuses have become much more prevalent over the past couple years and retention bonuses as well. Companies have also tried to use referral bonuses as well where if you bring a friend in to come work for the company then you get a bonus as well. However, organizations have had mixed success with those because there's no assurance that the person who is brought in will be a quality employee. There is some incentive there sometimes for people to game the system. My experience has been that companies have a mixed experience with the success of referral bonuses.

How does the current generation that's entering the workforce compare to past generations in terms of what people want from their job?

Wagner: You see more and more students thinking about whether or not their employer shares their values. This is something we talk about a lot with our students: What are your values, and what are the values you're looking for in an employer?

In some cases, it's money. Money is important. We all need it. There's nothing wrong with that. But in other cases you're seeing students say, "I want to work at a place where I'm allowed to use my creativity. I want to work for a place that has good collaboration. I want to work for a place where I feel like they're doing something good for the world. They don't have to be saving the world, but there's something positive that's coming out for society."

Barlow: A lot of students are coming out of high school and involved with volunteering and service projects. It's become a part of their values and ultimately a value they want to continue exploring while in college and in a future employer. Finding a company whose values match theirs is important.

Brymer: Students are trending toward more meaning and work-life balance than generations in the past. Nonetheless, there's roughly a third of students that just say, "Pay me. I'm here for a well-paying career, I don't care what the company does." You always have a generational mix.

As a company, what you want to think about is what kind of people do you want to attract. Do you want to attract workers who are just here to get paid? They tend to be very extrinsically motivated people. If you want those workers, you want to think about setting up your organization to cater to them, such as big bonuses for extraordinary performance.

There are other people who are drawn intrinsically to their work—school teachers, for instance. They don't say, "I want to be a school teacher because of the impressive salary." If I'm a company, I want to recognize those differences in motivation. Companies shouldn't ignore extrinsic rewards but understand what their desired employee looks like and what motivates them.

Barlow: Many companies are still navigating and encouraging a hybrid workforce. Some students are very interested in having that flexibility, while others are ready to jump into an office setting and hit the ground running. Overall, students want to make an impact and make a difference where they work.

Brymer: What this new generation values more is meaningfulness in work and more work-life balance. COVID also pushed everyone to recognize meaningfulness and balance. I think employers that are successful will realize that.

Beyond traditional salaries and benefits, how important are other perks to employees?

Barlow: I work with quite a few companies who talk up their fun corporate culture—Ping-Pong tables, foosball tables, employee chili cook-offs or food truck Fridays. Those are fun perks, and this generation can certainly enjoy that sense of community. Other perks to consider are dress codes, onsite gyms or cafeterias or even discounts for gym memberships. However, ultimately everyone has to figure out what they want for themselves and what's important to them.

Brymer: It works for some companies. [German multinational software company] SAP is a good example of a company that is almost like a small town. There's a gym. There are restaurants. There's a doctor and child care on site. They do a lot of things to make it very easy for their employees to be on their corporate campus. And there's a business case for that. These on-site perks can translate to a more engaged, more loyal workforce who will stay longer.

It does not make sense for all companies to do these things because not everybody wants that kind of work-life integration. What if workers don't like the day care that's on site? Will they be ostracized for that?

I think the general trend has been the opposite, for firms to focus more and more on what they're good at and less and less about the extra stuff. Had you asked me that five years ago, I think I would have said the opposite. I think the trend was to add Ping-Pong tables, have nap rooms, have in-office happy hours and that type of thing. I think those can be important for building community in those organizations, and I think it works for some companies, but it doesn't work for all companies. A lot of people want to keep work and life separate.

How has the COVID-19 pandemic and so-called 'great resignation' affected employment?

Barlow: Unfortunately most every industry was affected by losing their talent. However, some industries were highly successful in recruiting sales talent due to the nature of their business.

For example, companies that distribute cleaning supplies, sanitizing products or packaging products fared very well during this time. In working with corporate recruiters, they're very well aware of the COVID years and how resumes or LinkedIn profiles could have large employment gaps during that time. Students lost their summer internships or fall co-ops, employees were severed or furloughed, people were taking what they could get knowing they'd continue looking for their next step.

Froehle: Virtually every industry has been hit really hard by the level of resignations and the inability to find qualified workers to fill those roles.

My expertise is more in the service industries. Go to any hotel and you're going to see reduced housekeeping for rooms because they can't hire maids. Many restaurants have reduced hours because they can't hire service staff or folks to work in the kitchen. I saw one gym recently in town that had reduced its hours because it couldn't find people to work the front desk. It's almost a universal problem.

How does high turnover affect a business?

Froehle: High turnover is almost entirely negative for a business. The first effect of turnover is that you lose experienced employees. Experienced employees tend to be the most effective at their jobs; they have the most experience, which can translate to providing customers, patients or students with the best experience that they can have with the business.

A second effect is it costs the company a lot of money. You not only have to go through all the HR expenses of posting ads, filtering through applications and interviewing people, but then you also have to train the new hires, which can be expensive. Not only do you lose expertise, but you spend more money.

Brymer: Turnover tends to be very expensive. The estimates are between 30% and 70% of a yearly salary to replace an exited worker.

Wagner: It can be very expensive. There's many costs that come into play when someone quits. There's loss of productivity because the person is not there. If the employee is client-facing [a job that involves direct interaction or contact with a client], these are clients who are either not being supported or they're being supported by another employee who only has half the time to do that.

There's also costs that are related to recruiting new people. There's costs related to even things like drug screening and background checks. There's loss of organizational knowledge as well. If you think about it, most of the stuff you learn on your job are things that you learn from other people. When somebody leaves, most of the knowledge leaves with them. Very little of the knowledge we use to do our jobs is formally documented.

Can turnover ever be good for an employer?

Wagner: It's really only good when you have an underperforming employee. When you have an underperforming employee, what a lot of leaders want to do is fire them. That is really not the best avenue to take.

Quite often, you might have an employee who cares about the organization, but they're not in the right role. If an employee is underperforming, a leader instead of threatening them or just firing them outright should first have a discussion with them about whether they're happy in this current role because the answer might be no. They might not be happy doing what they're doing.

And so instead of the leader saying their MO is to get rid of this person, your MO becomes to help them transition to a role in the organization that's more appropriate for their talents and their interests. If the employee says they are happy, but they're underperforming, then the leader says, "OK, I'm going to offer to coach you and help you get your performance up to the desired level." And then if the employee still doesn't follow up on that, then you know they really don't want to do the job, and then you can be OK with letting them go.

Brymer: Some companies use a "burn-and-churn" model. These companies tend to be high-paying jobs either by salary or by reputation. Think about Alaska fishing in the summer. You can go and make a ton of money in Alaska on a boat or processing fish, but you have to work

16 hours a day. You do it for a short amount of time, and you make a ton of money. But you burn out. You can't sustain that kind of a workload.

The classic example is the Big Four accounting firms. They pay well, and it's very competitive to get accountants these days. But the Big Four have big reputations and tend to bring in people right out of school to work them very hard. It's 60-plus hours per week each week, and the average tenure at the Big Four hovers around three years.

Their business model is hiring those young accountants. Fresh out of school auditors get a Big Four job, work a couple years while they're young and typically don't have family obligations that older people tend to have. Young workers can afford to travel and work really long hours from a lifestyle perspective. When they leave, they have that Big Four credential they can use to get jobs after that.

This model has worked for the Big Four largely because they place workers very well after exits. This creates outstanding alumni networks that come back, and those alumni often hire their former employer back and to become Big Four clients.

How can employers reduce turnover among their workforce?

Wagner: I'm not going to say that pay is the most important thing or the only thing, but it is a factor.

Companies need to have a methodical way of determining whether or not their pay is competitive with their peers. We call it "compensation benchmarking," and this is where the organization methodically goes out and determines how competitive its pay is for each job relative to its competitors. It's done through a very careful, methodical process where you determine what your pay is.

The other thing that plays very strongly into employee retention is something called "role clarity." This has always been a big factor in retaining employees. As the name suggests, it just means people understand what their role is. You'd be surprised how often they don't, how often people show up for the first day of work and they're really not given any kind of direction as to what it is they're supposed to do.

One explicit way to address the issue of role clarity is to have job descriptions. It's always a good idea to document what it is you want people to do.

Froehle: The principles that I teach in my service operations and service management class really come back to treating people well and giving them the right tools to do their job. One of the biggest mistaken beliefs that people have is that salaries are what keep people in jobs. While pay is important, it's generally not the top one or two factors.

One of the largest, most influential things that helps keep people in their roles is allowing them to do a job they find fulfilling and can do well. If you don't give people the right tools and make their jobs harder than necessary, you create a frustrating situation that can have a huge effect on your ability to keep people in those roles.

Brymer: The guiding principle is to understand your current employees better and don't assume that you will just be able to hire someone just as good if [a] current employee leaves. Currently, we have a demographic shift that has contributed to labor shortages. In addition, COVID forced many workers out of the labor market, and many haven't come back.

Our country also has restrictive immigration policies—we are not bringing in, historically speaking, as many immigrants as in the past. All these factors have created labor shortages that companies are now having to deal with.

How are employers responding to increased turnover?

Barlow: The idea of longevity or tenure at a company has certainly changed.

I think more companies have come to that understanding as young graduates might be with a company for a couple of years and then they're looking for their next opportunity.

When I bring companies into the classroom I always ask the representative to talk about advancement opportunities within their company, outline the career path for the sales role and share information about the professional development or additional training that's available to employees.

Brymer: Employers are finally coming around to what's called the new contract. The old contract, in our grandparents' time, you became a "company man." Many older workers stayed with that company for their entire career. In the past, companies would manage employees' careers, make sure employees got promoted, make sure employees were challenged and make sure their workers had growing salaries with pensions from that company.

That started getting disassembled in the late '70s and '80s. The ramifications of that has been [that] employees have realized that this old contract is dead, and now employees are very much in charge of their own careers. The default now is for workers to have very little loyalty to organizations, and therefore will always look to move. The challenge for companies is to find compelling reasons for their employees to stay.

There's an interesting puzzle there for companies to solve. One interesting approach is to reframe employment and the employment relationship as a "tour of duty." Instead of putting many resources to maximizing employees' length of stay, companies can think of a worker's tenure as a stepping stone.

Employers know employees are usually going to leave within a few years. The typical number of career changes is two or three these days, and employer changes is about 10 to 12 through a career. That's a lot of changing of jobs if you think about a career of roughly 45 years from the time people are in their early 20s to the time they're in their late 60s. If you do the math on that, that's a turnover event about every four years.

Smart companies are starting to think about that as a reality, accepting short tenures and moving past the idea [that] employees are traitors if they leave. Smart companies are now thinking, "Yeah, you probably will leave in a few years. So, what can we do as a company to help you grow, develop your skills, get you ready for your next job, get you engaged and challenge you on this tour of duty?"

These companies try to engage the employees and tell them, "Hey, we know that you might leave, but stick with us for two years, and here's what these two years look like. If at the end of two years you want to stay around, great. We'll have another tour of duty." It's like a military model, and it brings a more realistic and constructive relationship between the employer and employee.

How can employees advance in their careers without job-hopping?

Barlow: I'm a firm believer of taking the initiative and making things happen for yourself. If you raise your hand to be a member of a committee, or volunteer to coordinate an outing for your office, having that face time with colleagues and leadership could be very beneficial for your career path.

I also encourage students to participate in professional development opportunities. There are a lot of free trainings offered and that looks good on a resume and a LinkedIn profile. It's also important to talk with your manager about your goals and the steps and time frame to achieve them.

Some employees are pushing to form unions at companies throughout the United States. Will we see a trend toward more unionization?

Brymer: Absolutely. We've already seen it. I think a lot of people left unions as dead, as a relic of the past. For a number of structural reasons, underemployment tends to be fairly high still in this country. The wage-to-productivity growth ratio has heavily favored companies over the last 40 or so years, so workers are being more productive, but they're not making a commensurate amount of money relative to their productivity.

Many employers see employees just as profit and loss statements, and this is reflected in dehumanizing practices in workforce management. Polls now show 70% of Americans now see unions as favorable. Those are the reasons for this pendulum swinging back toward unions.

Wagner: There's a saying, "You get the union you deserve." If management treats people well, there will be no unionization. If they don't treat people well, it's likely that there will be unionization.

[Doing] things like surveying your people, listening to them, reporting back what they say, taking action, making sure that you treat them respectfully, if an organization is doing all those things, it's very unlikely there will be even a unionization attempt. It seems those employees are perceiving that they can get better treatment if they have a union represent them. So what that signals to me in some of these places that are unionizing is that management has not been treating the employees very well.

Brymer: The forces on Wall Street don't want that to happen. Ultimately, unions arise because the bargaining power tends to favor the employers over employees. Unions form because it gives workers power, but what that also does is reduce the profitability of firms.

[When] you give workers power, they have better negotiating positions with respect to wages and with respect to working conditions. Higher wages and better working conditions are costs. When you raise the costs, you reduce profitability in the short term. The case for unions is in the long term.

If there's enough unions around, it becomes competitive parity. Things like a five-day work week, a 40-hour work week and vacation days—these are things that unions fought for because of the abuses of companies in the early 1900s. The unionization trend 100 years ago brought about what we now consider typical working conditions that have made working a lot better for all of us.

We might see the same thing coming out of this unionization trend—better work-life balance, better benefits, parental leave, sick leave, safety conditions. These changes will likely come if the recent unionization effort takes hold and gains a critical mass. I think the jury's still out whether that's going to happen or not. The momentum is certainly there because of labor shortages and because of the natural negotiating power that employees have right now with the labor shortages.

Provided by University of Cincinnati