

People management and the bottom line; developing Motivation at work (a.k.a. Morale)

A workshop delivered by Anthony Stanton

“... there is one key to profitability and stability during either a boom or bust economy: employee morale” – Herb Kelleher, Southwest Airlines founder.

Agenda for this part of the seminar

5.30 Introduction.

5.35 How people management drives the bottom line – a quick tour.

5.55 What is morale, and why does it matter?

6.00 The drivers of morale (with buzz session).

6.20 Conclusion/Q&A.

Anthony Stanton: speaker profile

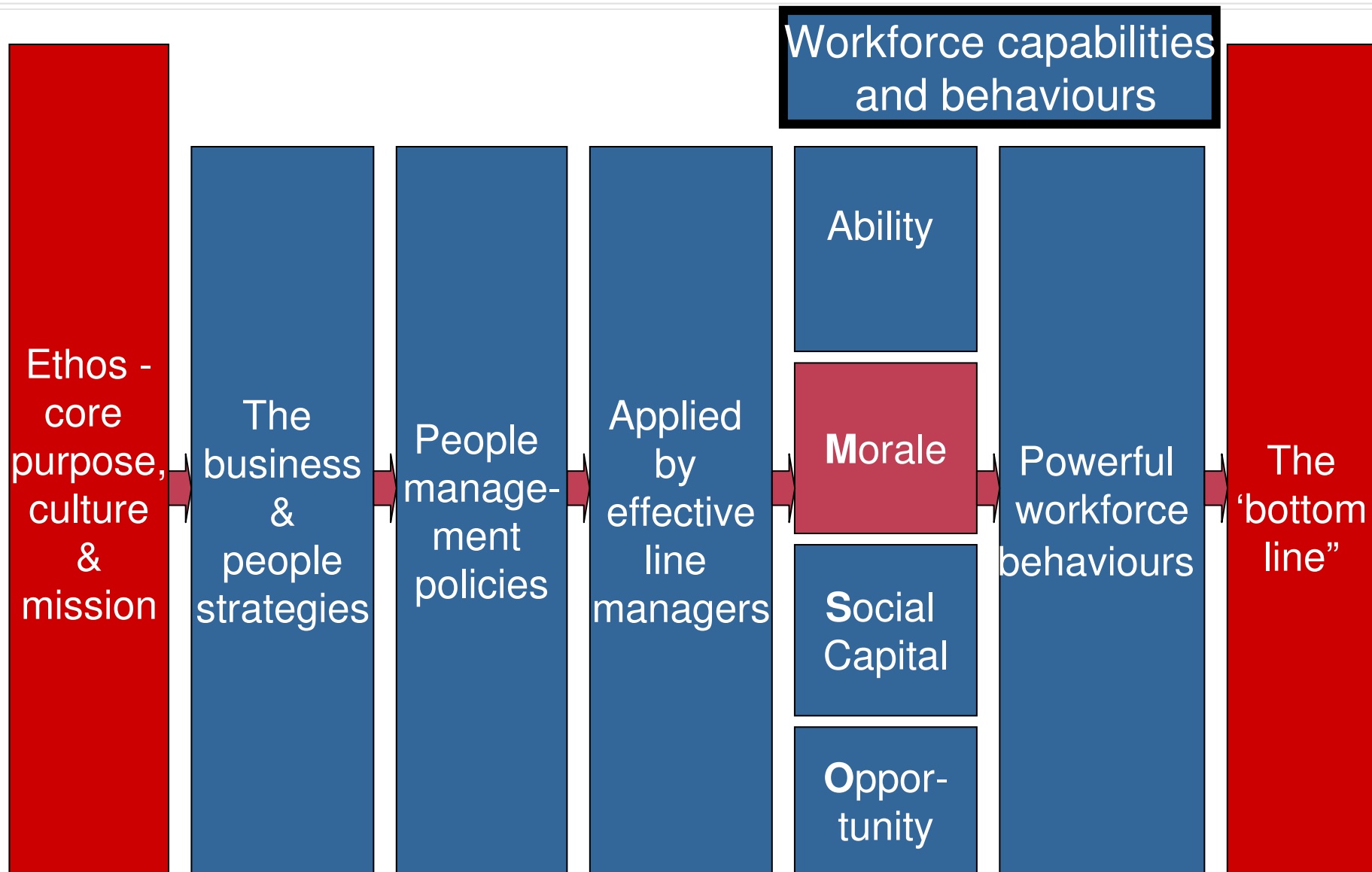
- A background in HR and general management.
- Led HR in organisations employing from 600 to 11,000 staff.
- Finishing a book describing:
 - How successful organisations drive the bottom line through great people management;
 - How any organisation can do the same.

The impact of people management on organisational success

- ❑ UK manufacturing companies. Well managed workforces were 29% more productive, with 17% better profitability. (Patterson et al 1997)
- ❑ U.S companies. Good people management generates a 24% increase in market value. (Becker and Huselid 2006)
- ❑ UK hospitals. Good people management correlated with 7.6% reduction in in-patient mortality. (West et al 2006)

How people management drives the bottom line (a quick tour)

The people management value chain



The Policy Arrow

Core purpose and values, culture and strategy.

Leadership style.

Design of work and jobs.

Recruitment, selection, induction and probation.

Performance management.

Learning and development.

Recognition and reward.

Career and succession planning.

Employee communication.

Employee involvement in decision making.

Employee well being.

The vital role of line managers

- *“90% of people management is delivered by line managers.”* Greg Aitken, Royal Bank of Scotland.
- *“80% of staff turnover can be traced to unsatisfactory relationships with the boss.”* Gallup.
- *“My line manager is the prism through which I see my organisation”* Vicky Wright, immediate past CIPD President.

Powerful Workforce Behaviours

- Low absence
- Low unwanted turnover
- High effort and enthusiasm
- Good quality work
- An appropriate level of innovation

= Good Labour Productivity.



The private sector: the 'for profit' bottom line

The right products or services



Satisfied and loyal consumers.



Strong consumer demand.

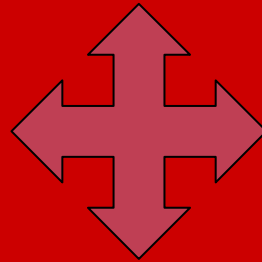


Profit target met.

'Not for Profit' Bottom Line

The right products or services
(in terms of innovation, quality, cost.)

**Satisfied and loyal
clients.**



**Strong public
reputation.**

Financial targets met

What is morale, and why does it matter?

What is morale?

Morale describes how employees feel about their work, their colleagues and the organisation.

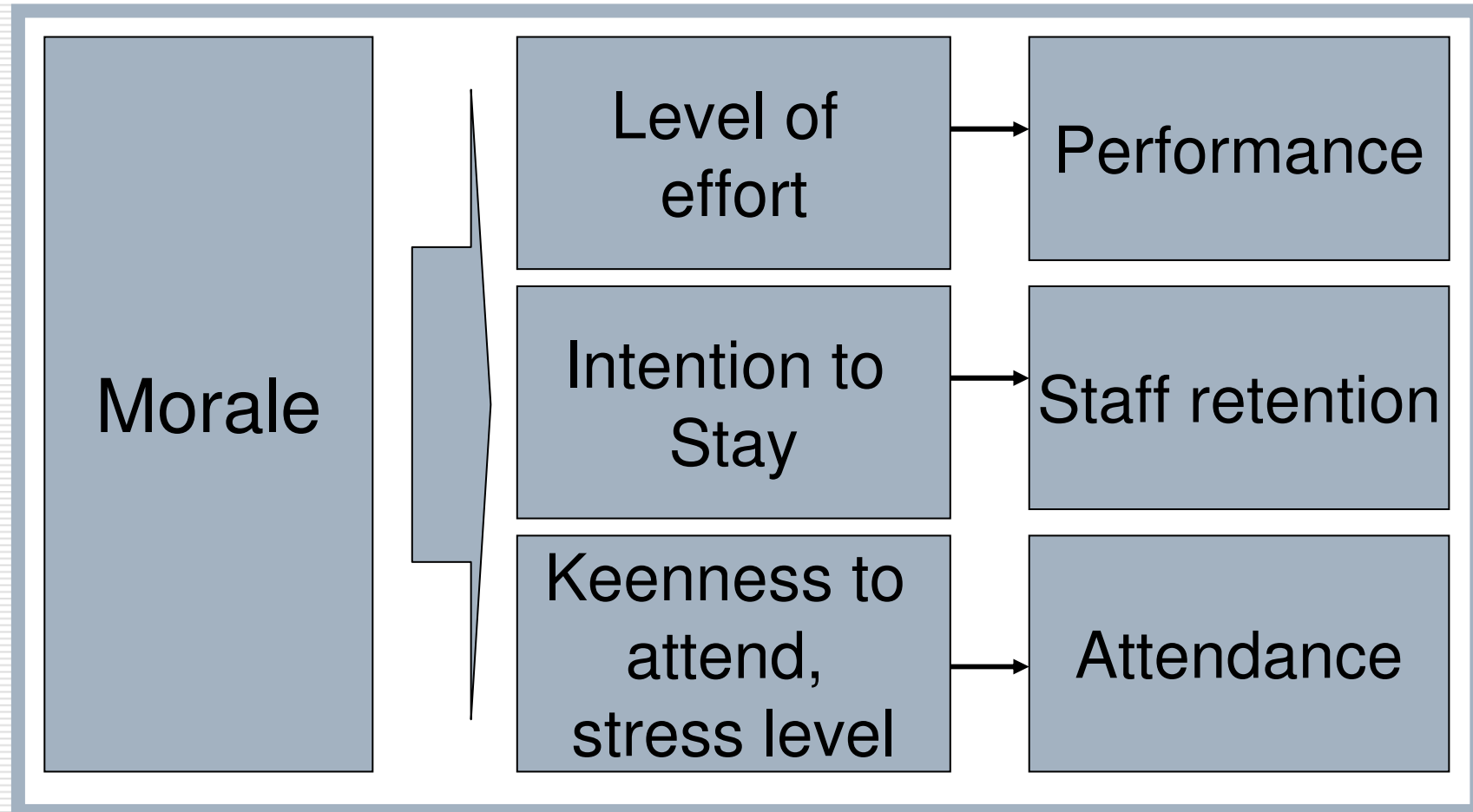
It is a motivating force which drives the level of effort people put into their work and their intention to stay with the organisation.

It's often called motivation.

Employee behaviours

- Employees with high morale:
 - 'go the extra mile' for customers;
 - act as organisational advocates,
 - co-operate enthusiastically with colleagues.
- Employees with low morale:
 - Are withdrawn at work;
 - Do the minimum necessary to get by;
 - Have high stress, absence and turnover.

How Morale drives performance



The impact of morale on organisational performance (Wagner and Harter 2006)

Employees with high morale have:

- 27% less absenteeism;
- 31% less staff turnover;
- 18% higher productivity;
- 12% higher customer satisfaction;

... as compared with staff with low morale.

(Gallup findings from 10 million survey responses across 114 countries)

The Drivers of Morale.

A hierarchy of employee needs to generate morale

(based on Sirota et al 2005)

Achievement: taking pride in one's work and in one's organisation by doing things which matter and doing them well.

Camaraderie: the organisation acts as a community which meets the social and emotional needs of its members.

Employee well-being:

- Psychological - role clarity, fair treatment.
- Economic - fair pay, reasonable job security.
- Physiological - safe working environment, able to cope with the job.

Demographic variations in emphasis

By:

- Age cohort,
- Gender
- Occupation
- Sector and organisation;
and so on.

Conclusion and Q & A

My thoughts on key points.

- Morale really matters!
- We know what the drivers of morale are.
- Measure and manage morale in your organisation, overall and by business unit.

See the Resources section of my website for downloadable copies of:

- My presentation;
- A fact sheet containing case studies, research findings and a summary project plan.

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