

Making Employee Satisfaction Guaranteed

Companies aren't investing more in employee development because they want to; they have to in order to stay competitive.

June 2007, Beijing - the National People's Congress passes a new Labor Contract Law (LCL) providing more worker protection. Among other effects, the new law makes it more expensive to hire full-time employees and more difficult to fire them for infractions in "gray areas". 14 months later, a national survey reports that labor costs had increased by an average of two percent due to the LCL.

April 2009, Beijing - Xinhua News Agency reports that the average gross salary for China's urban residents in 2008 increased 17.2% year-on-year (11% if adjusted for inflation). This follows an 18.7% increase of average salary from the previous year.

Both of these developments are welcomed, as more people are able to eek out a comfortable existence. From an enterprise's point of view, however, the days when employing two workers might be cheaper than holding onto one more experienced employee seem to be over. Sure, it meant investing in more desk space and office chairs, but a constantly revolving cast of new employees rarely complained about cramped conditions. And while on-boarding and initial training weren't without costs, simply asking a co-worker to show the new employee the ropes did cost a lot less than development training by professional experts.

Companies in China are now faced with the prospect of focusing energy to develop *all* of their employees, not just those in the higher pay bands. Growing pains are bound to occur. Book-minders will likely question the logic of spending a month's salary to train low pay grade employees. Department heads will have to budget their time more efficiently in order to allow for training periods.

Another stumbling block is the notion that, even after spending on training for low-level employees, they may someday leave for a competitor. There is a provision in the 2008 LCL which permits companies to recoup training costs from an employee for "professional technical training" if they do not remain at the company for a period of time. In my experience, however, employees are reticent to sign this type of agreement as they cannot foresee future opportunities or emergencies.

So, how can a company guard themselves from an employee, in a sense, taking all that training and development investment and spending it elsewhere? The key is employee motivation.

According to Frederick Herzberg's Motivator-Hygiene Theory, first published in 1968, factors for employee dissatisfaction can be condensed into the following categories: company policies, supervision, relationship with supervisor and peers, work conditions, pay and benefits, status, and job security. Echoing Maslow's hierarchy of needs, Herzberg claimed that only when these conditions were satisfied could the employee begin to claim that they were not dissatisfied with their position.

Indeed, most people can identify a time when dissatisfaction with a new company policy, rumors of preferential treatment, or a new line manager has transformed a coworker who was ordinarily a contented employee into a wellspring of bad feeling towards the company, infecting anyone who cared to listen.

While employees do have instinctive demands that must be met, most also often have a clear understanding of what can be expected from their employer. According to Adams' Equity Theory, both employers and employees seek to find a fair balance of their contributions. If the balance lies too far in the employer's favor, some employees may work to bring contributions back to equilibrium by asking for more compensation or better working conditions. This is when dissenters in the organization begin to appear.

If you were to ask a typical employee why they are satisfied with their job, they aren't likely to answer, "I really like my boss," "the health plan is superb," or "the color scheme in my office is fantastic". No, they are more likely to say, "I like the challenge," "I find it awfully rewarding," or "I like feeling that others rely on me".

Just as Maslow's hierarchy had level built upon level, Herzberg's theory claims that there is a higher level of satisfaction that employees seek. This can be summed up as their *raison d'être* for doing what they do, and includes: achievement, recognition, the work itself, responsibility, advancement, and growth.

These factors are somewhat less tangible than those reasons for dissatisfaction, and are therefore somewhat less quantifiable. They are what motivate people to solve nagging inventory problems, make them willing to stay an extra hour to finalize a sourcing contract, or stay loyal to a company when other employment opportunities arise.

Obviously, everyone has different desires and will be motivated differently. Awareness of your employees' values and needs allows you to recognize in which areas they require specific attention. Some suggested methods include:

- Recognizing contributions to the company
- Ensuring that employees are involved in projects that match their skills and abilities
- Giving each team member as much responsibility as possible
- Providing opportunities for advancement within the company
- Offering training and development opportunities

The last option in that list, training and development, can be the most effective, as it serves the dual purpose of challenging employees to improve their abilities and communicating to them that the company values them enough to invest in their development. "When you pull back on training, you are sending a message [to employees] that there are no long-term opportunities here," explains Gary Lilien, Management Professor.

To put it simply, a company can't afford not to have a motivated, satisfied workforce. A recent report found that when employees are highly engaged, their companies enjoy 26% higher employee productivity, lower turnover risk, and are more likely to attract top talent. They also miss 20% fewer days of work and three-quarters of them exceeded or far exceeded expectations in their most recent performance review. As if that wasn't reason enough, the companies they work for have earned 13% greater total returns to shareholders over the last five years. One could say that employee satisfaction is success guaranteed.

Documents used in the preparation of this article include:

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