

Light Their

Forty percent of employees will suffer from “burn out” in the next five years, according to a recent survey by the World Health Organization. Newsweek columnist George F. Will corroborated this data in his August 2001 article when he wrote: “Forty percent of vacationers are in daily – yes, daily – contact with their offices.”

Burn out is when an individual “gives up” emotionally and intellectually. It happens when an employee is no longer engaged in the business and no longer attempts to contribute to the organization. Instead, the burned out employee just goes through the motions, unconcerned about outcomes such as quality, customer satisfaction or company productivity.

Burn out is the result of excessive stress. It often is caused by an excessive workload, monotony, unrealistic performance expectations or a general sense that the value of one’s contribution is unnoticed or not valued by the organization.

This is bad news for employers. No matter how large a company is or what industry it is in, as baby boomers reach a point in their lives where they begin to scale back their efforts, skilled labor will become increasingly difficult to find. Employees cannot be taken for granted.

This presents three significant problems that can affect business profitability:

- Costs associated with stress-related compensation claims
- Skilled labor shortage caused by the time lost associated with these claims
- Drop in quality and productivity of



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QUICK LOOK

- ⇒ Employee burn out may result from job monotony, an excessive workload or a feeling of unappreciation.
- ⇒ Meaningful work instills a sense of importance in employees.
- ⇒ Employers should communicate information to employees to make them feel “in the know.”
- ⇒ Social rewards validate an employee’s contribution and enhance self-worth.

workers who remain on the job while suffering from burn out symptoms.

Fortunately, there is sufficient information about human behavior and the workplace environment to indicate that a solution is available. Social scientists have found that business partners do not suffer from burn out nearly as frequently as the general work force. In large part, this is attributed to the fact that business partners are engaged in meaningful work.

Meaningful work imparts a sense of purpose or significance to the employees doing the work. It engages individuals in the business by making them feel their contribution has value and is appreciated. The concept of meaningful work has two basic concepts:

- The work itself
- The social environment in which the work is performed.

The challenge to management, in light of a rising level of burn out, is to structure work and the workplace environment in such a way as to create a sense of partnership. In doing so, a company can develop employees who perform more like business partners

and less like hired hands.

How to Provide Meaningful Work

Managing employees is a difficult task in any business. The following seven steps have been used successfully to develop a work environment that provides meaningful work to all employees. These steps are the result of more than 15 years of research, analysis and the practical application of behavioral psychology in the workplace. Many companies already are performing one or more of these steps. The secret to success, however, is to do all of them.

Step 1: Redesign the work process to eliminate wasted effort. Perform a workflow analysis and reengineer the work process to be more efficient. This is a well-documented process and there are plenty of how-to books and consultants who can assist with the effort. Ensuring efficient and effective workflow is the foundation on which Step 2 is built.

Step 2: Staff appropriately to the workload. Use the information from Step 1 to perform a comparison of labor

Executives Suffer Burn Out, Too

Executives also can experience high stress levels and increased workload caused by the following situations:

- Employee involvement efforts have not lived up to the promise of higher levels of performance
- Employee layoffs have reduced the number of employees available to “get the work done.”
- The stock market is driving options under water and an organization that overnight went from profitability to fighting for its life.

The following case study illustrates how a mid-sized design, manufacturing and assembly company with headquarters in the Midwest and annual sales in excess of \$200 million anticipated an eventual downturn in the business cycle and prepared for it.

Understanding that many executive separations are the result of personality issues rather than performance issues, it decided to develop a culture that supported a balance of performance and behavior. The performance element would link the executive’s financial needs to those of the company. The behavior element would create a sense of partnership and forge relationships needed for any organization to perform well under stress.

As a result of discussions with a behavioral scientist, the company chose compensation to lead the change and searched for an approach that would incorporate culture, rewards and meaningful work. It designed a compensation strategy where base pay was at the 60th percentile of market and the annual cash incentive (a weighted scorecard of corporate, business unit and individual objectives) paid executives 75th percentile of market at target. The nonqualified deferred pay was composed of 25 percent

in stock options and 75 percent in deferred compensation units (DCUs).

A DCU is part of a proprietary deferred incentive plan designed by their compensation consultant. It is a unique executive wealth-building mechanism that was the capstone of the compensation plan. Using synthetic equity, it rewards both individual performance and the creation of real value. Annually, each executive was *awarded* stock options along with the opportunity to earn DCUs. Unvested DCUs were earned based on the key value drivers of annual working capital, cash flow and individual objectives. As the units vested, they had the opportunity to appreciate significantly in value based on the company’s profitable growth.

As a nonqualified, deferred *incentive* compensation plan, the design drove several of the desired culture change outcomes. The DCUs-linked individual and company results required a balance of performance and behavior from the executives. Stress was reduced and retention was improved because the plan protected employees from the vagaries of the stock market and provided the assurance that if they performed as individuals, worked as a team and grew the value of the company, their payout was *guaranteed*.

The company, unlike most others in its sector today, is growing. This can be attributed to an intelligent compensation plan along with the implementation of organization-wide incentive pay and a process to create a culture of partnership. The change management process created focus on and understanding of key value drivers. The incentive pay developed commitment and the measurement systems provided accountability. Executives function as a team, knowing it is the only way they can achieve their maximum wealth opportunity.

requirements against the workload. Match up personnel to the workload and staff the organization for approximately 80 percent overall efficiency. This leaves room for fluctuations in workload. Steps 1 and 2 result in the design of a scope of work for each position that is complex enough to be interesting and challenging. Done properly, this identifies employees who are overutilized and underutilized and eliminates these stress-causing situations. Why are underutilized employees subject to stress? Because they know they are vulnerable to a layoff. Step 2 also improves communications by establishing a clear set of reasonable performance expectations that are understood by both employee and manager.

Step 3: Educate employees. Once the workflow has been redesigned and staffed appropriately, the next step is to educate employees in their new roles. Obviously, they will need technical education to perform the full scope of their new functions successfully. Employees will benefit from information about the overall business: The industry, competition, customers, products, services and the company’s business objectives. With this information, they can begin to understand how personal performance contributes to the company’s success. This line-of-sight from individual contribution to company outcome creates a sense of purpose and engages employees in the business by making them feel their contribution has value.

Step 4: Communicate with employees. Employee surveys continually reveal that employees want a sense of “being in on things.” They want to know what is going on in the company. Part of providing meaningful work is to provide information about the company, customers, competition and industry and to provide feedback on personal, team, department and company performance. It is difficult, if not impossible, to

improve performance without receiving timely feedback. Many organizations don't provide timely performance feedback because they have not made the commitment to develop performance measures at lower levels within the organization.

Companies should consider using a performance scorecard, a method of tracking performance for every level within the organization. The process for identifying objectives and measures has been well established. All it takes is management commitment, skilled facilitation and a little time. If the only scorecard is the time clock, any job can seem meaningless. Measuring performance and providing timely feedback fulfills employees' need to know and gives meaning to the work.

Step 5: Provide opportunities to participate and grow. One of the differences between a hired hand and a business partner is the opportunity to become involved and make a contribution. Companies with meaningful work provide systems that enable employees to contribute to the company's success. These systems, such as group action planning, team problem solving, total quality management or self-directed work groups, allow employees to exercise their initiative and creativity. Work becomes more meaningful because employees receive a sense of significance and growth beyond the daily job requirements.

Step 6: Empower employees based on their ability. For the purpose of providing meaningful work, empowerment is defined as the ability and authority to take independent action within certain parameters. Using this definition, it's obvious that empowerment is not a team sport. Employees are empowered on an individual basis.

Smart management realizes that empowerment is a function of employees' ability to understand the conse-

quences of their actions on the company's profitability. That's why Step 3 is so important. Employees cannot be empowered until they are educated and have systems in place that allow (and channel) their participation.

Empowerment enhances a sense of meaningful work; employees feel important when they are able to take independent action based on their own decisions.

Step 7: Link rewards to results. The design of meaningful work should be based on the psychological model that states "Behavior is a function of its consequences." Simply put, if a behavior generates a reward, then that behavior will be repeated. Rewards indicate that something has value. To provide meaningful work, it is necessary to provide rewards for the accomplishment of that work.


In other words, linking rewards to work links value to work.

There are two types of reward opportunities in the workplace: social rewards and material rewards. Social rewards are a formal demonstration of appreciation. They validate the worth of the employee's contribution and, in doing so, provide emotional satisfaction. Formal recognition programs, such as employee-of-the-month awards, are examples of efforts to provide social rewards. Informal recognition by management or peers also provides social reward and satisfaction.

Material rewards, such as incentive pay, link compensation to performance. Incentive pay is a before-the-fact agreement that states "do this, get that." It clearly defines the objectives, measurement method, performance expectations and rewards linked to improvement. Incentive pay is a powerful communication tool that can focus employee attention on a company's key performance objectives. Designed properly, it can be an information source

about the contributions employees are expected to make and how to measure their performance.

Link Performance to Rewards

Most organizations that want to create an environment of meaningful work start the process with reward systems because of the power that rewards have to focus attention. To be effective, reward systems require measurement and a clear definition of what is important for the company's success. Measurement, linked to rewards, gets attention, places value on the work and allows employees to participate in the gains of improvement. Measurement linked to rewards sends a clear message that management is serious about creating a culture of partnership. 

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FOOTNOTES

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For more information related to this article:

- ⇒ Log in to ResourcePRO Search and select Simple Search
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