

# A bond, not a promise

As institutions strive for enhanced performance in a downturn, ANTON FRANCKEISS says employee engagement will help to win the battles and the war.

In the financial sector's determined drive towards more comprehensive customer engagement at the core of its effort to rebuild trust, it's all too easy to overlook the importance of engaging that other critical cohort of customers: our colleagues.

Economic and business uncertainties don't make this easier. The Chartered Institute of Personnel and Development (CIPD) discovered this in its Shaping the Future research project – as many as 61% of the companies it surveyed say rising job insecurity is indeed making it difficult to maintain engagement levels.

A 2010 Corporate Leadership Council survey of 880 HiPos (High-Potential Employees marked out as future stars) similarly revealed a 30% drop in engagement levels since 2009, while 25% planned to change jobs within the next 12 months.

Fables and folklore aren't often sources of learning for financial services, but everyone should clearly understand the importance of keeping alive the geese that lay the golden eggs.

A year ago in banking and finance, with rising starting salaries for permanent staff and falling vacancy numbers, it was still relevant to talk about a continuing "war for talent". But the latest October 2011 CBI/PwC Financial Services Survey shows how the pace of growth in the UK's financial services sector – until very recently, consistently the most optimistic sector post-recession – continued to slow in the three months to September.

And in the next three months, firms expect growth will be slower still and foresee no improvement in profitability. Ian McCafferty, CBI Chief Economic Adviser, expects that many are "planning to reduce their headcount in the next quarter". Indeed, 50,000 jobs have already "gone" in the sector, which could shed 8,000 more during the next quarter.

In that context, organisations should not just wage war over talent with competitors: their own longevity against their competitors depends just as critically on their ability to wage war with and through talent. Waging this broader talent war successfully means more than a recruitment



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strategy. Generals and strategies are vital, but so are armies and arsenals.

Success always will require ability, drive and self-motivation but engagement is critical. Indeed, as a factor in an individual's post-promotion success, it soundly trumps aspiration. But employees need to be engaged with, not at: the truth is that the biggest drivers of higher engagement are:

- The provision of meaningful work
- An employee voice – and the opportunity to use it
- How senior managers communicate with their staff.

These factors powerfully enhance the sense of belonging that drives commitment and contribution – and both individual and organisational performance as a result. To

reap maximum benefit, these are the keys to a successful internal engagement strategy with colleagues:

- Open dialogue with key talents to ensure their development plans are aligned with your business and talent strategies.
- Free discussion about factors that influence loyalty; use the findings to review and improve processes and practices. (It's said people join organisations and leave managers, but they also leave jobs they feel have been "over-sold").
- Commitment of line managers to maintaining motivation: by all means "recruit for attitude", but recognise that organisations as well as employees need to work to make sure attitudes are retained.
- Effective feedback in both directions: identifying areas where engagement is falling can ensure remedial action is taken before cross-functional performance is affected.
- Performance management that's a daily activity, not a periodic one: challenge under-performance, but support development and behavioural change – improving ourselves is much harder than criticising others.
- Build excellence in people management and leadership, which includes taking responsibility to help others achieve their real potential.

"Many banks continue to control costs aggressively," says Andrew Gray, UK banking leader at PwC, "and, as a result, expect further headcount reductions." Behind that observation lies a larger, trickier question: as banks shed talent, how easy will it be to live to fight another day? Higher levels of engagement lead to lower staff turnover and sickness rates, increased profits, turnover and customer satisfaction. These sound like excellent weapons in any organisation's arsenal. And working hard at employee engagement is key to achieving them.



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