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This Week:

- The ROI of Retention
- When to Use 360-Degree Feedback
- Female Executives on International Assignments
- Giving Flextime to Exempt Workers

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How Do We Measure the Return on Investment of Keeping Top Performers?

Q: **Where might I find information on best practices of measuring retention in the workplace? I have heard many theories over the years and am wondering what most companies use and how they measure it. I work in a print manufacturing environment and we are always looking to improve retention.**

—Wondering About Retention, talent specialist, manufacturing, Hartford, Wisconsin

A: Most companies today recognize the value of attracting and retaining a strong, competent workforce. But most also don't fully appreciate how they can improve retention rates.

When surveyed, employees indicate their top reasons for leaving a position are:

- Not getting along with their direct supervisor.
- Desire for more money.
- Need for better work/life balance.
- Lack of career growth, challenging assignments.

It's noteworthy that three of the four top reasons are nonfinancial. Employers can do much to address these issues, but frequently only pay lip service to significantly enhancing the employee experience. If employers paid this little attention to their customers' experience, they would likely be out of business.

So, what's an enlightened employer to do?

- Actively demonstrate that you value the unique needs of each employee

  ○Tailor your HR and benefit programs to your workforce (flexible work schedules, choices in health plan options, PTO banks, etc.).

  ○Publicly recognize outstanding performance and employee achievements.

- Teach supervisors how to be good coaches and managers.

  ○Provide ongoing training on issues such as handling conflict, delivering difficult messages and conducting effective performance discussions.

- Ensure alignment between business goals and employee rewards.

  ○Appropriately mix base and variable pay.

  ○Unambiguously link performance to rewards.

  ○Clearly delineate between rewards for top and bottom performers.

- Nurture the employee ecosystem.

  ○Make sure employees understand what it is the organization values.

  ○Practice what you preach—hold managers accountable for their actions and for tolerating or ignoring unacceptable behavior.

  ○Focus attention on high performers; deal effectively with marginal performers (Is an "up or out" philosophy right for you? Or, is a culture of mediocrity acceptable?)

  ○Ask top performers what makes them successful at your organization and why they stay.

  ○Ask employees what is and what is not working and act on their input.

Commonly used solutions today include pre-hire assessments, variable compensation programs and links between the performance management and compensation systems (both strategic linkages and automated, processing-type linkages). Planned enhancements over the next year typically include the implementation of learning management systems and online skills/competency tracking systems.

Forward-thinking companies do a reasonable job of tracking the key performance indicators of retention, which have historically covered employee satisfaction levels, turnover rates and benchmarks for similar organizations, and worker productivity metrics. However, these measures do little to illuminate why retention issues occur. These basic measures should be expanded to track items such as employee satisfaction with specific areas of their job (their work, their supervisor, their pay, their commute, their co-workers); turnover rates should be evaluated by employee level, tenure, speed of advancement, performance rating, sex, age and other factors.

The key is to progress from simply tracking data to understanding information to determining cause and effect. Then you can affect your bottom line.

SOURCE: Paulette Welsing, Capital H Group, New York, November 29, 2006.

LEARN MORE: Aside from retention, HR executives may need to calculate their hiring costs.

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When Should Organizations Use 360-Degree Feedback?

Q: We are getting set to formalize our review process. How do I know if 360-degree performance appraisals are right for our company?

—Yearning for a Yardstick, HR executive, software/systems, Jaipur, India

A: The 360-degree method of appraising performance is not right for every company. These appraisals are based on feedback from peers, direct reports and supervisors—typically for people in a supervisory role. The idea is that by hearing 360-degree of feedback, the person will be better positioned to improve performance. However, the first issue to address is whether 360-degree performance appraisals make sense within your company's culture. To find out if your company is prepared to do these types of review, ask yourself and your team the following questions.

How big is big?
In a company of five people, it does not make sense to do 360-degree performance appraisals. In this environment there is a strong likelihood that feedback will not be confidential, based upon the responses. Companies with more than 500 employees would be a decent place to start thinking about 360-degree feedback. In this case, size does matter.

What is the ideal number of supervisors?
There is no ideal number. However, if you have at least 10 people in a supervisory role, it may make sense to use 360-degree feedback. The implication is that you will have lots of people to manage and lots of feedback to get.

How many reports is enough?
I would not recommend doing 360-degree performance appraisals for a supervisor with fewer than five employees. It's too easy for supervisors to figure out who said what, therefore undermining the process. Teams with fewer employees also are likely to be closer and talk among themselves. Instead of standardizing the process, ask people one on one for feedback. It will go a long way and it's what good managers do.

What will be the perception of the feedback?
If supervisors go though a 360-degree performance appraisal process, and are on a witch hunt to find who said what, then it will not go well. Supervisors themselves need to be open and honest that the system produces constructive criticism. Those who are resistant to the feedback are likely not the right people anyway, so it's about time they were shown the door.

How will the feedback be used to improve supervisor performance?
It's important that the feedback be used in conjunction with strategic business goals that your supervisors already have. Tie the feedback to goals and you'll get a winning process. Tie the feedback to "this person is a bad person," and you'll find yourself in last seat on the bus to nowhere.

What are the implications on the workforce?
It makes a difference if your company is unionized or nonunion. In a union environment, you will need to consider a host of legal issues before making any management decisions that affect people. If yours is a nonunion environment, then it's probably riper for 360-degree appraisals because folks will be more inclined to give their honest opinion, rather than blast a supervisor out of the water because he docked someone's pay for showing up late 10 weeks in a row.

Will 360-degree performance appraisals be conducted internally or externally?
No matter how many times you say that something is confidential, there will always be a contingent of folks who don't believe

confidentiality will be maintained. If the system is launched internally, not using an external expert, then it will be more open to the criticism of being non-confidential. If an outside expert is used, this will decrease the likelihood of folks thinking their name will show up on your "Big Red List of People We Want to Fire Today."

SOURCE: Dana E. Jarvis, human resources director, Snavely Forest Products, Pittsburgh, November 30, 2006. Jarvis also is an adjunct professor at Duquesne University in Pittsburgh.

LEARN MORE: Self-assessments for managers are more useful when coupled with feedback from other managers or co-workers.

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What Factors Must Companies Take Into Account When Trying to Get Women Executives to Accept International Assignments?

Q: **What factors account for the increasing numbers of female executives being sent on international assignment? What are their chief concerns about accepting such assignments?**

—Whither Go the Women? communications, Horsham, Pennsylvania

A: The rise in global activity and global competition has meant that more women are entering management positions. Whereas previous stereotypical images of international managers were those of men in their mid- to late 40s with university degrees, times are changing. Nowadays the war for talent and the scarcity of human capital resources has leveled the playing field, giving female managers more international opportunities than ever before. Today companies are employing the best person for the job, not just the best available man.

Overcoming biases toward selecting female assignees has not been easy, but it is certainly improving. These include addressing the challenges associated with breaking the glass ceiling, inviting females into male-only networks or establishing female-only networks, increasing female role models and mentors, developing a female model of career development (rather than adapting or forcing the traditional male model upon women), and embracing a female managerial style. In addition, more women are now asking to be included in the selection process for international job opportunities.

Based on the limited research into this topic, a number of concerns for women assignees are evident. First and foremost is the company's need to address the dual-career challenge and offer support services for the male trailing spouse. Spouses who cannot work or whose careers are significantly disrupted as a result of an international relocation are a major reason for assignment failures. Whereas the traditional profile of an international assignee has been a male with a stay-at-home wife, for which the dual-career issue appears less important, research shows that female assignees have a higher proportion of professional (dual-career) spouses than their male counterparts, and the ability to continue their career is extremely important.

Companies need to recognize that while all trailing spouses require support, support for the male trailing spouse is perhaps even more important given their frequent change in status from primary breadwinner to that of supporting spouse in an expatriate community that seldom sees men assume such roles.

Second, just as women in general take greater responsibility for organizing the family and children than do their husbands, female assignees usually continue to maintain these roles once posted internationally. Juggling these demands with their professional responsibilities, particularly in an international setting for which they may be ill-prepared, adds to their concern about accepting and performing in international locations. For those assignees with children, the demands of domestic responsibilities are even greater.

Third, female assignees require adequate training to prepare them for the cultural challenges of working abroad. This is no different to male assignees who often complain that the demands of working and living abroad can be eased if proper attention to cultural training is offered and encouraged.

Finally, covert gender biases remain a top concern for female assignees. The most obvious forms of discrimination are still in salary scales and educational qualifications deemed necessary for a particular job. Many female assignees still report that they have to be better than the men in their companies to get to the same top job. Overcoming negative attitudes from males toward them as international female managers has been a significant challenge. For female assignees there is strong evidence to suggest that they often work much harder than their male counterparts in the same roles simply to get ahead. Therefore, their commitment and determination often far exceeds the average male assignee.

SOURCE: Yvonne McNulty, founder, www.thetrailingspouse.com, Singapore

LEARN MORE: More women received overseas assignments during the past five years, according to a 2006 study.

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What Do We Need to Know About Giving Flextime to Exempt Workers?

Q: What are the parameters for giving exempt employees free use of flextime or comp time? Could we set a minimum hourly performance level?

—Orchestrating OT, coordinator, government, Manistee, Michigan

A: Time off in lieu, compensatory time or comp time is a work-schedule arrangement that allows workers to take time off instead of, or in addition to, receiving overtime pay. An employee may receive overtime pay plus equal time off for each overtime hour worked, or for work performed on certain agreed holidays.

Currently in the U.S., such arrangements are illegal for private-sector workers under overtime laws, but the practice is legal in the public sector.

For example, under current overtime laws in the U.S., nonexempt workers must receive one and one-half times their normal hourly wage for every hour worked beyond 40 hours in a workweek. On the other hand, there is no legal requirement under state or federal law to pay overtime to exempt salaried staff (professional, administrative and executive staff) to compensate them for working extra time. While organizations may have specific expectations about the number of hours an exempt staff person regularly works, there should be no salary deductions if less time is worked and no premium pay for overtime.

Nonetheless, many organizations do wish to reward employees for efforts above and beyond by giving them comp time. The correct way to use comp time for exempt staff is to permit them to take time off, at a convenient pre-agreed upon time for all, to reward extra time worked. The time off should be scheduled and approved by the exempt worker's supervisor, to be taken during the current pay period. In no case should the comp time be accumulated for some future time, or taken hour for hour for the extra time worked. If it is, the organization is considered by the U.S. Department of Labor to be treating the exempt staff person as if he were an hourly worker, making the organization potentially liable for overtime payments for that employee.

SOURCE: James R. Sowers, Ph.D., national managing director, human resource management, Buck Consultants, Houston, and Leila Lau, director, human resource management, Buck Consultants, New York, December 11, 2006.

LEARN MORE: Some employers are finding that flexible scheduling improves recruitment and retention. Also, take an online survey about flexible schedules.

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