Building a Culture of Employee Development

Training and career-development activities are among the most important factors influencing employees' engagement and commitment. In this economy, some organizations may make the mistake of shifting their focus away from such opportunities. Instead, HR leaders should create stronger cultures for development.

By Mark A. Royal and Rebecca C. Masson

Faced with a difficult economy, some organizations may be tempted to shift their focus away from training and career-development activities. But doing so would be a big mistake. Our research, based on employee-opinion surveys in hundreds of organizations across industries, confirms that opportunities for personal development and growth are among the most important factors influencing employees' engagement and commitment.

The relationship between getting ahead and getting motivated should not be surprising. Today's employees recognize that they are responsible for managing their own careers and that their futures depend on continuous elevation of their skills. If employees are not expanding their capabilities, they risk compromising their employability – within their current organizations or elsewhere.

But development isn't just an employee concern. It's also a strategic imperative for organizational leaders.

In 2007, the Society for Human Resource Management Foundation asked Hay Group to carry out a benchmarking study to identify the most pressing human capital challenges faced by HR leaders and other senior executives. In all, 526 companies participated.

Three-quarters of survey respondents rated succession planning as a significant challenge for the future, and more than half rated it among the top three most-challenging issues they are facing. In many companies, significant numbers of leaders will be retirement-eligible in the next five to 10 years, so there is a clear need to identify and retain employees who can take on leadership roles in the future.

Views of Development

Employee development may be a priority for employees and organizational leaders, but a host of challenges come along with it. Training budgets are constrained. Time-pressured managers struggle to devote adequate time to coaching and developing their teams.

And, especially in flatter and leaner organizations, the supply of promotion opportunities is likely to fall well short of demand.

Indeed, today's employees express considerable frustration about their chances for growth and development. Hay Group employee-opinion norms suggest that only 41 percent of employees rate their advancement opportunities favorably. And just 53 percent express confidence they can achieve their career objectives by continuing to work for their current employers.

Best Practices

What can HR leaders do to create stronger cultures for development? It's possible to gain some insights from organizations that are viewed most positively in this area – by their own employees.

Drawing on our employee-opinion norms, we examined data from more than 200 companies and about 2.6 million employees. We isolated a best-practice group of organizations that scored in the top quartile on employees' ratings of their opportunities for advancement – either through promotion or through development within their current roles.

We then examined a wide range of workplace practices, comparing the best-practice group (companies we'll call career-development "leaders") with bottom-quartile organizations (career-development "laggards").

The results suggest that HR leaders need to attend to more than just career tracks to instill confidence among
employees that their organizations offer opportunities to learn, grow and advance. The organizations that are judged by their employees to provide the strongest development climates effectively manage a broader set of workplace dynamics.

1. **Confidence in Leadership and Direction**: Today's employees recognize that their prospects for continued employment, career development and advancement are dependent on their companies' health and stability.

They cannot be expected to bind their futures to those of their employers unless they are confident that their companies are well managed and headed in the right direction. Indeed, three-quarters (76 percent) of employees in the career-advancement-leader organizations report they trust and have confidence in their company's senior-leadership team, compared to just 56 percent of employees in the laggard organizations.

To win trust and confidence, leaders need to help employees understand that there is a coherent strategy in place for succeeding in the current business environment and that the company is making progress relative to key objectives. If senior leaders are not meeting this need with credible messages, gossip and rumor often fill the vacuum.

Also critical is enlisting the support of middle managers and first-line supervisors. If managers at lower levels signal to employees through their words or actions that they lack faith in organizational leaders, employees' trust can be expected to decline rapidly.

2. **Equity and Fairness**: As opportunities to promote employees are always constrained, the number of employees who want to be promoted at any point in time will generally exceed the number who can be promoted.

As a result, absent high levels of clarity regarding promotion processes, there is a significant potential for "sour grapes."

It is critical that organizations instill in employees the confidence that outcomes are balanced with contributions in an equitable manner. Employees in career-advancement-leader organizations are markedly more likely than their colleagues in the laggard organizations to indicate that their companies apply policies and procedures consistently (66 percent vs. 45 percent) and that advancement opportunities are clearly linked to individual performance (68 percent vs. 37 percent).

An important part of building employee confidence in a development approach is clarifying what employees can expect from the organization.

Sherri Enright, vice president of human resources for Blue Cross Blue Shield of Kansas City, one of the career-development leaders, says that her organization has been developing the theme that "you own your own development. We are here to help you with any resource you need. But it is not up to your company to provide you those things -- you have to seek them out."

Blue Cross Blue Shield of Kansas City recently developed a workforce-planning model that covers a wide variety of areas (e.g., onboarding, succession planning). According to the model, Enright says, "about 70 percent of your development comes directly from your work experiences, including your work with your immediate manager, stretch assignments, project leadership, cross-functional teams and job shadowing.

"Critical in this regard, though, is the role HR can play in supporting both managers (e.g., by encouraging leaders to put together cross-functional teams) and employees (e.g., through our career resource center).

"The next 20 percent," she continues, "comes through exposure that cuts across the HR world and the company world. On the HR side, we have our career-development program and our 360-degree feedback assessments and coaching exercises.

"Outside of HR, there is a formal mentoring program in place in our largest division and some informal programs elsewhere. A wide variety of people also participate in industry organizations."

Finally, Enright notes, "the last 10 percent is the educational piece that people typically see as an HR responsibility,
including our training programs and our corporate university."

3. **Collaboration Across Organizational Lines:** Working with others across organizational lines can help employees identify opportunities for advancement that may lie outside of their current divisions or departments.

And, by providing greater exposure and visibility in the organization, strong cross-functional working relationships can help employees develop networks of support that can be leveraged in seeking promotions to more senior levels.

Seventy percent of employees in the career-advancement-leader organizations report that the atmosphere in their companies encourages effective cooperation and sharing of ideas/resources across functions, as compared to just 43 percent of employees in the career-advancement-laggard organizations.

At BCBSKC, cross-functional teams are used heavily to support operational objectives and to assist with employee development.

"There are a lot of cross-functional teams in place in this company, because there are so many interconnections between divisions," Enright says. "And there is a strong exposure element simply as a function of the integrated nature of many employees' jobs."

**Three Additional Strategies**

Along with promoting confidence in leaders, perceived fairness and equity in HR policies and procedures, and collaborative cross-functional working relationships, our work with leading organizations points to three additional strategies for fostering positive impressions of the development opportunities available to employees:

1. **Strengthen Supervisory Relationships.** An individual's supervisor plays a critical role in determining his or her career path within an organization.

   Through coaching and regular performance feedback, supervisors can help employees identify developmental needs and enhance their skills. Supervisors also often serve as mentors for their employees, helping them understand organizational expectations and develop supportive networks.

   Finally, supervisors play an important role as "sponsors" for their employees. Supervisors are in a position to help employees secure additional responsibilities or get promoted by "talking them up" to others in the organization or helping them "work the system."

   To keep more of their best people, most companies would do well to focus managers on the need to attend continually to the development of their employees.

   But Dave Spirk, corporate director of organization/management development and staffing for Corn Products International, another of the career-advancement leaders, sounds a cautionary note.

   "There is a certain element of trust that is at risk if sponsorship is not done right," he says. "If the build-up is not backed by subsequent performance, others may become skeptical that the sponsoring manager is 'dumping' the employee and making the case for promotion or transfer just to get the employee 'out of his or her hair.' Do that just once, and you have to work real hard to get back any trust and credibility."

   If there is a suspicion that some managers may be inclined to push off marginal performers on others, it may also reflect the self-interest managers have to hold on to their best people.

   "There is a tendency on the part of some supervisors, to hoard resources," Spirk says. "A particular division may produce a wealth of absolutely wonderful managers. And on paper they may be available -- until you need them. Then the message is that they are mission critical, and others are told to ask again later."

2. **Increase Awareness.** Most organizations would also benefit from better communication regarding development opportunities. Our normative data indicate that only 60 percent of employees feel well informed about job openings,
and just 50 percent understand what is required of them in order to advance.

Organizations should also focus on clarifying potential advancement routes for employees at all levels. Doing so not only helps employees understand the directions their careers might take but also offers management additional clarity regarding bench strength and the relationship between roles within the larger organizational hierarchy. Unfortunately, at present, nearly one-half of employees report that they are unclear on the career paths available to them in their organizations.

Relatively few organizations have well-established career ladders for employees at all levels.

"I think some companies are skeptical because of the risk of broken promises," Spirk says. "If we put that out there, is anybody going to sue us? 'You say you have a career track, how come I haven't been on it?' When they don't get on it, they start making up their own reasons – looking for any rationale other than that the pipeline is full."

Indeed, the notion of a career ladder may be too restrictive. "The way I've always thought about it," Spirk says, "is more of a career 'map.' A map gives you many choices of roads that can all get to the same point, some more circuitous than others. A ladder or path suggests the shortest distance between two points."

3. Manage Employee Expectations. What if career maps or paths cannot be defined in certain roles or the organization is too small or flat to offer clear promotion prospects to most employees? HR leaders may still be able to create positive employee views by shifting the conversation from advancement to development and emphasizing the positives.

Smaller organizations offer special opportunities for learning and growth. Leaders in these organizations might consider emphasizing as part of their "employer branding" efforts the opportunities for employees to have a personal impact on team and organizational outcomes and to be "closer to the action" than in larger organizations.

More broadly, where advancement potential is limited, HR leaders may be able to highlight other avenues for development, including flexibility in job design, opportunities to get involved in projects outside of the employee's technical/functional area or the potential for "horizontal" growth opportunities.

In these instances, HR leaders might, for example, consider providing opportunities for employees to work outside of their job descriptions to solve significant business problems, either through independent projects or high-impact cross-functional teams. Case-study examples of "success stories" might also be leveraged in employee communications to emphasize what's possible for motivated employees.

Promoting high levels of employee engagement is particularly critical today. In the rapidly changing environment most companies now face, where roles and responsibilities are continually evolving, organizations must count on employees to act on their own in ways consistent with organizational cultures, objectives and values.

And faced with a challenging global economic environment, most organizations need to do more with less, making the discretionary effort of employees willing to "go the extra mile" all the more important.

Our research suggests that perceptions of opportunities for growth and development are among the strongest predictors of employee engagement. It is certainly the case, especially in times of economic uncertainty, that organizations may not be able to promote every employee who wants to advance.

Fortunately, however, there is more to the story when it comes to developing a strong culture of development. By managing a broader set of issues that impact employees' views of their development chances, HR leaders can keep key contributors focused on moving ahead – instead of moving out.

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