MANAGING

Businesses Mount Efforts to Retain Valued Employees

By Sarah E. Needleman

Many employers and employees don't see eye to eye on what keeps workers happy, a disparity that could spell trouble for businesses as the economy recovers.

Employers consider management climate and workers' relationships with their bosses as most important, but employees cite pay and benefits, according to a survey last winter by **Spherion** Corp., a Fort Lauderdale, Fla., staffing firm. Respondents included 306 human-resources managers and 2,519 employees at firms of all sizes. Surveys conducted in 2007 and 2005 generated the same chief results.

THEORY & PRACTICE

Tucker Callaway, a sales director at **CA** Inc., says compensation was a big factor in his decision to join the software maker in April. He also cites poor morale and a lack of leadership at his former employer, another technology company.

Mr. Callaway, 34, says CA gave him a 20% raise. "I have a mortgage and two kids, so pay is extremely important," he says.

Workplace experts say many workers have grown frustrated during the recession and might consider leaving as the labor market improves. Employees are less committed to their employers, according to an annual survey by consulting firm **Watson Wyatt Worldwide** Inc. and WorldatWork, an association of human-resource professionals. Results were based on responses by 1,300 workers at 235 large U.S. firms in May. Commitment dropped most among top performers, according to the survey.

Robert Stack, center, CEO of nonprofit Community Options, rings the New York Stock Exchange opening bell.

Community Options, Inc.

History suggests some of these workers will look elsewhere as the economy improves. So far this year, fewer workers have quit jobs than at any time since the U.S. Labor Department began tracking the data in 2000. But the number of workers quitting jobs jumped 34% between July 2003 and December 2006, during the expansion that followed the prior recession.

"There's going to be a lot of churn in the rising labor market," says Fred Crandall, a senior consultant for Watson Wyatt.

That could be a problem for many employers, who kept strong performers while weeding out weaker players during the recession. "Now you know who your best people are," says Jeffrey Jolton, an organizational psychologist at **Kenexa** Corp., a provider of human-resources services and technologies. "When the market opens up, you don't want them running out the door."

Dr. Jolton recommends employers strive to reward top performers financially and publicize plans to reverse any recent cuts in pay and benefits.

If employers can't afford to boost pay, he suggests firms devise alternatives, such as offering workers more scheduling flexibility or more say over assignments.

Some employers have intensified retention efforts. Spherion this year and last canceled management raises but awarded managers restricted shares, redeemable in 2011, said Roy Krause, chief executive. "I'm giving future benefits to offset the lack of increases today," he said.

Aspect Software Inc. is opening up to gain employees' confidence. Earlier this year, the closely held Chelmsford, Mass., technology company laid off an undisclosed number of workers and cut salaries by 10% for two pay periods in March.

In July, Aspect began inviting groups of 10 employees to breakfast meetings with top executives. Lisa Sylvester, a senior financial analyst, says she was reassured by the session. "You feel like you're part of a bigger picture," she says.

Aspect also altered its telecommuting policy to appeal to employees worried about work-life balance, says Marsha Stephens, senior director, human resources. Today 473 of Aspect's roughly 1,700 employees work remotely, compared with around 100 before. The company also doubled to 40 the number of employees awarded bonuses of $250 to $1,000 each quarter for outstanding performance.

Executives at **Community Options** Inc., a Princeton, N.J., nonprofit that helps people with disabilities find housing and employment, also are reaching out more to employees. Earlier this year, the group suspended raises and most management bonuses. Chief Executive Robert Stack says he has spent nearly twice as much time in the past year meeting the group's 2,500 employees and soliciting feedback. Based on one suggestion, he plans to strengthen training programs for junior managers who aspire to be executives.

"We will not retain our staff if we can't get them to believe in us," Mr. Stack says. "If you value your employees, their trust will grow and they will not look around for another position."

Southwest Airlines Co. is helping employees chart career paths. The Dallas airline launched a new talent-management program this year in which managers meet monthly with all nonunion employees to discuss career progress and goals. "We want a lot of interaction between employees and their direct leaders," says Cheryl Hughey, director of people.