

Prioritizing psychological well-being

● An equilibrium
between workplace
effort and reward

Retaining talent for the post-pandemic world

An interview with Gary Knight,
HR department director, BSI



● Introduction

The world is at a tipping point in terms of the dual influences of workplace effort and reward. Workers are poised to reject high effort, low reward jobs along with the associated negative impacts on employees' psychological health, safety and well-being.

This interview with Gary Knight, HR department director, focuses on the need to reach an equilibrium between remuneration/reward and its role in unlocking motivation and effort, if organizations are to avoid a 21st century brain-drain driven by the Pandora's box effect of COVID-19.

Retaining talent in the 2020s and beyond will require a massive mindset shift away from the transactional and towards the relational, as many individuals redefine what they want from the world of work in the post-pandemic era. Organizations that create an imbalance of effort and reward – however unwittingly – risk stress, adverse health effects and the potential loss of valuable people.

In the interview, Gary highlights the latest trends in employee attitudes including the idea that reward is not simply financial.

To find out more about why the effort and reward balance needs to go beyond the monthly salary slip, read the full interview [here](#).



● Full interview

Tell us about this relatively new concept: The Great Resignation?

Gary Knight: Management professor Anthony Klotz coined the term “**Great Resignation**” and believes the rise of hybrid and remote work helped cause the phenomenon. “How we spent our time before the pandemic may not be how we want to spend our time after,” says Klotz.

A recent study by Microsoft found that as well as 54% of Generation Z workers, 41% of the entire global workforce could be considering handing in their resignation within the next year, and a poll from Monster found that 95% of workers are at least contemplating a job change. The pandemic gave workers more free time to think about their careers, explore entrepreneurship and save more money – leading many to realise their current job was not fulfilling. Workers are more confident that they can leave their jobs and find better opportunities. CEO of LinkedIn Ryan Roslansky talks about a world that is entering into a talent migration that’s bigger than anything we’ve seen before. He calls it the “**Great Reshuffle**”, an unprecedented moment in the history of work where all of us are re-thinking not just how we work, but why we work. To Roslansky, this is a great thing. More people will be doing work they love at companies they feel passionate about, leading to greater success for organizations who engage their employees with empathy and trust. BSI supports organizations to overhaul their approach to workplace health, safety and well-being, setting out best practice and the integrated elements that will deliver a culture of trust and support a resilient organization while unlocking the full potential of its people.

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What are the less overt, more subtle, impacts of losing talent and being forced to replace people?

Gary Knight: So, we already know the financial cost of replacing workers can equate to one-half to two times the employee’s annual salary, so on average, it can cost between \$25,000 and \$100,000 to replace them. But when employees leave an organization, remaining teams often find themselves without key skillsets or resources, negatively impacting everything from workload pressures (which increases the likelihood of mental ill-health on those left behind) to quality of work, time-to-completion and ultimately productivity and bottom-line profitability.



What's the difference between reward and recognition?

Gary Knight: There are three key differences between reward and recognition:

Rewards are transactional, while recognition is relational. A reward is generally a tangible gift given to an employee from their manager or leadership team to celebrate something they accomplished with the context, if the employee does X they will be rewarded with Y. Recognition is personal praise or gratitude for good work and can be given by anyone at the company at any time.

Rewards are tied to goals and accomplishments. Generally, organizations set up a system where employees accomplish x to earn y. For example, if someone in sales hits their goal, they will receive part of an incentive, or if the company hits their yearly goals, every employee might get an end-of-year bonus. Rewards can be a great way to encourage employees to give your organization their A-game and can be an incentive for people to want to work for your company. However, you should be careful to not create a culture at your company where employees feel entitled to rewards. Rewards should be reserved for exceptional work and achievement.

Recognition can happen frequently and in the moment. Recognition can be done frequently and in-the-moment, which means people don't have to wait for praise on their job well done plus, recognition is inexpensive. Managers don't need to ask for budget to write an email celebrating the great work an employee is doing. And because recognition isn't costly, it can be an employee-led initiative. It can be hard for

businesses to reward employees all the time, especially where budgets may be tight, but it's really the recognition and not rewards that so many employees are craving. Research found that 79% of employees who quit their jobs claim that a lack of appreciation was a major reason for leaving, and 65% of Americans claim they weren't recognized even once in the last year. Recognition can be a great way to retain employees.



How should we be talking about themes such as remuneration and compensation in 2021?

Gary Knight: Ideally, we should move away from these terms, particularly compensation which has connotations of financial award for loss or suffering! Though pay is important, money alone isn't the solution. While financial security is a basic need, it is the level of esteem that comes with the right level of recognition that is sought. Some very well-paid people are among the most disengaged, and disengaged white-collar workers are slightly more likely than others to be looking for a job, according to Gallup. Disengagement is a better predictor than pay of disloyalty – workers at every level of income are looking for new jobs – but pay strategies can reinforce engagement or erode it.

Gallup finds that it takes more than a 20% pay raise to lure most employees away from a manager who engages them and next to nothing to poach the most disengaged workers. Pay structures are most effective when they incentivize preferred perceptions, behaviours, and outcomes, but most pay policies don't. Employees who feel their pay and recognition are fair, motivate individual achievement or direct them to do what's best for the organization are happier with their pay and more engaged. Companies have opportunities to maximize pay strategies by calibrating an effective Total Rewards program with an understanding of how all the program's components affect various employee perceptions, behaviours and outcomes. It's detailed work – reward and recognition strategies can undermine talent management strategies – but it can prevent underperformance, culture and compliance problems, and rapid turnover. Attributing today's record-high quit rate to pay issues overlooks the bigger picture of the workplace. The pandemic changed the way people work and

how they view work. Many are reflecting on what a quality job feels like, and nearly half are willing to quit to find one. Reversing the tide in an organization requires managers who care, who engage, who say thank you and who give workers a sense of purpose, inspiration and motivation to perform. Such managers give people reason to stay. In other words, reversing the **Great Resignation** requires fixing the **Great Discontent** – and managers are the key.



Besides pay, what matters most to employees right now?

Gary Knight: Workers aren't just looking for higher pay, more time off, or more days at home (though those things would surely help in the short term). They're actually questioning the whole meaning of the daily grind. Why do we put so much of ourselves into our careers? Are we getting a fair deal from our employers in return for all this stress and heartache? Holding on to employees is about showing them their work has meaning and that the company cares about them as human beings. Effort and reward imbalances are shown to be linked with negative physical and mental health outcomes but work overload is only one cause of burnout. Too often, organizations fail to acknowledge, let alone address, other dimensions. Research shows that lacking a sense of meaning and not receiving the emotional support you need to thrive are also strongly related to feeling stretched too thin.

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What should organizations be building into their employee value propositions?

Gary Knight: If you want attract new people and encourage your current employees to stay, you're going to have to convince them that what they're getting from working each day outweighs the stress, lost time, and forgone opportunities it costs them. That's always the case to some extent, but after 18 months of a pandemic where people have been looking mortality in the face, employees are probably considering that bargain a lot more closely than ever before. What is essential here is recognition that comes from positive feedback and clear accessible career progression. Recognition needs to be an intrinsic part of the culture of an organization – the simplicity of a thank you, or feedback on a job well done.

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It feels like employers are going to have to work harder to attract and keep talent, what does that look like?

Gary Knight: The pandemic has caused a lot of us to refocus and re-evaluate our priorities, and the adage “you don't quit a job, you quit a manager” has never been truer. If managers want to hold onto their employees, they should listen closely to what they want, especially when it comes to remote work. Burnout has been one of the driving reasons. As for the other reasons? While lack of childcare options and low wages are at the heart of many job vacancies, the other reasons people are quitting en masse are the same reasons people have always left their jobs: lack of flexibility and lack of opportunity. Digging deeper into people's motivations, acknowledging employees' struggles and being more thoughtful with your communication (the quality of your writing matters a lot more when you're working remotely) to creating clear goals and increasing opportunities for learning. Helping colleagues get to know each other as full, three-dimensional people, and in seeing work in the context of what we do for and with other humans helps us find meaning in our day to day. Leaders and managers need high levels of emotional intelligence to build the culture of trust that lies at the heart employee well-being and loyalty.



● Building an engaged, committed, productive workforce



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