



FIRST BALKAN PROJECT LEADERSHIP SUMMIT

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**Quantitative value of emotionally supportive work
environment**

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Organizational behavior as a field of study

- Robert Owen, a British industrialist in the 19th century, realized the need for improving the condition of industrial workers, and some of the first steps were to: raise the minimum age for children workforce, introduce meals for employees, and to shorten working hours.
- About a century later, German psychologist Hugo Munsterberg emphasized the importance of motivation and hiring sufficient number of employees.
- At about the same time, Mary Parker Follett, advocated for more democratic management in its dealings with employees. She wrote that organizations should strive harder to accommodate their **employees' human needs.**

Organizational behavior as a field of study

- However, these views were not widely shared by companies' managers at the time.
- Starting from the early 20th century, organizational behavior becomes more popular as a field of study.
- The **relationship between an individual and the organization** was about to face its first major transformation, and it has been going through continuous development ever since.
- The field of study is fairly new, because large organizations only exist in the last century or so.

The “Catch-22” of the middle-management

- The main topic that inspired my today’s session is the tension of the middle management (people managers, or project managers)
- Whose **annual performance / bonus** is measured in figures by the top management,
whereas
- Their project success depends **on the people** in their team.

The “Catch-22” of the middle-management



Catch 22
JOSEPH HELLER

Any other ideas about the ways of achieving financial results that are counted for the **annual** performance bonus?

e.g.?

The “Catch-22” of the middle-management

e.g.

- keeping the project team always slightly understaffed,
- stretching the most experienced people in the team,
- upselling the client for the services he didn't really need or asked for,
- asking the team members to postpone or shorten their vacation,
- work a few hours while they're on sick leave, or
- make them shy/afraid to submit their overtime request form, etc.

The average turnover rate question?

“People are our greatest value”

- *We succeed together!* & other teamwork catch phrases are quite popular today, even though many of these companies still have quite high average turnover rate, i.e. average loss of employees on a yearly basis.

The average turnover rate question?

“The tech sector has the highest turnover rate at 13.2% out of every single business sector, according to a [recent turnover report](#) from LinkedIn.

You might not expect it given the success of tech giants like Google and Amazon, but a majority of Fortune 500 tech companies tend to suffer from high turnover rates.

Median tenure at *Amazon* is just one year, and **Google** performs only marginally better with a median tenure of **1.1 years**, according to [Payscale's](#) recent employee turnover report. *Apple* arguably has the best median tenure among leading tech corporations, boasting just two years.” *Forbes Magazine*

The average turnover rate question?

“Toxic work environments and employee mistreatment (specifically among minority tech employees) are core drivers of tech talent turnover, according to the first-of-its-kind report by Kapor on why tech employees leave their jobs.

In addition, a top reason employees jump ship is due to the lack of opportunities for advancement and professional development as reported by LinkedIn’s latest turnover report.”

Forbes Magazine

**did anyone notice the main reason for changing a company is not salary? Proven with the Google and Amazon case.*

Avoiding the really big cost...

- However, when we have a high turnover rate at the management level, this usually means having the business objectives which would show excellent revenue results in the relatively **short run** (during their average stay in the company).
- The **long-term planning** means avoiding the cost of losing our best people.

So, what is the actual cost of losing an employee?



Photo taken from: mbloomfire.com

- “**Hiring** - advertising the vacancy, interviewing, screening
- Additional **management efforts**
- **Lost productivity** - it may take a new employee one to two years to reach the productivity of an existing person.
- **Lost engagement** - other employees who see high turnover tend to disengage and lose productivity.
- **Customer service and errors** - for example new employees take longer and are often less adept at solving problems.
- **Training cost** - for example, over two to three years, a business likely invests 10 to 20 percent of an employee's salary or more in training
- **Cultural impact** - whenever someone leaves, others take time to ask why.”

(from: www.peoplekeep.com)

The *actual* cost of losing an employee...

- “Some studies predict that every time a business replaces a permanent employee, it costs 6 to 9 months’ salary on average.

For a manager making \$40,000 a year, that's \$20,000 to \$30,000 in recruiting and training expenses.

- But others predict the cost is even more—that losing a permanent employee can cost as much as **twice their annual salary**, especially for a high-earner or executive-level employee.
- For example, a [CAP study](#) found that to replace a highly educated executive positions: up to 213 percent of annual, e.g. **the cost to replace a \$100k CEO is \$213,000.**

(from: www.peoplekeep.com)

Taking everything into the account...

... I want my team to:

- Submit their overtime requests,
- Get additional vacation days as a benefit,
- Get compensation days for travelling for work outside of working hours,
- Take the family days they need.

I want them to **FEEL** well and respected in their workplace.

I want them to **FEEL** that they belong there.

Building organizational commitment

- **Ernst & Young in Australia** is offering their employees 6 to 12 weeks of “life leave” a year to travel, work part-time, or just enjoy the time off;
- **Boston Consulting Group** offers new moms to extend their unpaid leave up to one year (this includes adoptive mothers as well).
- **Deloitte in New York:** Workers can choose to take 3 - 6 months off, partially paid, to pursue a career-enhancing opportunity.
- **Medallia in California** offers employees a budget for overcoming fears, whether personal or professional (e.g. from stand-up comedy classes - to overcome a fear of public speaking, to singing lessons).
- **SC Johnson & Son in Wisconsin:** Employees can also take advantage of the company’s concierge service for a variety of chores, including delivering groceries, getting an oil change, and mailing packages.

(from: www.thebalancecareers.com)

From naming to treating: people or resources?



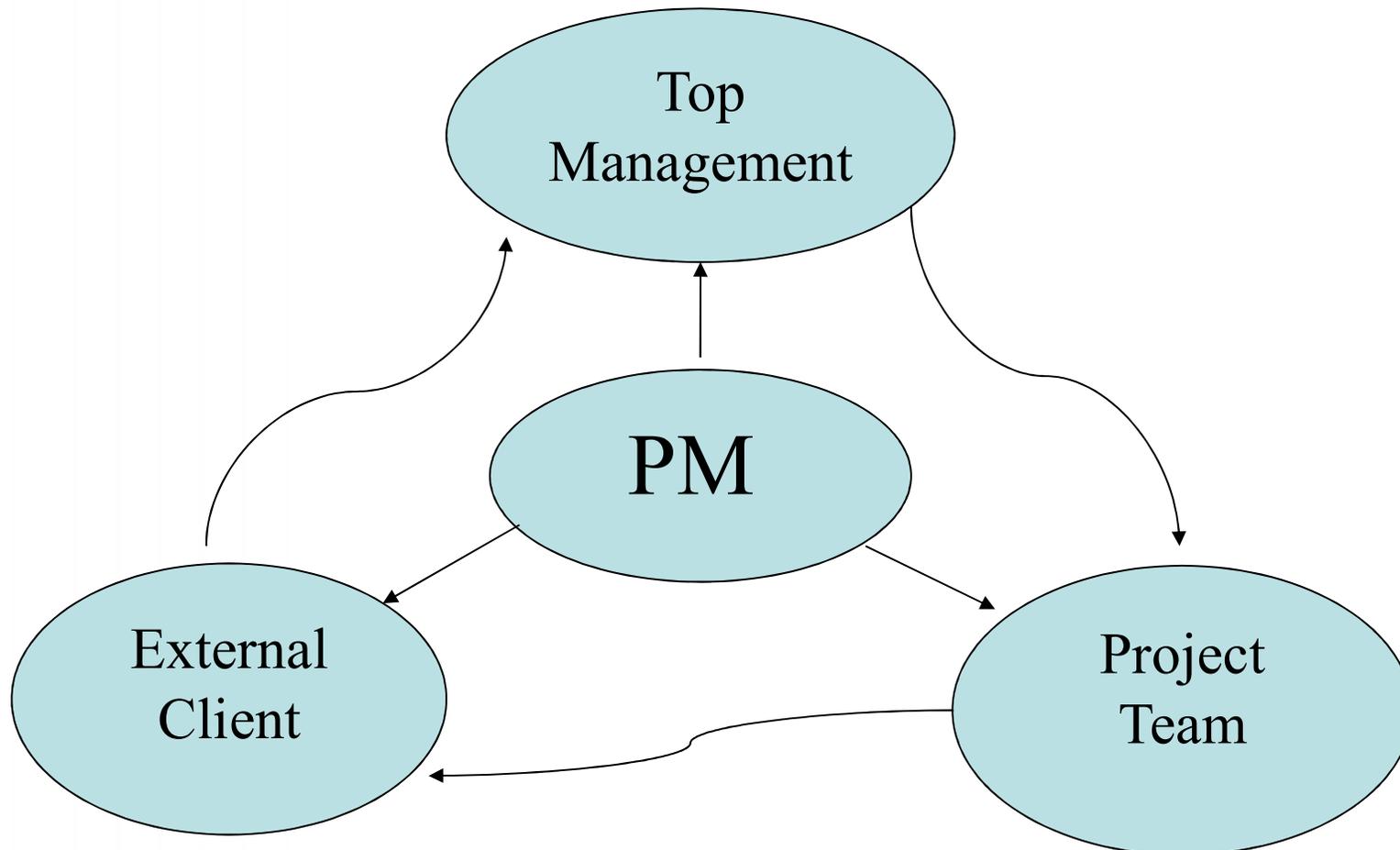
- ✓ Design jobs that motivate people and make them feel like people and not resources or assets.
- ✓ It may mean increasing different skills, investing in personal coaching or professional trainings,
- ✓ But also means sharing responsibilities, holding people accountable & giving them credit for the work they do.
- ✓ Give them ownership, give them credit, but don't forget to know their human side.

Employee attitude in relation to behavior and customer experience

- Most organizational behavior researchers believe that employee attitudes such as **job satisfaction & emotional support** are the major causes of employee behaviors such as **job performance** and providing high quality customer experience on behalf of the company.

People remember **HOW they FELT** in a particular situation, and not the words you told them.

1 external client & 2 internal clients





THANK YOU! 😊