

# Exploring Employee Pride & Productivity: How Does this Impact the Bottom Line?

By William A. Howatt Ph.D., Ed.D.,  
Post Doc Behavioral Science UCLA School of Medicine

© 2001

*The real voyage of discovery consists not in seeking new landscapes,  
but in having new eyes. – Marcel Proust*

Companies today are becoming increasingly aware of the importance of developing their human capital. One very important focus is creating an environment that assists each employee to enhance their sense of pride in what they are doing. The term *pride factor* refers to the employee's perception of their position and sense of stake in the company. One common example is employees who have a great sense of pride in the company they work for, though lack pride for their day-to-day contribution. The big picture is too large to see where they fit. The cost of this kind of thinking is becoming increasingly clear when one looks at studies of employee retention, productivity, lost time, and the 1990s psychology stress trends.

How are the morale and productivity of your employees? If you say OK, what does this mean? Is it as good as it could be? Do you have a gut sense that something is missing which you cannot quite put your finger on?

If this applies to you, then most likely you may be frustrated as you think of all the wonderful things the company is doing for its employees (e.g., community activities, EAP, outstanding pay and benefits, and many other things you perceive you do). You may even have adopted the thinking of wondering if whatever the company does will ever be enough.

The question is, what are the consequences of this kind of thinking? It can prevent the willingness to search out the tools, which may close this gap. This gap could be the difference between the workplace being OK to being a great one! It is the gap between a positive environment where employees are not happy to a place where employees are happy and much more productive.

The purpose of this brief is to help you to explore some of the factors that may contribute to this perceived gap (difference between what you would like to have and what you perceive you actually have in terms of having your employees' morale and productivity as effective as they could be), and offer several solutions as to what can be done.

## 6 Factors that Reduce the Development of Human Capital

1. **Management Skeptics** – The PRIDE factor of leaders can sometimes be the barrier that prevents growth. People in senior management positions did not get there without having many important and helpful resources, one of them being a sense of pride in what they are doing. Leaders are taught, and seldom born. To grow, leaders need to acknowledge this fact. The first challenge is for management to accept that things can be better, and make a commitment to developing their human capital. Without the buy-in of management, none of the remaining five points will ever be improved. The PRIDE factor of leaders can sometimes be the barrier that prevents growth. It is OK for a leader to delegate and consult with people who are competent in their own area of expertise.

**Solution:** It makes sense for management to be skeptical in regard to developing people. The perception for some is that they do not want to stir up issues that do not need to be dealt with, but it has been proven that investing in its people is the single most effective way for a company to be effective and profitable. The solution is simple, though not easy. Leaders first need to ask themselves whether they are interested in making life better for all, then they need to spend time finding the person who can help them set the course for this improvement. We know it works. Business books such as Reichheld (1996) *The Loyalty Effect* and others have proven it. The only way for it to start in any company is for management to make the decision that they want to save money. The employee's development as a holistic person must be important.

2. **Measure the Return** – A manager can spend millions of dollars on a piece of equipment, and measure it by what it does, but how do you measure professional development? Companies like Motorola have estimated that for every dollar they spend on professional development they obtain a \$30 return. You may not be interested in formal assessments, so I offer you this. Let's assume that the average employee is working at 70 percent of their potential each day. This would indicate that 30 percent of the time they are not being as effective as they could be. Many employees have learned to pace themselves, and look busy so no one will ask them to do more. Now let's look to the future and say that a Pride Program on average has helped everyone to improve their ownership, pride, and daily productivity on average up to 75%. How much money in actual profit dollars does this mean to the company? If all employees were on task, did they work 5% faster, with 5% less error, etc., across the board how much money would that mean for a company? The bottom line is that it is costing the company the same or even more to run at 70% vs. 75%. The truth is the Pride Program is paid for many times over.

**Solution** – Once a company makes its action plan, sets out its strategies for implementation (e.g., mentoring programs, Train the Trainer program, etc.) in order to close the gap, it is important to measure success. This can be done by starting to track the number of complaints and incidents, sick time, productivity, accidents, discipline issues, community

feedback, customer service surveys, attitude surveys and/or focus groups, and by using a pre- and post-assessment format. The purpose is two-fold: to see if the company is on the right groups, and to determine what needs to be improved. One final check could be the original gut check to assess how leaders sense things have improved. It is important to celebrate small change.

3. ***Understand the Natural Law of Positive Thinking*** – When employees do not feel that they are being heard, some will become frustrated, and will place the blame on the company. The majority of the workforce is motivated by external rewards; however, these alone do not guarantee happiness and productive employees. For example, if an employee is thinking negative thoughts about the company 50% of the time, how will this impact their productivity? What is this costing the company? When this gap is closed over time, from 50% to 40% to 30% and hopefully lower, what will be the return to the company?

**Solution** – Companies cannot assume that their employees have the knowledge and skills for living life positively. Companies must start to offer programs for employees to develop core life skills, and not assume that they can just be positive. It will not happen! I call this kind of training Covert Professional Development, offering workshops such as wellness, parenting, relationship, smoke cessation, pain management, etc., that employees can voluntarily attend. Over time, the word will spread. This kind of strategy is prevention and development. The goal is to help employees learn to take ownership for their behavior and thinking.

4. ***Employee Not Feeling Valued Internally*** – Many employees do not believe the company values them. If this is true, is the company getting the most out of the employee in regard to their creativity, effort, loyalty, etc.? There are three kinds of reward systems used to motivate employees:

- a) Do things FOR them (positive rewards, e.g., company picnics, bonuses).
- b) Do things AT employees (this could be negative feedback and/or punishment with the goal of motivating the employee to do their job).
- c) Do things WITH employees. This is where the leaders are out talking daily, engaging, listening, celebrating, asking for employee ideas, and working with employees to develop their competencies as professionals and people. The leader wants to be involved with the employee, and does not hide from them.

**Solution** – For an employee to feel of value they need to believe they have been heard. They do not need an employer to agree with everything they say. They need to see that they can communicate, and have an impact, and that their expertise is appreciated. One very effective way to do this is to have every employee yearly involved in the company's succession vision planning, values, goals, and defining individual roles to increase ownership. All people in general like to be talked with, not at or told. The number one reason for conflict in the workplace is negative relationships between middle management and employees. The reason is that too

many managers are managing up. When an employee believes a company is interested in them, they will move from entitlement to ownership. This takes time and commitment on the company's part. The first step is to create a process that allows for open channels of communication. Mentoring programs are excellent tools to help employees learn each and every company value.

**5. *Not Following Through On Development Plans*** – Once a company becomes clearly aware of these gaps, and makes an action plan, it is important to hold the course. Too many companies fall victim of what I call the flavor of the month. Companies do not need to spend millions of dollars on canned programs to obtain the desired outcomes. What they need to do is go through the due diligence of determining the need, making a plan, and following through. Regardless of the program, when you are talking about re-cultivating and reenergizing the passion and culture of a company – small or large – it can take up to three to four years for this process to take hold. People take time to move out of old belief systems. The cost and saving of decreasing loss of productivity and sick time, etc., in a large corporation is in the millions. Unfortunately, our society wants everything yesterday, but there are no shortcuts! Things will start to improve, and may be adjusted or improved as the development plan is rolled out.

**Solution** – Make a long-term plan, and have a commitment to hold the course. As a leader, you need to seek to understand that people are the company's true power, and if you do not honor that fact the company will not be as effective as it could be. Too many companies are used to paying for reactive realities such as sick time, and lack of productivity, because they assume this is the cost of doing business. Building a culture of pride will save and generate millions of dollars.

**6. *Trust of Employees*** – Many employees are cautious, and skeptical of change. There will be three groups of employees: the Positive group that is excited the company believes in them, and is going to work to develop the culture of the workplace; the Negative group that will not accept, believe or want any kind of personal development, or believe things will ever change or be better; and the Elevator group, depending on who they talk to, will influence what they believe. Trust is attitude, and is hard to quantify. However, when employees trust a company they will do things willingly, and not believe the company is taking advantage of them.

**Solution** – Time, a well thought out plan, consistency, and resolve will be the fuel that will allow trust to be bred into the culture. By having a four-year PRIDE DEVELOPMENT plan, the company will be on course to increase the pride of each employee. The three groups will become two (positive and negative), and over time the negative will sort themselves out of the company or be converted. All programs to be successful need to go through the four stages pointed out by Tuckman: forming, storming, norming, and

performing. Time allows people to engage and learn. For more information on this process:  
<http://www.teal.org.uk/EasyPrint/epteamprocess.htm>

## **Conclusion**

Companies all over the world are looking at the question of how to balance the equation of people vs. profit. Companies like State Farm and Motorola are committed to developing people. Again, we know a happy person is a productive person. Old school thinking like McGregor's (1960) X management styles will not work today. The rules have changed. The best way for companies to succeed and obtain the best return from their employees is to adopt self-responsibility management styles, and work toward creating a learning, growing, positive, and exciting work environment that motivates to build pride in the employee, and profits for all! There is no better investment than seeking to understand the employee's personal development needs, and then providing this service.