

Releasing performance: the new agenda for HR

New thinking for HR Professionals
A Chiumento **Green Paper** 2009

Background

The last decade has seen the war for talent at the centre of HR strategy. Now Chiumento believes the landscape has moved on. The realities of global recession have switched attention to the real core issue: performance.

Right now, organisations need to achieve optimum performance to survive. And, as growth returns, it will be high-performing organisations that will seize the initiative. They will be the most agile and adaptable to new market conditions. Able to increase output faster than they increase costs – particularly in terms of people.

The question we are increasingly being asked is: ‘when the time comes and I push the accelerator on my organisation, what will happen? Will I be driving a racing car or a horse and cart?’

In working with organisations to assess the true engagement and capability of their teams we have increasingly become aware of a group of employees that represents a true risk to organisational performance: ‘Corporate Prisoners’. These individuals create drag on organisational performance – yet often they are unrecognised and, more importantly, ignored.

To help clients recognise and address the challenges of Corporate Prisoners, Chiumento has developed a new way of thinking about individuals who threaten long-term organisational performance. At the same time, we have undertaken a piece of original research to establish how big the challenge is.

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About the research

Our survey covered 1,000 employees with established careers (five years or above) employed in office or professional environments. The research was conducted by independent research firm *Opinion Matters* using an online survey.

What is a Corporate Prisoner?

A Corporate Prisoner is someone who stays with an organisation without being fully engaged. Their personal aspirations and needs are no longer aligned with those of their employer. Rather than move on to a new role or new organisation, the Corporate Prisoner stays. Some out of choice – some for reasons beyond their control.

The Corporate Prisoner exists in a 'cell' confined by a combination of motivation, situation, capability and flexibility. They are trapped in a role where their performance potential is limited by one or more of these dimensions.

It is important to recognise that some prisoners are exactly where they want to be. In a traditional employee satisfaction survey they might be among the most positive respondents. Yet the reality is that they may have found a niche where they can 'do the minimum to survive'. They often operate below their full potential and resist extending beyond the boundaries of their job description.



In our work with client organisations we have developed a model that helps them to think about corporate prisoners using two key dimensions:

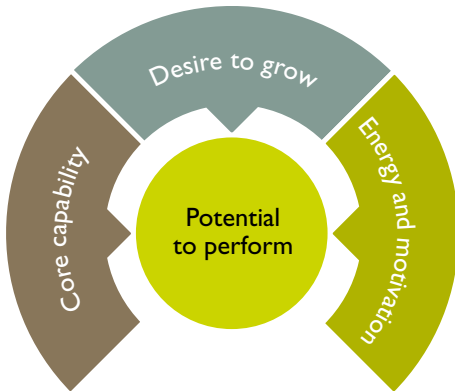
Desire to stay is a function of attachment not engagement. It reflects how much an individual wants to stay in a role, department or organisation – not whether that desire is appropriate or beneficial to the organisation.

Individuals with a very low desire to stay will continually explore ways to exit – and can be expected to do so when the opportunity arises. They may not broadcast their intent – and may, particularly in a climate of limited external job opportunities, broadcast messages designed to camouflage their intentions.

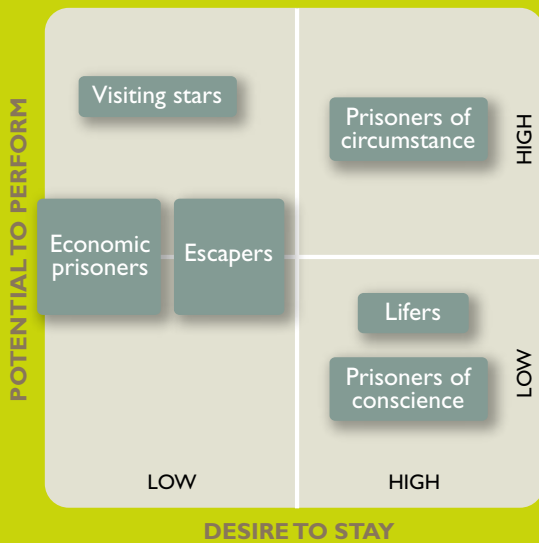
Potential to perform is a measure of the long term value of an individual made up of a combination of capability, willingness to grow (both in terms of skill and accountability) and energy and motivation. It recognises that people can be developed – but that they must also be motivated and energised to convert potential into performance.

Individuals with low potential to perform can be defined by both behaviour and capability. For example they may have high capability but be resistant to developing new skills or taking on wider responsibilities.

Equally they may have all the core capability and training to be a potential high performer – but fail to achieve that potential because they are not motivated by their role, their leader, or the organisation itself.



The Corporate Prisoner Model



We have combined these two dimensions to create a four box model that helps organisations to think about their own workforce. Each of the four quadrants of this model contains potential groups of Corporate Prisoners. Each poses a potential risk to organisational performance and requires a different talent management strategy to 'release' prisoners either back into the workforce or into the external job market.

Evaluating the risk of Corporate Prisoners

This summer we launched an initial research programme designed to uncover the extent to which Corporate Prisoners exist – and the level of challenge they are likely to present to the drive for organisational performance. Our instinct was that the downturn would swell the numbers involved – if for no other reason than the lack of external job opportunities.

In this report we have combined the survey results and our new model to demonstrate the scale of the challenges to HR professionals who will be increasingly measured by their ability to deliver organisational performance. This has led us to propose a change in the way we measure HR success – particularly in areas such as resourcing and talent management.

What do Corporate Prisoners look like?

The truth is that Corporate Prisoners are often hard to spot. Their true level of engagement is low – but they don't often make any public show of disloyalty or dissent. Some thrive by fading into the background. As Norman Stanley Fletcher might have said, 'keep your head down, serve your time'. By being invisible they avoid direct challenges about their performance.

Traditional performance management approaches can fail to identify and deal with Corporate Prisoners too who may adopt a 'do what I need to do to survive' headset – operating below their full potential and placing clear limits on discretionary behaviour. They are happy with a 'just satisfactory' rating, which presents real challenges to an organisation that needs everyone to 'step up'.

In a recovering economy, organisations that grasp the new opportunities will be those with engaged employees ready to respond quickly and flexibly to a changed environment. Those with a workforce that 'goes through the motions', resists change and fails to pick up the pace will see opportunities slip by.

Our challenge has been to develop a way of clustering corporate prisoners into well defined groups that are more easily recognised and managed. Deep down, we all know that prisoners exist in most organisations. Most of us can think of past colleagues who have stayed in a job long past the point where it was beneficial to employee, organisation or both. Until now though we have lacked a consistent language that allows us to talk about the challenges they represent and explore potential solutions.

The six key categories of Corporate Prisoner

We have identified and defined 6 core types of corporate prisoner. As our work evolves, we may well add to this list.

Escapers

Escapers are trapped by the lack of opportunities outside the organisation. They have little or no desire to stay but can't afford to leave until there's another job to go to.

They are already plotting how to escape and are just waiting for the opportunity. In the meantime they create a false sense of employee engagement as turnover figures fall.



Escapers can be hard to spot. Their day-to-day behaviour may suggest they are still fully engaged. They may even be among your top performers – but they have decided your organisation is not where they want to be.

Generation Y employees – used to frequent job moves in a buoyant market where the candidate was king – will undoubtedly revert to type as soon as the market turns, swelling the ranks of the Escapers.

The danger for you is the potential of rapidly escalating staff turnover exactly at the point you want stability to seize the opportunities of a return

to growth. Escapers will threaten business continuity and drive up costs.

Our research indicates that almost a fifth of the UK workforce (17.8%) will be actively looking for a new job within the next six months and almost a third (33.5%) plan to move on within two years.

The research shows significant regional variations in the percentage of employees proposing to start job hunting within the next six months. Organisations in the East of England (25.0%), Wales (23.7%) and the South West (22.8%) appear to have a much higher potential exposure to Escapers. By contrast organisations in the North East (13.0%) and Northern Ireland (13.3%) have the lowest risk of short term Escapers.

The potential for Generation Y employees to revert to type is driven home with a massive 46.0% of those who class themselves as in graduate level roles saying they expect to start job hunting within six months.

Senior managers and professionals are also more likely to be Escapers – 19.4% saying they will be actively job hunting within six months. This contrasts with just 10.4% of director level employees.

Money is likely to be a key driver for Escapers with 69.3% of respondents saying that a higher salary was a very or extremely important factor in their career development.

Our research suggests that up to 21.1% of UK employees can be described as 'Escapers'.

Economic prisoners

These are individuals who want to move on but can't afford the price of doing so. They stand to lose far too much in monetary terms to even think about leaving.

Chances are your own reward strategy is a contributory factor. Designed to lock in the best, it has now potentially locked in the average too. They have seen their salary grow every year in the good times and are now being paid well above the open market 'hiring rate' for their skills – driving up your costs compared to competitors.

That lucrative final salary pension can be a big issue, creating a massive gap between current package and market value. This factor is a major barrier to moves from public to private sector – particularly among older workers.



We see a significant risk that these individuals will increasingly see their priority as 'protectionism' – keeping what they have. As mobility slows so succession planning barriers and development 'blockers' will become more prevalent, making it increasingly

Lifers

difficult to progress the most talented people through your organisation.

Our research shows that 51.2% of people have stayed in their current roles as they believe their salary is very or extremely competitive. This supports our view that for a significant number of workers current pay is above the open market 'hiring rate'.

Our research also shows that almost a quarter of employees (23.1%) do not expect to get a pay increase when they next move role. This suggests that they believe that they are already paid at or above the 'market rate' for their skills. A further 28.4% expect only modest increases (of between 1 and 10%).

Again, there are big regional variations. Londoners have the highest expectations of salary increases – only 13.8% do not expect a pay rise when they next move job. This compares with 30.8% of Scottish workers who expect to take a sideways move.

The results of our research suggest that 11.8% of employees see themselves as Economic prisoners – constrained to their current employer by reward issues.

Lifers are going nowhere – at least not any time soon. The antithesis of Escapers, they have little or no career ambition and have settled down in a role that is well within their capability while meeting their basic economic needs. They have no internal drive or ambition for more responsibility and 'stretch'. Left alone they will likely tick down the clock to retirement.



Work is important as a means to an end, but Lifers set clear boundaries within which to operate. They are likely to demonstrate above average resistance to change – particularly if it places greater demands on them.

Most organisations willingly accept a proportion of Lifers as they provide stability and retain corporate memory. However, an excess of Lifers can present a real challenge to organisational performance as it often limits the ability to change pace and respond to changing circumstances. Lifers can also block succession and career paths – threatening your ability to retain and develop your best talent.

So how many Lifers are there?

Our survey showed that 36.4% of workers do not see themselves ever looking for another job. Interestingly men (38.3%) are slightly more likely than women (35.3%) to place themselves in this category.

We asked respondents how important career development was to them and 16.2% indicate that it was of little or no importance.

We also found that 61.7% think 'ease' – eg location or hours – is a very or extremely important factor in staying in their current role. The answers to this question show one of the largest discrepancies in response by gender in the whole survey. While 'ease' is quoted as a key reason for staying put by 53.4% of men the figure rises to 67.0% of women.

We also asked how much of their own time and energy respondents are prepared to put into developing their career. Our results include 39.9% of people extremely or very unwilling to undertake training in their own time and 18.9% unwilling to make sacrifices in their social or family life.

The final analysis of our survey though revealed that only 3.0% of those surveyed see themselves as Lifers. This was much lower than anticipated and may reflect growing concerns about long term job security in the UK economy.

Prisoners of conscience

These are people who really believe in what your organisation does. It is why they joined and why they stay. They are often drawn to Not-for-Profit organisations and the public sector. The problem is that their belief in the organisation can outweigh their capability.

Perhaps appointed in a more challenging recruitment market than now, they found you when you had an immediate need – and you appointed them as ‘best available’ at the time. Going forward their limited capability or lack of development potential will impact on organisational performance.

They won't move on as they love what they do – but in time they run the risk of being overtaken by changing circumstances and new demands. They can be particularly difficult to manage as their enthusiasm and loyalty remain undimmed even while their performance is slowly but steadily declining.

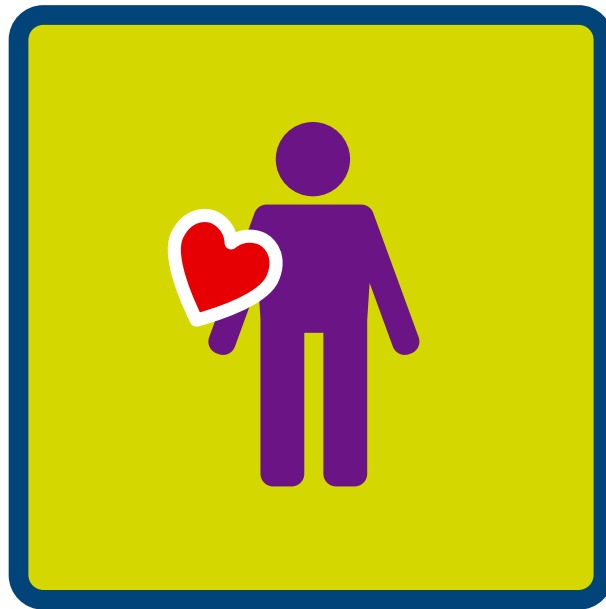
Our research indicates that for 50.4% belief in what the organisation does is a very or extremely important factor in their decision to join. It is actually more important for men than women.

Perhaps unsurprisingly, the figures for non-private sector categories are higher. Those in Healthcare (56.3%), Not-for-profit (59.1%) and the wider public sector (59.1%) are all ahead of average. An unexpected result was that only 43.2% of those in Education say they joined their current employer because they believed in what the organisation does.

When we then turned to why people stay, the results are remarkably similar with 50.7% saying that belief in what the organisation does was a very or extremely important factor in why they stayed.

Perhaps more surprising is how many people in both the Education (24.7%) and Not-For-Profit (25.0%) sectors intend to look for another job within the next six months. This compares with a national average of 17.8%.

Overall our research indicates that 4.2% of employees fall into the category of Prisoners of conscience. What we suspect is that this figure may vary significantly between organisations and we are keen to use our data to benchmark with results from individual organisations.



Prisoners of circumstance

These are individuals with the desire to both stay and perform – but their ability to do so is compromised by external factors. It could be that they have been unable to access training or development – or are constrained to working particular patterns of hours or days or in specific locations. Their failure to convert potential into performance could also be the result of



poor leadership – lacking the support or coaching of their line manager.

This is a great pool of untapped talent but you will have to change the rules of the game to tap into it. Women and others with caring responsibilities may be particularly limited by circumstances. The career needs of partners may also be a factor along with access to education or training.

Prisoners of circumstance often feel powerless to compete in the internal career market. The danger is that this will eventually lead to alienation and a decline in performance.

Our research shows that 26.9% feel that they have little or no control over their career, men slightly less so than women.

When it comes to reasons for moving to their current job, men (42.5%) are more likely to see career progression as important than women (37.5%). Women are slightly more likely to have chosen a job based on factors such as location and hours than men who have a greater focus on job challenge and money.

We also asked what factors influenced a decision to stay in their current role. Here 57.0% of women quote hours and location as very or extremely important factors compared to 51.7% of men.

Combined, the figures overall do suggest that women have more external limitations on their ability to pursue career options, and are more likely to be prisoners of circumstance

Our combined data indicates that up to 11.4% of employees are Prisoners of circumstance. Unable to move on – and realise their potential – because of factors beyond the workplace.

Visiting stars

These are the individuals who join to meet an immediate need – often economic – but with no intention of staying longer than necessary. Some may be workers looking for a safe haven to shelter from the economic storm.

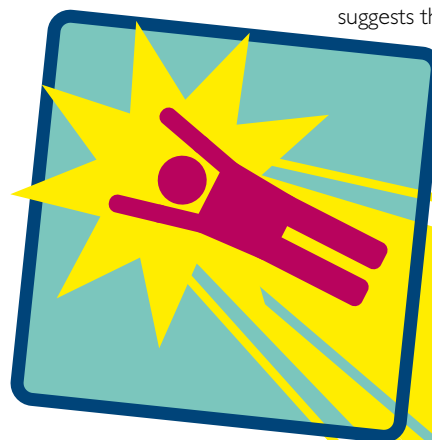
They can be a product of over-recruitment – that amazingly good (if not too good to be true) candidate, the sort you would never have attracted at the peak of the war for talent.

They could have great short term impact on performance – raising the bar – adding pace and transferring skills. However you need to manage them in a way that gets the optimum benefit – and plan for when they've gone...

There is a growing demand for visiting stars – people who can both facilitate change and re-skill permanent teams. However they are often poorly managed in organisations whose resourcing and talent processes are geared to those planning long term employment.

For many employees, the idea of short-stay employment is still not attractive – with long term job security still very important. However our own data – based on levels of interest in interim management as a career – shows that this is a growing area of interest.

Despite the recession, our research suggests that around 12.0% of people still see themselves as in firm control of their career and confident they can move when and if it suits them.



The liberating prisoners strategy

Implications for Resourcing strategy

Resourcing teams play a key role in reducing the prison population – by ensuring that organisations hire the right people not just for today, but for the future.

Many categories of prisoner (such as Lifers and Prisoners of conscience) are created – albeit inadvertently – by a short-term view of recruitment success. Today, many recruitment functions are still judged primarily on very short term targets (cost per hire, time to hire, etc) that encourage equally short term approaches to talent acquisition.

Faced with an immediate operational need the temptation can be to hire an 'oven ready' candidate as a quick fix. Failure to assess the long term potential to perform may be creating tomorrow's prisoner.

With an ever faster pace of change recruiters need to base selection on future as well as immediate organisational needs if long term organisational health is to be achieved. That means working closely with the business and HR colleagues in areas such as talent and organisational development to

understand the skills and behaviours required to achieve future business performance.

We need a new set of recruitment success criteria that cover long term engagement, performance and career progression, fewer corporate prisoners being one Key Performance Indicator.

We need to equip organisations to be agile and work at pace. This includes the ability to change the profile or deployment of their workforce quickly. In turn, resourcing teams need to make better use of short-term resources such as interim managers.

Hiring permanent staff who cannot evolve as the business does has undoubtedly increased the level of redundancies seen in UK plc. This often results in organisations shedding resources in one area only to hire elsewhere. In some cases the staff being released are relatively new joiners – reflecting how far resource planning had become dislocated from business reality. This demands a more pragmatic and future focused approach to resource planning.

Implications for Talent management strategy

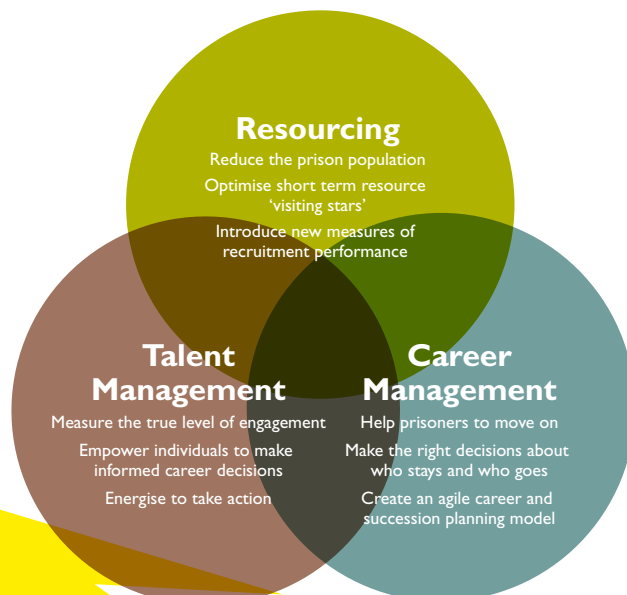
Now more than ever, organisations need to ensure their people are engaged. That's about far more than satisfaction – it means having people who will invest energy, emotion and capability in achieving organisational performance, people who will grow and evolve with the organisation – seeing a mutual interest in success.

Organisations need to tackle those who are performing poorly. They need to review reward strategies that create Economic prisoners while at the same time unlocking the potential of prisoners of circumstance by developing leaders who motivate and inspire their people and policies that embrace diversity without compromising business priorities.

Many managers have struggled to deal with average performers who outstay their usefulness in a specific role and need to move on to enable others to grow and accelerate the pace of change. Managers need to be given the courage, skill and tools they need to talk about careers and encourage honest and frank feedback on career potential. Lifers need to be re-engaged – or helped to take a route out of their role or even the organisation.

Managers also need to be re-equipped to lead their teams into, through and beyond change. Few organisations will be immune to the economic challenges of the coming months. Your people are already likely to have seen valued colleagues (and often friends) leave the organisation. The talent agenda has to support and re-engage survivors – rebuilding trust and commitment in the process.

Continued next page: Implications for Career management strategy



Implications for Career management strategy

Organisations need to help people take positive action to manage their own careers. This includes recognising when the time has come to move on or out of an organisation. By enabling people to take control of their careers you avoid lengthy performance discussions and at the same time often empower people to move on to roles in which they will be more successful – and satisfied.

Career management needs to address topics such as career downsizing and managed exits. It needs to be bold and open about discussing futures and options. It should allow people to say 'I want to go' and help them on their way professionally and ethically.

The career management agenda should also inform issues such as selection for redundancy and redeployment. Long term potential to perform must be part of the decision making process on who stays and who goes.

Career management is also about getting people to take ownership of their own development – recognising it is an investment in their own future not the responsibility of their employer.

About Chiumento Green Papers







Chiumento is a talent consultancy that offers a refreshing approach to improving individual and organisational performance.

Our Green Papers are designed to stimulate debate amongst HR thought leaders. They offer new and sometimes controversial ways of thinking about the human side of organisational performance. Our aim is to engage clients in creating new value for their organisations.

In summary...

We have defined six categories of corporate prisoner based on two factors – *Desire to stay* and *Potential to perform*.

The six categories can be summarised as follows:

Category		Desire to stay	Potential to perform		
			Core capability	Desire to grow	Energy and motivation
Escapers		LOW	VARIABLE	VARIABLE	LOW
Economic prisoners		LOW	VARIABLE	VARIABLE	VARIABLE
Lifers		HIGH	VARIABLE	LOW	VARIABLE
Prisoners of conscience		HIGH	LOW	VARIABLE	HIGH
Prisoners of circumstance		HIGH	HIGH	HIGH	VARIABLE
Visiting stars		LOW	HIGH	HIGH	HIGH

Our data suggests the potential for significant numbers of corporate prisoners to exist within organisations. It will enable clients to benchmark their own employees against the external market and establish their own level of risk.

We will engage with employers to evaluate the implications of Corporate Prisoners for their organisation. Together we aim to build innovative new people strategies that will drive higher organisational and individual performance.

Chiumento regularly undertakes research on Human Resource issues. To access other Chiumento research documents, go to www.chiumento.co.uk


Chiumento

The individual approach to HR

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