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Developing a Corporate Culture for the Maximum Balance between the Utilization of Human Resources and Employee Fulfillment in Canada

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DEVELOPING A CORPORATE CULTURE FOR THE MAXIMUM BALANCE BETWEEN THE UTILIZATION OF HUMAN RESOURCES AND EMPLOYEE FULFILLMENT IN CANADA

Margaret Kerr*

I WILL START BY SAYING that I am not a human resource practitioner as, I think, was evident from Marcella's introduction. So, therefore, I will be coming at this subject from a little different tact than Dick has done. I think that Henry put the two of us on the stage together to try to get a different look at the same subject.

F. Scott Fitzgerald once said that the test of a first-class mind was the ability to hold two competing ideas in your head at the same time and still retain the ability to function. Charles Handy, the British organizational consultant, suggested that if Scott Fitzgerald is right, then we are in trouble because we are living in an age of paradox and there are not enough first-class minds. The more turbulent the times, the more complex the world, and the more paradoxes there are.

This session is really focusing on paradoxes, and I do believe there is a paradox. It is of very critical importance to business as we learn how to function in the information-based economy.

On the one hand, the session topic assumes that there is a gap between what business needs and wants and what employees need and want. It assumes that the challenge is to make the appropriate trade-offs and to find the best possible balance between these opposing needs.

From the vantage point of a global corporation, such as Northern Telecom, that is operating in a very highly competitive and constantly changing industry, it is easy to see where these needs might be opposed. Employees want job security while the company certainly needs a degree of flexibility to change size, to change location, and to change the knowledge and the skills base. Employees want work schedules that accommodate family obligations while the company, on the other hand, must be committed to putting obligations to customers before anything else.

It is equally true that the needs of both sides are virtually and vitally interconnected and not just because employees cease to be employees if the company goes out of business. One of the company's primary needs is employees who are fulfilled, who are committed, and who are engaged. It is of critical importance since, in a knowledge-based

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economy, the workers own the means of production.

Charles Handy sums this up very succinctly: "It is hard to prevent brains from walking out the door if they want to. Buying shares in a company such as Microsoft is a bet that the intelligence of its workers will continue to be exercised on the firm's behalf and that the intelligence never flags." He might have added that one is also assuming that employees will continue to feel proud of the company and what they do, and that they will bring these positive attitudes to their interaction with customers, suppliers, and other stakeholders.

While the complexities of the links among employee satisfaction, customer satisfaction, and business results are still being explored, I think the fact that there are links between these three is generally accepted now. More and more companies, including my own, are exploring econometric models that look at the relationships among our data as they track these three areas: employee data, customer data, and financial data. We are doing that now in several of our business units. I think most companies are already establishing these very clear linkages.

The fact that employee well-being and satisfaction is included in the Malcolm Baldrige Quality Award criteria clearly indicates the importance of that to business. In his guide to the Baldrige criteria, Mark Brown asserts that "[l]eading companies today believe employees must be delighted with the organization before they will go out of their way to delight customers."

Chicago-based International Survey Research Corporation (ISR), in a study on employee satisfaction and high-performance organizations, notes that the circular relationship among these three elements in high-performance organizations is often triggered by a corporate commitment to total quality management. Among the key conclusions of ISR that they have gleaned from their research are five major points, and they run sequentially.

First, a commitment to total quality management increases the freedom of employees to manage their own work; second, greater autonomy facilitates; third, employee empowerment and increases levels of job satisfaction. Satisfied employees are more likely to be motivated to provide high levels of service to their customers, and this, in turn, gives them more satisfaction. Fourth, satisfied employees are more likely to stay with the company and to become more experienced and knowledgeable in dealing with customers. And, last, high levels of customer service lead to increased customer attraction, retention, and loyalty, thus generating organizational growth and contributing to corporate success.

We have a paradox perhaps: the needs of the business and the needs of the employees. They can be both opposing and they can be interdependent at the same time. Handy suggests that "paradoxes are

like the weather, something to be lived with, not solved." Where we should focus our efforts is on understanding the puzzles in these paradoxes so that we can use them as clues to move forward.

My presentation is going to focus on some of the processes that Northern Telecom, (Nortel), is putting in place to gain a better understanding of what is called the social contract between our company and our employees, the needs and expectations of each in relation to each other.

The underlying principle of our work is that we do not want to make decisions that create programs that are based on outdated or erroneous assumptions. Clearly, the nature of both company and employee needs and expectations is changing as the business context changes, as demographics change, and as social values and priorities change. In a knowledge-based economy, we want to be very sure that we are making knowledge-based decisions.

We want to get a higher level of understanding of the interconnections among employee fulfillment, customer satisfaction, and business results. We also want to be sure that when we take steps to try to narrow this gap between opposing needs that we are targeting interventions in areas where we really can make progress. We want to be able to quantitatively track whether we are making progress as well as how quickly we are making that progress.

This is very much a major thrust in our company that is being led by our CEO and involves our management as well as employees in one way or another. We have been historically a product company, a high-tech company, an innovative technology company very much run by engineers and an engineering mind-set, a very inwardly looking company.

We are now in the process of transforming ourselves as we grow globally into a market-oriented company, a company that focuses on the customer and puts the customer first in everything we do. And, of course, that requires a major transformation within the company in the way we do things and in the way we approach and think about things.

Our human resources department is driving some of these areas. In my area we are looking at other aspects. We are also working as teams to cut across business unit and corporate staff lines. For example, we have a team of real estate people, human resources, employee relations, our internal learning institute, and one of our business units looking at exploring what we call workplace evolution. This phrase was first used within Nortel by a cross-functional group looking at telecommuting and alternative officing approaches that could improve employee satisfaction and productivity, and at the same time save the company money.

The group is now going on to work on the assumption that as the nature of work changes, we need new approaches to continually re-in-

vent the workplace so that it functions as a tool that enables employees to be effective and productive. This group is interested in more than just bricks and mortar. The scope of preliminary discussions is quite wide exploring essentially what in the work environment affects the ability of employees to get things done with the maximum efficiency and effectiveness.

Because my portfolio includes employee and customer satisfaction as well as the other things that Marcella said, we are taking a fairly major role in this effort. The business ethics group that I am responsible for, for example, is very much interested in issues of trust and integrity in company/employee and employee/customer relationships. Through a recent revision of our code of business conduct, we have been working to clarify and make explicit the needs and expectations of all parties.

In the past, many corporate codes of conduct were skewed toward setting out the company's expectations of employees. Some still are. There are legalistic rule books that companies can point to when something goes wrong as evidence that there is a compliance program in place. We have tried historically to do more than that with our code at Nortel. We have included statements about how the company intends to do business on the global scene, for instance, our commitment to environmental leadership. We have also outlined what employees and other stakeholders have a right to expect from the company.

With this latest revision, we have tried to turn the code into something that is owned by employees rather than imposed upon them. More than 1,000 employees participated in this revision process through focus groups, training sessions, or written comments. Employees overwhelmingly told us that they wanted the code to be a real decision-making tool, not a detailed rule book. They wanted it to be something that set out a very broad framework within which they could act. They also wanted a source to go to for advice in specific situations. They wanted to be trusted to make the right decisions within the framework that we set out. Many wanted to be able to point with pride to the commitments that the corporation was making in relation to ethical leadership in the global community. Almost all wanted it to say more about the responsibilities of all Nortel employees, management and non-management alike, to create a supportive and comfortable working environment.

We learned a great deal through that exercise about the very clear linkages employees see among an atmosphere of trust, their own morale, and their ability to contribute effectively to the business. Finding out what employees are thinking and feeling on an ongoing basis is part of my portfolio. The official name of this part of the function is employee satisfaction, Esat for short. However, we are beginning to talk more about employee effectiveness versus employee satisfaction to em-

phasize the very crucial links between employee fulfillment and business success. What we are really talking about is creating an organizational culture that allows every employee to be as effective as he or she can be.

Our approach to supporting the creation of this culture within my function is to try to integrate employee satisfaction into existing Nortel business systems. Beginning this year, all of our senior managers will include a number of specific employee satisfaction objectives in their annual plan. This objective will affect their performance rating as well as the calculation of their year-end bonus.

This is sending the message that employee fulfillment is an important business issue, not something that it would be nice to do if we have that extra time. Also, every line manager has to take leadership in addressing this issue. It is not something that can be handed off to a corporate staff group.

Employee satisfaction issues are also built into our business management assessment or BMA process. This is our internal self-assessment process that is based on the Baldrige criteria. More and more Nortel business units are using this measure to help them deliver superior customer value. One my roles is to assist the business units in putting systems and processes in place to meet the human resource criteria of the BMA.

The primary role of my team is to make sure that managers have the knowledge that they need to fulfill their responsibilities to understand and address employee satisfaction issues. By knowledge I mean both process and content knowledge. Managers need quantitative data on employee opinions so that they can understand where the problems lie and track whether things are getting better or worse. They need an interpretive framework for the data. How do their results stack up against the rest of Nortel or against Nortel's competitors? They need a more in-depth understanding of the issues that lie behind the data. Some will need more help in how to interpret and use the data. But they will all want a framework or a step-by-step process that will help them plan their response.

Our collection of quantitative data is done through an annual employee opinion survey which we send to all of our 60,000 employees worldwide. We have made some major changes in this process over the last year, shortening the survey, trying to look at our questions to make sure that what we were asking were things that we could actually respond to; things that we could put into action; things that made sense to employees and met their needs as well as the business needs.

This year our participation rate rose from forty-six percent to seventy percent. This is very high by industry standards, and we feel that we really do have a very good tool now in which to poll the opinions of our employees. It is a shorter survey that allows us, again, to get very

quick results back to our managers so that they can begin to develop their action plans. We do an in-depth, statistically significant survey as well that allows us to probe other issues more deeply and to compare our data to other industry data that exists.

In choosing the questions, we made a conscious effort to make sure that we measured things that we could do something about in the business environment. We were not looking at overall happiness with life, but whether employees considered the organizational culture to be supportive or constraining, and why. We asked about conditions at Nortel. Are we allowing employees to be as productive as they can be? We were asking about employee satisfaction with their involvement in decisions that affect their work; with the fairness and respect that they receive on the job; the training and recognition they receive, and so on. We were also asking employees their opinions about whether Nortel is doing a good job meeting customer needs.

The results that came back this year were very consistent with the findings of a recent study by Towers Perrin of more than 3,800 North American employees of large companies. Their work suggests that employees recognize that the implicit company/employee contract is changing. Hard work and long hours are no longer bringing job security. Security depends on the ability of employees to contribute personally to their company's financial success. But the company has a responsibility to provide an organizational climate that enables them to do this as they grow and develop.

Angela Franklin of Towers Perrin writes that employees expect "effective management, clear direction, and opportunities for personal growth." "Indeed," she says, "if employees have a single message for employers, it might be this: Equip us and, more importantly, trust us to do what it takes to keep the business viable and then recognize and reward us appropriately for doing so."

Every Nortel manager with more than thirty direct reports responding to the survey received an individualized report for his or her working group so that the issues specific to that team did not get lost in the overall picture. Some items on the survey such as those that relate to pay are wider corporate issues, but many are individual or working group issues.

We tried to stress throughout the whole process that the data belonged to the working group as a whole and that everybody was in it and had to take responsibility for addressing the issues raised. While we tended to use managers and employees as a convenient shorthand for differentiating people who have leadership responsibilities, in fact, every manager up to and including the CEO is an employee.

The survey was not just a source of feedback from employees to their manager on how he or she is doing, though some of the questions did touch on this. It was an instrument that was designed to open up a

process of dialogue, a two-way communication between employees and managers. We were trying to encourage everyone to contribute his or her voice to the consideration of where this gap could be narrowed, and where it had to be accepted as a fact of life.

We were conscious of the fact that we were asking managers to engage in dialogue which may turn out to involve very personal and emotional issues, and that they may not be prepared to deal with this. Issues of fairness and respect come up, for example. This will not necessarily come easily to work groups in what has traditionally been a very numbers-oriented engineering culture that is focused on very hard technical issues. Some of our managers do not know how to begin and some are finding it threatening. The Esat team's role is to provide tools and processes to support this dialogue and to help managers.

To help in setting priorities, for example, we had our survey vendor run a statistical analysis for our managers to help focus them on the key issues. So they did a regression analysis of the eighteen questions of their unit and focused on those that were really the drivers of the survey to focus employee satisfaction, the ones where you could get the greatest leverage by responding. This helped to focus the activity.

The tools and suggestions provided by the corporate employee satisfaction team, of course, are just a starting point. Individual business and work units create their own strategies for getting at the issues behind the survey results. Some have been quite creative.

In our international group, employees were given the opportunity to create skits that demonstrated the issues. These were videotaped and then shared within the business units and with the management team. They were extremely effective in bringing home to the management team what the real issues were.

Our employee survey provides an annual snapshot of employee opinions. It is not an end point, but it is the beginning of what we are working towards, making it a year-long cycle of research into root causes, action planning, implementation, communication with employees, and follow-up; follow-up being the most important point. To support this, we are sponsoring or conducting benchmarking, holding focus groups, and doing other forms of research.

One of our tasks for this year is to come to a better understanding of how our results compare to best-in-class companies and what strategies these companies are using to identify and address key areas of concern. The normative data that is available to us helps us understand where we stand in relation to our peer industry groups and to other companies. Given the fact that we are fairly new to this field, we need those types of benchmarks. However, we do understand and recognize that as we gain more experience and more data ourselves, we will be able to compare our results, year after year, and not have to look externally quite so extensively.

In 1996 we are going to do more research into the links between employee satisfaction, customer satisfaction, and business results. Through our business management assessment we are going to look at the impact of employee satisfaction on the processes by which we produce high-quality products and services and value for our customers. We are also exploring the links between employee satisfaction and productivity and we are thinking about how employee/customer relationships contribute to customer satisfaction and long-term loyalty.

I think we are probably always going to have to live with some degree of paradox. I do not think we will ever be able to completely close the gap to eliminate all of the conflict between business needs and what employees need. In fact, I do not think we want to close the gap. It is this healthy tension that keeps us learning and exploring on a continuing basis how we can best meet the needs of both. But by better understanding and articulating the very close link between employee fulfillment and business success, we can certainly keep these issues very high on the business agenda.