

PAYCHEX[®]

Improving Employee Performance

Helping Workers Step Up Their Game

Executive Summary

In today's economic climate, it is crucial for employers to get peak performance from employees and find ways to keep productivity at the forefront. Engaged employees – those who enjoy what they do and where they work – are usually more productive and can help their businesses achieve better results in many ways. Companies with engaged employees improve their operating income by 19 percent, compared to organizations with lower employee engagement,¹ high levels of employee loyalty have been linked to an estimated 11 percent boost in productivity.²

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Engaged Employees – A Crucial Key to Organizational Success

One in three employees worldwide is engaged in their work; one in five is disengaged.³ For organizations to succeed, individuals need to find purpose and satisfaction in their work. Engaged employees have laser-like focus on their own futures, are committed and enthusiastic about their jobs, and are in line with their organization's mission and goals. Full engagement occurs when high job satisfaction and high job contribution meet (the employee likes the work, performs well, and achieves the goals of the organization).⁴

Engaged workers provide high work performance and contribute greatly to the success of their company. Other employee groups that research suggests contribute – either negatively or positively – to a company's success include:⁵

- employees who are slightly less engaged, but still highly productive.
- new, enthusiastic employees who have been recently hired and have “newlywed eyesight”.
- hard-working but exhausted employees precariously approaching “burnout”.
- disengaged, low-performing employees.

Poor performance by employees can impede business goals and objectives in a single department or throughout the enterprise. When employees falter in their performance, the business can suffer. Tackling poor performance early can benefit a company in the long run by providing higher employee output and positive morale.

No matter how well an employer supervises, performance problems may occur. Employees may:

- miss deadlines.
- make frequent errors.
- resist learning new tasks.
- take twice as long to complete a task.
- avoid doing tasks they don't like.

An employee may not meet performance standards for several reasons. But no matter what the cause, employers or supervisors should not condone poor performance by ignoring it. Instead, they should take charge to fix the problem before it becomes irreversible and requires strong measures, including termination.

Why Does Employee Performance Fall Short?

Triggers in the workplace that can affect employees differently – and negatively:

- Unclear communication.
- Lack of feedback on performance.
- Bad fit between tasks and skill sets.
- Difficulty with manager or co-workers.
- Substance abuse.

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- Poor work ethic.
- Job dissatisfaction.
- Uncomfortable working conditions.

Many employees remain anchored to jobs and companies they don't really like because they fear losing their job security. Those who feel this way rarely perform to their highest level and are often disengaged, falling short of the energy that engaged workers invest because of personal ownership and inspiration. Engaging interest and challenging workers to optimum performance is therefore a worthwhile and potentially lucrative goal for every business owner.

A study of employee engagement in the United Kingdom concluded that significant advances in competitive advantage can be gained by establishing circumstances that support high levels of employee engagement. Some of those results included:⁶

Outcome	Engaged Employees	Disengaged Employees
Sick days per year	2.69	6.19
Advocated company to others	67%	3%
Had a good understanding of customer needs	70%	17%
Recommended company's goods and services	78%	13%
Work stress caused poor behavior at home	17%	54%
Work adversely affected health	17%	54%

5 Tips for Handling Poor Employee Performance⁸

1. Clear Communication. Convey clear performance standards and expectations.
2. Regular Feedback. Provide positive, constructive feedback when needed.
3. Diligent Supervision. Give more direction to marginal employees.
4. Training. Offer additional job training to increase employee skills.
5. Organized Checklists. Help employees with checklists for setting priorities and remembering procedures.

What Motivates Employees?

Finding out what motivates underproducing employees is a first step toward improving performance. What drives them in their work? What common patterns keep cropping up in their performance? Why do they work in the first place?

Lack of commitment is one reason, accounting for more than 34 percent of employee turnover, and this outcome can cost organizations an estimated 100 to 150 percent of a departing worker's annual salary.⁷

More paid time off, flexible scheduling, goal accomplishment, performance—based bonuses, personal satisfaction, and contribution to society – all these and more may help motivate employees to step up their performance in a positive way.

Managing an underproducing employee may not seem to be a good use of a business owner's time. However, careful coaching with a defined evaluation period in place can yield benefits for the business, the employer, and the employee. Early intervention, before the problem escalates, fosters a better chance of success.

Critical Job Skills Every Employee Needs

So where to start? Here are some skills that every employee should have to achieve some version of success in the workplace.⁹

- Cooperation skills are needed to work with team members, supervisors, and customers who may cross their path. Employees should:
 - take initiative.
 - share information with coworkers and superiors.
 - make adjustments when tasks or plans change.
- Customer service skills should top the list for every employee! No matter where the employee works, that employee always provides service to some kind of client or customer, internal and external. These crucial skills build confidence in the product or service the business offers, and keep customers happy – and coming back. Employees must be able to:
 - reassure customers when mistakes are made.
 - clearly articulate details as needed.
 - follow through on issues.
 - answer questions or know where to get the answer.
- Problem-solving skills help employees tackle obstacles that occur. While the ability to solve many job-related problems may depend on training and experience, even unskilled workers can be helped by being shown how to:
 - develop contingency plans.
 - find solutions by examining alternate viewpoints.
 - develop step-by-step action plans.
- Workload management skills can help employees effectively:
 - manage tasks.
 - complete projects.
 - finish assignments.
 - meet deadlines.
 - make determinations about priorities.
 - work on tasks as appropriate.

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Strategies for Improving Employee Performance

The New York State Governor's Office of Employee Relations recommends these suggestions to get the best from employees:¹⁰

- Provide regular feedback
 - Reinforce good behavior. Communicate when poor or marginal performance occurs.
 - Give adequate and timely recognition. Provide positive feedback on improvements in performance, no matter how small. Give credit where credit is due.

As a leader, the employer can help underperforming employees succeed. Certain communication skills and practices generate organizational loyalty and help employees find strong motivation to improve their game.

- Identify why the employee might not be meeting the performance standard
 - Reasons may include a lack of knowledge to do the job; a lack of tools and resources; or processes, systems, or procedures may be interfering with the employee's ability to meet the standard.
 - Give support when needed. Encourage employees to ask for help.
- Exhibit confidence in the employee's performance
 - Give employees flexibility and choice. Workers need to believe that managers have faith in them.
- Treat employees as individuals
 - Some employees can intuitively meet performance standards; others may need more direction.
 - Determine what each individual needs to perform at a higher level. Establish a climate of trust and open communication.
- Check the employee's motivation and attitude
 - Are employees committed? Remind them that input from everyone is critical to success.
 - Ask employees for ways they can improve the work product. Introduce change in stages.
- Model the behavior and attitude wanted from employees
 - Maintain professional behavior and attitude.
 - Don't reward non-performance by ignoring the behavior, and make sure to not "reward" a high-performing employee with more work, which could result in inadvertent employee discrimination.

Effective Performance Improvement Plans

Employers who want to get the best from all employees, including underperforming employees, can put together a performance improvement plan that is designed to facilitate constructive discussion between a staff member and his or her supervisor. The plan should:¹¹

- state performance to be improved. Be specific and give examples.
- state the work performance expectation that must be performed consistently.
- identify and specify the support and resources that will be provided to help the employee.
- communicate the plan for giving feedback to the employee. Specify meeting times, with whom, and how often. Indicate the measurements being considered in evaluating progress.
- specify possible consequences if performance standards are not met.
- provide additional resources to help the employee.

As a leader, the employer can help underperforming employees succeed. Certain communication skills and practices generate organizational loyalty and help employees find strong motivation to improve their game. Nurturing organizational loyalty, which encourages higher performance, starts when good communication practices take place in a culture that values and engenders trust in employees. By providing managerial tolerance and open communication,

sharing rewards with employees, following through on promises, and providing employee support that goes above and beyond contractual obligation, the employer can help the underperforming employee.

These five principal communication practices can help the employer or manager work with non-performing employees:

1. Managers explain why decisions are made.
2. Communication occurs in a timely manner.
3. Important information flows continuously.
4. Direct supervisors and other leaders explain the specific implications of changes to workers.
5. Employee responses to leader communications are validated.

Active listening and positive feedback are key to helping employees, with leaders being receptive to honest, useful criticism.

Managers must be fully engaged in their job to successfully help those employees who are not. They should learn about each employee's talents, interests, and needs and make an effort to match those to the organization's objectives.

Sharing the Responsibility for Engaged Performance

Company success occurs when each person — employee, manager, executive — plays his or her part.

Employees arrive at the door with their own talents, interests, and dreams, and each is responsible for engagement in the work. Employees should know going in what they value and what goals they want to achieve. If they don't know what drives them, it is unlikely they will find it at any job, and their performance will reflect that lack of direction. Employees must, in the end, take action to align what they want with what the organization needs and build a stronger job performance.

Managers must be fully engaged in their job to successfully help those employees who are not. They should learn about each employee's talents, interests, and needs and make an effort to match those to the organization's objectives. Managers need to create personal, trust-driven relationships with employees. Talking about engagement in regular discussions with the employee can help keep both focused on improving performance.

The executive or CEO must be completely committed to the company work and ensure that all direct reports remain engaged as well. Company leaders need to set a clear direction and build a culture that encourages engagement, which in turn leads to higher employee performance.

To improve poor performance by an employee, leaders, managers, and employees must work together. Employers cannot expect to get the best from their employees unless they are willing to give their best. Working together with underproducing employees can mean a better future for you, your business, and your workforce.

Notes

¹Towers Perrin, *Closing the Engagement Gap: A Roadmap for Driving Superior Performance*, *Global Workforce Study 2007-08*, p. 5.

²Mayfield, Jacqueline and Milton, "Leader Communication Strategies: Critical Paths to Improving Employee Commitment," *American Business Review*, June 2002, p. 89.

³BlessingWhite Research, "Employee Engagement Report 2011," BlessingWhite, Inc., Princeton, NJ, January 2011, p. 3.

⁴Ibid, p. 5.

⁵Ibid, p. 6.

⁶MacLeod, David, and Clarke, Nita, *Engaging for Success: Enhancing Performance Through Employee Engagement. A Report to Government*, London, England, 2009, p. 14.

⁷Mayfield and Mayfield, p. 89.

⁸National Federation of Individual Business, *Performance Problems: Don't Let an Employee's Poor Performance Affect Your Business Performance*, <http://www.nfib.com/business-resources/business-resources-item?cmsid=22883>.

⁹Brown, Barbara, *Improving Employee Performance – 4 Critical Job Skills Every Employee Needs*, *Ezine Articles*, September 2010, <http://ezinearticles.com/?Improving-Employee-Performance---4-Critical-Job-Skills-Every-Employee-Needs&id=5009582>.

¹⁰New York State Governor's Office of Employee Relations, *Using Effective Counseling to Improve Employee Productivity*, 2003, http://www.goer.state.ny.us/training_development/online_learning.

¹¹Heathfield, Susan M., *Performance Management: Performance Improvement Plan*, *About.com/Human Resources*, 2009, <http://humanresources.about.com/od/performancemanagement/a/PIP.htm>.

About Paychex

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