

# **CAMBRIDGE 2019**

## **Employee Engagement, Retention and Exit - Some Issues**

**Discussion led by Iain Thomson**

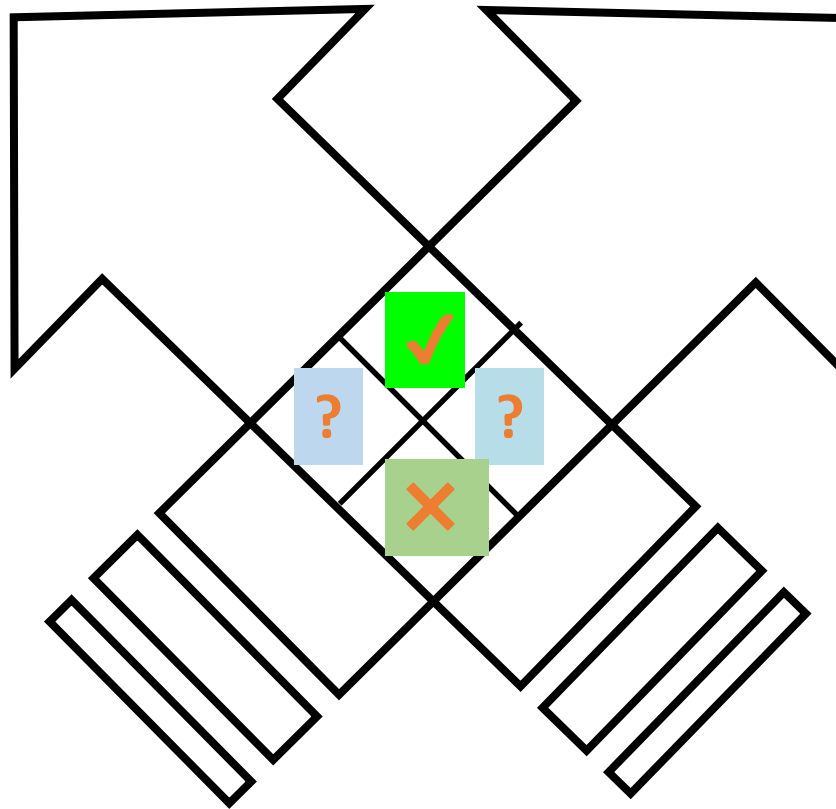
# THE THEORIES

- Fundamental prior decision - fit people to job or fit job to available people - Org Dev / Org Design issues
- Hire right (or best?) people - avoid early loss, later attrition, ultimate exit - Core Purpose analysis / Manpower Planning - also get people able to withstand stress?
- Get best people-fit for organisation - productivity, return on investment, strength (independence) - HR / Management issues
- Get right fit for staff - engagement, loyalty, commitment, brand pride - HR / Senior Management issues

# UNDERLYING LONG-TERM ISSUE - BALANCING PERFORMANCE AND DEVELOPMENT

INDIVIDUAL  
WANTS

ORGANISATIONAL  
NEEDS



# THE PRACTICES

- Welfare - BIS
- Apprenticeship - BoE ('One Bank') - succession planning?
- Analytical skills - Sweden, Norway - apprenticeship?
- Academic qualities - BoE, Finland - advancement?
- Gender balance - BoE (recruiting economists!)
- Politically-driven - Balkans (high-level rotation!)
- Reaction to 'churn' - Ireland ('stable door' after 33 gone?)
- (Re) branding - Egypt (start again!)
- Best available - many African and small-island countries

# THE REALITIES

- Pay + pension + health insurance + gym + family allowances + schooling + relocation ++ = lock in or engagement? (BIS)
- Stock Purchase Scheme = ??? (India)
- Resignation and departure outside country (= loss?) - or within (= valuable investment?) (eSwatini)
- Job-for-life (especially with 'inherited' staff / 'hangover' cadres) = exit problems (BoE, France, Balkans)
- Talent management schemes - 'cream or milk?' (Fed, BoE)
- 'People leave because of early managers' (commercial and CBs)
- Presence or lack of authenticity and consistency at the top (all CBs) = tricky questions (eg 'people are our greatest asset' ...)

# TWO EXIT ISSUE RESPONSES

## BoE

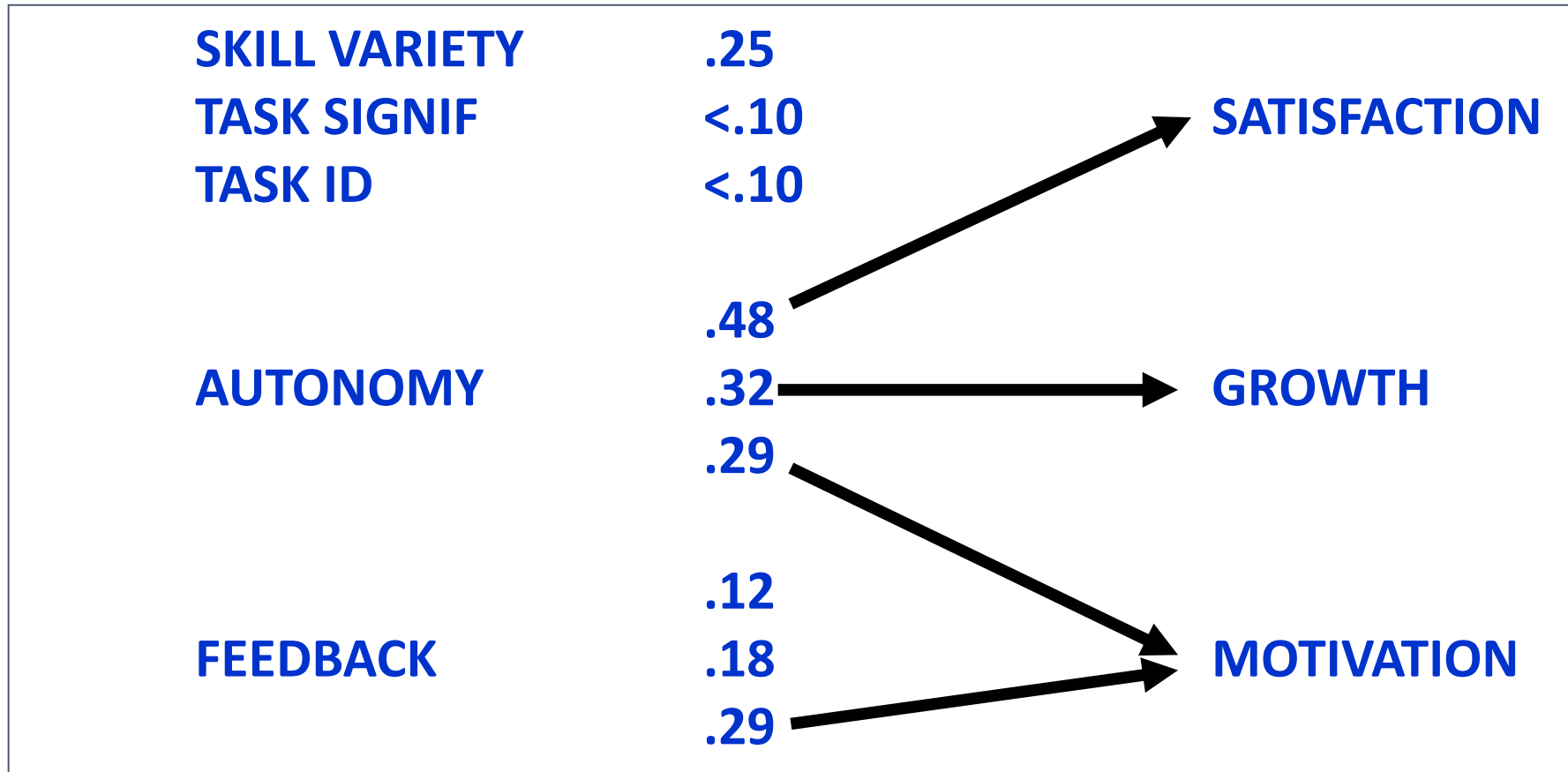
- Outdated manpower planning + big changes in market (eg IT) and more focused core purposes (ie inflation not banking)
- Early rounds of untargeted, attractive 'early retirement' led to 'good' people going
- Formal redundancy too distasteful - quiet outplacement facilities set up (problems with staff 'married' to BoE, lacking confidence)
- Balkans
- Performance allowed to drift + big changes in market (eg EFT)
- Huge numbers of 'dead wood' - but sacking politically and socio-economically unacceptable, so long run of natural retirement had to be tolerated

# BIG QUESTIONS

- Does satisfaction = motivation?
- Does 'late' responsibility turn people off?
- Can we have sensible loyalty without advancement?
- Does 'welfare' trap and make people dependent, not engaged?
- Will there always be patronage and 'favourites'?
- Are independent thinking and challenges to policies encouraged?
- Can modern CBs meet / allow work-life balance demands?
- Is retention natural?
- Should CBs use mostly fixed-term contracts? (or a mix?!)
- Can 'one-size-fits-all' approaches really work?

# SOME RESEARCH FINDINGS

(BELSON ET AL 2000 RE HACKMAN & OLDHAM'S JOB CHARACTERISTICS MODEL)





# ‘NORMAL’ TENURE STATISTICS

- Despite ‘manage your own career’ injunctions, tenures very similar over 30 years
- UK - people change every c5 years, US - every c4 years
- Turnover rates lower in recessions
- Some US research shows average 3.8 years for private sector, 6.8 for public sector
- Older employees tend to stay longer
- 15 years common in CBs
- NB Belgium tend to recruit bureaucrats, NZ financiers
- NB ‘recruitment freezes’ (eg Sierra Leone) cause problems
- NB Failure to use probation periods properly is crazy

# 5 GENERATIONS OF CB STAFF?

<i>Generation 1 – ‘Generalists’</i>	TRADITIONAL OPERATIONS, SUPERVISION	<i>Generation 2 – ‘Specialists’</i>
MARKET MONITORING & DEVELOPMENT	<i>Generation 5 – ‘Integrators’</i>	MARKET MAKER
<i>Generation 4 – ‘Players’</i>	RESEARCH, ‘THINK TANK’	<i>Generation 3 – ‘Contributors’</i>

# THE MODERN CENTRAL BANKER?

(Thomson, 2009) - VOTES 2010-14

SUBJECT EXPERT	AND	SYSTEMS THINKER 1
ANALYSES COMPONENTS		INTEGRATES & RELATES VARIABLES 3
DEPTH OF KNOWLEDGE & SKILLS		BREADTH OF UNDERSTANDING 3
INTELLECTUALLY AWARE		EMOTIONALLY ALERT 3
READY TO RESPOND		SWIFT TO ANTICIPATE 7
ANALYSES CURRENT DATA		SCANS THE HORIZON 7
OBJECTIVE		INTUITIVE
ACADEMIC, LOGICAL & RATIONAL		PRACTICAL, LATERAL & INNOVATIVE 4
SOLVES ISSUES		ASKS THE RIGHT QUESTIONS 1
CONVEYS CONFIDENCE & CERTAINTY		IS FLEXIBLE & CONTINUES TO LEARN 7
DEBATES ISSUES		ENSURES DIALOGUE ABOUT ISSUES 6
MANAGES THROUGH REASONING		LEADS BY ENGAGING 13
USES COMMONSENSE THEMSELVES		MAKES SENSE OF CHAOS FOR OTHERS
ENSURES USEFUL CONTINUITY		CHALLENGES ORTHODOXY 4
CONSENSUAL		TAKES TOUGH DECISIONS 12

# **‘PORTABLE’ COMPETENCIES - ACTUAL SET CURRENTLY BEING DEVELOPED FOR A BALKAN CB**

<b>SENIOR MANAGEMENT</b>		
<b>INTELLECTUAL</b>	<b>INTERPERSONAL</b>	<b>PERSONAL</b>
Making a difference and adding value		
<b>MIDDLE MANAGEMENT (Department and Section Heads)</b>		
<b>INTELLECTUAL</b>	<b>INTERPERSONAL</b>	<b>PERSONAL</b>
Making a difference and adding value	Leading teams	Decisiveness
Organising and managing the workload	Modelling ethics	
Focus on results		