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Team morale is directly linked to the ability to deliver differentiated client services

In previous articles, I have written about how the lack of any meaningful differentiation between law firms on criteria that are of value to clients leads inexorably to price-driven competition. When we can see no difference between the services on offer, we buy the cheapest available.

The same psychology plays out in the employer brand arena. Firms with only the blunt instrument of the salary cheque in their differentiation armoury are ill-equipped to attract, secure and retain the best talent. Of course, all firms offer more than a just monetary reward but, when these additional benefits are perceived as being of equivalence (or of peripheral value), salary becomes the lever that is determinant in practice.

A better understanding of the key drivers of satisfaction and motivation means that leadership teams are able to develop strategies to retain staff and improve performance. As a corollary, by being clear about the drivers of dissatisfaction, it should be possible to minimise these in the workplace.

Job satisfaction/dissatisfaction

Some of the most important early work in this field was carried out by Fredrick Herzberg and published in *One More Time: How Do You Motivate Employees*. The motivation hygiene theory that he developed proved extremely influential, with his insights underpinning motivational best practice to this day.

Herzberg's research uncovered that there are certain aspects of any job which are consistently correlated with job satisfaction, whilst there are others which have a similarly strong causal linkage with job dissatisfaction. Crucially, his work brought him to the conclusion that job satisfaction and dissatisfaction are not opposites. So, for example, addressing a cause of job dissatisfaction will not result in satisfaction, just no dissatisfaction.

Similarly, investing more in the drivers of job satisfaction will not eliminate

dissatisfaction, as this is driven by different components of the employee's relationship with the firm. From a motivational perspective, Herzberg separated these job components into two groups – those with a potential to motivate and those which he termed hygiene.

Factors in the hygiene camp are those with the potential to demotivate and dissatisfy; they need to be addressed but they will never create satisfaction in themselves. Herzberg's key insight is that satisfaction and dissatisfaction are not opposites; the opposite of satisfaction is no satisfaction and the opposite of dissatisfaction is no dissatisfaction.

Importantly for those who believe that the best way to deal with dissatisfaction and demotivation is to hike salaries, Herzberg's work shows unequivocally that salary falls squarely into the hygiene category. It can be a source of dissatisfaction – for example when one feels unfairly rewarded in relation to one's peers or the wider market – but, increasing salary beyond these norms will not create satisfaction.

In addition to salary, the other hygiene or potential sources of dissatisfaction include the possibility of growth, status, interpersonal relationships with both superiors and subordinates, company policies, working conditions and job security. Improvements in any of these areas will reduce dissatisfaction, but will not motivate in a sustainable way. People engagement strategies should centre on the quality and stretch of the work that is undertaken, the recognition and sense of achievement that their people receive and the possibility for advancement.

Leadership and engagement

The role of leadership should also not be overlooked in the motivation and performance mix. Research conducted by Gallup Research group demonstrates a strong statistical relationship between employee engagement and improved productivity, profitability, retention and client satisfaction.¹ Separately, research by the British Quality Federation and the European

Foundation for Quality Management has demonstrated that higher levels of client satisfaction is the most important driver of long term, sustainable business success.²

Great leaders create more engaged, satisfied and loyal people in their firms. In turn, these people contribute more discretionary effort – doing things which aren't on their job spec or giving more than they are strictly required to do – because they are committed to their firms and share a common vision of their combined future.

Research suggests that positively-engaged staff have higher levels of productivity and profitability.³ Importantly, more engaged people drive higher levels of emotional engagement with clients, which in turn leads to improved levels of client loyalty and spend with the firm. The same research suggests that fully-engaged clients deliver a 23 per cent premium over the average client in terms of share of wallet, revenue and profitability.

Retention and satisfaction are one component in creating a compelling employer brand. This, in turn, builds loyalty and ultimately underpins the firm's client experience through the values and behaviours of its people. There is a direct line of sight between employee engagement, motivation, business performance, client loyalty and long-term competitive advantage.

Andrew Hedley has been advising law firm leaders on strategy, performance and change management for approaching 20 years (www.hedleyconsulting.com) 

References

1. See 'Five Ways to Improve Employee Engagement Now', Robyn Reilly, *Gallup Business Journal*, 7 January 2014
2. See *How to achieve and sustain outstanding levels of performance*, Manchester Business School and British Quality Foundation, 2013
3. See 'Manage Your Human Sigma', JH Fleming, C Coffman and JK Harter, *Harvard Business Review*, July-August 2005