

Job Satisfaction and Employee Loyalty in a Global Corporation: People Strategy at PricewaterhouseCoopers

by Janet Lenaghan

What traits earn a company today recognition as a “great place to work?” And what are the implications of such recognition for an employer’s current workforce, its ability to recruit future talent, its competitive edge with rival firms, and its prospects for unionization? The more that economic forecasts predict coming “talent shortages,” the more that human resource professionals are called upon to gauge employers’ competitive positions in the labor market. In fact, according to the Bureau of Labor Statistics, one of the fastest growing occupations projected for the period of 2004-14 is Employment, Recruitment, and Placement Specialist. This illustrates the importance of recruitment in successful human resource practices.

Many organizations have simultaneously recognized that merely recruiting talent isn’t sufficient to maintain a competitive advantage; the ability to also increase retention is a tremendous driver of organization success. As a result, many organizations have embarked on retention initiatives aimed at securing sufficient intellectual capital to remain competitive. An interesting aspect of these initiatives is that the identified organizational competitors are not the only players in the market for talent. As such, organizations need to broaden their perspective when trying to benchmark human resource management policies. For example, a union local may need to hire a person skilled in information technology and is therefore competing with all organizations with a similar need. So, the question becomes: where does the organization stand vis-à-vis the market and how to “sell” its position to potential applicants? This task becomes increasingly difficult as the Internet makes access to compensation comparisons easier for job seekers.

Organizations have long wanted to distinguish their employment brand through outside recognition of their total reward system (i.e., compensation, benefits, perquisites, etc.). One sought-after measure of external validation is a position on a “Best Companies to Work For” list. While many such endorsements exist, a highly touted example is *Fortune Magazine*’s annual “100 Best Companies to Work For.” In fact, many Starbucks locations proudly display the “Best Company to Work For” sticker on their front doors. According to The Great Place to Work Institute, which collaborates with *Fortune* on selecting companies for the list, the best employers are chosen based on the premise that: a “great workplace is a place where employees trust the people they work for, have pride in what they do, and enjoy the people they work with”.¹

PricewaterhouseCoopers (PwC) has been on the list for several years and, between 2006 and 2007, its rank improved from 71st to 58th. PwC was noted for its quick action in helping employees affected by Hurricane Katrina. The firm wired \$4,000 to each employee’s account and provided food, lodging, and transportation for three months.² More recently, *Business Week* ranked PwC number two in its 2007 list of youth-friendly “Best Places to Launch a Career.” Of the Big Four accounting firms, it hired the most new entry-level employees in fiscal 2006.³ PwC has over 140,000 people in 149 countries. None are unionized, yet this firm makes a credible best practice for all organizations to benchmark as the spill-over effect is not one-sided (only union to non-union). Unions also need to be cognizant of the packages being extended to skilled employees, especially those in high demand, by non-unionized employers in an effort to recognize the breadth

and depth of total rewards packages. This is especially pertinent in the New York metropolitan area, where talent can walk easily.

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Q: How would you describe your position within the organizational structure of PwC?

MF: I'm part of our human capital organization, so I report to our head of human capital, Scott Duncan. And I'm responsible for People Strategy. I work with each of our lines of service -- Assurance, Tax and Advisory. We are a matrixed organization and have a geographic organization, as well. I work with multiple dimensions of our matrix to implement our People Strategy.

Q: It's interesting that PwC calls it "People Strategy." Why?

MF: We're in professional services, so what we have to sell, what we offer in the marketplace is our people. In other words, our intellectual capital, how we've organized, optimized those services. So it's the skills, the knowledge and the expertise of our people. That's what we have. That's our asset.

Q: Why did PwC want to become an employer of choice? What were the expected benefits? Ultimately, do you think that those benefits have been realized?

MF: It's been a journey for us, and partly I'll talk about some history that predates my arrival at PwC. And it's actually one of the reasons why I joined PwC because I found the leadership here to be deeply committed to its people agenda and issues that I really care about and I find enormously challenging and engaging. A number of years ago, PwC applied for the "Great Place To Work" recognition and the feedback from the institute was: "Don't even apply. You're in no position to apply, and it will take many, many years before you're in a position even to apply," given the issues that they saw.

Q: Do you know what some of those issues were?

MF: There had been very high turnover, for example. So I think the leadership at that point wanted to apply because they recognized the importance of our People Strategy. It was a part of our business strategy. The leadership was personally committed. Dennis Nally, our Senior Partner, and his leadership team were intensely focused on our People Strategy, and continue to be.

In some ways, perhaps they took this feedback as a personal challenge, but it was part of, I think, recognition of areas, opportunities where we had to significantly strengthen our approach to developing and retaining our top talent. That led to a hard look in the mirror, a careful kind of diagnostic and assessment, and then a series of actions around a strategy that over time came to be known as our Unique People Experience, (UPE for short) and is wed with our client strategy.

So if you just took one presenting symptom, which is high turnover, why is that? If you did a root cause analysis, why do we have high turnover? That was the kind of work we started to engage in that led to a very specific action plan. In my opinion, one of the realities was that we needed stronger relationships in the firm. We had grown dramatically. Every year, we're often the number-one or number-two employer of undergraduate

business students in the United States. We'll bring in every single year thousands of business students from across campuses all over the United States.

At the same time, there was a revolving door. We had huge numbers of people leaving. So we started to monetize the cost of that turnover, the negative impact it had, not just from a financial standpoint, but culturally as well, and started to identify some actions we could take to address it.

I think one of the keys here—and this is an important point of emphasis—is there is no single lever a manager has to pull or a silver bullet. It's about alignment of the entire organization of many key levers, if you will, that impact our people experience here at the firm. That includes everything from looking at who we bring in from a sourcing standpoint—are we really bringing in the right people for our profession, our industry?

We recognize that students today are focused on, “What am I going to acquire in the next few years in terms of the value of the experiences I have and the skills and knowledge I acquire?” This in turn led to an approach with our career development that was different, helping people understand specifically what it is they're going to acquire, the kinds of experiences, the kinds of skills, and how that translates into options and opportunities for their own career, whether they stay here at PwC or whether they move on as an alum of the firm.

Going back to your overall question: was it one thing? No. I think it's a multiple set of enablers, in a sense, everything from our sourcing strategy, how we bring people on board, how we train and develop, and a very strong focus on relationships.

Q: Has PwC performed a cost-benefit analysis of the strategy to become an Employer of Choice?

MF: I don't know what the answer to that would be in the sense of what it costs. Our aim is not about lists. Obviously, we value external validation of our progress. It's always great when others who are independent can confirm progress we've made as a firm.

But what I'm talking about is different. It's not about a list. It's really about how we run our business, how we engage our people in the deepest way. So one of the actions that came out of the diagnostic I was describing was something called connectivity. We linked everyone in the firm with a partner leader. And the aim here was to develop a relationship that was holistic, not just about performance on engagements, but on our people's career aspirations and interests.

Q: PwC has reported that one of the findings of the global people survey the firm conducts was the fact that people were looking for stronger personal connections with their managers. Is this how the firm responded?

MF: That was one response. But there have been others. Another strategy we have in place today is about everyday coaching. And this is, of course, at the heart of the notion of continuous learning. It's partly our value proposition in professional services at PwC, which is, you're going to learn more here than anywhere else. In other words, you're going to be challenged. You're going to have great clients, challenging work experiences, and the experience itself is going to be very enriching, in part because we place such a strong emphasis on on-the-job learning and the development of skills and expertise.

That goes to coaching. So when we talk about on-the-job learning, it's all about coaching and making sure that all partners and managers, for example, understand they are teachers, that part of their formal job is the development of their people. That requires candor, honest dialogue, helping people understand exactly where they stand today and what they need to do to improve their performance, to enhance their skills.

Q: Are your managers evaluated on their ability to evaluate others?

MF: Our managers get feedback on a couple of dimensions. People are a core element. We also do an overall firm-wide Pulse Survey in addition to that Global Survey you mentioned. So we're assessing ourselves on a number of dimensions.

Q: Could you give us an example of some of the areas employees are asked about in those surveys?

MF: One area, for example, is coaching development. Do they feel like they're getting quality feedback? Do they feel like there is sufficient time devoted to coaching? A staff member will initiate a performance feedback form, and in that form they're going to be getting feedback on the quality of their work. They will also receive feedback on the people dimension -- their effectiveness as a team member as well as their contributions to the team. That's an example of a system that's intended to help drive this kind of candid discussion.

Q: PwC engages in 360-degree feedback?

MF: Yes, both upward and peer feedback. Basically anyone who has responsibility for people is involved in that process, as well. So that's another human capital kind of tool. It is intended for developmental growth, but also to gauge progress and impact.

Q: Are the performance evaluations tied to compensation? Can you describe the evaluation policy?

MF: We look at kind of a dashboard, a balanced scorecard of factors. That includes how people contribute in terms of the quality of their work. Obviously, their client service, the quality of their client service, is enormously important and skills related to teamwork and coaching are essential for distinctive client service.

Q: Are managers evaluated on their ability to motivate as well as coaching and counseling skills?

MF: Absolutely. And they're inseparable from client service. Because what we do, again, in professional services, if you're going to deliver high-quality client service, you're going to need a team that's motivated, that's learning on the job, that's getting that kind of coaching.

Q: The selection of employees must be an important part of your people strategy given the competencies needed to be successful at PwC. In fact, one of the critiques you might have had in 2000 was that you weren't hiring the right people, indicating a weakness in your selection process. The Senior Partner of PwC was quoted as saying, "Collaboration is perhaps the key skill required of today's organizations." And he went on to say that it's going to be pivotal in terms of company success. How do you select for collaboration? In the selection process, how does the firm gauge whether or not a person is going to be somebody that can embrace its core values? And of course, you have 10 core competencies -- how do you select for them?

MF: Well, collaboration is the ability to work in teams, to share ideas and knowledge, and diversity is something I'd want to relate to that, as well. So being able to work in a team environment where it's highly inclusive and diverse has been another key pillar of our People Strategy as well.

How do you assess for it? Well, the best predictor of future behavior is past behavior. So the question is: does someone have a track record of collaboration, of working in environments where they've been required to compromise, resolve conflict, where there's been some accountability for a shared goal. I think you can see that in a variety of ways. In some instances, that may mean someone who's done work with an organization on campus. Maybe they've done community service in a team based environment. Is there an example of all the projects they've been involved in that have required a high level of collaboration? I think you want to assess that behaviorally versus just kind of espoused intentions.

Q: Would you say that your selection process is much more behaviorally based?

MF: We do focus on behavioral examples, critical incidents that illustrate a particular competency.

Q: PwC is an “Employer of Choice” and, according to the firm’s published material, you have 64,000 applications for 2,600 opportunities this year in your UK firm, and Canada received 30,000 applications for 560 places. So you’re saying that one of the benefits of being an Employer of Choice is that it yields very large applicant pools. Is there a distinction between employment brand and being an Employer of Choice? Does being an Employer of Choice drive the high applications?

MF: I think it’s all about experience. I think it’s all the things that go to constitute a brand reputation. Part of that, certainly, is the external recognition we get in the media. Students are very attuned to that today. But I think at the heart of it is the PwC experience. And that means challenging work experiences, recognition that this is a place where there’s going to be investment and continuous learning. Diversity is something we’re very proud of. In fact, we’re being recognized this year by Catalyst.

It’s about creating an inclusive environment where everyone can fulfill their potential. Now, that may sound like a platitude or what a lot of firms would say today. We believe we’re putting that in action. It’s a journey. It’s never something you finish or declare final success with.

On the other hand, we’ve received some outstanding recognition. This spring we’re being recognized by Catalyst as one of the top firms in the United States in promoting opportunities for women. And there are some programs I can describe to you that I think demonstrate our commitment to that, as well. As it relates to diversity, we have an extremely diverse workforce. Some of those elements of diversity are visible, others are not. At the end of the day, though, at that team engagement level, it’s about inclusion and people feeling connected and valued and appreciated, and that they have a fair, equal opportunity to contribute. So that’s really been the focus of our efforts.

Q: PwC has used the Internet to recruit college graduates, clearly using a marketing strategy in the design. The pop music in the background with video clips of employees speaking to life at PwC – some are sitting with their laptop on the sand or talking about being able to balance home and work. I’m curious, though, why does PwC allocate resources to a specially designed website if you’re already getting so many qualified applicants per job opening?

MF: I think the competition for top talent, for the right people is never ending. It’s something you can never take for granted. I think the moment you do you get into trouble. So I think what you’re describing reflects our commitment to continuously search for the very best talent we can engage with the firm.

Q: Clearly, it is a real effort to change perceptions of the industry and PwC specifically. For example, one of the video clips has an employee talking about how they can go rollerblading instead of reporting to work because they need to clear their head first. Clearly this employee’s testimony is aimed at trying to address the concern over work-life balance. Why was that needed?

MF: I think one of the things we discovered—I mentioned the research we’d done—one of the predictors of turnover was related to work-life flexibility. We’ve come a long way on this front. One of the things we’ve learned is that work-life means something for you that may well be different than it means for me. In other words, it’s an individual or unique element for each one of us, how we define it. It means something very different for a parent of four kids, like me, versus someone right out of college who’s single, just entering the workforce for the first time, doesn’t have kids, but has other things going on in their life as well that are important to them.

And so this issue of flexibility is enormously important, because professional services is hard work, and there are no shortcuts. And so on the one hand, to really develop the expertise, to develop the strong professional reputation—I’m speaking on an individual level now— whether that means you want to become a

physician, banker, attorney, regardless of the profession, it's going to require a lot of hard work, and some sacrifice along the way.

On the other hand, what we've learned is that it's possible to achieve that, and at the same time bring to bear a better flexibility in the workplace that in some ways can be even more accommodating. It leads to better productivity, better client service, and at the same time more satisfaction for our people.

Now, that requires conversations. That means sitting with my manager and saying, "Here's what my flexibility needs are. And in the context of our team, let's have a conversation to see how I can achieve those goals, so I can have success both professionally and in terms of this work-life, on both fronts." And it doesn't mean that—there are going to be days when you're going to have to work long hours -- periods of time when you're going to have to work long hours. There might be something that's not anticipated that I'm going to need to respond to. That's part of professional life.

At the same time, we've found that through better teamwork and planning, we can get better flexibility. Again, that's something that's individual, and I think that's one of the messages of the website. It means something different for each one of us.

Q: What about expatriates? Most companies and HR as a profession are struggling with high turnover among expatriates. Do you think that you're doing better than others and, if so, is that because you are an Employer of Choice?

MF: Global mobility is an issue that's important to us, and as the economies of the world become increasingly integrated, it's a bigger and bigger issue for all businesses, all firms. I think some of the things we've learned are that the students today increasingly have done some sort of study abroad or have interests in international work of some sort. One of the keys is making sure that someone has strong ties or connectivity while they're on that assignment.

So it's both connectivity while they're on that assignment, and then a structured process to bring them back home so that there's not this sense that they become detached and they don't have a clear path back. Those are some of the things that we've been focused on.

Q: How do you develop employees?

MF: First, by doing it—not just talking about it, but doing it. And then supporting people in a number of ways. One is coaching -- helping team leaders harness the potential. Having diversity within the team. Dealing with some of the inevitable conflicts that might arise related to communication, particularly style differences, assumptions about how to relate to a manager, for example, that can vary considerably across cultures. So there's an educational component. We support our people through learning and education.

Q: Would that be part of the structured onboarding experience?

MF: It's about helping someone integrate as quickly as possible in a way that the experience is good for them, confirms their choice, and helps them get productive as quickly as possible. But also, there's a strong piece around values and engaging them on our values.

Q: Are your values similar to your ten core competencies?

MF: Well, the values—and these are shared globally—are leadership, teamwork and excellence. The core competency framework is also shared globally, and those are used as a base, as you were asking earlier, about performance appraisal. So I know I have a very clear picture of what's expected of me, what I need to demonstrate through those competencies. And we articulate them in a responsibility framework. So that really becomes the basis, then, for performance coaching, self-assessment and evaluations. So it's a shared

framework, level playing field. You know exactly what's expected of you. You know exactly how you're going to be appraised. And that drives a high level of consistency, then, too, in the process.

Q. How does your People Strategy handle the different expectations of the firm's contingent workforce versus its core employees?

MF: I think some of the challenges, when you're working in an organization that's geographically dispersed and you have many people at a client site is connectivity: making sure they continue to feel connected to the firm. Because you're right, most of our people aren't always spending time in the office. They're out at the client site with the team, the engagement team, at various sites.

As we launch more team-based models, the role of HR is being examined. One of the things we're finding is some of our HR professionals now are going out to spend time with our teams at the client sites, not just staying in the office. So it's a very different model. It's more consultative and it's more focused on facilitating teamwork, adding value in a new way, not just administrative transactions in HR. It's more focused on our coaching and development agenda, as well. So making sure our people have a consistent PwC experience regardless of how much time you're spending in the PwC office, I think, is very important.

Q: You mentioned before that you have an energized alumni network. In fact, I think you call it the Alumni Key Program. Can you tell us a little bit about that, and why is the firm committed to it?

MF: For a couple of reasons. One is when individuals have an experience here as an employee, as a staff member, a partner, we want that relationship to continue if they leave the firm. That may mean a couple of things. It might mean they'll come full circle and return to PwC at some point. It certainly occurs. It might also mean that we would work with them down the road. And we want them to have that kind of connectivity. I think it reflects well on the experience people have had. When they've had a positive, energizing experience, they want to maintain the relationships, the network, even if they leave the firm. So I think it's a win-win.

Q: Do you think that is something that would work in other types of industries, or is it unique to your industry because of the fact that somebody who's leaving your firm, your alumni, will tend to either be working with you at some point as a client or, perhaps, looking to work again as a management consultant?

MF: I don't think it is unique to our industry. I think there are probably certain characteristics of our firm: that people, as I say, are energized; they want to maintain a connection; they want to maintain some relationships. Perhaps for PwC there is something unique, but I don't know that it's restricted to any industry.

Q: Is there anything else that you'd like to say in conclusion?

MF: The value proposition for employers today is changing, and in part it goes back to where we started, being very clear about the kinds of experience that you're going to provide, the learning and development that will be provided, and crystal clarity around expectations for high performance. It's about the full picture. It is making sure individuals, both in terms of the recruiting process, and in their experience here, have an understanding of the value proposition, what's expected of them, but also what they should expect from the firm and from their coaches. Enriching experiences, challenging work experiences, coaching and development, diversity, and working with the best clients.

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Notes:

¹ The Great Place to Work® Institute, 2007. www.greatplacetowork.com (June 21, 2007).

² Levering, R. & Moskowitz, M. 2007. "In Good Company," *Fortune*, 155 (1), 94-116.

³ *Business Week*, "Best Places to Launch a Career (9/13/07).

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