

Whitepaper



Workplace Relationship
Development Indicator

The Balanced Scorecard and the WRDI™

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As companies around the world transform themselves for competition that is based on information, their ability to exploit intangible assets has become far more decisive than their ability to invest in and manage physical assets.

(Kaplan & Norton)

Introduction

This white paper outlines the application of the Workplace Relationship Development Indicator (**WRDI™**), a diagnostic survey tool, in assisting management to implement and monitor key aspects of the balanced scorecard. This application relates specifically to the provision of objective measures and a diagnosis of the learning and growth perspective. The WRDI™ data not only provides a basis for a more “fine grained” assessment of key learning and growth perspective measures, but also a diagnosis of what lies behind these measures.

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About the Balanced Scorecard

The balanced scorecard supplements traditional financial measures of organisational performance with criteria that measures performance from three additional perspectives:

- those of customers;
- internal business processes; and
- learning and growth.

The balanced scorecard enables companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they need for future growth. The scorecard complements financial measures.

The three (3) core measures of the learning and growth perspective are reported to be:

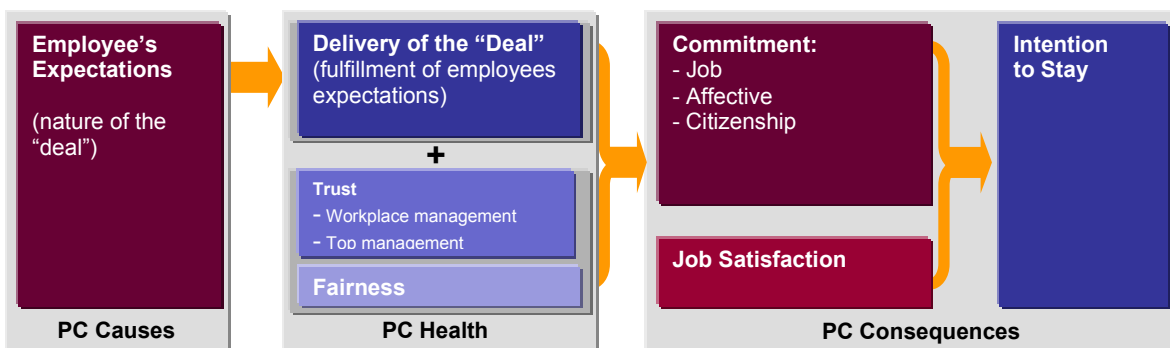
- employee satisfaction;
- employee retention; and
- employee productivity.

Learning and Growth Perspective and the WRDI™

The Learning and Growth Perspective

The WRDI™ measures the causes, health and consequences of the psychological contract between employers and employees. Both individual reports and aggregated reports by workforce segment (e.g., senior managers, middle managers, sales personnel, general or front line workers), are available.

The WRDI™ Model of the Psychological Contract (PC): Causes, “Health” and Consequences





More specifically, the WRDI™ includes measures that are directly relevant to the three (3) core areas of:

- employee satisfaction;
- employee retention; and
- employee productivity.

These measures are further explained below.

1. Employee Satisfaction

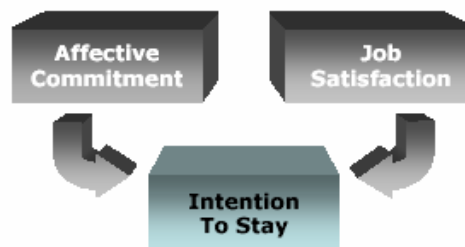
Employee satisfaction can be conceived as satisfaction with the job, and an engagement, identification with, or an emotional attachment with the organisation. The WRDI™ provides measures and a diagnosis of these two (2) aspects of employee satisfaction:

- *Job satisfaction - the extent that workers are satisfied with their job.*
- *Affective commitment - the extent that workers are emotionally attached to the organisation.*

2. Retention

Intention to stay is the strongest predictor of retention / turnover. The two strongest predictors of intention to stay are affective commitment and job satisfaction.

The Two Strongest Predictors of Intention to Stay



The WRDI™ thus provides a measure and a diagnosis of the main predictor of retention, thus allowing retention to be managed proactively:

- *Intention to Stay - the extent that workers intend to remain with the organisation in the medium term*



WRDI™ Report Outputs: AWA Report

One of the report outputs of the WRDI™ is the Audit of Workforce Alignment (AWA) Report. This AWA Report provides information on retention risk and alignment. More specifically, the AWA Report predicts:

- how many employees are likely to be “at risk” of leaving, or likely to leave the target organisation; and
- how many employees are misaligned (i.e., have poor “fit”), with either the organisation and / or their job.

Typically this report is produced initially to provide an overall assessment of workforce alignment and retention risk within an organisation (see example next page). The AWA Report is generated from approximately 20 of the 90 items of the WRDI™ questionnaire (refer WRDI™ model)

Note: The AWA Report can also be applied exclusively to an organisation’s key talent group which typically comprises around 10% of the workforce.

Audit of Workforce Alignment (AWA) Report

Executive Summary

Retention Risk	Management	Sales	Operations	Technical
Stayers	77	73	111	37
At Risk	18	27	41	11
Leavers	7	15	27	2

Alignment	Management	Sales	Operations	Technical
Engaged & Satisfied	71	59	80	35
Engaged but Dissatisfied	14	25	39	12
Disengaged but Satisfied	11	14	29	3
Disengaged & Dissatisfied	6	17	31	0

Please Note:

Not shown here - Organisational Development Report which provides the diagnoses of what lies behind the AWA Report findings (refer WRDI™ model). The Organisational Development Report includes psychological contract profiles based on the 90 items comprising the WRDI™.



3. Employee Productivity

Whilst the WRDI™ provides no direct measure of employee productivity, job commitment, affective commitment and job satisfaction are all positively correlated with performance. The WRDI™ provides a measure and a diagnosis of these three correlates:

- *Job Commitment - the extent that workers undertake performing their job, beyond its basic responsibilities, to the best of their ability.*
- *Job satisfaction - the extent that workers are satisfied with their job.*
- *Affective commitment - the extent that workers are emotionally attached to the organisation.*



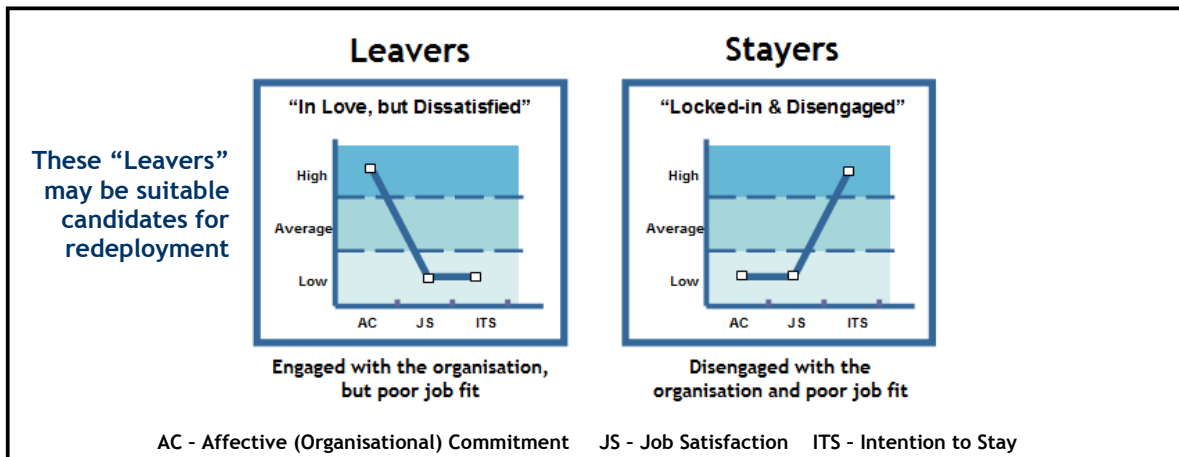
Note:

In the above study, the terms organisational commitment and affective commitment are equivalent.

Diagnosing Employee Satisfaction and Retention

The Diagnostic Capabilities of the WRDI™

The WRDI™ offers a more “fine grained” assessment and diagnosis of employee satisfaction (i.e., affective commitment / engagement and job satisfaction), and retention. An innovative WRDI™ typology has been developed which classifies employees according to affective commitment (or engagement), job satisfaction, and intention to stay. It may be the case that an organisation is retaining the “wrong” people – a workforce which is unengaged, dissatisfied, but unlikely to leave (i.e., the “walking wounded”).



Thus employee satisfaction and retention measured in isolation, may not always be overly revealing. The WRDI™ offers a much more comprehensive explanation concerning various combinations possible of these two measures.

A Scientific Approach

Not only does the WRDI™ provide key measures of the learning and growth perspective, it provides a diagnosis of what lies behind these measures. WRDI™ findings provide a cause and effect analysis, linking the “health” of psychological contracts to employees’ engagement, satisfaction and retention (refer WRDI™ model). Profiles are generated from the WRDI™ findings which “pin point” specific areas of relationship misalignment or distress, for various levels or segments of workers. Comprehensive targeted interventions (at an organisational, workplace, and individual level), are then available to address relationship deficits, or effect desired improvements.

As part of the group or mass surveying of organisations with the WRDI™ on-line, individual Relationship and Career (RCD) Development Reports can also be generated either immediately or subsequently. The RCD Report includes tailored commentary and interventions, providing employees with a new framework to think about their work life and career development. The RCD Report serves as the upfront diagnostic tool in so far as assessing the career development needs of the individual. This reporting feature of the WRDI™ enhances survey participation rates and constitutes a benefit for both the organisation and the individual, consistent with the new deal.

Strong Relationships Underpin Strong Performance

The WRDI™ provides a scientific basis for structuring and managing productive employment relationships. The WRDI™ diagnostic data:

- sweeps aside the mystery surrounding the commitment, satisfaction and retention of employees;
- provides critical balanced scorecard measures that link productivity and profitability;



- validates people management practices, quantifies retention risk, and determines whether an organisation is retaining the “right” people (i.e., selective retention);
- identifies causes of disaffection; and
- enables decision-making on targeted interventions that deliver predictable outcomes.

WRDI™ Case Studies

Large Domestic and Global Agricultural Distributor (Individual and Systemic Interventions)

A recent WRDI™ workforce audit of a high profile corporate uncovered some startling information about the “health” of the relationship with its workforce. This large domestic and global distributor of agricultural products was on an expansion trail, and the commitment and retention of key talent was critical to the company’s success. The WRDI™ was chosen because of its unique ability to diagnose and manage retention risk and alignment of top talent.

“The CEO and executive team were presented with data indicating up to 40% of the top talent in this organisation were at risk of leaving.”

The CEO and executive team were presented with data indicating up to 40% of the top talent in this organisation were at risk of leaving. In addition to this raw statistic, they were provided with a diagnosis of the specific causes contributing to that risk. *Being presented with “in your face” diagnostic data is one thing, but having a prescription to fix any problems is even more important,* commented one senior executive. He went on to say that *the WRDI™ information was invaluable for the career development of our people and our long term planning and capability. We knew that some of our key people might have been targeted by the opposition, and now we know what we have to do internally, to ensure we keep these people on board and happy.*

A range of individual and systemic career management / development initiatives were implemented in this organisation, consistent with the WRDI™ model on page 3.

Multi National Recruitment Firm (Systemic Interventions)

In another project with a multi national recruitment firm, the WRDI™ data was analysed for various workforce segments. Senior management was more than “happy with their lot” whereas a significant retention risk was identified with the administration and support staff. The segmentation approach adopted avoided the assumption or over simplification of “one size fitting all” regarding diagnosis and interventions. Two simple systemic interventions were adopted, at no cost to the recruitment company, viz:

- changing recruitment practices for administrators (the company had been recruiting graduates for roles in which they could never satisfy their expectations regarding career opportunities);
- restructuring such that a new intermediate position between administrator and consultant (called an associate), was created as a “stepping stone” or



articulation career path for those graduates who aspired to consultant status (the previous step from administrator to consultant was too big a jump).

Small Biotechnology Research Company (Individual and Systemic Interventions)

On a much smaller scale, a key talent retention program with a biotechnology research company revealed that up to 50% of their top talent was at risk of leaving. This organisation had been experiencing a period of uncertainty against a background of significant growth and transition. Shoring up the retention risk of key scientists was critical to the completion of clinical trials, market perceptions and the next round of fund raising. The findings emerging from the WRDI™ and associated debriefs (both individual reports and for the company as a whole), identified the following issues and key contributing factors to retention risk:

- lack of staff performance reviews;
- non viability of the company's share option scheme;
- clarification and explanation of some past actions of the CEO and CFO, given recent uncertainty surrounding funding and the future of the company;
- some lack of appreciation of the additional challenges and subtle differences in working for a smaller organization (most employees had come from larger organisations previously to join the company); and
- the changing role of the CEO / GM (a combined role given the size of the company), given recent growth, and the future business imperatives of fund raising and partner alliances.

The above issues were then work shopped with the senior management team and key specialists, resulting in deeper levels of understanding by both management and employees, and enhanced levels of trust and camaraderie.

Additionally, employees benefited from the process by having a confidential individual report debrief and career coaching session with a professional, and the opportunity to address any of their concerns.

Developing and Protecting a Key Intangible Asset

The WRDI™ can assist in the development and protection of a key intangible asset of an organisation – its relationship with its workforce. It provides vital information about this asset, at both an individual and organisational level (by workforce segment), which includes:

- the kind of asset which is appropriate to the business needs;
- the condition or “health” of the asset (or “health” of the psychological contract);



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- the “fit” of the existing or prospective asset to the organisation (affective commitment);
 - the suitability of the existing or prospective asset to the duty (job satisfaction);
 - the risks to the asset (future retention or intention to stay); and
 - the restoration and/or development needs of the asset.

Note:

1. *Other WRDI™ reporting outputs for individuals includes the Post Recruitment Assessment (PRA) Report for new recruits to assess their adaptation to the job and organisation.*
2. *The WRDI Institute has also developed a number of programs based around WRDI™ reporting outputs (refer WRDI™ web site), including the:*
 - *Talent Retention Program;*
 - *Workforce Alignment and (Career) Development Program.*



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The WRDI Institute is one of the world's leading authorities on human capital, workforce alignment and retention. The WRDI Institute provides HR measurement and solutions in the following areas:

- Human Capital Assessment;
- Retention (including key talent retention risk assessment);
- Talent Management;
- Career Development;
- Organisational Development, including Workforce Alignment and Performance Enhancement;
- Industrial / Employee Relations (EBAs); and
- Post Recruitment Assessment.

The WRDI Institute has developed a suite of white papers on the following contemporary workplace themes:

- Creating "New Deal" Employment Relationships;
- Managing Your Human Capital: The Ultimate Determinant of Organisational Performance?
- Improving the Bottom Line: A Diagnostic Approach to Enhancing Workforce Alignment Through Career Development;
- About Turnover and Retention;
- Retention Intervention: A Strategic Approach;
- The Psychology of Mergers / Acquisitions;
- Employer of Choice: Putting Substance to the Rhetoric!
- The Balanced Scorecard and the WRDI™;
- Managing Expectations: Strengthening Recruitment Practices and Enhancing Retention.

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