

ENTITLEMENT

How to address a culture of employee entitlement

By

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1. Introduction

Your HR policies may be contributing to a sense of employee entitlement. Worse still, the number one global remuneration trend of variable pay, may also fall victim to employee entitlement.

In this report various causes of entitlement are explored, as well as possible solutions to alleviating the entitlement mentality.

What should organisations do when employees' expectations are out of sync with reality? And how did it get there?

For example, a regular grant of share options? That may be considered par for the course. Full coverage of health and medical costs? Of course. Annual increases of 10 percent to 20 percent of salary? All part of what the employees expected to receive by virtue of being on the payroll – not to mention employer subsidised drinks, snacks and coffee as well as a come-and-go-as-you-please work schedule.

The trouble starts when there was no connection between these benefits, perks or other extras and the company's financial performance – or the employees' performance. So, instead of stimulating productivity, the company's costly but crowd-pleasing benefits, bonuses and perks were simply being taken for granted.

It is, perhaps, one of the most frustrating experiences in HR: You go to great lengths and expense to design remuneration and benefits plans to keep employees motivated and happy, and, over time, employees come to expect them as their due. Privileges become rights, and perks lose their power to improve performance, which means that the benefits bar gets raised higher and higher. Expenses soar, eating into the bottom line.

It's a phenomenon called "employee entitlement." It manifests itself in the workplace in many ways: the poor performer who asks for a severance package after being fired, employees who fail to meet sales goals but demand bonuses anyway, or employees who expect bonuses just for fulfilling their job description.

Moreover, HR may be contributing unwittingly to this sense of entitlement by virtue of its own policies.

Table 1 sets out the main causes of employee entitlement.

Table I: Main causes of employee entitlement

Item / practice or policy	Cause of entitlement
1. Job description	Poorly written or ill-conceived
2. Performance contract	Low performance expectations
3. Remuneration	Not closely aligned to organisation and individual performance
4. Communication	Poor communication about merit increases or bonuses
5. Management	Not having the skills to give accurate performance reviews or to motivate employees appropriately
6. Psychological contract	Poorly conceived psychological contract

If any of this sounds familiar, you may have inadvertently fallen into the employee-entitlement trap. But there are ways to spring free and, in doing so, improve HR practices at your organisation.

2. The Roots of Entitlement

The phenomenon of employee entitlement can be traced to a faulty “psychological contract” between the organisation and the employee. A psychological contract is an implicit understanding on the part of employees about what the employee contributes to the organisation and what he expects from it in return.

The contract is formed by an employee’s personal history – experiences at other companies, for example – and also by what a manager states or subtly hints concerning what the employee will receive for his efforts. When the employee expects to receive what the manager is promising the result is a feeling of entitlement to everything that the employee actually gets.

While this can happen at any company – and with any employee – there are corporate conditions that make an ideal breeding ground for employee entitlement. At the top of the list of those conditions is failure to draw a bright line between an employee’s performance or the company’s performance and the rewards that the employee receives.

Companies where merit raises haven’t been tied to actual merit, where promotion isn’t tied to the ability to lead and where there’s no clear rewards-results system.

Absent a clear connection of remuneration to performance, employees will decide that they deserve rewards based on other criteria, such as “I need it more than others” or “I’ve been here a long, long time.”

Indeed, organisations often fall into the destructive practice of rewarding everyone, as when they hand out a certain percentage raise for each level of employees – even the ones who are underperforming. But a percentage raise, even if it’s the lowest percentage, is still a raise and sends the wrong message.

Entitlement frequently stems from employees beginning to believe that tenure, experience and credentials substitute for results, and that they have those perks coming to them because they are loyal and the company owes them.

The resulting effect on company culture and productivity can be damaging. When employees begin to get this entitled feeling, it injures the company by weakening its culture and inhibiting results, since entitled employees don't go the second mile – they do just enough to get by.

3. So What Can HR Do?

To avoid creating an entitlement-rampant culture, make sure that remuneration benefits and perks are tied closely to performance, that there is consistency to these awards, and that subjectivity about performance is limited as much as possible. Selection, promotion and remuneration should all be based on transparent criteria, and it should be as objective and as fair as possible.

It starts with job descriptions – a fundamental HR responsibility. Many job descriptions are too vague or don't set the bar high enough, giving employees a lot of room for interpretation of what is expected of them.

A clear and high set of job expectations at the inception of employment goes a long way to creating a benchmark for expected behaviours from the employee. These expectations should include both performance metrics as well as expected behaviours (core values). By setting clear and high expectations up front, management has a clear benchmark to hold people accountable later. Without clear expectations, accountability is impossible – and ambiguity is the enemy of accountability.

Along with creating clear job descriptions, HR must clearly communicate with employees that their future remuneration depends on meeting those objectives.

In addition to setting clear expectations, it's critical to have regular performance appraisals so that managers can measure their employees' performances objectively.

You need to be revisiting (performance) every several months instead of once a year. Employees who do not know how they are performing are apt to think they are performing well – and deserve rewards. Employees begin to feel entitled when they are not confronted and held accountable (by their supervisors) for substandard behaviour or performance.

4. Benchmarking

Even when HR successfully sets clear performance expectations and evaluations, employees may still feel entitled to more if they believe they are getting less than their peers at other companies.

To combat employees' negative perceptions, gather accurate, comparable salary information and discuss with staff how the company makes its salary budget decisions to remain financially secure for years to come. It's about educating employees and being honest.

It's often wise to remind employees about all the company provides. The answer to most problems like these is (providing) information. In the absence of real information, people make up their own, and what they make up is far worse than anything you can give them.

Launching an aggressive educational enlightenment program to show people how good they have it, using employee newsletters or intranets to run profiles of new employees that focus, in part, on the better benefits and perks that they're now receiving. Have them compare where they came from and how great it is here.

By the same token, let employees know the true cost of their total benefits and perks package by providing a regular statement to employees that provides a full accounting of how much employee benefits cost the company. Most employees are not aware of how much their employers give; these "total corporate reward statements" can begin to remedy the situation.

5. Training Managers to Avoid Entitlement

Of course, HR isn't the only part of the organisation with responsibility for battling employee entitlement. Front-line managers also have a great deal to do with an employee's sense of entitlement.

To keep it in check, managers should be trained regularly in how to set expectations, administer good performance appraisals and avoid favouritism. Managers also should be trained in how to reward employees in nonmonetary ways.

When you hear employees complaining about things, what they're really often complaining about is that they don't feel appreciated, they don't feel listened to, and they don't feel understood. That isn't about money, it's about supervisors who know how to listen to the employees, managers who know how to coach and people who know how to say, 'Way to go, Thabo, that was a great job!' People long to be recognised, long for appreciation, so even when complaining about money or benefits or whatever, what they really want is just appreciation, and they don't know how to express that.

Money is just a way of keeping score. That's why management gets so frustrated. They spend the money on bonuses and perks, and the effect lasts from three weeks to three months, and then the employees are right back to complaining. And management says, 'after all I've done for you?' But it was never about the money, it was never about the benefits. It was really about feeling appreciated and feeling like they are making a contribution.

Employees are less likely to feel entitled to rewards they don't deserve if they are enjoying their work and feel that management cares about their well-being. All of the bonuses, perks and benefits in the world won't make up for a lack of genuine caring.

6. Be Proactive

Despite HR's best efforts, entitlement can spring up from any corner. Every time you add a bonus, perk or incentive, there's a risk that eventually it will become an entitlement.

If you're going to introduce a new program, think about an exit strategy. You could call bonus and perk programs "pilot programs" or give them a clear end date, she says. If you fail to do that, it could be forever.

HR should be less fearful and better equipped to get out of such quagmires. The key is learning to say no to employees. A lot of HR practitioners are not skilled at saying no with grace. When HR opens its doors as a customer service (department), that shouldn't mean that every corner gets everything. Boning up on conflict-resolutions skills and practicing them are the solutions to this challenge. Employees want clarity and direction more that they want an abundance of choices.

In the end, communication is the best way to combat entitlement. Openness is the key to changing dysfunctional organisations.

The more you're straightforward and honest, the more you're forthright and educate employees on various practices, the better.

A sense of entitlement is driven by a lack of knowledge on the part of employees – it's not really arrogance. In HR, it's our job to educate.

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