

Employee-Ownership and the “Great Resignation”

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The pandemic has disrupted many things, not the least of which is the current American labor market and, maybe more profoundly, how Americans consider the purpose of work and expectations for employment.

This much is true: a high number of eligible workers have left jobs and seem unwilling to return to employment under current conditions – a phenomenon termed the “great resignation.” The factors that contribute to the “great resignation” vary depending on who you ask. In no particular order, they include:

- Generous unemployment benefits
- Fear of getting sick
- Child or elder care challenges
- Low wages
- Temporary job flexibility reduced or eliminated
- Rethinking priorities and purpose
- Exhaustion
- New opportunities
- Less tolerance for “bad jobs and bosses”

Suffice it to say that the factors are complex and often personal. No one really knows whether the current turbulence in the labor market reflects momentary challenges or portends more profound shifts. Right now, employees seem to have leverage, but maybe, if employers wait, leverage will shift again.

What, if anything, does the employee-ownership community have to say about the “great resignation”? On a practical level, what is unique in what employee-owned companies can offer to compete for and retain talent in a tight labor market? And more profoundly, what can employee-owned companies offer in the potential of shared ownership that speaks to the role and purpose of work in American life? Below are a few ideas.

(Re)create and (Re)commit to Your Employee Value Proposition (EVP)

On a practical level, employee-owned companies compete with their peers to attract and retain talented people. What are the unique things employee-owned companies can offer that distinguish themselves in the talent marketplace? An employee value proposition (EVP) might be a good place to start.



An EVP goes beyond mission, vision, and values and the usual benefits package to describe what your organization can promise employees that is unique among your competitors. Include in your EVP only those things that you can deliver.

What your EVP promises might be tangible – ESOP retirement benefits, free lunch on Fridays -- or intangible – flexibility, opportunities for skill development, and a boss who coaches. In a tight labor market, the intangibles can make the difference.

The ESOP retirement benefit alone will not likely attract or keep employees, but when combined with real opportunities to “think, feel, and act like an owner,” shared ownership can distinguish your organization. Daniel Pink’s research on motivation suggests that, if you pay people enough, then opportunities for autonomy, purpose, and mastery are highly motivating. You can see from the list of labor market factors above, that for many people work is about more than just the paycheck.

Put what you can offer uniquely to employees into your EVP and make sure your front-line leaders – supervisors, managers – who are often the gatekeepers of opportunities and resources in the flow of work, know and consistently deliver on your EVP promises.

Managers Who Coach Are Glue

Talented people have options, especially in the current job market, and leave because they can. Relationships are the glue that can keep them. And perhaps no relationship is “stickier” than the relationships managers build with their direct reports.

You may have heard the saying, “people leave bad managers, not bad jobs.” In the book, *It’s the Manager*, authors from the Gallup organization support this notion by citing research that shows that worker engagement depends primarily on front-line managers. Unfortunately, the authors also observe that while the nature of work has been rapidly changing over the last 30 years, management practices mostly have not.

Realizing the full potential of employee ownership means sharing information about the business with employees and engaging them in problem-solving and decision-making. Balancing authority and engagement may be a challenge for managers more comfortable with command and control-style management. Innovative approaches to managing people are needed.

In a tight labor market, attracting and keeping talent may require more than a signing bonus or a more generous hourly wage. It may mean making managers more accountable for developing talent versus buying talent. The Gallup authors recommend leaders prioritize one action that can make the biggest difference: equip managers to become better coaches.

Stay Conversations

If you know about why talented people stay (and why they might think of leaving), you are in a good position to do something about it if you can. Exit interviews are too late and performance reviews are not frequent or effective enough. Instead, use a series of ongoing “stay conversations” as a proactive retention strategy.

To conduct an effective series of stay conversations, try the following:

- **State your purpose early:** we want you to stay. Some variation of: *“I want to talk with you about the most important reasons you stay with us. I know that talented people like you have options. And as long as you perform and contribute at the level you have, I want you here for a long time.”*
- **Focus on what you can control.** Some variation of: *“I would like to know what I can do to create the conditions that will keep you here. Some things I can make recommendations about, but I can’t change directly. Other things I can do more about. I’d like to know what’s most important to you regardless of whether I can change it or not, and I will be listening especially for those things I can.”*



- **Explore.** To discover what motivates someone to stay or go, you might ask, “How did you first decide to take a job here? (Follow up: How important are those reasons now?). Or “When you are doing your best or most enjoyable work, what is happening?” Or “What parts of your job are most challenging?” Then really listen and learn from how people respond.
- **Follow up.** Make the changes you can right away and advocate for those you can’t. Ask permission to revisit the stay conversation again as conditions change.

Rethinking The Employment Relationship

Attracting and keeping talented employees underscores an ESOP’s reliance on long-term employee-engagement, sustainability, culture preservation, and value built over time. This “slow capital” narrative contrasts to the “gig economy” that emphasizes short-term contracts, free agency, and independence in exchange for fewer benefits and incentives to work on the business as well as in the business.

The “great resignation” may lead to a significant rethinking of traditional employment relationships as employees seek more flexibility and companies look for more fair and better ways to treat their employees. Employee-owned companies who have realized the performance potential of meaningful employee engagement may be well-positioned to tell a story that contributes to a vision of greater economic prosperity and dignity in work for more Americans. €