Paycor

The 3 Leadership Behaviors that Drive
Fierce Loyalty & Extreme Engagement

The COR Leadership Framework:
HR's Playbook for Developing Effective Leaders
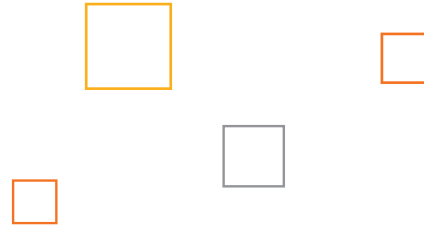
HR center of excellence

by Paycor

What's Inside:

Executive Summary

Nothing motivates employees more than a trusted leader.

- If employees are engaged by a leader they trust, it can take a pay raise of more than 20% to poach them *(Gallup)*.

- Women with empathetic managers experienced less pandemic-related burnout, and 57% of white women and 62% of women of color who feel respected and valued at work have never or rarely thought of quitting *(Catalyst)*.

Empowered leaders who inspire loyalty and engagement are more important now than ever.

- In 2022, 40% of employees were considering quitting their jobs. 62% cite "toxic company culture" as their #1 reason for leaving, followed by low salary, poor management, and a lack of a healthy work-life balance *(FlexJobs)*. These reasons have one thing in common: they're all driven from the top.

Paycor's COR Leadership Framework gives organizations the tools, technology, and thought leadership they need to build a culture of effective leadership.

- Organizations with the most effective leaders will see higher levels of employee engagement and that will create a virtuous cycle of lower turnover, higher retention, and healthier company cultures.

- The most effective leaders focus on intentionally **coaching** their employees towards continual improvement, **optimizing** performance to meet organizational goals, and **retaining** top talent by appropriately recognizing and rewarding their employees.

INTRODUCTION:

Why Leaders? Why Now?

WHY LEADERS?

60% of HR leaders say "leader and manager effectiveness" will be their #1 priority in 2023 *(Gartner)*. Why are leaders so important to business success? Because leaders across the organization, from the C-suite to frontline managers, disproportionately affect employee engagement.

If employees are engaged by a leader they trust, it can take a pay raise of more than 20% to poach them *(Gallup)*. A great boss can even improve employees' lives outside of work. Women with empathetic managers experienced less pandemic-related burnout,

and 57% of white women and 62% of women of color who feel respected and valued at work have never or rarely thought of quitting *(Catalyst)*.

An organization with top-notch leaders who earn the trust of employees drive more engagement. And the company with the most engaged employees wins by any measure, be it revenue, productivity, or customer satisfaction.

The opposite is also true…

WHY NOW?

In 2022, 40% of employees were considering quitting their jobs. 62% cite "toxic company culture" as their #1 reason for leaving, followed by low salary, poor management, and a lack of a healthy work-life balance *(FlexJobs)*. These reasons have one thing in common: they're all driven from the top.

And while the labor market will eventually stabilize, and recession could cool the short-term job market, the talent shortage is here to stay. By 2030, there will be more jobs than workers *(Boston Consulting Group)*. Blame this mismatch on decades of low fertility rates, baby boomers retiring at record levels, and historically low immigration.

That's why leaders are more important than ever. Organizations with the most effective leaders will see higher levels of employee engagement and that will create a virtuous cycle of lower turnover, higher retention, and healthier company cultures.

Paycor *COR Leadership Framework*

Paycor's mission is to empower leaders to build winning teams. We do that by offering an HCM platform purpose-built for leaders. And now, we're supplementing our technology with the COR Leadership Framework.

Paycor's COR Leadership Framework is built upon decades of research. We've found that the most effective leaders focus on intentionally **coaching** their employees towards continual improvement, **optimizing** performance and **retaining** top talent by appropriately recognizing and rewarding their employees.
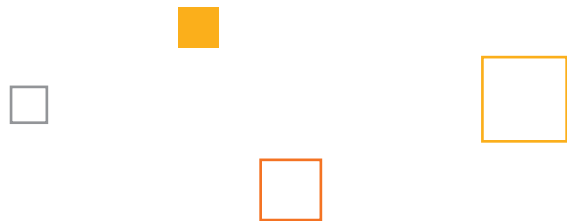
Coach > Optimize > Retain

Coach > Optimize > Retain

DEFINITION: A coaching approach to leadership focuses on helping an employee **find the sweet spot between their *own personal aspirations* and the *needs of the organization*.** Effective coaches help workers discover and refine their strengths and address blind spots and weaknesses.

Why Coaching Is Important

Coaching promotes engagement and accountability. When employees are learning and growing, their day-to-day job responsibilities feel like a path forward and not a dead end.

60% of employees in organizations with strong coaching cultures rate themselves as "highly engaged" vs. 48% in organizations that don't support coaching *(TLNT)*. **94% say they'd stay at a job longer if they had access to career development** *(LinkedIn Workplace Learning Report)*.

How to Coach:

Show employees how their role aligns to the company mission.

In a survey of nearly 6,000 professionals, Paycor found that company culture is the #1 driver of retention (with salary & benefits coming in a close second). Culture is bigger than any one thing, but an essential building block of culture is company mission— what your organization stands for, its reason-for-being. Step one is to have a company mission statement that lives and breathes and is meaningful to employees at all levels. Step two is to invite everyone in your organization to find themselves in that mission. Workers want to know their skills and hard work are contributing to something bigger. They want to feel like the opposite of a cog in the machine. They want to feel valuable.

ACTION PLAN: **Show employees how their role aligns to the company mission.**

1. **Break the ice, have the conversation.** Explain your company's mission & purpose. Don't assume everyone knows.

2. **Get to know employees at a deeper level than the resume.** What are their true skills & motivations? How are they uniquely able to contribute to the objectives of your organization? Connect the dots.

3. **Clarify company goals and individual goals.** Make the goals concrete, trackable, and achievable.

How Paycor Helps:
Onboarding, 1:1 tool, Career Management, Leader Homepage, 9-Box, LMS, Paycor Paths

How to *Coach*:

Build trust and watch what happens.

The Harvard Business Review analyzed data from more than 100,000 leaders to find that the #1 driver of success is the trust they inspire among their direct reports. When employees trust their leader, they are more likely to thrive. Not only does trust create psychological safety (think of the time we save when we're not paranoid, insecure, or "looking over our shoulder"), it also opens up a new frontier of possibilities (taking a calculated risk to achieve a worthwhile end is a lot easier when you trust that your leader "has your back").
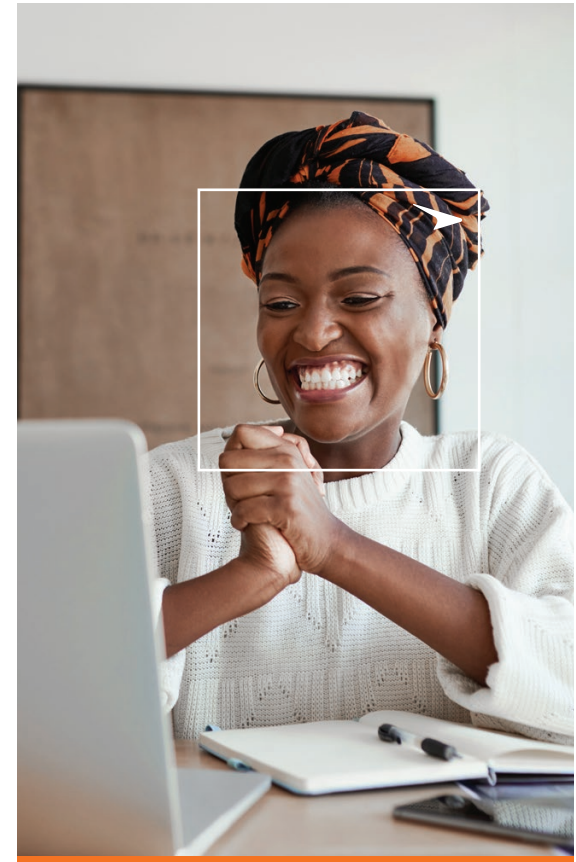
ACTION PLAN: **Build trust and watch what happens.**

1. Reflect on what trust looks like in a work environment.
Who do you trust? Most likely, you trust leaders who are accountable (they don't play the blame game), dependable (they follow through), and dialed in (they know what's *actually* happening on the frontlines or the factory floor).

2. Get comfortable with "appropriate transparency."
Trustworthy people are candid and straightforward, but people leaders often struggle to feel they're being honest, as they're usually asked to withhold some of their behind-the-scenes knowledge. That's okay. You can earn trust by sharing what you're able to share and being transparent about what information you can't share and why.

How Paycor Helps:
Onboarding, 1:1 tool, Career Management, Leader Homepage, 9-Box, LMS, Paycor Paths

How to *Coach:*

Invest in career paths; give people a sense of momentum.

Career paths are more important than ever after a pandemic reset that upturned everyone's apple carts. In 2018, only 6% of employees worked primarily from home; in May 2020, more than a third were remote *(NCCI)*. And who in 2018 could have imagined grocery and fast-food workers would be deemed essential to our economy in 2020? Wherever your workers fall on the spectrum of blue to white collar, rest assured their expectations of and hopes for what "work" can mean have changed. One thing they all want is momentum. No one is loyal to a dead-end job.

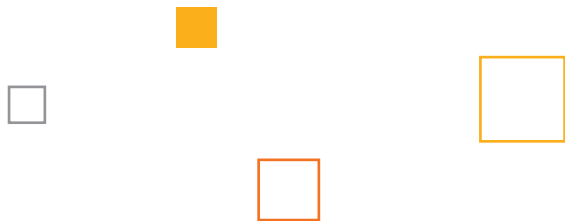ACTION PLAN: **Invest in career paths; give people a sense of momentum.**

1. **Push beyond pay.** Compensation is important (more on that later), but it's not the only thing. 94% of workers say they'd stay at a job longer if they had access to career development *(LinkedIn)*. The pandemic showed workers how quickly change can happen. To feel more secure and more prepared for an uncertain future, workers want to learn new skills and become more valuable.

2. **Beware assumptions.** If frontline leaders aren't empowered to have conversations about career advancement, employees will draw their own conclusions. When their assumptions don't come true *("I've been here 6 months, where's my raise?")*, best case scenario is you've lost an employee; worse case, you've damaged company culture.

How Paycor Helps:
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Coach › *Optimize* › Retain

Coach › *Optimize* › Retain

DEFINITION: To optimize performance, leaders need to balance **a relentless drive to excellence,** without burning people out or micromanaging.

Why Optimizing Is Important

Leaders are responsible for the productivity of their teams. It's what managers are hired to do. And while the company most likely evaluates manager efficacy based on objective results and revenue goals, a lot of what it takes to inspire a team to give it their all is intuitive, as much art as science.

Optimizing performance is a balancing act. Effective leaders know how to model accountability without slipping into micromanagement. They know how to encourage and cheer employees without being a pushover. They lead by example and inspire others to go the extra mile.

How to Optimize:

Explain the "why behind the what."

A common mistake first time managers make is assuming everyone's on the same page. In a fast-paced work environment, it's easy to glide on assumptions. The foundation of optimal performance, however, is a shared understanding of what success is—at the individual, team, and company levels. On top of that foundation is another layer of understanding: direct reports need to understand not only their manager's expectations, but also what help and support their manager is able to give. First time managers can lay the groundwork for effective teamwork by explaining their leadership style and then following up to ensure direct reports are getting what they need to succeed.

ACTION PLAN: **Explain the "why behind the what."**

1. Be transparent about your leadership style. If you're a hands-off manager, say so. If you're more hands-on in the beginning, explain that your approach will be to work with them closely for the first few months and eventually back off and let them run with it. Setting expectations early avoids confusion down the road.

2. Ask for feedback and be flexible. You may find that a hands-off approach works well with senior team members and that less experienced workers want more handholding.

3. Explain the purpose behind 1:1's. Ideally, you're meeting one-on-one with each of your direct reports. Explain the "why" behind these check-ins. Your goal is to build a relationship, get to know each other, and learn how you can better support them. It's not because you don't trust them.

How Paycor Helps:

Progress Tracking, Performance Reviews, Reporting, Goals/OKRs, Time Budgeting/Forecasting

How to Optimize:

Create a "fail forward" culture.

Some companies have a "meet your goals or else" mentality. That's understandable, but it's not optimal. If frontline managers are instructed to weed out team members who fail to hit their revenue goals, it can create a culture of people who get good at manipulating data and hiding problems. Instead, a "fail forward" culture encourages workers to aim for a goal and then, if they miss, learn from failure, and continually improve. Failing forward doesn't mean you're okay with missing the mark. It means your leaders are focused on learning from mistakes, not hiding them or shifting blame.
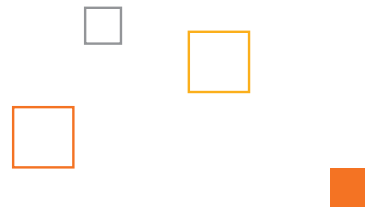
ACTION PLAN: **Create a "fail forward" culture.**

1. **Document goals so you have a north star.** We've said this before, but it's worth saying again because it's so important to rally a team around objective, measurable results. Everything starts from here.

2. **Learn from failure.** A missed goal is an opportunity for an effective leader to learn what's really going on in the frontlines of their business. Why was a goal missed? What roadblocks need to be removed? What process needs to be improved? What can be done differently next time?

3. **Celebrate the wins.** When goals are met or exceeded, recognize the people who worked together to make it happen. Highlight what went right, just as intentionally as you'd diagnose what went wrong. Enshrine best practices by recognizing and rewarding success. (Learn more about the importance of recognition in the "Retain" section.)

How Paycor Helps:
Progress Tracking, Performance Reviews, Reporting, Goals/OKRs, Time Budgeting/Forecasting

How to Optimize:

Balance getting results with concern for employees' wellbeing.

The Harvard Business Review said it best: "Every employee, every workday, makes a decision: Are they only willing to do the minimum work necessary to keep their job? Or are they willing to put more of their energy and effort into their work?" Researchers gathered data on nearly 3,000 managers and found that those who "balanced getting results with relationships" inspired 62% of their direct reports to give extra effort (vs. only 20% among managers who erred on the side of getting results). Leaders who balance the needs of the organization with the needs of the individual create work environments in which most people want to go the extra mile.
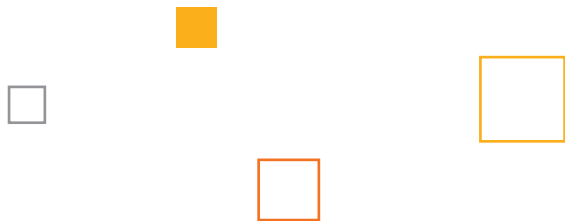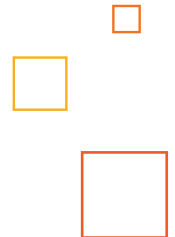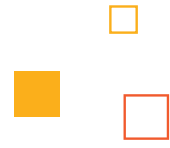
ACTION PLAN: **Balance getting results with concern for employees' wellbeing.**

1. **Lead with vulnerability.** Does your company culture allow people to have a bad day? To not answer emails after hours? To set realistic deadlines? If so, it's because leaders' model that behavior. Leaders who are real with their direct reports, who admit failings and weaknesses, inspire fierce loyalty and extreme engagement.

2. **Ask employees how you can help.** When a goal is missed or a project goes off the rails, resist the urge to immediately problem solve. Instead, ask your direct report what you can do to help. Listen to what they have to say. It may surprise you.

3. **Make feedback meaningful.** Performance reviews should demonstrate how well leaders know their direct reports. Use reviews as an opportunity to reinforce what's working and how the employee is making progress toward personal goals. Pull in data from your 1:1's and from 360 feedback. Reviews are the perfect opportunity to show team members that you're there for them, you know them, and you want them to succeed.

How Paycor Helps:

Progress Tracking, Performance Reviews, Reporting, Goals/OKRs, Time Budgeting/Forecasting

Coach > Optimize > Retain

Coach › Optimize › *Retain*

DEFINITION: Leaders **inspire loyalty** by rewarding and incentivizing employees *in a holistic way* that makes them feel authentically valued.

Why Retention Is Important

Retaining employees is a long-term growth strategy. It helps maintain company culture, preserves institutional knowledge, and gives team members the chance to form healthy relationships and even friendships, all of which are good for the business.

Turnover is expensive. It can cost between 30% and 150% of an employee's salary to replace them *(Harrison HR)*. And there are intangible costs. Turnover can be contagious, especially if the people who leave are well-liked. The key to building a turnover-resistant organization is an understanding of what motivates individuals and rewarding and incentivizing them in a variety of ways, not just monetarily.

How to Retain:

Don't assume it's always about money.

Money gets workers in the door, but it may not make them stay. However, a good boss makes a difference. If your employees are engaged by a leader they trust, it can take a pay raise of more than 20% to poach them *(Gallup)*. A great boss can even make employees' lives outside of work better. Women with empathetic managers experienced less pandemic-related burnout, and 57% of white women and 62% of women of color who feel respected and valued at work have never or rarely thought of quitting *(Catalyst)*.
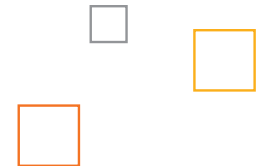
ACTION PLAN: **Don't assume it's always about money.**

1. Encourage leaders to think holistically about retention.
A 2021 survey of 15,000 blue-collar workers revealed that work schedule, company culture, opportunities for learning, training and career advancement, and a general atmosphere of respect are drivers of retention that, together, can be as important or even more important than money *(Voice of the Blue-Collar Worker)*.

2. Empower leaders to offer solutions to employees' problems.
Just imagine what a difference it would make if your frontline managers could confidently offer real solutions to workers' most urgent and personal concerns (think scheduling, OnDemand pay, benefits, paid time off, and more). If current employees and job candidates felt your company truly understood their lives and valued their commitment and loyalty, and that message was delivered by the person who would be their supervisor, it would be a game-changer.

How Paycor Helps:
Benefits, Compensation Planning, Payroll, Pulse, Paycor Wallet, Recognition, Analytics, Scheduling, Team Insights Dashboard

How to Retain:

Stay relevant with comp & benefits.

We just said money isn't everything, and it's not—but it is important, and so are benefits. Think of an employee's total compensation as a car that must be maintained every 7,000 miles or so. If your company hasn't evaluated pay and benefits in a few years, chances are you're not keeping pace with the market. A well-researched, well-reasoned, and transparent pay philosophy is critical to earning the trust of your workforce. A Paycor survey of nearly 6,000 professionals found that 92% of business owners believe they pay women and men equally, but only 68% of individual contributors agree. When employees perceive a pay gap, regardless of whether it actually exists, they are 16% more likely to quit *(Beqom)*.

ACTION PLAN: **Stay relevant with comp & benefits.**

1. **Get into the habit of compensation benchmarking.** Whether you rely on HR software, hire a 3rd party, or do it yourself, benchmark pay against competitors of similar size and revenue base and keep current with industry standards. Anchor your pay philosophy in objective, timely data.

2. **Ensure leaders at all levels understand your company's pay philosophy.** Some employees think they can find all they need to know about fair pay online (they can't). Internet research will give them a general sense of what a particular job pays, but it won't tell them why your company at this moment is paying X for Y. For example, at certain times, your company may pay more for a particular skillset, in which case, a leader should be able to explain the rationale: "In years past, we invested more in product roles, and now we're investing more in customer service roles, because that's a more urgent need for our business at this time." By explaining your company's pay philosophy, you reassure folks that you're being intentional about compensation.

3. Take a closer look at benefits. If your benefits offering hasn't changed since 2019, it's almost certainly out of touch. Benefits that address the urgent, real life needs of your employee base send the message to current and future workers that your company "gets" them. What's the best way to reach a more nuanced understanding of what benefits your employees need? Ask them. Send out a survey and then have a town hall meeting to discuss the results. Invite them into the process so that when you roll out new benefits, they can see their voices were heard.
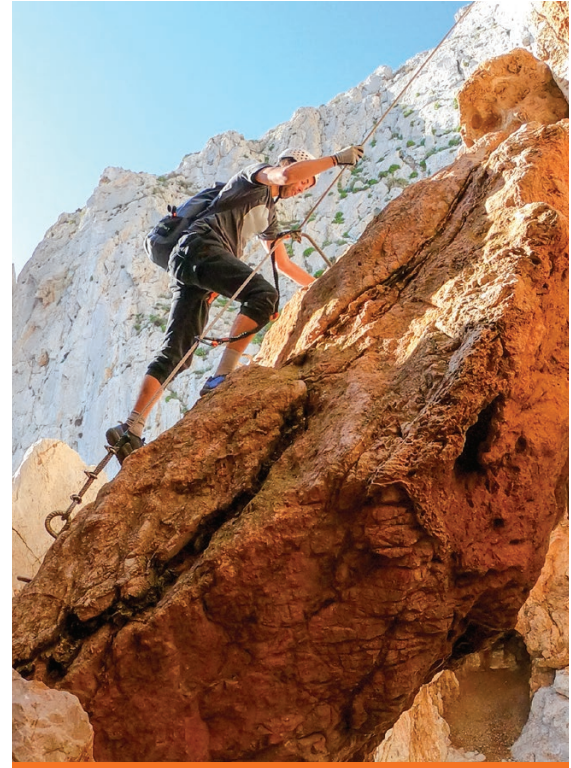
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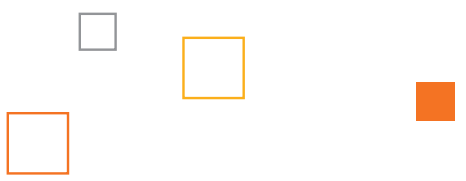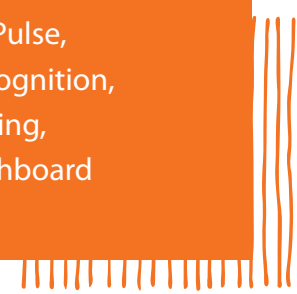
How to Retain:

Create a culture of recognition.

When people feel appreciated for a job well done, it can transform their relationship to work. The opposite is also true: when people put in extra effort and no one notices, the message is: you don't matter. And yet Gallup found that nearly 85% of leaders say recognition is not a strategic priority. We think that's because leaders assume recognition is going to be expensive/time consuming. But it doesn't have to be. Give employees tools to recognize each other, and you'll create a self-sustaining culture of recognition.

ACTION PLAN: **Create a culture of recognition.**

1. **Start at the top.** To instigate culture change, leaders need to model the desired behavior. Encourage leaders to recognize team members at company meetings or via email. Just remember, not everyone will want to be recognized in the same way. An introvert might appreciate a thoughtful handwritten note. An extrovert might prefer a standing ovation.

2. **Enable peer-to-peer recognition.** The true benefits of recognition happen when the whole organization chimes in. You might start small by encouraging employees to write notes of appreciation on a whiteboard or in a virtual office send a weekly email newsletter with shout-outs to team members.

3. **Take recognition to the next level.** HR software can make it easy for team members to publicly recognize each other. Look for a solution that alerts managers when their direct reports get recognized and rewards employees with points they can redeem on a rewards website.
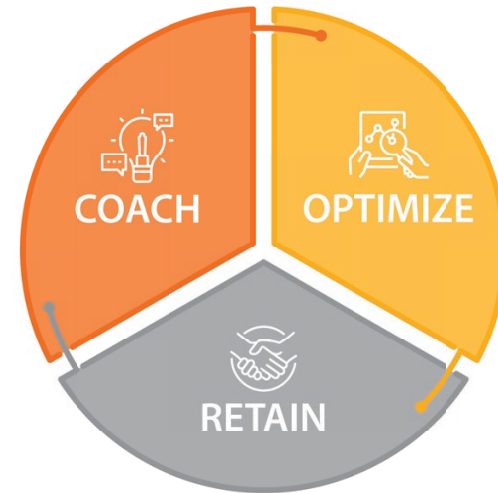
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Paycor's Platform Transforms
Frontline *Managers* into *Leaders*

Find and hire quality candidates with Paycor Smart Sourcing, an innovative new AI-driven recruiting tool. Then, use Paycor's COR Framework to inspire fierce loyalty and extreme engagement.

COACH
Paycor provides targeted training for frontline managers, designed to help them hone their leadership skills at every level of development.

Onboarding, 1:1 tool, Career Management, Leader Homepage, 9-Box, LMS, Paycor Paths

OPTIMIZE
Paycor gives team leaders the templates and tools they need to track goals, align individual performance to business objectives, and have meaningful conversations with their direct reports.

Progress Tracking, Performance Reviews, Reporting, OKRs, Time Budgeting/Forecasting

RETAIN
Paycor enables leaders to build a culture of retention with a full suite of products designed to reward, recognize, and support employees.

Benefits, Compensation Planning, Payroll, Pulse, Paycor Wallet, Recognition, Analytics, Scheduling, Team Insights Dashboard

LEARN MORE AT PAYCOR.COM

About Paycor

Paycor's human capital management (HCM) platform modernizes every aspect of people management, from recruiting, onboarding and payroll to career development and retention, but what really sets us apart is our focus on leaders. For more than 30 years we've been listening to and partnering with leaders, so we know what they need: a unified HR platform, easy integration with third party apps, powerful analytics, talent development software, and configurable technology that supports specific industry needs. That's why more than 29,000 customers trust Paycor to help them solve problems and achieve their goals.

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