

# The New Social Contract: Why Employees Taking Charge Of Their Learning Is Good For You



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## Executive Summary

Recent research from Deloitte describes a new social contract between employers and employees that describe our current human capital management environment. Very simply, you can summarize the new social contract like this:

- You agree to develop me and help me grow
- I agree to be engaged while I'm here, and put my mastery toward achieving your goals

The research shows how this new contract leads to expectations for ongoing autonomy, development, and rapid career growth, especially for millennials. While employees expect dynamic, self-directed, continuous learning opportunities from their employers, most organizations perceive learning and development as something you do "to" employees. Progressive organizations are turning that around, creating a culture of learning that makes each person accountable for what they can do. They promote learning as a continuous process rather than an event. And they create pull versus push.

Employees become more skilled more quickly. Learning & Development can measure the impact of goal achievement. Employees remain engaged. You have the best chance of retention.

However, successfully creating an environment where this social contract is embraced to produce the best business outcomes does not come without challenges.

This paper is dedicated to explaining the impact of the new social contract between employees and employers on Learning and Development (L&D) organizations. It will address:

- Why it is good for the employees and good for L&D when employees take control of their own development
- The challenges that limit an employee's ability to own their development
- How L&D can create an environment that overcomes these challenges

## A NEW social contract

Recent research from Deloitte<sup>1</sup> describes a new social contract between employers and employees that describe our current human capital management environment. The days when most employees could expect to stay at one company and move up the ladder are over. Young people expect to work for multiple employers and demand enriching experiences at each one.

You can summarize the new social contract like this:

- You agree to develop me and help me grow
- I agree to be engaged while I'm here, and put my mastery toward achieving your goals

This new contract leads to expectations for ongoing autonomy, development, and rapid career growth.

*Millennials and other young employees have grown up in this self-directed learning environment. They expect it as part of their working lives and careers—and they will move elsewhere if employers fail to provide it. The trend is clear: The learning organization must help learners figure out how to obtain the learning they need for themselves, from both inside and outside the company. If your organization has not yet embarked on this journey, the time to start is now.<sup>1</sup>*

Further solidifying the new social contract, the Deloitte paper describes the career development aspect and the connection to engagement.

“You help me develop quickly, give me the tools to do it, and I’ll be engaged.”

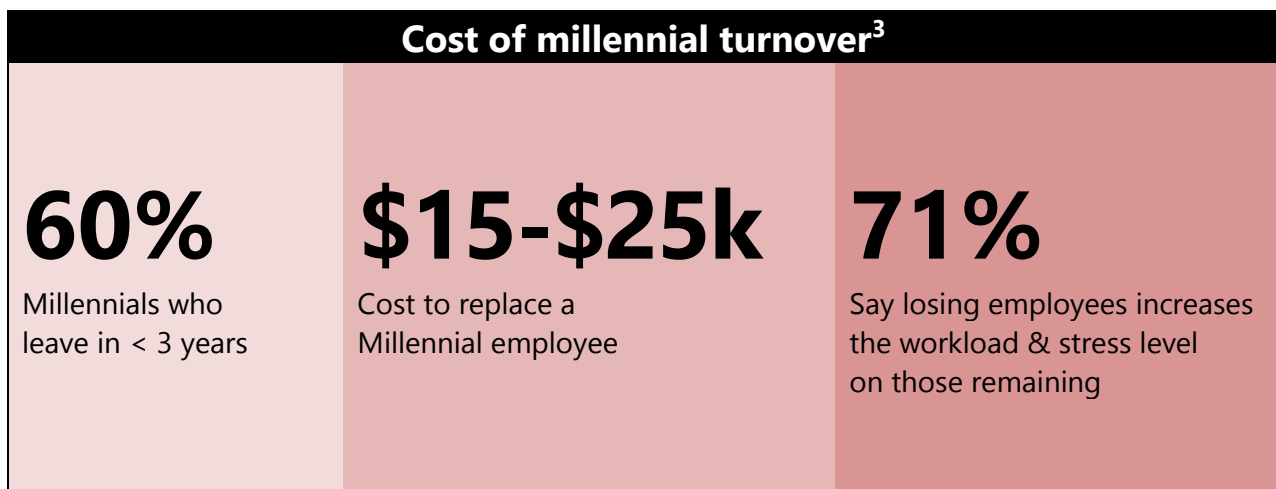
*Companies used to invest heavily in employees with the intention of keeping them for decades and seeing them grow and contribute for the foreseeable future. Today, because employees change jobs more rapidly, employers must provide development more quickly, move people more regularly, provide continuous cycles of promotion, and give employees more tools to manage their own careers.*

*Engagement, in many ways, is the temperature gauge of a company's ability to proactively address all these issues on behalf of the workforce. And research clearly shows that when employees feel empowered and have a sense of ownership for their jobs, their engagement is significantly higher.<sup>2</sup>*

If the social contract holds true, then there may be more turnover than there has been in the past.

*"Millennials want career advancement, and they want it now. You have to remember that millennials are looking around and seeing their peers achieving tremendous success at a young age. To them, it's obvious that career achievement isn't about age or loyalty – it's about skills and hustle."*<sup>3</sup>

Companies that can create an environment where career movement can take place within an organization, rather than people having to leave, will create competitive advantage from a human capital perspective and lower the costs associated with turnover.



HR, Learning & Development departments can play a large role in creating this environment to both attract and retain talent.



**Attracting:** A recent study that showed training and development is the #1 perk millennials consider when evaluating prospective employers.<sup>3</sup>



**Retaining:** And employees truly see that learning = earning.<sup>1</sup>

A Grovo white paper recommends 3 steps you can take to support this value<sup>3</sup>.

# 70

**Provide daily development opportunities.** Weave development into employee's everyday work. We think of this as skill practices, workflow or experiential learning, the "70" in the 70-20-10 model.

# 20

**Leverage coaches and mentors** to foster a learning-driven culture that millennials won't want to leave. This is social learning, the "20" in the 70-20-10 model.

# 1

**Personalize your learning for each one.** Take a learner-first approach to assess needs and provide relevant content vs. one-size-fits-all. This is incredibly important in speed to proficiency.

These recommendations are supported by the Deloitte research, as well as a Towards Maturity research study<sup>4</sup> that show that of the over 600 L&D Leaders in their 2015 benchmark study, those adopting this approach are:

- 4x as likely to report they are responding faster to change
- 3x more likely to have improved engagement and motivation
- 2x more likely to report an increase in customer satisfaction
- And report better management engagement and responsibility for the development of their staff

So it's clear that employees want to take charge of their learning.

Yet despite the strong shift toward employee-centric, self-directed learning, many HR and Learning & Development organizations are struggling with outdated approaches.<sup>1</sup>

## An OLD existing approach

Let's contrast what employees need with what we have today... an old, outdated performance management approach that simply does not support the new social contract, or the recipe for success in today's world where innovation and "the ability to evolve" are critical.

There are 2 primary reasons for this:

- Traditional performance management systems assume that goals and objectives remain the same during the course of the year, not the rapidly changing agile environment in which we work now.
- And more importantly, they look backward, assume talent is fixed, and penalize people for mistakes... rather than encouraging them to be innovative and take risks.

Research by the University of North Carolina<sup>5</sup> describes the neuroscience behind performance management. To summarize, they say traditional performance management systems assume talent is fixed and unable to be developed. You either "have it" or "you don't". This Fixed Mindset limits growth and creativity.

Fixed Mindset	Growth Mindset
You "have it" or "you don't"	If you don't "have it", with effort, you can
Shut down in reaction to feedback Avoid stretch goals	Thrive with stretch goals because they are seen as opportunities to learn, not as a threat to one's own status
Motivated by seeking approval	Believe motivation comes from mastery
Avoid effort	View effort as the path to mastery and success
See the success of others as a threat to their status	View the success of others as something to learn from

New approaches (being implemented by companies such as GE, Adobe, and Microsoft) look forward, rather than backward. They allow people to learn from their mistakes and grow, because they are based on the belief that talent can—and should—be developed. They call this the Growth Mindset. If you don't "have it", then with effort, you can get it.

And studies show that people who have Growth Mindsets are significantly better performers at work when rated by both themselves and others. They try harder, believing that effort, and continual skill development creates better results.

The new performance management approaches, some of which eliminate the annual performance review altogether, leverage the Growth Mindset. They share similar characteristics – they are continuous vs. static, conversation-based vs rankings-based, and more focused on development than on remediation.

#### **New Performance Management Approaches**

- Eliminating the annual performance review altogether in favor of more regular, real-time feedback
- Removing rating systems that cause competition amongst employees
- Revamping compensation systems to more personally reward employees

If employees want ongoing autonomy, development, and rapid career growth, then those companies who continue to push outdated approaches will lose the war for the best talent, which ultimately will limit their ability to compete.

***Studies show that people who have Growth Mindsets are significantly better performers at work when rated by both themselves and others.***

***They try harder, believing that effort, and continual skill development creates better results.***

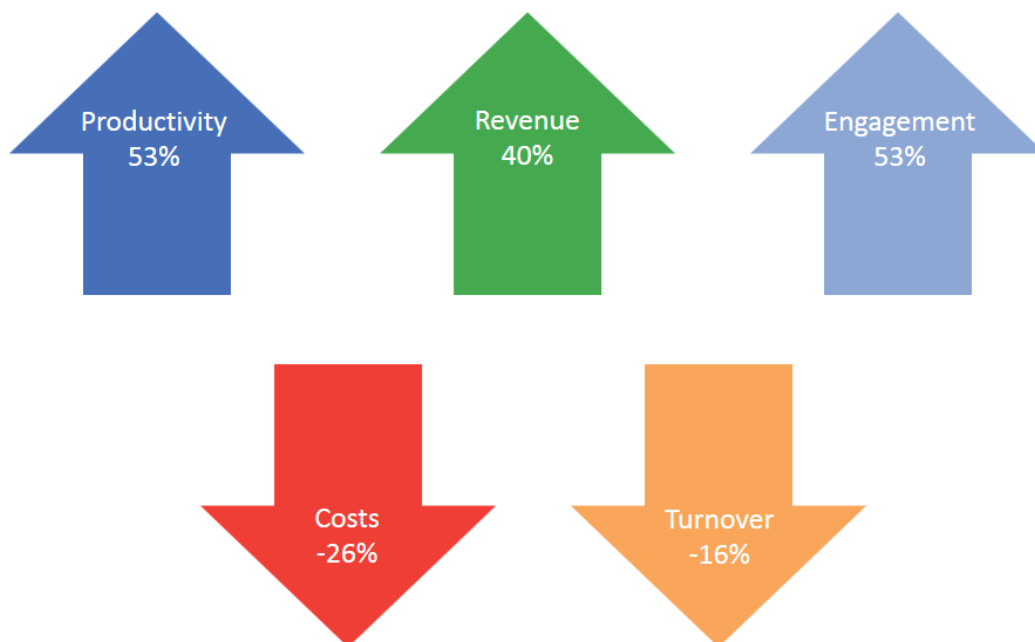


## OLD Technologies

Based on all the research, you'd think that learning technologies would help capitalize on these trends. But they don't. This is documented in both the Deloitte paper and Brandon Hall's 2016 Learning Technology Study<sup>6</sup>. The Brandon Hall research shows that satisfaction with current learning technology is low – the highest score equates to a C (on a scale from A to F). It shows that almost half (48%) of the 302 companies in their survey are looking for new learning technologies. The biggest reasons for considering a technology change is user experience and administrative experience. And that's logical – if you're trying to develop people for the job they have and the job they want next, and the technologies you have in place aren't good for the users and aren't good for you to figure out how to provide people what they need, what good are they?

However, the Brandon Hall Report does state that despite its shortcomings, learning technology has a strong correlation to improved KPIs, such as revenue, productivity, engagement, costs and turnover. The number three priority for those in their survey is creating a stronger link between learning and performance. That's important because it highlights a key outcome desired by L&D professionals – the "what's in it for you".

### Changes of 10% or more in KPIs after Technology Implementation<sup>6</sup>



## How to overcome the challenges

How do you embrace the new social contract so that employees get what they want – to take charge of their learning so they can develop and grow, and you and the organization get what you want – engaged employees who have the skills we need and will apply them toward achieving our goals?

You have to create an environment where it can work and where you can achieve great results. This means you must be able to measure the link between learning and performance.

### The new social contract

You agree to develop me and help me grow

I agree to be engaged while I'm here, and put my mastery toward achieving your goals

**The social contract starts with your commitment to them.** "You agree to develop me and help me grow."

Therefore, you need to:

- Provide employees with tools that promote rapid career growth
- Empower and engage employees with self-directed learning

### Use these 3 actionable steps.

- 1) Create a competency model
- 2) Make it actionable
- 3) Accelerate learning transfer

## iCompetency

We like to call the execution of these 3 steps **iCompetency** – because it's all about being personal and relevant – that's what the "i" stands for. Being employee-centric is all about the individual.

## Step 1: Develop a Competency Model

We crave mastery. If you believe that success depends on having a growth mindset, then you understand this fundamental human principle. Daniel Pink documents it very well in his book [Drive](#)<sup>7</sup>. L&D's job is to help people achieve that growth and feed that craving for development.

Before you start down that development journey, you need to know what each person in their role needs to be able to do, specifically, in order to perform their part of corporate strategy. That's a competency model.

To each of your employees, a competency model describes what it looks like to be great in their role. It capitalizes on all the research: that employees want skills, want to achieve mastery, want purpose. A competency model defines what success looks like and how they contribute to the organization's mission. It paints the picture of what mastery looks like for each person and provides a roadmap to get there.

Competency models are really easy to create, and you can do it in just weeks, not months! Here is a links to [additional resources](#).

## Step 2: Make your competency model actionable

To be actionable, your model must be accessible and assessable. That means getting it off the PowerPoint, out of the spreadsheets, and into your employees' hands. Quickly. Easily. Elegantly.

You can do that with a competency assessment tool, preferably one that allows your employees to assess themselves against the requirements of their job. When they self-assess themselves, they become self-aware of their own skill gaps and they become intrinsically motivated to take action. But they can't do that without a competency model that tells them, at a role-specific level what they need to do.

To see how competency models make you personally feel, try the [ATD Career Navigator](#), which enables you to access and assess yourself against the ATD Competency Model for Learning, Talent and Development.

When you make your competency models actionable, you not only provide tools that let people own their development for their current job, they can help them **own** their career planning. According to Deloitte<sup>2</sup>, "Research clearly shows that when employees feel empowered and have a sense of ownership for their jobs, their engagement is significantly higher."

### Step 3: Accelerate learning transfer

The key to the kingdom for self-directed learning and career development is to make targeted, relevant, cafeteria-style recommendations available so that people know what to do. We call this a personalized learning plan. This is a huge gap for organizations right now. It is one of the reasons people don't pursue self-directed learning – they simply have too many options and resources. When they are provided with a personalized learning plan, employees can own their gaps. They are engaged. The link to strategy and growth becomes clear to them, driving purpose.

Your recommendations should span the entire 70-20-10 spectrum of activities, including experiential activities that can be embedded into everyday work, as well as collaborative, mentoring and shadowing activities.

You have to use technology to help you. Technology facilitates scale. Regardless of the technology you use – you have to make it easy for people to consume the “relevant” resources to their needs and learning preferences, that **also** meet the organization's objectives. That's personalized learning and it's the key to getting self-directed learning to work for you. It's how you accelerate learning transfer.

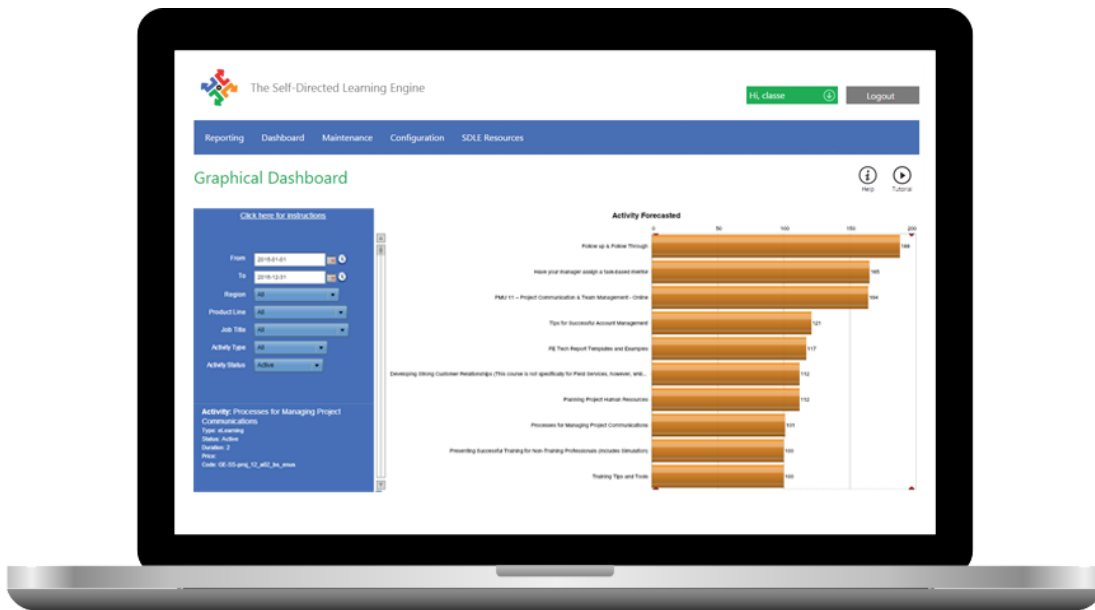
Self-Directed Learning does not mean that the activity they pursue is done on their own – it means that they have identified, by themselves, what learning they need. The individual takes the initiative and the responsibility for what occurs. So self-directed learning can include everything throughout the 70-20-10 spectrum and include everything from organization-provided materials to those curated throughout the learning ecosystem.

It's the difference between L&D or your manager telling you to go to a class, and **you** identifying that you should attend a class because **you** identified a skill gap and **you** believe that class will help you close it. And when your manager is involved in that process, they are more involved in and committed to coaching around it, to further accelerate learning transfer.

Everyone is capable of self-directing to the learning they need. Beyond the obvious benefit of no longer pushing learning to people who aren't engaged or don't think they need it, you also get amazing data from this process that you can take to leaders to tell them what they don't know about the skills of their teams. You can help them strategize and perform strategic workforce planning.

Because people will be continuously assessing, developing, assessing, and developing over time, you'll be able to measure the impact – which is the link to being able to demonstrate why employees taking charge of their learning is good for you and the organization.

Depending on the technology you use, you may be able to link the impact of learning to both changes in skills and changes in KPIs.



Here you can see aggregated recommendations, which will automate needs assessment, making planning, budgeting, and budget justification easier. That's all good for you. This is about what **they** want and need. Not what **you** say they need.

## How to successfully enable employees to take charge

Employees want to take charge of their learning. You now know what steps you can take to create that environment. But, you and others in the organization need to buy into this approach.

First you need leader buy in. It is a cultural thing. If leaders don't trust people and follow old school performance management approaches of "rank and yank", they will not accept that self-directed learning can work.

### Where do you start?

While it would be great to start at the top, consider starting with a business unit or a department that is culturally accepting of this approach, and then leverage that success. Motivate them with the research in this paper. Compare that with your own attrition rates, exit interview results, and engagement surveys. The most commonly heard conclusion from that aggregated data is, "if we don't start focusing more on development, people are going to leave." When you compare the cost of replacing people, the impact on creativity and innovation, and what turnover does to competitive advantage, you can't afford not to try something different.

### How do you train leaders and managers?

We use toolkits that are designed to help leaders and managers operationalize continuous learning. Give them tools and templates that make it easy for them to learn a new routine. Provide specific examples of what it looks like today and what it will look like in the future so it's not so scary. They will find that they'll actually be more effective because they will have more information available to them to make the right decisions.

### How do I get managers invested in this approach?

If you involve the manager in the assessment of their direct reports, you are able to change the concept of performance management to the new methods: continuous, conversation-based, focused on development. As a manager, I now know **exactly** how to coach, and how to discuss perceptual differences. That's why managers will be invested in it – it will make their jobs easier and help them identify exactly how to help their teams accomplish objectives. Additionally, when a manager can see exactly what skill gaps exist, they will make time for employee development because they know it impacts their ability to accomplish **their** objectives.

### How do you motivate the employee to take charge? How do you hold them accountable?

Stop doing it **for** them. Stop doing learning **to** them. Stop dragging people to what **you** think they should do. They then have 2 choices: own their development, focusing on what they want and need, with the tools they have for doing it. Or get passed by for promotions, and maybe even keeping the job, if they don't have the skills (which are probably changing) and keep up. You can't change the motivation of a complacent employee. However, if everyone around you

becomes more engaged and learning new things, and having better conversations with their manager, and getting new challenges or even new positions, and you're not... well, maybe that will change their intrinsic motivation.

Additionally, make sure learning is operationalized into the regular employee/manager conversation.

### **How do you measure success?**

Take the baseline from your first self-assessments, and then use subsequent assessments, combined with KPI measurements at each assessment to show improvement in skills and results over time.

### **What pitfalls should you avoid?**

Do not mix self-directed learning and career planning with *traditional* performance management. Performance management is changing to focus more on conversation and development. And in that light, this approach provides information and structure for those conversations. But if you're still doing traditional annual performance appraisals, and you try to use self-assessment data against people, you will eliminate all future honesty, and any data you get will be flawed. You must keep this process for growth and development – not for keeping score. If you have a growth mindset and processes to support it, it won't be a problem.

### **What is the main benefit of employees taking charge vs the company leading that charge?**

Learning will actually happen. You embrace the social contract and you get the best benefits. They will work hard for you while they're there, and you'll get the most out of them.

### **Other FAQs**

Through our own research, we've gathered frequently asked questions and prepared answers that may assist you in addressing your own internal discussions. You'll find them in the [appendix](#) that follows.

## Summary

Whether or not it is embraced by your organization, there **IS** a new social contract between employers and employees.

The research shows how this new contract leads to expectations for ongoing autonomy, development, and rapid career growth, especially for millennials. While employees expect dynamic, self-directed, continuous learning opportunities from their employers, most organizations perceive learning and development as something you do “to” employees. Progressive organizations are turning that around, creating a culture of learning that makes each person accountable for what they can do. They promote learning as a continuous process rather than an event. And they create pull versus push.

They accelerate learning transfer because employees buy into it, and managers support it.

With this approach, Learning & Development becomes more strategic. L&D becomes a provider of tools and best practices, the source of mentoring connections, as well as internally developed and curated content. L&D becomes the brain of the organization who knows who has what skills and what the organization is capable of. L&D can help the organization change priorities and capabilities, because they have the infrastructure and the skills to do that: the competency models, the learning opportunities, and the tool that empowers people to own it.

If you pursue this approach, you will empower the very dynamic that people want – to own their development. And when they **want** to do that, and they **actively** take steps to do so, the organizational goal of developing and retaining talent will be met. And that’s why employees taking charge of their development is good for you.

However, successfully executing this approach does not come without challenges, but these can be overcome with iCompetency and Self-Directed Learning technology.

If you want to create an environment where employees can take charge of their learning, contact us.



## APPENDIX: FAQs

### **How do you get employees engaged in self-directed learning with the best interest of the company in mind?**

That's what the competency model does for you. The competency model identifies what someone in a role needs to do to accomplish organizational strategy. So if you follow this approach, self-directed learning will be perfectly aligned with organizational goals.

### **What simple hacks can enable employees to be charge of their learning from day 1?**

Imagine if you provided someone with the ability to self-assess against their competency model for their new job on the first day of work. They would know the organization's expectations for their job, what skill gaps they have, and they would be able to create their first learning plan on day one. Additionally, they would help their new manager know exactly how to help them.

### **What type of activities best motivate employees?**

You should try to embed development into everyday work. If the only things you offer are formal learning, including eLearning, you're going to lose a lot of people who don't respond to it. Workflow and social learning are two of the ways millennials happen to learn best. Workflow, or experiential learning include job aids, check lists, skill practices, and performance support. In other words, "help me learn while I'm doing the thing I need to do."

Social learning includes learning from peers or task-based mentors. If everyone is assessing their skills, then you will have a skills inventory – you'll know exactly who could be a mentor, and who should be a mentee. And depending on the technology you use, you should be one click from being able to find a list of potential peer mentors for any person. Keep in mind that being a mentor is a great way of engaging employees too, and also serves as self-directed learning for them to gain even higher levels of proficiency. This addresses one of the expert recommendations – to leverage coaches and mentors.

### **What one thing must we do to ensure employees own it and *continue* owning it?**

Make sure development is operationalized into the regular employee/manager conversation. It needs to be a personal continuous improvement plan that should be thought of as "part of their job" – not training external to their job, or something done once or twice a year. If you want a learning culture, you need to commit to it. Once you've personalized the learning, and provided the tools, this is the one thing you can do to ensure you keep the momentum.

### **How do you get people bought into the idea that training is beneficial?**

If your employees hate training it is most likely because they are told to do it – they are not identifying the need for training themselves. This is adult learning theory. If it's not relevant to my job and relevant to my needs, I'm going to tune out. How do we make it relevant? Have them self-assess against the competency model for their job, and recommend activities that are

targeted to skill gaps, or areas in which they want to improve aspirationally. Then, they will embrace training because they own it.

### **Does this approach work with different ages and types of jobs?**

In our experience, this approach works with everyone. If you look at the research, for example, Dan Pink's research in DRIVE, it is a human characteristic to be motivated to mastery. It's why we work on our golf game or learn musical instruments for fun. It's why open source software and Wikipedia exist. We have seen this work in very technical jobs and very business-focused jobs, from front line/entry level to leadership, across all ages. It's not the characteristics of the people that determine if this will or won't work, it's the organization's culture.

### **How can self-directed learning apply to roles with limited upward mobility?**

With people staying in their jobs longer, there may be fewer options, or perhaps it is simply the nature of the job or the company that there are fewer moves. You can still use this approach to help them become the organization's experts (based on their skills), and they are then tapped to be task-based mentors for others, or work on the most challenging projects... or they may be able to assess their skills and prepare for lateral moves, which is quite common. So long as you can continue to help them show movement in their skill, and help them grow, you have the best chance at keeping them.

### **How can I track self-directed learning? Is it important?**

In the LMS, we track completions. But what does that tell you really? Not much. Today, if you have a lot of one-size-fits-all learning where people are assigned to participate, they may not have a lot of motivation to participate and that will limit learning transfer.

With self-directed learning, what you need is the combination of: what learning opportunity did someone select (so you can draw conclusions about user preference), did they do it (so you know what to measure), and most importantly, did their skills and results change as a result? They selected it because they know they needed it, so it has the best chance for accelerating learning transfer, assuming the activity is good. So you want people to create their development plan, execute it, mark it complete, and then re-assess. So the tracking comes down to "what impact did that learning have on skills and business results"?

## About SkillDirector

SkillDirector provides technology that helps organizations and associations close their skill gaps and drive employee engagement through employee-centric, personalized learning. We do this by enabling each person to own their own development, for the job they have or the job they want next, providing each person with the opportunity to grow at their own pace.



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