



Onboarding: The Power of Connection

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CONNECTION

Onboarding: The Power of Connection

Executive summary

Organizations compete for talent – and the knowledge, skills, and abilities new employees bring to an organization. Those organizations that can harness the power of their new talent faster can create a significant competitive advantage.

That competitive advantage can be measured in real business results. Specifically, firms that focus on onboarding, versus those who consider themselves to be “laggards”, reported these results:

- First-year retention rate: 91 percent versus 30 percent
- First-year goal completion: 62 percent versus 17 percent

Understanding the essential elements of employee onboarding, knowing how to do it well, and facilitating the connection between new employees and organizational insiders is a major factor that contributed to those results.

The white paper “Onboarding New Employees: Maximizing Success”[®] breaks down the onboarding process into four core aspects (the four Cs): compliance, clarification, culture, and connection. Organizations that effectively coordinate these four aspects enjoy better outcomes for new employees than organizations that don’t, including consistently higher job satisfaction, higher productivity, and lower turnover.

While each of the four aspects of onboarding can be associated with one or more of the outcomes listed above, only the ‘connection’ part of onboarding impacts all of those outcomes. As a result, it’s an important lever that organizations should use to ensure that new employees get up and running as quickly as possible.

Onboarding defined

Every year, millions of individuals begin a job with a new organization.¹ An essential goal for organizations is to get their new employees up and running both quickly and smoothly, so they can contribute to organizational success. New employees must learn both the social and task-related aspects of their jobs as well as the social and organizational-related aspects of their new organization. To facilitate their success, a system should be in place to help organize the process, information exchange, and adjustment of new hires.

This process is called onboarding and has been studied in the academic literature for decades under the term organizational socialization.² The term onboarding has gone from near obscurity to most Human Resource directors in the 1990s to the mainstream language of businesses and talent management today, as 66 percent of organizations have some aspects of formal onboarding programs and 53 percent invest in onboarding across a new employee's first year.³ Research supports the idea that while the early hours, days, and weeks of onboarding are especially critical, the process of moving from organizational outsider to organizational insider develops during the first year on the job.

The business case for onboarding

Each week, new studies and online posts bolster the evidence that effective onboarding significantly improves an organization's competitive advantage. For example, a recent Boston Consulting Group study of the most impactful human resource management functions found that recruiting was related to an organization's ability to generate 3.5 times the profit growth and 2 times the profit margin. Behind recruitment, onboarding was related to 2.5 times the profit growth and 1.9 times the profit margin.⁴ Therefore, collectively, organizations that have good recruiting and onboarding programs may enjoy 6 times better growth in profits and 3.9 times the profit margin than those organizations that continue to employ a haphazard "sink or swim" approach to recruiting and onboarding.

Additionally, new employees who went through a structured onboarding experience were 58 percent more likely to remain with the organization after 36 months than those who did not. The cost of replacing a new employee can be three times their salary.⁵

The four C's of onboarding

To make sense of the burgeoning literature on onboarding, it is helpful to break it into the four core aspects of onboarding (the four C's), (which are summarized in my 2010 Society of Human Resource Management white paper) and look at them individually:⁶

The 4 core aspect (four C's) of onboarding are:

- Compliance
- Clarification
- Culture
- Connection

Compliance refers to the on-the-job basics, such as tax forms, employment paperwork, badges, email accounts, computers, and workstations as needed for a given job. Organizations that have effective compliance practices have been able to take these routine aspects of new employee onboarding and make them less onerous.

Clarification refers to the details and context of one's job, including an understanding of the job requirements, the norms for accomplishing tasks, and how things are described internally and externally (acronyms, for example). The sooner new employees understand their jobs, the sooner they become more productive.

Culture refers to learning the unique organizational culture of a new organization. Much as individuals have different personalities, patterns, and expectations, so do organizations. The more quickly and accurately new employees can interpret and understand the overall culture and the subcultures within an organization, the better their chances for long-term success.

Connection refers to the key interpersonal relationships, support mechanisms, and information networks that new employees need to establish upon entering a new organization.

Each of the four C's is important, but some have greater potential to create positive outcomes. Organizations able to effectively coordinate these four aspects of onboarding enjoy positive new employee outcomes, such as consistently higher job satisfaction, higher productivity, and lower turnover than organizations that fail to deliver across these four onboarding dimensions.⁷ Organizations considered in the top 20 percent in terms of onboarding had 91 percent first year retention, and 62 percent of new employees reached their first year goals—compared to the bottom 30 percent of organizations, which reported only 30 percent retention and 17 percent goal completion for the same time frame.⁸ In organizations that practice the “sink or swim” haphazard approach to onboarding, a majority of their new employees fail to achieve goal completion.

Focus on connection

While all of the four C's are critical pieces of the onboarding puzzle, connection has a special role in the onboarding process because it can directly influence important organizational outcomes, such as new employee job performance, job satisfaction, organizational commitment, employee referrals, intentions to remain, and turnover.⁹

Research has established that new employees who feel connected and accepted by their new colleagues have less initial anxiety upon entering the new organization. A summary of more than 12,000 newcomers found that connection was the most important of the C's, because it is the only aspect of onboarding related to all of the outcomes.

When new employees feel more accepted, they take more risks, ask more questions, and are more open to learning about their new job, role, colleagues, and organization. Thus, connection serves as an important lever that organizations can focus on to ensure that new employees are up and running as quickly as possible and that they have a healthy base of relationships within the organization to draw upon as they encounter new challenges during their first year with the organization. Connection can be the foundation upon which effective onboarding is built.

It's difficult to imagine that a new employee who is feeling insecure, stressed, and overwhelmed will be able to do his or her best. Given the foundational nature of connection, it is critical to think about what organizations can do to help new employees feel accepted and welcomed before they even start their first day on the job.

Connection mechanisms

Connection during the onboarding process is important. But what specifically can organizations do to help best facilitate high levels of connection with their new employees for the benefit of both the new employee and the organization?

Effective onboarding organizations employ several connection mechanisms. These include assigning mentors and/or "buddies," key introductions, key stakeholder check-ins, and the effective use of technology during the onboarding process. The goal of each of these relational mechanisms is to identify the people a new employee needs to meet as well as ways to ensure these meetings take place early in the relationship and at regular intervals.

For example, having a mentor or buddy assigned to a new employee on his or her first day (or even prior to Day 1) sends a signal to a new employee: The organization understands that being new means an employee does not have all the answers. Getting those answers to a new employee so he or she can feel confident and part of the organization as quickly as possible is important to the organization as well.

Microsoft, for example, assigns mentors to new employees at all levels of the organization. These individuals are part of the New Employee Orientation (NEO) program, and the mentor serves as a key relationship for new employees. Similarly, L'Oreal states that "Our aim is to develop successful, committed and mutually beneficial relationships with each of our employees."¹⁰ This goal includes individual mentoring and HR support for all new employees. Bank of America works with its executives to ensure they have key stakeholder check-in meetings regularly across the first year on the job. Rather than wait until a problem emerges, Bank of America designed these meetings to head off potential problems before they grow by making sure newcomers receive focused attention from a key insider who can help them be more effective in both the short and long run.

The following table highlights best practices for creating onboarding connections, the rationale and research support for those practices, and some of the companies that follow the practices.

Best practices: Creating onboarding connections		
Best practice	Rationale and research support	Company examples
<p>Create seamless transitions between your recruiting processes, individuals, and messaging to the onboarding process. Technology can be an invaluable aspect of this transition.</p>	<p>Research shows that relationships begin well before a new employee enters the organization; 77 percent of the top 20 percent of onboarding groups agree that onboarding starts before Day 1. What happens during the recruiting process signals (for better or worse) the organization as a whole. By integrating these two pieces of the human capital management (HCM) system, organizations have the ability to keep their messages consistent, help to maintain applicant interest in job acceptance, and maintain key relationships formed during the recruiting process.¹¹</p>	<p>Currently, organizations rarely perform this practice. This opportunity is huge. Most companies separate recruiting and onboarding processes from one another when they should be deeply connected.</p>
<p>Identify who is responsible for making sure each new employee is welcomed on his or her first day.</p>	<p>Simple gestures, such as having the employee's name on the lobby television the first day or making sure someone takes the new employee to lunch, are vital. Research shows that new employees who meet with someone in their immediate team on the first day of their job feel more connected and accepted than those who do not.¹²</p>	<p>Google IBM</p>
<p>Consider which of the connection mechanisms discussed may work within your own organization, and use one or more of them (e.g., assigned mentors, stakeholder check-ins, "buddies," or effective use of technology).</p>	<p>The important point is not which of the mechanisms are used but rather that specific planning and attention are paid to creating mechanisms to ensure that they exist. For example, mentors have been shown to be highly effective during onboarding.¹³ Similarly, as social media continues to become more and more widely used, leveraging internal social networks becomes a potentially valuable way to connect new employees to one another and to other individuals in the organization who can help answer questions and encourage interactions early on when new employees need it.</p>	<p>Kellogg's L'Oreal Microsoft</p>
<p>Facilitate and encourage ongoing networking.</p>	<p>Networking is a powerful tool, but it can be especially invaluable for new employees who are learning their new organizational landscape. Organizations can accelerate this process by formally and informally creating opportunities for new and more established employees to meet and share information.¹⁴ This approach has the advantage of allowing new employees access to insider insights, but it also allows more veteran employees to learn from new employees in a nonthreatening environment.¹⁵</p>	<p>Bank of America Ernst & Young</p>
<p>Reinforce the value of each new employee's authentic self as he or she enters the organization.</p>	<p>Research indicates that focusing onboarding around what the new employee can bring to the organization instead of how great the organization is can result in large gains for onboarding success. Those who received individual onboarding had 157 percent less turnover than those who did not.¹⁶ This shift in thinking about how individuals can be valued during the onboarding process is a far cry from "assimilation" type thinking, but research indicates that small investments can have large gains resulting in win-win situations for newcomers and organizations alike.</p>	<p>Huntington National Bank Wipro</p>

Conclusion

Onboarding is the key to getting new employees up and running both quickly and smoothly. Organizations that are able to leverage the power of connection during onboarding by specifically identifying answers to the who, what, when, and where for connecting established and new employees benefit in a variety of ways, including enhanced new employee performance, higher job attitudes such as satisfaction and commitment, and decreased turnover.

Author Bio

Talya N. Bauer (Ph.D., Purdue University) is the Cameron Professor of Management at Portland State University in Portland, Oregon as well as the Program Director for The Conference Board's Onboarding Talent Council. She is an award-winning teacher who conducts research about relationships at work in general and onboarding in specific. She has published in the *Academy of Management Journal*, *Journal of Applied Psychology*, *Journal of Management*, and *Personnel Psychology*, works with organizations, and has been a Visiting Scholar in France, Spain, and at Google's headquarters in Mountain View, CA. She is the former Editor of the *Journal of Management* and serves on the editorial boards for the *Journal of Applied Psychology*, and *Personnel Psychology*. Her work is cited by numerous media outlets such as *New York Times*, *BusinessWeek*, *Wall Street Journal*, and *Harvard Business Review*.

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