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Route to:

Looming problem: employee morale

UNCERTAIN ECONOMY CREATES STRESSED-OUT WORKFORCE, AS MANY FRET ABOUT WHAT THE FUTURE HOLDS

HOW SAFE IS MY JOB?" That's a question on the minds these days of everyone from factory workers to retail salespeople to CEO's of some of the world's largest companies.

With consumer demand declining for almost all kinds of products, credit drying up for individuals and corporations alike, and unemployment growing – there's a level of personal uncertainty unmatched in recent decades.

In perhaps too many workplaces, a familiar scenario unfolds: The employer is losing money and costs must be reduced. Regrettably, five or 50 or 5000 employees must be released – if at all possible by month's end. People wonder who's on the list, and productivity slackens.

Ultimately, pink slips arrive and the unfortunate victims depart the premises – some with outplacement assistance, some with none. For a few days, remaining employees feel great relief it wasn't them. Then anxiety sets in that a second round, or third or fourth, of job cuts will add them to the ranks of the unemployed as well.

But that's only part of the pressure. The smaller workforce is also expected to take on the responsibilities of those who lost their jobs. There is more work but probably not more pay, and possibly salaries and/or benefits have been reduced. Moreover, the value of 401(k) accounts has declined and, to add insult to injury, the company can no longer afford a matching contribution.

Is it any wonder that the workplace becomes a bubbling stew of uncertainty, anxiety and fear – with a heaping spoonful of rumor thrown in?

Job One: A Stable Workplace

THINK FOR A MOMENT about the staggering implications of an unstable work environment – much like a satellite that's lost its orbit and begins to spin out of control.

Clearly productivity suffers, as increasing numbers of employees gather behind closed doors to share the latest gossip, while others start surfing job boards and social networking sites for employment opportunities. Moreover, fewer and fewer in the white-collar ranks bother to take work home at night or to spend their weekends at work. On the factory floor, quality declines and defects creep back in, wiping out years of Six Sigma training.

The business also becomes a happy hunting ground for professional recruiters. While some managers and executives will spurn new job opportunities in troubled times, preferring the devil they know to the one they don't, most are quite happy to explore a change – particularly if the handwriting is on the wall about their current prospects and new employment promises a safer job environment. As the financial services industry has seen in recent months, once a firm is "in play," the game is over.

As a result, it behooves the senior management of any company reducing its ranks to do everything in its power to stabilize the work environment and get employees back to work.

That task may be more difficult than it appears, particularly when there's a significant chance of future job cuts, reorganizations, mergers and acquisitions, etc. There also may be a battery of law-

yers advising extreme caution in making any kind of statements that might be construed as promising future employment or conveying insider information.

Furthermore, generations of top executives have been schooled in the “need to know” theory of business management and hoard information as a general practice. Doing so can prove disastrous when rumor and misperception are running amok.

Making the Case for Communication

WHEN TOP MANAGEMENT hoards knowledge concerning corporate staffing plans, human resources professionals and mid-level managers of all stripes are deprived of the very information that would help them do their job. As a result, they are ill-prepared to help rank-and-file employees separate fact from fiction in times of uncertainty and prepare for what the future holds. Contrary to what one humorist said, an anxious workforce is *not* a productive one.

When layoffs and job reductions have been announced, here are some things that can be communicated without fear of legal entanglement:

- First and foremost, facts related to the layoff—*e.g.*, the number of jobs lost, the kinds of jobs lost, the rationale for how jobs or the people who held them were selected, assistance (if any) provided to those laid off, and duration of the bloodletting (all at once, or spread over some finite period of time).
- Second, a reasoned discussion of the likelihood that currently announced reductions will solve the problem and stabilize employment. Employees should be cautioned, however, that *no one* can be promised future employment — since times can change.
- Third, how remaining employees can work collectively to help turn the tide and make the organization as productive and profitable as possible.
- Fourth, if wages or benefits have been reduced, what criteria have been established for their restoration to previous levels. Sacrifice is always more palatable when there’s a light at the end of the tunnel.

- Fifth and finally, what senior management is doing to share the pain (including their own salary reductions, elimination of corporate perks, etc.) and what they are doing to help lead the organization out of the desert and into the Promised Land.

Those authorized to provide the kinds of information above should be cautioned to work from prepared statements and Q&A-type fact sheets that have been vetted by the firm’s HR professionals and legal experts. If employees ask unanticipated questions, the appropriate manager can promise to get back to them later with an answer.

It is not an exaggeration to say that the average worker will be grateful for the frank exchange of information and more committed to doing his or her part.

Helping People Feel Better Again

IT’S THE DAY AFTER, and now everyone needs to get back to work. If senior management has done its job, the workforce at large will take some degree of comfort from knowing that they have been given facts, not left to rely on speculation. That’s an important first step.

But since no one is out of the woods yet, and all will be expected to work harder than ever, now would be a good time to review whether any wiggle room exists for judicious implementation of incentive-pay plans tied to performance objectives, a new or improved employee benefit, flexible hours, or other value-added programs. If exempt employees will be asked to work longer days, what can be done to offer help with meal preparation, dry-cleaning pickup and other daily chores? In a smaller organization, giving an employee and his/her spouse an evening out at a nice restaurant can be an inexpensive way of saying “thank you.”

Survey after survey has shown that employees want to be valued for what they contribute, and that is even more important when some of their peers are being asked to leave. An ounce of appreciation can be worth a pound of improved morale.

—George Snider

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