

# HR's Challenge: Engaging Employees Post-Recession

*By Lisa K. Tesvich, Ph.D. and Charley Morrow, Ph.D.*



Lisa K. Tesvich, Ph.D., is President of LKT Consulting, Inc. She provides strategic consulting in the areas of employee engagement, organizational culture and talent management. Find out more at [LKTConsulting.com](http://LKTConsulting.com)



Charley Morrow, Ph.D., is the founder of Sage Assessments an organization that brings insights to organizations through targeted assessment, feedback and development of engagement and leadership.

Copyright © 2010 by LKT Consulting, Inc. and Sage Assessments. All rights reserved. Used by permission.

The worst economic situation since the Great Depression has wreaked havoc on business and employees. Layoffs, hiring freezes, increased responsibilities, reduced or flat pay, lack of bonuses, changes in benefits and reduction in learning and development opportunities have left employees disillusioned and dissatisfied. In fact, a report released by The Conference Board in January 2010 found that only 45% of those surveyed say they are satisfied with their job. This is the lowest level of job satisfaction since they began the survey 22 years ago!

In addition to job dissatisfaction, it appears that employees are also disengaged. The 2009/2010 U.S. Strategic Rewards Survey by Towers Watson and WorldatWork found that employee-engagement levels for all workers at the surveyed companies dropped 9 percent since last year – and the number plummeted nearly 25% for top performers.

So what will happen when the economy improves? A November 2009 study by Right Management found that 60% of employees intend to leave their current positions when the economy improves and an additional one-quarter are networking and updating their resumes. Our organizations are populated with dissatisfied and disengaged employees who are staying with the company until the economy rebounds and something better comes along, not exactly good news for employers counting on a competitive workforce.

Those who are not proactively addressing issues now may witness an employee exodus, especially of top performing employees. Their collective feet stomping out the door will serve as a sounding alarm of pent up frustration. But HR can mitigate this by investigating and responding to three fundamental problems that are affecting the engagement of many employees today. We address each below and provide potential solutions.

## **1. Lack of trust in leadership**

---

Employee trust has been fading over the last several years and the recent downturn has further weakened it. In fact, the 2010 Global Workforce study done by Towers Watson found that when asked what attributes employees most want in their senior leaders, being trustworthy was number one for 79% of respondents; only 47%, however, perceived their senior leaders as actually trustworthy.

And trust relates to not only character of the person but also to their competence. In fact, the results of a survey conducted by Lee Hecht Harrison at the 2009 Society for Human Resources Management Annual Conference and Exhibition suggest that employees have significant concerns about leadership capability. The majority of respondents (61%) felt strongly that their company's leadership is not well prepared for an economic recovery. This finding is consistent with the Towers Watsons 2010 Global Workforce study finding that confidence in leaders and managers is disturbingly low.

This sizeable gap is a concern given that employee trust has been found to influence turnover, productivity, and profitability. Indeed, trust is the cornerstone of employee engagement and must be addressed to maintain a healthy organization.

Potential solutions include:

*Help leaders clearly articulate the direction and plans going forward*

Many organizations have had to shift their focus and change business strategy during the recession. But in most cases, not enough emphasis has been placed on ensuring that employees have heard, understood, and embraced these changes and their implications. To truly engage and trust the organization, employees need to believe the company is on the road to success.

High performers, especially, need to understand the big picture and see exactly where the leadership is going. Help your leaders provide employees with an understanding of plans to reposition the company in next 12-18 months. Employees must believe that the company that they are a part of is a winner or a potential winner in the marketplace. At a minimum people will be well informed. At an ultimate, they will be energized, excited, and mobilized to positive action for the company.

*Encourage relationship building one-on-one*

Organizations don't build trust, people do, one conversation at a time. Encourage leaders to get out, build relationships with and get to know employees. Authenticity and honesty are imperative and is enhanced when leaders acknowledge personal and company mistakes. In addition, have them ask employees what types of things excite them about their job, when are they most/least engaged in their work and "what's one thing I can do better for you?"

Set up other communication channels as well such as conducting informal meetings where executives can respond to concerns of employees. One company arranged for their VP of Communications to be available for two days in the sitting area of the lobby with coffee and snacks to welcome and respond to any employee with questions.

*Invest in high impact leadership development*

Organizations must develop leaders that can excel in these times. But any development that occurs right now must be focused and cost-effective and get measureable results. A good example is highly targeted coaching of middle management by a seasoned executive either from the inside or outside. This coaching is not theoretical but rather it's hands-on and more about having an immediate impact on performance. HR plays a role in accountability by identifying potential coaches, determining the standards that the coaches will be held to and measuring coaching results.

## 2. Feeling undervalued

---

Many employees today are feeling overworked and underpaid. Even when given solid rationale, continually doing more with less has left these employees feeling like they are being taken advantage of. This is further exacerbated in environments where employees feel mistreated or where management treats employees as if they are "lucky to have a job." Most employees were willing to sacrifice at the height of the crisis, but as they hear about economic recovery in the media and see it in their own company, they begin to question the need for ongoing sacrifice. Even if the company's improvement is slow, they expect their rewards to increase. And if it doesn't, many feel it's only a matter of time before they can get a better package elsewhere.

Potential solutions include:

*Get the biggest bang for your buck*

Many organizations are unfreezing salary raises and returning bonuses. This should be done strategically. The focus needs to be on the right rewards and rewarding behaviors and outcomes that are consistent with the organization's current objectives. In particular, efforts should focus on the individuals who can make the most significant positive impact and whose loss would hinder the organization the most. This not only includes high performers but also high potentials and 'mission-critical' roles.

Review the compensation plans and do the most you can to incentivize this group. Have leaders conduct immediate conversations with these individuals to let them know they are valued, their sacrifices are appreciated and their compensation is being reviewed/increased. In this process, however, it's important not to forget about the bulk of your organization—that is, your average performers. These capable, steady performers are the engine of the company so be sure to adequately reward them for the positive contribution they make.

*Enhance free or low cost recognition*

Luckily, some of the best appreciation is free or relatively inexpensive. Consider the cost of ice cream socials, thank you notes, personalized birthday cards or recognition in a company staff meeting. At one employee appreciation event the executive team surprised everyone by washing the cars of associates. Additionally, employees can formally recognize each other, such as the "caught you at your best" program, in which employees give others card when they catch them doing something "right." Other possibilities are gift cards of employee choice—gas, grocery, movie, American express—and spa treatments or high adrenaline sport experiences. The latter options may cost more but are certainly less than bonuses or recruitment costs if high performers leave.

### 3. Heightened stress

---

Loss of friendships, pay freezes, increased hours and expectations, potential loss of job, changing roles and reporting relationships and feeling undervalued are all stressors affecting employees. As if that wasn't enough many have personal recession-related struggles such as a recently unemployed or underemployed spouse and resulting financial, health or relationship issues. And much of the support mechanisms that would help mitigate this, such as holiday parties, other celebrations, trainings and sponsored lunch outings, no longer exist or have been cutback. This increased stress not only has the potential to lead to health problems but also often triggers further employee disengagement.

Potential solutions include:

*Implement or enhance wellness programs*

Typically organizations have implemented these in the hopes of elevating employee health to keep health-care costs down. Now, attention is also turning to overall productivity gains associated with wellness. Many have come to realize that the indirect costs of poor health (e.g., absenteeism, disengagement) can be two or three times higher than direct medical costs. The good news is that investing in wellness not only helps with health care costs but it may also lead

to increased employee engagement. In a survey, conducted by the World Economic Forum and Right Management involving employees from 15 countries including the United States, it was found that when employers actively promote health and well being, employees are 8 times more likely to be engaged in their work. That's quite an increase. On the other hand, an employer is 4 times more likely to lose employee talent if workers have an unfavorable view of its wellness initiatives.

Due to continued increases in health care premiums and employer incentives in the recently enacted health insurance reform law, we expect that corporate use of wellness programs will rise in the future. Indeed, companies that do not have an effective wellness program may be at an increasing disadvantage as it relates to engaging and retaining top performers.

*Have some fun!*

Data from the Great Place to Work Institute reveals that companies denoted as "Great" on the Fortune "100 Best Companies to Work For" list consistently earn significantly higher marks for "fun." Employees from these companies responded overwhelmingly—an average of 81 percent—that they are working in a "fun" environment. That's a compelling statistic: Employees at the best companies are also having the best time. At the "good" companies—those that apply for inclusion but do not make the top 100—only 62 employees out of 100 say they are having fun. That gap in experience is, surprisingly, one of the largest in the survey.

Here are a few ideas that just might make people smile, even when they are stressed:

- ◆ Hold an employee talent show
- ◆ Ask the local school, local jugglers, dancers, acrobats to perform at lunch
- ◆ Have senior executives cook, distribute mail, or do valet parking
- ◆ Invite local artists on site for live production of art or sketches
- ◆ Sponsor video game playoffs or sporting events-mini golf challenge inside office

## **Conclusion**

---

Addressing these three fundamental problems will go a long way in promoting a re-energized workforce. However, each organization is different with its own culture and uniqueness. So we say, don't take our word for it—go out and talk to your employees. Assess their current engagement by using surveys or focus groups. But, most importantly, don't just ask, do something about it. Accept the challenge and deliver a competitive and more engaged workforce!

# Linkage

Linkage is a global organizational development company that specializes in leadership development. We provide clients around the globe with integrated solutions that include strategic consulting services, customized leadership development and training experiences, tailored assessment services, and benchmark research. Linkage's mission is to connect high-performing leaders and organizations to the futures they want to create.

With a relentless commitment to learning, Linkage also offers conferences, institutes, summits, open-enrollment workshops, and distance learning programs on leading-edge topics in leadership, management, human resources, and organizational development. More than 200,000 leaders and managers have attended Linkage programs since 1988.

**Linkage**  
**Burlington, MA**  
781.402.5555  
info@linkageinc.com