

Raising morale in a sinking economy

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One study finds it's the biggest challenge facing employers today. How to boost it: Tavia Grant looks at what works and what doesn't

Plunging morale is the biggest challenge facing employers today, a new study has found. As employers focus on reviving revenue, cutting costs and dealing with immediate financial pressures, what can managers realistically do to make staff feel better?

MORALE: n. 1. The mental and emotional condition (as of enthusiasm, confidence, or loyalty) of an individual or group with regard to the function or tasks at hand. 2. The level of individual psychological well-being based on such factors as a sense of purpose and confidence in the future. --*Merriam-Webster Dictionary*

WHY IT MATTERS

Ignoring "shell-shocked" employees who are worried about their jobs, families or personal finances can directly hurt the bottom line, says Janice Rubin, an employment lawyer at Toronto-based Rubin Thomlinson LLP, the firm that conducted the survey on morale.

Falling morale can cause more mistakes, an increased lack of safety on the job, higher rates of harassment, anger, bullying, sick days and short and long-term disability due to stress leaves, along with a drop in productivity and higher turnover, she says.

THE FIXES

University of Western Ontario psychology professor Natalie Allen has published numerous academic articles on work attitudes. Here's her take:

Three approaches that can work:

- 1. Communication:** Send clear, unambiguous and well thought-out messages to staff about what's going on, and what's expected. It cuts stress, boosts transparency and shows the human side of managers, too.
- 2. Equity:** A sense of fairness has a direct influence on how much you love your job. Practically, this mean communicating in a kind, respectful way, letting people voice complaints without repercussions, explaining the rationale for job cuts, and making those cuts as fairly as possible.
- 3. Praise:** Verbal feedback and showing an interest in people's work has a direct effect on morale because it boosts their sense of competence. Giving workers a chance to build skills – by moving around an organization or working with different people – also helps them feel less trapped in their jobs.

Three approaches that can backfire:

- 1. Social events:** They're fine, if employers follow the other guidelines. By themselves though, "I'm not convinced money spent on frills like company barbeques is well spent," Dr. Allen says.

Sure, they're fun while they happen. But a few hours later, as the effect wears off, "people think, 'That was a nice splurge. But it would have been nicer to keep Mary, who we got rid of two weeks ago.' It festers."

- 2. Tolerating slackers:** Time pressures don't mean managers should ditch the scrutiny of performance. "Don't let good employees carry poorer performers" but rather intervene if workloads appear uneven. Letting some people get away with less work can breed resentment among harder-working colleagues.

- 3. Ditching normal practices:** Just because there's a downturn, that doesn't mean you should abandon your normal approach to management. "Don't forget that how well you manage (or how your organization treats people) in tough times sends a powerful message – that may well matter when times get better. Act accordingly."

ONE COMPANY'S APPROACH

Cole Engineering Group Ltd.

Markham, Ont.

Civil engineering firm, 70 employees

The problem:

Like many companies, demand sagged in the first quarter of this year. The company needed to cut costs, fast, including some temporary layoffs and chopping hours for remaining staff. Anxiety levels were rising.

The solutions:

Fearing morale would fall off a cliff, Cole took a number of steps this spring:

Added meetings: It introduced new, monthly face-to-face "status update" meetings between staff and executives to convey that there were no secrets at the company.

Cut hours with input: Rather than forcing a new, reduced-hour workweek, it asked workers to themselves to figure out how to trim their hours. Some cut daily hours, others cut number of days they worked each week.

Surveyed staff: The company conducted an internal survey to figure out what "small annoyances" were bothering staff and could be alleviated (uneven workloads were one aggravation, so the company encouraged different departments to share the load).

Instilled hope: When layoffs occurred, affected staff were told it wasn't their fault, that hopefully they would be hired back, and that they were still welcome at the office and at social events.

Kept up events: Simple social events -- skating, wintry bonfires and barbeques -- were maintained, along with the company's wellness program, which provides on-site chiropractics, massage and nutritional advice.

Let the dog roam: One employee's golden retriever was still allowed free range of the building, where he attends the occasional meeting.

The results:

Despite the layoffs and rockier economic climate, staff turnover has remained low, says Janice Kellar, director of human resources. Absenteeism hasn't flared up either this year, she says.

"I would say we saw a boost in employee productivity and initiative. With the heightened awareness of the lull in business, the team was visibly conscious of doing everything they could in their own ways to help weather the storm."

As for the dog, she says "he has a calming effect" on the organization.

BY THE NUMBERS

70: Percentage of 219 Canadian businesses polled that say morale is currently their biggest workplace challenge.

42: Percentage of Canadian employers that say the economy has increased stress levels.

49: Percentage of Canadian chief financial officers who say they have increased the frequency and quality of communication to help boost morale.

Sources: Rubin Thomlinson LLP June survey of employers; Robert Half April survey of finance and human resource managers; Accountemps February survey of Canadian CFOs