

Dr. Bob Nelson presents the latest research:

The Impact of Tough Times on...

Tough Times and the Impact of Cutbacks & Layoffs

In response to tough economic times, more than 90 percent of companies have instituted some form of cutbacks. (Page 41, ***Keeping Up in a Down Economy***)

Employee morale, motivation and productivity has dropped precipitously following layoffs. Indeed, 40 percent of the “undownsized” reported becoming less motivated, and 41 percent viewed their employer with less respect, according to Drake International, a global HR firm that conducted a large survey on the topic in April 2009. (Page 44, ***Keeping Up in a Down Economy***)

Nearly 50 percent of workers surviving layoffs said they have taken on more responsibility, while 37 percent said they are handling the work of two people; 34 percent of workers are spending more time at the office and 22 percent are working more weekends. (Careerbuilder.com survey)

In a 2008 loyalty survey by Leadership IQ, 74 percent of surviving employees said their productivity dropped, with 64 percent saying that co-workers’ productivity has also declined.

Global 360 reports that that lost worker productivity costs U.S. businesses more than \$4.4 billion each day. If each worker increased his or her productivity by just 15 minutes per day, American businesses would save almost \$650 million per day.

Tough Times and the Impact on Employee Trust

In April 2009, Hewitt Associates surveyed HR executives at 518 U.S.-based companies and found that 47 percent believe that employee trust has declined as a result of the way their company has managed its recession-induced cost reductions and 37 percent believe their organization’s handling of the economic downturn will make talented employees “much more” or “somewhat more” likely to leave.

Research on employee perceptions has found that:

- 46% of employees believe management treats them with disrespect
 - 63% say that decisions in their company are not made at the appropriate level
 - 52% do not feel free to voice their opinions openly
 - 43% say their good work goes unrecognized
 - 53% say their boss doesn't personally motivate them
- (as cited in *30 Reasons Employees Hate their Managers: What Your People May Be Thinking and What You Can Do About It* by Bruce Katcher)

Tough Times and the Impact on Employee Morale

In early 2009, Accountemps released survey results about the impact of various business practices on employee morale. The survey results were based on interviews with close to 1,500 CFOs throughout the United States who were asked the following question: “Which of the following has the most negative impact on employee morale?”

- 33 percent cited a lack of honest communication
- 19 percent cited a failure to recognize employee achievements
- 17 percent cited micro-managing employees
- 16 percent cited excessive workload for extended periods
- 14 percent cited fear of job loss (Page 15, ***Keeping Up in a Down Economy***)

Accountemps then asked the same executives what they thought the best remedy for low morale was: 48 percent of executives cited Communication as one of the best remedies, followed by 19 percent who cited “recognition programs,” 13 percent who reported that offering financial rewards was important, followed by 11 percent who reported “unexpected rewards” as helping to improve morale. (Pages 100-101, ***Keeping Up in a Down Economy***)

Tough Times and the Impact on Employee Engagement

Quantum Workplace, a company that tracks employee engagement scores of over 1.5 million employees within 5,000 companies nationwide, has found that 66 percent of the firms they studied saw a decrease in employee engagement in a recent year that seemed to be in direct response to the negative circumstances of the recessionary economy. (Page 12, ***Keeping Up in a Down Economy***)

The 2009/2010 U.S. Strategic Rewards Survey by WorldatWork found that employee engagement levels for the 1,300 full-time workers polled have dropped 9 percent since last year and close to 25 percent for top performers.

Tough Times and the Need for Employee Communication

In Dr. Nelson’s research, the most important variable that 95 percent of employees felt was critical in their job was information and communication. (Page 34, ***Keeping Up in a Down Economy***)

Tough Times and the Need for Employee Involvement

In a survey conducted by the Gallup organization, 66 percent of respondents say their managers have asked them to get involved in decision making, but only 14 percent feel they have been empowered to make those decisions. (Page 75, ***Keeping Up in a Down Economy***)

The average American worker makes 1.1 suggestions per year where they work today—one of the lowest of any industrialized nation. Contrast that average with 167 per employee made each year by the average Japanese worker and you can see the potential that exists if only you can find a way to tap into that potential with every employee. (Page 56, ***Keeping Up in a Down Economy***)

Tough Times and the Need for Work/Life Balance

- 86 percent of employees today report that they wish they had more time to spend with their families
- Nearly 30 percent of workers in the last 5 years have voluntarily made career changes that resulted in a salary reduction in an effort to lead a more balanced life
- Almost 50 percent of employees value the option of flexible or work from home hours
- 54 percent of employees appreciate the option to leave work early to tend to family or child issues
- A large percentage of workers would reduce hours or pay if it allowed them to have more time for personal interests or time to spend with family
- More than 60 percent of workers feel that their jobs are part of their identity, rather than simply a paycheck (Pages 73-74, ***Keeping Up in a Down Economy***)

Tough Times and the Impact of Employee Recognition

According to a recent survey by incentive industry leader Maritz, employees who work at recognition-oriented companies are:

- 5 times more likely to feel valued
- 7 times more likely to stay with the company
- 6 times more likely to invest in the company
- 11 times more likely to feel completely committed (Page 101, ***Keeping Up in a Down Economy***)

...and a 2008 Tower Perrins study reports that committed employees deliver 57 percent more effort than uncommitted ones.

Tough Times and the Impact on Employee Turnover

As part of its May 2009 survey, "Managing Talent in a Turbulent Economy," Deloitte found that in looking ahead to the end of the current recession, 52 percent of 319 executives surveyed worldwide predict an increase in voluntary turnover at their companies, while just 13 percent predict a decrease. Executives were most concerned about losing "high-potential talent and leadership" and "critical talent." Specifically, 65 percent of executives report they have a "high" or "very high" concern about retaining high-potential talent and leadership the year after the recession ends, and an identical number are either "highly" or "very highly" concerned about losing critical talent.

In May, 2009 a Robert Half International and CareerBuilder survey of more than 500 full-time employees found that 55 percent plan to make a career change, seek out new employers or go back to school once the economic recovery is underway.

Adecco Group's latest Workplace Insights Survey confirmed that 54 percent of employed Americans plan to look for a new job once the economy rebounds. The sentiment is even stronger among younger workers with nearly 75 percent of those between ages 18 through 29 reported likely to look for new jobs once the economy turns around.

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