



Metrics That Matter: The Value of Employee Surveys in an Economic Downturn

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During difficult economic times, it's tempting to cut costs by eliminating employee surveys. There are many reasons leaders may give for cutting surveys:

- Employees aren't going anywhere in this economy—we'll catch up with them next year.
- The climate is negative, but it's just a factor of the tough times. We know that our results will be negative now. The results will improve when the economy improves.
- We don't have the bandwidth to do anything with the results, so what's the point?
- It's either the survey or headcount—people contribute more to our productivity than survey results.

"Business as usual" necessitates an understanding of how a stable organization works. During times of uncertainty and change, having updated information on which to base just-in-time decisions could be an important competitive advantage. For leaders attempting to navigate a turbulent economy, a clear understanding of financial metrics, production numbers, accurate sales projections and an up-to-the minute report of employee and process functioning is critical. Since new directions or a shift in strategy may affect employee performance, engagement and commitment, it is important that organizations measure metrics designed to support employees' contributions. Are employees' performance on par or higher? Are team members all pulling in the same direction? If not, how will your organization weather the storm?

Knowing is half the battle. Leaders need to understand where there are weaknesses in the workforce in order to patch them for the short-term and strengthen them for the growth to

come. The well-informed HR group can utilize surveys and workforce data as a way to align strategic HR activities with valued business outcomes. This concept holds true whether in times of plenty or during an economic downturn.

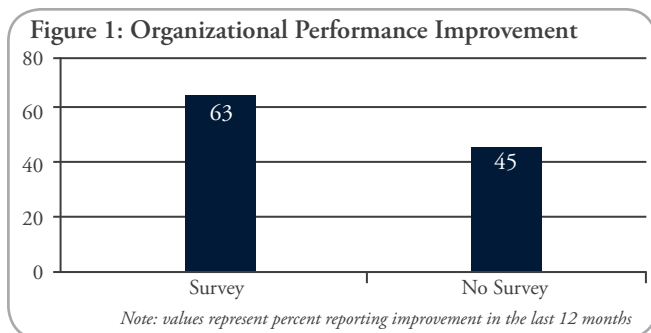
This Kenexa® Research Institute (KRI) white paper examines the WorkTrends™ data to discover the areas in which employee surveys have the most impact and discusses the areas in which employee data is pivotal in managing organizations through economic downturns. The WorkTrends survey asks randomly selected full-time employed individuals in 18 countries about their organization's survey practices and opinions about their workplace. The data provide a realistic picture of the importance of employee surveys.

Employee Surveys Matter

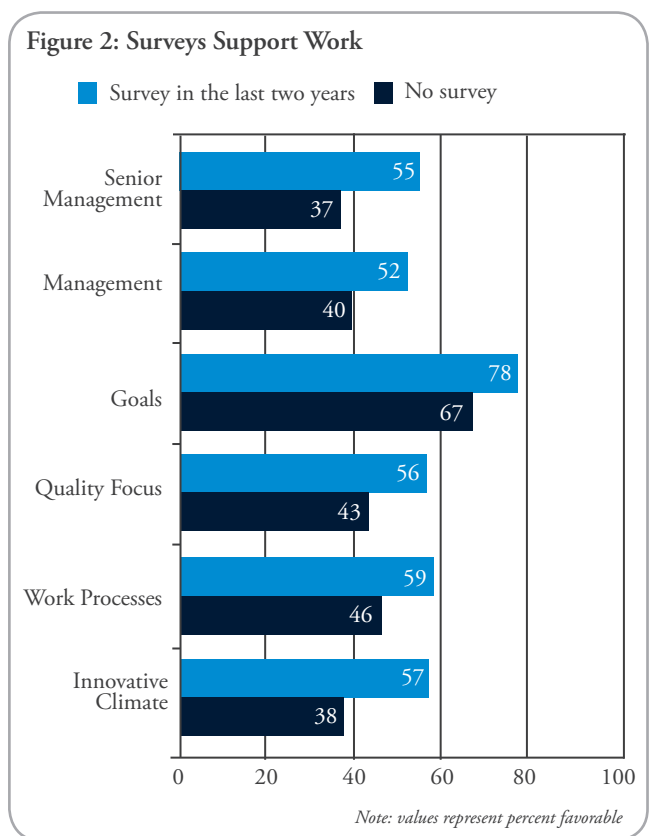
HR leaders know that employee surveys support employee engagement, but they might be surprised to hear that, if an employee survey has been administered in the last two years, 62% of employees are engaged, compared to only 43% if no survey has been completed. According to Trevor & Nyberg (2008), voluntary turnover rates increase within the year of, and 24 months following the downsizing event. We also know that employees' engagement is related to customer satisfaction (Wiley & Campbell, 2006). As such, employee engagement is critical during an economic downturn. The energy and excitement that engaged employees reflect fundamentally changes the climate, creating enthusiasm for work.

Beyond engagement of the workforce, employee surveys are also related to employees' reports of their organization's performance over the past 12 months (see Figure 1). Whether performance is improved because of the improvements in

engagement related to surveys or if companies make the effort to survey employees to support their business growth, employee surveys are related to an organization's improvement in annual performance.



Employee surveys can also report and support the work that can see an organization through the tough times. Through surveys, employees report to management the extent to which strategies are enacted, quality is ensured, management is aligned, work processes are efficient and ideas are mined (see Figure 2).



From these results, we can see that using surveys to report on the status of employees' work has a profound relationship with a variety of critical aspects of the organization. For example:

- *Senior Management:* When faith in leadership is at its lowest and employees aren't sure if the organization is going to make it through, surveys can support a renewed trust in senior management, their capabilities and their decisions.
- *Management:* Surveys enable managers to guide their team, aligning their work and improving their performance so that they can do more with less.
- *Goals:* When strategy is reset, employees need to know what it means for them and what they should be doing differently.
- *Quality Focus:* A slip in quality can mean losing current customers. Employee surveys are management's eyes on the front lines, detecting quality issues before customers are dissatisfied.
- *Work Processes:* Employee surveys report the extent to which processes are efficient because there is no room for waste.
- *Innovative Climate:* During tough times, organizations innovate for efficiency and when investments are available, new ideas conceived during the downturn can be marketed.

When a downturn hits, all employees need to pull together. In organizations that survey their employees, 60% of workers report that their organization motivates them to work hard and put in extra effort when needed. Without surveys, there is a significant decrease in motivation with only 42% reporting that their organization's workforce is motivated.

Employee surveys can help managers utilize their teams more effectively. In a surveyed workforce, 44% say the workload is divided fairly as compared to only a third of workers in non-surveyed workforces. Managing goal alignment and employee performance during economic downturns is also related to utilizing employee surveys; in organizations that survey, 63% get useful and helpful feedback from their boss, whereas without surveys, 47% are given useful feedback.

Organizations that innovate through tough times, both with work solutions for survival and recovery as well as with products and services in anticipation of post-downturn markets will emerge as a stronger competitor. By the very nature of asking for employee opinions, surveys allow management to hear good ideas and act on them. In organizations that survey, 58% of employees report that management makes use of employees' good ideas, as compared to only 41% that don't survey. Sixty

percent report that their company encourages employees to be innovative when surveys are conducted, versus only 37% when surveys are not utilized.

These findings indicate that investments made in employee survey research during economic downturns can support basic organizational functioning as well as critical initiatives aimed at keeping the organization fiscally viable and competitive. Below are suggestions as to how surveys can support organizational health through a recession, elucidating why surveys are so essential during economic downturns.

Support Management

Management needs all the help they can get when business climate is difficult. Having an understanding of their workforce's current functioning could not be more elementary as they fight to keep the organization solvent and competitive. Employee survey data strengthens both goal execution and decision-making capabilities.

Fortify messaging and alignment. Like investors, organizational leaders need to catch a trend in its infancy before there is turmoil. Naturally, business growth strategies are likely to morph into strategies focusing on market-share protection and production efficiency. How does a leader know that messages about change and strategy are clear at the front lines and where the vision has yet to be communicated? Employee data explains where the message has been lost and what groups need additional guidance.

Make the best possible decision. Leaders make decisions based on information from as many sources as possible, including market analysis, consumer behavior, competitive challenges and production costs. Employees are the front-line of the business, and offer perspectives on customers' wants and needs, production obstacles, and service innovations. Factoring employee insight into leaders' decision-making could only make the outcome have more of an impact.

Maintain the Base

It is no easy task to foster a sense of "team" during times of duress. Layoffs and other business downturn coping mechanisms deeply affect employees including their commitment to the organization, attention to work and morale. Employee surveys can minimize damage and support their recovery.

High performer retention. The most effective, experienced employees are still in demand, and they know it. Those able to get jobs will be the first to go if they feel the organization

is declining. Employee data can help managers re-engage employees after layoff events or other turmoil by diagnosing their sources of pain.

Protect customer service and quality. An organization is nothing without its customers. Losing clients when new customers are scarce is simply bad business, but it is all the more likely when jobs are cut and the survivors are learning new tasks to cover for those who are no longer with the organization. Quality can become a second priority when survival is paramount in the minds of the board and leadership; investments are diverted to critical areas of functioning, and prudently so. Unfortunately, clients may be the first to notice, and with the competition cutting rates to steal business, it's the worst possible time to cut corners on customer service and quality. Surveys can tap front-line workers as warning indicators, enabling the organization to keep customers happy. Better yet, customers can be surveyed to keep a finger on the pulse of service and product quality; discovering glitches before customer complaints turn into customer flight.

Support a healthy culture. In organizations where employees are surveyed, the employee engagement index score is 62% versus 43% in non-surveyed workplaces. Employee engagement means that workers are choosing to put in effort where needed and have a commitment to helping the organization succeed. Surveys can measure the drivers of engagement, allowing leadership to intervene where necessary. If leadership thinks the soft side of business isn't critical to business success, they should think again. KRI research demonstrated that high levels of employee engagement were linked to twice as high annual net income and seven times greater five-year total shareholder return when compared to organizations with low employee engagement (KRI, 2008).

Move Forward

Like an economic pendulum, recessions recede and bull markets emerge. Employee surveys can ensure organizations are ready to ramp back up.

Ensure new strategies are executed. Changes in the economic environment necessitate a shift in strategy, but how do leaders know that the strategies have been translated into employee redirection? As leaders know, communication of the new strategy is not enough. Employees need to understand what the change means for them. Only then can employees change the way they work, and collectively, fulfill organizational goals.

Foster innovation. Leaders and pundits sometimes spin layoffs as a chance to make the organization more efficient. Their statements may be true if innovative process and job redesign follow downsizing. A leaner organization, if effective, is certainly better poised for recovery. Soliciting the ideas of customers and employees who are closest to processes can mean the competitive edge. Change in the economy also provides new market forces and consumer interests. Proactive organizations look for production innovation options and capitalize on future opportunities.

Summary

Spending money during financial tough times is a difficult decision. Conducting an employee survey might mean losing a team member or postponing the next technology purchase. Leaders are tasked to weigh the consequences of not having data during times of change with the cost of very real trade-offs. Results presented in this paper demonstrate the critical nature of employees metrics, which enable leaders to take action based on real data. In uncertain times, the more solid data on which to base decisions, strategies and plans, the better. ■

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About Kenexa

Kenexa provides business solutions for human resources. We help global organizations multiply business success by identifying the best individuals for every job and fostering optimal work environments for every organization. For more than 20 years, Kenexa has studied human behavior and team dynamics in the workplace, and has developed the software solutions, business processes and expert consulting that help organizations impact positive business outcomes through HR. Kenexa is the only company that offers a comprehensive suite of unified products and services that support the entire employee lifecycle from pre-hire to exit.

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