

Enhancing Employee Motivation and Morale During Tumultuous Times

An Action Plan

Ashley Myers

Cornell University

Master of Industrial and Labor Relations



Introduction

Restructuring. Even if organizations sugarcoat it with ambiguous terms that try to disguise actual events, restructuring can be a stressful process for all members of the workforce. Whether one is considering employees or decision-makers themselves, fear, anxiety, and anger are all words that are often associated with major change (Noer, 2009).

A less likely, though quite realistic and sobering, word that comes to mind is *ubiquitous*. Many people think of restructuring as a one-time occurrence that only happens to organizations during events such as the recent Great Recession and other economic crises. It is likely the case that media has created this illusion, where downsizing and unemployment rates have recently been top stories on the evening news. This has blurred the line between restructuring and another equally feared term: layoffs. Restructuring may lead to layoffs, but this is not inevitable.

Layoffs are often one-time events used to correct an unaligned workforce. This is a singular event, and management is often found looking for a singular solution to address it – a cause-and-effect theory, if you will. Restructuring, on the other hand, should be ongoing and constant. Whether an organization is on top of the Fortune 500 or is nearing bankruptcy, restructuring is always at play. Restructuring allows organizations to be strategic and agile, and is necessary for the development of successful businesses. Though layoffs may occur as byproducts of restructuring efforts, they are truly unique processes. Rather than addressing employees as if they are in the wake of a singular event, organizations must be prepared to

constantly drive organizational commitment and effectiveness through their day-to-day practices.

David Noer, an expert in helping organizations confront the effects of restructuring has developed a high-level model called the Four Level Intervention Model, seen in Figure 1 (Noer, 2009). Included in his book *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations*, Noer's interventions capture the key ways in which HR may handle survivor sickness in the wake of layoffs, which is defined as, "a set of attitudes, feelings, and perceptions that occur in employees who remain in organizational systems following involuntary employee reductions" (Noer, 2009, pg.29). However, by turning Noer's model on its head, the HR function can go beyond survivor sickness and can develop a workforce built to handle the turmoil caused not only by layoffs, but also by ongoing restructuring.

This study develops a series of action plans inspired by the Four-Level Intervention Model to recapture the trust and morale that can otherwise be lost via restructuring. By understanding these action plans deeply enough to customize them based on organization size and industry, these findings can be translated to a large variety of corporations as a thoughtful way to address ongoing restructuring needs.

Business Challenges

Before diving into the specific action plans to resolve the disenchantment created by restructuring, it is important to first grasp the challenges created by such events, as they ultimately leave a lasting impression on the workforce of any organization. By understanding

the obstacles that a business may face, management can better customize its action plans to address critical organizational needs.

As already discussed, restructuring often creates feelings of anger, guilt, fear, and anxiety – but how do these emotions impact the business? Figure 2 shows some of the key implications of survivor sickness which are also applicable to general restructuring, and it is not difficult to see how these components translate to poor business results. An increase in absenteeism and a decrease in productivity combine to create an organization that is likely missing sales or production goals, resulting in missed revenue opportunities. Retention problems only amplify the stress in an organization, particularly when top performers are included in these separations. Finally, a risk-averse workforce hinders the company's ability to become agile and innovative, creating a disadvantage compared to competitors (Wells, 2008). Therefore, it would not be reaching to say that restructuring often leads to reduced revenues and profits, increased costs for corporate branding, and additional time and money invested in retention and recruitment efforts.

An equally concerning challenge is the duration of these feelings and actions. Although research is limited in this area, initial studies suggest that the effects of poorly managed restructuring efforts often last for years (Noer, 2009; Creary & Rosner, 2009). Combine this statistic with the fact that restructuring is often an ongoing process rather than a one-time occurrence, and disaster may seem imminent. In order to protect the productivity of the organization and to reinvigorate the remaining employees, the HR function has a responsibility to prepare for and respond to corporate restructuring.

Project Goals

Now that it is clear that businesses should be concerned about the challenges posed by restructuring, it is appropriate at this time to set goals that address these issues. The expected end-state is not to remove the need for restructuring, nor would it be appropriate to expect employees to ever enjoy the restructuring process. Instead, the goals are to develop a workforce that understands the importance and inevitability of restructuring, and to minimize the survivor sickness symptoms experienced when layoffs occur. These symptoms will be tackled via Noer's Four-Level Intervention Model, as seen in Figure 1. This model consists of systems interventions, empowering interventions, grieving interventions, and process interventions.

Note that this list of interventions is in reverse order of that shown in Figure 1. It will become clear that grieving and process interventions are reactive in nature as a means to limit survivor sickness symptoms after layoffs have occurred. These interventions, though helpful, are not realistic ways to begin addressing workforce issues, since we live in a world where restructuring is inevitable and ongoing. By instead putting the focus on systems and empowerment interventions, which are more proactive in nature, Noer's model is reconfigured to prepare the workforce for ongoing restructuring. Though process and grieving interventions will be used in the wake of restructuring events and layoffs, they will be considered less important in comparison to preventative measures offered by proactive efforts.

1. Systems Interventions

The process, then, must begin with systems interventions that redefine the employment contract, moving away from a long-term and paternalistic workplace to one that is flexible and empowering (Noer, 2009). This flexibility will not only prepare the workforce to better handle ongoing restructuring, but may also lower the business need for layoffs.

Action Plan A: Allow for a Flexible Workforce

The first initiative, allowing for a flexible workforce, is critical to organizations because it fulfills two purposes: it helps to re-define work contracts per the goal of systems interventions, and it also minimizes the need for layoffs. Even with companies that have perfected strategies for reaching a target headcount, unforeseen external events are inevitable; this often leads to layoffs. Thankfully, current trends allow for a flexible workforce, enabling organizations to adapt to changes in an agile manner.

First, the use of retirees is a more reasonable option than ever, with the baby boomer generation retiring at an unprecedented rate. One survey has noted that 83% of baby boomers plan to work past retirement, offering a viable option for temporary and skilled employees who understand the short-term nature of the agreement ("Baby boomer 'retirement'").

Additionally, advancements in technology have opened up a new world of temporary employment, harnessed through the concept of E-lancers. Similar to the concept of free-lancers, E-lancers are self-employed individuals who market themselves online to complete short-term contract work for organizations (Millard & Culpin, 2004). Sites like Innocentive and Amazon's Mechanical Turk offer easy access to these individuals for organizations requiring short-term work without the hassle of onboarding and significant training.

In addition to part-time employees, the utilization of retirees and online contractors offer ways for businesses to respond to fluctuating headcount needs. These innovative work contracts will help re-define what it means to work for a company, which is a key component to systems interventions. When used correctly, short-term and part-time employment limits the instance of surplus headcount, thereby reducing the need for layoffs.

Action Plan B: Create an Employee Recognition System that is Blind to Tenure

Many recognition systems in organizations remain focused on tenure – time at the company is often still a factor in promotion decisions, and many companies still offer keepsakes for remaining with a company for a certain number of years. Instead, the focus needs to move away from those who remain at the company the longest and toward those who have made the largest contributions to the success of the company.

Arguably, many individuals receiving awards may have long tenure since they know the ins-and-outs of the organization, but the decision-making process for rewards should be blind to tenure. If the top two employees have been at the company for two and twenty years, they should be the ones rewarded, regardless of length of service. By creating a reward model that is blind to tenure, human resources can catch up to the transitioning model of flexible work contracts.

Action Plan C: Move Away from Detailed, Long-Term Career Planning

Career discussions are established components of employee/employer work relationships, regardless of whether they are conducted by a human resources representative

or the employee's direct manager. However, these conversations have traditionally been long-term in nature, often discussing where employees want to be in five or ten years and how employers can accommodate that. As the workplace becomes more flexible due to organizations constantly being in flux, employees can quickly become disenchanted when management cannot deliver on these long-term propositions. In particular, the presence of restructuring often creates sharp turns in employees' career paths, veering them off course from the long-term discussions.

To accommodate for flexible workplaces and the presence of restructuring needs, career-planning must become more short-term. Career discussions remain critical for enriching employees' work experiences; these discussions must not disappear. Instead of trying to plan out the rest of an employee's career, the focus should be on the next role. This shows continued interest in employee development while avoiding making promises that the organization may have to break due to restructuring needs. These efforts will help the workforce adapt to the new employment contract and will ease the pain caused by restructuring efforts.

2. Empowerment Interventions

Although this seems a bit counterintuitive, limiting organizational dependency is a desired intervention that can help to deal with the negative effects of restructuring. By allowing the workforce to determine their own worth rather than basing their value on company perceptions, employees will feel the freedom to be more creative and energetic.

Empowering interventions can be used to prevent risk aversion and low morale from occurring (Noer, 2009).

Action Plan D: Introduce Self-Developed Goals and Mission Statements

A key way in which companies can integrate empowerment into pre-existing initiatives is through personal goals and mission statements. Conceptually, organizations should already be familiar with mission statements, since almost all companies have one. In short, "A mission statement explains the company's reason for existence. It describes the company, what it does and its overall intention" ("What is the," 2008, p.2). In just the same way, individuals should be encouraged to create their own mission statements, to express what makes them unique. This will help employees going through restructuring to define themselves in ways that are separate, although complementary, to the company's mission. For example, The Morning Star Company, a leading food processing company, has employees create mission statements each year that consider the workers' own objectives while staying true to the company's goals (Hamel, 2011).

Bringing employee empowerment full-circle with the business, personal goals should also be created at the individual level. Many organizations already enforce annual goal-setting, but these are usually driven by managers' expectations. In addition to these business goals, individuals should also be encouraged to create personal goals for themselves. These goals may involve getting better at their job, learning something new, or entering a new job; regardless of the goals, they should be driven by the individual rather than the organization. By complementing business objectives with individual goals, employees can feel empowered while still staying true to the motivations of the business.

Action Plan E: Promote Autonomy in the Workplace

Another way companies can integrate empowerment into pre-existing initiatives is through an increase in workplace autonomy. By encouraging those impacted by restructuring to work on things that interest them, corporations can reinvigorate the employees to start taking risks again. Through very different levels of workforce autonomy, two organizations have found ways to incorporate employee empowerment in a way that actually furthers the business.

Morning Star Company has managed to create a workplace structure that almost entirely revolves around workforce autonomy. Instead of answering to a management group, employees have become self-managers who answer to one another. At this organization, “no one has a boss, employees negotiate responsibilities with their peers, everyone can spend the company’s money, and each individual is responsible for procuring the tools needed to do his or her work” (Hamel, 2011, p.5). This high level of autonomy has allowed employees to do what is important to them while still working toward the success of company, leading to revenues exceeding \$700 million in 2010 (Hamel, 2011).

Although this type of full autonomy may be unrealistic for some businesses, other companies have shown that even moderate employee empowerment can drive organizational success. Google, arguably one of today’s most successful companies, incorporates workforce innovation by promoting work autonomy. In fact, their engineers are encouraged to take 20% of their time, or one day per week, to work on whatever they’d like (Groysberg, Thomas &

Wagonfeld, 2011). This practice has spurred the creation of some of Google's most popular products, including Gmail and Google News (Groysberg, Thomas & Wagonfeld, 2011).

3. Grieving Interventions

Though addressing the effects of ongoing restructuring is the key to a committed and productive workforce, it is important to note that no company gets it right all the time. Layoffs are often inevitable, even outside of economic downturns: data from the Bureau of Labor Statistics shows that, although there was a jump in layoffs in late 2008 and early 2009, restructuring existed prior to the Great Recession, as seen in Figure 3 ("Mass layoffs -," 2012). In fact, this trend seems to have existed in developed nations for the past twenty years (Creary & Rosner, 2009). Therefore, it is important to address interventions that are applicable to the effects of restructuring, but are particularly valid in the wake of layoffs.

As already discussed, strong emotions of anger, anxiety, and guilt are often symptoms of layoff survivor sickness. Grievance interventions provide an outlet for these emotions.

Action Plan F: Emphasize Interactive Forums

The emotional turmoil of layoff survivors must not be swept under the rug – it must be addressed. This requires interactive communication, which can best be addressed through open forums in the workplace. The usage of these forums will enable two-way discussions and allow for mediated venting. Although e-mails, CEO blogging, and company-wide announcements can be helpful ways of disseminating information, these are usually one-way

discussions (Wells, 2008). In order to facilitate the grieving intervention, employees must be allowed to respond.

Organizations must integrate small staff meetings, brown bag lunches, and other interactive forums to encourage feedback on the ongoing changes caused by restructuring. These events may occur face-to-face or virtually through the company intranet, as long as the venue allows for both management and employees to share their thoughts. The benefits from these practices will be threefold; first, these forums provide feedback that organizations can integrate into future restructuring endeavors. For example, if employees can discuss restructuring and layoff events in open forums, they may be able to collaborate on ways to decrease costs and diminish the need for staff reductions.

Second, these open forums serve as a controlled environment for employees to grieve and vent about the effects of layoffs. Rather than letting these feelings fester and perhaps lead to on-the-job outbursts, these discussions can offer employees a way to talk about their feelings. This is relevant whether employees feel unresolved anger toward management, find themselves feeling guilty that they survived the layoff while colleagues did not, or feel confusion over the future of the business. Expressing one's emotions is a natural part of any grieving process, and the aftermath of layoffs is no exception.

Finally, a key benefit of interactive forums is the personalization that organizations can incorporate. A frequent complaint about corporate downsizing communication is that, "At the very time when authentic and empathetic communication is needed, what is delivered is often controlled and cold" (Noer, 2009, p.89). Therefore, organizations can create a dialogue that will feel more genuine to employees through the use of open forums and other interactive discussions.

Action Plan G: Implement Stress Management Programs Through Wellness Initiatives

Increased stress is unquestionably an effect of layoffs and restructuring activities. Among other things, surviving employees are often shouldered with the work of their counterparts who were let go, and these individuals will take on the extra work out of fear that they will be the next to go if they do not pick up the pace. Unfortunately, up to 30% of organizations take no action to reduce employee stress in the wake of layoffs (Cullen, 2002). The lack of attention to added stress can hurt the business in the long-run, as it contributes to decreased morale, increased absenteeism, burnout, and the inability of employees to channel their grief.

Thankfully, an opportunity is available for employers that can enable the grieving process while working well with other HR initiatives. About 60% of organizations already make use of wellness programs, a key component of which is stress relief (Goodman, 2012). Whether it be yoga classes, stress management coaching programs, or encouraging employees to take short breaks throughout the day, there are many initiatives already being used to relieve stress which could be particularly helpful during the aftermath of layoffs. If the organization does not offer wellness programs, they should be seriously considered since they are also helpful in reducing the high cost of health insurance.

4. Process Interventions

Finally, process-related interventions must be implemented to ensure that layoffs occur seamlessly. Specifically, these interventions address logistics in an effort to make the process as painless as possible.

Action Plan H: Use Strategy in Making Cuts

When making workforce reductions, some may be inclined to believe that the cuts should be made across the board as a way of instilling a sense of fairness. However, this strategy will likely conflict directly with business objectives, rendering the entire layoff process ineffective. Further, feelings of injustice may arise if employees feel that the organization was not ethical and strategic in its decisions. For example, one layoff survivor was quoted as saying, “I think there are too many instances where they took the wrong people. The ones that have kept their jobs are short termers and haven’t contributed in the short time they’ve been here. Then they’ve taken senior people because they’re paid more” (Noer, 2009, p.57).

It is important that layoff decisions be made strategically; this provides two key benefits. First, strategic cuts ensure that the layoffs align with business needs. If downsizing must occur, it clearly is driven by ongoing business needs – whether it is an overabundance of a certain skill set or a particular location with too many employees. The layoffs must reflect the changing needs of the business; this will lower the need for future cuts due to a continued overpopulation in a certain skill set or work location.

Second, strategic downsizing ensures that key players, as defined by either their performance ratings or skill sets, are retained (Cascio, 2009). In fact, some organizations appoint

downsizing agents in the HR function to help determine who gets cut once the departments, locations, and skill sets are identified (Creary & Rosner, 2009). Whether HR or line managers ultimately make the individual layoff decisions, strategies must be implemented that promote the cutting of unnecessary roles while retaining key talent. Figure 4 offers a high-level checklist that offers assistance in making strategic workforce reduction decisions (Cascio, 2009).

Action Plan I: Focus on Consistent and Transparent Communication

When creating process interventions, the key consideration beyond strategy is to communicate openly and consistently with the employee base. Though interactive communication forums have already been recommended, top-down communication is an equally important component when walking employees through a process as difficult as layoffs. Fear and anxiety can be minimized by incorporating consistent and transparent communication into the process.

The uncertainty that employees hold is often the fear of the unknown – this can obviously be quelled if management communicates changes before, during, and after the layoff event. According to Wayne F. Cascio, an author on organizational downsizing, employees will see through sugar-coating the situation and perceive a lack of honesty from management (Wells, 2008). He goes on to say that, “you can’t just pretend the company’s the same. It’s not” (Wells, 2008, p.20). As the company naturally evolves, communicating and interacting with employees is critical.

Further, transparency helps to deliver a feeling of justice to the workforce. One of the last things companies want to hear from an employee is that management is acting unethically,

as this will surely lower organizational commitment. By being transparent in the change process, employees can interpret the decisions as allowing the business to thrive rather than management being unnecessarily frugal and perhaps even unethical.

Conclusion

Restructuring is a difficult – and ongoing – process that has become a reality for an increasing number of organizations. Further, the last twenty years has shown a trend toward increased downsizings, a tendency that is unlikely to end in the near future (Creary & Rosner, 2009). Organizations, and the HR function specifically, must be prepared to proactively and reactively handle the challenges created by these trends. By implementing the action plans that align with systems and empowerment interventions, companies can minimize the business challenges associated with restructuring. Further, by utilizing the action plans associated with grieving and process interventions, they can recapture the morale and trust that can otherwise be lost through downsizing. With a fully integrated program, organizations can maximize employee performance and commitment in ways that help to ensure future business successes.

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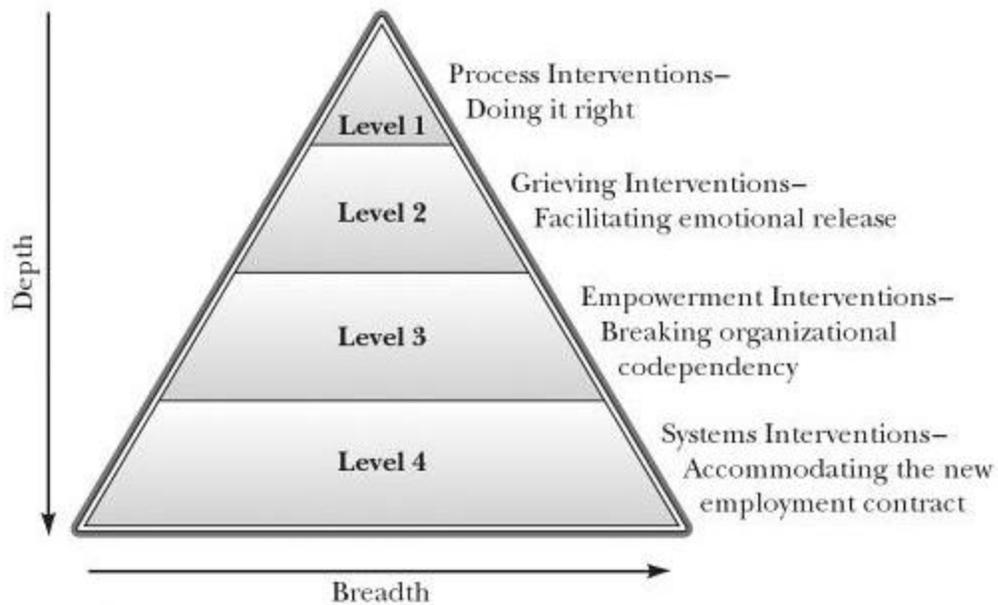


Figure 1: Noer's Four-Level Intervention Model (Noer, 2009)

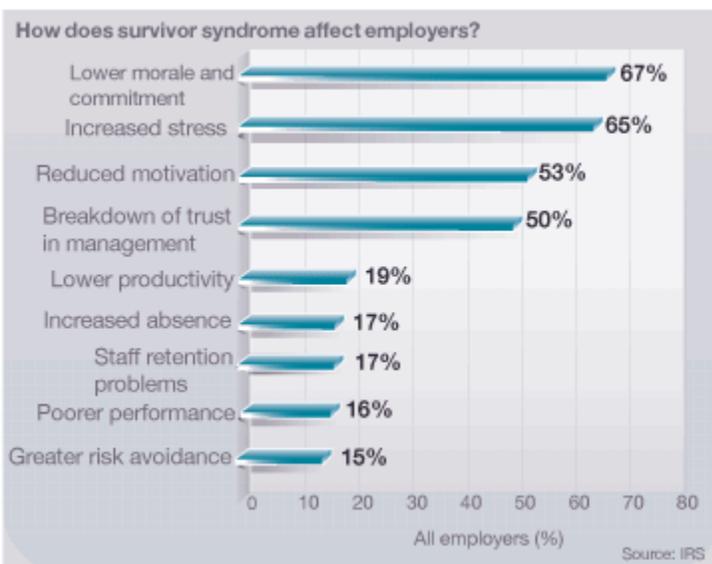


Figure 2, Effects of Survivor Syndrome on Employers (Williams, 2009)

Chart 1. Mass layoff initial claims and unemployment rate, seasonally adjusted, April 2001-April 2012

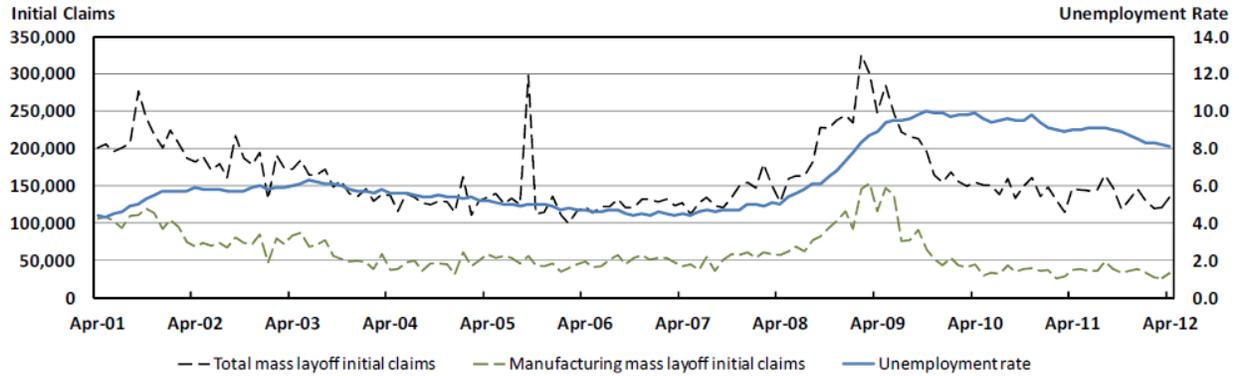


Figure 3: Mass layoff and unemployment data, 2001-2012, Bureau of Labor Statistics ("Mass layoffs -," 2012)

GUIDELINES FOR DOWNSIZING: AN INITIAL CHECKLIST

- ✓ Identify departments and functions that are strategically critical, along with critical employee skill sets going forward.
- ✓ Identify criteria that reflect legitimate business needs.
- ✓ Use a "funnel" approach to selection; that is, evaluate employees by critical skill sets first, followed by job performance, disciplinary actions and seniority (to break ties).
- ✓ Document the criteria and processes used.
- ✓ Conduct analyses to ensure that there is not a disproportionate effect of layoffs on members of protected classes and have all analyses and documentation reviewed by an attorney.

Figure 4, Guidelines for Downsizing (Cascio, 2009)

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