

viewpoint

EMPLOYEE RELATIONS

Treating employees well is more than good for morale. It's also good for the bottom line, as evidenced by this year's WorkUSA® 2002 study by Watson Wyatt Worldwide. Pam Rollins, Communications Practice Leader, discusses some of the study's major findings.

What is the WorkUSA study?

It's a direct survey that we have conducted since 1987 with U.S. workers at all job levels and in all major industry sectors about their attitudes toward their workplace and their employees. The WorkUSA 2002 study gathered input from 12,750 workers in 12 key areas. Then we compared the results with corporate financial performance.

What were the major findings?

We found that employees are less trustful of senior management, less confident that their employers are managing business changes effectively and often confused about the link between their jobs and the business goals of their employers.

We also found significant differences in the total returns to shareholders—the appreciation in stock price over three years plus dividends—between companies that scored high and those that scored low based on employee input.

Isn't the current economic climate to blame for poor scores?

Certainly it's true that change has never been greater in the auto industry. And employees naturally feel uncertain and less secure when companies are restructuring and implementing major changes. But our study shows that when companies manage change effectively they experience seven times greater total return to shareholders over three years than companies that handle change poorly. Companies also position themselves to rebound more quickly when their employees understand what's happening, why it's happening and what employees can do to contribute.

Where should companies look to improve?

There are three areas where organizations should focus their efforts: creating line of sight, building employee trust and communicating with employees.

What is "line of sight"?

Line of sight is the connection employees make between their jobs and their companies' business goals. Creating

line of sight means helping employees clearly see how their jobs impact their companies' business goals. Only 52% of the employees we surveyed in 2002 gave their companies favorable marks in this area, down 13% from 2000. Obviously a company can't get the most from its employees if they don't understand how they can and should be contributing.

What is the trend in employee trust?

Since our last survey, employee trust in senior leadership has declined. Only 39% of employees surveyed this year say they trust the leadership at their companies. This is a critical measure of the belief of information given by management. It also has a huge impact on the bottom line. Our analysis shows that companies with high trust levels deliver almost three times the total return to shareholders over three years as companies with low trust levels.

How does employee communications figure into the results?

Good communications has a significant impact on employee commitment, yet only one employee in three rated the company favorably in this area. We found that what employees want is to have their companies listen to their opinions and act on them, provide information on company performance and explain the reasoning behind major decisions.

In most cases, employees can accept a change if they understand why the change is being made, even if they don't agree with or like the change itself.

What is your advice to companies that want to improve?

First, companies should help their employees "see the light." They must communicate how the industry is changing and what impact that has on the company's business strategy. Your management structure must be prepared to help make the connection between individual job functions and corporate goals.

Next, companies must build a case for change and communicate it. You should be able to explain the rationale, the impact, how employees must act or behave differently, how the company will help them and where they can go for more information.

Finally, you need to align performance measures and incentives with the new corporate direction.

To learn more about WorkUSA® 2002, contact Pam Rollins at (248) 358-7775 or pam.rollins@watsonwyatt.com.