Understanding Post-Recession Employee Attitudes

Where do things stand?

We've all seen the headlines. In the wake of the Great Recession, the global workforce is de-motivated, disengaged, and demoralized. Right? Not necessarily.

To determine the impact the Great Recession had on employees, our research team conducted a careful analysis of our normative database. Each year Sirota collects data from approximately one million employees working in over 50 global, multi-national, and US-based companies. These companies cut across industries and range in size from 50 to over 200,000 employees. By comparing a full year of 2007 employee data (i.e., pre-recession) with a full year of 2009 employee data (i.e., post-recession), we were able to gain insight into the impact that the Great Recession had on employee morale.

And what did we find? An interesting pattern of improvement, decline, and stability.

What went up?

Of the more than 270 items included in our normative database, eight items improved at least five percentage points (considering the size of our research sample, a five point change represents a notable attitudinal shift of approximately 50,000 employees).

Table 1: Sirota Normative Items that increased 5 or more points between 2007 & 2009

Normative Item (abbreviated text)	2009 % Fav	Trend
XYZ has effective decision making processes	49	+10
XYZ keeps employees informed on decision that affect them	60	+8
Management takes action on employee ideas and opinions	61	+8
We feel part of a team that works together	75	+7
Rate XYZ on doing effective planning	60	+5
Rate XYZ on doing its work efficiently	61	+5
Rate XYZ on striving for excellence in all aspects of its business	79	+5
People accept a variety of ideas, perspectives and styles	73	+5

To cope with the Great Recession, many organizations conducted town hall meetings, implemented enhanced communication plans, emphasized the need for productivity, and focused on improving work processes. Based on the pattern of improvements in the

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eight items above, these efforts seem to have had a positive impact on employee perceptions.

These results also suggest that many organizations may be poised for high levels of post-recession performance, at least in the short term. With improvements in decision making, teamwork, and planning, many organizations seem to be operating more efficiently now than ever before. US Bureau of Labor statistics mirror these findings: from the first quarter of 2009 to the first quarter of 2010, worker output increased 3.0 percent while hours fell 3.0 percent, yielding an increase in labor productivity of 6.1 percent (see www.bls.gov/news.release/prod2.nr0.htm). The story is similar worldwide.

But as organizations seek to do more with less, they will need to keep some other disconcerting data trends in mind.

What went down?

There is another side to the story. Our pre-post recession analysis also shows that nine items decreased between 2007 and 2009.

Table 2: Sirota Normative Items that decreased 5 or more points between 2007 & 2009

Normative Item (abbreviated text)	2009 % Fav	Trend
Rate XYZ on being knowledgeable about customer needs	67	-14
Rate XYZ on responding quickly to meet changing customer needs	61	-13
I have opportunities to learn and grow	72	-9
Senior management gives employees a clear picture of the direction the company is headed	66	-8
Rate XYZ on keeping employees informed as to the state of the business	76	-7
My supervisor acts as a coach/mentor in helping me improve my performance	65	-6
Rate XYZ on being responsive to customer needs	83	-5
How would you rate your job security?	66	-5
How would you rate the orientation provided to new ees?	57	-5

Based on these numbers, employees feel service, support, and security have decreased over the course of the Great Recession. Development is also on the decline. And despite the fact that employees feel their organizations did a better job providing information about decisions that affected them during the Great Recession (see Table 1), many

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employees now feel more confused about the direction of the company and less informed about the state of the business.

These trends are alarming for three reasons. First, Sirota has previously found that employee perceptions of customer service are related to customer perceptions. If employees think service has declined, customers probably do as well. Second, three common key drivers of retention—job security, development, and immediate manager support—have declined. Finally, when employees do not feel clear about the future of the business, they may feel worried about the future of their career.

During the Recession, many employees were happy to have a job, and few considered leaving. But if employees feel uncertain about their job, their future, and their boss, pent-up frustration and anxiety could cause disgruntled employees to look for new opportunities as the economy recovers.

What has stayed the same?

What about employee engagement? Pay satisfaction? Work-life balance? Interestingly, we found that these attitudes remained relatively stable.

At first, this may seem surprising. Many employees worked harder than ever during the Great Recession, wondering all along if they'd be able to keep their jobs. But social comparison theory provides some insight. This theory argues that we compare ourselves to others when forming our attitudes and opinions. With masses of people losing their jobs, houses, and retirement nest eggs, many of the gainfully employed likely felt grateful to have a job, a paycheck, and an opportunity to work. This, in turn, may have shaped and stabilized their attitudes around engagement, pay, and workload.

2010 Mid-Year Data Trends

As the first half of 2010 comes to a close, one key question remains: are these trends continuing? In general, the answer is yes. Most of our clients conduct their annual engagement surveys during the second half of the year. But based on a high-level analysis of data from a handful of organizations that surveyed between January and June 2010, we're seeing that employees continue to feel uncertain about the future, under-supported by their bosses, and insecure about their jobs. As one employee recently commented:

> *"The work environment at this…location is one that can be described as constantly on edge. The management team seems to be only concerned about themselves and not their employees. It seems that we are constantly worried about our jobs and future with the company."*

With a sputtering economy, employees will probably continue to feel "on edge" unless organizations take steps to address concerns and restore confidence levels.

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Are there exceptions to the rule?

It is important to keep in mind that—from a research perspective—this analysis was conducted using a between-subject (or between-organization) design: our research team compared data from all organizations and employees in our 2007 normative database with data from all organizations and employees in our 2009 normative database. Considering the size and scope of our normative database, this type of analysis allowed us to look for broad-scale workforce trends.

But the organizations in our 2007 and 2009 normative databases were not identical. Some clients did not survey in 2009; others did not survey in 2007.

To get a better understanding of data trends that occurred within—rather than across—organizations during the Great Recession, we selected 19 companies that had both pre and post recession data. Utilizing a within-subject design, we analyzed change-over-time scores within these organizations.

And here's what we found. Of the 19 organizations in this research sample:

- Two organizations had meaningful increases (5 points or more) on their employee engagement dimension
- Two had meaningful decreases (5 points or more)
- Fifteen had stable engagement scores

Consistent with our previous findings, this analysis shows that within most organizations, engagement scores remained stable over the course of the Great Recession. But there were some exceptions. Some companies were actually able to improve employee motivation and commitment. Others are now coping with a workforce that is notably less engaged. This research emphasizes that as the Great Recession comes to a close, different organizations are facing different challenges.

Leadership and Management Implications

The Great Recession has had a profound impact on employees and managers around the world. Although employee engagement scores have remained stable in most organizations, attitudes about other aspects of organizational performance—particularly service, support, and stability—have declined. As companies seek to do more with less, these types of employee concerns will need to be addressed.

Considering the dramatic changes in the business environment and the possibility of pent-up frustration leading to employee turnover, now is a good time to talk to employees and find out how they are feeling. Immediate managers, high potential employees, and those who had to cope with extensive organization change during the Great Recession are probably most at risk for burnout or turnover. Checking in now could help you hold on to your top talent in the not-too-distant future.

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Employee Research Implications

At Sirota, we're keeping these post-recession trends in mind as we work with our clients to refine and develop their 2010 survey instruments and conduct our analyses. From a survey design perspective, we're including more items that assess burnout, stress, and anxiety. We're also focusing on employee perceptions of internal and external customer service, employee development, and confidence in the future. When it comes to survey analysis, we're conducting various investigations to determine if any segments of the employee population—particularly high potentials and immediate managers—are at risk for burnout or turnover.

Need More Information about Post-Recession Trends?

For more information on recent trends, or to find out how Sirota can support your employee research efforts, please see www.sirota.com or contact us at surveyintelligence@sirota.com.

Next Month's Intelligence Report

Predicting Pent-up Turnover

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