

# To Survey or Not to Survey?

## Survey Utilization During a Troubling Market

Peter Rutigliano, PhD

Vice President

Sirota Survey Intelligence

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## Should We Survey This Year?

- Annual surveys are a common practice to determine employee attitudes about the company, their jobs, and their leaders.
- But given the current economy, a number of practical questions arise:
  - How does this change during troubled economic times?
  - Are they still useful or valid?
  - Given that we use surveys to help make changes to help retain employees, should we be concerned about employees electing to leave during an economic downturn when fewer opportunities exist?
  - Why survey knowing we will receive poor results due to the economy?
  - How can we justify spending money on a survey when we have had to make so many other cuts?
- In the following pages, we will discuss these questions and many more.





## Poor Economy Means Poor Survey Results?

### The Relationship between the Economy and Survey Results

*“If the economy is bad, our results will be bad. Let’s not waste money stating the obvious.”*

This is a common misconception about surveys and the relationship to the economy. Looking at the items in a typical survey, very few items are directly impacted by the economy. Would we expect these example items to be **directly** affected by the economy: “I have pride in my company”, “I enjoy the work I do”, “My immediate manager is doing a good job”? No, provided of course, the economy has not directly impacted the organization enough to cause change.

In fact, a recent survey of Sirota’s results of 2008 data (and specifically 2008 data from the end of the year) shows that our client’s scores typically increased from the last year, a change consistent with previous years. If the economy alone impacted results, then we would not have seen a positive trend. In addition, this positive trend is unrelated to industry. For these particular clients, the economy had not yet caused any changes to their organization. Below is a sample.

Company	Size	Survey Administration	Employee Engagement	Intent to Stay
A	10,000+	Fall 2008	+2	+1
B	50,000+	Fall 2008	+1	+2
C	100,000+	Late Summer 2008	+1	N/A
D	100,000+	Late Summer 2008	+1	N/A
E	100,000+	Summer 2008	+3	N/A



Let's paint an example. A town called Laterville heard on the news that a hurricane was coming, but at present only Nowville was going to be hit. We would expect Laterville to have some trepidation and perhaps take some small precautions, but not make any major changes. Sometime later, Nowville has been hit by the hurricane but early indications still suggest that Laterville should be safe. Again, Laterville would remain cautious but not make any major changes. The townspeople, feeling fairly safe, would not expect drastic changes as they still believe they will not be hit. However, soon after, it has become apparent that Laterville will be hit by the hurricane. Now, dramatic changes will take place in Laterville. It is only once the impact of what is coming is recognized that we would expect there to be changes, and thus cause town officials to change their behavior.

This example attempts to demonstrate that the poor economy, like the hurricane, would not cause any change in behavior unless we knew that the incident was going to directly impact us. Our results from late 2008 show that fact. While the stock market had seen direct impact, many of the companies surveyed in late 2008 had not made any changes. For the most part, many of the companies were in a "wait and see mode" much like Laterville looking for indications of hurricane impact.

***"Are there any items we would expect to be directly impacted by the economy?"***

Items regarding job security may see a downturn that could be impacted by company layoffs outside your organization. Similar to Laterville taking precautions about what is to hit Nowville. Also, depending on the industry and the size of the company, issues around 'having a clear sense of direction' may also appear lower. 'Confidence in the future' may see some variation as well.







## How to Manage during Poor Economic Times

Sirota has been conducting surveys since 1972. Since then, we have seen many ups and downs in the economy and their impact to employee engagement surveys. During poor economic times, two key areas become the utmost of importance in maintaining employee engagement: Leadership and Communication.

“Communication and Leadership are the key issues in a down economy”

### Leadership

Imagine you are a soldier at war. Your task is to capture a hill that is currently occupied by the enemy. Your commanding officer says “Ok troops - I think we want to capture that hill. I don’t know though...hmm, that seems really far off. I’m not sure about this...” Such an attitude would not instill much confidence and it would substantially decrease the likelihood of success. While managing your team during tough economic times presents different challenges to capturing a hill during a war, they both require strong leadership. Does top leadership have a clear sense of direction? How are they responding to changes in the environment? It is important to recognize how difficult economic times require different strategies.



- Do the employees trust leadership?
- Do the employees feel that top leadership will make decisions keeping the employees in mind?
- Layoffs can sometimes be the only answer, but is this a last resort?

## “Too many companies jump to layoffs as a first line of defense yet, many times, layoffs can be avoided”

Too many companies jump to layoffs as a first line of defense yet, many times, layoffs can be avoided. Some companies are transparent about their current financial situation, explain this to their employees and discuss potential solutions that empower those employees. A large manufacturing company, in an attempt to keep employee hours up and avoid layoffs came to a collective solution. Their communications lead to the agreed solution of cutting their contract cleaning company. Instead, employees took turns cleaning the factory floor themselves. Other companies have had success requesting employees for voluntary furloughs. Several employees may elect to cut their hours to spend more time with family. Involving your employees in much of the decision making will have profound results.

Should cutbacks not result in the necessary savings, move to voluntary severance programs. This is consistent with empowering employees; frequently making this decision will benefit those leaving the company as well as those retained. Employees need to feel a certain amount of control. Finally, when left with no other options, conduct layoffs as quickly as possible. Avoid layoff cycles, make only one layoff round. Having multiple layoff cycles will breed paranoia and give rise to a workforce that is unsure about their future. Those selected for employee reduction should be selected on clear and fair criteria. When employees who are selected are those who were poor performers, or less vital to operations, the retained employees will consider the layoff process more just, which in turn will foster more trust in the management. Some data suggests that while layoffs will cause an immediate downturn to some items, if performed fairly and quickly, a return and uptick in favorability will occur about one year later.



## Communication

Without clear consistent communication, strong leadership can only go so far. Once managers have responded to changes in the environment and have a clear sense of direction, employees need to know about it. A lack of communication about direction conveys a lack of direction. A paucity of communication breeds distrust and reduces confidence in senior leadership. Similarly, a lack of decisive action conveys a lack of confidence as well. It is of paramount importance that such 'emergency strategies' should be divulged quickly, clearly and with transparency. A lack of communication at this delicate time will be a minefield for detrimental misconceptions and suspicions. If an answer is not forthcoming immediately, communicate the situation clearly and offer a determination that several options are being investigated and that they will be notified as new information becomes available.

**“A lack of communication about direction conveys a lack of direction.”**

Employees need to be treated as responsible adults; they can handle bad news. Most will understand what is happening and will help to find a reasonable end. They may not agree with the solution but they will respect that they have been included. Employees need to trust and respect management to retain engaged and committed employees. As an example, one of our clients has been collecting exit survey data through Sirota for a number of years. Recently, a voluntary severance program has been created (notice keeping employees in control). Because the severance program was handled well, interview data with the exiting employees was still quite positive. A large proportion of the employees stated that they would return to the company once a new position had been made available and they would still recommend this company to others. Contrary to this, many companies have handled difficult economic times poorly and paid dearly by employees' losing trust and engagement, and ultimately, finding employment elsewhere once the economy has changed.

While downward communication is important, upward communication has equal gravitas. Including employees with the resolution process will increase their understanding of the situation and aid the implementation of any necessary changes. Selecting key employees from various levels as representatives will help increase the validity of decisions and communicate a partnership within the company.



## Should I care?

*“Why should my company put the effort into increasing engagement when really, employees cannot leave with the market being as poor as it is? What other opportunities could they have?”*

While opportunities have reduced, the fact is, there will always be opportunities for high performing employees, even in a poor market. Yet even with a reduced chance of losing good employees, the behavior of the company now will determine how employees feel about the company in the future. If employees are treated poorly now, resentment will go on the back burner. High to middle performers will begin looking to leave once the market improves and opportunities are a plenty. Consider your company’s behavior now as an investment in retaining strong employees in the future.

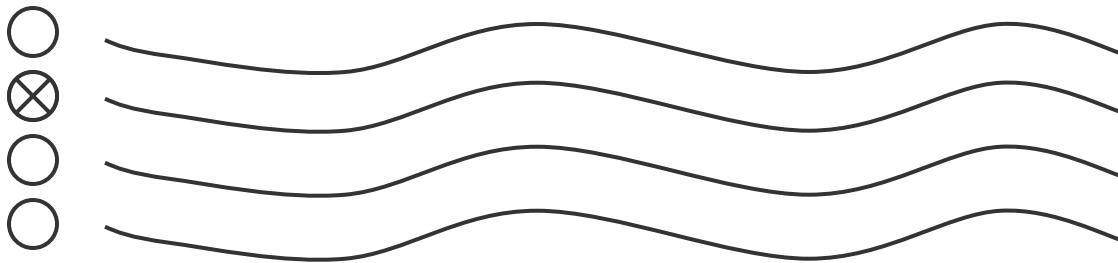
“Consider your company’s behavior now as an investment in retaining strong employees in the future.”



## Should We Survey?

### Can't afford to survey

With loss of revenues, some businesses consider cutting employee surveys as a quick method to decrease spending. Unfortunately, cutting a survey may have many negative consequences. As already discussed, fostering two-way communication is important during uncertain times. Employee surveys are the perfect tool to elicit information from employees. How else can we know what employees are thinking and potentially avert disaster? Some of our strongest clients have taken great strides to capture market share during difficult times. As companies are cutting back on marketing, advertising, customer attention, employee engagement; this presents a unique opportunity to gain valuable market share and increase employee commitment.





## Consequences of Not Surveying

### *“What are the consequences of not surveying?”*

**Engagement Evaluation** – Put simply, without a survey, we do not know how engaged the employees remain. Employee engagement is linked to product and service quality, customer service, etc. Without understanding engagement, we are unable to see the impact this is having to our business. With reduced profitability, can we stand to lose customers due to poor product/service quality?

**Efficiency** – Some units are more efficient than others. We have the ability to track this in engagement surveys. The economy has resulted in layoffs and reorganization with many organizations. What is the impact of the layoffs and restructuring? Did they have the intended effect? What new problems have appeared? For instance, many units, having lost employees may now be having difficult meeting the workload imposed due to decreased staff. Perhaps additional reshuffling could ameliorate the problem.

**Union Issue Identification** – For many organizations, survey work is a means to identify trouble-spots within an organization that could become key platforms for union potential to increase. While unions may provide a forum for employee needs, many organizations typically seek to avoid union membership due to lost revenue and decreased flexibility while also causing strong decreases in employee moral and manager/employee partnership. We have seen a strong increase in union membership in the last year as a direct result in organizational changes due to the economic environment.

**Economic Impact Identification** – This is a missed opportunity to see what is impacting employees during downturn economy. Which management behaviors have impacted employees the most? Which managers appear to offer strong leadership during this time and can be shared among other managers? One of our clients decided not to survey during the last economic downturn in 2002. Unfortunately, now they can only speculate what happened during that time. This has lead to some incorrect assumptions that have cost time and money. They are also less able to predict and manage employee reactions for when the economy turns; without knowing the baseline, we cannot see the changes.



## More Consequences of Not Surveying

**Track Manager Progress** – How did your managers perform this year? How successful was their action planning? It is very frustrating for managers hoping to make positive changes not to see the fruits of their labor. Perhaps the changes they made have produced the opposite result and are in fact making the situation worse. How can the manager get meaningful feedback?

**Inability to See Trends** – By losing this year's data, you will be losing what happened in that year. When more than two years have elapsed since the last survey, this typically renders trended information invalid (i.e. stale). Changes to organization structure, management, business, etc., frequently render trend information useless or irrelevant. To know how we are doing now, it is important to have a reference point.

**Innovation** – There is substantially more perceived “risk” on the line during a difficult economy than during stable times. How bad has our ability to drive creative change been impacted? Innovation drives business. What are your competitors doing?

**Decreased Survey Importance** – Irregularity in survey frequency communicates a decrease in value and importance to the survey process by senior management. This will devalue future surveys. Furthermore, future surveys will see managers less likely to take action; they may regard surveys as “optional” in the eyes of top management.

**Preparation for upswing** – We know that the economy will eventually turn around, it always does. How will you be prepared once the economy turns around? By not having the data to know the high performing units, how will we best utilize our staff?



## Cheaper Alternatives?

*“Ideally, I’d like to do a complete survey, however, are there other cheaper alternatives?”*

**Sample surveying** – Rather than surveying all employees (a census survey), why not survey a random sample? A sample can provide a statistically valid representation of a much larger group. “Surveying 1000 employees has to be cheaper than surveying 10,000 employees.” While theoretically this is true, with the advent of web based surveying, a strict cost per individual is typically not used, such that surveying 10,000 employees does not cost anywhere near 10 times the cost of 1000 employees. Sample surveys will also eliminate the ability to produce manager level reports. Sample surveys will cut costs if:

- Your survey involves a large proportion of paper surveys. Paper surveys are much more impacted by cost per survey when you consider the cost to print, send, return and enter.
- You have a large company that only really needs top of the house analysis. If your company also wants a sampling for individual departments as well as top of the house, then a statistically valid sample of each group would need to be taken as well. With increasing groups needing results, using a sample becomes less cost efficient.

**Reduce paper surveys** – Your survey involves a large proportion of paper surveys. Paper surveys are much more impacted by cost per survey when you consider the cost to print, send, return and enter. In addition, paper surveys take more time to administer increasing administration time.

**Report Elimination** – Rather than having reports for each manager, only produce reports for certain managers. Reports are typically priced by the number produced, therefore reducing the number of reports would reduce cost. Some of our clients do not want to miss the opportunity to gather data, even if they cannot afford to review the manager report data. Some clients will produce company wide and department results and hold on to the individual manager data. When money becomes available they will run reports at a later time. By collecting the data and only using limited reporting, you enable the company to produce reports at a later time, even if that later time is simply the addition of trend information the following year.



## More Alternatives?

**Cut Written Comments** – While written comments are a very valuable means of gathering specific information, they typically account for heavy costs on survey administration through translation, coding and cleaning. By removing these comments, typically customers can save money.

**Use a Standard Survey** – Rather than using a custom survey, why not take a more generic approach. Many survey companies have “survey in a box” that contain a standard set of questions that tap at most of the items that have been on your regular survey. At Sirota, we have a product called the Maestro Engagement Survey which is a cost efficient standard solution. This product is a standard survey for smaller companies that may not have the budget to perform a fully customized employee engagement survey. This affords the opportunity to collect data during this critical period, and produce results while still keeping costs down.

**Focus groups** – Rather than a survey, gather data through other means. Some companies have used focus groups to get a feel for employee engagement. This involves gathering a select group of employees from specific areas or departments as a quick means to compile a ‘snapshot’ of information about the company. While these focus groups do not give a comprehensive view of the company, it is a way to get an idea of general trends. One limitation in this approach is that focus groups could eventually become more expensive if your company is spread out through multiple locations. Also, there is a tendency for focus groups to concentrate on fewer issues, sometimes spending too much time on one issue and missing or avoiding some important topics. That said, with the guidance of a trained professional, focus groups give employees an opportunity to be heard and increase the flow of vital communication up the ranks.

**Other Solutions** – While the list above offers many possible solutions, the list is by no means exhaustive of the many options for collecting data or taking actions within a tight budget.



## Summary

While the poor economy is weighing heavy on the minds of most, data collection during this time will be important in determining trouble spots that will most likely show very different results than other survey periods. The economy will only impact data in terms of how top management and managers react to it. It is strength in leadership, and clarity of communication that will smooth the transition to recovery.

Maintaining strong engagement within the company, and keeping it a top priority, will retain top performers and increase profitability. This in turn will place your company in a stronger position once the recovery is underway. While damage done now to employee trust may not evidence immediately, it will become obvious when the economy improves.

### **For more information, contact:**

Bruce Segall, Director of Marketing

[bsegall@sirota.com](mailto:bsegall@sirota.com)

(914) 922-2515

[www.sirota.com](http://www.sirota.com)