About this Document

This white paper was written by David Kirk, APR, Fellow PRSA in 1996 for the executive committee of a large regional banking company, during the reengineering of one of the bank's major subsidiaries. It was written to assist the executive committee with planning for employee communication issues that were likely to arise following the completion of the reengineering. It contains a number of excellent summaries of research and best practices in the area of employee communication. Although the Bank has since been acquired, its name and other identifiers have been masked.

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About the Author

David Kirk, APR, Fellow PRSA has been a consultant to The Bank's Corporate Communications Division since 1984 and has played significant roles in most major corporate events during that period. His work has included authoring the company's original (1984) acquisition communication plan, facilitating corporate earnings communication, research among equity analysts and news media, executive speech-writing and presentations, conducting executive media training for more than 60 of The Bank executives, conducting and interpreting employee focus groups, technology assessments and planning, preparing executive presentations for the board of directors, conducting internal and external benchmark studies and primary research and literally hundreds of other assignments.

His best practices benchmark study on the use of technology in the Corporate Communication function, conducted for The Bank in 1993, has been reprinted and excerpted internationally and now is being translated into Russian. He participated significantly in the development of the original Parent Company Reengineering communication plan.

He is a nationally recognized author, speaker and consultant in the technical specialties of employee communication, issues management, communication research and the use of technology in corporate communications. He has participated in the communication planning and management of corporate re-engineering projects and cultural change initiatives for several Fortune 500 companies. He chairs the National Accreditation Board of the Public Relations Society of America, the body that develops and manages the testing and certification process for Public Relations practitioners.

The Public Relations firm he founded in 1983, Goebel Kirk, Inc. was the largest independent Public Relations firm in the region; it was acquired in 1990 by Ketchum Public Relations, where he served as senior vice president in the Philadelphia office of this international firm. Prior to returning to independent practice in 1993, he also served as senior vice president of HRN, Inc. in Philadelphia, a Public Affairs research and consulting firm.

Introduction

Following any major corporate change that involves a workforce reduction, changed corporate structures, process and cultural shifts, *effective communication* with remaining employees is seen -- in study after study -- as *the single most important factor required to achieve the full benefits of the changes.* From the reverse perspective, failure to plan and manage effective communication is the most important factor in companies' failure to achieve the intended benefits of a major corporate change.

This document is intended to provide a structural road map to the The Subsidiary executives who are responsible for planning employee communication programs and activities *following* the The Subsidiary's *The Reengineering Program* project.

Background

Although no formal employee opinion research has yet been conducted at The Subsidiary, it is safe to assume that The Subsidiary employees will respond typically of employees whose companies have gone through a major downsizing.

In a variety of recent primary studies researchers have "put numbers" on the kinds of employee reactions that are likely to be evident at The Subsidiary following *The Reengineering Program*:

In a 1992 Right Associates study of 678 human resource executives and managers:

- 80 percent of the respondents said layoff survivors could not perform work without stress and that workers draw together and mistrust the corporation as a result.

In a 1992 General Dynamics Corporation study, *The Impact of Downsizing on Employees*:

- 87 percent of the survivors reported that morale had either decreased or decreased significantly; this response was significantly more negative than that of either the laid-off or on-notice employees;

- 40 percent of the survivors were actively looking for jobs outside the company and 68 percent said they were more likely to leave the company for an outside job than they were prior to the layoff period;

- 29 percent of the survivors indicated that their job performance had either decreased or decreased significantly; only 19% reported that their job performance had either increased or increased significantly;

- Only 50% of the survivors indicated that communication about the layoff procedures had been effective.

In a 1993 Wyatt and Company study:

- 56 percent reported a deterioration of employee morale.

The Role of Trust in Managing the Post-*The Reengineering Program* Environment

The Bank's 1993 employee opinion study -- combined with data from other sources -- provides a compelling rationale for the critical role that *effective* employee communication must play at The Subsidiary post-*The Reengineering Program*. The charts to the right [deleted] show data from The Bank 1993 employee survey to help illustrate these facts:

Factors Affecting Organizational Commitment

Factors Affecting Job Satisfaction
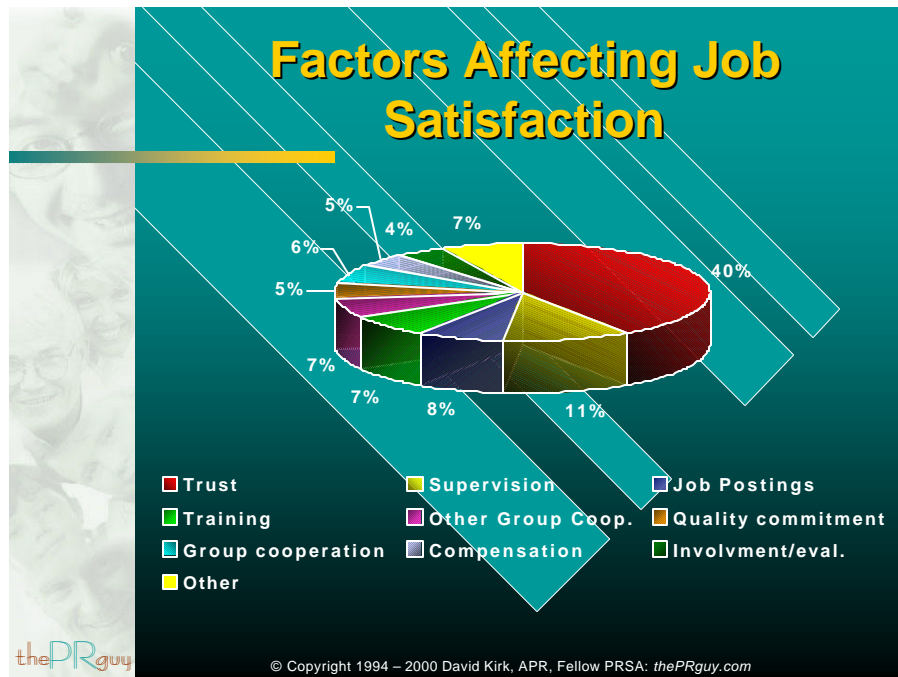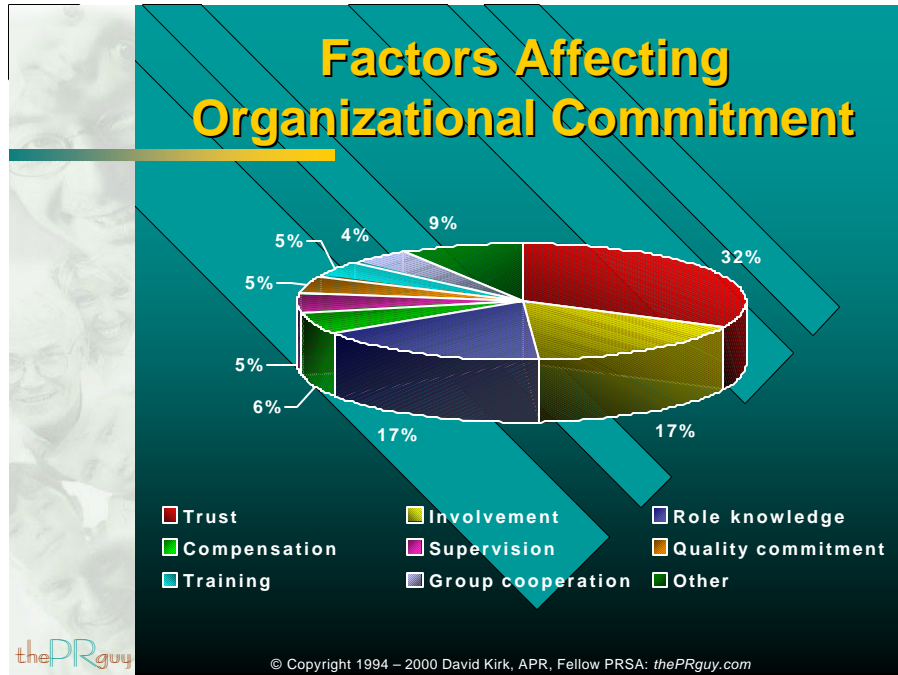
- Trust in management is the single largest component of both employee job satisfaction at The Bank and commitment to the organization (1993 The Bank employee survey);

- Open communication is the most significant factor required to develop employee trust (1990 study, *Trust in Employee/Employer Relationships*);

- Further, virtually all of the elements associated with organizational commitment and job satisfaction are factors that have *very* significant communication components (1993 The Bank employee survey).

The charts to the below demonstrate that 91% of the factors affecting employee commitment to The Bank can be influenced significantly by effective communication; 99.5% of the factors associated with overall satisfaction have links to effective communication. We assume that The Subsidiary employees will be similar to other The Bank employees, at least with respect to the role effective communication plays in factors that influence organizational commitment and job satisfaction.

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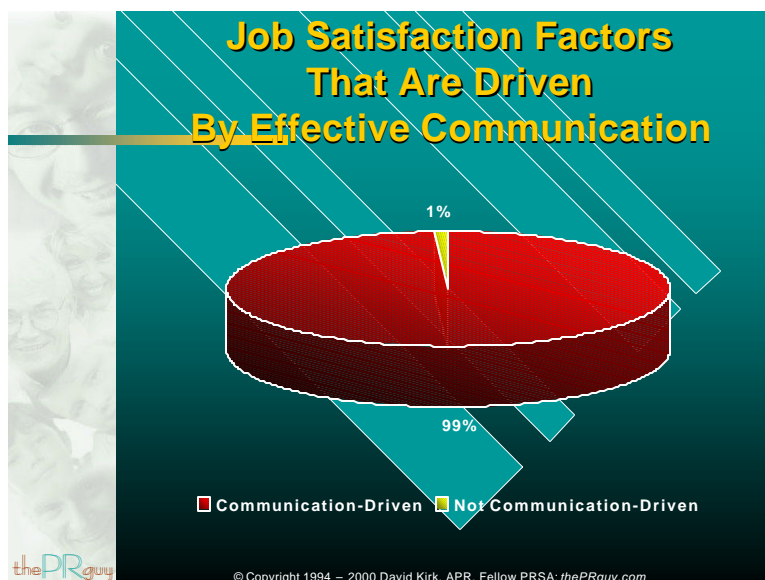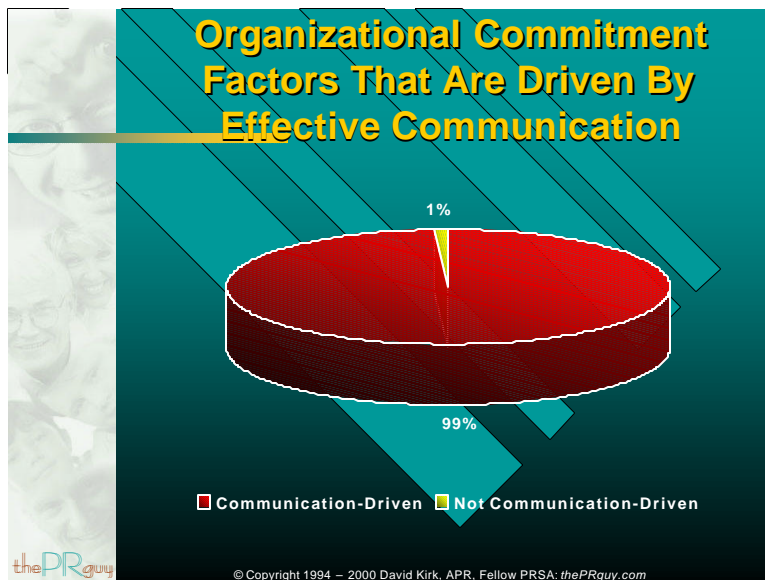
About Trusting Management

A 1990 study, *Trust in Employee/Employer Relationships,* published in <u>Public Personnel Management</u>, demonstrated the bottom line imperative for building trust between employees and employers and the role effective employee communication plays in the process. *Of key importance is the circular relationship between trust and communication: open communication builds trust and, when trust is present, improved communication results.*

The tables below show the advantages and components of trust, the factors that create it in an organization and the benefits to the organization of creating trust between management and employees. (Data in these tables are drawn from the study cited above.)

Advantages of Trust	
Advantage	Agreement
Improved communication	99.2%
Greater predictability, dependability and confidence	98.5%
Openness, willingness to listen and accept criticism non-defensively	97.1%
Leads to repeat business	94.8%
A reduction in friction among employees	93.4%
A more effective and productive employee/employer relationship	78.9%
Improved interpersonal relationships and openness	75.6%
An increased organizational effectiveness and productivity	24.1%

Components of Trust	
Component	Agreement
A belief in the integrity, character and ability of others	93.5%
A feeling of confidence and support shown to me by my employees/employer	91.1%
A commitment to perform as agreed	89.8%
A commitment to openness, including disclosure of relevant information, feelings and opinions	81.7%

Factors that Create Trust	
Factor	Agreement
Open communication	96.4%
Giving workers a greater share in decision-making	90.4%
Sharing critical information	87.4%
Not taking advantage of one's shortcomings or weakness	85.5%
The true sharing of perceptions and feelings	85.5%

Benefits of Trust	
Statement	Agreement
Trust leads to more trust, increased productivity and growth	96.3%
Trust brings credibility to an organization and increases repeat business and customer loyalty	96.0%
Trust leads to effective decision-making because ideas, information and feelings are shared	91.8%
Good employer/employee trust relations are vital for organizational growth and productivity	89.6%
Trust enhances organizational innovation, loyalty and peace	89.6%

Best Practices in Employee Communication

Employee communication is a specific *management* discipline -- not the sum of its tools -- with its own rich history of research, generally accepted practices and tools. With access to this robust body of knowledge, there is no need for The Subsidiary to "invent the wheel" of employee communication through trial and error.

For example, a major 1993 best practices benchmark study, *Managing to Communicate, Communicating to Manage: How Leading Companies Communicate with Employees,* showed eight consistent hallmarks of communication excellence among best-practices companies:

- The chief executive is the communication champion and model;
- Words match actions;
- There is a commitment to two-way communication;
- There is an emphasis on face-to-face communication;
- Employee communication responsibilities are shared;
- Communication about bad news is culturally valued and institutionally supported;
- Communication with customers, clients and others are organized by audience, not communication techniques or disciplines;
- Communication is viewed as a vital management function, not a set of techniques.

Further, there is an enormous body of data that consistently demonstrate the *channels* of information employees find most credible and seek most often for information and the *types of information* they need to understand their roles in the organization and to perform effectively.

What We Know About Employee Communication Effectiveness

Employee communication studies and best practice studies during the past dozen years consistently have demonstrated which *channels* of employee communication are most effective and which *types of information* contribute to employees' understanding of their roles in the company, job satisfaction and job performance. In studies conducted by the author of this document, testing tens of thousands of employees at DuPont Merck, Glaxo, Inc., Eaton Corporation, American Airlines and Bell South among others, these facts have been true consistently about employee communication:

- Direct supervisors are *the* most effective and credible means of communicating with employees. Yet few companies commit the training resources required to develop supervisory and management communication skills or tie communication effectiveness to job evaluation or compensation;
- Face-to-face communication methods, either one-to-one or in groups are *always* more effective than other channels. Yet most companies rely on written, printed methods for communicating with employees;
- When management credibility is high, there is a positive halo impact on employee perceptions of *other* means of communicating within the company. Yet most companies pay only lip service to the importance of the role of the senior executive officers as vital employee communication channels;
- Employees' priorities for the information they need to do their jobs, understand their roles in the company and feel good about working for the company are typically prioritized almost exactly *opposite* of the audited content of most employee publications;
- Written communication vehicles are more effective among *lower* grade employees than they are among more senior employees, who, even more so than a general employee population, prefer personal communication methods. Yet, most employee publications are written at a grade level that exceeds the education of lower level employees.
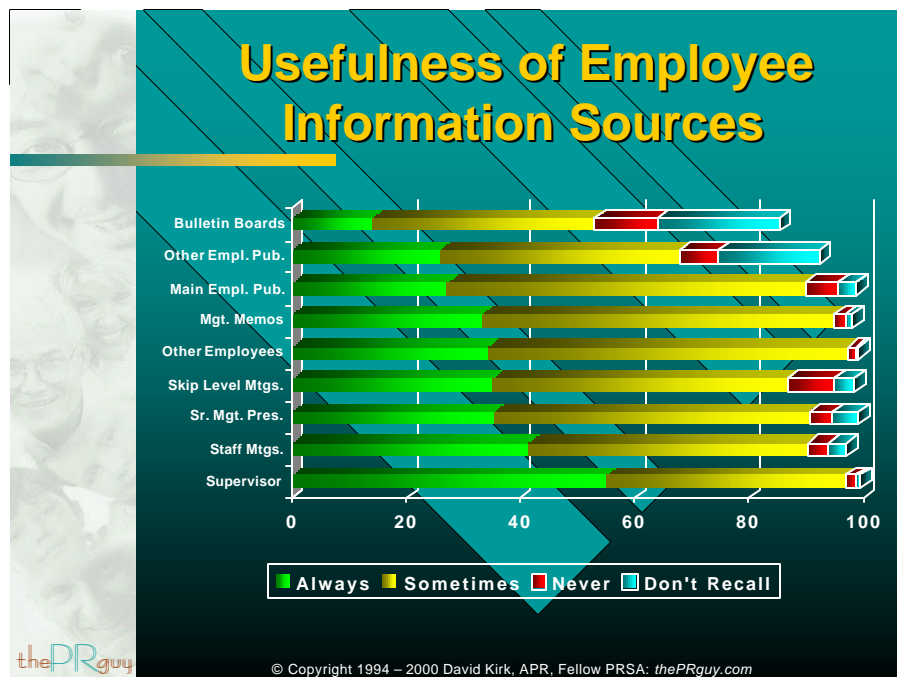
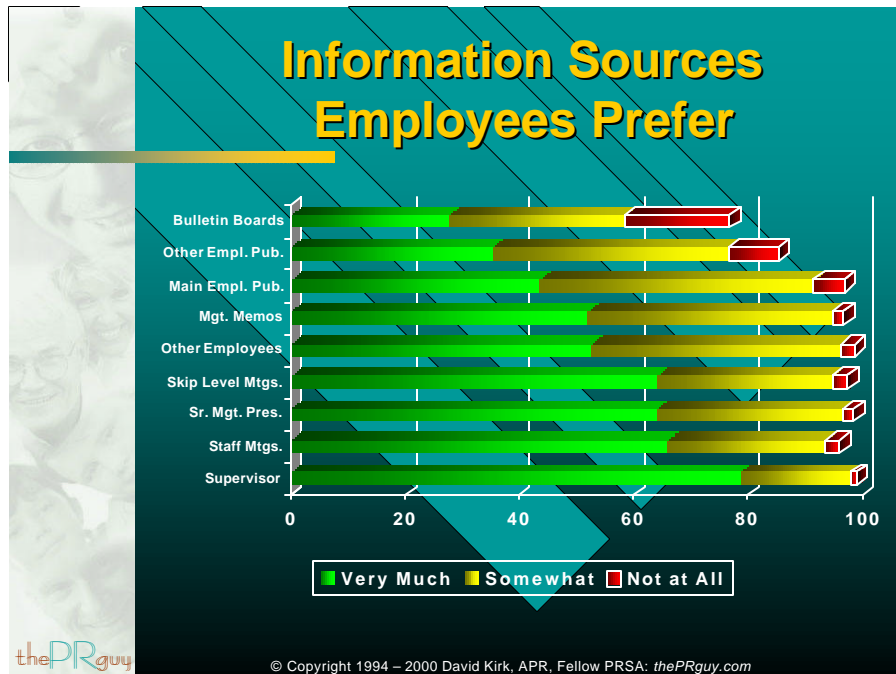**Usefulness of and preference for various communication channels**

Most employee communication programs follows what technically is known as a one-way asymmetric model. Simply, the greatest emphasis is on preparing messages that management believes employees need to have, and delivering them through channels that management *assumes* to be effective.

The lack of company-specific information frequently is the single greatest impediment to effectively planning communication with employees. This should not be the case at The Subsidiary, which now is planning to field a major employee opinion study.

The ideal two-way symmetric model of communication includes genuine and frequent two-way communication among management and employees, through a variety of in-person and other means.

The charts below using actual data drawn from a 1993 employee survey conducted by the author for a Fortune 500 company, demonstrate which channels of communication with employees work best and are preferred by employees. Further, they illustrate how useful it is for planning purposes to have such specific information!

Information Sources Employees Prefer

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Communicating After The Reengineering Program

There will be no monolithic post-*The Reengineering Program* communication environment. In fact, there are three distinct yet overlapping phases following a major downsizing activity, as detailed in the *Life After The Parent Company Reengineering Project . . .* document included as an appendix here. Each requires a different emphasis in terms of the corporate programs required and communication:

- During the *reconciliation to change* phase, emphasis must be placed on teaching managers to manage by being more hands-on, empathetic and listening;

- During the *re-orientation phase,* the mission statement must be revised/clarified and the emphasis of activities and communication must shift to long- and short-term goal-setting;

- The *recommitment phase* then can focus on the future and how employees can be challenged to perform and grow in a new environment.

It is critical for management to establish a means for monitoring the shift between phases for the greatest percentage of employees, since these shifts will signal appropriate times to introduce new programs and communications about them.

A Short-Term Roadmap for Planning Employee Communication at The Subsidiary

On the assumption that The Subsidiary's employee population is at least somewhat typical of other employee groups following a major corporate downsizing and undergoing a cultural shift, these steps are indicated for planning and implementing employee communication programs following *The Reengineering Program*:

- Assure that the upcoming employee opinion research provides operational information to help guide employee communication tactics to be employed and message content;

- Depend upon "generally accepted principles" of effective employee communication to guide immediate programs of communication with employees and to develop programmatic tools that are required for the long-term. This approach would suggest:

- Continue a high level of senior management's direct contact with rank and file employees through personal meetings, small group meetings, large group presentations, video presentations and other tools that provide widespread access by employees to members of senior management;

- Institutionalize training and support tools for supervisors and managers in effective communication skills, including listening, meeting management, conflict resolution, team-building and goal-setting;

- Delay creation of the new "permanent" employee publication until the employee research has been conducted.

- Maintain current conduits for handling employee questions and concerns to capture and analyze data so that trends can be spotted and managed in a reliable way.