

Research Question:

How do you effectively engage employees during times of change and uncertainty?

Introduction

HR professionals today must be effective change agents in order to drive engagement in the workplace. Our research revealed two key components that lead to success in these areas, 1) **leadership & communication** and 2) **effective change management**. Within each topic, the importance of the issue will be discussed, while simultaneously addressing how companies can start to develop these capabilities. Finally, we will discuss organizational **case studies** of success.

Leadership & Communication

Amidst rapid organizational changes, focused leadership and clear communication channels are key factors driving success. It was found in a survey that across multiple industries that leadership was the primary driver of engagement during times of change (Appendix A). A 2014 survey conducted by Watson Wyatt of 1,000 companies revealed that less than 33 percent met their profit goals following a merger ⁽¹⁾. Similarly, KPMG found that 83 percent of organizational mergers and acquisitions failed to increase shareholder value ⁽²⁾. With studies such as these citing poor communication as a key pitfall, companies today must engage their leaders in order to provide clear communication channels for their employees.

To effectively start change efforts, top management should form a communication plan that reinforces the vision of the change with its long-term benefits. Here, it is important to keep employees informed of the process; a timeline should be established to provide updates on the change as it happens. Because change is often unpredictable, managers should also **maintain a sense of transparency**. They should inform workers of what they know, while maintaining that certain aspects of the change are still confidential and to be resolved. Finally, it is important to track the change as it occurs. Here, “real-time” programs can be used to consistently measure and evaluate organizational engagement ⁽³⁾. Toyota, for example, utilized their daily NikiNiko™ calendar to allow managers to assess employee happiness⁽⁴⁾. Employees should also be encouraged to utilize such systems. Their feedback can be used to help managers assess the change effort and address any negative sentiment that may affect their teams.

Change Management

There is an increasing need today for HR professionals to be successful change agents. During times of uncertainty, change management is instilled and carried through by the senior and middle management of a company. This can be the responsibility of HR or, if the change is considered to be innovative, a **separate team can be established** to handle the change management process and act as clarifiers and deal with any problems that other employees may have along the way.

Effective implementation requires that management is consistently engaged in the process; HR leaders must have the ability to communicate project progress and setbacks as needed. HR professionals must also have the ability to instill change at both the institutional (changing organizational climate) and personal (enabling personal change) levels for employees ⁽⁵⁾.

In order to achieve this, it is important to realize the process by which effective change management happens. First, HR professionals must **initiate the change process**, which identifies to employees why a particular change is important. Second, HR leaders must **sustain the change** by embedding this mentality within the organizational structure. Examples of this include building a **culture of clear communication and open feedback** ⁽⁵⁾. Finally, in order to foster engagement, HR must identify **key drivers of employee motivation**. A 2013 CAHRS survey found that employees identify with their organization at four unique levels (company, job, supervisor/leader, and coworkers/colleagues) ⁽⁶⁾. For companies pursuing an innovation strategy, employee engagement with their jobs and coworkers better predicted firm performance as compared with the others. Thus, it is important for companies to identify which engagement components should be focused on based on their business strategy and job roles.

Case-studies

To illustrate the aforementioned practices case studies will be discussed. One case study described a pharmaceutical manufacturing company that was undergoing change in the form of ‘offshore outsourcing’ ⁽⁷⁾. The company chose this change as a **result of increasing legal pressures from the FDA for larger clinical trials and economic pressures to**

reduce costs and improve efficiency. The executives in the company also recognized the expanding the company's use of technology could provide a **substantial competitive advantage** if carried out correctly. The company adopted a strategy that used teams of people to link aspects of business such as 'portfolios', 'technologies' and 'skills' together. In doing so they hoped to improve overall business performance by 'capturing and sharing knowledge through global networks'. This was the goal conveyed to the new and existing staff. It created an opportunity for the teams to merge and work together to achieve an understandable goal by mixing their skill sets (Appendix A) ⁽⁷⁾.

This case study is from an academic thesis and the identity of the company is not released in the study. However, this is useful in that it **provides insight into the common issues** that occur in the change management process. Some of these issues are listed below:

-Lack of Vision and Data Analysis: Some of the employees felt as though they were not integrated enough into the decision making process behind the change. The top-down effect translated poorly which led to some confusion and resistance from employees. Some employees also felt that the change occurred too quickly and without proper consideration for the long-term effects on the company or the employees.

-Change Management Team: The introduction of a change management team was met with confusion over their roles and the impact that they would have on the company.

-Resistance: As mentioned briefly above, the change initiative was met with some resistance mostly due to the fact that the communication surrounding the change and the link to the company's strategy was perceived by the employees as poorly handled.

-Organisational Learning: This aspect of the process was the most subjective and difficult to measure. This was primarily because there was no explicit endpoint for the criteria. There was a need to let employees know that by learning as the process went along was an example of successful change management.

-Compensation: There was also an issue in that there were no incentives for employees to adopt new behaviors or even recognize the change as legitimate.

-Sustaining the Change: Again, the company faced issues with the measurement of this part of the change management process, as it was difficult to identify the point which a change initiative was completed. To then try and establish if the initiative was successful or not proved even more difficult. The company resolved to classify the initiative as a success if:

<p>'the new staff were working simultaneously and smoothly with the original staff, the original staff had learnt the leadership skills required of them to take on new roles, and cost-effective benefits would gradually appear on the balance sheets' ⁽⁷⁾.</p>

All of the above issues can be remedied through improved communication and efficient change management. It is recommended that employee engagement surveys are carried out regularly and communication methods such as regular newsletters, email updates and vocal reinforcement from all levels of management are improved so as to convey the message more clearly.

DirecTV, a large cable subscription company, sought to use engagement to reduce turnover and improve customer satisfaction. The process was carried out by constructing specific action plans for each site and explaining thoroughly the results and 'the meanings of key responses', creating performance goals that local managers had input in and cascading these down the organization. One of the biggest issues was to try and coordinate the action plans so that the managers could perform in more than one at a time and thus greatly improve their chances of success. The following year's survey found that by improving the communication channels and involving employees in the process, the average employee's engagement went up by '13 points' (when compared to the previous year). The company also saw marked improvements in their turnover rates and customer satisfaction ⁽⁸⁾.

Conclusion

It has been shown that time is often the key factor in determining the success of a change initiative and that with time comes higher levels of engagement (Appendix C). However as the graph suggests, the dramatic drop in engagement can be shortened and recovered more quickly if the initiative allows for employee understanding, ownership and trust ⁽⁹⁾. Proper leadership and communication processes can be implemented to achieve this. Strangely, these practices also seem to be the most over-looked. As can be seen from the DirecTV case study, there are ways to implement these practices and improve engagement in times of change.

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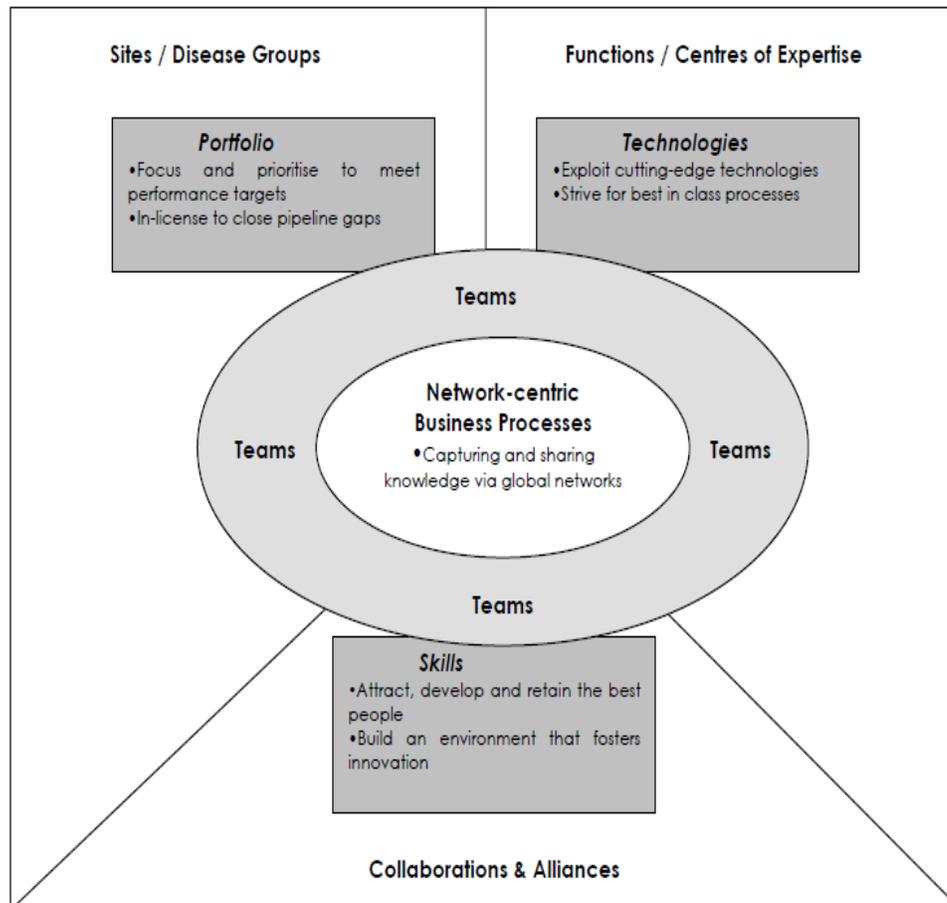
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What drives engagement during times of transition?

	Leadership	Learning & Dev	Comp & Benefits	Respect	Job Security	Empowerment	Image & Rep	Strategy & Direction	Org Change	Customer Focus
Financial Services	2	3			4				1	
Financial Services	1		3							2
Computer Software & Services	2	1			3					
Telecommunications	1	2							3	
Education	1	2	3							
Energy & Utilities	1		2					3		
Electronics Manufacturing	2	1						3		
Electronics Manufacturing	3	1			2					
Electronics Manufacturing	2			3	1					
Automotive Manufacturing	1			3		2				

towerswatson.com ● Key Drivers of Engagement

Appendix B – R&D Strategy



The classic change curve

The Individual Change Path

