

# Leaders Must Narrow the Employee Engagement Gap



Charles Watson  
Group CEO, FTI

Companies are falling short in informing employees about how they are overcoming the challenges thrown up by the global downturn. New research commissioned by FTI demonstrates that strong direction, a clear plan of action and straight talking will keep work forces on your side.

Leadership and clear communication are critical pre-conditions for success in a competitive corporate marketplace. But during turbulent economic downturns, when the future of many companies is uncertain, employees have an especially acute desire for honest, straight talk and clear direction from their leaders.

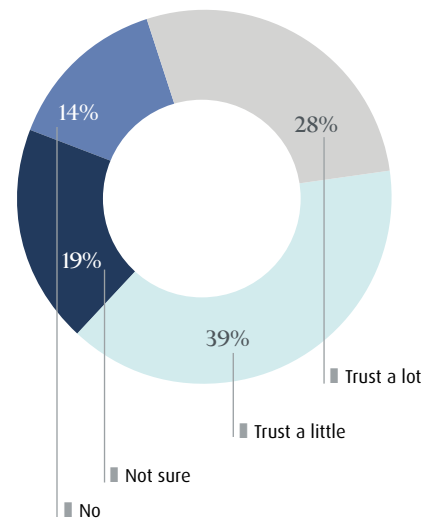
The global financial crisis has heightened employee anxiety about job security. This underscores the need for effective engagement with employees, as this will help to build trust and morale. For example, customer service, business performance and the ability to attract and retain talent are all affected by

employee morale. During volatile economic times, organizations without trusted and credible employee communications are likely to see their reputations erode and underperform relative to those companies with more effective programs for engaging and aligning employees.

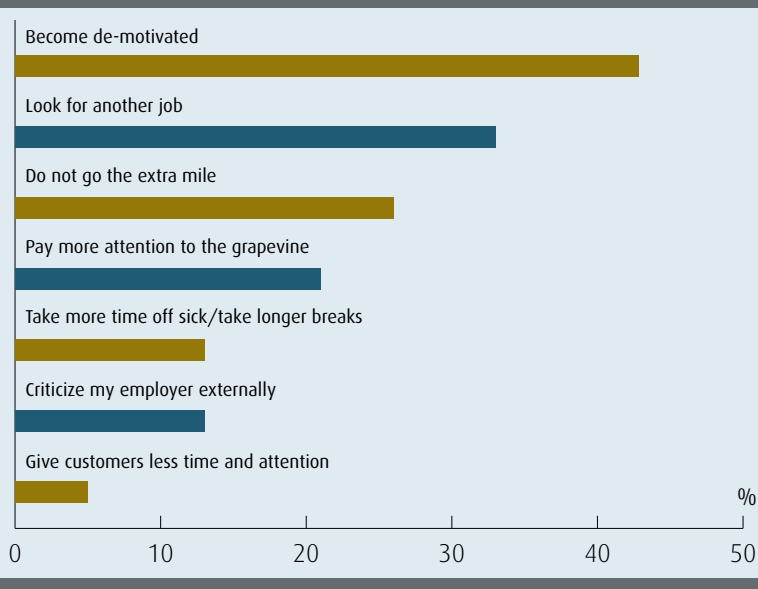
In a new report, *A Question of Leadership: How Can Business Leaders Best Engage with their Employees in the Downturn?*, FTI, the strategic communications segment of FTI Consulting, critically examines the engagement gap leaders face in today's business environment. FTI commissioned the respected polling organization YouGov to conduct the United Kingdom survey in the spring of 2009. More than 500 respondents

Fewer than 30% of respondents put a lot of trust in messages from the CEO.

1. Do you trust messages from your CEO?

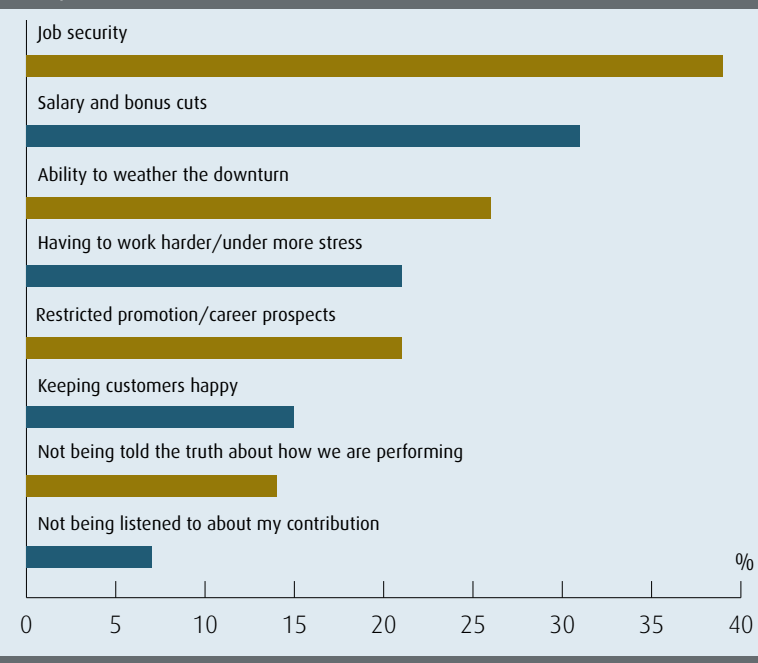


2. Reaction if employer fails to answer concerns about recession



Many don't trust what they are being told about how their employer is coping.

3. Top worries at work



were polled, representing a broad cross-section of white-collar workers in the UK private sector.

The report's authors concluded that business leaders should be intensifying efforts to realign how they communicate with their employees about overcoming challenges associated with the downturn. In one of the survey's more important insights, many respondents felt that strong leadership and a clear sense of direction and trust were lacking in their organizations. This suggests significant and potentially negative responses when it comes to employee morale and business performance.

Most of those surveyed think their leaders are not being open enough about how their respective employer is performing. And many don't trust what they are being told about how their employer is coping with the economic downturn. As indicated in Chart 1, fewer than 30% of the respondents put a lot of trust in the messages they receive from the CEO. Moreover, fewer than 45% of employees think their CEO or Managing Director has shown strong, decisive leadership.

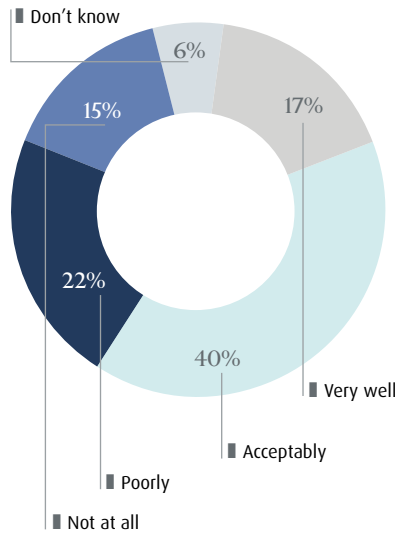
The report makes it clear that business leaders who fail to address employees' concerns do so at their peril: poor employee engagement could damage performance and customer service, and create problems in retaining talent when the economy – and the job market – improves.

The findings illustrate the real danger of erosion of goodwill in the workplace when employers fail to address employee concerns about the recession (see Chart 2). While goodwill can be lost quickly, winning it back generally takes much longer and can incur a significant outlay of resources.

Chart 3 shows that the overwhelming concerns of white-collar workers are for their immediate personal futures – job security, financial and career prospects, and having to work harder under more stress. Fears about personal financial and career development can create negative morale, and motivation problems that may ultimately have a serious and negative impact on company performance.

FD's report acknowledges that it is difficult for employers to offer

4. How well has your employer communicated about your role in tackling the recession?

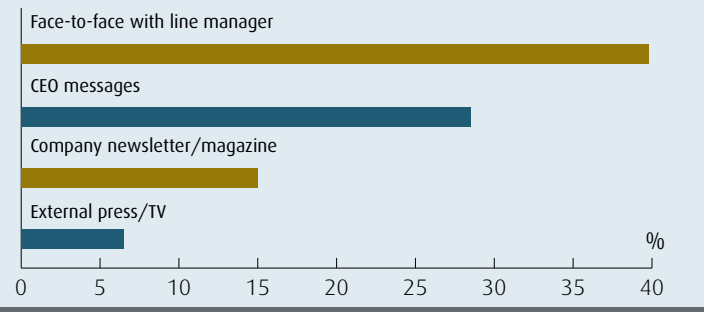


guarantees on jobs in the current market. However, employees still need to be reassured of their continued value, and understand the need to realign their expectations, given new economic realities. Leaders who wish to build trust and credibility with their employees must balance the need for candid discussions about the economic challenges that their organizations face with the importance of communicating clearly the value and role of employees in responding to these challenges.

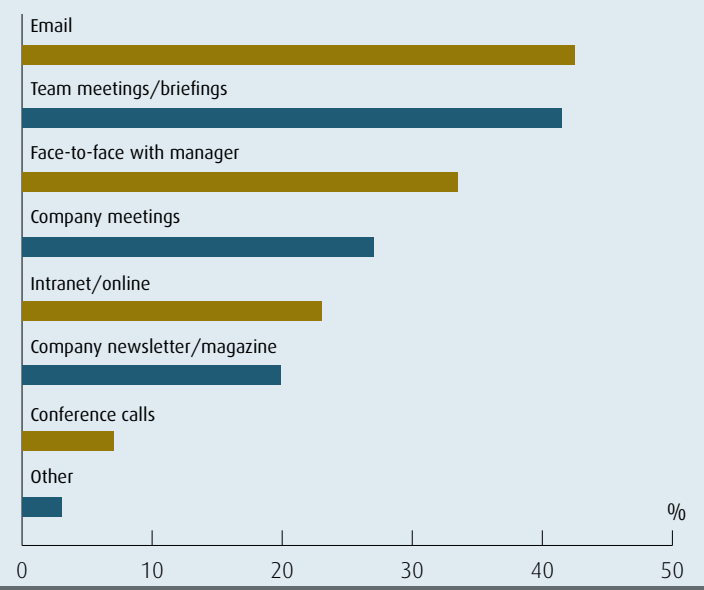
As shown in Chart 4, only a minority of respondents felt that their role in helping their organizations weather the recession was well explained or that they had the opportunity to voice their concerns.

Face-to-face contact with managers and team meetings are the most trusted forums for talking about their organization (see Chart 5). Time invested in direct communications with employees will enhance loyalty and motivation, and thus ultimately protect the value of the business. FD's findings suggest that 'official' channels of communication often lack credibility, with the grapevine and rumor mill trusted in many cases

5. How much do you trust different sources of information?



6. Most common forms of communication on tackling recession



over the company newsletter or intranet. Company leaders should also pay close attention to how employees respond to internal communications.

Some 13% of respondents said their employer had never communicated to them about the challenges of tackling the recession. Email was the most common form of communication for those who did receive some information from their employer, closely followed by team meetings and face-to-face contact with a line manager (see Chart 6).

In turbulent economic times, when there is great uncertainty about the future viability of

business organizations, employees are naturally anxious and value frank dialog with bosses. With a high degree of cynicism for official company communications, direct face-to-face engagement is most effective at establishing trust. It's clear that business leaders need to provide candid explanations of the challenges facing their respective companies, demonstrate that there is a plan to meet these challenges, and show what role employees can play. This will build employee trust and morale, which will help to retain talent and motivate employees to strive for the high performance needed to survive today and thrive tomorrow. ■