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## **NEW CHALLENGES FOR PUBLIC RELATIONS IN COMMUNICATING WITH EMPLOYEES**

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Corporate changes in the last few years, including takeovers and mergers, downsizing, cost cutting and developments in technology have created tremendous pressures on management to keep the lines of communications open and their teams motivated and informed. The role of the Public Relations Practitioner is to articulate the organisational communication policy and also design and implement organisation change programmes. The overall communication policy has changed from being event oriented to being goal oriented. The challenge is to be able to help employees understand, contribute to, and identify with organisational objectives and problems. Organisations need to level with employees about negative, sensitive or controversial issues, and communicate important events and decisions as quickly as possible to all employees.

One big challenge in all organisations is the need to adjust to the changing values of employees. In the earlier days, employees could be counted upon to spend a lifetime with an organisation. It is no longer true. Horizons of employees have gone beyond one company. Today individuals will have four to six careers in their lifetime. Therefore long term benefits such as pension funds and gratuity hold no charm for employees. It is an era of instant gratification. Employees want benefits here and now. Thus companies are being forced to design innovative reward systems. The Employee Share Option Plan is the one such reward system designed to achieve the objectives of motivating, retaining and rewarding employees. Simply, ESOP is about giving employees a bigger stake in corporate performance. By giving out shares of the company to employees, it instills a sense of ownership, where the team gets a slice of return from capital.

One of the weaknesses oft quoted in ESOPs is the lack of communication. An ownership plan is a culture change and the employees need to be acclimatised to new responsibilities, new expectations and increased involvement. And as shareholder consent is mandatory they too need to be educated.

Companies are forever developing new communication packages to create a sense of belonging and commitment in order to manage the increasingly alarming issue of attrition.

### **Case Study: The Challenge of Managing Attrition**

It may sound just a bit silly. Sing together and stay together? At Satyam Computers, the management takes its anthem very seriously it's the cornerstone of a carefully thought out management initiative to ward off poachers and keep those restive

professionals attached to the company. In an industry where human resources are as flighty as birds, Satyam Computers is depending on creating emotional bonds between employees and the company as a critical retention tactic.

While some IT firms have been offering stock options, and others human resource accounting and lucrative perks to retain software professionals, Satyam is seeking to instill a sense of belonging among its 4,000 associates.

As part of the internal communications programme, a new slogan, 'Power of One: One World, One Team, One Goal' has been coined to symbolise the bond. A special logo was designed to effectively communicate the message. The docket being circulated among associates consists of slickly produced souvenirs, stickers and memorabilia along with the chairman's message. An audiocassette in the docket carries the Satyam anthem, based on the Power of One concept. At a time when attrition rate in the industry is around 20 percent, Satyam has managed to limit attrition to below 10 per cent. If songs and slogans work in politics and education, why shouldn't they work in corporations?

An increasingly competitive global market place, combined with one of the most unpredictable economic periods, have served as a wake-up call for much of Corporate India. Corporations are making revolutionary changes that are redefining the work place, empowering employees, re-emphasising focus on product quality and customer service, and intensifying efforts to improve productivity. Now, faced with a new set of market stimulated challenges, they must adjust their approach to business, redefine the corporate culture and become even more competitive and cost conscious. To be effective, employees need information.

Communication is hindered by a number of factors, some related to size and structure of the organisation and some to the individuals within the organisation. For example, communication has to be driven harder in a rapidly growing large organisation. The most common roadblock to free flow of information is that information is often used as weapon in power games in organisations. It is shared selectively by those who hold it to their own advantage, and to the disadvantage of the organisation.

Communication happens at all times but treating it as a strategic infrastructure and channelling it to the advantage of an organisation requires a shift in focus. The strategic way is to share, in which the provider and receiver are equal partners in communication. Similarly, the focus must shift from reacting to pro-acting; from informing to influencing.

The current business scenario has been captured in Peter Drucker's words: "Whom the gods would destroy, they first grant 40 years of business success." In recent years several top companies have either gone out of business or slid to the bottom. According to a recent *Business Today* article, 54 Indian companies which were in the top 100 list seven years back, no longer feature on the list. Globally 75 per cent of the companies that were on the Fortune 500 list in the early 1980s are no longer Fortune 500 companies. IBM recently laid off 250,000 people; Digital Equipment, which started the minicomputer, went out of business and Apple, which pioneered the PC, is now in trouble.

Companies go wrong because they ignore one of the critical parameters of business excellence - **managing people**. In the present environment businesses have to adapt or perish. Economic reforms have brought about a realisation amongst Indian companies that customer satisfaction is vital for business success. Even more important is employee satisfaction, because a business cannot serve its customers well if its employees lack motivation or are unhappy.

The important thing to note is that employee satisfaction drives customer satisfaction. This in turn drives market share. There is a close correlation between the three. Hewlett Packard (HP) India employed independent agencies to plot similar scores for one of its major divisions, the medical group, over a period of time. Employee satisfaction within the division rose from 76 per cent (which meant that 76 per cent of the employees were happy and satisfied) in 1991 to 85 per cent in 1994. Customer satisfaction rose from 7.1 to 9.2 out of 10 and market share rose from 28 per cent to 39.2 per cent (in 1997). This demonstrates the close relationship that exists between the three variables.

People are the most important part of a business. This has been recognised as far back as the time of Henry Ford, who said: **"You can take my factories, burn up my buildings, but give me my people and I'll build the business right back again."** In the same context Tom Peters (*In Search of Excellence*) said: **"A visionary executive is one who urges his employees to bring both their brains and their hearts to work because in the critical path of life you cannot separate the two."** Most companies tend to focus on only one of the two.

While many of the practices may seem obvious, they are rarely implemented. For example, very few companies actually trust their employees; they install time clocks, closely monitor vacation time, and keep a strict eye on their equipment at all times. Companies that have set up systems, by which employees monitor themselves, have been able to earn their trust and respect.

It is important to remember that people want to work for a cause not for a living. Managers have to be challenged to make sure that every employee

has a cause and is not there merely because the company's compensation package is in the top-ten percentile. People also need recognition and one way of doing this is through rewards. Senior managers should periodically take an overall look at what is wrong with the company, and then create a reward system that tries to tackle the problems. HP, for example, decided to reward the employee who brings in the maximum number of complaints - it believed that this was a critical area.

Communicating, even over-communicating is vital. Events can be planned to encourage this. New employees can be made to feel at ease through a welcome lunch with the department. The president of the company could easily lunch with each new employee. Staff and family get-togethers help in the process of communicating. Once a month if an extended coffee break is instituted, where everyone gets together to celebrate birthdays or other events, it would be a good opportunity to communicate to people. Listening to what is happening within the company and to get a feel of how people themselves are feeling. Employee inputs from these events, reviewed periodically, can promote useful suggestions on how things can be improved.

An important ground rule for building employee loyalty is that the average employee does not exist; each person is an individual and has different needs. It is important to make the employees' experience special so that they look forward to coming to work each day.

It is very challenging to bring about change within an organisation - more challenging than setting up a new one. A lot has been written about change management. It is important to create a burning platform and take everyone, especially the senior management with you.

### **Communicating for Change**

In most organisations the process of sharing information is purely reactive as opposed to being strategic. In a typical organisation, which has witnessed a decline in earnings and the senior management views that this is more than a straw in the wind, they may consider a cut in the workforce in the short term. Though this information is initially only for them to say develop an appropriate redundancy package, word is bound to get out and upset morale and productivity. This usually tends to happen through the grapevine of assistants that are enlisted for the work.

Loose talk is likely to distort facts unless the management shares its plans with the workforce. Management's intentions should be communicated to avoid any speculation. This is likely to contain the extent of damage both in terms of the morale and productivity as well as any damaging media reports.

When organisations are faced with the compelling need to change, the uninformed employee is extremely insecure. Five questions crop into the minds of the employees:

1. Is it necessary?
2. Can we as an organisation cope with it?
3. What will it mean to me personally?
4. How will I have to change to cope?
5. Will I be among those finally counted as expendable?

When communication professionals are viewed as producers of media and as innocent of the realities of the business, leaders often decline to ask their counsel on either message formulation or communication strategy. In the worst case scenario the communication views of human resources personnel tend to mirror those of the senior leadership and they cooperate wittingly or unwittingly in keeping the communications professionals out of the process. In the more likely case, the human resources department does not quite understand how to use the talents and tools that the communication professionals can bring to play.

Change is a complex business that definitely does not lend itself to one-size-fits-all solution. Much of what needs to be done is common sense. Organisations must rationalise change and mobilise people energies by clearly telling them what the marketplace is saying, why is it saying it and what needs to be done about it.

In brief, it is important to educate them about what they may not know because of their limited perspective. Listen intently to their concerns, their insights, and the early warnings they can provide based on their experience with their customers. Engage in a candid and continual dialogue allowing them to ventilate their frustration of having to change, and help them connect with the message of the market place.

### **Stages in Responding to Change**

Let us consider Xerox in the late seventies. Ricoh in Japan could sell a copier for what it was then costing Xerox to manufacture the same copier. Market share had plunged from an estimated 80 per cent in 1976 to 13 per cent in 1982. Xerox had failed to recognise the early warning signals of the problem when Ricoh grabbed the lower end of the business. Customers had got a chance to sample the quality and reliability of Japanese office automation products.

#### **STAGE I**

First reaction is of utter disbelief, followed by denial - it can't be as bad as people are saying. The three questions dominating the minds of the members of an organisation at this point are:

- How serious is the threat
- How did it happen
- Who is to blame

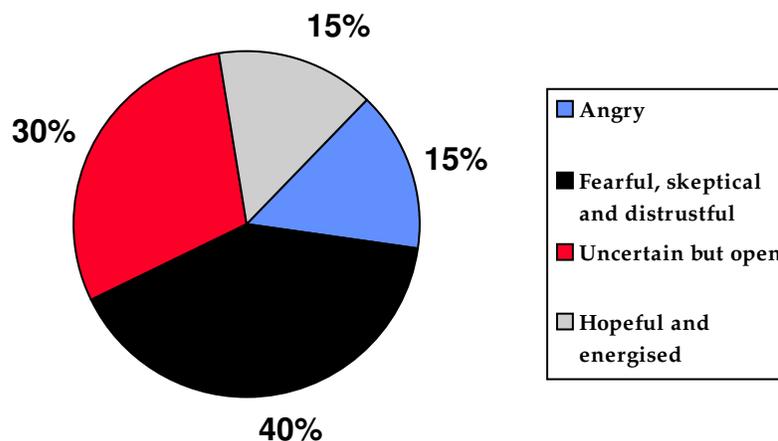
### STAGE II

- Management at the helm of affairs cuts workforce while figuring out what to do next
- The questions on the minds of most others is 'Do we have a plan of action? if so, what is it?'

### STAGE III

Characterised by the natural human desire to want to do something to solve the problem, its hallmark is another question: what do you want me to do? how can I help? At this stage someone had better be able to respond to their questions other wise they will be demoralised by their helplessness

#### LIKELY EMPLOYEE REACTION TO ANNOUNCED CORPORATE TRANSFORMATIONS



Critical to both the management and the communication of change is a strategy anchored in the realities of the marketplace. Once the strategy is identified even if it is only a rudimentary response, it is imperative to begin offering it to the workforce. Strategic communication is the answer.

#### Guidelines for Market Based Strategic Communications

1. Create and communicate a clear and simple case for change based on market and customer realities
2. Clearly identify and communicate the market forces that the organisation faces in doing business
3. Formulate and communicate a responsive business plan
4. Outline the consequences of success and failure

## 5. Finally, tell and retell

Long-term challenge is to make internal communications a market based strategic process, influenced by the principles of continuous improvement.

*(Excerpted from the workbook of PR Pundit's workshop - The Contemporary Portfolio, held in Mumbai on March 17, 1999)*