



JHelm Associates, LLC

Business Results Consulting for Executive Management

Management Notes

10 Ways to Improve Employee Motivation During a Downturn

Lean times are unforgiving of a loss of focus or mistakes. Employees stressed by growing insecurity about their employment future can be more inclined to lose focus through distractions such as gossip and become more prone to making mistakes. The result is reduced productivity when an employer can least afford it. What can be done to avoid this? How can motivation be maintained? How does motivation relate to morale?

The notion of motivation often overlaps that of morale. Of course they are closely related, but they are not the same. Motivation can be effected by “the carrot” or “the stick”; both work but the latter approach is undesirable because it requires sustained effort by the “motivator”. To illustrate, consider training our dog Astro to stay out of the kitchen. One way to do this is to forcibly shoo Astro when he comes in. The problem is any time Astro doesn't get forced out, he will assume it's okay to stay. The net result is the kitchen manager has created a situation that requires ongoing time and energy to maintain. In addition to this being inelegant, it doesn't scale well and diverts attention and energy from potentially more important things. In a downturn, The Stick can be especially counter-productive because it creates internal negativity that can feed off the negativity outside.

10 Ways To Motivate and Improve Morale

1. Leadership must exude credible confidence.
2. Acknowledge challenges with respect and self-assurance.
3. Train or replace managers who are weak or ineffective leaders.
4. Replace or reposition employees who are weak or ineffective at their job.
5. Don't throw money at fear.
6. Abstain from title inflation.
7. Keep people busy with meaningful work.
8. Solicit input from employees.
9. Don't count pencils to save money.
10. Recognize and affirm progress.

To explore alternatives to punitive motivation, it's helpful to review a model by Abraham Maslow called Maslow's hierarchy of needs. Maslow's model defines five levels of need:

- Physical needs: the ability to acquire food, clothing and shelter
- Safety needs: achieving stability, predictability, and basic security
- Belonging needs: believing that one is an accepted member of a community or workplace

- Esteem needs: affirmation that one is contributing to the advancement of the group
- Self Actualization: “pushing the envelope”, defining and extending the group's capabilities and identity

Further insights into motivation are found in a classic paper by Frederick Herzberg, the results of which are shown in Figure 1.¹ Each bar on the chart indicates how satisfying (or motivating) versus dissatisfying (or de-motivating) a particular work aspect is. For example, increased responsibility led to extreme satisfaction about 23% of the time, but caused extreme dissatisfaction only 4% of the time. In contrast, improving work conditions led to extreme satisfaction only 3% of the time, but caused extreme dissatisfaction about 10% of the time.

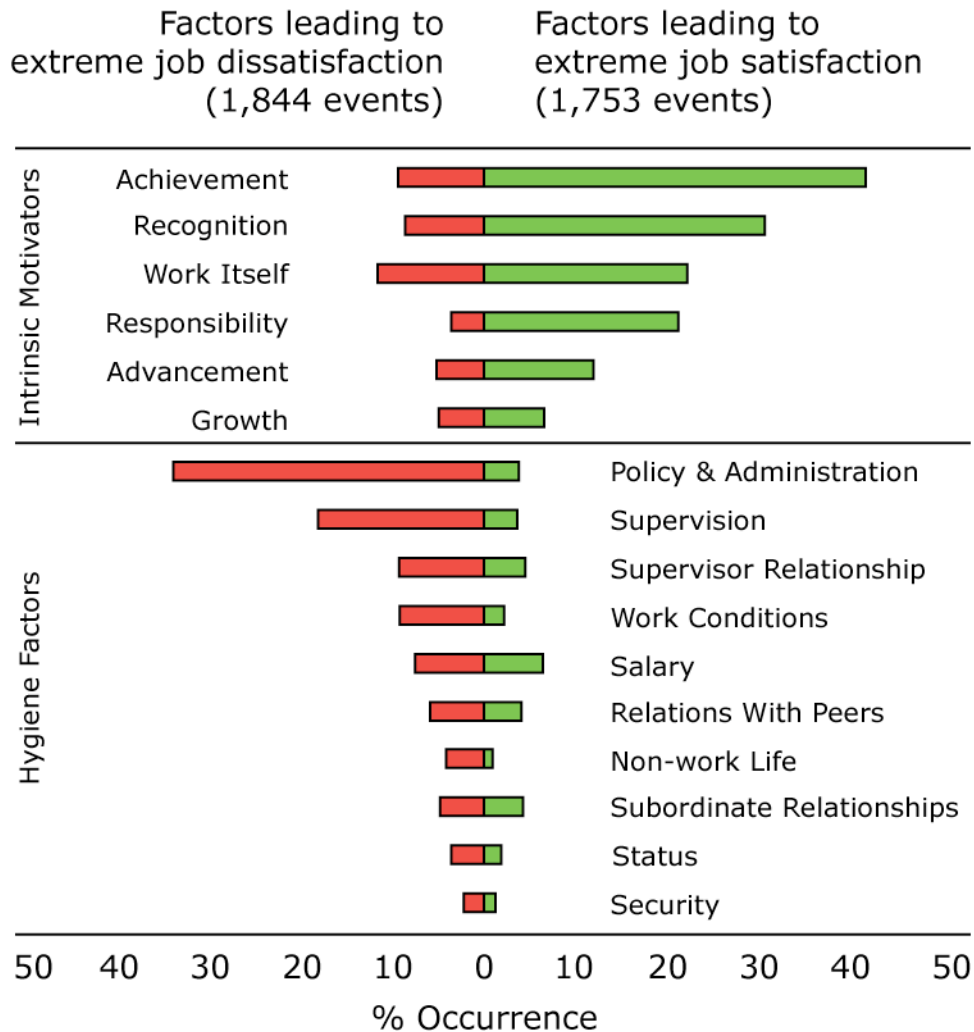


Figure 1 - % Occurrence of factors leading to extreme job satisfaction or dissatisfaction. Redrawn from Herzberg, 1968.

¹ Frederick Herzberg (1968). “One More Time: How Do You Motivate Employees?”. Harvard Business Review Reprint. <http://harvardbusiness.org/>.

Herzberg classified these work aspects into two groups: Intrinsic Motivators and Hygiene Factors. Observe how the Intrinsic Motivators align well with the Esteem and Self Actualization levels of Maslow's hierarchy while the Hygiene Factors correspond with the lower levels. Herzberg's results clearly show:

- The things that motivate people *are not* the same as the things that de-motivate them
- The opposite of job satisfaction *is not* dissatisfaction but rather *no* job satisfaction
- The opposite of job dissatisfaction *is not* satisfaction but rather *no* job dissatisfaction

These results support the following recommendations:

- **Throwing money at fear doesn't work.** Herzberg's data shows that more money was not a powerful motivator (8% dissatisfying v. 6% satisfying). Indeed, from the Maslow point of view, asking for pay reductions to avoid layoffs may have a positive overall effect because it reinforces belonging and makes everyone feel safer.
- **Refrain from Title Inflation.** Tight times also motivate the practice of rewarding people by “Title Inflation”. Adding powerful sounding words, for example “Architect” or “Manager of”, that in fact are ill defined or untrue doesn't work well for two reasons. Firstly, inflated titles often imply a person can do things he or she in fact cannot. For example, many developers are introverted and prefer to self-actualize as creative individual contributors. Elevating that developer's title to “Development Manager” implies this person has delegation and communication skills, is able to have hard conversations, doesn't mind attending lots of meetings, and so on. So while this person may seem quite pleased to get the new title, the truth is it's fine so long as real management duties are avoided. At some level the dissonance between the introverted personality and the one implied by the title can create a stressful insecurity that ultimately de-motivates. Creating important new features or improving the performance of XYZ system by a factor of 20 is far more likely to energize such a developer.

A second reason to avoid Title Inflation is the message it sends to every one else. For example, leadership labels applied to people who are not good leaders erodes management's credibility overall and discourages others with more management potential.

- **Keep everybody busy with meaningful work.** Even better if this work is aimed at positioning the company for survival or exploiting opportunities the downturn may have created. A downturn is a great time to refactor away “legacy liabilities” that never seem important enough to be addressed when times are good. Never let a good crisis go to waste!
- **Sincerely solicit input from employees,** especially about managing the downturn. This is a form of recognition that reinforces belonging and esteem and really helps with buy-in. This is especially important with Knowledge Workers for they place high value in how decisions are made.²

² W. Chan Kim - Renée Mauborgne (1997). “Fair Process: Managing in the Knowledge Economy”. Harvard Business Review Reprint. <http://harvardbusiness.org/>.

- **Don't establish draconian policies and procedures to control costs.** Delegate cost and performance targets and measure results through performance management. If targets are not met, then take genuine corrective action. This empowers employees to contribute to their collective survival and sends the message that results matter, raising the esteem of those achieving them.
- **Genuinely affirm progress and publicly recognize people** whose behavior and contributions are exemplars for others to follow. This increases esteem for the recognized and can increase the overall sense of belonging for the group.

Thus far this discussion has assumed that all the right people are in the right jobs. Often, however, during the competitive pressure of good times, people find themselves in jobs that do not play to their strengths. During lean times this can significantly affect morale and motivation. It becomes especially worrisome when it comes to leadership.

In terms of Maslow's hierarchy, "Effective Leaders" in the workplace are accomplished people with high esteem and self-actualization. Effective Leaders significantly affect employee attitudes towards the work place because these are the people who define the morays and identity of the group. Employee willingness to trust their leadership depends greatly on how they feel about whether they belong and what they are contributing to.

Given this, it's immediately apparent that in worrisome times workplace **leaders must exude credible confidence** that the organization will prevail. **This doesn't mean denying the challenge, but rather acknowledging it with respect and self-assurance.** Doing so encourages confidence and willingness in others whereas the opposite creates a self-reinforcing cycle of fear that can paralyze. Regardless of leadership style, credibility is critical; employees can sense when confidence is not genuine.

Credibility also can be threatened when the "Effective Leaders" are not the "Leaders by Title" as defined by management's organization chart. An effective leader so misplaced can be constrained by the official power relationships of the organization. In this case effective leaders must be loyal to the leaders by title or derision will result. In the worst case, a powerful but weak leader by title can invalidate an effective leader with devastating consequences to morale. It's better, therefore, to assure that persons in leadership roles are comfortable with and effective at the practices of leadership. If they aren't, training or reconfiguration should be considered. Regrettably, addressing these issues in a downturn becomes delicate because disrupting the status quo can also erode employee confidence just when people feel most vulnerable. Ultimately, this is a difficult judgment call. That said, the criticality of good leadership in a downturn means train or **replace leaders who are weak or ineffective.**

Finally, leadership bears fruit through performing employees. Having employees who don't carry their weight without consequences is de-motivating for the employees who carry them. **Replace or reposition employees who are weak or ineffective at their job** to address this.

Because management styles and company cultures vary greatly, these recommendations are necessarily general. With knowledge of your own organization and culture, JHelm Associates can help you apply these suggestions at your workplace.