

Communicating With Employees During the Current Financial Crisis

About the Survey

In mid-December 2008, Watson Wyatt surveyed senior communicators in companies across a broad range of industries to learn how they are communicating with employees relative to the financial crisis.

Executive Summary

As economic uncertainties raise anxiety levels among workers across all industries, employers are making changes in their communication programs. They are increasing communication about organizational performance and solvency, as well as pay and benefits. Using a variety of traditional communication channels, as well as social media, senior leaders are hoping to allay employees' fears and increase trust levels. However, in many cases front-line managers are not reinforcing and interpreting these messages for specific work groups. Nevertheless, most employers who are measuring communication effectiveness feel that taking the initiative to communicate during these challenging times is improving employee engagement and productivity.

Key Findings

- Two out of three companies have increased communication to employees since the financial crisis began, and more than 60 percent plan to integrate these economic-environment-related messages and approaches into their communication programs on an ongoing basis.
- Of those companies that are measuring outcomes, the majority believe their crisis-related communications have at least been somewhat effective in improving employee engagement and productivity.
- While more than 90 percent say their senior leaders are delivering the messages, only slightly more than half are using their front-line managers to reinforce these messages and explain what they mean for employee work groups.
- While companies are using a variety of media to deliver these messages, face-to-face meetings are being used the most, and one in four respondents are using social media.
- Roughly 70 percent of respondents are increasing communication to ease employee anxiety. Companies also are seeking to manage change and build employee trust.

The financial crisis is having a significant impact on a large majority of responding organizations.

Figure 1 | The current financial crisis is having a significant impact on my organization.

Strongly agree	41%
Agree	40%
Neither agree /disagree	13%
Disagree	5%
Strongly disagree	0%

Four out of five respondents have sent communication to employees about the impact of the crisis on their business and pay/benefits, or will do so within 60 days.

Figure 2 | Have you sent or are you planning to send communication to employees about the impact of the financial crisis on your business and/or their pay and benefits?

Yes, have already sent	66%
Planning/considering for the next 60 days	27%
Nothing planned or considered for the next 60 days	23%

Two out of five respondents think their communication initiatives have been effective. However, between 15 percent and 38 percent don't know the impact, either because they haven't measured the effectiveness or because it's too soon to know for sure.

Figure 3 | How effective has your communication about the financial crisis been in each of the following areas?

	Not effective	Slightly effective	Somewhat effective	Moderately effective	Very effective	Don't know
Improving employee engagement	2%	12%	20%	20%	20%	27%
Reducing employee stress/anxiety	3%	13%	25%	33%	10%	15%
Retaining top performers	2%	7%	10%	22%	22%	38%
Maintaining/Improving employee productivity	3%	5%	10%	29%	15%	37%

The questions in figures 3 and 4 were asked of respondents who have communicated with employees about the impact of the financial crisis. Totals in each row do not equal 100% due to rounding.

In companies that have made changes in their communication programs, those changes are likely to be long-lasting.

Figure 4 | How has the communication you have created regarding the current economic crisis changed your communication plans going forward?

We plan to continue delivering these messages to employees only for the duration of the financial crisis.	15%
We plan to incorporate these messages into our ongoing communication programs for an indefinite period.	62%
Don't know yet.	23%

Most crisis-related messages are being delivered company-wide by senior leaders, and are not being reinforced to the same degree by line managers.

Figure 5 | Who is/will be delivering these messages? Are these messages being/will these messages be delivered centrally/organization-wide or within specific business units?

	Delivered Centrally (99% of respondents)	Delivered by SBU (59% of respondents)
HR	59%	55%
Senior leadership	91%	93%
Corporate communication	67%	67%
Line managers	56%	60%

The questions in figures 5, 6 and 7 were asked of respondents who either have communicated with employees about the impact of the financial crisis or are planning or considering such communication.

Communicators are using a variety of media to deliver these messages, with face-to-face channels and e-mail being most popular.

Figure 6 | What tools are being/will be used for the delivery of these messages?

Social media	24%
Intranet	76%
E-mail	86%
Printed materials	41%
Town hall meetings, staff meetings and/or other face-to-face discussions	87%
Other	18%

Companies are stepping up communication to employees about the employee deal.

Figure 7 | What are the primary goals of your internal communication regarding the financial crisis?

Ease anxiety	69%
Improve retention	10%
Increase productivity	18%
Manage change	49%
Educate employees about impact on benefits	14%
Earn employees' trust	32%

Employers are addressing the topics of most concern to employees during the financial crisis.

Figure 8 | Have you sent or are you planning or considering sending communication to employees about any of the following topics during the financial crisis?

	Employees are asking about (to a great or very great extent)	Yes, sent in past 60 days	Plan to send within next 60 days	Considering for next 60 days	Nothing planned or considered for next 60 days
Company performance and solvency	36%	80%	25%	14%	11%
Job security	43%	38%	17%	14%	35%
Base pay	14%	17%	27%	7%	42%
Bonuses or other incentive pay	28%	34%	37%	15%	15%
Benefit programs	15%	46%	18%	7%	30%
Customer impact	25%	49%	24%	10%	27%

The percentages in the first column of the above chart include answers from all respondents. The other columns include data for companies that have either communicated with employees about the impact of the crisis or are planning or considering doing so.

Respondents

Ninety-two employers from a broad cross-section of industries completed the survey. The industries with the most participants are health care and financial services/insurance.

Conclusion

Most employers understand that today's economic conditions call for intensified communication programs. As business closings and layoffs dominate the headlines, business leaders are increasing communication to keep workers engaged and productive, and to shore up trust. They are doing well at keeping employees informed about company performance and solvency, and not as well at addressing concerns about job security. We recommend that communicators pay more attention to messages that will address fears about possible reductions in force or pay and benefits.

Another area for improvement is the measurement of communication effectiveness. Our Communication ROI research has found that many companies with robust internal communication programs aren't measuring the return they're getting on their communication investments. With budgets being scrutinized now more than ever, such measurement is crucial.

We've also learned that organizations with the most effective communication programs use front-line managers to reinforce key corporate messages. In today's climate particularly, communication is key to keeping employees informed, engaged and assured. Effective change management requires communication consistency at all levels. Managers play a critical role, but they need clarity in performance expectations as well as supporting tools and training. Knowing whether your programs are having the impact desired is what sets the truly effective apart, and that takes clarity in success measures and monitoring of progress.

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For more information on research and analysis related to the financial crisis, call your Watson Wyatt consultant or visit watsonwyatt.com.