

Employee Productivity

What makes an employee productive at any time? Happy, engaged employees are any business's best asset, and they are particularly important when the economic times are tough. The difference between having an employee who is just putting in the hours, compared to one who is actively engaged with the business and trying to work smarter will make a far bigger difference to your bottom line than petty cost-cutting over the Christmas party or morning tea biscuit choices.

Somewhat counter-intuitively in tough economic climate, it's even more important to focus on staff retention. Although the Australian economy is slowing and the unemployment rate is tipped to increase to over 5%, that doesn't mean there is going to be an abundance of well-skilled workers prepared to work for the minimum wage any time soon. Even if you do employ the right person, remember, filling a vacancy can cost between \$2500 - \$3500.

So how to make your employees more engaged, particularly if the operating budget is cut to the bone? And how to retain the right staff, even if you are downsizing? The good news is that it's not just an issue to do with pay and benefits, in fact it's more about management competence and culture. No amount of money will fix those issues: but it may require some serious deep thought to sort the problem out. In a nutshell, if your small businesses has a productivity problem, *you* may be the cause ,rather than your employees!

For the fourth year running, according to [Seek's 2007 Survey of Employee Satisfaction and Motivation](#) , employees rate the most loved aspect of their current job to be the people they work with. In second place, employees cite their boss. Employees who love the people they work with are highly likely to be more happy overall in their jobs. Eighty percent of employees who mentioned that they love their co-workers also rated themselves as happy or very happy in their jobs overall.

Now to be fair, Seek's survey is biased towards white collar professionals. Their finding are, however, not new or unusual. An academic paper from the University of Western Australia's Professor John Cordery (titled "[Strategies for Improving Employee Retention](#)" studied a number of small and medium sized businesses in the Meat Processing Industry. It found that employee retention was strongly impacted by:

- lack of rotation among tasks
- other reasons, (disliked the work, illness in family, commute distance)
- leaving the town
- concerns about management
- and the way individuals were treated by management.

So a good team environment and competent management seem to be the common themes, regardless of industry. Unfortunately this combination appears to be rare in Australian businesses. According to the Seek survey, only 29% of the Australian employees surveyed are happy at work (down from 37% in 2006).

The Seek survey was taken when the Australian economy was still growing strongly. Now that the economic environment is a lot tougher, staff happiness and retention is even more important. The knee-jerk reaction to staff retention in a recession may logically be to cut operational costs, ask people to work harder and limit the annual bonus. In the face of the evidence from surveys and research, this is going to do nothing but persuade your best people to leave for greener pastures.

When Seek asked survey participants what they wanted, the answer was loud and clear, and not even expensive to implement. Employees want their managers to demonstrate "the ability to follow up their words with action", closely followed by "openness and honesty". Note - when asked, the employees didn't actually ask for more money, a fancy tea room or lots of off-site team bonding sessions. What they wanted was to be treated like adults, with courtesy and respect, and to have their achievements acknowledged by their managers.

Owners of small businesses are notorious "micro managers". A small business owner who insists that every decision (no matter how trivial) is passed by the boss before action is only de-motivating their staff. Staff who routinely have to ask permission to come in an hour later because of an appointment are far less willing to work a Saturday morning in the busy season, or stay back an hour to deal with a customer in a different time zone. Staff feel un-trusted, even if the micro-manager does in fact trust them and think highly of them. Staff judge managers on their actions, not on their own internal motivations.

Staff who feel un-trusted and micro-managed are not happy staff, and they are not empowered to think outside the box, to make that intuitive leap which could be a great stride forward for the business.

Job cuts, even to the contract workforce, will affect your existing employees. Downsizing, even if it doesn't directly affect them, make employees nervous. This in turn can reduce motivation and morale. You may start noticing an increase in sick leave, as people go for interviews, and more time spent in work hours surfing the Internet recruitment sites and polishing up resumes.

If job cuts are necessary, then clear communication to all staff by management is absolutely essential. Even if you want to significantly drop your head count, the reality is that unless you manage this very carefully, the very people you wish to retain will be the first to leave of their own free will. The good ones can find another job more easily, it's that simple!

Focus on your management style and that of other managers in the company. If you are concerned that it's *your* staff who may not be happy at work (and therefore as productive as possible), look first at the management team. If there is a training

budget, look to improve the people management, leadership and communication skills of you and your managers.

Strengthen your key staff, make them happy to work in your firm and give them room to grow in their career - and the productivity will flow. Make sure that the entire team's morale isn't being destroyed by one or two disruptive individuals. If you do have a problem, be prepared to make tough choices, and not just let the problem ride hoping that it will go away – that will just make the situation worse.

If funds are tight, check out the excellent on-line resources available for small businesses. The Federal Government provides an excellent business.gov.au site, which has good general advice for employing people. [Career One](#) does not just provide a large job board; it also has useful articles and current news for both managers and employees.

Give employees good managers and a work environment where they feel empowered, rewarded and acknowledged. Happy employees will improve the business's bottom line much more effectively than short-sighted cost cutting.