

With a better company culture better employees and ...better company results

by Ruud Jansen

One email fires 400 employees

A few years ago the American electronics chain RadioShack informed 400 employees who were working on their Head Quarters in Fort Worth per email that they had lost their jobs. Almost immediately they should pick up their things and leave. Management of RadioShack explained that because of efficiency reasons they followed this approach and declared on their intranet site that there was unfortunately no longer place for these workers. The reorganization was necessary to improve their competitiveness and as a consequence, over 500 retail shops were already closed and distribution centers were merged. On the stock market, the share raised 1.6% after this was communicated.

Reading this kind of news, you can guess what is the impact on that part of the employees that could stay with the company. Young talented workers will soon start to find another job before the next restructuring, less talented and older employees will stay but think: when is it my turn to leave and will continue to do their job without much motivation.

In terms of efficiency, this dismissal by email is of course very efficient, I have to admit that but I wonder what is the next step of such efficiency? You see your potentials leaving and the productivity of those who stayed stuck. In fact it is not very humane to treat your employees who maybe have given their loyalty for many years in such way. I think that the this company will be very unattractive for new comers and new potential and what about this company customers? Would you like to buy from a company with such manners?

So I see this kind of company behavior to their employees as samples of mismanagement. Too long management waited to make the necessary changes in the organization which finally led to panic management with all the negative consequences as depicted here. There is also something wrong with the company culture that has no business ethics or conduct guidelines.

Loyalty with employees

It is a fact that the past few years, employees have lost loyalty to their employers and that is not only because of the society around us. Companies like RadioShack strongly contribute to the morale decrease by firing employees in bad times or by outsourcing core company business or by praising job hoppers because of their "entrepreneurship". I still strongly believe in a company culture that shows respect for their employees and that has defined this in official company guidelines, supported by human resource policies which works in two directions which can be best described as 'givin and takin' by both parties. If management supports their workers, motivate them, empowers them and is willing to accept a year with less profit, the return on this investment will be a staff of very loyal employees which creates a "psychological" contract between employer and employee rather than just a "labor" contract.

Company culture and 'Voluntary behavior'

How can you establish a company culture where you as an enterprise become attractive for talented, loyal and enthusiastic -so in general better- people who feel happy with the company, who want to work hard and do not hesitate to do a step more and really want to go for it? There are a number of basic rules for that which I applied myself many times successfully:

1. Define a company vision and objectives and translate these into division and department targets for the employees and determine a number of ethical business guidelines that will be followed by management and workers.
2. Define a number of employee profiles who the company feels attracted to and develop an active HR policy to hire those kind of employees.
3. Invest in the company culture and in employee training and take care for attractive and challenging work with colleagues with a similar profile and try to empower as much as possible.
4. Establish an appraisal and counseling methodology where company objectives are translated into clear, time bound targets on department level
5. Appoint managers in the company with a dynamical management style who supports, motivates and empowers their employees and who is capable of realizing the company objectives on a department level.
6. Focus company on those workers who reflect “voluntary-behavior” in the company (those who have heart for the company, who supports colleagues, who are loyal) and don’t waste your energy to motivate the moderate workers.
7. Give those employees who clearly underperform or with a lazy attitude an action plan and clearly define in which time frame the employee needs to improve and be clear to the worker about the consequences.
8. Schedule in the middle and at the end of the year meetings with your employees where you reconcile department targets versus their achievements and determine an employee performance that could lead to salary increase or promotion.
9. Create an internal communication process where company results are communicated on a regularly basis and where first line managers are able to project these on department level.

These 9 basic rules will lead to a situation where workers will start to feel “committed” and will start perform as if they are working for their own company. Employees develop a positive synergy between each other which will lead to a healthy company culture which will have finally a positive impact on the result of the organization.