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MBA **UMN**

Boosting Employee Morale

A $1 cookie is more motivating than a $1000 bonus

The most successful businesses are able to keep employee morale and motivation high even during an economic downturn. This is one of the most significant challenges for every company since everyone feels the impact of penny pinching. The downsizing of budgets and employees leads to an increase in workload and stress. Employees feel over worked, undervalued and underpaid. This lack of appreciation causes employee morale to plummet. While traditional structured reward systems are expensive they can also be counter productive. Boosting employee morale is one of the cheapest, most effective ways to increase a company's profits while the economy is suffering. There is no cookie cutter solution that will work at every company. The best solutions are creative and most important, sincere. The smallest acts of appreciation can have the largest impact.

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Problem

When the economy turns sour, everyone feels the affect. Budgets become tighter, workforce involuntarily shrinks while the workload continues to rise. This leaves the people still working to feel underappreciated, underpaid and over worked. Employees become stressed and disengaged causing the already thin workforce's productivity to plummet. Morale is at rock bottom. How do you turn things around with no financial support?

Solution

Boosting morale is one of the cheapest things that can be done to transform your business during a recession. Morale directly effects employee performance (Anderson, 2011). By boosting morale, employee performance also increases. Recognition and rewards work but structured financial reward systems can become a budget's black hole. When used incorrectly recognition and rewards even become counter productive by lowering team morale. Inspiring workers via intrinsic motivation will create drive greater than any external reward. In addition recognition, Power rewards, team activities and workspace will all help boost morale and thus employee performance. There are ways for all levels of management to make this change.

Who can turn things around?

Boosting morale cannot be outsourced and can start with any member of a team. While a single team member can start the change, the fire will be smothered if not supported and encouraged by management. For management to turn the disengaged workforce into a motivated team there will need to be a change in the company culture. Kotter explains in Havard Business Review the steps essential to a successful organizational change (Kotter, 1995)

Eight Steps to Transforming Your Organization:
1. Establishing a sense of urgency
2. Forming a Powerful Guiding Coalition
3. Creating a vision
4. Communicating the vision
5. Empowering Others to Act on the vision
6. Planning for and creating Short-Term Wins
7. Consolidating improvements and Producing Still More Change
8. Institutionalizing New Approaches

While ideally top-level management would initiate this culture change, this is not always possible. Be the change you'd like to see. Notice the small things and sincerely tell your team members you appreciate their hard work.

Motivation

There is no obvious, one-size-fits all solution to motivate all employees. There are two types of motivation: intrinsic and extrinsic motivation. While external factors *can* motivate employees, it is not as effective as motivation that comes from within each employee, intrinsic motivation.

Extrinsic motivation is motivation via external means. The classic example is the carrot and a stick. This scenario depicts the subordinate who must be controlled by the boss. This method is manipulative and lacks sincerity. Bureaucratic organizational structures often times employ the carrot/sick methodology, demanding top down control hierarchical structure (Kerr, 1997). While this structure works for the military it stifles autonomy and innovation.

To achieve intrinsic motivation there are three factors: autonomy, mastery and purpose (Pink, 2009). To achieve autonomy one must trust the employee and empower them. Start by employees encouraging employees to design their workspace or to create their own job design. This will play to their strengths enabling creativity and innovation.

At one company a senior manager was looking for away to recognize a junior employee who did an exceptional job. Searching for something to give the employee he spotted a banana in the lunch box he brought from home. He handed the employee the banana with a sincere, heartfelt thank you. This simple gesture was immeasurable to the employee. The Banana has since been traded in for a plaque, but now, the "Golden Banana Award" is the award with highest honor within the company (Spitzer, 1996).

Employees best respond to recognition based on the 50/30/20 rule.

At Blue Fountain Media, a NYC based website design company they started a public recognition blog (Prior, 2009). This blog featured the employees' best work in a public space. This not only recognizes the employee's hard work, but also reaffirms their value.

Employees most effectively respond to recognition if 20% of the recognition comes from the business, 30% comes from their peers while 50% comes from their management (Prior, 2009). If more than 30% comes from their peers the

"He spontaneously picked up a banana and handed it to the astonished employee with hearty congratulations. Now, one of the highest honors in that company has been dubbed the 'Golden Banana Award' (Spitzer 1996)."

Recognition

Recognition is one of the simplest, cheapest, and most widely known ways to boost morale. In Express Employment Professionals survey, 50% said recognition boots morale (Anderson, 2011). Employees are working hard to pick up the increased workload and a simple, sincere thank you goes further than one might expect.

recognition becomes saturated and not as effective, while half of all recognition should come from management. The manager does performance reviews, has direct influence on promotions and compensation. Employees have said that 70% of meaningful recognition comes from their managers (Prior, 2009).

Rewards

Rewards, like feedback, should be timely and sincere (Graham-Leviss, 2011). Instead of traditional rewards, companies should seek rewards that Spitzer would call Power Rewards. Power rewards are rewards that:

- Foster the vision of the organization
- Energize them to achieve even more
- Work synergistically with intrinsic motivation
- Boost morale cost effectively
- Promote desired behavior and are timely

Traditional rewards are often associated with money. Since monetary rewards are extrinsic motivation, they have motivational limitations. Monetary rewards often lack recognition and when monetary rewards are tied to performance factors often times the wrong behaviors are rewarded (Spitzer, 1996). Dan Pink's study shows that when a job requires even rudimentary cognitive ability people performed significantly worse with the promise of a monetary reward (Pink, 2009).

A power reward is giving an employee a banana and the reward becoming the most prestigious award in the company.

"Leaders truly seeking to strengthen their business need to leverage workplaces as tools to improve their organization (Osman, 2014)."

Activities

One of the most fun ways to boost morale is to create a fun working environment. In Express Employment Professionals survey 42% of respondents said that a fun environment boosted team morale (Anderson, 2011). This can be done through numerous team activities a few options are listed below.

- Team Pot Lucks or Chili Cook Offs

- Begin department meeting with holiday related trivia
- Volunteering as a team in the community

One manufacturing company used power rewards to turn safety regulations into a BINGO game. Every week each employee was given a BINGO card and if they were seen exemplifying safety regulations they were given a number. Once they obtain a BINGO they receive a safety jacket (Sptizer, 1996). This turned a mundane task into a fun, rewarding activity. Since small rewards were given out for the desired behavior the rewards were timely and promoted desired behavior (Spitzer, 1996). Employees went weeks, even months between receiving rewards, but they were motivated by playing the game and not the rewards.

Workspace

Employers often overlook one of the greatest influencers of employee's performance and satisfaction: the workspace. One of the greatest influencers of employee performance and satisfaction is environmental factors. In the Stress & Health: Journal of the International Society for Investigation of Stress, Vischer explains that environmental factors range from ergonomic desks to working space.

A study done on the benefits and payoffs of an ergonomic workspace show that the works yielded a 5-month payback (Miles, 2000). A simple way to increase employee satisfaction is to empower them to design their own workspace (Vischer, 2007). This could mean allowing employees to decorate their space with their own style by giving each employee a budget to furnish their office. Creating secondary workspaces for employees is an easy way to get people out of their offices. Employee's moods could lift simply by having the option to work in a different environment. While Bortolot said "sitting is the new smoking", including fitness based desks would increase blood flow and help employees stay creative and focused (Bortolot, 2014).

Amidst a lay off

Letting people go from a company is never good for morale. However, how the process of letting people go is handled greatly affects the morale of the employees still at the company. If the resource action is done transparently, with respect for the individual, morale is higher than if there was minimal or no communication (Prior, 2009). Lack of communication from management increases employee distress during this time causing employee morale to plummet (Anderson, 2011). It is critical for management to have communication to address employee's fears and concerns and to reiterate the company's strategy during this transition.

Conclusion

To boost morale, big elaborate solutions are not required. While there is not a one-size-fits all solution to boost morale, the best solutions are creative and sincere. Management can inspire intrinsic motivation for the company by clearly communication the company's mission and goals. This method will be far more effective than traditional rewards or methods such as the carrot/stick. By recognizing and rewarding employee's hard work in a timely matter, their value is reaffirmed. Making the workplace a fun and inviting place is another essential way to boost creativity and productivity and thus boost employee morale. When downsizing must occur, being transparent and communicating the company's mission is key to keeping morale up through tough times

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