COVID reboot: making a case for cultural change to increase employee engagement

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ABSTRACT

When traveling around the country, you will notice that many small businesses have closed, in many instances due to the COVID-19 pandemic. According to a recent study by economists at the Federal Reserve, 200,000 U.S. business establishments shut their doors during the first year of the pandemic in addition to the 600,000 businesses per year that permanently closed. Many states have reported that 40% or more small businesses have closed in their state (Congressional Research Service, April 2020).

However, even more disturbing than the number of businesses closing is the difficulty in staffing positions across the country. The hospitality industry is especially hard hit, as well as personal service businesses such as barbershops and nail salons. In this paper, the author discusses the issue of hiring and retaining employees in the new post-COVID business environment and offers recommendations for rebuilding a culture of employee engagement.

Keywords: Covid pandemic, employee engagement, vision, values, mission

INTRODUCTION

Studies do not explain why small business failures due to COVID are lower than many experts anticipated. There are some economists, however, who credit significant government assistance, such as the Paycheck Protection Program. Last year, the Paycheck Protection Program provided $525 billion in small business loans, forgivable for most small businesses. Another round of $284 billion in loans became available in January 2021.

The Institute for Local Self-Reliance, a Minneapolis-based nonprofit, reports that state and local governments have provided more than $14 billion in grants, forgivable loans, and additional assistance to small business owners. Property owners and creditors have permitted small-business owners to postpone rent payments, loans, and other responsibilities in numerous instances.

Although many small businesses across the country continue struggling to stay in business, the new estimate based upon updated data indicates the number of business failures could be significantly lower than was first believed to be the case. The current estimate prepared by the Federal Reserve is that 200,000 small businesses have closed due to the COVID pandemic, whereas the earlier estimate had been 400,000 small business closures.

The Congressional Research Service also reported that unemployment levels reached 14.8%, the highest reported figure since they began collecting data in 1948. However, the reported unemployment level in July 2021 has dropped significantly to 5.4%. This number is still substantially higher than the 3.5% unemployment level of February 2020 but a good step in the right direction. However, even more troubling to some is the low level of employee engagement while on the job (Congressional Research Service, April 2020).

Harter's research (2021) details developments in the workplace since COVID began and is summarized in Figure 1 below. Most concerning to managers could be the lack of employee engagement, as engagement relates to productivity, achievement, employee burnout, and employee morale. We, therefore, begin our discussion with the current level of employee engagement and continue our discussion to linked activities.

However, there is more to the story than simply the numbers at the surface. A Harvard University-based project, the Economic Tracker, reported in June that there were 37.5% fewer small businesses open nationwide compared with January 2020, two months before the pandemic hit the United States. The Economic Tracker monitors economic transactions, so therefore, it does not consider businesses that temporarily shut down. In addition, it is essential to consider how many businesses typically close in any given year (as indicated in the Federal Reserve report), nor does it indicate how many new businesses have opened during the pandemic. Two-thirds of the closed businesses are individual companies, while the remaining third are units of a more prominent firm, for example, a Pizza Hut or a Gap clothing retailer.

DISCUSSION

Employee engagement

We define employee engagement as the degree to which employees are motivated by, enthusiastic about, and invested in the work they do. Engagement is also an indicator of the employee's commitment to the company and their emotional connection to fellow employees. Some people mistakenly believe employee engagement to be equal to job satisfaction and use the terms interchangeably.

Although employee engagement leads to job satisfaction, they differ in several ways. For example, where satisfied employees are pleasant, content, and satisfied, engaged employees go beyond their job description looking for practical ways to expand their job role. Job satisfaction is often the result of pay, benefits, and job description, all things the organization has control over. Employee engagement is controllable by the supervisor through trust, recognition, regular communication, and job assignments.

Gallup reported that U.S. employee engagement increased to 39% in January 2021, surprisingly up from 36% in late 2020. Workers who are "actively disengaged" are those who report miserable work experiences and spread their dissatisfaction to fellow workers -- increased slightly from 2019 to 2020, from 13% to 14%. Even more disconcerting is that only 33% of managers are actively engaged at work and that managers account for 70% of the variance in team engagement. Organizations can benefit considerably from highly engaged employees, and some of the significant benefits are listed in Figure 1 and discussed below.

Employee engagement contributes to team engagement, and individual performance improves team performance. Employee engagement benefits more than individual employees, and employee engagement benefits the entire team. Engaged employees perform at higher levels, so a group of engaged employees working together performs at even higher levels. In addition, employee morale is contagious. When employees work with driven and motivated peers who care about what they do, they are more likely to feel engaged in their work.

Employees who are highly engaged employees are more efficient in their work and produce higher-quality work. Engaged employees are also highly invested in their job, and therefore their job performance is important to them. Highly engaged employees work more aligned with team and business goals and are accountable for their contributions, and this results in increased team productivity.

High-performing teams are composed of long-term employees. It can be exceedingly difficult for teams to perform well when employees continuously come on board, then leave. When long-term employees leave, they leave with valuable knowledge and expertise. Of course, training new hires requires a significant investment of time, energy, and resources. Engaged,
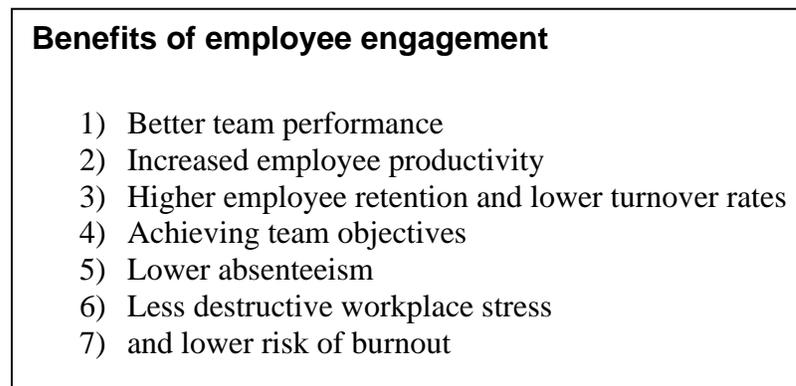
satisfied employees committed to their objectives are less likely to leave. Having more engaged employees makes the team stronger, more experienced, and better prepared to achieve their goals.

Employee engagement plays a significant role in your team's achievements and overall success. Managers naturally focus their attention on team goals. However, shifting your focus to employee engagement directly and positively impacts team objectives. You will need team members who believe in the organization's vision to help the organization be successful. Employees will be successful when they are engaged in their work and aligned with the organization's strategy.

SMARP reports that leaders and managers account for more than 70% of the variation in employee engagement (SMARP.com). However, Harter (2021) reports that only 33% of managers themselves are engaged at work! Should the emphasis first be on manager engagement? Leaders and managers play the driving role in employee engagement. Today, more than ever before, leaders need to be excellent communicators as employees require more feedback and more meaningful feedback.

Today, an increasing number of companies are using employee engagement software to improve internal communications by engaging company employees through a social network. Companies such as Google and Starbucks have successfully implemented engagement software that enhances employee recognition from management and fellow employees

Figure 1

Benefits of employee engagement

1) Better team performance
2) Increased employee productivity
3) Higher employee retention and lower turnover rates
4) Achieving team objectives
5) Lower absenteeism
6) Less destructive workplace stress
7) and lower risk of burnout

deBara & St-Aubin, 2021

Figure 2

Significant Workplace Developments During COVID-19:

1. Employees say they are getting more feedback. Forty-five percent of employees say they have gotten feedback from their manager either daily or several times per week. This is up from 26% in 2019. But only 28% strongly agree they received meaningful feedback in the past week, up from 19% in 2019. Gallup has found that meaningful feedback is a critical factor in the engagement of all workers, especially remote ones.

2. Engagement among "hybrid" employees has improved. Prior to the COVID-19 pandemic, employees who worked at least some of the time remotely had the highest levels of engagement. This continued during 2020, and engagement increased by two percentage points to 43% in the second half of last year. In 2020, 38% of those who worked from home all or almost all the time were engaged, compared to 32% of those who worked on-site all, or almost all the time. Fifty-six percent of workers continue to work at least some time remotely in January 2021. Among them, 44% have found remote working to be a preference going forward, while 39% would prefer to go back to working in an office once COVID the government removes restrictions.

3. Those who work from home all or all the time reported higher burnout. In 2019, 18% of people who worked from home reported burnout very often or always -- *lower* than those who worked from home some, or none of the time. In 2020, 29% of people who worked from home reported burnout very often or always -- *higher* than those who worked from home some or none of the time.

4. Engaged workers are at risk if wellbeing is low. Engaged employees who are struggling or suffering in their overall lives have a 61% higher rate of burnout often or always. In 2020, 47% of employees strongly agreed that their organization cares about their overall well-being. Half of the employees strongly agreed that their organization did a good job of communicating a plan of action in response to COVID-19 (47%), that they felt well-prepared to do their jobs (51%), and that their supervisor kept them informed (47%). Communication within organizations is a crucial factor in whether employees feel cared about.

5. Manager engagement is too low. In 2020, manager engagement, already low, declined from 34% to 33% in the first to second half of the year. Management engagement is critical because Management sets the tone for the engagement of the people who report to them -- managers affect 70% of the variance in team engagement. Managers are responsible for keeping employees informed on what is going, setting priorities, and providing ongoing feedback and accountability. Decreases in employee engagement during June of 2020 were associated with declines in manager engagement.

Harter, 2021 "U.S. Employee Engagement Rises Following Wild 2020"

Engaged employees show up ready to work. Employees not engaged are more likely to be absent from work and are less likely to be fully engaged when they are at work. However, when your team members show up engaged for work every day, excited and ready to work, it becomes much easier to innovate, achieve goals, and perform at the highest level. This implies that you should look for changes in employee behavior including an employee taking more sick days or decreased participation in team meetings. When you do notice changes in employee behavior, reach out to the employee.
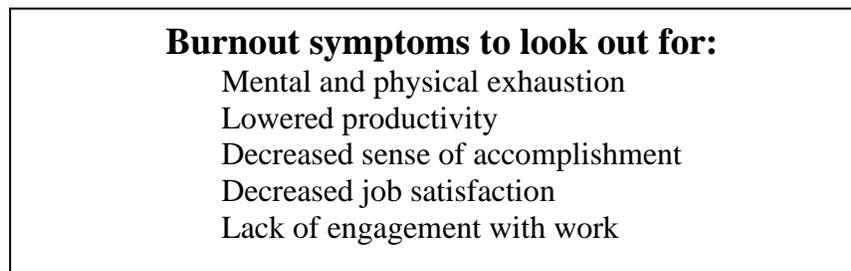
Both engaged employees and disengaged employees are susceptible to workplace stress. The outcome of that stress can be different based on engagement levels, but managers also play a key role in this. For engaged employees with supportive managers, a reasonable amount of stress at work is easier to manage and can sometimes become a motivator. Management support is imperative so that the employee knows that they are not alone in facing challenges at work.

However, when strong engagement diminishes, it can lead to negative stress, detrimental to personal well-being. This negative stress is particularly true when employees do not feel supported by management. Employees cannot perform their best when they are dealing with workplace stress.

Managers should be mindful of how and when they push people. Stress can sometimes be a sign that we are on the border of something quite unique! However, stress can also prevent us from attaining those achievements. Team members need to know that managers fully support every team member, and that stress is only good when it is helping to move them forward.

Employee burnout results from chronic workplace stress not being managed successfully and is considered one of the most significant issues facing today's workforce. Employee burnout has profound consequences not only for the employee but for your team and your entire organization. Employee burnout is unwelcome news. However, the good news is that by maintaining employee engagement and monitoring employee stress levels, they are at lower risk for employee burnout. The warning signs of employee burnout described in the 2021 Linkedin Workplace Learning Report are listed below in Figure 3.

Figure 3

Burnout symptoms to look out for:
Mental and physical exhaustion
Lowered productivity
Decreased sense of accomplishment
Decreased job satisfaction
Lack of engagement with work

Linkedin 2021 Workplace Learning Report

To better understand the importance of employee engagement, let us examine several additional critical components of organizational culture. Vision, mission, and values statements are leadership-driven and form the basis for all activity within the organization. The vision, mission, and values help keep everyone focused on the appropriate direction and organization goals. In addition, vision, mission, and values statements define the organization's core values and express how people are expected to behave. They are not intended to be a straitjacket that restricts or inhibits initiative and innovation, but they are intended to guide decisions and behaviors to achieve common ends.

Culture, culture, culture
According to Flashpoint's Lucy Moore, "Strong organizational culture is not only linked to decreased turnover it also is linked to high employee engagement. Organizations with engaged

employees and a strong culture have a leg up on the competition, which makes assessing and understanding culture all the more important". At Flashpoint and other organizations, strong cultures are facilitated through continuous employee communications and monitoring of employee commitment to the organizational mission.

Organizational culture is a key factor when applying for a job. An Indeed survey found that 46% of persons looking for a job consider culture a principal factor when looking for a job. Additionally, even when a job looks appealing, job seekers choose not to apply when they do not think it would be an excellent cultural fit for them.

OC Tanner, a leading global culture company that helps companies improve their corporate culture through employee recognition programs, reports that 57% of expect significant changes to their organization's culture because of the COVID pandemic (octanner.com). Cultural change is not surprising, given that so many people began working from home and at the same time, budgets for business travel and employee recognition shrunk or disappeared altogether. The pandemic, coupled with the continued transitioning of millennials into principal positions in the workforce, fuel the need for cultural change.

Millennials not only outnumber baby boomers and Gen X'ers both in terms of overall numbers and in the workplace with significant numbers of baby boomers already retiring. According to SMARP, millennials are the least engaged generation in the workforce (SMARP.com). Research finds that only 29% of millennials are engaged at work, 55% are not, and 16% are disengaged (Millennials in the workplace, 2020). These numbers should concern management not only is productivity and profit at risk but also employee morale as dissatisfaction is contagious. Additionally, nearly 21% of Millennials reported switching jobs within the last year and 60% indicated that they are open to changing jobs**.** Millennials switch jobs more often than workers from older generations.

The key to improving employee engagement could be in transforming existing corporate culture to a new millennial cultural environment that addresses issues millennials consider important to attract them to the organization, motivate them to higher levels of work performance, and retain them for long-term employment. The 2021 Workplace Learning Report (Linkedin.com) offers excellent insight into the millennial generation and offers suggestions for reshaping organizational culture to better meet the needs of millennial workers.

The ManPower Group on Millennial Careers (cited on SMARP.com) reported in a recent study that 92% of Millennials reported money as their most critical priority when selecting an employer. Money is followed by security (87%), holidays and time off (86%), great people to work with (80%), and flexible work (79%). This would seem to contradict some other data, such as the number of millennials switching jobs, or being open to switching jobs. In addition, millennials also report openness to diverse work arrangements including contract work, part-time work, and self-employment. Additionally, Gallup's research (cited on SMARP) found that 87% of millennials report professional growth and development, not money, as their top priorities. The key findings of the 2021 Deloitte Global Millennial and Gen Z Survey are described in Figure 5 below.

Pontefract (2017) described the relationship between culture and employee engagement in an article for Forbes. The catalyst of organizational culture is the leadership philosophy. According to Pontefract, "leadership philosophy is made up of behaviors and expectations that inform an employee of their interaction responsibilities. If there is no leadership philosophy, there is no way for an employee to know *how* they are expected to behave" (The Key Differences Between Culture, Purpose and Employee Engagement, 2017).

To explain the connection between culture and employee engagement, Pontefract (2017) uses Reese's Peanut Butter Cup analogy. Think of the organization's purpose as what the organization stands for. Is the organization purpose profit? No. Profit is the outcome or result of your organization doing what it does well. Purpose helps to describe your mission and core values. So, for example, the organization's purpose might be to prepare and serve healthy meals using the best available ingredients that will help consumers improve their wellness and lead healthy lives. Using Reese's metaphor, peanut butter is the purpose.

A leadership philosophy is the basis of the organizational culture. Culture is the basis for how an organization operates. A leadership philosophy is composed of both behaviors and expectations. These expectations let the employee know the responsibilities of their interactions with fellow employees, customers, vendors, and others. Without a leadership philosophy, employees will not know what the behavior expectations are. A leadership philosophy is not something conveniently found on the posterboard of the walls at company headquarters, nor found on the company website. The leadership philosophy is expressed by employee behaviors that have been instilled in employees throughout the organization, beginning with top leadership and continuing with all leaders throughout the organization. Consider the organization culture as the chocolate ingredient of Reese's Peanut Butter Cup.

Vision, mission, and values statements

Vision, mission, and values statements provide management with the transition from ideas about the company or organization to the framework as to how the company will operate, what direction it will take, and where the company is heading. As noted in Figure 4 below, the vision, mission, and values each contribute to the organization's culture. As the business or organization grows, values statements should be revisited and updated as necessary.

Vision. The vision statement tends to be brief and states what the organization aspires to become. The vision statement should be customer-focused, not product-focused, and communicate what the company wants to become in the future. Mission statements should be broad in scope, inspiring, and typically refer to employees, products, markets, and technology. In addition, mission statements do not refer to financial goals or objectives but will often state the company's concern for environmental and socially responsible business practices. Many organizations develop value or guiding principles statements to demonstrate what values the organization emphasizes in their operations. These statements express the core beliefs of the organization and help the staff become aware of the goals and priorities that are most vital. These statements help form the culture of the organization. The Walmart values statement is based upon the core values of "customer first, frontline focused, innovative & agile, listen, inclusive, high performance, accountable, honesty, and fairness" (Walmart, 2021). Together, these values provide an outline for the elements that help guide Walmart's operations.

Mission. The mission statement answers the question "Who are we?" and typically includes the core values. A good mission statement should be inspiring, reasonable and attainable, and written in understandable language that all employees can understand. In addition, the mission statement should be brief (no more than twenty words) so that employees can easily remember the organization's mission. The mission statement should be unique and updated as needed.
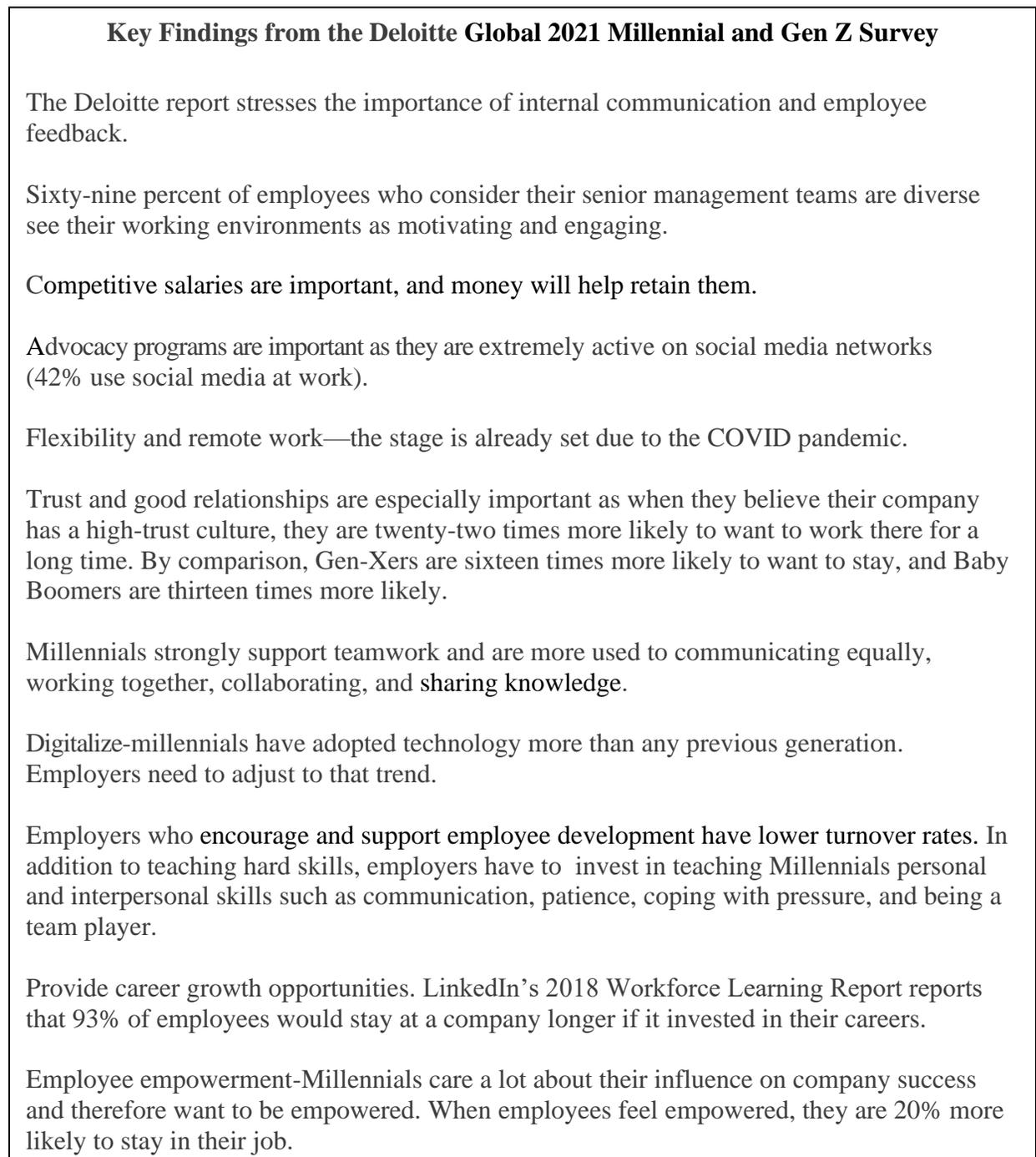
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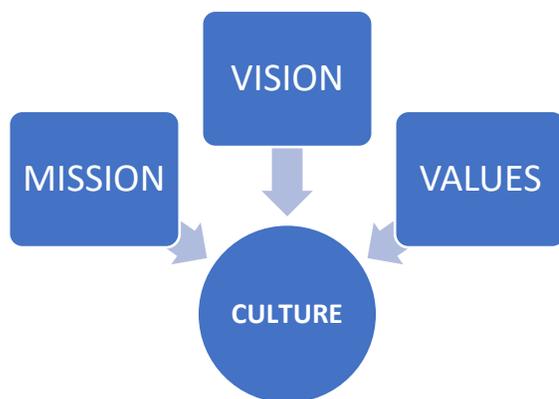
Values. Organizations develop values or guiding principles statements to demonstrate values the organization emphasizes in their operations. These statements express the core beliefs of the organization and help the staff become aware of the goals and priorities that are most important. These statements help form the culture of the organization. The Mayo Clinic (2021) uses terms like respect, compassion, healing, teamwork, and innovation to underscore their core value: "the needs of the patient come first." Babson College expresses core values in five important concepts: 1) integrity, 2) collaboration, 3) diversity, equity, and inclusion, 4) innovation, and 5) excellence (Babson College, 2021).

Together, the values, mission, and vision helped shape the organization's culture. Your company or organizational culture is the collective behavior of the members of your company or organization. In turn, your company and employees are defined by the core values of your organization.

Employee engagement is the result of how employees feel about the organizational culture and the purpose of the organization. Employees will only become engaged when there is a culture of openness, transparency, effective communication, collaboration, and trust. Engaged employees will only develop when the purpose of the organization is not about profit, power, and bureaucracy, but about something meaningful that the employee wants to become part of. Simply put when you add purpose to organizational culture the result is employee engagement. The final part of the Reese's metaphor, the peanut butter cup (employee engagement), is when you take chocolate (organizational culture) and add peanut butter (purpose).

Figure 5

Key Findings from the Deloitte **Global 2021 Millennial and Gen Z Survey**
The Deloitte report stresses the importance of internal communication and employee feedback.

Sixty-nine percent of employees who consider their senior management teams are diverse see their working environments as motivating and engaging.

Competitive salaries are important, and money will help retain them.

Advocacy programs are important as they are extremely active on social media networks (42% use social media at work).

Flexibility and remote work—the stage is already set due to the COVID pandemic.

Trust and good relationships are especially important as when they believe their company has a high-trust culture, they are twenty-two times more likely to want to work there for a long time. By comparison, Gen-Xers are sixteen times more likely to want to stay, and Baby Boomers are thirteen times more likely.

Millennials strongly support teamwork and are more used to communicating equally, working together, collaborating, and sharing knowledge.

Digitalize-millennials have adopted technology more than any previous generation. Employers need to adjust to that trend.

Employers who encourage and support employee development have lower turnover rates. In addition to teaching hard skills, employers have to invest in teaching Millennials personal and interpersonal skills such as communication, patience, coping with pressure, and being a team player.

Provide career growth opportunities. LinkedIn's 2018 Workforce Learning Report reports that 93% of employees would stay at a company longer if it invested in their careers.

Employee empowerment-Millennials care a lot about their influence on company success and therefore want to be empowered. When employees feel empowered, they are 20% more likely to stay in their job. |

The Deloitte Global 2021 Millennial and Gen Z Survey, 2021

SUMMARY AND CONCLUSION

The COVID pandemic brought upheaval along with the disease, upheaval in various forms. But with upheaval came innovation. Not only did businesses develop new products to meet consumer demands, but businesses also turned and pivoted with new strategies that enabled them to stay in business during government-enforced shutdowns. As business operations allowed employees to telecommute and work during nontraditional work hours, employees appreciated the new flexibility in their work schedules and expected this to become the norm for their new work environment.

However, although the post-pandemic work environment may change, it will do so at a less rapid pace. As the millennial generation is the largest in number with eighty-two million members, Millennials will play a critical role in our future economy. However, their attitudes and behaviors differ considerably (especially from Baby-Boomers and GenX'ers), and therefore their workplace expectations differ. Cultural change does not occur quickly or easily but may result in a better work environment and greater business success. This evolving culture will present challenges for managers today and for years to come.

Employee engagement is key to business success as higher engagement results in higher productivity, better quality, and better employee morale. The influx of Millennials into the workplace calls for a new work landscape that might appear alien to certain Baby-Boomers and Gen-X'ers but is an essential change to attract and retain younger workers. This cultural change will need to begin at the very top of the organization as systems, processes, and budgets will need to adapt to develop the new paradigm. Is your company or organization prepared to take on this new post-COVID challenge?

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