Strategic HR Forum – Discussion Paper 19th September 2012

The Paradox of Organisational Cost Cutting and the NHDC Staff Satisfaction Survey.

This discussion topic was suggested off the back of a pilot workshop, that was run for the council at no charge. The theme of the training was to explore the paradox that sometimes cutting costs can end up increasing costs. The theme was centred on how to avoid costly mistakes.

The facilitator in question worked in local government for many years, as both an employee and more recently as a learning and development consultant. Over the years he had experienced numerous cost cutting exercises, which many upon closer examination, had actually increased overall costs. The key question was - can cutting costs increase costs and more importantly what are the costs you don't count?

Long periods of Job insecurity, redundancies, deleting vacant posts etc., inevitably lead to periods of low morale. The question is what is the financial impact of low productivity, high turnover, high sickness levels, and poor performance?

What is the impact on staff discretionary effort? Discretionary effort is the energy that an employee *chooses* to exert i.e. their willingness to perform above and beyond the basic requirements of the job. What is the financial value of employees being satisfied with their job and motivated in the workplace and how does this impact on discretionary effort?

Research found that employees who were the least content in their job spend around 53% of their time on task. This rises through the levels to the employees with the greatest satisfaction who spend 78% of their time on task. So if we say it goes from half to three quarters, staff with low morale may give a 25% lower level of output. (Happiness at Work by Jessica Pryce-Jones)

There are a whole range of methods of calculating the financial cost of low morale. One model exploring lower work rates, turnover and absence issues concluded that an organisation with 500 employees could save a million pounds by improving staff satisfaction and performance.

The other questions explored by the workshop was the risks that in a climate where there is fierce competition for jobs whether more of the good people leave and whether a recruitment freeze on key posts actually creates waste e.g. more senior posts covering more junior tasks?

Motivating staff does require significant effort. More communication, more involvement, providing a good working environment i.e. good office accommodation, flexibility of management style, flexibility of working hours and staff recognition and thanks etc.

It is our staff's opinion of these matters that we explore through our bi-annual Staff Satisfaction Survey.

The Councils 2012 Staff Satisfaction Survey - Key Findings

- The results are encouraging, with large numbers of staff responding positively
- As they were in 2010, staff are concerned about job security and opportunities for career progression. Dissatisfaction with office accommodation is also an issue.

Working at NHDC

- NHDC was rated as one of the best/above average as a place to work by 55% of respondents (an increase of 3% on 2010)
- Across all 15 statements asked about working at NHDC, responses were more positive than in 2010
- Overall, respondents indicated that they were treated more fairly and had fewer concerns about bullying/harassment than in the previous survey

Satisfaction with job factors

- Since 2010, ten job factors saw an increase in satisfaction levels, three decreased and four remained unchanged
- Job aspects staff are most satisfied with remained as 'friendly colleagues' (92%), 'working hours' (88%) and 'interesting work' (84%)
- The largest change was a 15% point drop in satisfaction with job security
- Dissatisfaction ratings as a whole are up since 2010. They are particularly high for career progression (56%), job security (50%) and basic pay (40%)

Line Management

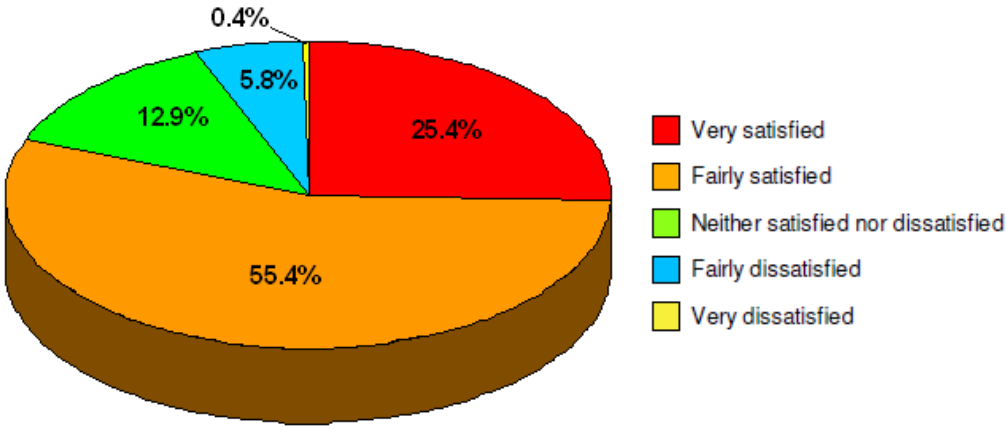
- Since 2010, 11 out of 15 statements around line manager style saw an increase in positive responses
- Most statements gained a positive response from at least 8 out of 10 respondents

Office accommodation

- Responses indicate that staff are much less satisfied with their workplace than before the major relocation to Gernon Road in 2010
- There were significant differences between the directorates

Overall Satisfaction

- Overall Satisfaction with their current job rose from 77% in 2010 to 81% in 2012
- The proportion of respondents either very or fairly satisfied with their job increased 3.5 percentage points since 2010
- The proportion of respondents satisfied with their job was highest in Customer Services (86%)



This brief high level overview of the results of the staff survey does bear up that overall most staff are happy in their job.

The counter indicators point to dissatisfaction with job security which goes hand in hand with lack of career progression opportunities. Satisfaction with basic pay is also declining perhaps inevitable following years of pay freeze.