

Research methodology on employee satisfaction



**ASSIGN
BUSTER**

' Employee satisfaction' is a concept gauging how content the workforce is with their work and the workplace's environment. Hence ' Employee Dissatisfaction' occurs when the workforce becomes unhappy with these aspects of their job, which can lead to negative impacts in the business, such as decreased motivation and declines in productivity, as well as increased labor turnover – common problems that occur in most businesses, regardless if they're small entrepreneurships or large corporations.

We have selected to study specific events in HP's corporate history; specifically: the reduction of wage rates, multiple employee redundancies, sexual harassment and M&A's (Mergers and Acquisitions). Dividing these issues up into four separate reports, we have attempted to analyze the correlations between HP's different corporate issues and their relation to employee dissatisfaction, by using external sources of information (such as news articles based on the relevant issue and applicable Human Resource theories) and knowledge to support our findings.

After analyzing these issues, we will conclude our findings into a summarized statement evaluating employee dissatisfaction present in HP. We will then present collective solutions that can be implemented to help alleviate HP of similar problems if they should ever show up in the future once again.

Analysis/Discussion

In order to evaluate each problem, the implications of each issue on HP must be discussed in detail.

Across-the-board pay cuts and salary adjustments that incensed employees in 2009

“ We don’t know what we’re going to do. We don’t know,” the man told NBCDFW, as tears streamed from his eyes. (Mackilwain, 2009) HP chairman and CEO Mark Hurd announced that they would reduce base pay and some benefits across the company in the wake of disappointing earnings. As for the fiscal first quarter 2009 results, HP’s earnings were \$1. 9 billion, or \$0. 75 earnings per share, down from \$2. 1 billion, or \$0. 80 earnings per share compared to the same period last year. Starting with a reduction in his own salary by 20%, followed by senior executives who would take a drop between ten and fifteen percent, regular employees 5 percent and exempt employees 2. 5 percent. All this in reaction to a 13. 5 percent fall in the company’s first quarter profit. (Dubie, 2009)

Why did HP executives make this salary adjustment while they all know this would incense employees? Before answering this question, there are some basic facts one should consider. The recent recession of our decade has resulted in a sharp drop in international trade, and unemployment reached 9. 2% by the end of 2009. The average salary of HP is about \$62, 000 (before salary adjustment), which is higher than that of others such as Dell, Apple and Cisco. These factors enforced employees’ continuance commitment, which encouraged them to stay with HP based on the perceived costs of leaving the organization. Another factor that could relieve employees’ dissatisfaction is the broadness and equity of the salary adjustment. Since the salary-cutting was due to the unexpected decrease in net profit, hence, as long as the procedure of salary adjustment was made fairly and objectively, and in accord with employees’ perception as much as possible,

<https://assignbuster.com/research-methodology-on-employee-satisfaction/>

employees might not be dissatisfied when they compare themselves with co-workers inside HP (Self-Inside Comparison).

HP's such across-broad cut is basically a result of Profit-Sharing Plans in which the employer shares profits with employees based on a predetermined formula. Similarly, an 'Employee Stock Ownership Plan' (ESOP) is another adoptable option to associate company's profit with salary, and give employees a sense of ownership through ESOP. The next solution is to develop a flexible benefit package to allow each employee to put together a benefits package individually tailored to his or her own needs and situation. Moreover, another way to adjust pay structure is to use bonus. Unlike Profit-Sharing Plan, bonus reward employees for recent performance rather than historical performance.

Which one is the best for salary adjustment? As mentioned before, the world was still digging itself out of economic collapse in 2009, price-earning to ratio had yet to drop as low as previous recession, therefore the ESOP is less attractive since people were recognizing the reality of the weak performance during slumping economic. Hence, I would recommend a combined salary adjustment includes bonus and benefit package.

Based on the diversity of cultures, values, ages, personalities and personal situations, HP should design various benefit packages to fit into employees' needs. There are three types of benefits plans: modular plans, core-plus plans, and flexible spending accounts. In order to make benefits plans fit into employees' need, managers should particularly communicate with employees from different regions, age-ranges, and departments to acquire

what employees need most according to Maslow's Hierarchy of Needs Theory. As for bonus, managers need to set a base pay; this new base pay should be lower than prior one. Bonuses are designed to award recent performance rather historical performance, and only applied to individuals. Moreover, the process of awarding must entails balancing internal equity and external equity.

Allegations of sexual harassment and improper business conduct that “exhibited a profound lack of judgment” by top executives

Be it an entry level employee or for that matter the CEO, violation of business conduct policies can lead to serious consequences. The recent HP sexual harassment scandal serves a perfect demonstration. Mark Hurd who had served as HP's CEO for the last five years resigned at the Board's request after an investigation concluding inappropriate behaviour that had violated HP's behavioural standards. While HP did not find any facts that supported the sexual harassment complaint in general, they revealed that the Board would not tolerate any business misconduct. For HP, what began as an investigation in response sexual harassment complaint by a contractor ended with the company's CEO resigning from his post. Sexual harassment is a crippling reality in the work place the effects of which ravage not only the victim and the alleged harasser, but the fellow employees and the organisation as a whole.

The direct impacts of this scandal were seen through the drastic drop in share value of 8% immediately after Hurd resigned. Yet what surfaces as an important issue is the response of the HP employees to this situation. In response to Hurd's resignation many employees revealed happiness over

him leaving the company making statements like “ the tyrant is gone” or “ Mark Turd”. (Golijan, 2010) What do such allegations draw out? These allegations prove that the HP employees have been dissatisfied in long and an event like this only triggers their emotions to be revealed.

In the first place, any event of such a controversy threatens employee in the workplace. As the Maslow’s hierarchy of needs suggest an individual’s elementary needs includes safety and security at work. Witnessing such an improper business conduct by the top executive himself certainly affects employees within all levels of the workforce. The employees would then begin viewing their peers and superiors with disbelief. Such misunderstanding and lack of trust has a great impact on the formation of long term relationships at work. Furthermore, such controversies lead to people feeling uncomfortable from associating themselves with the organisation. As Tim Bajarin of Creative Strategies Inc. noted: “ The scandals do impact people’s impression on the company,”. A reduced company morale not only means the possibility of a high labour turnover but also the difficulty that HP would face in attracting good quality employees.

A second impact that this scandal had was the emergence of a new leader for HP. Hurd is now replaced with Leo Apethekar. For HP employees who had already faced a rough time, change in leadership brings forth another new challenge, for a change in leadership also means a change in the overall organisational culture. In response to the tarnished company’s image, employees get disconnected from the top management leading to the creation of a “ them and us” culture in the workplace. An essential role for the new leader is therefore to regain the trust which could be facilitated by <https://assignbuster.com/research-methodology-on-employee-satisfaction/>

adopting a more Charismatic leadership style and the same time enforcing ethical conduct. What lead to Mark Hurd Scandal being so detrimental, was that he did not himself comply to the business standards that he created Further, hypocrisy is one of the most destructive elements in an organisation. It is important for executives to set the tone of behaviour before they expect the same from their employees.

The Hp sexual harassment scandal is therefore an important lesson that reflects upon the significance of the conduct of leaders. The profound impact that this scandal has had on the employee level of dissatisfaction leading to a possible feeling of insecurity in the workplace is an important issue to consider. What happened in the case if Mark Hurd, has been principally attributed to not defining the behavioural standards appropriately. We believe that apart from only setting quantitative clauses, it is important to define moral clauses in the conduct as well. Lastly the most important lesson to learn from this scandal is that if an organisation aspires to achieve maximum productivity from its employees they must make them feel comfortable in the workplace. At all times employees must be assured that they will be heard to. Setting up an effective system to address employee grievances is probably the best solution to handling immediate problems and help them from blowing up to create a major controversy/scandal for the organisation.

Enormous layoffs, e. g., 15, 000 in 2002, 14, 000 in 2005, 24, 000 in 2008, and most recently (in June, 2010) 9, 000.

HP is facing a major problem involving layoffs. Due to several reasons, HP has laid off over fifty thousand employees in the last 8 years. For example,

most recently, HP laid off nine thousand employees in order to “ consolidate data centres at an expected cost of \$1 billion.” (Sherman, 2010) These reoccurring layoffs trouble employees in many ways but the main aspect that should be taken into account is the effect this will have on employee dissatisfaction. Employee dissatisfaction can instigate severe ramifications for the company because how the employees’ work affects how well the company does in terms of success.

Job security is something that the average employee cherishes. When an employee’s job is secure, there is a feeling of safety and this usually leads to more confidence and higher productivity. But in this case, job security is not something that the employees hold. Due to the multiple layoffs that occur in such short time periods, employees would feel that their jobs are not safe at all. How does this effect motivation? ‘ Maslows Hierarchy of Needs’ can be applied to this situation. Maslow developed a hierarchy of needs with the levels: physiological, safety, social, esteem and self-actualization. His theory was when one stage of the hierarchy was complete and fulfilled by the employee; the next need on the hierarchy becomes dominant. So when this motivational theory is applied to the situation at hand, it is clear that the employees cannot pass the ‘ safety needs’ stage in the hierarchy. They are striving to achieve job security but cannot due to the consistent layoffs. So therefore, according to the theory, employees cannot go on to satisfy social, esteem and self-actualization needs and this slows down progress in the company.

This situation also fits into the ‘ motivation-hygiene’ theory. This theory relates intrinsic factors to job satisfaction and extrinsic factors with

<https://assignbuster.com/research-methodology-on-employee-satisfaction/>

dissatisfaction. Job security is the issue here and it is an extrinsic factor, and therefore, dissatisfies employees. The hygiene factors are not being taken care of by HP. This obviously hinders performance of the employees.

How can HP resolve some of the employee dissatisfaction problems that they have? One solution is that they can try and find another way to cut costs, other than making employees redundant time and time again. They could reduce wages of employees, or cut salaries from higher managers, but it can be argued that this will also lead to an increased level of employee dissatisfaction, depending on how the employees are motivated.

However, if HP find it essential and most efficient to lay off employees to cut or cover costs, then the company can keep current employees motivated by making the work environment more relaxed. This could help calm down the employees and reduce dissatisfaction (another 'motivation-hygiene theory concept'). This will not necessarily motivate employees, but it will reduce dissatisfaction. Also, in order to prevent further dissatisfaction, HP could cut down on other possible extrinsic factors that cause dissatisfaction. For example, supervisors could start acting friendlier towards employees or any form of strict supervision and punishment can be abandoned.

The continuous layoffs create a resistance to change in employees as many aspects of the company changes when massive layoffs occur. To overcome the resistance to change, HP could help employees find logic in why these massive layoffs have occurred. Employees will still have security issues, but once they have all the reasons for change and there is no ambiguity, the environment would be more relaxed and any unnerving rumours floating

around in the grapevine would be abolished. This could reduce dissatisfaction of the employees slightly.

A risky merger (with Compaq) that “ would create a bloated, vulnerable company anchored on the manufacture of commodity products at little or no profit.”

‘ Business mergers’ occur when two firms combine together to form a new firm. Many reasons are associated with mergers – the most common ones including potential Economies of Scale, increased market share, and so on. But what is less regarded by higher management levels in organizations is the impact on mergers on the overall workforce, and the deteriorating affects a merger can have on remaining labour. This report will address the human resource issues emerging from the merger of Compaq with Hewlett Packard (HP).

There are multiple causes for negativity in the workforce after an M&A, some including increased centralization in the organization’s structure and loss of organizational culture. Centralization occurs when decision-making power is centered at one point in the company – normally towards the higher levels of hierarchy (senior managers). This cuts off communication to lower levels of the organization, which can decrease the amount of communication flowing through the chain of command in the business and hence contribute to increased uncertainty in the workforce (Kusstascher, 2005).

After this, once a merger takes place there tends to be a loss of previously accepted culture from the prior-merged firm. Employees who identified more so with the business’s previous culture will likely become more isolated and secluded upon the merger – where there can be a new culture imposed on

them due to the presence of another business. This can trigger a 'loss of identity' for employees, which may alter their perception of the business that they work in, and will likely also increase the amount of uncertainty that they experience within the merged business.

Another major effect of an uncoordinated merger includes employee stress, contributed by concerns of job security due to potential layoffs after the merger. These redundancies occur because merging companies do not wish to duplicate job roles; hence by making specific job roles redundant they can rationalize costs and utilize the minimal amount of workers required in each department. This was the case between the merger of HP and Compaq – which reported a job cut of approximately 15000 (Foo and Menon, 2001) people, triggering increased stress levels amongst staff as to whether they would retain their job in the merger process or not. Employee stress thus tends to lower overall moral and decrease productivity in the long run due to frustration over job security, as one employee expressed from HP's Singapore branch: "either way, we're done for" iii(Foo & Menon, 2001)

In conclusion, employees will find it increasingly difficult to cope from the many challenges involved with a merger: due to emotional stress from feelings of fear and anxiety for job security, to loss of corporate identity due to a change of organizational culture. This could contribute to increased employee dissatisfaction with the business to those who remain in the workforce, due to negative emotions and lack of support from the business.

Thus in the future, HP must address such concerns by implementing policies to help employees cope with such emotions. This could include increased

communication from managers – if employees were kept in constant communication with managers about changes in the overall business and were aware of re-structuring issues and redundancy potentiality, then this would reduce the impact when redundancies are issued – as employees who've known about the possibility of a lay off prior would have better mental preparation.

Another suggestion could include adapting the merger and acquisition process so that cultures are able to integrate more effectively – increased dialogue in the form of conferences or workshops between the two merging companies would help to improve communication and overall exposure between the different business cultures to make the integration of the two companies smoother. This could help motivate employees to cooperate with each other more willingly and stimulate an increased sense of new culture that benefits both previously separate companies.

Conclusion and Recommendations

Conclusion

In conclusion, it is very much clear through these examples that employees are very dissatisfied with the way HP is operating. HP operations are disgruntling the employees and this is possibly hindering their performance, and therefore, halting progress for the entire company. Whether it is through salary adjustments, unnecessary ill treatment of employees, colossal number of employee layoffs, or massive overall change through mergers and acquisitions, HP's way of running things is displeasing the employees.

Recommendations

HP must find solutions to satisfy their employees more sufficiently.

Dissatisfaction levels must be reduced in order to see some progress in the company. The first solution is a simple, but effective one: HP should make the work environment friendlier and more relaxed in order to gain some employee confidence. Currently, it does not appear that HP is very friendly with their employees due to the several issues discussed above, however if HP were to treat their employees better, and make the work environment more relaxed, then the employees dissatisfaction level would decrease.

Another recommendation to HP would be that they should manage change amongst employees more effectively. If you look at the merger, the pay cuts, and the enormous layoffs, these are rather big changes to the company. If HP could manage this change in a more effective manner, then employees would not be as dissatisfied. HP should first and foremost warn employees of upcoming change to abolish any nervousness and ambiguity. The facts should be laid out and employees need to be made to understand them. Also, to avoid further dissatisfaction, the changes must be applied fairly, and not with any prejudice or any other sort of unfair actions. A form of manipulation could also be adapted by the company. Manipulation is not the most ethical of methods to lower dissatisfaction, but in the end, it does lower dissatisfaction. Manipulation involves twisting facts to make the situation at hand seem more attractive. False rumors are usually spread and eventually, employees accept the change and this lower dissatisfaction.