

## How an open environment is good for business

*“If a company wanted to make a difference in its workplace, the one single thing it could do is just start listening to people more”*

*Dr Pete Bradon, Research Manager, Best Companies Ltd.*

It is widely acknowledged that involving and consulting employees can help to create a climate of trust where employees feel valued and committed. This can bring real business benefits. Employees feel encouraged to contribute even more to the business they work for.

However, the benefits of greater employee involvement will only be fully realised with commitment by management and true dialogue with employees. Communication structures that are empty shells, used to “rubber stamp” decisions, risk creating disenchantment. Genuine consultation means employers providing real opportunities for their employees to express their views in whichever way works best for the both parties. This does not need to be costly or time-consuming. It means employers listening to their employees and taking their views into account.

### **Effective employee involvement helps increase productivity and performance**

- Consulting employees can bring about productivity gains in workplaces because consultation offers new solutions to problems and issues at work, and because it encourages workers to take a longer-term perspective of the prospects of their firm. Firms need to find a competitive advantage wherever they can, using the talents and ideas of all the people they employ.

### **It helps to increase customer satisfaction**

- Evidence suggests that involving employees and consulting them on an on-going basis creates greater employee satisfaction. A study carried out in the US found that improving employee satisfaction in a company by 5 % improves customer satisfaction by a corresponding 1.3 %, which in turn improves profitability by 0.5% (the “Sears Model”).

### **It helps you to manage change or problems with greater efficiency**

- Businesses constantly adapt to changing market conditions. Employees who work in a collaborative environment are more prepared to be flexible in times of change. Employees can make a positive contribution to change. Ideas emerge through employee feedback and joint-problem solving.

### **It helps you to reach better decisions**

- Knowledge is spread throughout a business and is not the exclusive preserve of managers. Understanding and taking into account the wider interests and views of employees can help managers make better decisions. Employees can contribute by feeding in ideas and management becomes better informed of workplace issues.

### **It helps to reduce staff turnover and absenteeism**

- Informing and consulting employees helps them to understand how their organisation works. A recent survey showed that workers who understand how their organisation works feel they work for a great organisation and feel loyal. Costly absenteeism and staff turnover could be reduced.

### **It helps improve your reputation**

- Valuing and involving staff can help an organisation be known as a responsible employer with an open working culture. This could boost reputation and help attract the best staff.

### **It benefits your employees**

- Employees get to be consulted on important decisions and have access to information that could directly impact on their working lives.

### **The potential long-term benefits outweigh the short-term costs**

- Virtually all businesses already inform staff about workplace or business issues, and encourage feedback from their employees. Improvement rarely involves starting from scratch. For many organisations all that is needed is for managers to review their existing practices and consider how they could be made more effective.
- The annual costs for maintaining information and consultation arrangements for a medium sized firm could be as low as £900 depending on the type of arrangements. It should rarely, if ever, run into large sums, even where a business employs many thousands of employees.
- Even where a business has nothing to build upon, the costs of setting up new systems to involve staff are comparatively low. For a medium sized firm the cost of setting up new information and consultation arrangements could be as low as £1,700. Even if costs

were significantly higher, the potential benefits of involving employees in the long-term are great.

### **What business has to say:**

At Royal & Sun Alliance “Time invested in full and effective consultation, including discussions around how a change can be best communicated has in our experience lead to earlier employee engagement, better performance and speedier implementation of business change”.

See [www.iandc.dti.gov.uk](http://www.iandc.dti.gov.uk) for more sector specific examples of how employee involvement can benefit your business.

### **Supporting Data:**

The recent survey by CHA, the workplace communications consultancy, found that 90% of employees who considered they were fully informed were motivated to deliver “added value”.

Almost 60% of employees (interviewed by CHA) who felt they were kept in the dark say they will leave within two years.

The Chartered Institute of Personnel Directors (CIPD) recently estimated that the costs to employers of replacing a single member of staff is in the region of £4,200.

25% of respondents to the CBI Employment Trends Survey 2001 ascribed increased productivity to changes in work culture and organization.

70% of firms interviewed by DTI agreed that informing and consulting employees helps companies manage change with greater ease and efficiency.

Companies topping the 2005 *Sunday Times 100 Best Companies to Work For* (the majority of which scored very highly on partnership working) have been shown to fare better than most on the stock market.