The Evolution of Employee Opinion Surveys—The Voice of Employee as a Strategic Business Management Tool

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The idea of seeking input from employees has come under many names. "Employee Satisfaction." "Employee Attitudes." "Employee Commitment." "Employee Engagement." HR practitioners have conducted these surveys for decades. In recent years we have evolved our understanding of the critical concepts to measure, as well as the practical application of research methods, analytics and interventions surrounding employee surveys. In this article we briefly trace the history of employee surveys, how we have become more adept at utilizing, the current focus on employee engagement, and where we go next. In particular, we lay out a path forward and discuss what types of changes practitioners should expect in the next decade.

Many organizations administer workplace surveys to their employees, with recent literature estimating prevalence rates at between 50% and 75%.[1] Organizations that do not are at a competitive disadvantage as these surveys can be a powerful tool to provide management with insight into what is going well, what needs improvement in order to drive employee motivation, retention, and productivity. In fact, in two separate studies of HR practitioners, approximately seven out of 10 state that employee engagement is the number one indicator of the effectiveness of their talent management practices and people programs.[2, 3] This is especially important, given the current economic climate, as leadership must adopt proactive yet cost-effective strategies to positively influence employee productivity and subsequently the bottom line.

Historically, employee research has often appeared in the form of employee attitude surveys conducted by companies. Organizations such as IBM were among the

first to measure, understand and gain insight into workplace concepts like morale, satisfaction and commitment. Generally speaking there has been an evolution from a focus on job satisfaction in the 1970s, to a focus on commitment in the 1980s and 1990s and a focus on employee engagement from the year 2000 to present.

The primary purpose of early efforts was descriptive in nature – to identify and describe problem areas for organizations and leadership. As employee research practices have evolved over the decades, they have moved toward taking a more prescriptive approach. In other words, while organizational leadership is still interested in gaining insight into their employees' satisfaction, attitudes and commitment, the question of how to use information about employees' level of engagement as a business indicator that drives positive action is now of primary concern. For instance, Lowe's® used data over multiple periods to model the impact of engagement on company performance indicators. The findings were shared with executive leadership and the results were then used to help inform HR strategy and priorities.[4] The ability to convert data insights into practical and impactful action is a critical area where most companies fall short once data has been collected.

Advancements in Employee Measurement

Employee research efforts have grown significantly from early efforts that primarily focused on determining if employees were happy or satisfied. "Employee engagement" as a term is used frequently as a talent objective, but often with differences in operational definition. While it is designed to replace related constructs such as satisfaction, commitment and morale, many have wondered if this is just old

wine in a new bottle. As opposed to employee satisfaction, employee *engagement* is an outcome-driven concept that describes an employee's discretionary effort that includes a key behavioral component.[5] This suggests that engaged employees will provide more effort than disengaged employees, which in turn positively influences individual- and business-level performance.

In the most comprehensive review of the construct to date, Macey and Schneider break down engagement and put forth a compelling three-facet model of engagement.[6] They conceptualize engagement as containing trait, state or behavioral elements. Trait engagement describes the inherent personality-based elements that make an individual predisposed to being engaged. Some organizations have begun to include this in their hiring practices by assessing prospective hires for conscientiousness and positive outlook, thus increasing the likelihood that the organization starts off with engaged employees.

State engagement is the psychological state that is the precursor to action, and is the closest to what researchers have historically measured in concepts of satisfaction, motivation and commitment. State engagement is the area where employers can make the biggest impact through interventions in leadership, management, career opportunities, company infrastructure, and rewards. In other words, state engagement is improved through organizational interventions directly under management's control.

The third engagement facet, behavioral, is what can occur when both trait and state engagement are present – but is perhaps the most difficult for an organization to affect directly. With behavioral engagement an employee puts in discretionary effort in

their job which leads to greater value creating behavior and higher performance than their less engaged counterparts.

The positive business impact of an engaged workforce was supported by a large scale meta-analysis[i] examining results across multiple studies.[7] A positive correlation was found across all included industries and job types with many different performance outcomes. Interestingly, the satisfaction with one's organization had a stronger connection with performance than satisfaction with one's job. Another recent study of multiple global organizations revealed a strong positive correlation between employee engagement and revenue growth in the subsequent year.[8] Further, this research found that organizations with high levels of engagement (at the 75th percentile) outperformed the total stock market index and posted total shareholder return that was 50% higher than the average in 2011. Companies with low engagement (the bottom quartile) had a total shareholder return that was 50% lower than the average.

The concept of employee engagement appears to have withstood the test of time and is even gathering momentum. Organizations have applied the concept for decades and even academics are paying more attention. Engagement seems to have intuitive appeal and empirical validation as a leading indicator of business results over which management has a great deal of control. Given this knowledge, most leaders want to know what they can do to help the approximately 40% of employees in the average organization that are not engaged.[9] This leads us to our next discussion about

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[i] Meta-analysis is a statistical technique that combines the results of multiple studies, making it easier to estimate a more exact relationship between variables. Essentially, meta-analysis computes the average relationship across studies.

practical applications and advancements in research administration, reporting, and analytical approaches that drive action.

Advancements in Administration and Reporting Approach

Employee surveys are an efficient way to conduct thousands of interviews at one time. Instead of sitting down with each employee, surveys enable us to gain large amounts of feedback quickly. When employee surveys were in their infancy, paper-based administration was the only viable option. An internal analysis of over 7,000 global client organizations conducted by Aon Hewitt shows that there has been a drastic move toward online administration, and that 74% of organizations use online administration in their survey research. However, the research shows that this is not a global change, and less mature organizations in some emerging markets – such as Latin America and Asia Pacific – still have a heavy reliance on paper. More generally, cultural differences exist in engagement levels as well as the acceptance of employee surveys. For example, in some Asian cultures many employees may not be familiar with the concept of management broadly soliciting opinions through an employee survey (i.e., with a more hierarchal culture, the idea of asking for their opinion may seem uncomfortable).

However, in most developed countries and industries, survey approaches are maturing rapidly and the use of paper administration is disappearing – even for organizations with employees that do not have easy access to their own computers like retail or manufacturing settings. While some may use other techniques such as interactive voice response, the most mature survey programs have largely moved

online. In addition to administration, reporting of results is increasingly moving to web-based solutions as it offers organizations the opportunity to provide survey results, interpretation, and action planning directly to managers. Mobile and hand held devices are being used more, not just for administration, but also for related administrative activities, such as management's tracking of survey response rates. Technology-driven administration and reporting does require some investment beyond traditional research approaches, but many organizations are finding that the efficiency, scale, speed and value to internal stakeholders that can be achieved is well worth it.

Any time employee surveys are conducted it is essential to ensure that employees, leaders and managers know why the survey is being conducted and how their individual results will be handled. During the initial transition to a web-based methodology some employees may express concerns of confidentiality, but we find that with good communications, protected and random passwords, secure servers and third-party hosting, this concern disappears quickly. All of these findings indicate a trend toward web-driven administration and reporting that is here to stay and will likely increase and evolve with the availability of new technology.

Analytical Advancements

Original survey efforts that were primarily descriptive in nature (e.g., percent of employees satisfied with their organization and co-workers) did little to assist with organizational decision-making. There has been an evolution in analytics beyond the descriptive to help managers boil down a large number of survey items into the key employee experiences that matter (e.g., engagement), understand the impact these

employee behaviors have on business performance and prioritize action in areas under management's direct control that will have the most meaningful impact. While a detailed review is beyond the scope of this article, it is important to recognize that leading organizations are using more rigorous and reliable statistical techniques with their survey and business data. To maximize the return and strategic impact of survey results, the teams supporting the program should be familiar with techniques such as Relative Weight Analysis and Structural Equation Modeling.

Many of these advanced analytics are conducted behind the scenes and the specific details are of little interest to management. What is of critical importance here is the ability to increasingly use data-driven approaches to provide the greatest degree of confidence behind prioritization activities that are derived from employee surveys. Market research and operations science disciplines have used advanced statistics to support decision making for decades – HR is now catching up and gaining momentum in this area as well. Many organizations have created roles within talent and organizational effectiveness functions to help drive these research and analytical efforts – roles that are specifically well suited for individuals with advanced degrees in industrial/organizational psychology, engineering and economics and statistics.

The ability to meet the increased demand to demonstrate the link between employee behavior and business outcomes has been facilitated by advancements in predictive statistical analytics. Identifying a clear link between engagement and business results is crucial for organizational leaders to see the business relevance of employee research. Modeling techniques can demonstrate how the organizational

value chain operates as a system and provide a predictive roadmap of how management actions affect employee behaviors, which in turn affect outcomes like retention, customer satisfaction and sales growth. The insights from these types of techniques increase the power and accuracy of predictions made from the research, and can demonstrate the organizational impact of an engaged workforce. Organizations are increasingly seeking to identify tangible business outcomes related to improvements in employee engagement. This "engagement-to-performance linkage" practice also has important change management implications in that the ability to identify leading indicators of business outcomes will likely gain the attention of leaders and, therefore, increase the support needed for success.

The reality is that without capitalizing on advanced predictive analytics that help focus action, many organizations may not be truly maximizing the return on investment from their survey efforts. Organizations have become very adept at administering surveys and collecting feedback from associates; however, they are less adept at what to do with that information and enabling managers to take meaningful action. If it could be said that survey administration is largely a commodity now, the time and resource emphasis needs to shift toward what happens after the data is collected. That is, it is necessary to have a holistic engagement strategy, and not just an engagement *survey* strategy. To accomplish this, we lay out a road map in the next section for how survey research will need to evolve to maximize value.

Maximizing Strategic Impact of Surveys

With a robust employee survey program, organizations can gather feedback that gives HR another reason to occupy the proverbial "seat at the table." When a survey is well designed and administered, information can be gathered that will inform business strategy. More specifically it will help guide both short- and long-term decision-making around interventions to support the execution of talent and business strategy. However, the ability to do so will still be dependent on how the results are analyzed and the quality of the interventions.

The real trick is to turn volumes of data into actionable insights that resonate with key organizational decision makers. This starts with clarifying and addressing the research questions that matter – for example, "What percentage of employees are engaged?," "What impact does employee engagement have on critical employee behaviors and on our business?," "What actions should we improve or sustain to maximize engagement?," "How do the answers to these questions differ for critical workforce segments?," and "How do we engage leaders and managers in driving our engagement strategy?" Creating and using a predictive framework as described above to help answer these questions is one way to guide managers' decision making regarding the areas where they can have the most impact.

To provide an additional mechanism to hold managers accountable for survey results, an increasing number of organizations are including items often referred to as "action planning indicators" (APIs) in their surveys and report out. APIs are typically questions that ask employees if results from a prior survey were shared and if steps

were taken to address the feedback. Research has shown that communicating results has an effect of creating subsequent improvements; making desired changes without communicating actual results leads to slightly better improvements. The greatest improvement, however, is where managers not only communicate results but actively involve employees in determining what actions to take. These APIs provide a measureable way to hold managers accountable for results. Instead of focusing on just a raw score, emphasis can also be placed on what managers do with their results after each survey. This mechanism sets up a system that rewards managers that display the right behaviors, and not just those who have high scores.

What's Next

Some aspects of engagement survey programs, such as increased reliance on online administration, are unlikely to change in the near future, but the authors see several advances in measurement, administration and reporting, and analytics in the years ahead that practitioners should prepare for. As mentioned earlier, the concept of employee engagement seems to be of primary importance for many organizations. Examining the workplace experience using techniques from different disciplines like engineering, market research, labor economics and medicine will likely increase. For example, advances in neuroscience offer insights into the rational and emotional interactions within the amygdala and prefrontal cortex regions of the brain that can impact engagement or disengagement behaviors – and how to intervene.[10, 11]

To fully leverage the survey results, organizations will increasingly measure more concepts from these different disciplines and vantage points in their surveys.

These advances could include items to measure emotional energy, reactions to change and stress, total rewards program trade-offs, inclusiveness, culture, wellness, and labor relations, to name a few. By broadening the range of concepts measured, organizations will be able to more fully capture concepts of organizational effectiveness that matter, and potentially reduce survey fatigue through administering fewer surveys throughout the year.

The second of these likely advances is the way in which surveys will be administered and reported, and how action will be driven from the results. Technological advances and innovations will allow for faster, real-time, ongoing feedback loops between respondent and researcher – similar to many social media applications. Historically, employee research has been just that – an exercise that treats the employee as part of a large group that can be researched for consistent macro-level themes. Increasingly, results will not only be used at the organization and group level, but also provided back to the individual. For instance, upon completion of a survey an employee may receive their own individualized engagement report that provides insights into how they can also take an active role in addressing areas of opportunity they specified in their survey. In other words, they become part of the solution instead of relying on managers to drive all changes.

Organizations will have the ability to provide a randomized set of survey items to a random selection of employees over an ongoing period of time. Results can be fed back in real time to respondents and managers (in addition to periodic roll-up of data to paint a full picture across the organization). These types of approaches will allow for

tracking employee engagement over the course of months, weeks or even days. Imagine a "stock ticker graph" where engagement can be tracked over the course of a year and spikes and dips can be tied to discrete events like CEO town halls. Ultimately, this type of technology innovation can unlock the real promise of employee research – efficient, ongoing dialogue and feedback with individual employees at the center of the solution, as opposed to one large organizational survey event that happens once a year or two.

The final area we see on the horizon will leverage technology toward enhanced, integrated analytics between employee survey data and other sources of employee, customer and business data – "big data." Google has been at the forefront of this trend evolving common survey practices toward full-scale, predictive human capital analytics that is supported by a fully dedicated people and innovation lab (PiLab).[12] The ability to track, integrate and analyze data at the individual level unlocks many possibilities. For instance, analyses can be used to identify turnover trends, engagement, or even health outcomes for employees that have specific individual profiles. A "one size fits all" approach to engagement will wane and interventions will happen increasingly at segment and even individual levels.

Imagine a scenario where the same type algorithm that allows credit card companies to identify and notify customers of potential credit card fraud is used to notify a manager that one of her high-performing direct reports is at turnover risk. This would be based on a combination of engagement scores, demographic information, and programmatic or life events tracked in HRIS. The savvy organization will use these

integrated analytical approaches to become more predictive and optimize decisions given multiple inputs and resource constraints.

With all of these measurement, technology and analytical trends, it is also important to stay focused on the decisions that are being supported – to avoid "analysis paralysis." In *Strategic Organizational Surveys*, Jack Wiley proposes a helpful strategic model on survey purpose that ranges from defensive to offensive. On the one end, a defensive survey's primary goal is to identify warning indicators (e.g., ethics and safety) that could put an organization at risk. On the other end, offensive surveys are used to collect leading indicators that will enable companies to proactively drive high performance. The survey approach and content can vary depending on the purpose of the survey along this continuum. By aligning survey content to business imperatives you can ensure that your program is strategically relevant, that the analytics are easily understood and digestible, and that meaningful action is taken.

Conclusion

It is clear that employee surveys will be here for years to come. Companies that do not survey are at a competitive disadvantage since they are losing an important avenue to collect feedback from their workforce. Since the survey itself is becoming more of a tactical event every year, it is what happens with the data between survey administrations that will differentiate organizations the most. Any organization that does not have broad-reaching action planning following the survey will quickly lose ground in this area. Moreover, there must be a concerted effort to use the data in a strategic way to enact positive change. Technological advances are quickly making it

easier to get to more integrated data faster for enhanced organizational insight – and this presents both strategic opportunities and practical challenges. HR professionals with skills in survey research, statistics and organizational development will be poised to accept these challenges and add great value to their organizations.

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