

Why run an Employee Satisfaction Survey?

QUANTIFY! Ltd. 18 Rodway Road, Roehampton, London SW15 5DS
08452 414160 020 8704 1296 www.quantify.co.uk

David C Lusty Chartered MCIPD MMS(Dip) MIC CMC (Director) Mobile: 07956 518070 david@quantify.co.uk
Registered in England. Company number 2825006 Registered office 18 Rodway Road SW15 5DS

Employees' feelings

My wife and I have our favourite restaurants. There are one or two we choose between when we just want something quick, cheap and cheerful. And one or two we might choose for a little celebration, when we feel willing to pay a bit more for something a little bit special, that we know we'll enjoy. On a recent visit to one of the more special places, the waiter wasn't his usual discreet but attentive self. There was a grudging quality about everything he did, and the plates seemed to hit the table with a wee bit more of a thump than was necessary. Smiles and eye contact were in short supply.

There was nothing specific that we could complain about. The food was as good as usual and it got served promptly, politely, and efficiently. It just wasn't as pleasant an experience as usual. So next time we want a celebration, I suspect we'll choose one of the other places on our little list. We didn't complain, so if they notice that we don't visit any more, they'll never know why.

That's how delicate a customer relationship can be, and it often depends, as in this case, on the demeanour of a relatively junior member of staff. Maybe he was feeling unwell. More likely, I suspect, he was peeved about something that had happened at work. Maybe they wouldn't pay the overtime rate he wanted, or he had been told he had to do something he didn't want to do. The point is that he wasn't feeling good about his work; we were affected by it too; and they have lost a couple of fairly loyal customers over it.

So the employee's feelings weren't incidental or irrelevant to the performance of his duties. They weren't insignificant provided he showed up and worked the session. His feelings led to the loss of a customer and his feelings therefore had a direct effect on the bottom line.

Your organisation's success depends on how it feels to be one of your employees.

Transparent organisations

Lots of people in organisations never meet a customer. They might say that it doesn't matter how they behave, because no customer can be influenced. And they would be wrong. It may be that our waiter was feeling bad because someone in the kitchen that we have never met was being uncooperative. His orders were being left until last, perhaps, or it may be that someone was just being very bad tempered, and the manager wouldn't intervene, expecting the waiters just to put up with it. It is hard to tolerate negative, obstructive, or grudging behaviour from a colleague whose support you depend on to do your job well. It is even harder to greet the customer with a smile and give service beyond their expectations if you are feeling exploited and unsupported.

Organisations exist to serve their customers, users, clients, patients, students, residents, call them what you will. Every employee should either be helping customers, or if they aren't helping a customer, they should be helping someone who is. Some employees might be a few colleagues away from the employee who is helping a customer but the quality of the service they deliver to their colleagues, and the manner in which they deliver that service still influences the quality of the experience the customer gets.

Nobody should be allowed to think that they haven't any customers. The only distinction is between internal and external customers. The back room employees who only provide support services to colleagues are helping internal customers, while those like our waiter who meet paying customers like us are serving external customers.

Every employee's behaviour contributes to the experience the customer gets. And every employee's behaviour depends on how it feels to work here.

Employee engagement

So how influential is this question of how employees feel about their employer?

For decades, enlightened employers have asked employees how they feel. The idea really took off in the USA after the Second World War and it was based on the belief that happy workers would be more productive than unhappy ones. This seemed so obvious that for a long time, little effort was made to prove that it was the case. So these enlightened employers continued to run what they generally referred to as an Employee Attitude Survey. Mostly, the survey was an annual event and that is still the norm.

The really switched on employers took notice of what they learned from the survey and tried to do something about changing things with the intention of improving employees' attitude. The others had only done the survey because it seemed like the right thing to do. When they found out a few things they would have preferred not to know, they stuck the report on the shelf, their heads in the sand, and carried on as before. It still happens.

More recently, as the notion of Customer Satisfaction was recognised as an important feature of running a business, the emphasis has shifted from employee attitude to employee satisfaction and many surveys are referred to as Employee Satisfaction Surveys.

By the 1990s, data which could demonstrate a link between scores from Employee Satisfaction Surveys and individual or corporate performance was still thin on the ground. This probably arose from the reluctance of employers to release such data, which they saw as commercially sensitive, for academics to use and publish.

Since then, efforts have accelerated to find phenomena which could be measured using an Employee Survey and for which it could be shown that an improvement in the survey measure would lead to improved performance. These efforts led to the emergence of concepts more specific than generalised employee satisfaction. First, employee commitment, and more recently employee engagement have become the features we are urged to concentrate on.

The last labour government commissioned a report which was published in July 2009. Entitled *Engaging for success: Enhancing performance through employee engagement*, its authors, David MacLeod and Nita Clarke said,

“If it is how the workforce performs that determines to a large extent whether companies or organisations succeed, then whether or not the workforce is positively encouraged to perform at its best should be a prime consideration for every leader and manager, and be placed at the heart of business strategy.”

What is employee engagement?

MacLeod and Clarke say they found more than 50 different definitions and the lack of consensus is certainly a problem when discussing and comparing the outputs from different attempts to measure it. Some have suggested that if it can't be more clearly defined, the idea of engagement should be dropped. MacLeod and Clarke say it is too important for that and they conclude that

“it is most helpful to see employee engagement as a workplace approach designed to ensure that employees are committed to their organisation's goals and values, motivated to contribute to organisational success, and are able at the same time to enhance their own sense of well-being.”

Although there are many definitions, they do have much in common. Most would agree that

- Engagement can't be bought, say by paying more than your competitors; it needs to be won by the sincere behaviour of those at the top.

- Engagement happens when
 - Employees are managed according to strong values which they can believe in
 - Employees perceive the employer's concern about their health and well-being
 - Employees work in an environment where achievement is recognised and mistakes are tolerated and learnt from
 - Senior managers show employees that they value them
 - Employees feel able to voice their opinions
 - Managers listen to employees
 - Good suggestions are acted upon
 - Employees are involved in decision-making
 - Employees are developed both in terms of skill and behaviour to equip them to give of their best
 - Employees have the opportunity to develop their jobs
 - Employees have the opportunity to make the best use of their talents
 - Employees are given the space and flexibility to be innovative and to carry out their duties in the best way possible
 - Employees are motivated to give of their best

This list is ordered roughly according to theme, not importance.

Engagement correlates with performance

There is good evidence which links higher engagement scores with higher performance measures and improvement in engagement scores with improvement in performance measures. A correlation isn't necessarily evidence of a causal link, and it is plausible to imagine people feeling better about their employer as a result of its improved success. However, there are enough examples of employers who measured engagement, made a successful effort to improve it and observed an improvement in performance to argue that even if there isn't a direct causal link, at least the relationship amounts to a virtuous circle.

Various different ways of measuring engagement might be used, and the performance measures vary too. They include Operating income; Net income; Earnings per share; Profit; Sickness absence rate; Staff turnover; Quality error rate and Client satisfaction.

The evidence of a link is now hard to dispute. MacLeod and Clarke say,

“Our conclusion from the evidence available, including our own first hand observations of the impact of successful employee engagement in practice, is that the correlation between engagement, well-being and performance is repeated too often for it to be a coincidence.”

Now that we are satisfied that we can improve corporate performance by improving employee engagement, that implies a duty to manage employee engagement. How should we go about that?

Management information

Almost every organisation, however small, has a management information system (MIS) of one kind or another. Usually, it shows a number of measures that have been settled on as important to the success of the enterprise. These might be defined as Key Performance Indicators or KPIs. Often the system provides a monthly report showing the target (or plan), actual and often prior year figure for each of the KPIs. Variances might be shown, too, to highlight an indicator which deviates from the plan. All these figures might appear as monthly figures and as Year to Date totals and they may be presented just as sheets of numbers or graphically in a dashboard or scorecard. When an undesirable variance shows up, managers are expected to do something to bring the figures back on track before the next month's report comes out.

While planning is the crucial first step, most of the time, the job of the manager is to monitor actual performance on each KPI by comparison with the plan and to devise and implement interventions which keep it on plan or better.

Choosing the KPIs

It is for each organisation to decide on its own crucial measures, the drivers of success in its business, which it will monitor and manage.

Almost every organisation will want to keep an eye on the total amount of income it gets (Revenue), and the total amount it spends (Costs). The difference between these two totals is important, too, and may be designated Profit/Loss or Surplus/Deficit depending on the nature of the organisation.

All the other measures chosen to feature in the management system will be measures which help managers to understand the reasons for any variance in Revenue or Costs.

In a commercial organisation, Revenue is affected by the volume of sales, and pricing or revenue per sale, so these will feature in the MIS. Costs are affected by quantity of materials purchased and the prices paid, and by employee costs, especially by the amount of overtime allowed and casual or temporary staff used. There are often other performance measures which can't be said to be direct influences on revenue or costs exclusively, but might have an effect on both. A hotel, for example, will monitor the occupancy rate; the percentage of rooms which are occupied. With a higher occupancy rate, housekeeping cost might be higher but so will revenue. Provided that the rate at which the rooms are let was enough to cover the extra costs, higher occupancy rate is a good thing. Clearly the average room rate sold must be monitored as well.

Most organisations carefully measure and manage a range of other matters that have an effect on the overall performance. To take just two examples, an MIS will often include

- **Days sales outstanding**
a measure of the receivables (sold ledger) department's success in quickly recovering what customers owe us. Until we get paid, either we have to pay to borrow the money, or we don't have it to put on deposit. Either way we're worse off if it takes too long to get paid.
- **Customer attrition**
the percentage of existing customers lost. Every customer we lose means we have to win a new one to replace them, which is a costly process.

Nobody would deny that if these issues can be measured, managed and improved, that will be beneficial to the organisation's overall success. But will the benefit be greater than could be achieved by measuring, managing and improving employee satisfaction (or engagement) or customer satisfaction? Both of those would themselves help to reduce attrition.

So why do measures like Days sales outstanding or Customer attrition so often feature in a MIS, when measures of Employee satisfaction or Customer satisfaction usually don't?

Perhaps it is because these measures can be derived from data that has to be gathered in the process of operating the business, whereas Employee satisfaction or Customer satisfaction measures will only be available if the organisation has taken the initiative to gather such data.

The process of choosing the features that appear in the MIS should begin by making a list of the issues that influence the organisation's overall success, regardless of whether the data already exists to measure the issue. If a SMART measure (see panel) can be created, then it is a candidate for inclusion in the MIS. Having made a list of the candidates, the next step is to arrange them in descending order of their influence on the success of the enterprise. This may require a degree of judgement to be exercised because calculating each issue's influence on the business may be difficult, if not impossible. Placing them in descending order, even if it can only be an approximate order, will encourage you to include measures which are important to manage, even if they wouldn't be found in a "traditional" MIS.

A **SMART** measure has a **S**pecific purpose for the business, is **M**easurable, **A**chievable, **R**elevant to the success of the organisation, can be **T**ime-related, with values related to a specific period.

Managing employee engagement

To get an organisation to concentrate on improving something, it needs to be among the things that are managed. In most organisations, that means among the things the MIS reports on. Peter Drucker famously pointed out that

“What gets measured gets managed.”

The sub-text of this is that however important something is, if it isn't getting measured, it won't be managed. How could you manage anything if you have to guess whether it is getting better or worse? You might introduce some new programme with the idea of improving employee engagement but if you haven't measured it first, you won't know afterwards if it has improved, declined or stayed the same. Employee engagement should be included in that list of the issues to be included in the MIS and that requires that you have a means of measuring it.

Measuring employee engagement

We established earlier that there are lots of different definitions of engagement. It follows that there are many different ways of measuring it. They all involve some kind of research among employees, usually an employee survey. The differences arise in the number and wording of the questions the survey asks. With a bit of help from an employee survey consultant, you can soon settle on the features of engagement that are most important in your organisation, and decide on the questions your survey will use to construct your engagement measure.

When you have done that, you probably won't have enough questions to make up a whole questionnaire. A typical employee survey might comprise between 50 and 70 questions and probably you will only need around a dozen questions for an engagement measure. That is why most employers measure engagement as part of a wider-ranging Employee Satisfaction Survey. This allows you to gather data about matters which might influence engagement, so that if you identify an area where engagement is lower than you had hoped, or lower than it is in other areas of your business, you can refer to the results for these other questions to help you understand the reasons, and what you might do to improve matters. Alternatively, you can use the other questions to measure other things completely. Despite the importance of engagement, there are other aspects of

people's experience at work that are important to get right, but which don't come under the engagement umbrella.

Managing it

When you have measured engagement for the first time, you have established a benchmark for comparison next time. You also have a measure which should help you decide on the initiatives you can introduce to bring about improvement.

You can drill down into the survey data in various ways. Firstly, although you have aggregated all the responses to the dozen or so engagement questions to arrive at a single engagement score, you can still look at the scores for the different questions and see which are the specific issues which led to the overall score, and target your initiatives on the ones which got the least favourable responses.

The other way to drill down is to look at the engagement score for one group of employees, compared with another. You may find that males are more or less engaged than females, or one department is more engaged than another, and that may guide the focus of your initiatives, too. You can compare the scores for individual questions in the same way.

The opportunity to slice the survey data like this depends on the classification questions you asked employees to respond to. If you didn't ask them to tick a box to indicate their length of service, say, then you won't be able to split the results by length of service. For more advice about choosing the initiatives to introduce, see our paper [Prioritising interventions following an Employee Satisfaction Survey](#).

When you have identified the areas to address, you need to devise a programme which will bring about a change for the better. Change management is an expertise in itself, and a subject about which many books have been written, so we don't propose to attempt to cover it here. We can introduce you to change management specialists who can help you to design and implement a change programme, and make the change stick. Most change programmes don't achieve their aims, so it is worth enlisting the expertise of someone with a track record of success.

After introducing your change programme, and after allowing a reasonable interval, the survey should be repeated to assess the effect of the interventions, remembering that there are many other factors that can affect the scores. For most of the measures in a MIS, a month or two is a reasonable period within which to expect variances from plan to be corrected. In our case, however, the feature we are trying to manage is *How people feel about their work and their employer*. Usually, changing that takes longer, so for employee engagement or employee satisfaction measures, we suggest that the surveys should normally be conducted annually. Doing it at the same time each year will eliminate any seasonal variation that might be introduced by holiday periods, annual pay awards etc. This does not imply that employee engagement or employee satisfaction can't be managed just like any other KPI; only that the cycle time needs to be longer, to allow time for changes to embed and be perceived.

Benchmarking

When we refer to a benchmark, we mean your own benchmark, showing where you started from. Don't get hung up on external benchmarking, or "normative comparisons". It is fraught with difficulty which means that it is probably misleading.

For more information see our article, [Debunking the Benchmarking Myth](#)

Conclusion

By managing employee engagement and employee satisfaction, an organisation can be transformed from performing well to a position of excellence in customer service, sales, revenue, client retention and profit. MacLeod and Clarke said,

“In the course of the past eight months we have seen many examples of companies and organisations where performance and profitability have been transformed by employee engagement; we have met many employees who are only too keen to explain how their working lives have been transformed; and we have read many studies which show a clear correlation between engagement and performance – and most importantly between improving engagement and improving performance.”

Your employee survey is the first step to achieving a similar transformation in your organisation.

References:

Engaging for success: *Enhancing performance through employee engagement*, David MacLeod and Nita Clarke July 2009. Department for Business Innovation & Skills

More Literature from [Quantify](#) about Employee Satisfaction Surveys:

[Your Employee Satisfaction Survey](#)

[Employee Satisfaction Survey; Do it Right](#)

[Maximise Response Rate to your Employee Satisfaction Survey](#)

[Prioritising interventions following an Employee Satisfaction Survey](#)

[Debunking the Benchmarking Myth](#); the pitfalls of failing to compare like with like