MEASURING EMPLOYEE EXPERIENCE TO DRIVE POSITIVE EMPLOYEE ENGAGEMENT

A FORESEE WHITE PAPER

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INTRODUCTION

Many studies make it easy to see the link between employee satisfaction and organizational loyalty. Quantifying the high cost of employee turnover is also relatively simple. It is much more difficult, however, to accurately measure the employee experience in a way that reveals the true drivers of an ideal state—one where employees are highly engaged and putting forth discretionary effort to propel the business forward. More difficult yet is measuring the employee experience in a way that provides actionable insights for the development of successful employee initiatives with quantifiable outcomes. This paper explains how the ForeSee methodology and model illuminate the path to an improved employee experience for a better business.
ALL EMPLOYEE SURVEYS ARE NOT CREATED EQUAL

Successful companies recognize the strategic and financial value of maintaining an engaged, loyal workforce (Figure 1), and studies agree that employee satisfaction is a key determinant of engagement and retention. So, it’s no wonder companies invest time and money taking the pulse of their employees through the use of periodic surveys.

However, consider the following scenario. The Human Resources Department spends months creating, administering, analyzing and reporting the results of an employee satisfaction survey. They learn that some employees are dissatisfied with their physical workspace. Everyone wants free coffee. Some workers have too many projects. Many employees want more opportunity for advancement and better pay, while others are thrilled with the new work-from-home policy. And still others report that they would like to receive more information from senior management.

Now what? Will improving or reinforcing any of the identified issues have a measurable, positive effect on future employee retention or service to customers? If so, how much effect will it have? If no action is taken on some issues, will it hurt the business? How should the company prioritize money, time and other resources to address concerns raised by the findings from their survey?

Committing resources to conduct an employee experience survey is pointless unless the results will help business leaders confidently answer strategic personnel questions that will help them drive the business forward. ForeSee’s Employee Experience Measurement helps enterprises identify the key drivers of employee engagement, understand which drivers have the biggest impact on the employee experience and prioritize employee initiatives that will make a quantifiable difference to the enterprise (Figure 2).

FIGURE 1

Cost to Replace Employees
% Salary

<table>
<thead>
<tr>
<th>MOST JOBS</th>
<th>HIGHEST-PAYING JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>213%</td>
</tr>
</tbody>
</table>

Source: “There Are Significant Costs to Replacing Employees,” Center for American Progress, Nov. 16, 2012

FIGURE 2

FORESEE’S EMPLOYEE EXPERIENCE MEASUREMENT APPROACH

<table>
<thead>
<tr>
<th>Three Strategic Questions</th>
<th>ForeSee’s Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How are we doing?</td>
<td>Powerful Diagnostic Capability</td>
</tr>
<tr>
<td>Obtain accurate, meaningful performance measures.</td>
<td></td>
</tr>
<tr>
<td>2. What should we do?</td>
<td>Prescriptive Guidance</td>
</tr>
<tr>
<td>Identify and prioritize improvement targets.</td>
<td></td>
</tr>
<tr>
<td>3. Why should we do it?</td>
<td>Prognosis of Future Outcomes</td>
</tr>
<tr>
<td>Quantify the impact of taking action before making an investment.</td>
<td></td>
</tr>
</tbody>
</table>

Use of valid, reliable and sensitive scientific measurement ensures highly accurate performance metrics that managers can use to confidently assess employee experiences.

Advanced modeling algorithms result in prioritized improvement guidelines that optimize resource allocations.

The combined cause-and-effect framework provides tools for the prediction of future outcomes that yield realistic ROI calculations.
THE FORESEE METHODOLOGY AND MODEL

The methodology behind ForeSee’s Employee Experience Measurement is based on decades of research in the fields of industrial organization, human resources management, applied psychology, psychometrics and statistics. In this cause-and-effect framework, the quality of employees’ experience with various aspects of the job and work environment influences their satisfaction with the employment experience. Their satisfaction with the employment experience then influences their engagement (Figure 3).

ForeSee’s methodology relies on two components. They are (1) the voice of the employee, gathered from professionally constructed and administered surveys, and (2) a state-of-the-art statistical algorithm (generalized structured component analysis) that produces a system of optimally weighted scores. The scores are optimal because the weights for multiple-item measures are determined to make the resulting scores best for the model’s predictive performance. As a result, the individual employee experiences best predict employee satisfaction. Subsequently, the employee satisfaction then best predicts the individual future behaviors, or employee engagement. The methodology is designed to ensure that measures are reliable (accurate and consistent), valid (measure what the organization intends to measure) and sensitive (detect true changes).

Another key result of the methodology behind ForeSee’s Employee Experience Measurement is the ability to measure impacts. An impact represents the anticipated change in an “effect” (e.g., employee satisfaction) when a “cause” (e.g., employee’s perception about advancement opportunities) changes.

By applying this methodology to a well-grounded framework, the ForeSee model will reveal accurate employee experience insights and illuminate a path of action.

Model Accuracy with Subsets of Employee Populations

Even when an organization chooses or is not able to gather employee feedback from a majority of the workforce, ForeSee ensures that the employee experience measure is statistically accurate, reliable and precise. As part of the design of an employee experience measure, ForeSee will recommend a minimum employee sample size given the total available employee population. The recommended minimum sample size is derived by using a finite population correction factor to ensure that a confidence level of +/- 2 points is maintained when the recommended sample is achieved in the survey process. This sound statistical approach yields reliable measures before they are released.
MEASUREMENT FRAMEWORK

ForeSee helps companies gauge overall employee satisfaction by capturing and analyzing these sentiments:

» Overall, how satisfied are you with your employee experience?
» How well is your employment experience at this company meeting your expectations?
» How close is this employment experience to your ideal, given your qualifications for other opportunities?

ForeSee's Employee Experience Measurement reveals scores for the key elements that drive the employee experience. Then using the cause-and-effect model, it quantifies the impact each element has on employee satisfaction, and then the impact employee satisfaction has on predicted future behaviors (desired employee engagement behaviors). See Figure 4.

FIGURE 4

By illuminating and quantifying the relationship between elements (drivers of engagement and satisfaction) and future engagement behaviors (outcomes of the employee experience), the ForeSee model gives organizations a new tool for strategically managing the workforce.

This measurement gives leaders the essential framework needed to prioritize employee initiatives (low-scoring elements with high impact scores) that will affect relevant, desired future engagement behaviors. Based on the predicted, quantifiable outcomes of these initiatives, business leaders can allocate resources with conviction.
ELEMENTS: ENGAGEMENT DRIVERS

The employee experience elements that ForeSee helps companies measure address the aspects of work experiences common to most jobs. These are viewed as highly influencing dimensions to ultimately drive employee engagement. The first five listed below are cited by most studies (e.g., Job Descriptive Index, Minnesota Satisfaction Questionnaire, Michigan Organizational Assessment Questionnaire Job Satisfaction Scale) as the key influencers of employee satisfaction:

1. Job
   » The job itself. This is the employee’s perception of his or her own job. The measures are about the nature of the work itself, such as whether it's challenging, motivating and interesting, and role clarity (i.e., whether the task is clearly defined and understood).
   » Workload. This is about the amount of work required to do the job. It is related to job stress and burnout.
   » Work environment. This is about the physical conditions of the workplace. It is intended to address the degree to which the “hygiene” and safety needs at work are fulfilled.

2. Manager
   » The immediate manager of an employee is a key influencer of employee satisfaction. A manager’s support, such as recognition and feedback, and management style, such as treating team members fairly, directly influence employee satisfaction and engagement.

3. Teamwork
   » Relationships with coworkers are an important part of organizational integration. Coworker relationships are social as well as work related.

4. Compensation
   » Here, the model focuses on monetary reward. Measures include the fairness, transparency of pay determination and competitiveness.

5. Advancement
   » This refers to the assessment of promotion and advancement opportunities in a worker’s organization, as well as career development opportunities and support.
In addition to the key elements listed above, the ForeSee model measures the following four elements that have been identified in additional studies:

6. **Work Support**
   » Work support includes things such as job training, guidelines and the availability of resources.

7. **Leadership**
   » Here, leadership refers to the attitudes and the behavior of the people in a company who are in the position to define values, missions, visions, strategies, norms, etc.

8. **Corporate Culture**
   » This refers to the key values, assumptions, understandings and norms shared by members of an organization and the employee’s self-assessment of his or her cultural fit.

9. **Empowerment**
   » This refers to an employee’s perception of the freedom, power and authority to better perform the job.

**FUTURE ENGAGEMENT BEHAVIORS: OUTCOMES OF THE EMPLOYEE EXPERIENCE**

ForeSee’s Employee Experience Measurement enables companies to understand how changes in engagement drivers and employee satisfaction are likely to impact future employee behaviors. Depending on the goals of an organization, the model may look at up to six outcomes of the employee experience:

1. **Intent to stay**—the desire to maintain membership in the organization

2. **Advocacy**—the belief in and acceptance of the organization’s goals and values

3. **Initiative**—the willingness to exert considerable effort on behalf of the organization

4. **Recommend brand**—the willingness to recommend the company’s brand

5. **Recommend employer to job seekers**—the willingness to recommend the organization to job seekers

6. **Customer orientation**—the commitment to customer service
SUMMARY

Employees appreciate being heard while operating in a rewarding environment. Leaders must strategically manage their human capital for optimal return, just as they do any other business asset. However, understanding the nature and effects that the employee experience has on the organization can be difficult to quantify and manage. Trying to do so using voice of employee feedback that is not linked to quantifiable future impacts makes weighing investment decisions highly challenging.

The methodology and framework for ForeSee’s Employee Experience Measurement arm human resources professionals and executives with the information they need to scientifically diagnose issues, confidently prioritize improvements and reliably predict the outcomes of those improvements in terms of employee future behaviors and impact on the business.

ABOUT FORESEE

ForeSee is the pioneer and leader in Voice of Customer (VOC) solutions. We focus our rigorous analytics expertise on helping our clients engage with customers at every interaction point, drive investment decisions using predictive customer insights and deliver content that powers the customer experience. Our innovative SaaS solutions from our ForeSee, Webcollage and ResellerRatings product families are used by over 650 customers in a wide range of industries such as retail, financial services, healthcare, consumer packaged goods and government.

CONTACT FORESEE

To learn how we can help you gain comprehensive insights into the employee experience, contact us at sales@foresee.com.