Employee Surveys: Four Do’s and Don’ts

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Abstract

With all the focus on measuring and maximizing employee engagement today, it is time to take stock of best – and worst – practices for conducting employee surveys. The bad news: many common practices today are not best practices, and may be leading you down the wrong path. The good news: the path to deeper insights, better measurement, and more actionable solutions is readily available. This article details four things to do to make your employee survey efforts more strategic: (i) look internally, not externally, for the comparisons to make when analyzing your data; (ii) do not confuse engagement with performance, instead, focus on the drivers of engagement; (iii) tailor the processes for taking action from the survey to the different roles and parts of your organization, and do not fall into the trap of using a composite engagement index; and (iv) make sure you pay your survey vendor for real value added, not supposedly proprietary survey items that are already part of the public domain.
With all the focus on measuring and maximizing employee engagement today, it is time to take stock of best – and worst – practices for conducting employee surveys. The bad news: many common practices today are not best practices, and may be leading you down the wrong path. The good news: the path to deeper insights, better measurement, and more actionable solutions is readily available.

1. **Benchmarking and analyzing your data**
   
a. **Don’t**: Design your survey to benchmark externally  
b. **Do**: Design it to model the drivers of motivation and engagement

Leaders love to benchmark. When it comes to performance of our products and services, benchmarking is critically important for strategy. It tells us how our prices, quality, customer service, customer loyalty, margins, market share, and profitability measure up to our competitors. So of course benchmarking on employee attitudes always is a good thing, right? Unfortunately, no. Benchmarking at best is mildly informative; at worst it can lead to misdirection and wasted effort which can undermine employee engagement.

On the customer side, innovations in technology and product markets constantly present new challenges that require nonstop vigilance and sensing of what is happening in the marketplace. This is why external benchmarking is not just strategic but also vital to organizational effectiveness and profitability. Paradoxically, though, the same is not the case when it comes to internal human resource practices and the drivers of motivation and engagement. While it is not easy to find the precise drivers, the best place to look for them is internally, not externally.

Employee psychology is a tricky and multifaceted thing. There are a large number of factors that combine to create happiness or dissatisfaction at work. Benchmarking survey items across organizations, even within the same industry, is not very useful. Differences in compensation design, internal career paths, management processes, supervisor quality, development opportunities and more combine to create a unique organizational culture and work experience across organizations. Oracle, Microsoft, Google, IBM, and Apple are all in the tech industry and have employees who work in both hardware and software. Yet, their cultures, employee value propositions, and internal career paths are quite distinct. Comparing the results of similarly worded questions across these organizations without any regard for the context of the employees that answered them is misguided and not a good idea.

To get to the deepest insights possible from your employee survey, the most important thing you need to understand is how the various parts of what you offer to your employees come together as a
package. You may be low relative to your competitors on pay satisfaction, but higher on opportunities for development and supervisor support. Faced with benchmark data like this, what is the conclusion you should reach about whether to try to close the gap on pay satisfaction, or double down and pay even more attention to development and managerial behaviors? The answer is: you cannot know what to act on simply by comparing average responses across survey items like this. But you can use your data to model the drivers of employee satisfaction, intention to turnover, etc. and compare how important each of the different elements is using multivariate regression analysis. These models are standard in social science research and many HR analytics experts, whether in your organization or employed by your survey vendor, are well equipped to apply them to the data you already have in hand. All you have to do is ask.

If you take this approach, you not only will get deeper insights into the real drivers of employee attitudes, you also will inoculate your organization against a common misguided practice: setting arbitrary targets (percent agree) on specific survey questions as measures of whether things are going well. Leaders – and consultants – love to create red/yellow/green indicators for survey responses as a way of focusing attention on areas that score relatively low. Yet usually there is no scientific justification for classifying a survey item as red/yellow/green simply because it might have a lower percentage of people who agree – unless that conclusion is tied to a specific behavioral model showing that the item in question is important for driving employee attitudes.

For example, pay satisfaction scores are typically low for all employees. Consider two jobs – machine operator and senior executive – and a model of intention to turnover. The percent agree for pay satisfaction for the machine operators is 78%, while for senior executives it is 66%. Does this mean that dissatisfaction with pay is more likely to drive senior executives to leave than it is for machine operators? Not necessarily. In fact, because frontline employees like machine operators are paid at substantially lower levels than senior executives, differences among them in pay and in pay satisfaction can be more important drivers of retention than for senior executives. For the senior executives, in contrast, their power and status in the organization may be more than enough to get them to stay, even if they would like greater pay. The only way to be certain how important pay is relative to other parts of the job and opportunities at the organization, for both groups, is to run the multivariate model.
2. Engagement: give credit where credit is due
   a. Don’t: confuse engagement with performance
   b. Do: focus on the different elements of engagement for deeper insights

Employee engagement is the latest rage. You undoubtedly are familiar with survey vendors and consultants who claim a strong link between employee engagement and profitability or improved business outcomes. This makes intuitive sense because, after all, if our employees aren’t engaged, how on earth could they ever work the way we want them to? Don’t happy workers make for productive workers?

It absolutely is the case that engagement and business results go hand in hand, but the reason that happens statistically is because they are correlated – and the causation runs from better business results to engagement, not the other way around. We know from decades of research that performance leads to satisfaction. When people are productive, accomplish their objectives, get good feedback on their performance, and are rewarded for being productive, they are happy: performance causes satisfaction. The counter argument does not hold. Consider this: the easiest way to make most employees happy is to keep their compensation the same and cut their responsibilities in half. Who wouldn’t want less pressure for the same rewards? That certainly would make me happy! Doing so, unfortunately, would completely destroy organizational performance. Employee happiness does not automatically “cause” profit, nor does it necessarily positively impact the bottom line.

Consider also this counter-example: when was the last time a business ever had employee engagement scores fall in the year before business results went south? If employee engagement was such a strong driver of business performance we would have more documented cases of this than would fill up an encyclopedia. Instead, what happens virtually every time is that sales fall first, and that causes morale to fall for two reasons. First, people feel worse because, despite their best efforts, the business is not achieving the goals established by the leaders, which puts everyone in a bad mood. Second, as a result of decreased sales, the organization often pulls back from focusing on the things that help to boost employee morale – all the “discretionary” things that are deemed nonessential when the most important objective is getting sales back up to where they were previously.

There are some select settings where happier employees can lead to increased sales and profitability, with virtually all of them in sales and customer service roles. When employees are in direct customer facing roles, they can directly affect how customers feel about the business. In these settings, happy
employees can make customers happier and thus willing to spend more or feel better about the customer service they receive, which in turn can increase sales and customer retention. Yet even in organizations that rely on retail sales and customer service as core parts of their business model, only the employees in the roles that directly interface with the customer have the ability to sway customers with their own happiness. All the other roles in the organization – from finance to HR to distribution, etc. – contribute to organizational performance by doing their jobs, even if they are only “just satisfied” without being “very happy.” In fact, when designing roles and recruiting for them, we often segregate people who have worse interpersonal skills from direct customer contact precisely because they can contribute to organizational performance even while having attitudes that fall short of happy-go-lucky.

3. Reporting and taking action
   a. Don’t: use a mix of different items to measure engagement and a uniform process to interpret it and take action across the entire organization
   b. Do: tailor the focus and actions on the parts of the survey that are most relevant for each part of your organization

HR spends a lot of time worrying about process and consistency, and rightfully so. One of the biggest challenges facing organizations is that important insights about managing people are not shared uniformly and consistently across all managers. The lack of uniformity and consistency leads to large gaps and inefficiencies that are unwarranted and unwanted. To counter this, HR sets up training programs and HR systems designed to enforce practices as uniformly as possible across all managers. Usually, the more uniformity that is achieved, the greater the benefit to the business.

On the business side, process excellence is also critical for success. If there is a better way of creating products, delivering services, or interfacing with customers, applying that approach inconsistently is just like leaving money on the table: it provides an opening for competitors to get an advantage in the market. So, greater uniformity on the business process side also typically is beneficial.

When it comes to annual employee surveys that are conducted across the entire organization, however, the bias toward uniformity and consistency by both HR and the business leaders can create negative and unintended consequences. This is especially true when the survey contains a core set of dissimilar questions that are combined together to create an overall measure of employee engagement.

Consider the following questions which are examples that have been used as parts of a composite engagement score by consulting companies with large client lists:
• I have the materials and equipment to do my work
• At work my opinion seems to count
• I am satisfied with the recognition I receive from my immediate supervisor for doing a good job
• I rarely think about looking for a new job with another company

Each of these questions can provide insights into important aspects of the employment relationship. However, there is no justification for combining them in an aggregate engagement index because they measure dissimilar things: resource support, two-way communication, feedback/recognition, and intention to stay. When they are combined together in a single numerical index, what results is a general affect measure, which is more efficiently estimated with a single question about job satisfaction. This is the first point: dissimilar items like this should never be combined together in a single index measure of engagement – unless it is made entirely clear that such a composite measure is no different from a general measure of job satisfaction.

The second point is that the importance of the different items that make up an engagement index varies across people, roles, and business units. Taking the examples above, resource support varies significantly across the enterprise, depending on what is viewed as strategically important, how skillful local managers are in arguing for support, and budget allocations. Two-way communication can be more important in certain types of roles – those requiring more autonomy and independent decision making – than in other roles, and also be subject to the skills and whims of local managers. Feedback is important in all roles, yet there are significant individual differences in preferences for how communication occurs, which impacts employee survey responses. Intention to stay (or intention to turnover) is highly variable across people, in addition to having differential strategic importance across roles; in roles where replacements are easy to find and time to productivity for new people in the role is low, high turnover does not pose a threat to productivity or organizational effectiveness.

4. Hiring your expert

   a. Don’t: chose your survey vendor based on their client list
   b. Do: make sure they are charging you for survey implementation, not the use of supposedly proprietary intellectual property

Remember high school, where everyone wanted to copy the popular kids because they were cool? Well, deciding to use a survey vendor just because they have a long list of “A” level clients and prominent names is like putting the cart before the horse. Even big successful companies do not always use the
best judgment when choosing survey vendors. Business is often won on the basis of sales skills, not value added.

One of the dirty little secrets of the survey vendor industry is that there is virtually no such thing as proprietary intellectual property when it comes to writing survey items. After decades of research and publishing on the drivers of employee motivation and engagement, there is very little that has not been documented in the published scientific literature. Virtually any measure of motivation and engagement that you might want to consider almost certainly already exists in the public domain. Examples like the survey questions above are sometimes claimed by consulting companies to be part of a proprietary survey instrument. Conversely, the prevalence of similar items in the public domain shows how tenuous such claims of intellectual property really are.

When you look for the right survey vendor, you should primarily consider the direct value they will provide in terms of responsiveness to your needs, customization, reporting, and ease of use. Do not choose them on the basis of a stock list of survey items (see the caution against external benchmarking in point #1 above). Do choose them on the basis of the value they can add to analyzing your data and helping you to make sense of it, particularly through multivariate modeling of the drivers of engagement (see #1 above).