

TRENDLINES

The Employers' Association's monthly whitepaper on essential Business/Human Resources practices

The Employers' Association (TEA) delivers reports for businesses that contain relevant and up-to-date information based on our work with hundreds of employers each month. TEA is known to produce a number of essential benchmark survey reports every year and we also compile data and observations that provide organizations practical perspectives on important business trends.

Employee Engagement Surveys

What you should know

COVID-19 has directed our lives and determined how and when we are able to work since March of 2020. As businesses re-open, employees returning to work bring with them a significant list of issues and concerns. Some of these concerns are work related and some are more personal in nature (family, health, food on the table and kids either going back to school or learning virtually from home) and all have a direct impact on an employee's concentration, performance and ability to engage with a company and within their work environment. It is up to management to effectively identify specific issues and take actions that will improve that overall work environment. The intentional identification and resolution of specific employee concerns improves moral, increases productivity and reduces conflict – but how can that be best accomplished?

An Employee Engagement Survey (EES) is a critical tool in the efficient and productive functioning of a company and statistically validated EES helps identify issues and finds solutions to concerns that negatively impact employee performance, engagement and interest – factors that directly correlate to employee satisfaction and productivity. Companies are able to determine accurately employee perceptions and issues by seeking input from internal “consultants” that know the operation better than anyone else – those working day to day within the trenches experiencing what “went right” and what “went wrong.” Identifying (and correcting) problem areas drives employee engagement up in a positive way while ignoring them (and hoping they “go away” on their own) OR doing nothing once they are identified drives employee engagement down to the detriment of the entire company.

In the age of COVID-19, stay at home orders, re-opening businesses under specific conditions and multiple unknowns associated with the current business environment, an Employee Engagement Survey is even more critical than it would normally be. In the old world (six months ago), an Employee Engagement Survey would identify long standing issues, allow companies to address these issues over a period of time and re-asses the results. Today, with the rapidly changing landscape, it is even more critical to identify the breadth and intensity of employee issues and immediately respond to address fears, improve productivity and employee satisfaction while at the same time increasing Employee Engagement. Employers may not have the luxury of time on their side during today's changing work environment as both work-related and personal concerns can be heightened to the point of negatively impacting performance quickly.

What we know

The Employers Association of America (EAA) is an association of Employers' Associations throughout the United States. All association members that use the standardized Employee Engagement Survey and report their results to the EAA. EAA compiles these surveys into a single data base, and from that, report the National Norms that TEA and other Associations use in all of our Executive Summaries. Additionally, TEA maintains an ongoing database of local organizations conducting surveys to better establish both national and local "norms" to the questions asked.

In August 2020, the EAA published the combined results of the last 5 years of Employee Engagement Surveys. The EAA ranked each of the 68 statistically validated survey questions for percent positive responses and then grouped them into the 10 categories measured in the Employee Engagement Surveys:

- Executive Leadership
- Supervisory Effectiveness
- Communications
- Pay
- Benefits
- Operational Efficiency
- Organizational Practices
- Employee Development & recognition
- Work Life Satisfaction
- Employee Commitment

Results of these surveys are used as a baseline to show how the surveys conducted in Michigan and across the United States compare to national/regional norms, determine which characteristics or concerns are most critical to employees and how conducting and acting on Employee Engagement Survey recommendations can improve overall engagement in critical areas. Categories with a percent positive response rate of 65% or lower (about a D-) are considered to be critical and organizations would benefit by addressing them to improve employee satisfaction, engagement and retention. The 5 year average positive response rate for selected questions and categories is detailed below for areas that *consistently show a response rate of 65% or lower*.

Percent Positive Responses

Communications	National	TEA
1. I am kept informed about new plans and developments	66.4%	63.9%
2. I am informed about changes in a timely manner	63.4%	60.2%
3. Overall, this organization communicates well with employees	65.2%	61.0%

Pay

1. Compared with other organizations, pay here is competitive	62.1%	54.8%
2. In this organization I am paid fairly for my job	61.6%	56.7%
3. In this organization, high performance is rewarded financially	49.8%	43.5%

Operational Effectiveness

1. This organization operates smoothly and efficiently	57.5%	52.9%
2. Departments in this organization work well together	67.7%	65.7%

Employee Development and Recognition

1. This organization provides opportunities for career growth	69.5%	67.2%
2. This organization recognizes high performance	64.3%	60.1%

The Employers' Association has conducted over 60 engagement surveys during the last 2 years – a period used because it takes at least a year to see any meaningful results after an Engagement Survey is conducted. When an Engagement Survey shows a response rate of 65% or lower for a particular category, The Employers' Association provides very specific recommendations on how to improve these areas.

Using the same four critical areas listed above (Communication, Pay, Operational Effectiveness and Employee Development & Recognition) the chart below shows the improvement in percent positive responses achieved by implementing the recommendations made by a third party survey administrator:

Percent Positive Responses

	National	2 Year Results	Improvement
Communication	65%	75%	10%
Pay	56%	56%	0%
Operational Effectiveness	59%	84%	25%
Employee Development and Recognition	65%	75%	10%

Again, comparing multiple companies that perform Engagement Surveys year over year, and addressing the specific identified issue, not only are the overall individual category scores improved but the Employee Engagement numbers also improve. Numbers below are percent positive responses compared to national norms.

Percent Positive Responses

	National	Initial	after Improvements
Percent Engaged	30%	34%	43%

What it means

When results are correlated to National (or local) norms it provides a better definition of what each group of positive responses really means. On the surface a 70% favorable response might sound terrible but if the norms are 55% or 60% then 70% favorable is a very good score. Using these numbers when reporting results, companies have a relative scale to determine where they actually fall compared to other companies – an advantage that is shared by few survey groups as most use absolute percentages (that really do not say what is “typical” or “normal” as a score). Having National and Regional Norms to compare an Organization's responses to validates the legitimacy of a company's individual results and allows The Employers' Association to make specific and realistic recommendations for improvements (then measure the improvements by conducting multiple Engagement Surveys) and improve performance, operational effectiveness, engagement and retention.

The old adage holds very true, the fact of observing something changes the thing being observed. Conducting an Engagement Survey is a great positive to employees and simply conducting a survey can increase positive scores (and employee engagement). A company must act on the results, however (even if significantly negative) or all future Engagement Surveys will be invalid.

Conducting an Engagement Survey and following up on the recommendations provides positive impetus in all critical areas. While there are some distinct similarities across all surveys, each company is unique and may have other areas requiring more attention. Conducting Engagement Surveys and responding to the recommendations helps to pick off the low hanging fruit, track progress, respond to immediate needs and plan for long term improvements.

Implementing the recommendations from an Engagement Survey will always show positive results. However, there are some areas that are extremely difficult to improve. Specifically, negative responses for Satisfaction with Pay are very difficult to address. Looking at the 10 critical issues the survey represents, salary is always rated the lowest by everybody as people always want money. The Employers' Association makes several very specific recommendations on how to improve the scores for Pay but it is more than just increasing the pay rate. It has been found that by implementing a Compensation Plan and improving the overall scores, Pay can be improved. It takes effort and time but the results are worth it.

What you can do

COVID-19 has made an Engagement Survey even more important than it was previously. The business world has changed and will never totally go back to the way it was before March, 2020. It is more important than ever to determine what employees are thinking and feeling during these times as employee perceptions will be heightened due to the stresses and demands placed on them by the pandemic and its requirements.

Restarting businesses are handicapped by the current tide of rules, requirements, and potentially some portion of their work being done remotely. Changing and improving critical areas within a company is not possible if you do not know what the specific issues are. The transition to full working capacity can be made as easy and seamless as possible by conducting an Engagement Survey, identifying major issues, and acting to correct those issues quickly before they become a major road block.

Prior to conducting a formal Engagement Survey, companies can take some steps to address the four most critical areas previously identified. These measures do not replace conducting a full-fledged Engagement Survey – they are just a stop gap for quickly addressing the low hanging fruit and are not recommended to be done in place of an Employee Engagement Survey. They are steps that can be taken now to prevent situations from becoming major issues in the future.

Two recommendations have the ability to address all four of the critical areas, a Compensation Plan and improvements in Communications. A Compensation Plan addresses all four crucial issues - Communication, Pay, Operational Effectiveness and Employee Development and Recognition. Improvements in Communication improve Communication and Operational Effectiveness.

A Compensation Plan is a combination of multiple inter-related activities or components. Some of the components of a Compensation Plan are:

1. Accurate and effective job descriptions – Ensure that skill sets required to perform assigned tasks are identified and properly acknowledged.
2. Pay Ranges – Pay scales that is based on job descriptions, external competitiveness, relative importance to the company as a whole and a realistic Promotion Plan.
3. Promotion Plan (succession planning) – A predictable and consistent method for employees to move through the established pay ranges, based on individual performance.
4. Performance Management Process – A process by which all employees are measured against a standard set of performance criteria based on their current positions and other positions to ensure fair and equal consideration for promotions, pay increases and bonuses.

5. Process for continuously updating the Compensation Plan in order to stay current with changing economic and pandemic requirements.

An effective, implemented and utilized Compensation Plan has the ability to attract and retain qualified workers, provide internal equity and external competitiveness, communicate the company's desire for fairness and inclusion and provide motivation and reward for performance. It checks all of the boxes that are generally the most important issues to employees - Effective Communication, fair Pay, improved Operational Effectiveness and Employee Development and Recognition.

Communication, or the lack there of, has a significant negative impact on employees. Employees want to know what is happening with their company as well as what will happen in the future. Employees need to know that departments are working well together and communicating the same message. Lack of effective and consistent Communication is one of the major causes of poor Operational Effectiveness.

Communication can be improved in several ways. First, senior management reports to the employees on a regular, consistent basis providing current business information and anything that will impact the employees in the future. If an employee knows what is happening, their stress level goes down, their feeling of security goes up and they are more efficient and productive.

An individual employee may be given several different directions for a single task from different managers or departments. Miscommunication or misunderstanding costs companies time, money and resources. Employees take longer to perform a given task, fix a mistake or do something over again with different directions leading to higher frustration levels, lower productivity and poor Employee Engagement Survey responses. To improve communication managers can meet on a regular basis and determine what message, requirement and information will be provided to all employees. A unified, clearly understood message is then passed on to all departments. Everyone that is responsible for implementing the directions hear the same message(s). Productivity, Operational Effectiveness and morale are improved by providing consistent communications.

Processes for communication are only as good as the ability of an individual to communicate a message. Training for management in Effective Communication Skills - written, verbal and non-verbal, Leadership Training and Teams and Team Building ensure that the agreed upon (and consistent) messages are delivered clearly and concisely.

Employee Engagement Surveys provide a tool for companies to improve Communication, Pay, Operational Effectiveness, Employee Development and Recognition as well as issues unique to each company. Comparing survey results against norms helps a company measure their overall performance accurately and implement changes that directly impact any improvements they may choose to undertake.