

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 and Employee Retention

What you should know

Employee retention is critical to the continued success and survival of all companies. Business is good for most companies and the future looks bright. Since the economy is good, employees feel they do not to be loyal to a company since there is another job, just as good or better, right down the street. According to **SHRM**, the **cost of replacing an employee** is somewhere between 90 and 200 percent of their annual salary/pay if they leave within the first year (prior to their becoming truly productive). When an employee leaves, the time, money and resources expended are lost forever.

The Employers' Association's statistically validated Employee Engagement Survey allows a company to identify issues and find solutions to concerns that negatively impact employee performance, engagement and interest – factors that directly correlate to length of employment – before turnover occurs. 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 retention in a positive way as much as ignoring them (and hoping they “go away” on their own) drives employees away.

What we know from Employee Engagement Surveys

The Employers' Association has conducted over 2000 Employee Engagement surveys, spanning a 30 year period and compared those surveys to a data base of almost 70,000 other surveys (that refreshes regularly). Employee Engagement Surveys identify concerns through statistically validated inquiries and a series of Open Ended Questions. Responses can change within organizations depending upon business levels, leadership, work pace, the current economic climate or the general business philosophy at any given point in time. Over the last several years, The Employers' Association has identified a number of concerns that seem to impact most companies and, if properly addressed, increase Employee Engagement and Retention – which improves productivity, quality and profitability.

Observations from Engagement surveys, administered by The Association across multiple industry sectors during 2018 and 2019, are listed in the order of importance as identified by 90% of the surveys. Our findings include the following “actionable” issues and items:

1. **People like the people they work with and the job they do.** The results of all the surveys conducted by The Employers' Association over the last two years show that the number one thing people like

about where they work is their co-workers and team members. Given the opportunity, people will gravitate to working as a team because of the people on that team. An environment of mutual respect and teamwork enhances working conditions, improves performance helps to ensure employee engagement.

2. ***Appropriate Pay for Performance is the number one concern of employees.*** Based on the national norms from over 70,000 surveys, pay is ranked the lowest of all of the ten critical criteria. A pay increase or a discretionary bonus – no matter how large – is not a long term motivator. People want to know that they are being equitably paid (internally) for the work ethic, effort and expertise they bring to their job. If they are an exceptional performer, they want to be recognized for that through the pay they receive compared to others within the organization. A pay range based on “market rates” of other similar companies or other industries is important (competitiveness must be considered) but not as important as the tangible recognition for an outstanding job done well and the “difference” that good performance provides.
3. ***Communication between departments and from Senior Leadership is critical.*** Employees want Senior Leadership to provide information about the status and future of the company on a regular and consistent basis. Leadership should provide information about finances, changes within the business, good news (as well as potentially bad news) and personal information to help build relationships. Communication between departments ensures that employees see cross functional cooperation, a team effort and uniform directions from all supervisors. Multiple year surveys from the same companies show that as issues with communication go down (i.e. better communication) engagement goes up. Effective Communications Training (provided by TEA) often helps to resolve these issues.
4. ***Insufficient (or inappropriate) Recognition is a negative motivator.*** Employees want more recognition and feedback and find the lack of it to be demotivating. A basic human need is to be validated as a person. Employees want and need to be reassured they are doing a good job. They need to feel that they contribute – that their job is important to the company and they are meeting or exceeding all expectations. Recognizing an employee on a regular basis supports them by acknowledging what they are doing right and helping them to improve by identifying areas that might need further development. Sincere and consistent validation improves productivity, reduces employee concerns and contributes to a positive and encouraging corporate culture.
5. ***Unequal Treatment and Favoritism is detrimental to morale, performance and engagement.*** Employees perceiving unequal treatment and favoritism by leadership often translates to a feeling that management (and therefore the company) does not care about them or the job they are doing. It establishes the thought process that encouragement (or criticism) is based on favoritism and that promotions and raises are based more on who you know than on performance or ability. Correcting unequal treatment demonstrates an organization’s intent to attract and retain an exceptional workforce that encourages individual contributions and tangibly establishes its desire to operate within a culture of inclusion.

What it means

All companies – no matter the industry, product or service they provide – tend to experience many of the same problems. In this employee-centric economy, issues not identified and addressed will lead to the loss of good people. Losing resources is a detriment of the rest of the employees and the company and changing jobs can be disruptive and stressful for the employee who feels a move is necessary. While the outward perception may be an easy willingness to change jobs, we find that most employees want a career and will remain with an employer that provides opportunities for growth, recognition and an internally equitable/externally competitive total compensation structure. Given the chance, employees would rather stay with a known entity than venture into the unknown. Retaining great employees is a complex task within a shifting landscape. Employee Engagement Surveys have the ability to identify specific issues and solutions that can reduce employee turnover.

What you can do

Consider conducting an Employee Engagement Survey. While some organizations have developed the credibility to conduct a Survey internally, most find that having an outside “third party” administer the survey and compile the results provides a much more realistic set of responses.

Examine the results of a survey with an open mind – do not try to place blame or assign responsibility for areas of concern nor take credit for positive areas – it is important to recognize and understand before responding.

Take the findings identified from an Employee Engagement Survey and determine which you can realistically resolve and which may take more time, effort or cost than you can invest right now. ALWAYS get back to the employees that took the survey by telling them what you learned and what you will be doing about it. Engage employees to help develop solutions to the issues you are willing to act upon and give them full credit for identifying them and initiating your action.

Once your course of action has been developed and implemented, follow-up to track whether the results are acceptable or if you need to change what you are doing because a fact or situation has changed. Utilize the survey results to your advantage by giving employees the credit for what is being done (great leaders rarely care who gets the credit for what needs to be done as all gain from positive direction). To maximize your investment and get the most from the input employees provide, an organization should:

1. Use a validated tool that minimizes cultural bias which can compare results to national, industry and local norms (raw data is good but you do not know if a score is good or bad until you compare it to others using the same survey).
2. Evaluate the results of the survey for specific areas of concern and identify recommendations for improvements. Use results as a point from which to move forward (rather than an answer from which no movement is initiated).
3. Determine what changes can be (and in what order will they be) made.
4. Communicate the results of the Engagement Survey and proposed changes to the employee with a time table for implementing all changes. Seek employee involvement and participation in identifying (and initiating) as many solutions as possible.
5. Implement the changes while setting a time table and stating expected results.
6. Report to the employees when the changes have been implemented and when they might expect to see results from those changes.
7. Administer another Employee Engagement Survey in a year to show the successes accomplished and identify the next issues to be addressed.

Implementing the improvements identified from an Employee Engagement Survey will improve morale, increase productivity, increase customer service, increase sales, reduce costs, reduce HR problems and issues, AND significantly reduce employee turnover. Talent Management is a requisite skill that all organizations must master – seeking the help of productive and engaged employees will help make the monumental task become manageable.