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Employee Surveys and HRM Strategy

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This article demonstrates that employee surveys can be an important strategic tool but poor implementation can diminish their value. Specifically surveys should be linked to Business Strategy and have actionable outcomes.

Employee Surveys and HRM STRATEGY



Many organisations have adopted employee surveys as a regular HRM practice. US data published in the American Society for Training and Development in 1995 indicated that more than 70 percent of organisations survey their employees either annually or biannually. Australia also uses employee surveys extensively. A recent HRM survey to 896 large Australian organisations found that 50 percent of respondents agreed that employee views are actively sought through processes such as attitude surveys.

The value of Employee Surveys

Like all HRM activities the cost and benefits of employee surveys to the organisation bottom line must be demonstrated. This article proposes that when surveys are linked to organisational strategy and implemented effectively they can make a significant and measurable contribution. The 1999 Metrus Group Study found that when executives said their employee survey provides valuable information in guiding decision making the five-year return on investment (ROI) was 136 percent compared to 71 percent in other organisations. Industry leaders were more likely to say they have a well-defined and balanced set of strategic measures and that these are used to help manage the business. In particular they say that people measures were part of the strategic measures. The study also found that when people measures were used by leadership teams to help manage the business the five year ROI was 146 percent compared to 97 percent in other organisations.

Research has also found that people measures are predictive of customer satisfaction, loyalty, value and satisfaction. Stone (1998) reports that Qantas found a strong relationship between employee satisfaction and customer satisfaction with one per cent change on their scoreboard survey being worth \$17 million on the Qantas bottom line.

Selecting the Survey Measures

Recent research identified over 460 areas of work environment that have been measured by consultants and researchers. However, surveys can frequently be categorised into one of the three areas of Climate, Culture and Satisfaction.

Research defines 'climate' as employee perception of the organisation atmosphere that is created by their experience of organisation practices, procedures and rewards. 'Culture' is employee perception of the organisation's values, beliefs and assumptions. Climate is deemed to be temporary and subject to a range of influences

whilst culture is more fixed and difficult to change. Consequently the climate survey can, if designed effectively, produce information that can be actioned whilst the culture survey provides information that is valuable to the implementation of other interventions. For instance a climate survey may result in the implementation of a leadership programme that will have a direct and positive impact on subsequent climate measures. A culture survey would be unlikely to result in plans for culture change, however, it could help the organisation to understand how an organisational change programme should be implemented.

Studies have found that climate, culture and political considerations mediate the linkages between HRM systems and organisational effectiveness. Climate is of particular significance to HRM because research shows that HRM practices affect climate; climate affects employee attitudes and behaviour; and these impact on organisational effectiveness (see figure 2 below).

Figure 2. The importance of climate



The satisfaction survey asks for employee opinions rather than observations. It is a leading indicator of employee withdrawal including absenteeism and turnover. Satisfaction surveys are more likely to focus on employee likes and dislikes whilst Climate surveys focus on descriptions of the employee's surroundings. It is argued that observations such as 'I have more work than I can possibly finish' are more valuable than feelings such as 'I dislike the quantity of work I must produce'.

Whilst most organisations would agree that satisfaction is

important in theory, the interventions used to increase satisfaction should be based on the organisation's strategy and context. For instance what would or could your organisation invest to increase satisfaction by one standard deviation? Most organisations would like to be an employer of choice, however, organisations vary in their ability to afford this status. Satisfaction is critical to those industries that have a workforce with discretionary time and a tight labour market, but industries with routine, low skilled work, low margins and a labour market surplus may find that high levels of satisfaction in every HRM area, whilst preferred, is unaffordable.

In addition to this, interpreting the results of satisfaction surveys is complex and requires a comprehensive understanding of the complexities of organisation psychology. For example, employees may be dissatisfied with pay but satisfied with personal growth and promotion prospects. Consequently increasing pay may not have an impact on HRM key performance indicators. The interrelationships between satisfactions and their individual and collective impact on HRM outcomes must be clearly understood and examined during the survey analysis phase.

The most important thing about satisfaction surveys is that the organisation should be prepared to act on the survey outcomes. Prior to the survey implementation key decision makers should be aware of the implications and responsibilities of administering a satisfaction survey. For example, before asking whether pay is a major source of dissatisfaction the organisation should be prepared to increase the payroll budget if it is necessary, otherwise employees and managers will, quite legitimately, ask why the question was asked.

- The first golden rule in implementing an employee survey is that the survey data should be relevant. Organisations should only ask what they want and need to know.
- The second rule is that organisations need to be able and willing to act on what they find. Survey data should be actionable. Whilst obvious points, they are not well understood by consultants and practitioners.

Without consideration of these two key issues prior to survey administration the survey does not have a strategic linkage with business strategy and it fails to significantly impact on HRM and organisation outcomes. They will be now be discussed in more detail.

Survey data should be relevant

The most important question in embarking on an employee survey is 'what do you want to know and why?' A clear articulation of the survey objectives begins a planning process that will ensure effective survey implementation and outcomes.

Standardised or 'off the shelf' surveys may inhibit the ability to make the survey strategic and relevant to the organisation. Whilst offering some cost savings in survey development and analysis the ability to translate results in to strategic outcomes may be limited. The cost savings are in fact negligible when one considers that the major expense in survey implementation are the hidden costs of employee time in filling out the survey and management, HRM and consultant time in effective project management of the process. Standardised surveys offer some advantage in reliability and validity but these issues can be addressed in other ways and a reliable, valid, but irrelevant survey offers few advantages. Standardised surveys also offer comparisons with normative data but this is not the most valuable measuring stick for many organisations. The

most appropriate basis for an employee survey is developing survey items based on the organisation's critical success factors and key performance indicators derived from its strategy and values.

Survey data should be actionable

Some employee surveys are 'filing cabinet fodder' and become an end in themselves rather than the means of creating measurable change towards the organisations strategic objectives. Employee surveys are only HRM best practice if they are implemented effectively. Poor management of the survey process costs the organisation more than the direct costs of the survey. An inability to use or act on survey results increases employee and management cynicism towards HRM and organisational development initiatives and their champions. At best this will result in reduced response rates to future surveys; at worst it will increase employee dissatisfaction and decrease motivation and commitment – conversely creating the result the survey was designed to address.

The purpose of a survey is to get information that is actionable; that is, it can be translated in to interventions that would improve the survey outcomes on a subsequent measurement. If the survey is based on strategic criteria organisation outcomes will also be improved as a result of these interventions. Actionable survey outcomes are achievable when: the survey items are based on business strategy; the results can be clearly interpreted; management is committed to implementing the survey outcomes; and the interventions resulting from the survey outcomes are viable and cost effective.

Research has found that people measures are predictive of customer satisfaction, loyalty, value and satisfaction

In conclusion whilst many organisations have adopted employee surveys as regular HRM practice it is only when surveys are linked to organisational strategy and implemented effectively that they can make a significant and measurable contribution. There are two golden rules in implementing an employee survey: the survey data should be relevant and actionable. Organisations should only ask what they want and need to know and be able and willing to act on what they find. Standardised or 'off the shelf' surveys may inhibit the ability to make the survey strategic and relevant to the organisation. The customised survey allows organisations to measure employee perceptions on meaningful criteria that is directly linked to the organisation's critical success factors. The cost difference between a well-implemented standardised survey and a customised survey is not substantial as the cost of the survey is only a fragment of the true cost of implementation. The evidence indicates that surveys are an effective HRM intervention if they are implemented effectively. ■



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