

Employees Can Make the Difference!

Examining the Employee Survey Process in Fortune 500 and Mid-Sized Companies

Burke, Inc. research shows that engaged employees are more likely to stay with the company, be an advocate of the company and its products and services and contribute positively to bottom-line business success.

Multiple employee listening posts most effectively support employee involvement and engagement. There is real power in harnessing employee information to help drive and improve decision making and overall organizational effectiveness.

However, what we don't know is:

- To what extent are companies using employee listening posts as decision support tools?
- Are the tools being used effectively?

Recently, Burke conducted research to help answer these questions. Our research focused on primary listening and feedback tools including Employee Surveys, Internal Customer Surveys, Multi-Rater Performance Feedback and Exit Interviews.

SAMPLE

Our sample is comprised of 50 Fortune 500 companies and 161 mid-size companies. We invited the Fortune 500 companies to participate in our study via mail or e-mail. For the mid-sized companies, we collected information via a telephone interview and only asked a portion of the Fortune 500 survey.

PROCESS

We targeted company representatives in Human Resource functions in senior positions. We assume that some

of the HR representatives in companies that do not do employee surveys simply chose not to participate in the study. This is particularly true of the Fortune 500 sample due to the mail/e-mail invitation approach. Hence, we acknowledge that the survey results may be biased toward those companies that actually do employee measurement work.

Questions were asked about use, method and effectiveness. The effectiveness questions were rated on a five-point scale where 1=Very Poor; 2=Poor; 3=Fair; 4=Good; and 5=Very Good.

WHAT WE LEARNED *Employee Surveys*

FORTUNE 500 COMPANIES

Ninety-six percent of the Fortune 500 companies in our sample conduct employee surveys. Seventy-six percent administer their employee survey at least once a year or more frequently. Only 18% administer less frequently

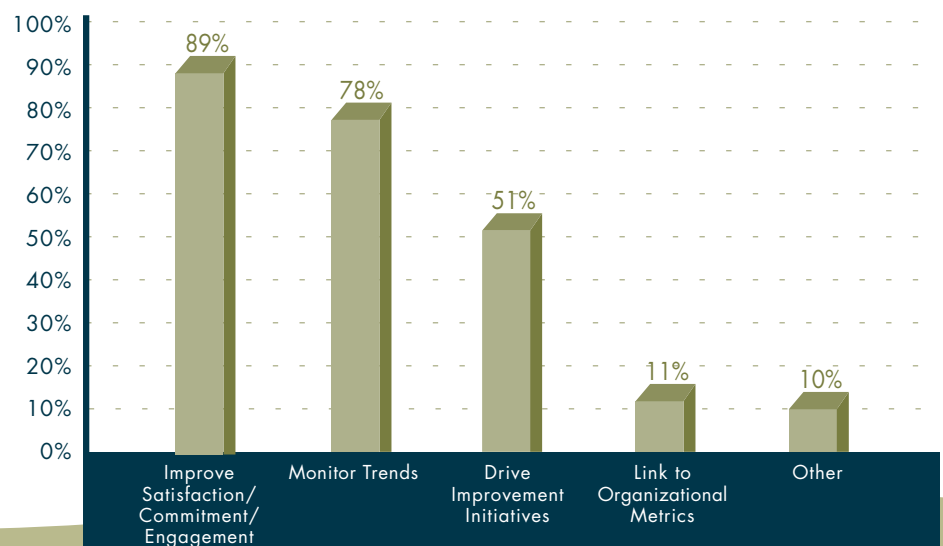
than once a year, with the other 6% surveying periodically relative to specific needs with one company indicating they survey four to five times per year.

Administration methods vary and companies often use more than one method with 86% indicating that they conduct surveys electronically, 26% use paper and only 8% use a phone survey with IVR technology. The majority, 70%, of the Fortune 500 companies work with an external consultant for their employee survey process.

Eighty-five percent of the Fortune 500 companies believe they have an effective survey process; however, when asked to rate the effectiveness of "using the results to make positive change," just over half rate this as good or very good.

Employee surveys serve a number of purposes with most aiming to improve employee commitment, engagement and/or satisfaction. Three-quarters use

PRIMARY FOCUS OR OBJECTIVES FOR EMPLOYEE SURVEYS *Fortune 500 Companies*



the surveys to monitor trends and about half use the surveys to drive improvement initiatives.

The majority of companies do not link employee survey results to Leader/Manager compensation (68%). Of the 32% that do link results to compensation, many say that the results are linked to management goals, bonuses, annual performance plans and long-term incentives.

Seventy-seven percent of the respondents indicated that having external benchmarks was important or extremely important.

MID-SIZED COMPANIES

Sixty-five percent of the companies in this sample conduct employee surveys with 52% indicating they have a good or very good employee survey process. Sixty-one percent conduct employee surveys at least once a year. A paper survey is the most common administration method for mid-sized companies with 90% using this format and just under 20% using an electronic method. Just over 10% link the survey results to Leader/Manager compensation.

Exit Interviews

Most companies in our study conduct Exit Interviews — 91% of the Fortune 500 and 87% of the mid-sized companies. However, this tool received the lowest effectiveness ratings with only 44% of Fortune 500 and 46% of the mid-sized companies rating the process favorably (good or very good). In fact, 26% of the Fortune 500 companies rated their Exit Interview process as poor or very poor.

Multi-Rater Performance Feedback

Forty-six percent of the companies in our study indicated that they conduct Multi-Rater Performance Feedback. There was a wide split in indicated use of this tool between Fortune 500 companies (77%) and mid-size companies (37%).

Of those who do use Multi-Rater Performance Feedback, 71% rated the effectiveness of their process favorably, with 77% of Fortune 500 companies and 67% of mid-size companies rating the process as good to very good. Seventeen percent of Fortune 500 companies rate the process as fair and 25% of mid-size companies give their process a fair rating.

Internal Customer Assessment

Slightly more than half (51%) of the companies in our sample indicated that they conduct internal customer assessments, and a little more than half (57%) of those companies rate their process as good to very good. Forty percent rate their process as only fair.

Mid-sized companies tend to use Internal Customer Assessments more than they do Multi-Rater Performance Feedback systems (48% and 37% respectively). Of those who use Internal Customer Assessments, 55% rate the effectiveness of their process as good to very good and thirty-five percent rate their process as fair.

Fewer Fortune 500 companies use Internal Customer Assessments than Multi-Rater Performance Feedback (60% and 77% respectively). This may be indicative of the relative newness of Internal Customer

Assessments as a decision support and performance improvement tool.

Fifty-seven percent of the Fortune 500 companies rated their process for Internal Customer Assessments as good to very good. Thirty-six percent rated it as fair.

BEST PRACTICES FOR EMPLOYEE SURVEYS

So now that we know what companies are using and in general how effective they view the process, what can we say about best practices? For the 48 Fortune 500 companies and the 105 mid-sized companies in our study that conduct employee surveys, 16 (33%) of the Fortune 500 and 16 (15%) of the mid-sized companies provided a rating of very good for their employee survey process.

Following is a profile of the practices of those 32 companies representing best practices.

LINKAGE

- 34% link the employee survey results to Leader/Manager compensation.
- 25% link the results to organizational performance metrics.
- 6% link the results to customer measures.
- 19% do not currently link the results to any organizational metrics but would like to in the future.

ADMINISTRATION

- 81% conduct their employee surveys at least once per year.



- Most use more than one method with 56% using paper surveys and 59% using an electronic method.
- 69% work with an outside consultant for their employee survey process.

USE OF OTHER EMPLOYEE TOOLS

- 50% use Multi-Rater Performance Feedback tools.
- 50% conduct Internal Customer Assessments.
- 84% conduct Exit Interviews.

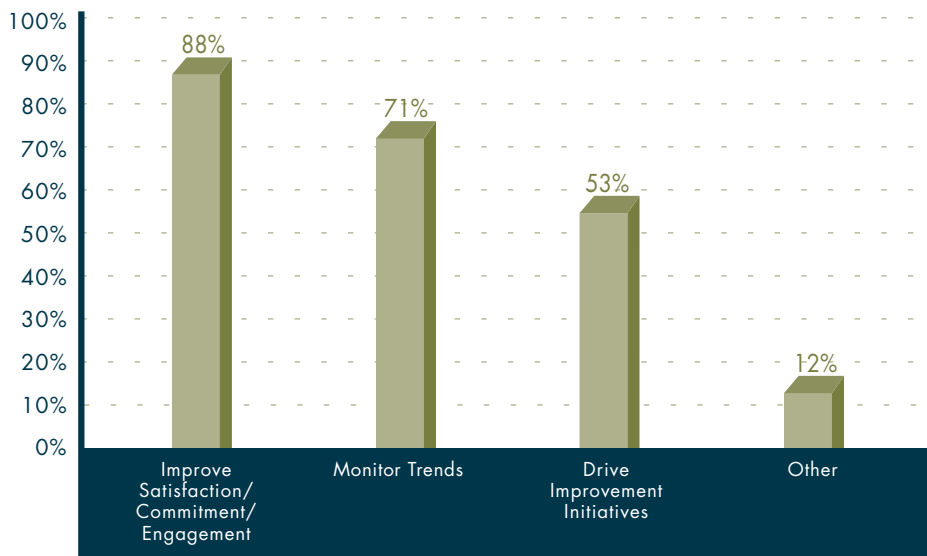
HOW THEY STACK UP

Among the Fortune 500 companies in our sample, employee surveys are the most popular employee measurement tool (96% use it) followed closely by Exit Interviews (91%). Multi-Rater Performance Feedback and Internal Customer Assessments have respectable usage rates at 75% and 60% respectively.

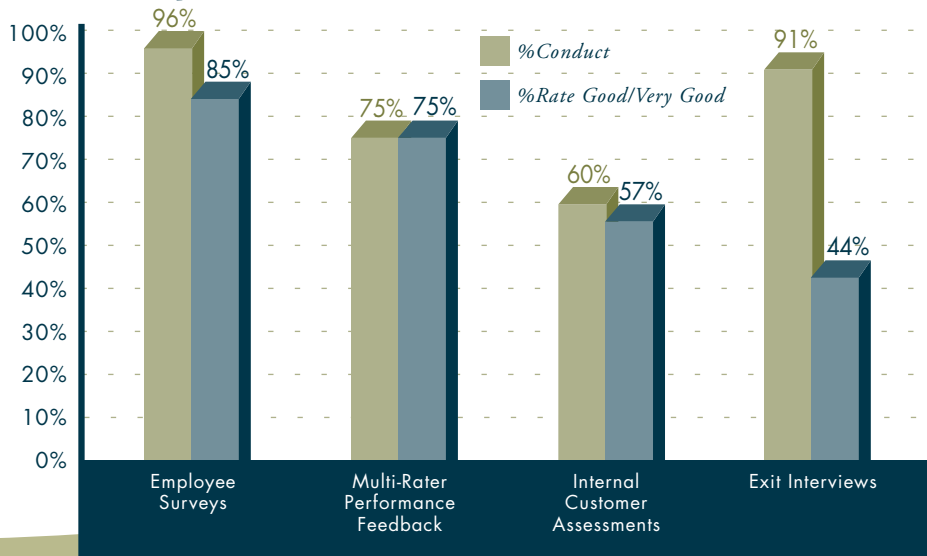
In terms of effectiveness of process, the Fortune 500 companies give their employee survey process the highest favorable ratings (85% good to very good) and they give Exit Interviews the lowest favorable ratings (44%). Given the high usage of Exit Interviews among Fortune 500 companies, there appears to be a need for a more effective process for conducting exit interviews and for using the information to guide management decision making.

Multi-Rater Performance Feedback and Internal Customer Assessments are at the middle of the pack for having effective processes with 75% and 57% favorability ratings respectively.

PRIMARY FOCUS OR OBJECTIVES OF EMPLOYEE SURVEYS
Best Practice Companies



USAGE AND FAVORABLE RATINGS
Fortune 500 Companies



MIXED REVIEWS FOR MID-SIZED COMPANIES

Mid-sized companies tend to use Exit Interviews more than any other employee measurement tool, with 87% indicating they conduct Exit Interviews. Multi-Rater Performance Feedback tool seems to be used the least by these companies but it receives the highest percentage of favorable ratings in terms of the effectiveness of the process with 67% of the sample rating it as good to very good.

Contrary to the experience in Fortune 500 companies, mid-sized companies do not find their employee survey process to be effective (only 52% rating good to very good).

The measurement tool used the least by mid-sized companies is the Multi-Rater Performance Feedback tool (37%) but these companies rate the process for Multi-Rater Performance Feedback the most favorably with 67% rating the process as good to very good.

CONCLUSION

There are many employee listening posts available to managers today.

The level of usage and the effectiveness of those tools vary significantly.

Optimally, employee surveys should be viewed as decision support tools. Used effectively, they can help increase and improve employee satisfaction, engagement and commitment to optimize the employee to customer to profitability linkage.

USAGE AND FAVORABLE RATINGS
Mid-Sized Companies

