

Employee Experience: What you need to know

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Every organization understands that customer experience is important. Equally important is the notion of *Employee Experience*. According to McKinsey, the COVID-19 crisis is a good time for organizations to create more tailored responses to workplace challenges, expanding on the goodwill and solidarity earned in earlier phases. The second wave of COVID 19 according to McKinsey presents an opportunity for companies to rethink the *employee experience* in ways that respect individual differences—home lives, skills and capabilities, mindsets, personal characteristics, and other factors—while also adapting to rapidly changing circumstances. As Caplan (2014) has indicated, organizations have three major objectives on which they must focus: retention, engagement, and innovation.

What is Employee Experience?

Employee experience was theorized based on customer experience management, which begins at the heart of an organization (Harris, 2007). Gallup defines *Employee Experience* as ‘the journey an employee takes with your organization. It includes every interaction that happens along the employee life cycle, plus the experiences that involve an employee's role, workspace, manager and wellbeing.’ McKinsey on the other hand defines it as ‘companies and their people working together to create personalized, authentic experiences that ignite passion and tap into purpose to strengthen individual, team, and company performance.’ IBM defined it as ‘A set of perceptions that employees have about their experiences at work in response to their interactions with the organization.’

According to the Deloitte report 2017, earlier research in the fields of HR&OB, Industrial relations, psychology, psychometric and statistical – the notion of positive employee experience has become a new contract between employer and employee (Deloitte Global Human Capital Trends, 2017). Many organizations have turned away from the traditional HR as we know it to what they call Employee Experience, which focuses on supporting and protecting employees. Employee Experience looks at driving continuous development and overall job satisfaction of employees. Every company invests in customer experience. And as organizations increasingly recognize people as their greatest assets, they are investing in the employee experience as well. With unprecedented changes to our society, economy, and businesses, the way employees experience work has become more important than ever before.

According to a blog by Culture Amp, when organizations get *employee experience* right, they can achieve twice the customer satisfaction and innovation, and generate 25% higher profits, than those that don't. Nearly 80% of executives rate employee experience as very important or important. Gallup outlines the following as examples of Employee Experience:

1. **Easy Hiring Process vs. True Job Fit** - A new employee might be happy about a quick and smooth hiring process. But getting hired by a company that understands what you do best and then selects you for a role where you have a natural talent -- it's an experience that boosts

confidence and success.

2. **Knowing the Mission vs. Connecting With the Mission** - An employee might be able to recite your company's mission. But when they understand their contribution to your mission, they work with a purpose, and it becomes an experience that supports their engagement over time.
3. **Nice Manager vs. Great Coach** When an employee has a nice manager, it's a bonus. But when they have a great manager -- one who cares for them and knows how to coach them -- it's an experience that enhances productivity and passion.

Employees are the consumers of the workplace, and their experience matters to the success of the organization.

How to manage the Employee Experience? (*Employee Experience Management*)

With the massive shift in how organizations operate brought about by the COVID 19 pandemic, this also means a shift in what employees expect of their organizations. COVID-19 has brought to light underlying employee experience issues that needed to be resolved, in addition to adding on several more that have surfaced since the virus took hold. Just as employees are expected to adapt to a new way of working, businesses also must learn to support them in new ways.

According to Forbes Magazine, HR has emerged as crucial in this crisis and this will impact how organizations approach HR going forward. Companies must communicate with employees transparently and frequently to retain top performers and ensure a positive company culture moving forward. For any companies that have not yet put a focus on employee experience, the time is now. Essentially, for your organization to perform at its best, and seeing as your employees are the backbone of the business, managing their experience plays a pivotal role in how your operation runs and grows.

Many experts agree that “*Employee experience management* is the deliberate influence of each touchpoint an employee has with an organization from recruit to onboarding and exiting that organization. IT and HR have a critical role in adopting strategies that help their employees perform their best.” (Watts, 2020). The goal is to assist your employees to become more involved, engaged, and invested with the company because they feel satisfied with how they are treated. Many companies may have had disaster plans in place, but it is unlikely that they were planning for the current pandemic. That means companies need to do some extra planning to take care of their most important asset: their workforce.

What is a good Employee Experience?

Industrial-organizational psychologists and experts in HR consulting from both the IBM Smarter Workforce Institute and the Globoforce Work Human Analytics and Research Institute undertook a large-scale research project to understand and measure what makes an optimal working experience for employees. This research resulted in the creation of the Employee Experience Index (EXI) that measures employees' personal experiences at work in terms of belonging, purpose, achievement, happiness, and

vigor. The IBM and Globoforce research found that employee experience is positively associated with employee work performance, discretionary effort, and turnover intention.

Below are images from the research conducted by IBM showing what drives employee experience and possible outcomes:

Figure 1. A framework of drivers and outcomes of employee experience at work



Figure 2. Employee experience is positively associated with work performance



Source: WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070)
Note: The scores are reported as percent favorable, the average level of agreement across the three items that measure work performance.

Research conducted by IBM revealed that employees who experience a sense of belonging, purpose, achievement, happiness, and vigor are more likely to perform at higher levels and contribute “above and beyond” expectations. They are also less likely to quit. Employees with more positive experiences at work are much more likely to report significantly higher levels of discretionary effort. Discretionary effort is almost twice more likely to be reported when employee experience is positive (95% compared to 55%). A positive employee experience can contribute to the higher motivation to apply extra effort at

work and go “above and beyond” typical job responsibilities. Positive employee experience is also linked to lower turnover rates in organizations.

An analysis of over 250 global organizations found companies that scored highest on employee experience benchmarks have four times higher average profits, two times higher average revenues, and 40% lower turnover compared to those that didn't. This demonstrates that an investment in employee experience does pay off.

How to build a good/ positive *employee experience*?

A growing body of research now points to the benefits of a human workplace for creating positive employee experiences. According to research from IBM and Globoforce, a human workplace is primarily characterized by opportunities for:

- Meaningful work
- Empowerment and voice
- Feedback, recognition, and growth
- Coworker relationships
- Organizational trust
- Work-life balance

IBM suggests two ways to improve employee experience are for workplaces to allow more opportunities for improved work-life balance and better recognition, feedback, and growth. Millennials look more into their workplace experience, by 2025 millennials will represent 75% of the global workforce. What they seek most from their jobs is meaningful work, flexibility and autonomy, and connection and mentoring. According to the International Journal of Human Capital and Information Technology Professionals, organizational culture and engagement practices are the core determinants of employee experience throughout an employee's hire-to-exit cycle.

A study by Plaskoff (2017) summarised that employee experience is different from HRM and proposed six guiding principles on which organizations can build better employee experience:

- Deeply understand employees and their needs;
- Embrace expansive and holistic thinking;
- Make the intangibles tangible;
- Insist on radical participation;
- Iterate and experiment;
- Trust and appreciate the process

Furthermore, a study conducted by Foresee in the year 2014 identified few workplace practices like career growth, compensation, teamwork, empowerment, environment, job nature, and managerial abilities, and considered these as the most important initiatives in driving positive employee experience. Overall, leaders and managers play a vital role in establishing a positive work environment and set the right tone and direction with a high level of clarity (IBM and Globoforce, 2016). Leaders should provide more clarity about the organizations' goals and direction to employees is important. Even in the digital era, studies identified that human experiences are high in demand. Companies still prefer to have face-to-face interactions during decision-making. Statistics revealed that 39% of the graduates prefer direct contact with the colleagues over web-based tools; 59% of people love to work in places filled with fun, positive social atmospheres but make less salary (Liley, Feliciano, & Laurs, 2017).

Studies suggested that organizational integrity and co-worker support matters at the workplace; meaningful work, feedback, recognition, and growth has a positive association with employee experience; and similarly, employee empowerment and voice, work-life balance link with better experiences (IBM and Globoforce, 2016; Deloitte Global Human Capital Trends- Rewriting the rules for the digital age, 2017; Morgan, 2017).

During this COVID 19 Pandemic, McKinsey suggests the following ways in which leaders can ensure a good employee experience build on the trust and affiliation you have earned by continuing to be present, action-oriented, empathetic, and fully transparent.

In addition to basic needs (safety and security), three other experience themes (trusting relationships, social cohesion, and individual purpose) are having an unbalanced impact on employee well-being and work effectiveness. Enable improvements in those areas by prioritizing actions that will address a broad set of needs for the majority of your workforce.

Changes are hitting your people in widely diverging (and sometimes unexpected) ways. Some are struggling, and some are thriving. Use a combination of science, technology, data, and analytics to segment your employees like you would your customers and tailor interventions to support them in personalized and meaningful ways.

Conclusion

As cited in the International Journal of Human Capital and Information Technology Professionals, Employees who experience a sense of belongingness, purpose, achievement, vigor, and happiness are more likely to perform at higher levels and contribute beyond expectations (IBM and Globoforce, 2016). According to Morgan (2017), companies who invest heavily in employee experience were listed as the best place to work, earned more than four times the average profit and two times the average revenue, also the highest stock values (Yohn, 2018). Success starts with talented people, the most important role of a leader is to give your employees a reason to join your cause, a reason to stay, and a reason to engage.

Jacob Morgan the author of The Future of Work, wrote in Forbes 'Decades ago nobody cared about the employee experience because all of the power was in the hands of the employer. Power has now shifted

into the hands of employees. The way organizations prioritize customer experience is the same effort they should put in prioritizing the internal customer who is the employee (employee experience). Many top companies like Facebook, Google, LinkedIn just to name a few, can attribute some of their success to their ability to harness employee experience.

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