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The Employee Experience Index

A new global measure of a human workplace and its impact

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Introduction

We are in the midst of a major transformation in the workplace. In the industrial era, the focus was on task-oriented laborers whose primary output came from their hands. In the information age, knowledge embodied in employees became a central component of the economy.

Now we are entering the cognitive era. In this new era, in which machines are able to learn, reason and interact with humans naturally,[1] the boundaries between people and technology become blurred.

Rather than diminishing the role of people, in the cognitive era people are at the forefront of working with and realizing the benefits from new technologies to achieve more than was ever possible before. In fact, the cognitive era is just as much the human era. It is a time when work can be a more rewarding experience for employees.

Recognizing that "the battle for the hearts and minds of employees is played out daily through their workplace experiences," organizations are now reexamining their employees' experience at work[2] as a path to improved job performance[3] and sustained competitive advantage.[4]

So what is the ideal employee experience at work? The IBM Smarter Workforce Institute and Globoforce's WorkHuman® Research Institute joined forces to conduct a major, global research study to find out. As a starting point, we conceptualize employee experience as a positive and powerful – and ultimately human – experience, in which employees are able to invest more of their whole selves into the workplace.[5]

We then aimed to answer three questions:

- What is the ideal employee experience in today's workplace?
- What impact could a positive employee experience have on key outcomes?
- How can organizations drive more positive and human employee experiences?

The answers to these questions resulted in the development of a new Employee Experience Index alongside a set of leadership and organizational practices to create more positive employee experiences. These new tools will enable HR and business leaders to inspire and energize their workforces towards greater well-being and performance.

"Now we are entering the cognitive era. It is a time when work can be a more rewarding experience for employees."

Development of the new Employee Experience Index

Our research study

To understand and measure what makes an optimal working experience for employees, industrial-organizational psychologists and experts in HR consulting from both IBM and Globoforce undertook a three-phase research study:

- *Phase 1: Literature review and construct identification*
  Using scientific literature in positive psychology, humanistic psychology and behavioral science as our starting point, we identified a number of constructs that relate to a more positive employee experience, and created a large pool of survey items to measure those constructs.

- *Phase 2: Construct measurement*
  To measure the employee experience constructs, a global survey of more than 23,000 employees in 45 countries and territories across many different industries and job functions was conducted. The resulting data were then subjected to a series of statistical analyses to assess and validate the psychometric properties of the survey items and related constructs.

- *Phase 3: Index and driver definitions*
  Finally, the constructs and associated items were summarized into (1) an index reflecting employee experience, and (2) key leadership and workplace practices that can be leveraged to positively affect employee experience.

The Employee Experience Index

Following our review of the literature, we define the employee experience as:

> *A set of perceptions that employees have about their experiences at work in response to their interactions with the organization.*

With this definition as a guiding framework, we developed a 5-dimension, 10-item index to capture the core facets of employee experience. The Employee Experience Index measures:

- **Belonging** – feeling part of a team, group or organization
- **Purpose** – understanding why one's work matters
- **Achievement** – a sense of accomplishment in the work that is done
- **Happiness** – the pleasant feeling arising in and around work
- **Vigor** – the presence of energy, enthusiasm and excitement at work

Having built the Index, our study went on to look at what drives employee experience and what outcomes organizations can expect when they create a more positive and human organization. The framework for these relationships is shown in Figure 1. As the framework shows, employee experience has its beginnings in the direction and support of leaders and managers, who drive organizational practices that create the employee experience. Ultimately, a positive employee experience is associated with improved employee outcomes such as better job performance, increased discretionary effort and higher retention.

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

| Leadership and Management

Behaviors and actions | Human Workplace Practices

• Organizational trust
• Coworker relationships
• Meaningful work
• Recognition, feedback and growth
• Empowerment and voice
• Work-life balance | Employee Experience

• Belonging
• Purpose
• Achievement
• Happiness
• Vigor | Outcomes

• Work performance
• Discretionary effort
• Retention |

Employee experience linked to performance and retention

Our research reveals 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.

Positive employee experience linked to better work performance

Workers with Employee Experience Index scores in the top quartile are more likely to report high levels of work performance[i] than those whose scores are in the bottom quartile (23 percentage points higher) (Figure 2).

Figure 2. Employee experience is positively associated with work performance
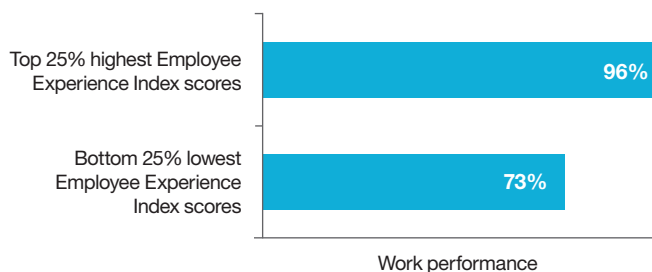
Top 25% highest Employee Experience Index scores — 96%

Bottom 25% lowest Employee Experience Index scores — 73%

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.

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[i]Self-reported work performance was measured by respondents reporting that, in the last three months, they had been very productive at work, worked hard to get the job done on time, and completed work to a high standard.

Positive employee experience linked to more effort

More dramatically perhaps, employees with more positive experiences at work are much more likely to report significantly higher levels of discretionary effort[ii]. In fact, discretionary effort is almost twice more likely to be reported when employee experience is positive (95 percent compared to 55 percent) (Figure 3).

The results of these analyses suggest a positive employee experience can contribute to higher motivation to apply extra effort at work and go "above and beyond" typical job responsibilities.

Figure 3. Employee experience is positively associated with discretionary effort at work
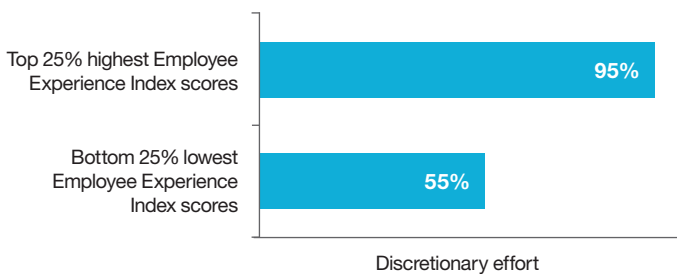
Top 25% highest Employee Experience Index scores — 95%

Bottom 25% lowest Employee Experience Index scores — 55%

Discretionary effort

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 discretionary effort.

Positive employee experiences linked to retention

Talent retention is a challenging issue for many organizations.[6] The good news is that a more positive employee experience could help. Our analysis reveals that employees with low Employee Experience Index scores are more than twice as likely to say they want to leave compared to those with more positive experiences. The difference is more than 20

percentage points (44 percent vs. 21 percent) (Figure 4) and means that employees with positive experiences are 52 percent less likely to intend to leave their organizations.

Figure 4. Positive employee experience is associated with lower turnover intention

Top 25% highest Employee Experience Index scores — 21%

Bottom 25% lowest Employee Experience Index scores — 44%

Intend to leave

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

Creating the ideal employee experience

Our study has clearly made the case that employee experience matters. The question that naturally arises is "what can organizations do to improve employee experience?" We examined two primary sets of driving factors – leadership and workplace practices – that can provide organizations with the tools and insight they need. A preliminary exploration of these workplace behaviors and practices is provided below.

Leadership sets the stage

Leaders and managers play a powerful role in setting the overall tone and direction of an organization, effectively setting the stage for a more positive employee experience.[7] This begins with a high level of clarity around future direction and why employees matter in successfully moving the organization forward.


[ii]Discretionary effort refers to employee activities that are beneficial to the organization but not necessarily part of the job. It was measured by respondents reporting that they were always willing to give more effort to get the job done, they enjoyed devoting a lot of extra effort to their work, and consistently went above and beyond what is expected of them at work.

[iii]Turnover intention was measured by respondents reporting that, within the next six months, they were seriously considering leaving their organization and planning to look for a new job.

Our data suggest there is room for improvement. For instance, 44 percent of employees do not feel their senior leaders are providing clear direction about where the organization is headed. Providing more clarity would help senior leaders to more fully align employees and their behaviors with organizational goals.

Managers also play a crucial role in creating a positive work environment, by providing a level of personalized support and commitment to their teams. More than one third (37 percent) of employees in our sample do not feel their managers were effective in serving and supporting the team.

Figure 5. Leader and manager practices linked to employee experience
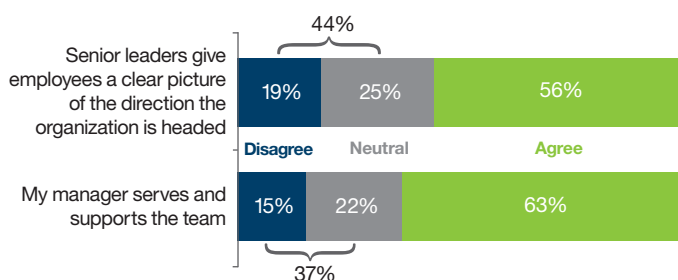
Human workplace practices make the experience

Leadership initiates momentum towards a positive employee experience, while workplace practices carry that momentum forward.

Organizations are paying closer attention to the employee experience as a source of competitive advantage. At the same time, employees are bringing much higher expectations to the workplace and making greater demands of their work experiences.[8] Practices that acknowledge the uniquely human qualities of the workplace address these new expectations. These practices can be viewed across multiple levels: **environment, work** and **person**.

The Environment

Employees increasingly expect to trust their organizations to be responsible and act with integrity in dealing with all manner of stakeholders, including employees themselves. When those expectations are met, a full 83 percent of respondents describe a positive employee experience, 46 percentage points higher than when those expectations are unmet. See Figure 6.

Supportive coworker relationships are also an important driver of a positive work experience. When those relationships are present in the workplace, employees report a much more positive employee experience than when that support is absent (77 percent compared to 35 percent). (Figure 6).

Figure 6. Organizational integrity and co-worker support are associated with a positive employee experience

When employees agree the organization consistently acts with integrity:

83%
report a more positive employee experience
vs. 37% who do not agree

When employees agree coworkers help each other out at work if needed:

77%
report a more positive employee experience
vs. 35% who do not agree

The Work

The drivers of employee experience also extend to the work itself. Meaningful work ensures that employees' skills and talents are being fully utilized and there is greater alignment to shared, core values. According to our data, the presence of these features is related to a 50 percentage point increase in employee experience (Figure 7). Employee experience is just 29 percent when employees do not report their work is consistent with organizational values, compared to an employee experience index score of 80 percent when employee work is consistent with those core values.

Figure 7. Meaningful work associated with a positive employee experience

When employees agree their work is consistent with organization's core values:

80%
report a more positive employee experience
vs. 29% who do not agree

When employees agree their job makes good use of their skills and abilities:

81%
report a more positive employee experience
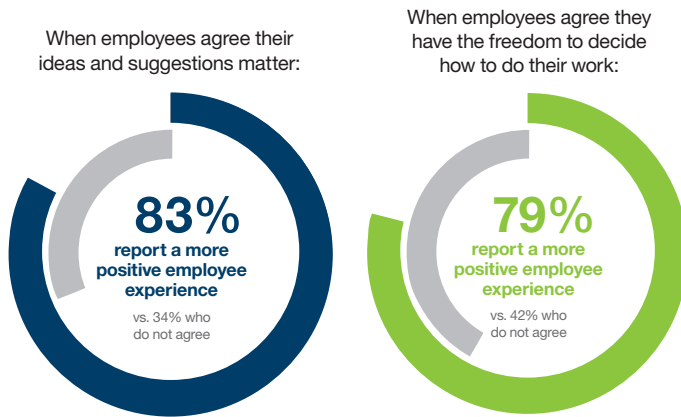vs. 30% who do not agree

Source: WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070)
Note: The scores above are reported as percent favorable, the agreement level of the survey question.

Also critical to positive employee experiences are **feedback and recognition** of performance, as well as opportunities for professional development and **growth**. Eighty-three percent of employees who receive recognition of their performance, and 80 percent of those receiving feedback, reported a positive employee experience, compared to 38 and 41 percent, respectively, of employees who did not (Figure 8).

Figure 8. Feedback, recognition and growth associated with positive employee experience

When employees agree they receive recognition when doing good work:

83%
report a more positive employee experience
vs. 38% who do not agree

When employees agree they receive feedback on work performance:

80%
report a more positive employee experience
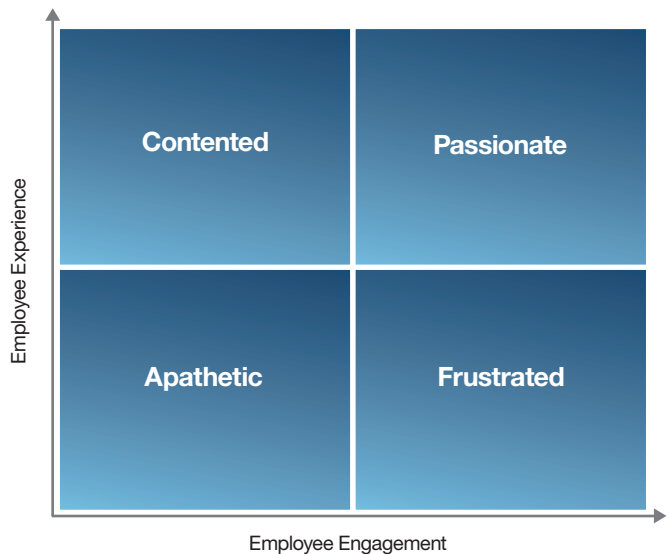vs. 41% who do not agree

Source: WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070)
Note: The scores above are reported as percent favorable, the agreement level of the survey question.

The Person

Shifting the focus to practices that impact individuals themselves, a positive employee experience emphasizes the benefits of greater freedom through **empowerment and opportunities for voices to be heard.** Also important is the time for employees to **pursue non-work activities and recharge.**

Within a human workplace employees are given the freedom to decide, and opportunity to participate in, determining how work is best accomplished. Employees who feel their ideas and suggestions matter are more than twice as likely to report a positive employee experience than those who don't (83 percent vs. 34 percent). A similar pattern emerged among employees who have the freedom to decide how to do their work (79 percent vs. 42 percent). (Figure 9).

Figure 9. Empowerment and voice associated with positive employee experience

When employees agree their ideas and suggestions matter:

83%
report a more positive employee experience

vs. 34% who do not agree

When employees agree they have the freedom to decide how to do their work:

79%
report a more positive employee experience

vs. 42% who do not agree

Source WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070)
Note: The scores above are reported as percent favorable, the agreement level of the survey question.

More positive employee experiences are also associated with employees' flexibility to manage their work and other aspects of their lives. We see a 31 percentage point difference in employee experience when work schedules are flexible (Figure 10). Similarly, there is a 35 percentage point difference in employee experience when employees have an opportunity to recharge when they are not at work (Figure 10).

Figure 10. Work-life balance associated with positive employee experience

When employees agree their work schedule is flexible enough for them to meet family/personal responsibilities:

79%
report a more positive employee experience

vs. 48% who do not agree

When employees agree they have the chance to recharge when not at work:

77%
report a more positive employee experience

vs. 42% who do not agree

Source: WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070)
Note: The scores above are reported as percent favorable, the agreement level of the survey question.

Employee experience and engagement

Existing research on employee engagement has helped organizations better understand employees' desired state within the organization.[9] Engaged employees have pride in and are satisfied with their organization as a place to work, and they advocate for and intend to remain with their organization.[10] However, employee engagement may not tell the whole story of the employee experience at work. Alongside engagement, this new study introduces employee experience and advances a comprehensive and holistic view of the human experience of work.

In fact, employee experience and engagement go hand in hand to reflect employees' states at work. For example, as shown in Figure 11, when employees are positive about their experience at work and high in engagement, they are passionate about what they are doing; when employees are negative about their experience and low in engagement, they appear apathetic.

Figure 11. The ideal of highly engaged employees who have a positive work experience.

	Contented	Passionate
Employee Experience	Apathetic	Frustrated
		Employee Engagement

Source: WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070)

Conclusion and recommendations

Our study identified five components of employee experience — belonging, purpose, achievement, happiness, and vigor — and developed an instrument that diagnoses the level of employee experience based on the survey responses from 23,000 employees in 45 countries and territories. Our analyses reveal that more positive employee experiences are linked to better performance, extra effort at work, and lower turnover intentions.

We also identified the key organizational practices that drive more positive employee experiences: organizational trust; coworker relationships; meaningful work; recognition, feedback and growth; empowerment and voice; and work-life balance. Additional insights about the drivers of employee experience will be described in a future paper.

Several recommendations emerge for cultivating more positive work experiences and achieving better outcomes:

Diagnose
- Listen regularly to the voice of your employees (through platforms such as census and pulse surveys, social listening, etc.) to understand the nature of their experiences at work.
- Conduct a drivers analysis to diagnose the culturally relevant workplace practices that are strengths to build upon or areas for improvement.

Act
- Recognize the unique role that leaders and managers play in defining employees' work experience, and enable managers to design experiences consistent with core values.
- Ensure the organization's actions are conveying the values intended and nurture an environment that reinforces mutually supportive coworker relationships.
- Help employees understand the deeper meaning of their work and how it contributes to the wider organizational purpose and goals.
- Treat performance as a continuous conversation, fueled by social recognition, feedback and growth opportunities.
- Offer employees opportunities to participate in decision-making and trust them with the autonomy they need to find the best paths to achieving success.

"More positive employee experiences are linked to better performance, extra effort at work, and lower turnover intentions."

Appendix: Demographic analyses of Employee Experience Index

Employee Experience Index scores by dimension

The global Employee Experience Index score from our research sample is 69 percent. This is positive, but leaves significant room for improvement. Of the five dimensions of the Employee Experience Index, happiness is the highest (74 percent) and vigor at work is the lowest (62 percent) (Figure 12).
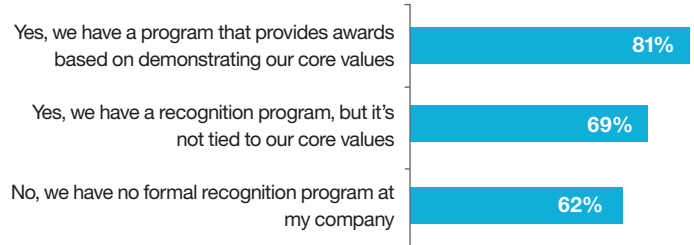
Figure 12. Employee Experience Index scores
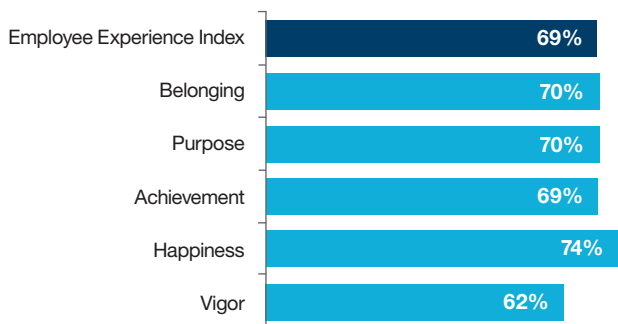
Source: WorkTrends™ 2016 Global sample for the IBM/Globoforce Employee Experience Index Study (n=23,070).
Note: The scores are reported as percent favorable; that is, the Employee Experience Index score is the average level of agreement across the ten items in the Index. The score for each employee experience dimension is the average level of agreement across the two items that measure that dimension.

Employee Experience Index scores by job level

It appears that the more senior you are, the more positive your employee experiences (Figure 13). Individual contributors (employees who do not manage others) report a lower level of employee experience (63 percent) than managers (79 percent), a gap of 16 percentage points.

In fact, such a gap is not unique to the concept of employee experience. In other studies of worker opinions, we often find that managers tend to answer a range of work attitude questions more positively than individual contributors. One possible explanation could be that managers are more likely to be involved in decision making in organizations, and involvement is associated with positive attitudes.[11]

Figure 13. Employee Experience Index scores vary by job level

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 ten items in the Index.

Employee Experience Index scores by generation

Despite the popularity of the notion of generational differences, scientific research suggests that differences in work attitudes are generally very small.[12] In fact, an IBM Smarter Workforce Institute study showed that only 0 to 2 percent of work attitude differences can be attributed to generation.[13]

In line with these previous findings, our research reveals no significant differences across generations in their employee experiences (Figure 14). All generations report similar levels of the employee experience dimensions.

Figure 14. No difference in employee experience across generations

Millennials	69%
Generation X	68%
Boomers	72%

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 ten items in the Index. Millennials birth dates from 1982-2004, Generation X birth dates from 1961-1981, and Boomers birth dates from 1943-1960.[iv]

Recognition and employee experience

The need to be recognized and appreciated is deeply ingrained in us.[14] As a result, we would expect that employees in organizations with recognition programs are more likely to receive acknowledgment and recognition for a job well done and, consequently, to have a more positive employee experience.

Our research confirms this is the case (Figure 15). Employees who report that their organizations offer recognition programs, and particularly those that provide rewards based on demonstrating core values, have considerably higher Employee Experience Index scores than those in organizations that do not offer formal recognition programs (81 percent vs. 62 percent).

Figure 15. Recognition programs linked to greater employee experience

Yes, we have a program that provides awards based on demonstrating our core values	81%
Yes, we have a recognition program, but it's not tied to our core values	69%
No, we have no formal recognition program at my company	62%

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

Teams and employee experience

Social relatedness is a basic need of human beings[15] and that need is often met in people's work interactions with each other. And this is reflected in our Employee Experience Index; our research confirms that employees working in a team report more positive work experiences than those who work on their own (73 percent vs. 61 percent) (Figure 16).

Figure 16. Teamwork linked to a more positive employee experience

Work as part of a team	73%
Work as an individual	61%

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 ten items in the Index.

In sum, our survey results reveal that Employee Experience Index levels vary by job level, whether employees work as part of a team or as an individual, and whether the organization offers recognition programs. A future report will examine cross-country differences of the employee experience.

[iv]The generations based on Strauss–Howe generational theory. For more information, see Howe, N. and Strauss, W. (2000). Millennials Rising: The Next Great Generation. New York: Vintage Books.

About WorkTrends™

WorkTrends™ is a research program initiated in 1984, originally designed to track trends in specific workforce themes over time. WorkTrends has evolved to a large global online survey completed by workers from a cross-section of industries around the world, on a variety of contemporary topics of interest to HR and business leaders. In 2016, the WorkTrends survey was administered by the IBM Smarter Workforce Institute in 45 countries and territories, in a cross-section of industries, thousands of different organizations and all major job families. Globoforce was a key collaborator on the employee experience content of the 2016 WorkTrends survey.

About IBM and the IBM Smarter Workforce Institute

Today's human resources organizations need to attract and grow top-performing talent, create engaging social and collaborative cultures, and connect the right people to get work done. IBM solutions combine market-leading talent management and social collaboration tools with the power of workforce science and advanced analytics. We help organizations build impassioned and engaged workforces, and deepen client relationships that can lead to measurable business outcomes. To learn more about IBM Smarter Workforce solutions and services, please visit www.ibm.com/software/smarterworkforce

The IBM Smarter Workforce Institute produces rigorous, global, innovative research spanning a wide range of workforce topics. The Institute's team of experienced researchers applies depth and breadth of content and analytical expertise to generate reports, white papers and insights that advance the collective understanding of work and organizations. This white paper is part of IBM's on-going commitment to provide highly credible, leading-edge research findings that help organizations realize value through their people.

To learn more about IBM Smarter Workforce Institute, please contact us at ibmswi@us.ibm.com. Follow @IBMSmtWorkforce on Twitter or visit our website: www.ibm.com/software/smarterworkforce/institute

About Globoforce and the WorkHuman Research Institute

Pioneer of the WorkHuman® movement, Globoforce helps make work more human for millions of people and organizations worldwide. Its cloud-based social recognition software helps build award-winning cultures where employees feel more appreciated and socially connected at work – driving a sense of belonging and inspiring the entire organization to reach its full potential and achieve business success. Founded in 1999, the company is headquartered in Framingham, Mass., and Dublin, Ireland.

The WorkHuman Research Institute at Globoforce is dedicated to the understanding and application of global workplace practices that create more engaged, productive, and ultimately more human work cultures. In collaboration with leaders in the human resource industry and global research experts, the WorkHuman Research Institute publishes original research on current trends that affect and influence the employee experience, culture management, and leadership.

To learn more about Globoforce, visit: www.globoforce.com or follow us on Twitter @Globoforce or LinkedIn: www.linkedin.com/company/globoforce

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