



Background

Organizations have long attempted to gauge the mood of their workforces using measures such as employee job satisfaction, engagement or turnover intent. In recent years, *employee experience* has gained popularity as a more holistic concept. Modeled after customer experience, employee experience seeks to capture the reality of what it is like to work for an organization on a broader level than employee engagement or job satisfaction. Given this, employee experience has gained considerable attention as a tool for improving recruitment and retention, profit margins, and other organizational outcomes.

In theory, an organization can design and foster an employee experience that makes employees *want* to come to work instead of just being required to do so. Many aspects of the workplace can be designed to enhance the employee experience. Yet, the concept is not clearly defined and means different things to different people. Previous research has focused on physical space, available technology and organizational culture. However, other features—such as co-workers, personal autonomy, managers and organizational communication—have also been identified as important to employee experience. To better understand what shapes employee experience and how tracking and working to improve it can benefit organizations, SHRM Research surveyed 1,197 HR professionals and 1,206 U.S. workers.

Executive Summary

- Given a list of 12 responsibilities of HR departments, 46% of HR professionals and 36% of workers rank "creating a positive employee experience" either first or second in terms of importance.
- ▶ The responsibility for creating a positive employee experience belongs to everyone within an organization, according to 40% of all respondents.
- Workers rank "the work you do," "co-workers" and "managers" as the three greatest influences on employee experience. Interestingly, HR professionals give significantly greater weight to managers, while non-HR employees feel co-workers are more influential.
- By measuring both employee experience (culture, technology and physical workspace) and employee engagement, organizations can explain 54% of employees' job satisfaction levels and 42% of their desire to quit (turnover intent).
- ➤ Technology and physical space do matter. But of the three aspects of employee experience, organizational culture has by far the greatest impact on employee job satisfaction and turnover intent.



Because "employee experience" is a fairly new term, it is not yet well defined. To better understand how people interpret its meaning, SHRM Research asked HR professionals and U.S. workers to define employee experience in their own words. Among HR professionals, **5**% acknowledged they did not know what the term meant, while **16**% of workers gave answers indicating lack of clarity or calling it "jargon." The range of responses revealed that both HR professionals and workers have various subjective interpretations of employee experience.

For both groups, the most common theme focused on how employees think or feel about their time with the organization (18% of HR professionals, 20% of workers). Beyond this, 40% of HR professionals

gave descriptions such as "perceptions of an organization," "employment life cycle" or "workplace environment" that suggested the totality of what an employee sees, feels, hears and does in the workplace.

Workers, on the other hand, gave a greater variety of answers, many of which had no connection with what it's like to work for their employer. In a very literal interpretation, **18%** defined employee experience as the knowledge, skills and abilities (KSAs) an employee brings to the job from previous work experience. Others described it as the general "atmosphere" or "vibe" of the workplace (**16%**), which perhaps is a way of referring to organizational culture.

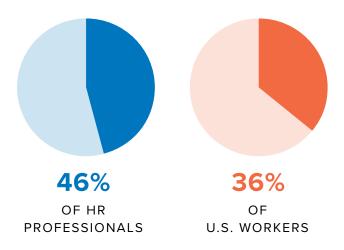
Most frequent descriptions of "employee experience"

HR PROFESSIONALS		U.S. WORKERS		
Perceptions/feelings about the organization	18%	Perceptions/feelings about the organization 20		
Life cycle of employment	17%	KSAs from previous employment		
Organizational culture	13%	Workplace environment	16%	
Workplace interactions	13%	"I don't know"; vague descriptions	16%	
Hiring/retention	12%	The "daily grind"	10%	
Workplace environment	12%	"Employee satisfaction" (exact words)	8%	
Engagement	11%	Workplace interactions	5%	
Treating employees well/providing good HR service	11%	Treating employees well/providing good HR service	5%	

The Importance of Employee Experience

HR departments are responsible for a wide range of functions and priorities within organizations. From recruitment and talent management to employee relations and compliance, they play a critical role in supporting the workforce. To gain a better understanding of the relative importance of employee experience among these responsibilities, SHRM Research presented both HR professionals and U.S. workers with a list of 12 common responsibilities of HR departments. Respondents ranked "create a positive employee experience" alongside other traditional responsibilities such as "work with problem employees" and "facilitate hiring." For HR professionals, creating a positive employee experience was the highest ranked response overall, with nearly half (46%) rating it either first or second in importance. Similarly, employee experience topped the list for U.S. workers, with **36%** considering it one of the two most important functions of their organization's HR department.

Employee experience ranks in the top two most important HR priorities



Nearly all HR professionals (95%) reported taking the pulse of their workplace in some way on a regular basis. However, just as employee experience has many different meanings, HR departments use various measures. The concept of employee experience is still just catching on, because employee satisfaction and employee engagement scales remain far more common ways to gather feedback from workers. Nearly one-quarter of HR departments (24%) use employee experience measures. Those that do report improvements in company culture, engagement, collaboration and retention.



Who Shapes Employee Experience? ▼

Having explored HR professionals' and workers' understandings of employee experience and its relative importance, SHRM Research asked them who is most responsible for creating a positive employee experience. The largest segment of both HR professionals and workers (40%) concurred that everyone in the organization shares responsibility for making the workplace a good place to be.

With regard to leaders, **22**% of HR professionals take a holistic view that the C-suite is responsible for shaping employees' reality on the job. Presumably, they are viewing the issue through an organizationwide lens. In contrast, **19**% of workers view the matter from their individual perspective, citing their direct manager as most influential.

Although the greatest proportion of HR professionals and employees ranked employee experience as one of the most important HR functions, they did not perceive that the primary responsibility for fostering a positive employee experience resides in human resource departments. Only **11**% of HR professionals and **3**% of workers assigned primary responsibility there.

KEY TAKEAWAY

For workers, individual interactions with co-workers and supervisors shape their employee experience the most. HR professionals think about employee experience very differently, in terms of the actions of a company's top leaders.

What Influences Employee Experience?

Capturing the full breadth and depth of an employee's journey from recruitment to separation is nearly impossible. Therefore, any employee experience scale must include a limited set of features to measure. Complicating matters, each person wants and values different things from their employer. For instance, one might feel the physical environment is extremely important; another might happily forgo a fancy office space in favor of close relationships with co-workers. To find out more about what these participants considered important, SHRM Research asked them to assign a percentage to each of 10 facets of their lives on the job, corresponding to how much it influenced (for better or for worse) their experience at work. These aspects included not only workplace culture, technology and physical environment, but also co-workers, personal autonomy, managers, organizational communication and other aspects of their life at work.

Interestingly, the most influential consideration for HR professionals and workers alike was "the work that you do." Both groups ranked organizationemployee communication in sixth place, and least important for both was commuting logistics. Although HR professionals placed relatively heavier weight percentage wise on personal autonomy than workers did, they ranked it the fifth-most influential feature overall, while workers ranked it in fourth.

HR professionals are relatively more focused on the organization and employee experience as a whole (e.g., organizational culture, people managers and higher-level leaders). Workers, meanwhile, have a narrower focus on their immediate environment (e.g., co-workers, having the tools to do one's job, physical work environment and personal autonomy). Arguably, this reflects HR professionals' training in organizational strategy.

KEY TAKEAWAY

HR professionals and workers hold some differing opinions about where efforts to enhance employee experience should focus. Workers are more likely to believe their co-workers are highly influential, while HR gives greater importance to culture. If HR professionals focus improvement efforts on priorities that seem unimportant to average employees, those workers are less likely to buy into them.

Effect of features of the workplace on overall employee experience (% influence)

HR PROFESSIONALS		WORKERS			
The work that you do	17.7%	The work that you do	19.8%		
Your manager	17.0%	Your co-workers	13.0 %		
Organizational culture	12.1%	Your manager	12.5%		
Your co-workers	11.0%	Your level of personal autonomy	9.3%		
Your level of personal autonomy	10.3%	Tools/technology provided to do your work	1 8.9%		
Clarity of organization-employee communication	9.4%	Clarity of organization-employee communication	8.7%		
Tools/technology provided to do your work	7.2%	Physical environment where you work	8.3 %		
Org. leadership above manager	7.2%	Organizational culture	6.7%		
Physical environment where you work	5.5%	Org. leadership above manager	6.6%		
How you get to and from work	2.9%	How you get to and from work	5.2 %		

Significantly more important for HR professionals than for workers.

Significantly more important for workers than for HR professionals.



To further understand perceptions of what is important for a positive employee experience, SHRM presented both workers and HR professionals with items from a published scale (Jacob Morgan's Employee Experience Index) that measures three aspects of the workplace: organizational culture, physical environment and technology. We asked both groups to rate how important they considered each statement on a scale from "not at all important" to "very important."

HR professionals and workers both ranked these features of workplace culture as the four most important (though the order differed between them):

- Feeling you are part of a team.
- Feeling a sense of purpose.
- Feeling you are fairly treated.
- Feeling valued.

Beyond these four, there were notable disconnects between what HR professionals identified as influential to employee experience and what U.S. workers identified as important to them.

Among the five features that HR professionals were significantly more likely to identify as important, three relate to organizational culture. Notably, all five aspects are also less concrete and more reflective of the psychological ambiance of the workplace:

CULTURE

Feeling that you are part of a team (ranked first for HR professionals but fourth for workers).

Having a strong, positive brand perception in your organization.

Referring others to work for your employer.

TECHNOLOGY

MORE IMPORTANT FOR HR PROFESSIONAL

Having technology available to everyone who wants to use it.

PHYSICAL SPACE

Being proud to bring a visitor to your worksite.

In contrast, workers placed much higher value on tangible aspects of the environment and on their personal experiences. They were significantly more likely than HR professionals to rate these features as important:

MORE MPORTANT FOR U.S. WORKERS

PHYSICAL SPACE

Having multiple workspace options available.

Having flexible work options available.

Items from the Employee Experience Index that signal agreement and disagreement between HR professionals and U.S. workers in what influences employee experience (% rating "important" or "very important")

FEATURE	HR PROFE	SSIONALS	U.S. WORKERS	
	%	RANK	%	RANK
Feeling you are part of a team	85% 👚	1	73%	4
Feeling a sense of purpose	82%	2	77%	3
Feeling you are fairly treated	81%	3	84%	1
Feeling valued	80%	4	80%	2
Having a strong, positive brand perception in your organization	78% 👚	5	63%	8
Referring others to work for your employer	72% 👚	6	49%	14
Having technology available to everyone who wants to use it	72% 👚	7	60%	9
Being proud to bring a visitor to your worksite	59% 👚	12	38%	16
Having flexible work options available	37%	16	54% 👚	11
Having multiple workspace options available	29%	17	37%	17



Significantly more important for workers than for HR professionals.

KEY TAKEAWAY

HR professionals and U.S. workers agree on the four most important features of employee experience:

- 1) being part of a team, 2) having a sense of purpose in your work, 3) being treated fairly and
- 4) being valued for your contributions.

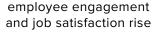




Employee experience is just the latest in a long series of ways to probe employees' lives at work. Other established measures are overall job satisfaction,¹ employee engagement² and turnover intent (thinking about quitting or exploring other job opportunities).³ Is employee experience really more comprehensive than these other measures? Are these concepts distinct, or do they overlap? The answers to these questions can help to uncover the considerations that matter most to how employees feel about working for their employer. To find out more about how these concepts are related, SHRM Research had workers complete measures of job satisfaction, employee engagement and turnover intent.

As employee experience scores improve ...







while turnover intent declines

As employee experience scores increase, so do measures of job satisfaction and employee engagement, and vice versa. The opposite is true for turnover intent: As employee experience scores rise, turnover intent decreases. In other words, when employees have a positive experience at work, they are more likely to feel satisfied with their job and engaged in their work, and less likely to consider leaving their employer. This pattern helps confirm that engagement, job satisfaction and employee experience are all interconnected concepts. Of the three components of employee experience—physical environment, technology and culture—the last is most closely associated with engagement and job satisfaction.

KEY TAKEAWAY

Employee experience can be a reasonable way to predict important employment outcomes, such as whether employees are happy working for your organization or are marking time until they can find something better.

Certainly, an important question for HR professionals is how to get the most complete information for company leaders without requiring employees to complete a raft of different surveys.

This raises a pertinent question:

Is employee experience or employee engagement a better way to predict job satisfaction and turnover intent among the workforce?

Predicting Job Satisfaction

Knowing that employee experience, engagement, job satisfaction and turnover intent are strongly related to one another is useful. But more important from a practical perspective is how well the things we can measure (employee experience and engagement) can predict desired organizational outcomes (high job satisfaction and low turnover intent).

As it turns out, both employee experience and engagement are good predictors of job satisfaction. The predictive power is stronger when both measures are used together than when either measure is used alone. On average, measuring both employee experience and employee engagement can predict a little more than half of job satisfaction (54%). The two concepts are about equally important, with employee experience contributing 49% and engagement contributing 51% to that prediction.⁴

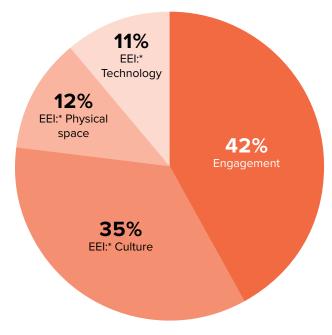
KEY TAKEAWAY

Measuring both employee engagement and employee experience gives a more complete picture of workers' job satisfaction.

The employee experience measure we used (Employee Experience Index)⁵ surveyed workers about three aspects of the workplace: physical space, technology and culture. Which investment has the highest payoff for an organization? To find out, we compared each area separately to engagement scores. We found that the culture items are much more influential than physical space or technology in raising employee job satisfaction.

It makes intuitive sense that cutting-edge office space and work technology cannot make up for a toxic workplace environment.

Predictors of job satisfaction: engagement, culture, physical space and technology



*EEI = Employee Experience Index

KEY TAKEAWAY

Although workers tend to focus on the physical environment, workplace culture is a very influential piece of their job satisfaction. HR professionals are right about the importance of culture. It's important to make the case to both executives and workers at large that positive culture changes can be powerful.

In fact, employees who are engaged and experience their workplace culture as positive are nearly **six times** more likely than those who are not to report **high job satisfaction**.⁶



Engaged employees are 5.6 times more likely to have high job satisfaction.



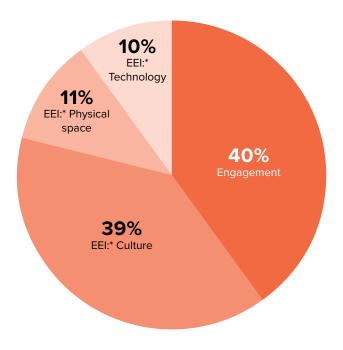
Employees in positive work cultures are 5.7 times more likely to have high job satisfaction.

Predicting Turnover Intent

The patterns are rather similar when predicting turnover intent, but in the opposite direction. In this case, high engagement together with positive employee experience ratings predict that employees will have little desire to quit their jobs. In fact, on average, **42**% of turnover intent can be explained by looking at employee experience and engagement. And again, employee experience (**49**%) and engagement (**51**%) share roughly equal responsibility for that prediction.⁷

Breaking out the three components of employee experience in this model looks nearly identical for turnover intent as for job satisfaction. Culture is by far the most impactful of the three experience factors. While employees may notice the technology and physical environment their employer provides to them, when it comes down to actually wanting to leave their jobs, the psychological environment matters much more than the physical one.

Predictors of turnover intent: engagement, culture, physical space and technology

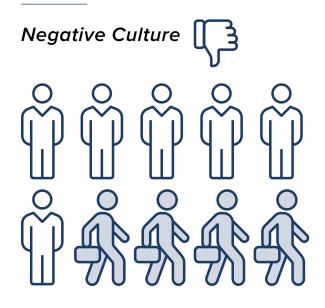


*EEI = Employee Experience Index

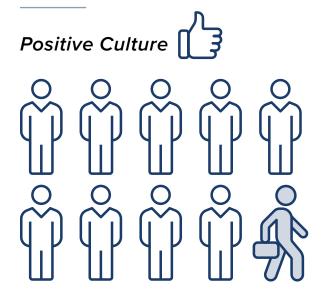
As with job satisfaction, both engagement and workplace culture help predict how committed employees are to remaining with their current employer. Employees who perceive their workplace culture as positive are **68% less likely** to be thinking about quitting compared with those who perceive

the culture as negative. Similarly, employees who are highly engaged are **73% less likely** to be thinking about guitting.⁸

Turnover rate is very important for organizations not only because of the expense of replacing workers, but also due to the toll it takes on those who remain and on the organization's overall culture. Unfortunately, employee engagement and employee experience are better at predicting whether employees are happy with their jobs than whether they plan to quit.



42% think about leaving



9% think about leaving

Findings from SHRM Research's <u>The State of Global</u> <u>Workplace Culture in 2023</u> report suggest that a positive work culture may have even stronger effects for the global workforce overall. Around the world, employees who rate their organizational culture as "good" or "excellent" are:

- **90% less likely** to think about leaving their employer.
- 83% less likely to be actively job hunting.
- 78% less likely
 to have actively searched for a new job
 within the past six months.
- **8.9 times more likely** to be satisfied at work.
- 1.2 times more likely to be engaged at work.

KEY TAKEAWAY

There will always be employees who leave for personal reasons beyond the employer's control. But initiatives to improve employee engagement and employee experience can help to stem the tide of those leaving the job or the organization.





Conclusions

It is not news to HR professionals that knowing how their employees feel about showing up at work has important consequences for workforce recruitment and retention. Advocates of employee experience have portrayed it as a better, more holistic way to "take the workplace temperature" compared with employee engagement. Based on the findings of this study, neither employee experience nor engagement seems to be a better measure than the other. Instead, they are like looking through different lenses at the same issue. Monitoring both together seems to take a more complete snapshot of the workplace environment than either does alone.

Every member of an organization shapes employee experience. Top leadership bears responsibility for setting the expectations for and providing consistent messaging and demonstrating consistent behaviors that shape their organization's culture. To maintain credibility for culture change efforts, they also must allocate resources to address negative issues uncovered in employee surveys. Ongoing interactions with managers and co-workers influence how employees feel in their daily lives at work. However, HR departments have the most direct impact on overall employee relations. HR departments must take ownership of and thoughtfully cultivate employee experience. Doing so will promote positive organizational outcomes.

Recommendations

There is no collective agreement on what "employee experience" means. Because positive change is impossible without agreement on the end goal, begin by defining what it means for your organization.

- Because understandings of employee experience are subjective, gather internal stakeholders to define what a positive employee experience means in the context of your organization. In a manufacturing firm, flexible schedules might be the most critical component of employee experience, but in a tech company, autonomy might be most important.
- Incorporate informal employee feedback, such as through casual conversations with co-workers about their experiences or employee listening sessions with a trained facilitator.
- Broadly communicate your organization's definition of a positive employee experience and how all employees are expected to contribute to it: Include this information in your employee handbook, job descriptions and training materials. Look for opportunities for lateral as well as topdown dissemination through, for example, employee committees.

A positive culture is key to employee job satisfaction, but employees do not recognize its importance.

- A positive workplace culture may be critical, but workers do not necessarily believe that. Organizations initiating culture changes need to demonstrate to workers how these changes will benefit them personally in their everyday work lives.
- If your organization is struggling with turnover and disgruntled employees, invest in improving workplace culture first. That is likely to give you the greatest payoff for your efforts.
- Regular, informal interactions with employees outside HR can help identify what is most relevant to their everyday experiences on the job. HR professionals tend to see through the eyes of leaders. Looking through the eyes of the ordinary Jane and average Joe can reveal a very different perspective.
- In manager training programs, highlight the outsized impact that leadership styles and team culture can have on individual workers' experiences. Managers play a crucial role in shaping both positive and negative experiences.

Design onboarding and offboarding experiences with your organization's definition of positive employee experience in mind.

- Ensure early employee interactions with HR and front-line managers (hiring, onboarding) are designed strategically to promote a positive employee experience. Conduct frequent checkins with new hires, and leverage the insights gained to improve the experience for the next new hire. Ensure the employee understands that the purpose of these check-ins is to improve the organization and that they feel safe giving honest feedback. See SHRM's New-Hire Experience survey for an example.
- Good relationships with co-workers are important to workers' perceptions of their experience, so don't overlook the importance of including peers in the interview and onboarding processes. Guide the process to ensure that "good fit" does not become "hire only people who look, think and act like us."

Use <u>exit interviews</u> to understand if or how an employee's experience went off the rails— and more importantly, how to correct those pain points for the remaining workforce. Such interviews can also be a key tool in defusing the potential damage disgruntled employees can do to overall employee morale.

An employee whose job responsibilities do not fit their personality and skills is an unhappy employee.

- "The work that you do" is the most important single contributor to a positive employee experience. This should be considered during all workforce planning. HR can set the stage for improving job fit through honest and accurate job descriptions and transparency throughout the recruitment process.
- Use the performance review process as an opportunity to check on how well employees' talents and job responsibilities align. Then, look for opportunities to reconfigure employees' work accordingly:
 - For an employee feeling overwhelmed, provide guidance on time management and prioritizing work, in addition to reviewing their workload.
 - Offer greater challenges to someone else who is feeling bored or under-tasked.
 - In all cases, managers should help their employees understand how their individual efforts contribute to the organization's mission.



The four areas that HR professionals and U.S. workers agree are most critical to employee experience form the basis of an action plan for improvement.

- Being part of a team. While the mention of team-building exercises can evoke groans, team building doesn't have to involve trust falls or ziplines. Encourage managers to find activities that work for their team, as simple as a shared meal, and to plan them at regular intervals. See Building Team Bonds and 7 Affordable Ways to Boost Morale.
- Having a sense of purpose in your work. Train managers in how to help their team members understand the connection between their individual contributions and the success of the organization. How does each employee's work strengthen the work team, internal stakeholders and the organization's goals? This exercise can benefit both the individual and the manager.
- Being treated fairly. Fair treatment may seem like a no-brainer, but it's not always as easy as it seems. Perceptions of fairness are the result of consistency between clearly communicated HR policies and the day-to-day practice and enforcement of those policies. Again, this is heavily reliant on front-line manager training.
- Being valued for your contributions. A simple "thank you" goes a long way. Small acts of appreciation that show a manager notices and cares about their team are highly effective. Don't forget that praise is best shared publicly.

Importantly, everyday events in the course of a day at work <u>shape employees' perceptions of their employer</u> much more powerfully than the periodic employee appreciation event. Thus, an employee appreciation activity that is out of harmony with the everyday "vibe" at work has little meaning.

Measuring both employee engagement and experience gives a more complete picture of workers' job satisfaction.

- Regularly measure employee experience alongside engagement. Several published resources exist, or SHRM offers one such business solution: Employee Engagement Survey.
- If your goal is to measure what it's like to work at your organization on a daily basis, frequent, brief "pulse" check-ins are likely to give better information than a massive survey once a year. This will help eliminate recency bias.
- To avoid "survey fatigue," trim surveys to focus on the aspects that are most important to employees at your organization. Make certain that feedback is full circle by sharing the results in a productive and timely manner. Make employees part of the solution by inviting them to propose and undertake fixed-term projects to address any issues that are uncovered.
- If you choose to develop your own series of questions based on what is important to workers in your organization, consider these topics:
 - The four consensus areas of culture: being part of a team, having a sense of purpose, being treated fairly and feeling valued.
 - How employees feel about the tools or technology they have available to execute their work.
 - The physical space where they work.
 - The quality of employees' interpersonal interactions with managers and team members.

IN SUM

Employee experience stands out for its subjective nature. The focus is squarely on the work environment as the individual employee views it. There are a number of aspects of employee experience that we as HR professionals can and should be attending to. For all aspects that the organization has the power to improve, HR should be staunch advocates for those change efforts. We encourage HR professionals to try on this lens for a new perspective on the world of work.



Endnotes

- 1. Wanous, John P., Arnon E. Reichers, and Michael J. Hudy. "Overall job satisfaction. How good are single-item measures?" *Journal of Applied Psychology*, 1997. https://doi.org/10.1037/0021-9010.82.2.247
- 2. The Utrecht Work Engagement Scale–9 was used to measure engagement. See Schaufeli, Wilmar B., Arnold Baker, and Marisa Salanova, "The measurement of work engagement with a short questionnaire: A crossnational study," Educational and Psychological Measurement, 2006.
- 3. Raver, Jana L., and Lisa H. Nishii. Turnover Intentions Measure. APA PsycTests, 2012. https://doi.org/10.1037/t00924-000
- 4. A Relative Importance Analysis model including engagement and employee experience predicts 54% of the variability in job satisfaction among U.S. workers and shows that employee experience (49%) and engagement (51%) are equally important to that prediction. When the employee experience components are measured separately, these are the percentage contributions: engagement 42%, culture 35%, environment 12% and technology 11%.
- 5. Morgan, Jacob. Employee Experience Index. Self-published, 2017.
- 6. Based on a logistic regression analysis in which we categorized culture perceptions, engagement and job satisfaction into low versus high. In this analysis, we held levels of the predictors constant. Without engagement in the model, positive culture perceptions were 9.9 times more likely to lead to high job satisfaction. Without culture in the model, high engagement is 9.9 times more likely to result in high job satisfaction.
- 7. A Relative Importance Analysis model including engagement and employee experience predicts 42% of the variability in turnover intent among U.S. workers and shows that employee experience (49%) and engagement (51%) are equally important to that prediction. When the employee experience components are measured separately, these are the percentage contributions: engagement 40%, culture 39%, environment 11% and technology 10%.
- 8. Based on a logistic regression analysis in which we categorized culture perceptions, engagement and turnover intent into low versus high. In this analysis, we held levels of the predictors constant. Without engagement in the model, workers with positive culture perceptions are 81% less likely to have high turnover intent. Without culture in the model, those with high engagement are 83% less likely to have high turnover intent.

Methodology

An online survey was conducted from Feb. 7 to Feb. 27, 2023. The total sample of 2,403 respondents included 1,197 HR professionals from the SHRM Voice of Work Research Panel (weighted to represent U.S. organizations) and 1,206 U.S. workers from the AmeriSpeak Panel (weighted to represent U.S. workers). AmeriSpeak is a probability-based panel developed by NORC at the University of Chicago.

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