

# MEASURING EMPLOYEE SATISFACTION: CORPORATE SURVEYS AS PRACTICE

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## 1. Introduction

A team from the Institute for Research on Learning (IRL) and Xerox Palo Alto Research Center (Xerox PARC) carried out a holistic, system-wide study ("systemic assessment") of one of the business divisions of a Fortune 500 company.<sup>1</sup> The interdisciplinary team, including a single survey researcher, was particularly interested in how information flows through the Division, especially given its hierarchically organized, geographically dispersed structure. Because the corporation's priorities include motivation and satisfaction of its employees and satisfaction of its customers, the team took as part of its mission an investigation of the functioning of the major surveys the corporation uses to measure employee satisfaction and customer satisfaction. In this paper we report on the data collection methods we used and the most significant issues identified in our study of the employee satisfaction survey. We also comment on how our findings about the survey dovetail with the broader results of our systemic assessment.

At the corporation we studied, the employee satisfaction survey is given yearly. It is administered during working hours to every employee of the company; hence everyone at work that day fills in the form. Those who are absent receive a survey form and mailback instructions via US mail. The conditions of administration are designed to preserve anonymity. Often employees go to an off-site location to fill in the questionnaires, and always the filled-in forms are collected by someone other than the manager. Tabulations are carried out by an outside source to further ensure anonymity.

Once the results of the survey are tabulated, they are given to managers together with a "Manager's Guide

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to Feedback and Action Planning" which prescribes the manner in which managers should respond to the results. Supervisors and the employees who report to them directly are expected to react by holding meetings to discuss questions that show an above-threshold percentage of respondents expressing dissatisfaction (barriers). They then need to develop an action plan for solving the identified problems, and are questioned in the following year's survey about the extent to which the plan was carried out.

## 2. History and Development of the Employment Satisfaction Survey

The development process for the current survey was intended to produce measurements of employee satisfaction and motivation that would be applicable to company operations worldwide. Less than a decade ago, an earlier version of the survey was evaluated via employee focus groups and analyzed (using correlational analysis and factor analysis) to establish which questions measured the constructs of employee satisfaction and motivation. Questions were adapted so they were applicable worldwide, and new questions were developed. The developers then went back to employee focus groups with the preliminary questions, asking if they hit the mark. Specifically they asked:

- Is the question clear? If not, please help clarify.
- Is the question relevant; does it impact satisfaction?
- Did we miss anything?

From this step the developers learned, for example, that although they had excluded a question on the local work environment because it did not seem to predict general satisfaction, the employees requested that such a question be included, so it was added back into the survey.

In a pilot study, the survey was then administered to a cross section of company employees. At the same time, a set of team performance measures was collected from managers to determine if the survey could predict these performance measures. It was found that the things that predicted employee satisfaction also predicted motivation -- there is a loop: if there is satisfaction with the business outcome, one is motivated to work harder. The pilot study data were used to choose among the preliminary questions those that had the highest

factor loadings on the construct of satisfaction; this produced the 49 questions that constitute the current core of the employee satisfaction survey.

It is clear that the survey instrument was very carefully and professionally developed. Our research questions therefore centered on whether it remained effective and pertinent several years after its development. These concerns are particularly pressing at this time because there are efforts underway to change the corporate environment from one that might be described as a hierarchical command-and-control structure to a flatter structure that emphasizes employee empowerment and working in teams.

### 3. Structure of the Survey

The survey form is modularized. An employee first answers a set of demographic questions and then performs a task of ranking 10 factors on their importance in contributing to his or her employee satisfaction. Then all employees receive a core module consisting of 49 questions and subquestions. Employees in each unit also receive a selection of special purpose modules chosen by the management of the unit. In April, 1994, supplementary modules administered to the division we studied included:

- benefits (employee understanding of and satisfaction with, 3 questions)
- customer satisfaction (work group and manager dedication to, 8 questions)
- use of Total Quality Management tools and processes (14 questions)
- survey response (manager's and work group's actions in response to prior administrations of the survey, 6 questions)
- pay (11 questions and subquestions)
- recognition (5 questions).

Each question can be answered on a 5-point scale. Most of the core and all of the supplementary questions use a scale that ranges across "agree", "tend to agree", "?", "tend to disagree", and "disagree". The instructions inform the respondent to use the "?" category if "you cannot decide about an answer or it doesn't apply to you." Ten questions on the core use a scale that ranges across "very good", "good", "average", "poor", and "very poor" with an explicit "don't know" alternative offered as response #6. Seven additional core questions, including a crucial 'overall satisfaction' question, use a scale that ranges across "very satisfied", "satisfied", "neither", "dissatisfied", and "very dissatisfied". Every one of the agree/disagree questions is stated such that agreement indicates satisfaction.

There is also space provided for write-in comments at the end of the questionnaire.

Results from the survey are aggregated over each manager's direct reports whenever the number of respondents answering is four or greater. Note that respondents who answer "?" or "don't know" are considered to have given a substantive answer and are included in the calculation of percentages. The results are reported primarily as percent favorable (percent "agree" plus percent "tend to agree" or percent "very satisfied" plus percent "satisfied" or percent "very good" plus percent "good"). The results for individual questions are organized into groups that have been designed to measure the same factors of employee satisfaction that respondents ranked on importance at the beginning of the survey.

Two indices are constructed: 1) the Immediate Manager's Index (IMI) that averages the percent favorable over 12 questions constructed to deal with work group dynamics and interactions with the manager; and 2) the Overall Satisfaction Index (OSI) that averages the percent satisfied for all the items in the IMI and 6 more questions that mostly apply to broader corporate policies and management.

The questions in the Immediate Manager's Index (IMI) are:

- 3a. There is good cooperation between work groups in my department.
9. I understand how my performance on the job is evaluated.
12. My manager communicates effectively.
15. My work gives me a sense of personal accomplishment.
17. I believe I have an opportunity for professional growth and development.
19. I am satisfied with how job openings are filled in my department.
21. There are sufficient opportunities for me to receive training to improve my skills in my current job.
- 23a. I have confidence in the decisions made by my manager.
- 31a. How satisfied are you with these aspects of your current job: your workload?
- 31c. How satisfied are you with these aspects of your current job: recognition for performance?
- 31f. How satisfied are you with these aspects of your current job: being treated with respect and fairness?
32. Taking everything into account, how satisfied are you with [this corporation] as a place to work?

The questions that are added to the above to comprise the Overall Satisfaction Index (OSI) are:

4. Overall, the physical conditions at my location are satisfactory (e.g. ventilation, temperatures, space to work).
22. This organization does an excellent job of keeping employees informed about matters affecting us.
- 23c. I have confidence in the decisions made by my Operating Unit Sr. Management Team.
24. The decisions [corporation] management makes concerning employees are usually fair.
- 31b. How satisfied are you with these aspects of your current job: employment security?
- 31d. How satisfied are you with these aspects of your current job: your pay?

#### 4. Methods

We gathered evidence on the uses and functions of the employee satisfaction survey in several ways.

1. We carried out ethnographic fieldwork in sites across the country where the Division does business and at Division headquarters. Researchers attended meetings at which results of the surveys were discussed. They also conversed informally but purposively with employees about the surveys, and listened carefully whenever the surveys were talked about.
2. We carried out in-person and telephone interviews with key Division and corporate personnel involved with the development and administration of the surveys. These interviewees supplied the team with documents to analyze, and offered generalized insights into the surveying processes as used in this corporation as well as detailed understanding of their operation.
3. We conducted several focus groups composed of managers, supervisors and rank-and-file workers in the production, sales and control functions, in order to explore their conceptualization of employee satisfaction and to begin to see to what extent the survey measured that conceptualization.
4. To understand employees' reactions to the employee satisfaction survey in a more detailed manner, we also carried out think-aloud protocols with employees at several levels in the Division. This gave us crucial insights into how respondents understand the questions and thus into the validity of the data.

5. We furthermore examined the questionnaire forms to tentatively identify potentially confusing questions, terms that might be misinterpreted or interpreted differently by different respondents, potentially confusing contexts, and other artifacts of questionnaire design. We saw this as an informal hypothesis-generating exercise, with emerging hypotheses tested in the field observations and in the focus groups and think-aloud protocols. An analysis of reports of survey results to managers offered further clues to possibly misunderstood questions, less useful response categories, etc.

#### 5. Articulation of the Survey Investigation with Systemic Assessment Issues

Because it was based on extensive ethnographic field work, the systemic assessment we conducted provided special opportunities for learning how the survey is perceived by rank-and-file employees and the ways in which it functions in application. It also allowed us to raise some fundamental questions about the use and purpose of surveys of this kind.

In particular, we began to think about such basic issues as:

- Why does anyone want to measure employee satisfaction in the first place?
- Are the corporation's reasons for measuring employee satisfaction different from or compatible with the reasons employees have for answering it?
- What is employee satisfaction anyway?
- Does the current survey measure that?
- If not, how could it be measured?

Given that corporations exist in the first place to make money, it seems reasonable to assume that corporate interest in employee satisfaction is motivated, at least to some extent, by the financial bottom line. The assumption is that satisfied employees work harder, more efficiently, and with less slack and waste than unhappy employees. They supposedly are also more innovative and entrepreneurial, having the interest of the company at heart, given that they see their own satisfaction intimately and directly tied to the success of the company. Furthermore, it is often assumed that employee satisfaction has a direct impact on customer satisfaction and that customer satisfaction can reasonably be tied to repeat orders and thus to the bottom line.

What is not clear is whether and how much the aspects of employee satisfaction that are currently being measured contribute to these desired outcomes. Conversely, we do not know if aspects currently not measured are major contributors.

What does the survey mean to employees? It appears that they see it, at least when they first take it, as an open communication line to managers at the local and corporate levels, through which they can express what's wrong in their work environment. They expect, of course, that problems that are identified through the survey will be addressed in due course. When that is not the case, disillusionment tends to set in. As they repeat the same cycle of survey --> action plan --> implementation --> evaluation for the same problems year after year, they begin to see it as a futile exercise, a waste of time, unproductive make-work. At some point they may realize that it is easier to simply agree with the vanilla-version of the world, i.e. confirm that everything is all right. To many, the actions required after the survey seem to shift responsibility for correcting negative managerial results from the manager to the employee. It looks to them as if the manager were saying: "You don't seem to think I'm doing very well; what are you going to do about it." Agreement that all is well avoids adding this futile exercise to employees' already full workday.

If such respondent conditioning indeed occurs, one can perhaps see the sporadic ups and downs in the employee satisfaction figures as expressions of the waves of disillusionment that sweep through the company. Ironically, figures going up may not so much mean that people are happier, but rather that they are more disillusioned and jaded, and have been around long enough to know the consequences of being forthright, i.e. having to meet in order to address problems that they have been unable to resolve in the past. Conversely, a drop in employee satisfaction rates may, on occasion, indicate a hopeful, committed workforce that still believes in the survey as an effective instrument for correcting troubles in the work environment.

One of the objectives of our Division-wide systemic assessment was to ascertain where there are barriers in the system-wide communication processes that have negative effects on productivity and worker satisfaction. While we would not want to single out the employee satisfaction survey as a major barrier, it bears pointing out that it falls seriously short of providing an effective instrument for improving either productivity or worker satisfaction. Furthermore, the fact that it may function as some kind of low-level barrier rather than an enabler or facilitator of the flow of information is hidden from senior management. We do know that there is widespread skepticism and disillusionment at the worker level. But at the senior management level figures from the employee satisfaction survey are widely quoted without any questioning of their validity. There appears to be no realistic assessment, no sophisticated understanding of what the survey figures might actually mean. As a consequence, senior managers insist

relentlessly that employee satisfaction figures have to be improved every year.

## 6. Findings

Significant findings and recommendations coming out of our study lie in four areas:

- Potential improvements in the construction of the survey instrument.
- Separation of different dimensions of satisfaction.
- Suggestions regarding conceptualizations of employee satisfaction.
- Issues around confidentiality.

### 6.1. The Survey Instrument

A number of improvements could be made in how the survey is constructed.

**Ranking Factors of Satisfaction:** After the demographic questions, the first task respondents face is to rank the 10 factors of employment satisfaction in order of importance. The instructions force respondents to rank all 10 factors and do not permit ties. From the think-aloud protocols it was clear that most respondents found it difficult to differentiate importance after the first three or four factors, and that an individual's ranking might well change from day to day and with his/her daily experience. We are recommending exploration of other question formats that address such ranking tasks in a form that is easier to answer. One such form would ask respondents first to rate each factor on, say, a five point scale of importance and then rank, say, the four they consider most important. Another form, used in a customer (rather than employee) satisfaction survey in this same Division, asks for the importance ranking of only the top three choices. Yet another form, used in another customer satisfaction survey, asks the respondent to distribute 100 importance points in any way s/he chooses (including leaving some blank) over 12 factors.

**Word Meanings:** The meaning of several key words is unclear to respondents and so the interpretation varies across respondents. Respondents differed as to the meaning of "my manager," and several made a distinction between their manager and their supervisor. When there has been a recent managerial change, the problem of defining who is one's manager for purposes of the survey is especially acute. A work group was variously defined as consisting of peers or peers and supervisor. Some respondents attempted to make a distinction between a team and a work group, and several felt that their work group and their department were synonymous. Other terms such as "my manager's manager," "my Operating Unit Sr. Management Team," and "Corporate Sr. Management" were likewise defined

differently by different respondents. It should be noted that differing interpretation is not a problem when it is intended. For example, "equipment and tools" signifies computers and software to administrative personnel, pricebooks to sales personnel, and up-to-date binding and packing equipment to operators. But in the cases cited above the expectation of the surveyors is that the terms will be interpreted similarly by all respondents.

**The "?" Category:** The instructions tell respondents "Use the '?' response if you cannot decide about an answer or it does not apply to you." And, as Table 1 demonstrates, respondents do use it.

**Table 1**  
Percent of respondents using "?" option  
in the 33 core questions that use a 5-point agreement  
scale (1993 administration)

Percent using "?" option	# of questions with this level of usage of "?" option
0.5% - 9%	10
10% - 19%	19
20% - 29%	1
30% - 32%	3

(Use of the "?" category is even higher in some of the modules.) The questions with the highest frequency of "?" responses were #'s 23c and 23d (confidence in decisions made by Operating Unit Sr. Management Team and by Corporate Sr. Management, respectively). As noted above, many respondents were unsure what these terms mean. Hence it would seem that in addition to using the "?" category to indicate that an item is not applicable or that they could not decide on an answer, respondents were using the "?" category to indicate that they did not understand the question. Some respondents were also using the "?" category to indicate a point somewhere between "tend to agree" and "tend to disagree," similarly to the way they would use a "neither agree nor disagree" category. We are recommending that both an explicit middle category and a "don't know/not applicable" option be offered for questions asked on these agreement scales.

**Other Middle Category Issues:** In some questions the response scale changes. For example, questions about benefits use a "very good" to "very poor" scale with a sixth "don't know" option. As evident from the think-aloud protocols, many respondents ignored the "don't know" option and rated the benefit "average" when they had no experience with it. Questions about tuition refunds and long-term disability benefits also had very high item nonresponse

rates (20%), another indication that people without information are not using the "don't know" option. We are recommending that respondents be warned whenever the response scale changes.

**Other Response Choice Issues:** It is not only the "?" category that respondents use as a kind of middle ground or "average". When the scale is an agreement scale, for example, and respondents want to convey that something is true most of the time, or only in some kinds of situations, or that only one part of a question is true (e.g. being treated with fairness but not respect) they often use "tend to agree" rather than "agree." Similar balancing is often seen on a satisfaction scale. This suggests that a frequency scale might fit respondents' cognitive processing better than do agreement scales or satisfaction scales.

**Response Set:** Every "agreement scale" question is a positive statement, so that agreement indicates satisfaction. Thus respondents say that it's easy to tell what the politically correct answer is. For example, employees know that it is appropriate to agree that "customer satisfaction is our first priority." We have suggested the inclusion of some reversed items (1) to keep respondents alert, so that they can't just skim the items but must pay attention if they wish to respond accurately and (2) to curb the bias towards acquiescence.

**Question Wording:** Some questions are subtly "double barreled." For example, the survey asks "How satisfied are you with these aspects of your current job: being treated with respect and fairness?" and "There is an atmosphere of openness and trust in my work group." Respondents note that there can be fairness without respect and trust without openness and vice versa. We have suggested re-writing these questions.

**Skip Patterns:** In the survey each respondent is required to answer all questions. There are some instances, however, in which an employee's answer, or at least the reason for his/her answer, implies that s/he ought to skip several succeeding questions. Perhaps the clearest example occurs in the Survey Response module. Here there are five questions that build on one another -- the first asks whether a review meeting for the previous year's survey was held, the second about construction of an action plan, the third about the implementation of that plan, the fourth about inspection of the progress of the implementation, and the fifth about the impact of the action plan. If the respondent knows that the answer for any one of these questions is "it didn't happen," then it is obvious to him/her that the succeeding steps in the process could not have happened either and s/he finds it very difficult to answer the succeeding questions. We have suggested introducing branching instructions.

## 6.2 Different Dimensions of Satisfaction

Our most significant finding emerging from focus group discussions and questionnaire analysis is that although the employee satisfaction survey is carefully and professionally constructed, it conflates two dimensions of satisfaction. These dimensions are what we have called "job satisfaction" (that is, attitudes towards the day-to-day activities in the workplace), in distinction to "employment satisfaction" (attitudes towards broader company policies such as those concerning pay and benefits). The former are within the sphere of influence of local management while the latter are not. Because employment satisfaction issues are not within the sphere of influence of the immediate management, and because such items often appear as barriers, it is largely the inclusion of employment (rather than job) satisfaction questions that encourages many employees to see the whole satisfaction measurement process and its aftermath as an exercise in futility. If the survey persists in anything like the present form, we recommend that the two subject areas be separated, perhaps in separate surveys, so that the real benefits that employees see in being able to communicate their feelings about issues under the control of local management will not be undermined by the presence of questions about issues that are not under local control.

## 6.3 Suggestions Regarding Conceptualizations of Employee Satisfaction

If we were to rethink, then, what an employee satisfaction measurement instrument should look like, we would like it to be, minimally, responsive to the following issues:

1. Can it address management concerns effectively? That is to say, what is it about employees' satisfaction and happiness that has impact on business results? We know of no systematic study that identifies the components of employee satisfaction responsible for positive business impact -- one ought to be carried out. A second corporate concern lies in assessing managers' performance. Again, it is not clear that the current survey addresses this competently. What is it about employees' state of happiness with their work that reflects positively or negatively on a manager's ability to manage?
2. Can the survey address the issues and questions important to employees? This remains a serious question. What kinds of information do employees care about? What do they want management to know about? What do employees want to know about the feelings and attitudes about the work place and working conditions of employees in other

parts of the company? Are others satisfied with their managers? As far as we know, no studies exist of the kinds of questions employees would like such a survey to address.

Employees provide surprisingly voluminous write-in comments that shed light on some of these issues. But these comments have not been systematically analyzed.

3. Finally, we wonder to what extent an employee satisfaction survey should be responsive to the structural reorganizations sweeping the company (and American workplaces in general). If management structures are being flattened, if new technologies are being introduced, if organizational learning becomes an issue, should one find out how that affects employees' (dis)satisfaction? Given that there is a transformation in corporate thinking about the nature of work that shifts from an emphasis on competitive individuals to a focus on collaborative work groups, it may be increasingly important to consider the role of being a member of a well-functioning group, of contributing to team objectives, and of productive collaboration with team mates in determining employee satisfaction.

## 6.4 Issues around Confidentiality

Confidentiality presents its own set of tensions. Promises of confidentiality are necessary in order to encourage candid reporting, but such promises also provide a shield behind which those who wish to offer undeservedly negative ratings can hide. Conversely, employees complain that the anonymity is not sufficient and that they can be identified by the nature of their complaints. To the extent that the anonymity is successful and negative comments are justified, the anonymity itself can prevent efficient addressing of existing problems if they are sufficiently localized. This remains an unresolved issue.

## 7. Conclusions

We are delighted to report that concurrently with our work, the parent company of the Division we have been studying has undertaken a review of the employee satisfaction survey. Many of their conclusions are congruent with our own, and we have been working with them on a revision of the questionnaire that reflects many of the above concerns.

The in-depth study of the components of employee satisfaction we have suggested above is yet to be undertaken. An additional piece of research that needs to be done is to identify a very dissatisfied group of employees and do a detailed ethnographic study of the ways in which their dissatisfaction affects interaction with the customer, service provision, quality of information passed on, and the like.