UNCOVERING THE POSITIVE DRIVERS OF EMPLOYEE EXPERIENCE

A look at what employees <u>really</u> want from employers in order to be happy, motivated, committed, and satisfied at work.

Research Presented By:

Ultimate Software and The Center for Generational Kinetics

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WELCOME FROM THE AUTHORS

Welcome to the 2016 National Study on Employee Experience!

Employee engagement is a buzzword in the business world, but even with all the press "engagement" receives, it is not clear what it really means or why it matters. Instead of focusing on engagement as a broader term, we focused on what truly matters most—and can be shaped by employers and employees—and that is: employee experience.

The reason we focused our national research study on employee experience is because it is the #1 driver of employment outcomes. However, very little research exists that looks at the multiple facets of employee experience—and this study seeks to bridge this research gap.

In this first of three studies on employee experience, we dove into what truly drives the employee experience from the all-critical employee's perspective. The goal was to take a data-driven approach to voice what matters most to employees across America when it comes to the employment experience, so that future studies can build on this missing but all-important foundation and perspective.

In this study we started by assuming we do not know what actually makes employees feel satisfied, happy, content, or fulfilled at work. Instead, the study asked them to determine these key workforce experiences and outcomes for themselves. By not subscribing to the standard assumptions about what satisfaction, happiness, and other key emotional experiences mean to employees, the study speaks *for employees* rather than telling them what these things entail. This is a critical shift in thinking that we hope this study will initiate.

What we discovered provides a valuable map of how organizations of every size can begin to make meaningful strides toward building a *positive* employee experience, one that translates into gains for everyone—from the most junior employees to the most senior leaders. The very concept of focusing on the "whole" employee and their entire experience opens new avenues for driving critical outcomes and creating a work environment that employees love and where they perform at their very best.

Ultimate Software and The Center for Generational Kinetics are pleased to partner to deliver this groundbreaking national research.

Best regards,

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WHAT MAKES THIS A "MUST-READ" FOR EMPLOYERS

The factors that influence employees' on-the-job commitment, happiness, loyalty, and satisfaction are changing dramatically. It's no longer a viable strategy for organizations and their leaders to sidestep the issue of how to engage their workforces, because it is central to success in every key operational outcome, from sales and operations to manufacturing and service.

Satisfaction, contentedness, and engagement at work is multifaceted, but until now some of the key elements have remained shrouded in mystery. As this national study reveals, the little things matter *tremendously* to employees. One of the fascinating discoveries from this study is that there is no need to dismantle an entire organization to improve the employee experience. It's actually the opposite. The study shows that creating an employee experience and realizing the key outcomes it creates will produce organizations that think and act less like "organizations" and more like people.

The study also revealed that how employers treat their employees is more important than ever before. Intangible factors such as communication, trust, and being trusted with time off surpass traditional employee incentives such as job security and career advancement. Understanding how to create a positive, inspiring, high-performing employee experience will yield both employee and employer benefits.

The business case for a positive employee experience is compelling. The organizational gains that come from a workforce that feels heard, recognized, and appreciated become evident in numerous important ways from recruiting and retention to productivity and innovation.

This is a field guide to help leaders understand—through real data—the key elements to strategically build a positive employee experience that will impact organizations at every level.

ACTIONS SPEAK LOUDER THAN WORDS

EMPLOYEES ARE WATCHING HOW A COMPANY TREATS ITS PEOPLE

Organizations spend a great deal of time and energy creating a compelling mission and vision and establishing core values. The goal is to use these as guiding principles for the entire organization, and for everything from informing strategy to inspiring employees.

But is an organization's mission and vision what most resonates with employees?

The answer is no.

Employees are most keenly watching is how an organization treats its people, according to the study. This is more than a mild interest in the unspoken agreement between an organization and its workforce. **More than half of employees, 55%, say they must be aligned with a company's "people philosophy," meaning how it treats its people, in order to be happy working there.**

Employee happiness could be seen as a low priority because it doesn't overtly affect the overall function of an organization. But the seemingly small component of employee happiness has many implications in the larger organization's performance. It is evident from the national study that "people philosophy" may not be an area of strength for many organizations.

In general, there appears to be a disconnect between how employees *want* to be treated at work and how they feel most people are treated at work.

The national study found that **54% of employees do not feel that people are being treated fairly at work in America today.** This is indeed an area desperate for improvement if more than half of employees say that how an organization treats its people is the #1 thing they must align with in order to be happy working there, yet nearly half also feel people are not treated fairly at work.

Bottom line: *How an organization treats its people is of the utmost importance to employees, yet many feel that people aren't treated fairly at work. As a first step in creating a positive employee experience, organizations need to assure what their people philosophy says on paper also translates to employees through what they practice. This is necessary because how employees want to be treated at work and how they are actually treated may be far from aligned.*

EMPLOYEES CARE ABOUT AN ORGANIZATION'S OUTWARD FACE, TOO

An organization's people philosophy is a high priority for employees, but they aren't just taking a pulse on the inside workings of their company. The way an organization functions internally matters deeply to employees, but so does perception by the outside world.

The national study found that **76%, or more than ¾ of employees, say the reputation of the company where they work has an impact on their job satisfaction.** This means a significant percentage of any organization's workforce is taking both an internal and external assessment. Leaders clearly must engage in managing the outward face of their organizations, not only for customers and clients, but also for their employees who care deeply about how the organization is perceived.

If reputation is important, what can an organization do to manage theirs?

To outward parties, the path toward establishing and maintaining a solid reputation is clear and involves quality products, outstanding service, guarantees, fair practices and pricing, etc. While these are great ways to solidify the organization's standing with employees, practices that aren't only about the business's bottom line are highly appealing to employees.

How appealing are these practices? Enough to inspire employees to stay longer with the company. The national study found that **85% of employees say that an organization's level of social responsibility would positively impact their decision to stay longer.**

Volunteering, supporting charitable causes, or having a non-profit mission many not directly make money for the organization, but it will positively impact an organization's workforce, often motivating employees to stay longer and perform at a higher level. Since retention equals money saved, perhaps social responsibility is as fiscally prudent as it is morally wise.

Bottom line: *Organizations need to guard their reputations, but not just for the sake of customers and clients. Employees care deeply about the reputation of the organization they work for and it directly impacts job satisfaction. Social responsibility in the form of charitable causes, community volunteering, etc., is an effective way to not only bolster an organization's reputation, but also convey to employees that serving others is important, even when it doesn't result in making money. Socially responsible companies inspire employees to stick around.*

A POSITIVE WORK ENVIRONMENT STARTS WITH TRUST

Trust is the foundation of the employee, employer relationship, or at least it should be if the relationship is to be a positive one. The importance of this element cannot be overstated and comes up time and again in the investigation of what fosters employee contentment, happiness, satisfaction, and any other descriptor of the positive employee experience. Trust, or lack thereof, has many serious implications.

For starters, trust in both one's direct supervisor and co-workers have a striking correlation with work satisfaction. In fact, **93% of workers say that having trust in their direct supervisor is important to remaining satisfied at work and 91% say the same about trust in their colleagues or co-workers.** Clearly, trust is key to healthy work relationships and creating employee satisfaction.

But it doesn't stop there.

Employees who don't trust the leadership of their organization won't simply be unhappy or disgruntled by this misalignment. Instead, the national study found that **74% of employees would leave an organization if they don't trust its leadership.**

Undoubtedly, many organizations have a few employees who wouldn't be missed, but what if this lack of trust starts to cost organizations their top producers and innovators, or employees who inspire teamwork, foster goodwill, and embody servant leadership? Such is the risk run by organizations that fail to take note of this important factor in the employee experience and never start to take inventory to make necessary adjustments.

What impacts trust at work?

Trust with employees is built through communication. The national study found that **71% of employees say open and ongoing communication is very important in determining the level of trust they have in their organization.**

More specifically, having open communication with their manager is what has the largest direct effect on an employee's sense of fulfillment. **Seventy-one percent of employees say having open communication with their manager "absolutely affects" their sense of fulfillment at work.** This is even higher than having clear objectives or well-defined tasks.

Bottom line: *Trust is the bottom line, and organizations that fail to recognize this and work to foster it will pay for the oversight by means of increased recruiting, hiring, and training costs, not to mention the potential loss of high performing and valuable employees. Trust is most effectively fostered through open, ongoing communication with employees, particularly through their direct supervisor or manager.*

THE DETAILS MATTER

PAID TIME OFF IS DEEPLY IMPORTANT TO EMPLOYEES

When most people think about satisfaction at work they usually picture the nuts and bolts of a job environment. Factors such as an employee's role, title, compensation package, benefits, physical work environment, etc., are traditionally associated with the physical or practical parts of a job.

While all these established factors are important to at least some extent, there are a few unexpected standouts that the study discovered to be tied directly to job satisfaction.

Predictably, compensation has a heavy influence on job satisfaction. Considering the budget implications of how much a person is paid and the fact that essentials such as food, housing, and clothing never cease to cost money, this isn't unexpected. **77% of employees say compensation influences their job satisfaction, according to the study.**

The dollar amount of a paycheck is by no means the only or even necessarily the highest influencer of job satisfaction. Paid time off is remarkably important to employees. According to the study, **75% of employees say the ability to take time off when wanted or needed is very important to their job satisfaction**. But it goes even beyond satisfaction and actually directly inspires employees to stay longer: **83% of employees cite paid time off as the surest way to increase their commitment at work**.

Interestingly, the concept of paid time off pertains to behavior even at work. Paid time off is essentially trusting employees to schedule and operate their own lives with the expectation that they will still be able to fulfill their work duties. A valuable offshoot of this was uncovered during this study.

Employees value the freedom to take care of quick, personal needs such as scheduling a doctor's appointment or calling an insurance company at work and 65% of employees say this would increase their happiness at work.

Bottom line: *Employees value paid time off tremendously, directly tying it to job satisfaction and even commitment. The feeling of being trusted with time is a big deal to employees and can be seen in their desire for the freedom to take care of quick, personal needs at work. The potential payback of giving employees the gift of time is remarkable because when satisfaction, happiness, and commitment increase, so does productivity, teamwork, and innovation.*

PROFESSIONAL DEVELOPMENT STRIKES A CHORD WITH EMPLOYEES

Organizations can show an investment in their people in a number of ways, from work environment and perks to compensation packages, and even the company culture. Employees appreciate all of these gestures to varying degrees, but often overlooked is the fact that they also highly value the opportunity to improve and develop themselves both personally and professionally.

This isn't to say that employees view their company as being responsible for their careers. In fact, the national study found that **79% of workers believe that they, not their employer, are in charge of their careers**. However, **73% say that the opportunity for professional development at work is <u>necessary</u> for them to be satisfied in their job.** Essentially, offering professional development is crucial, and will benefit employers with highly motivated, committed, and skilled employees.

The form of professional development is less important than the opportunity itself. Online courses, conferences, events, seminars, and trainings are all options, but what employees value is the opportunity for professional growth.

Bottom line: *An important way to convey to employees the message of being valued is to offer professional development opportunities. For many employees this development goes beyond "wish-list" status and is actually considered necessary for job satisfaction. Across industries, professional development could be far more cost effective for organizations than a pool of disgruntled employees.*

TECHNOLOGY IS TIED TO EMPLOYEE SATISFACTION *AND* RETENTION

The existence of a great technological divide is nothing new. It occurs in homes, schools, and businesses of every size and shape. Regardless of the circumstance, there are those who readily embrace technology, those who use it as necessary, and those who resist. People also use technology for varied reasons; for the exact same task, technology is essential for some and a nuisance for others.

This difference is often seen at work, but organizations must address it with both care and urgency because to many employees, the use of technology is a huge deal. In fact, the national study found that **92% of employees say that having the technology necessary to do their job affects their level of satisfaction at work.**

The difficulty for employers, of course, is to sort out their employee's differing opinions on which technology is necessary and for which jobs. Nonetheless, it's clear that technology and its usage at work need to be top priorities.

The ripple effect of technology and its usage doesn't stop with employee satisfaction. It has the potential to pose an alarming retention issue as well. The study discovered that **one in three workers would quit their job if the technology used by the company is outdated and slows them down.**

This moves technology adaptation from the realm of "gadget seeking" to smart business strategy as resources initially deployed to provide efficient technology can also contribute to cutting down on recruiting and hiring costs.

Bottom line: *Organizations need to take inventory of their technology usage, adaptation, and policies as these have the potential to greatly impact not only employee satisfaction, but retention. Employees have differing comfort levels and opinions regarding technology, but employers are in a position to navigate this spectrum in strategic ways to gain value from technology while simultaneously valuing the people who use it at work.*

SATISFACTION IS EMOTIONAL

FOR EMPLOYEES, BEING HEARD IS THE SAME AS BEING VALUED

Although very important, the logistical aspects of a job are not the only factors that influence a positive employee experience. There are also powerful emotional elements that must be considered and addressed in order for employees to experience the highest levels of job satisfaction and for employers to benefit from the resulting experience.

For example, everyone likes to feel appreciated. While a public pat-on-the-back may not be every employee's preference, recognition is part and parcel to feeling valued at work. But as important as recognition is, for most employees, being *heard* is even more important.

The study found that for **57% of employees, knowing that their work concerns will be heard and addressed is even more important to job satisfaction than receiving personal recognition for their accomplishments**. But like so many aspects of the employee experience, this is only one implication.

When employees were asked whether or not having their concerns addressed would positively impact their tenure with a company, the answer was a resounding yes! **75% of employees say having their work concerns addressed affects their decision to stay longer with the company,** according to the study.

Bottom line: *Taking the time to hear employee concerns and address them is one of the most effective ways an employer can meet the needs of its workforce. Being heard and having concerns addressed doesn't just increase satisfaction; in many cases it is directly tied to influencing an employee to stay longer at an organization. Once again, there are multiple benefits from cultivating a positive employee experience.*

EMOTIONAL SAFETY AT WORK IS A TOP PRIORITY FOR EMPLOYEES

Safety is always near the top of an organization's concerns but this is often thought of strictly in terms of physical safety. Physical safety is important to be sure and the majority of employees would cease to work in an environment that didn't make this a priority.

What the study uncovered is that emotional safety is actually even more of a "deal breaker" for employees than physical safety. **58% of employees say that they will quit the job immediately if the physical environment makes them feel unsafe, and 62% say the same of the emotional environment.** Women are even more likely to: nearly 7 out of 10 would quit for this reason.

What is emotional safety as work?

The study defines an emotionally safe environment as one that is free of harassment, intimidation, and offensive behavior. Essentially, it's an environment where an employee can feel comfortable and supported.

Bottom line: *Workers who feel unsafe often quit their jobs immediately. This is true for physical safety and even truer for emotional safety, particularly for women. Emotional safety involves a work environment that is free of harassment, intimidation, and offensive behavior.*

HAVING FUN AT WORK IS A MUST

For years the sentiment has been that having fun at work should be an afterthought since it seemingly doesn't impact the daily operations or certainly the overall effectiveness of an organization.

But does it?

It turns out that having fun at work is a necessary ingredient for a positive employee experience. The national study found that **having fun at work is actually very important to employees; 79% say it directly affects their job satisfaction.** Related to this is the issue of co-workers liking and being friendly with one another. Job satisfaction hinges greatly on this factor. In fact, the study revealed that **73% of employees say it is necessary to like their co-workers in order to be satisfied at their job.**

Bottom line: *While work is obviously the main focus, employees who like one another and have fun at work are much more likely to be satisfied...and satisfied workers are much more likely to get work done, so work and fun are inexorably tied.*

RESEARCH CONCLUSION AND RECOMMENDATIONS

Creating a positive employee experience isn't just wishful thinking. It doesn't have to be a shot in the dark for employers. **It is also no longer optional given the competition for acquiring and retaining talent in nearly every industry in America.**

Employees have clear views about what makes or breaks a positive work experience. The views express what employers will need to increase or decrease in order to drive overall employee satisfaction, happiness, tenure, and performance.

Organizations who take the time to understand and act upon what their people expect from an employment experience will benefit tremendously across gender, age groups, company size, and more.

The advantages of employers taking action to improve employee experience aren't just emotional, although employees will be happier and more fulfilled. They are also fiscally solid. Happy, content employees stay around longer, work harder, are more motivated, innovative, and all around more productive. Everything that employers hope to realize from their employees is achievable by creating the right employee experience.

Organizations don't have to undertake massive changes or reinvent the wheel to create the ideal employee experience. Well informed, yet relatively small adjustments are all that are needed to reap the huge upside of an engaged and committed workforce.

Employers have the opportunity to make their people feel valued through simple measures such as open, ongoing communication, making sure employees have the technology they need to effectively do their jobs, and ensuring they have paid time off and can use it when they deem necessary. Each of these moves toward building trust which is a vital element in a positive employee experience. Employees must trust their leaders and co-workers but also need to be trusted by their employer to do the right thing, take paid time off as needed, etc.

Emotional aspects are equally important in cultivating a positive employee experience and these often take little more than intentional application. Ensuring that employees have a physically and emotionally safe working environment, taking the time to hear and address their concerns, and providing opportunities to have fun at work are all essential and easily addressed components of this process.

RESEARCH CONCLUSION AND RECOMMENDATIONS

Wondering where to start?

1. **Take note of your organization's "People Philosophy":** Employees are watching closely how an organization treats its employees, and more than half of employees say this is the most important thing they need to align with in order to be happy working for the organization. This is a mission critical element of creating a positive employee experience, and employers who make this a priority will have an advantage in finding and keeping the best talent.

2. **Trust your people and be trusted:** Employees need to trust the leaders of an organization in order to continue working there, and the #1 way to build this trust is through open, ongoing communication, especially with their direct supervisor. Of equal importance is that employees feel *trusted* with their time, and have the freedom to take care of quick, personal needs at work, and to take time off as needed.

3. **Continually invest in technology:** The effects of technology are far-reaching, with 1 out of 3 workers ready to quit a job if the technology is outdated and slows them down. Additionally, the benefits of using the latest HR technology extend beyond retention into all areas of the employee experience, including facilitating development, providing guidance to managers, and fostering trust by ensuring employee concerns are heard and addressed.

ABOUT THE STUDY'S AUTHORS

ULTIMATE SOFTWARE

Ultimate is a leading provider of cloud-based human capital management (HCM) solutions, with more than 40 million people records in the cloud. Ultimate's award-winning UltiPro delivers HR, payroll, talent, and time and labor management solutions that connect people with the information they need to work more effectively. Founded in 1990, Ultimate is headquartered in Weston, Florida, and employs more than 4,700 professionals. In 2018, Fortune ranked Ultimate #3 on its prestigious 100 Best Companies to Work For list; #1 on its 10 Best Large Workplaces in Technology; and #2 on its 100 Best Workplaces for Women. Also in 2017, Ultimate ranked #7 on Forbes' 100 Most Innovative Growth Companies and #2 on People's 50 Companies That Care; the National Customer Service Association named Ultimate the top Service Organization of the Year in the Large-Business category; Gartner positioned Ultimate a "Leader" in its Magic Quadrant for Cloud HCM Suites for Midmarket and Large Enterprises; and Nucleus Research named Ultimate a "Leader" in its HCM Technology Value Matrix. Ultimate has more than 5,600 customers worldwide, including Bloomin' Brands, Feeding America, Red Roof Inn, SUBWAY, Texas Roadhouse, and Yamaha Corporation of America. More information on Ultimate's products and services can be found at www.ultimatesoftware.com.

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THE CENTER FOR GENERATIONAL KINETICS

The Center for Generational Kinetics is the leading research, speaking, and solutions firm focused on Millennials, Generation Z, and solving generational challenges. The Center's team of PhD researchers, strategists, and keynote speakers help leaders around the world solve tough generational challenges in areas ranging from employing multiple generations or recruiting Millennials to selling and marketing to Millennials and across generations.

Each year, The Center works with over 150 clients around the world, from car manufacturers and global hoteliers to insurance companies, hospital chains, and international software firms. The Center's team is frequently quoted in the media about the effect of generational differences on everything from shopping and parenting to work style and social media.

Learn more at GenHQ.com.

RESEARCH METHODOLOGY

This custom 30-question study was designed collaboratively by Ultimate Software and The Center for Generational Kinetics. The survey was administered to 1,004 U.S. adults ages 18-65 that have been employed at least part-time in the past six months.

The survey was conducted online from July 20, 2016 to July 27, 2016 and has a margin of error of +/-3.1%.

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