



Using Survey Benchmarks to Gain a Competitive Advantage

INTRODUCTION

Your organization has administered an employee survey to ascertain levels of employee engagement. The results, overall, look favorable. But how can you determine whether your employees are really engaged, or just moderately engaged? How can you tell if your organization's results are typical or vastly different than the results of other organizations similar to yours? What do your results really mean?

Many companies are using employee survey benchmark comparisons to determine the favorability of their results. Benchmarks, whether externally or internally created, provide a barometer for managers to compare their survey results. Survey vendors and consortiums compile external normative benchmark data, norms, for the sole purpose of sharing data and helping organizations assess their comparative strengths and opportunities. Normative scores are typically presented as a favorability rating and represent a large number of responses gathered across many companies.

External Benchmark Norms

Each survey vendor or survey consortium establishes rules for compiling normative data and creating normative items. Before an item becomes a normative item several criteria must be met. Generally, a core set of items or survey questions are developed and included in employee surveys across numerous companies, typically five or more. A minimum number of responses are required to ensure adequate sampling of employees across those companies. Often thousands of responses are collected before a normative score is generated. Strict rules for the standardization of item wording and response scales help ensure reliable response sets. Normative data and the wording of normative items are updated on a regular basis to keep current with employee response trends, relevant business issues and current competitive, political and economic conditions.

One important consideration to keep in mind with normative data is that normative scores represent averages. You may or may not wish to use the “average” score as a target for your organization. But if you are trying to establish a frame of reference for judging the favorability of your results, external benchmarks are an excellent way to make that comparison.

Internal Benchmark Norms

If your company conducts employee surveys on a regular basis, it may also be useful to create an internal norm specific to your company. Averaging item-level results across several work groups or departments within your company creates internal norm scores. One of the simplest and most commonly used internal norms is the total company score. The total company score is the average of all survey responses in your company for each survey item. These scores enable internal departments and/or divisions to determine whether their item-level results are higher or lower than the rest of the company. If a department's score on a particular item is below the internal benchmark (or total company average) then it knows that other departments are achieving better results. If a department's score on an item is above the company norm or total company average then it knows its results are better than those of other work groups and its scores are helping to raise the average. It is important to note, however, that if the entire company scores low on a particular item, it doesn't really matter if particular departments are above or below the internal norm. The item should still be considered a development opportunity.

A second type of internal norm is the Best-In-Class score. Internal Best-In-Class scores represent the average score obtained by divisions or departments who scored within the highest percentile of the entire organization on the survey. Best-In-Class scores help dissuade managers from believing that certain results are only attainable outside the company, or that there is a “ceiling effect” in which managers within the company can only perform to certain levels given the current competitive, political or economic environment. Internal norms, whether the internal company average or the Best-In-Class norm, provide proof to those disbelieving managers that better results can in fact be attained.

The most common method for calculating Best-In-Class scores, and subsequently identifying the top performing work groups, is to calculate an overall mean score for each work group that represents their average score across all survey items. Overall mean scores are subsequently used to rank order work groups from most favorable to least favorable. The top percentage of work groups within the company is then selected and scores for each survey item within these top-performing groups are averaged to create a new Best-In-Class score for each item. Since Best-In-Class scores represent the mean of the top-performing groups, individual work group results may actually be higher on certain items. Using the top 5% or 10% of the work groups to calculate a Best-In-Class score works best when the number of work groups is more than 50.

Selecting the top percentage of work groups to create Best-In-Class scores is generally preferable to reporting the highest score attained for each item regardless of which work group achieved the score. It is possible for a work group to achieve

very favorable results on one single item but receive very low scores on other items. Overall, the survey results for this work group are not that outstanding and their survey results should not be considered Best-In-Class even if one item stands out as particularly high.

For example: Employees of Group A responded very favorably to a survey item on flexibility in scheduling because their manager allows them to create their own schedules. Group A's score on this item was the highest in the company. Group A also scored very low in basic engagement factors such as coaching, job training and safety practices. Overall, Group A's survey results are low compared to the total company average and compared to the external benchmark. Group A is not the work group that you want to use as your Best-In-Class benchmark. Overall, the manager of the work group is ineffective and does not model Best-In-Class practices. While we have seen this method of selecting Best-In-Class scores used in some organizations, it is not a recommended or preferable practice. Best-In-Class benchmark comparisons provide an internal target or attainable goal for managers who want to improve their work group's results.

Case Studies

1. A large global manufacturing organization used both external benchmarks and internal benchmarks to compare and "normalize" the results of their employee survey. Using external normative data, the organization was able to see how their results compared to other organizations with global operations as well as other organizations included in their industry designation. The result of this external comparison showed that while scores on some survey categories were below 50% favorable, the scores were significantly higher than other companies globally and within their industry. In other words, they determined that they were a leader in these categories. Other categories showed less favorable results compared to external organizations within their industry. Understanding these comparisons provided the momentum necessary for the organization to make improvements in those critical areas most in need of change. The organization's desire was to remain competitive within the industry, keep turnover to a minimum, and make sure key talent and expertise was not lost.
2. A leading service organization used both an internal benchmark (total company average) and a Best-In-Class benchmark to understand how work groups compare across the organization. Many offices, located in different states, were similar in function but operated at varied levels of output. Internal comparisons identified those work groups that were effective and highly functioning and those work groups where immediate improvements were needed. These comparisons helped senior management focus on those work groups requiring the greatest attention first. Using information and examples from the Best-In-Class work groups, senior management was able to create standard practices across the organization based upon improvement strategies that have been shown to actually work in their own organization.

Survey results are used to assess and understand the engagement and satisfaction levels of employees within your organization. Understanding how your results compare to other groups, such as other companies or the industry as a whole, the total organization or just the best groups, helps to "normalize" your results. With this frame of reference you can begin to make more informed decisions and implement improvement strategies that provide the greatest benefit to your organization.

About the Author

Sharon Parker is a Senior Consultant with TNS Employee Insights. She has worked in the area of Human Resources Development over the past twenty years specializing in the areas of employee selection, training, coaching and leadership development to improve customer service, sales performance and inventory management systems. Sharon is currently working with clients worldwide to develop and implement organizational surveys and leadership assessments to create improvement strategies that measure progress. She has coauthored two books on web-based survey development and action planning. Sharon holds a Masters Degree in Industrial/ Organizational Psychology from Elmhurst College and is an adjunct professor at the college.

Contact Information

TNS Employee Insights
65 Oakwood Road
Lake Zurich, IL 60047
(847)726-4040
(888) 726-8686

www.tnsemployeeinsights.com

References & Recommended Reading

- Shannon D. & Bradshaw, C. (2002). A comparison of response rate, response time, and costs of mail and electronic surveys. *The Journal of Experimental Education*, 70(2), 179-187.
- Fox, R.J. & Crask, M.R., Jonghoon, K. (1988). Mail survey response rate: A meta-analysis of selected techniques for inducing response. *Public Opinion Quarterly*. Vol 52(4), 467-491.
- Parker, S.F., Schroeder, M.J., & Fairfield-Sonn, J.W. (2002). *Action Planning: How to Follow Up on Survey Results to Implement Improvement Strategies*. Engagement Press.
- Kraut, A.I. (1996). *Organizational Surveys: Tools for Assessment and Change*. Jossey-Bass Inc.