Leveraging Employee Engagement Surveys Using the Turnover Stimulator Approach: A Case Study of Automotive Enterprises in Thailand

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Abstract

Employee engagement and retention has long been a pressing management concern in Thailand's automotive sector. This study demonstrated how to improve the utilization of employee engagement surveys that are customarily conducted by many companies. An 8-item questionnaire was utilized on a sample size of 336 employees from a chosen automobile distributor. Engagement mean scores were analyzed and compared for current and exiting employee groups. Statistically significant differences among mean scores, if found, were then used as the turnover stimulator. By comparing engagement mean scores for each independent factor with the stimulator threshold, the risk-prone turnover group could be identified and monitored closely. In particular, this turnover stimulator can be used to supplement a regular engagement survey and further point out areas or groups needing immediate managerial attention.

1. Introduction

Employee engagement has long been a known term and a major indicator of organizational health and human resource management effectiveness. Most organizations willingly and dutifully allocate resources to assessment and monitoring of employee engagement temperament at least once a year. However, such engagement study alone increasingly seems to be insufficient to manage increasing turnover. This study is designed to explore how an organization can effectively use a survey to create a customized turnover map and identify key areas where future turnover may yet occur.

The study aims to demonstrate how to monitor the gap of mean score responses between current and exiting employees at a selected key automobile distributor. Statistical analysis was conducted to identify significant areas between the two groups that were then tagged as the turnover stimulator. These stimulators can be further used to resolve employee turnover issues in the future.

2. Employee Engagement Study

Branham (2005) successfully outlined key seven hidden reasons for why employees leave. According to Branham, around 95% of voluntary turnover and disengagement was avoidable and a collaborative effort between employers and employees. Many companies still relied on certain tangible solutions like pay and benefits, realizing that the more challenging levers revolved around positive management and a good corporate culture. Considering a comprehensive analysis of 19,700 exit and current employee survey conducted by Saratoga Institute in California, Branham found that 88% of voluntary turnovers are caused by some cause other than money. Dewhurst, Guthridge, and Mohr (2009) shed more light on the problem by citing the case of an economic slump that offered business leaders a chance to use non-financial motivators other than a bonus. In their survey, respondents viewed three non-cash motivators, including praise from immediate managers, one-on-one attention from leaders, and a chance to lead projects. In other words, employees need to feel that their companies are considerate of their employees' value, well-being, and career opportunity potentials. However, the turnover problem seemed to be more complicated, as some disengaged employees might simply

quit and leave, while others remain and stay. No matter which road these disengaged persons chose to pursue, organization productivity suffered a stall and a downturn. Finnegan (2009) indicated that employee turnover costs around 12 to 40% of a company's pretax income and became even more critical if voluntarily leave occured among top performers.

According to Robison (2008), the Gallup polls conducted in 2006 found that 75% of the reasons for voluntary turnover can be influenced by managers. More interestingly, "pay and benefits" was the second most common answer, but only 22.4% of surveyed respondents mentioned it. Noticing these signal flares, the Gallup longitudinal study plus meta-analysis research summarized the top five predictors of turnover, which included immediate manager, poor fit to the job, coworkers not committed to quality, pay and benefits, and senior management. The major reasons why employees leave included career advancement or promotional opportunities (31.5%), lack of job fit (20.2%), management or general work environment (16.5%), flexibility or scheduling (7.7%), and job security (1.7%). Gardner (2008) also reported that job satisfaction resulted from employee respect and appreciation, not salary and perks.

Rothwell (2010) described engagement as a positive attitude toward the job and distinguished it from both job satisfaction and commitment. Engagement was more temporary and volatile than commitment and was viewed as intellectually and emotionally bound to the organization to the extent that engaged employees felt more passionate about the corporate goal and could and would exert their efforts beyond basic job requirements and responsibilities to meet their customers' demands. Infotech (2011) also outlined the positive benefits of employee engagement that included better performance, commitment, and customer satisfaction.

Hewitt, Gallup, and Towers Perrin are among the leading firms that help their client companies identify the nature of employee engagement. The Aon Hewitt Engagement Model (2012) identified key employee behaviors as the following:

Say   (consistently speak positive about the organization to coworkers, potential employees, and customers).

Stay   (have an intense desire to be part of the organization).

Strive   (contribute to business success).

Buckingham & Coffman (1999) prepared 12 questions to measure employee engagement known as Gallup Q12. Organizations with a higher Q12 score exhibited lower turnover and higher business performance. The Gallup Engagement Index further classified employees into three categories – engaged, not engaged, and actively disengaged.

Towers Perrin (2006) showed the benefits of employee engagement. Based on 50 multinational companies, Towers Perrin documented the impact of employee engagement on financial performance. Over 12 months, those companies with high levels of engaged employees outperformed those with less engagement in their operating income, net income growth, and earnings per share. Towers Perrin also monitored employee engagement relating to an organization's strategic goals, values, and employee "fit" within that scenario.

3. Employee Retention Study

The importance of a job burnout study has been noted as having a negative impact on the decision to stay on the job rather than job satisfaction. The average correlation between job satisfaction and productivity was found to be only +.15 from the 26 studies (Brayfield & Crockett, 1995). The meta analysis of 217 separate correlations (in 74 studies) further found an overall correlation of +.15 (Iaffaldano & Muchinsky, 1985). The relation between job satisfaction and absenteeism has also been studied, but the average correlation is quite low (-.09). On the contrary, causal models of employee turnover have suggested that low job satisfaction is the cause of turnover (Spencer, 1986).

Employee engagement and turnover can be viewed in parallel terms since engagement, although not as straightforward, could have an impact on retention as well. As shown in Table 1, the Towers Perrin Global Workforce Study (2007-2008) found that engaged employees had a higher retention rate with their current organizations. However, it was noticeable that almost 40% of these engaged employees became passive job seekers as well since they were open to considering new job offers. On another side of the engagement scale were the disengaged employees. This group posed a hidden threat to the organization since fully half of them had no plans to leave or were not even looking for a new job. As a result, the company found themselves losing those people they wanted to keep and retaining ones who were not contributing. Hewitt (2007) found that organizations with disengaged employees accrued an average profit loss ranged from $8,000 -$10,000 per disengaged employee each year.

Table 1. Percentage of respondents agreeing with the statement on their personal future

Employee View of Their Future	Engaged Employee	Disengaged Employee
No plan to leave	51	15
Not looking, but would consider another offer	39	35
Actively looking for jobs	4	28
Made plan to leave	2	15
Plan to retire in the next few years	4	7

Source: Towers Perrin Global Workforce Study (2007)

Table 1 shows the distribution of answers regarding employee views of their future, specifically, whether they planned to stay with their current company, if they were actively looking for another job, or if they were not actively looking, they would entertain an offer.

Another useful template to examine regarding employee retention is the exit-voice-loyalty-neglect (EVLN) model that identifies four reactions that employees have regarding job dissatisfaction (Hirschman, 1970). As the name suggests, exit refers to leaving the organization or searching for other employment after experiencing strong emotional events. Voice refers to a constructive response to try and improve the situation. However, voice can be weakened when most valuable employees choose to quit and leave rather than continue to engage in a counterproductive situation. Loyalty can be viewed as being "loyalists" or those who are "suffering in silence", patiently waiting for the problems to resolve gradually. Neglect refers to a reduction of work effort and less attention to quality. It is considered a passive activity that has a negative effect on job performance since these employees will demonstrate increasing absenteeism and lateness. In conclusion, employees who experience job dissatisfaction may react by lowering their job effort (neglect), patiently waiting for the problem to be fixed (loyalty), encouraging the fix through complaints (voice), or simply quit and leave (exit).

4. Turnover Stimulator Mapping

To predict future turnover, the company can create a customized map that tells exactly which areas within the organization can expect future turnover and what the causes of that turnover will be. This can be regarded as turnover stimulators. According to Carvin (2002), a turnover stimulator is a simple matter of comparing engagement mean scores for current and exiting employee groups. Each question can be explored one-by-one to identify areas where the average rating for exits is significantly less than the average ratings on the surveys. These questions will be tagged as Turnover Stimulators. A comparison of the average employee survey rating on each of the turnover stimulators can be accomplished based on any demographic factor or factors that the company is interested in examining. Furthermore, these turnover stimulators can be cross-examined by department, location, and even job classification to pinpoint specific areas that need immediate attention.

5. Research Methods

This study employed a systematic employee engagement survey to determine the engagement perceptions for current and exit employees. An employee engagement survey was sent out to 342 employees; 336 were collected rendering a response rate of 98%. The survey operated on-line using an established membership-based website. To ensure the confidentiality of all responses, special user names and passwords were generated and sent to each employee in a separate closed envelope. Confidentiality was ensured as corporate management was not allowed to see the answers firsthand.

The dependent variables were survey questions covering key work aspects (e.g. workload, job assignment, pay and benefits, relationship with coworkers and supervisors, recognition, and intention to stay). Responses for each question were taken on a 6-point Likert scale ranging from 1 (Strongly Disagree) to 6 (Strongly Agree). Overall, the reliability coefficient of the instrument using Cronbach's Alpha was .976. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient. Independent variables were basic demographics, including gender, education, age, and years with the company. Targeted participants were also a key to the study. Among the 336 responses, 265 were currently employed, and 71 were prior employees who had just left the company (the exit group).

The survey served as a formal measurement in addition to the exit interviews. Engagement scores were

compared between the two groups and mean average discrepancy was tested for its statistical significance at an alpha level <.05. Survey items from the exit group found as having an average rating significantly less than the average for the current employees were tagged as "Turnover Stimulators."

6. Results and Analysis

Overall engagement mean scores between current and exit employees were 4.36 and 4.08, respectively, and were found as being statistically significant at the alpha level <.05. Mean scores for each question were also analyzed and compared based on the respondent's employment status (Current vs. Exit). Statistically significant differences were found to be expressed in Question 3 (My opinion counts), Question 4 (I am happy working here), Question 5 (I will recommend this company), Question 6 (I have good friends at work), and Question 8 (Number of years I intend to work here) wherein current employees had higher mean scores than did the exited ones. A comparison of mean scores between the current employees is shown in Figure 1.
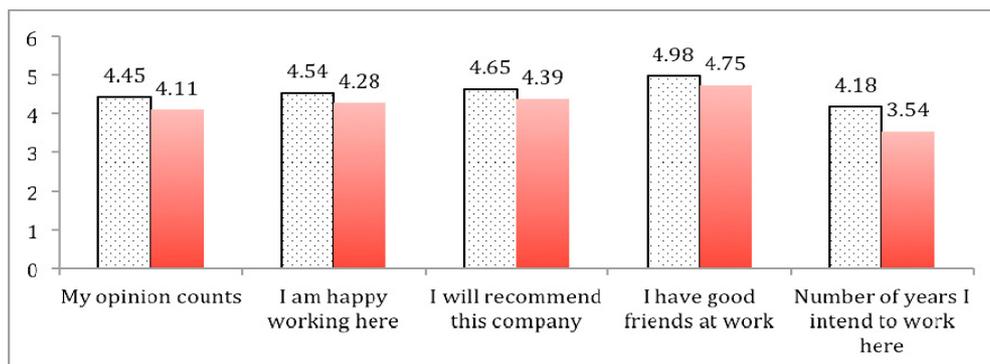

Figure 1. A comparison of engagement mean scores between current and exited employees

Figure 1 shows statistically significant differences found for those five questions wherein the current employees showed higher views than the exited ones.

The next step in the process was to conduct a stimulator score comparison for gender, age, education, and department. Turnover stimulators would be flagged in groups that found having mean scores less than the stimulator set point or threshold. For example, both age group and department were found to have mean scores lower than the turnover stimulator set point. As shown in Table 2, the mean scores for 55-60 years old employees (4.00) were lower than the threshold value (4.28) for Question 4 (I am happy working here). In this regard, management must note the senior age group and further explore what causes them to feel that way.

Table 2. Comparison of turnover stimulator and independent factors

Engagement Questions	Turnover Stimulator Threshold	Age Group (Mean score)	Department (Mean score)
Q3. My opinion counts	4.11	Not Applicable	*Customer (3.93)
			*Parts (3.45)
Q4. I am happy working here	4.28	*56-60 Years (4.00)	*Customer (3.79)
			*Parts (3.80)
			*HR (4.20)
			*Planning (4.17)
Q5. I will recommend this company	4.39	Not Applicable	*Customer (4.21)
			*Parts (3.65)
Q6. I have good friends at work	4.75	*18-25 Years (3.67)	*Customer (4.64)
		*26-33 Years (4.24)	*Parts (4.35)
Q8. Number of years I intend to work here	3.54	Not Applicable	*Customer (2.86)
			*Parts (3.15)
			*HR (2.80)
			*Planning (2.67)

Table 2 shows the stimulator score comparison for age and department. Turnover stimulators were flagged with an asterisk in groups that found having mean scores less than the stimulator threshold.

7. Discussion and Conclusion

Although an employee engagement survey is often deployed to reflect in practical terms what employees think about their company, the results can be enhanced by identifying the perception discrepancy between current and exited employees. Based on Carvin's (2002) study, the turnover stimulator identification approach can assist the company under study to be proactive and identify job satisfaction areas that need further investigation to avoid the unnecessary risk of turnover. The findings of this study seem to be in line with the previous studies conducted by Branham (2005) and Robison (2008), indicating that voluntary turnover is caused by something other than money as statistically significant in the mean perceptions of exited employees are found to be lower than those for current employees in terms of the quality of their participation in decision- making as well as having friends at work.

In conclusion, this research demonstrated the method used to identify an employee turnover stimulator that can then be used to monitor problematic areas. As shown in the above findings, the company under study had information that Customer relations and Spare Parts were the two Departments with mean scores lower than the identified turnover stimulator threshold. Once identified, the management team can explore the underlying causes or areas for this finding, and apply appropriate interventions or improvements accordingly. However, any use of a turnover stimulator approach must be done cautiously and in a way that it should not misinterpret the circumstance indicating that Customer relations and Spare Parts are less engaged than other departments. Moreover, a turnover situation cannot be generalized as that situation may be unique to each organization. To continue using the turnover stimulator effectively, a systematic and periodic follow-up study is strongly recommended to establish a turnover stimulator database that can help strengthen turnover management.

Lastly, when interpreting these results, management should take into consideration any recent situational factors that might exist and create an immediate impact on respondents' views. For instance, a recent policy change, salary-freeze or significant layoff can adversely affect workplace morale and, therefore, yield lower perception scores.

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