

# Original insight



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The role of employee survey benchmark data

Companies are investing heavily in employee surveys, but must tailor the questionnaire and survey approach to match their unique organisational context. We explain the role benchmark data can play in a successful survey process and we share data from the ETS benchmark, giving an insight into engagement scores at other companies.

## Executive summary

**“The most important thing is for an organisation to be able to arrive at a shared definition in the context of their business, and for this to translate into action.”**

David MacLeod

Employee engagement is now firmly embedded on the boardroom agenda and corporate use of employee surveys is widespread.

Companies survey employees to assess the level of engagement and to get insights that can be sensibly used to make and measure business improvements. A key challenge in this process is drawing simple yet accurate conclusions from the large volume of data collected.

This paper will explore the role of benchmark data, both internal and external, in helping organisations understand and act on their survey results. We provide sample data from the ETS benchmark database, which features 400,000 employees from private-sector companies.

David MacLeod, co-author of 'The MacLeod Review: Engaging for Success', explains: "The data gleaned from engagement surveys should be good enough to allow organisations to address their identified issues. The most important thing is for an organisation to be able to arrive at a shared definition in the context of their business, and for this to translate into action."<sup>1</sup>

Benchmarking survey results can help give organisations this context. It can be used alongside other analysis techniques to enable companies to understand employee survey results and use them to create relevant action plans.

Benchmarking is just one aspect of the employee survey process. In order to maximise the effectiveness of employee surveys, we suggest companies will be best-served by tailoring their approach. This includes everything from identifying the 'key drivers' of engagement and asking the right questions to agreeing the best action planning approach.

# 1. Internal versus external benchmark data

After running an employee survey, organisations are left with an abundance of data. This can be overwhelming as it needs inputting, analysing and interpreting in order to create relevant action plans.

While companies are increasingly embracing technology in running employee surveys using intuitive online survey tools – making data collection and analysis more straightforward – this can still be a daunting part of the survey process.

The responsibility for carrying out interpretation of survey results invariably lies with HR or internal communications practitioners or sometimes a senior leader. Increasingly though, companies choose to use the services of a business psychologist in this process.

The aim of this interpretation of survey data is to get context on the results by referencing internal (or longitudinal) and external benchmark data.

- **Internal benchmarking** – there are a couple of different approaches to internal benchmarking. Firstly, trend data can be used whereby a comparison is made with previous years' results from the same company. This allows for a meaningful, longitudinal perspective to be taken. Scores may increase or decline following actions taken or initiatives implemented by the company and in response to external factors.

An alternative approach involves benchmarking performance across the company. This could be across business units or departments in relation to the overall company performance. This allows for high and low performing pockets of the organisation to be identified, and thus the opportunity to share best practice, knowledge and experience.

- **External benchmarking** – compares employee survey scores against other organisations. This approach allows survey results to be compared with a vast dataset with millions of views collated from a range of companies. The most commonly-asked survey questions are typically used in external benchmarking, allowing comparison with a large number of other companies.

## 2. Giving context to employee survey results

**When analysing survey results, it can be misleading to judge an individual score in isolation. By comparing it with benchmark scores, it can be given context.**

Major companies will typically make use of both internal and external benchmarking. In internal benchmarking, an organisation will compare its historical and overall scores to interpret the latest employee survey results. External benchmarking will be used to determine where their survey scores lie in comparison with other companies.

ETS has a benchmark database featuring millions of survey question responses from 400,000 employees working at medium and large private sector companies.

### Getting the big picture

When analysing survey results, it can be misleading to judge an individual score in isolation. By comparing it with benchmarked scores, it can be given context. The score for a question in isolation may appear to be unfavourable to a company, but when compared with a benchmark score, a different picture may emerge.

A good example could be a low average score to a question regarding the fairness of basic pay. This may at first appear to be a cause for concern. According to the ETS benchmark database, just over half of employees are happy with their pay (53%). Therefore, if your organisation showed 50% of your employees believe that their pay is fair, it is broadly in line with other organisations. By giving your results context, it is clear that this isn't an area that should cause concern. In this instance, longitudinal data – from an internal benchmark – would be useful to show if this score has markedly increased or decreased in recent years.

It's important to keep in mind that the absolute score may be less relevant than the comparative score. Individuals will generally not agree with a statement they believe could lead to unfavourable consequences. For example, employees may think that if they (and their colleagues) agree that they are well remunerated, the organisation may choose not to increase pay. But while acknowledging this behaviour, this is not to say that low scores should be ignored.

### Being aware of external influences

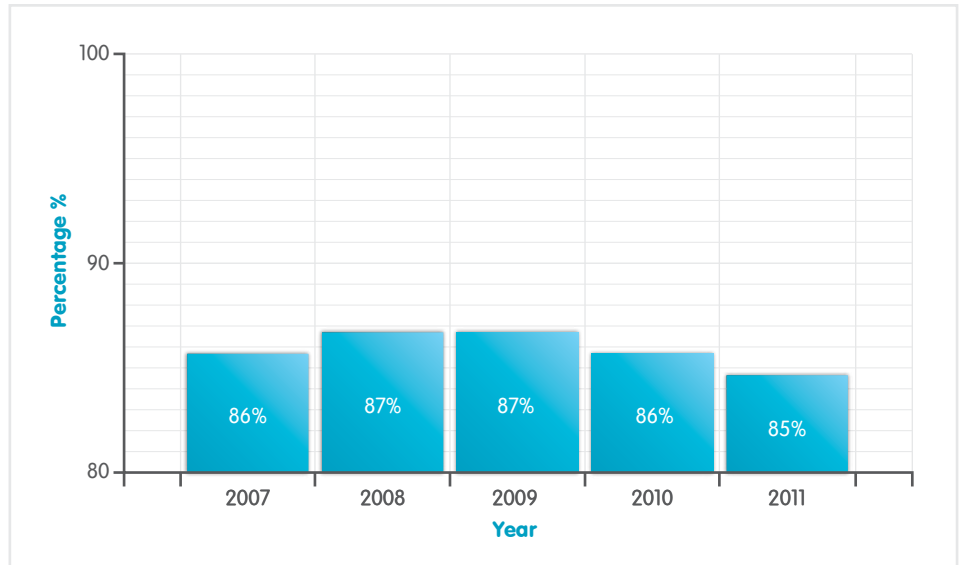
Employee attitudes expressed in surveys can change in response to external events. According to the ETS benchmark database, the percentage of employees who reported being confident that the company would meet its objectives for the following year fell dramatically during the last quarter of 2008 – in the height of the recession – to 57% from a two-year average of 84%.

As the UK continued to recover from the economic downturn, the database at the end of the second quarter of 2011 showed this figure had risen again to 82.4% demonstrating how employee beliefs are affected by external factors, such as the stability of the economy.

Fluctuations in benchmark scores may benefit from interpretation. A good example of this is the statement 'I intend to be still working for the company in a year's time'. The trend for responses to this statement over the last five years is shown in the graph in figure 1. We advise caution when using this indication of job loyalty as a measure of engagement. In what has been a challenging economic period and difficult job market, it is possible that such fluctuating trends may reflect employees' concerns for

job security and lack of alternative employment opportunities rather than a true sign of their commitment to an organisation.

**Figure 1: this bar graph shows the trend of employees intending to stay working with their current employer over the last five years**



### 3. The ETS employee survey benchmark database

The questions in the ETS benchmark database are presented as attitude statements with responses often given using a four-point Likert scale to calculate the average (mean) score. This is shown in figure 2 below:

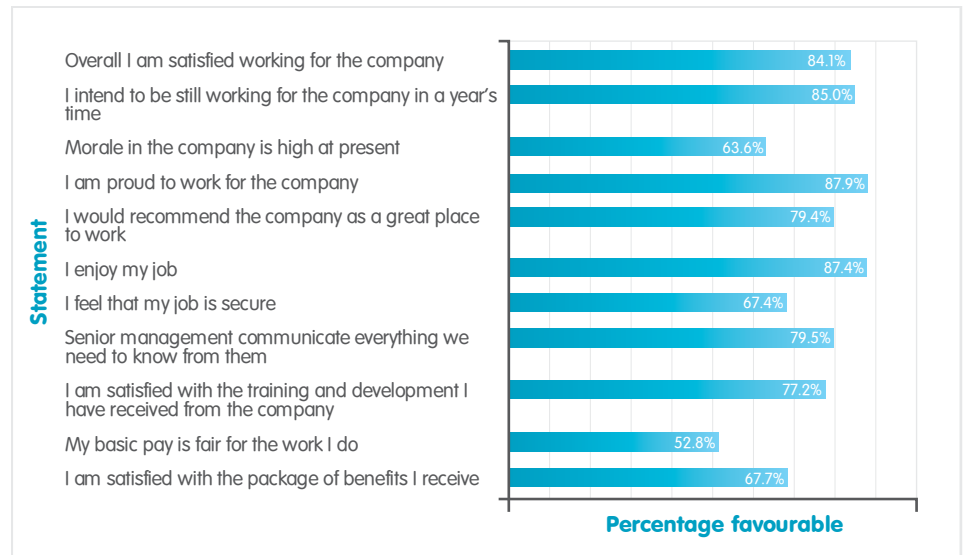
**Figure 2: this screenshot is taken from a survey questionnaire devised by ETS for a financial services company**



If you have results from your company survey, you may find it useful to compare it with the ETS benchmark scores presented below. Our latest data covers the two year period up to June 2011. We can provide benchmarking by geographic regions and across a number of industry sectors, which include: financial services, professional services, retail and leisure. Please use our contact details at the end of this paper if you would like to find out more about this.

Questions such as pride in the organisation, advocacy and discretionary effort may be used as measures of employee engagement. We group such questions into an 'engagement index' to monitor the impact of business initiatives on the way employees feel and behave. See figure 3 for the scores.

**Figure 3: The chart below shows average scores of ‘engagement index’ questions according to the ETS benchmark results**



### How reliable is benchmark data?

External benchmark data is formed by compiling a large number of surveys, respondents and responses. For this reason, it can be considered representative of wider groups and a reliable source of comparison. It is a useful tool for referencing survey scores but we advise against drawing definitive conclusions from benchmark data alone due to other variables influencing the data collected.

Internal benchmark data in particular will require some interpretation if the historical or current data were collected during periods of major upheaval. This is because data collected during a period of particularly high performance or during an acquisition or redundancy process could skew the data.

Data should be updated on a rolling basis so that a current set of survey results is being compared with a set of contemporary responses, thus ensuring their relevance and reliability. We update the ETS benchmark database on a quarterly basis, and it features survey data covering a rolling two year period.

## 4. New trends in benchmarking

Employee surveys are continually evolving and new organisational topics to measure materialise frequently. With this mind, there's a need to align external benchmarking with these trends.

- A new approach in external benchmarking is 'quartile splits.' This involves grouping scores from all companies into quartile bands (i.e. 25th, 50th and 75th) instead of using the mean score from all companies in the benchmark database. Companies can use a quartile approach to compare themselves with the upper quartile (75th and above) – best in class organisations. This enables companies to set a more challenging target to achieve. We advise companies take this approach only after their survey scores exceed the average benchmark scores.
- Companies are increasingly keen to assess employee opinions of their 'employee value proposition' and use benchmark data to see how this compares with other organisations. This is essentially the perception of the 'employer brand' and encompasses everything that a company offers to attract, retain and show commitment to their employees (i.e. learning and development, recognition, CSR).
- Corporate Social Responsibility (CSR) has risen up the corporate agenda in recent years, becoming an important part of the employer brand proposition. And as a consequence, companies now want to assess their employees' views of their CSR initiatives. By benchmarking employee opinions with other organisations, a company can establish whether their CSR policy is effective.

## 5. Conclusion and next steps

We hope this paper has provided some useful insights into the role that benchmark data plays in helping companies to interpret their survey data.

As we noted at the start, benchmark data is just one part of what goes into putting a successful employee survey process together. It can play an important role in giving context to results and informing effective action planning. But to get the best return on investment, companies must ensure they implement an employee survey that is the 'best fit' for their organisational context.

Our team of business psychologists would welcome hearing from you to discuss your own experiences with benchmarking of employee survey data. They would also be happy to provide practical, straight-forward advice on how you could improve your employee survey process and benchmark your results.

## About ETS

ETS has devised and implemented employee surveys for organisations including ITV, Thomas Cook, G4S, LV= and Lloyds Banking Group. We provide business-focused consultancy and custom-designed technology to meet the performance management, employee research and 360-degree feedback needs of world-leading companies. We combine innovative technology solutions with practical experience to design a solution that 'fits' your business needs.

ETS delivers our clients' 'ideal world', which means that our solutions exactly match each client's corporate culture and processes: we listen to you needs; we do not expect you to bend to our solutions. Where appropriate, we develop the new processes needed to meet your people objectives. Where it is possible, we can integrate with, and automate, any existing HR processes so that new and old work together.

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## Reference

1. Engaging for Success: enhancing performance through employee engagement. David MacLeod and Nita Clarke. 2009