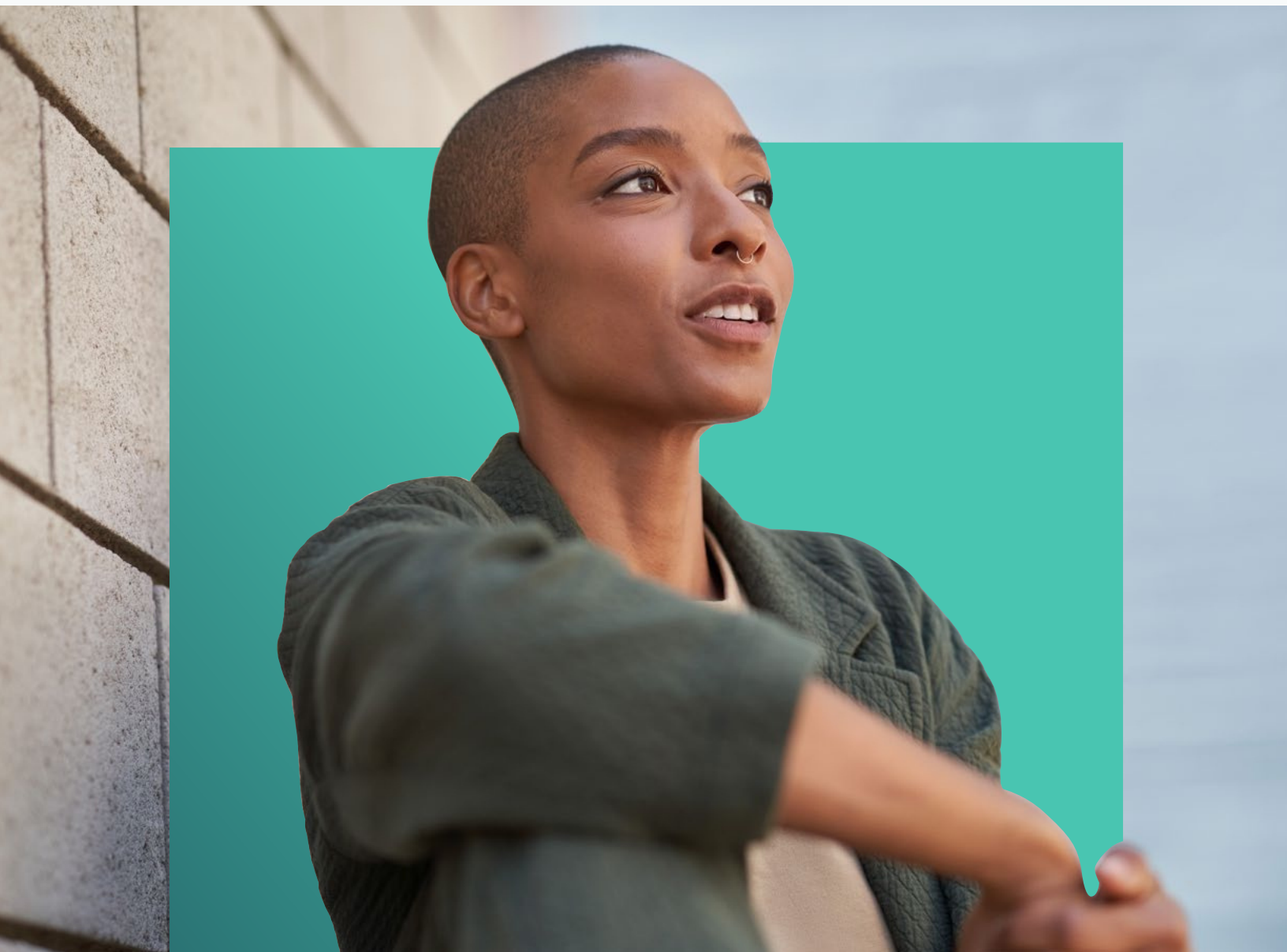


A modern approach to measuring engagement

People Science explained



Prioritizing happiness and success at work is especially important today. Since COVID-19, many people are rethinking where, when, and why they work. What people want from work, and what they will give has changed. For example, 47% of people say they have shifted their priorities to put family and personal life before work more than they did before the pandemic. And in 2022, 41% of the global workforce were likely to consider leaving their organization - with this figure coming to 52% for Gen Z and Millennials ([Microsoft 2022 Work Trend Index Report](#)). Meanwhile, many employees are experiencing burnout at higher rates than ever before, with 79% of employees in 2021 experiencing regular work-related stress leading to a lack of interest, motivation, and effort at work ([2022 Microsoft Viva Glint Wellbeing Report](#)).

The business impact is clear. We see consistently strong empirical evidence that companies with highly engaged people see lower turnover, are more financially resilient, and are more likely to improve internally. (Viva Glint, 2023). Viva Glint data shows that highly engaged employees are 12 times less likely to leave their company within a 12-month time period than those who are not engaged (Viva Glint, 2019).

Given the importance of employee engagement and employees' shifting priorities, leading organizations are taking a more 'people-centric' approach to their management practices by putting people at the center of what they do, addressing the holistic needs of individuals, and empowering them to take joint ownership of their happiness and success at work. But to get an accurate read on the degree to which their people are engaged and the factors impacting this over time, a modern approach to seeking and acting on employee feedback is required.

While every organization may have its own distinct culture and norms around feedback, Viva Glint's research into over 350 million employee feedback data points and experience with over 1,200 customers

41%

In 2022, 41% of the global workforce were likely to consider leaving their organization.

12x

Highly engaged employees are 12 times less likely to leave their company within a 12-month time period than those who are not engaged.

indicate a core set of best practices for measuring and improving employee engagement.

Those who implement feedback strategies that lead to meaningful improvements in people's happiness and success at work have developed natural, ongoing habits around:

- a. How they gather direct feedback from employees**
- b. How they make sense of and sustainably act upon that feedback**

a. How organizations gather employee feedback

High-performing organizations rely on frequent, regular measurement and tracking of their important business metrics—such as for finance, marketing, and sales. The way employees feel about their work changes throughout the year at about the same rhythm as most business outcomes do. It would be unreasonable to measure business metrics only once a year, and the same should be applied when measuring and acting on employee feedback.

Realizing this, many organizations have moved towards frequent measurement of engagement (e.g., quarterly) compared to conventional survey practices (i.e., the 'big annual event'). The pandemic has pushed this trend further, with more companies—who had previously favored annual surveys—shifting to more frequent surveys throughout the year to get an up to date read on how people are thinking and feeling. According to Viva Glint's research conducted during the pandemic, customers moved from a mean of three surveys yearly to seven. We established that customers who reported four or more times per year had a better opinion of decision-making, progress, and corporate excellence than those who surveyed annually (Viva Glint 2020).

Clearly, frequent measurement requires that surveys are short and focused. Standard surveys use 60-120 items, whereas the usual engagement index uses 4-6 items. Without taking a break from these lengthy surveys, people may become overwhelmed and just "check off" the answers—particularly towards the end. Overall, this undermines the validity of the data and creates a poorer user experience. With this in mind, Viva Glint's measurement approach is designed to facilitate short, targeted surveys that can be deployed frequently to yield a positive user experience, high participation rates and valid, actionable insights.

b. How companies make sense of and sustainably act upon that feedback?

Having regular data-informed conversations about engagement, locally, ensures that employees feel included in the process, provides an opportunity for ongoing feedback at all levels of the organization and has a significant impact on moving the engagement needle.

Faster feedback-to-action cycles at the local or team level necessitate an intuitive, simpler, and more practical survey instrument that provides concrete insight and encourages continued participation.

Key definitions

Employee engagement is the degree to which employees invest their cognitive, emotional, and behavioral energies toward positive individual and business outcomes.

Engaged employees are absorbed in and enthusiastic about their work. They find a greater sense of meaning in what they do, see a stronger connection between their strengths and their role, look for opportunities to learn and grow, and expend discretionary effort in their performance. In sum, engaged employees bring their best selves to work to do their best work.

Viva Glint helps companies measure their employees' engagement and experiences so they can take action to improve it—facilitating not only individual success, but business success.

Viva Glint's approach and model

Viva Glint's approach creates a flexible framework leveraging both strong theoretical foundations and robust empirical evidence. Rather than imposing a one-size-fits-all formula for engagement, Viva Glint has developed an adaptable framework and technology that suits each organization's needs, allowing them to easily make connections between their employees' experience, how that impacts their engagement, and the resulting individual and business outcomes.



The **employee experience** encompasses all that a person encounters during their time at an organization, including the physical, technological, and cultural components an individual interacts with as part of their day-to-day work. This could range from the quality of feedback a person receives from their manager, to having access to the right tools, to being able to flexibly balance work and personal life. Viva Glint's research into people's evolving expectations for the employee experience most likely to drive engagement highlights six key needs: Growth, Purpose, Clarity, Connection, Empowerment, Wellbeing.

A mostly positive experience over the employee's journey at an organization predictably results in **employee engagement**, evidenced by employees who will spend discretionary effort, express advocacy for their company, and stay at their company. As engagement increases, so too does creativity, the motivation to challenge oneself, to learn, and to reach goals. Increasing engagement requires identifying and acting upon the important needs and expectations that drive it.

Individual success, like productivity and retention—lead over time to sustainable **business success**, like organizational performance, productivity, growth, profitability, and customer satisfaction. (Viva Glint, 2023)

Viva Glint's approach in practice

In measuring both engagement and the employee experiences that impact it, we provide an out-of-the-box validated survey program that comprises 22 core items that can be tailored to reflect an organization's unique environment. Conducting the survey quarterly with a full census of participants has shown to result in a high-quality participation rate of over 75%.

We use validated single-item measures of aspects of the employee experience that act as potential 'drivers' of engagement. And to measure the 'outcome' of engagement, we offer a choice of a single-item or two-item engagement index. Optional narrative commentary at the item level adds nuance to the item ratings and scores. This commentary is summarized using award-winning Narrative Intelligence, which leverages natural language processing and machine learning to surface key topics of concern from text responses.

Developing the engagement index

In 2015, we embarked on an exhaustive study of 500 commonly used engagement survey items, spanning 50 years of research in academia and industry, and used techniques and methodology both from the field of psychometrics, and modern techniques from machine learning and information theory.

When designing survey items that tap into engagement, there were a number of things that we were looking to achieve. First, we wanted the measurement to be reliable (i.e., the items are precise and consistent over time) and valid (i.e., the items are indeed measuring what we intend to be measuring – the 'engagement state').

We also wanted the measurement to have high utility.

This means having the following properties:

- Must be simple and practical, so it can be used in short and frequent surveys.
- Must be predictive of behavioral and business outcomes related to engagement.
- It can be used to identify key drivers of engagement, which when acted on by managers at a local level or a global level will improve the measure in a reasonable time frame, and consequently, the business outcomes that engagement links to.

The 11-item "uber" engagement index

To derive the best measure of engagement that satisfied the above requirements, we started with a pool of 52 outcome items most commonly used in research and industry to measure engagement over previous decades. These included company satisfaction, commitment, pride, and motivation.

We then used an iterative Multi-trait Multi-method (MTMM) procedure, as well as Kullback-Leibler (KL) divergence to narrow down to an 11-item engagement construct that passed classic tests of both reliability and validity.

The 11-item "uber" engagement index items

| Item Text | Item Name |
|--|----------------------|
| How happy are you working at <COMPANY_NAME>? | eSat |
| I would recommend <COMPANY_NAME> as a great place to work. | Recommend |
| My company is an excellent place to work. | Company excellence |
| Overall, I am satisfied with my company as a place to work. | Satisfaction |
| I enjoy working at my company. | Enjoyment |
| I feel proud to work at my company. | Pride |
| My company motivates me to give my best work | Motivation – Company |
| I am motivated to go beyond what is normally expected of me. | Motivation – OCB |
| I regularly put in extra effort to help my company succeed. | Discretionary effort |
| I rarely think about looking for a new job with another company. | Retention |
| I plan to be working at my company two years from now. | Intent to stay |

However, clearly, an 11-item engagement index is neither simple nor practical. So, we endeavoured to find a much simpler index that was the closest in equivalency to the 11-item index.

Viva Glint's 2-item engagement index

We found a **two-item index** - 'eSat' + 'Recommend'- that captured 90% of the variance ($r = 0.95$) in the 11-item index.

1. **eSat**: How happy are you working at <COMPANY NAME>?
2. **Recommend**: I would recommend <COMPANY NAME> as a great place to work.

We found that a single-item, eSat, could capture over **85% of the variance** ($r = 0.93$) in the 11-item index across multiple datasets. This evidence suggests that there is excessive similarity in traditional, longer engagement indices and therefore, presenting more items does not provide the additional nuance we would expect.

While both the single and two-item measures showed good reliability (test-retest, temporal, and context reliability), we also compared the factor loadings of the single and two-item measures with those of other engagement indices that are commonly used in the industry and results revealed nearly identical factor loadings (see Figure A).

Figure A - Factor loading on "uber" engagement

- eSat = 0.93
- 2-item Viva Glint engagement index = 0.95
- 4-item index A = 0.95
(Recommend, Pride, Retention, Satisfaction)
- 4-item Index B = 0.95
(Recommend, Pride, Motivation, Satisfaction)

Besides standard techniques from psychometrics, we used additional techniques from information theory and machine learning to determine that the single and two-item Engagement measures are the best representations possible of the 11-item 'Uber' engagement construct, while using a much shorter and simpler measure.

Given the novelty of the text of the item for eSat — namely the inclusion of the word "happy" — we tested a number of variants of the eSat item, different scale types, and for divergent validity vis-a-vis dispositional or trait happiness. We found the item worked best as worded and when presented on a 5-point unipolar scale with labels only on the ends (Not at All — Completely Happy). Our working hypothesis for the effectiveness and sensitivity of the eSat item is that it reflects the way we naturally talk to our colleagues, friends, and family about our work experience. People likely substitute 'happiness' for whatever is meaningful to them and determines positive experiences and outcomes at work.

Overall, the evidence reveals that this simple single or two-item engagement measure represents a robust, practical, and accurate way of measuring engagement, while improving the

participant experience and allowing for more frequent measurement over time. While we've continued to research and validate our model, evolve our thinking and explore other measures of employee success and happiness at work, this measure continues to stand the test of time.

Determining the employee experiences that drive engagement

While we recognize that the experiences that drive engagement will look somewhat different from one company to another, our own research tells us that there are six core elements that capture people's needs and expectations for an exceptional employee experience companies should aim to get right. These People Success Elements direct organizations to assess and foster the experiences that matter most to people to build thriving cultures, develop people centric leaders, and engage employees. As we validated these elements in 2021, we have a modern, accurate way to measure people's evolving need for engagement and success in our new world of work.

| Example People Success Core Drivers | People Success Element |
|--|------------------------|
| Company prospects Confidence in leadership Meaningful work | Purpose |
| Continuous improvement Performance feedback Alignment | Clarity |
| Opportunities to learn and grow Job fit | Growth |
| Sense of belonging Value different perspectives Collaboration Recognition | Connection |
| Communication Empowered to make decisions | Empowerment |
| Care and concern Support Work/life integration Action taking | Wellbeing |

The People Success Elements are measured using "core driver" items.

In 2021, to determine this list of People Success "core drivers" items, we ranked items from Viva Glint's larger taxonomy based on their correlation to Viva Glint's engagement index (Pearson $r > = 0.65$ as the minimum threshold for consideration). Other evaluation criteria used to determine this list of core drivers were:

- **Actionability:** easily acted upon at the local team level
- **Customer utilization:** at least 50 customers using the item and expectations for future utility
- **Benchmark scores:** mid-range values to avoid any range restriction
- **Redundancy:** using cross-item correlations, we drop an item if it is redundant ($r > = 0.80$)
- **Outcome variable:** we avoid items used as outcomes for other programs (e.g., Team Satisfaction)
- **Applicability:** broadly applicable as a measure for all job types, levels, company structures and cultures
- **Referents:** identical items with different referents ("My manager", "My team", etc.), gave preference to items that don't assign a referent unless that frame of reference is as important as the experience the item is trying to measure
- **Regression model:** looking for good fit using external panel study data

The importance of taking action

Looking at the data, we can see that we can increase significantly the Viva Glint engagement index over a period of a few months when managers and leaders take action. For example, analysis of Viva Glint global data tracking 24,000 employees across the globe over the course of a year saw an 8-point average increase in engagement for groups who felt action would be taken, compared to groups that did not believe action would be taken (Viva Glint 2019).

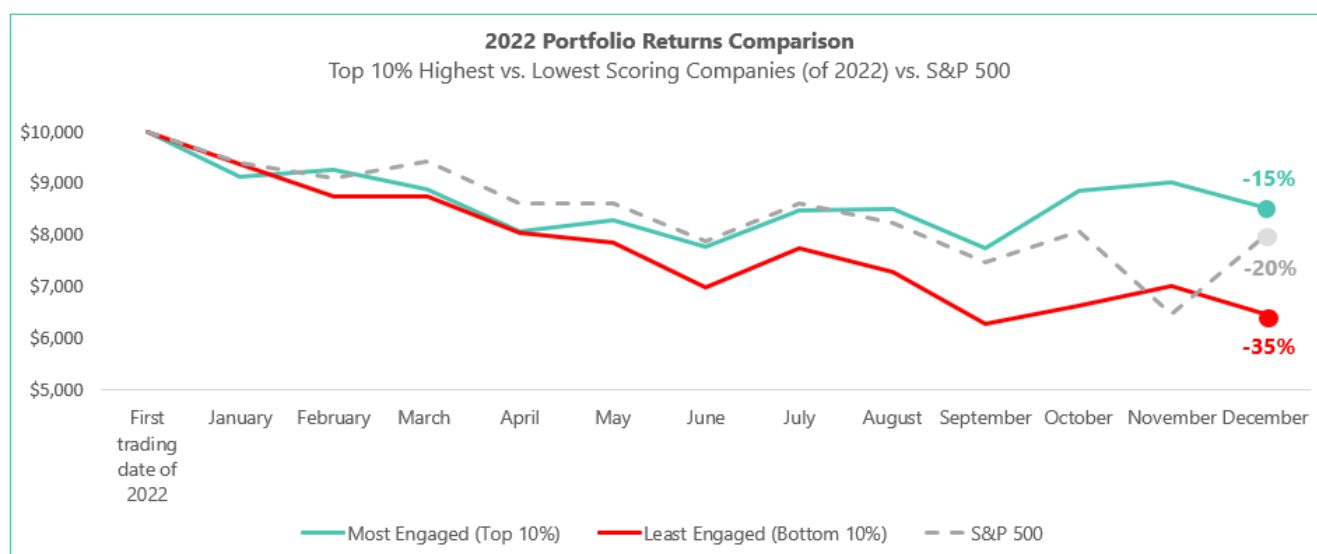
Studies also reveal a strong connection between perceptions of action-taking, confidence in leadership, and engagement. Viva Glint studies show that among companies who improved in action taking, ratings on confidence in leadership saw the greatest jump (an average jump of +8 points), which then had a positive effect on engagement levels (Viva Glint, 2019).

Comparatively, for companies who became less effective in action taking, ratings on confidence in leadership saw the greatest hit (decreasing by an average of 6 points), which then negatively impacted engagement levels. In short, action taking positively impacts confidence in leadership, which then impacts engagement.

Linking engagement with business outcomes

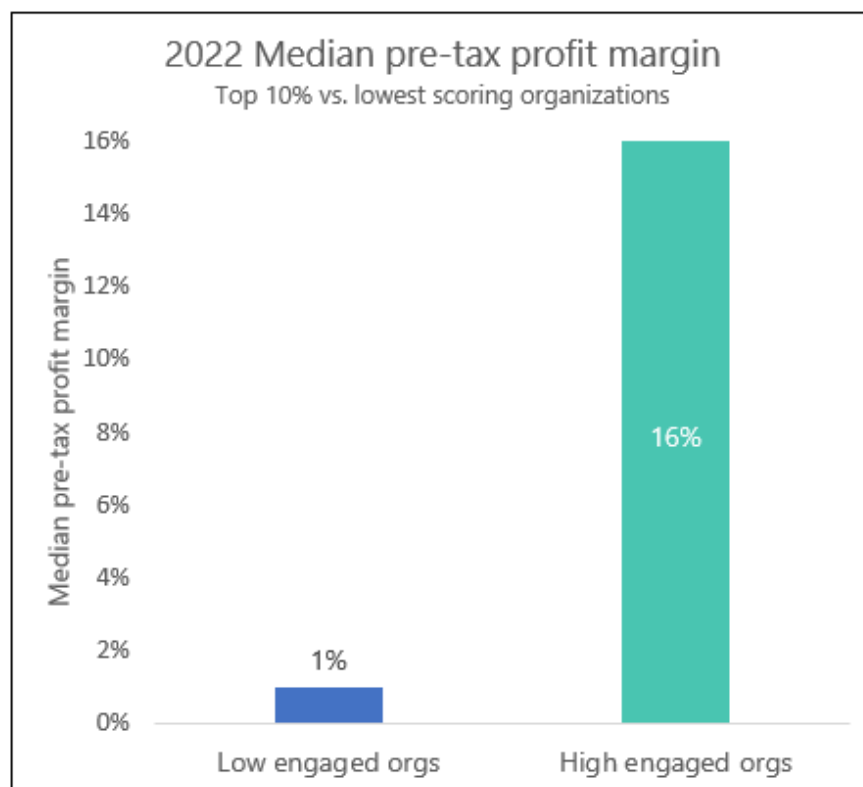
We have conducted numerous studies that show a strong link between employee engagement—as measured by the Viva Glint engagement index - and business outcomes. Some of the most common outcome metrics in these studies have been customer satisfaction, productivity, employee turnover, profit, and business performance.

In 2023, Viva Glint conducted a study of 3,005,848 employees at 226 public organizations listed on U.S. financial exchanges to examine the relationship between engagement and financial outcomes. In the challenging economic year of 2022, highly engaged companies experienced less than half of the stock price decline compared to that of the least engaged companies.



\$10,000 invested on 2022's first day of trading would have yielded significantly different outcomes across high and low engaged organizations.

Highly engaged organizations showed significantly better operational efficiency, with a median pre-tax profit margin 15x higher (16%) than low engaged companies (1%).



At highly engaged organizations, 70% of employees also report their company continually improves the way it does things, compared with just 45% of organizations with the lowest engagement.



Besides these cross-client studies, we typically conduct many client-specific linkages showing predictive connections between the Viva Glint Engagement Index and several business outcomes. Viva Glint's internal studies have also shown the link between engagement and business results.

For example:

- **Engagement and attrition:** In a year-long study including 75 companies across 15 industries, and involving over 500,000 employees, we found that people who scored unfavorably on eSat (happiness at work) were five times more likely to quit in the subsequent 6 months, and 12 times more likely to quit in the subsequent 12 months of the survey than those who scored neutral or favorably. This large-scale study shows that eSat and the Viva Glint engagement index are not only highly predictive of future outcomes, they can be leading indicators 12 months in advance.
- **Engagement and employee safety:** Employees at a large transportation company who responded favorably (to eSat) were 50% less likely to be injured than those who responded unfavorably.

The Viva Glint engagement index summary

Based on a combination of theory and large amounts of data collected over five years, we have developed, validated, and refined two simple, practical measures of engagement. These metrics show how successful both employees and companies can be, and managers at all levels can use the employee experiences that influence them to improve their ratings significantly. The outcome is a survey experience that is both adjustable and efficient, which can be applied at regular intervals to monitor and advance engagement.



How Viva Glint maintains a robust engagement model and item bank

Viva Glint uses an annual review process to ensure we have a strong offering of survey items. We employ several methods for identifying and validating our items. Across our 1,200+ customers to date, we track the utilization over time of thousands of items, looking for patterns in the frequency of use and strength of correlations to see where new facets might be emerging. We also track customer requests for deep dives into particular focus areas (e.g., Wellbeing and Diversity & Inclusion). In parallel, we conduct external research, such as the People Success elements work, to identify emerging themes in employee work experience that may become topics of interest to our customers.

This results in a list of potential themes and items that we evaluate for inclusion in our item bank. Once included, we slate each new item for benchmarking during our quarterly benchmark-generation process.

We revalidate our standard engagement program item set using data across customers to ensure strong loading with our overall engagement model and high correlation with both engagement outcomes and business outcomes.

How we help you design the right survey program

Viva Glint's thorough discovery process ensures each survey program provides the information the business needs about people success.

The discovery process involves a detailed discussion of the customer's business, culture, leadership, and talent priorities, their strategy and goals for employee survey measurement, and the specific employee experiences on which the customer wishes to get feedback. For each, Viva Glint encourages our customers to choose single-item measures from our item bank of over 350 items (with hundreds of alternate and related items to choose from).

Typically, customers select first from our People Success core driver items, then seek additional items from the broader Viva Glint item taxonomy to round out the themes they wish to measure. We also help customers design custom-worded items as needed.

Our survey design process then guides customers towards a more agile survey approach by incorporating shorter, more frequent surveys; and a planned rotation of survey items that provide the right feedback at the right time to inform key talent practices and business decisions.

Learn more at: <https://aka.ms/VivaGlint>





@2023 Microsoft Corporation. All rights reserved. This document is provided "as is." Information and views expressed in this document, including URL and other Internet website references, may change without notice. You bear the risk of using it. This document does not provide you with any legal rights to any intellectual property in any Microsoft product. You may copy and use this document for your internal, referenced purposes.