

MAKING SENSE OF EMPLOYEE SATISFACTION MEASUREMENT

BACKGROUND AND MOTIVATION



Employee satisfaction both demonstrates and drives organizational success. With increasing recognition of firms' 'social bottom line', practices and technologies of measuring employee satisfaction are part of taken-for-granted everyday life in organizations of all types and sizes. However, there has been little attempt to study how employees and management perceive, interpret, and act upon this non-financial information in an organizational context. This study shows how different groups of actors understand and use the employee satisfaction measurement system, depending on their positions in the company and their situations. The research follows the case of two merging companies (Alpha and Beta), with different organizational cultures and practices, which formed a camping store: NewCo (fictitious name). By looking at how employees from both companies and management engage with a newly imposed tool for measurement of employee satisfaction in the post-merger integration (PMI), the researchers asked the question, how do organizational actors make sense of employee satisfaction measurement?

RESEARCH METHOD AND CASE BACKGROUND

The case study focuses on the application of an employee satisfaction measurement system during the PMI stage of a merger between Alpha and Beta; two equally sized firms. Alpha was acquired by a private equity firm and over time transformed from a stable family business to a fast-growing camping chain. Alpha started to pursue an active Mergers & Acquisitions (M&A) strategy with multiple smaller acquisitions leading up to the acquisition of Beta. A new management team with experience from other industries was put in place to manage the merger and to run NewCo. The data collection took place between January and March 2020. It was a combination of interviews, data collected through the employee satisfaction measurement system and documents used as a secondary source.



Sensemaking refers to how individuals attach meaning to unexpected and unfamiliar events, situations, actions, or objects. This process influences how actors interpret new and uncertain events and situations they find themselves in by noticing and combining new bits of information or cues. The study is particularly attentive to how actors' socialization backgrounds – or, 'frames of reference' – can shape their sensemaking processes. The organizational role of an employee satisfaction measurement system is not pre-determined by its intended purpose or inscribed structural features. Instead, the system's perceived use and motives are subject to employees' and managers' sensemaking. Too often employee satisfaction tools are thought to be valued in the same way by all who interact with and use it. However, due to inconsistencies in employees' or managers' frames of reference, groups of organizational members may develop misaligned expectations and contradictory actions towards such systems. How Alpha and Beta made sense of the use of the new system can be traced back to differences in the characteristics of their pre-merger ways of working.

“*We have two cultures from two different camping chains [i.e. Alpha and Beta], but then we also have a completely new management team. The CEO, the COO and the CCO all come from different industries [...] So it is not only a merger, it is also that a completely new common culture should be created and that takes time.*
(Local Manager B, Beta)

Some of these differences are rooted in the differing governance styles, with a “top-down governed Beta” in contrast to an “Alpha family”. Being accustomed to open dialogue, Alpha employees strongly expressed the need for more inclusive discussion about the results. In contrast, Beta employees had lower expectations on management's use of the tool and were, in fact, quite doubtful that the results were actually used at all.

“*From Beta's side, it is much easier because we continue with the same name and same colors. They [management] seem to copy much from our ways of working. I think it is more challenging for Alpha because they encounter larger changes.*
(Local Manager B, Beta)

While Beta employees felt recognized by management, Alpha employees lamented a lack of appreciation. The structural and cultural changes made employees from Alpha feel like they were the ones being acquired instead of the other way around. When it came to expressing these concerns using the satisfaction measurement tool, actors within NewCo made sense of the new system, its motive and use, in different ways.



Management deployed the system as a **tracking tool** to passively measure the progress of employees in the PMI process. Employees from Alpha, in contrast, actively approached it as an **empowerment tool** that should strengthen their voice in the PMI process. Employees from Beta attributed less value to the empowerment aspect and had a rather neutral and pragmatic view of the system. They simply saw it as a formal **survey tool** aimed at gathering information about employees rather than a system that could lead to changes. As such, Beta remained skeptical about whether the information produced by the system was actually taken into account by the management. These varied expectations, especially when unrecognized, can elicit potentially detrimental consequences such as misinterpretation of satisfaction measures or dissatisfaction, demotivation and resistance among employees.

IMPLICATIONS FOR PRACTICE AND FUTURE RESEARCH



One of the biggest takeaways from the study is that the use of employee satisfaction measures to manage employee alignment and morale does not always support the employee perspective and is therefore not as straightforward as previously suggested. Employee satisfaction measures do not merely represent employee wellbeing in a passive or neutral way. Rather, their implementation can elicit certain expectations and hopes for empowerment and/or enhanced contentment, which if left disregarded by management may cause frustration. Scholars and managers need to carefully consider that the ways actors make sense of and use an employee satisfaction measurement system are shaped by actors' social backgrounds and experiences and their respective expectations.

The study highlights the following considerations for organizations following a disruptive organizational change:

- a) Establish awareness for organizational sub-cultures among management and work towards establishing a common culture in the organization.
- b) Clearly communicate the motives of employee satisfaction practices.
- c) Recognize how former ways of working, and existing experiences of disruptive processes shape expectations.
- d) Consider employee satisfaction measures to engage in 'dialogue', rather than as a passive indicator of performance.

ACADEMIC REFERENCE

Goretzki, L., Reuter, M., Sandberg, J., & Thulin, G. (2022). Making sense of employee satisfaction measurement—A technological frames of reference perspective. *The British Accounting Review*, 54 (1),101032.