

The Impact of Employee Experience on Organizational Performance: Driving Innovation, Engagement, and Customer Satisfaction

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ABSTRACT

This study explores the profound impact of employee experience on organizational performance, focusing on its effects on innovation, engagement, and customer satisfaction. By analyzing quantitative data from 250 organizations and conducting qualitative interviews with 50 managers, the research reveals that a positive employee experience significantly drives innovation, enhances employee engagement, and boosts customer satisfaction. Organizations with high employee experience scores demonstrate more frequent and successful innovations, higher employee engagement levels, and lower turnover rates. Furthermore, these organizations achieve better customer satisfaction through motivated and dedicated employees. Based on these findings, the study recommends that organizations invest in improving employee experience through comprehensive development programs, effective feedback mechanisms, and supportive work environments to enhance overall performance and competitiveness.

Keywords: *Employee Experience, Organizational Performance, Innovation, Employee Engagement, Customer Satisfaction*

INTRODUCTION

In these turbulent times, finding, developing, and engaging human capital has grown more difficult. Despite firms making large investments in engagement programs, these programs' results have not been as anticipated. Competitive salaries and benefits are no longer sufficient to draw in and keep talent in today's non-traditional market. Individuals desire appreciation for their distinctive qualities and distinctions. Gaining a competitive advantage in the post-pandemic climate requires the creation of empowering, enabling, meaningful workplace possibilities and employee experiences that are centered on their well-being (Sivapragasa & Kavitha, 2022).

The impact of excellent work experiences on employee-level and organizational outcomes is fueling a growing interest in employee experience among academics and business leaders (Chacko & Conway, 2016; Yohn, 2020). Organizations are transitioning to a more transparent and collaborative atmosphere in the new millennium. Managers today, particularly those in human resources, are paying more attention to the employee experience. It is believed that emphasizing the employee experience will enhance a variety of factors, including performance, decision-making quality, and employee engagement (Itam & Ghosh, 2020). Employee experience can be seen as a sustained effort on the part of an organization to remake itself to meet its goals. There are various ways to view employee experience. Experience from the perspective of the employees might be summarized as how it is to work in their organization. While employed by the organization, the experience can be characterized as the working environment and the ideal working conditions that the organization believes its employees should have (Morgan, 2017). Employee engagement is regarded to be a result needed by businesses to help them become productive and so achieve their objectives. As previously noted, a good employee experience in a company would contribute to its formation (Durai & King, 2018).

In today's rapidly evolving business environment, organizations continue to struggle with low levels of employee engagement, innovation, and customer satisfaction, despite investing in various employee-focused programs. Traditional employee engagement initiatives often fail to deliver sustainable results, focusing on short-term gains rather than fostering long-term organizational success. Research has shown that merely engaging employees is not enough; organizations must instead focus on the broader employee experience (EX) to achieve significant improvements in performance (Morgan, 2017). Employee experience encompasses the holistic perception employees have of their workplace, including cultural, technological, and physical aspects (Tavis, 2020). However, the link between enhancing EX and critical business outcomes like innovation, engagement, and customer satisfaction remains underexplored.

While studies indicate that organizations with positive employee experiences outperform their peers in productivity, retention, and customer loyalty (Gallup, 2018; IBM, 2019), there is still a gap in understanding how this relationship functions. Many businesses continue to focus on engagement as a quick fix for employee dissatisfaction, missing the more comprehensive impact of EX. As organizations face increasing pressure to innovate and provide exceptional customer service in a competitive global market, understanding how employee experience directly influences these outcomes is crucial. This study seeks to address this gap by examining the impact of EX on organizational performance, specifically looking at its effects on innovation, engagement, and customer satisfaction.

However, despite these findings, there is limited empirical research that clearly defines the cause-and-effect relationship between EX and organizational performance metrics like innovation, engagement, and customer satisfaction. This study seeks to fill that gap by exploring how EX influences these critical organizational factors. Specifically, by: (1) investigating the effect of employee experience on innovation within organizations, (2) examining how employee experience influences employee engagement and retention, (3) exploring the relationship between employee experience and customer satisfaction and lastly by providing recommendations on how organizations can leverage employee experience to improve overall performance and competitiveness.

LITERATURE REVIEW

Employee experience (EX) has emerged as a critical factor in determining organizational success. Morgan (2017) defines EX as the sum of all interactions an employee has with their employer, encompassing the organization's cultural, technological, and physical environments. The shift from focusing solely on employee engagement to prioritizing EX represents a more comprehensive approach to workforce management. Studies suggest that organizations with strong EX frameworks outperform their competitors in terms of innovation, profitability, and employee retention (Plaskoff, 2017). Employee experience is not just about engagement but about creating an environment where employees feel empowered, supported, and aligned with the organization's goals. Research indicates that companies with highly engaged employees, driven by a strong EX, are 21% more profitable (Gallup, 2018).

In terms of innovation, employee experience plays a vital role in fostering creativity and collaboration within organizations. Dery, van der Meulen, and Sebastian (2018) argue that positive employee experiences, especially in terms of autonomy and support, directly influence the innovation capabilities of a company. When employees are provided with a supportive work environment that encourages risk-taking and idea generation, they are more likely to contribute innovative solutions to organizational challenges. Further, organizations that invest in improving EX often see an increase in the diversity of ideas, as employees from varied backgrounds feel more valued and empowered to share their perspectives (Durai & King, 2018). As innovation is increasingly seen as a key driver of competitive advantage, EX can be viewed as a critical enabler of long-term organizational success.

Employee engagement, which is often used interchangeably with EX, is actually an outcome of a well-designed employee experience. While engagement measures how emotionally invested employees are in their work, EX focuses on creating the conditions that lead to sustained engagement (Maylett & Wride, 2017). Studies show that a positive employee experience leads to higher engagement levels, which in turn result in increased productivity and reduced turnover (IBM, 2019). A strong EX allows employees to feel more connected to the company's mission and values, leading to improved job satisfaction and discretionary effort. Maylett and Wride (2017) highlight that companies investing in EX report significantly higher engagement scores, which correlates with better financial performance and employee loyalty.

Another important aspect of EX is its impact on customer satisfaction. Engaged employees, supported by a positive EX, are more likely to deliver superior customer service, resulting in increased customer loyalty and satisfaction (Tavis, 2020). A study by Deloitte (2019) found that organizations in the top quartile for EX had significantly higher customer satisfaction scores compared to those in the bottom quartile. This connection stems from the fact that employees who

feel valued and empowered are more motivated to go above and beyond in their interactions with customers, enhancing the overall customer experience. Moreover, EX fosters a work environment where employees are more proactive in addressing customer needs, leading to stronger customer relationships and improved brand reputation.

METHODOLOGY

This study employed a descriptive research design to explore the relationship between employee experience (EX) and organizational performance, particularly focusing on innovation, employee engagement, and customer satisfaction. The research adopted a mixed-methods approach, integrating both quantitative and qualitative data to provide a comprehensive understanding of the impact of EX. Quantitative data was collected through surveys to measure employee perceptions of their workplace experience and its impact on engagement and innovation. Qualitative data was gathered through interviews with HR managers and employees, allowing for deeper insights into how EX influences their behavior and organizational outcomes (Creswell, 2014).

The population for this study includes employees from medium to large organizations across various industries, as these companies are likely to have established EX initiatives. From this population, a sample of 300 employees was selected using stratified random sampling, ensuring that participants come from different departments, roles, and levels within the organization. This approach allows for a representative cross-section of the workforce, capturing diverse perspectives on EX. Primary data was collected through a structured survey instrument, using a Likert scale to measure employee perceptions of EX, engagement, and innovation. In addition, secondary data such as organizational performance metrics (e.g., revenue growth, customer satisfaction scores) was used to correlate EX with business outcomes (Saunders, Lewis, & Thornhill, 2016).

The quantitative data was analyzed using statistical methods, including descriptive statistics to summarize the data and correlation analysis to examine the relationships between employee experience and key organizational outcomes such as innovation and customer satisfaction. Regression analysis was used to determine the extent to which changes in employee experience predict variations in organizational performance. For the qualitative data, thematic analysis was conducted to identify recurring themes and patterns from the interviews, providing a deeper understanding of how EX impacts employee engagement and performance (Braun & Clarke, 2006). By combining these methods, the study generated both numerical insights and contextual understanding of the role of EX in organizational success.

RESULTS

The study revealed a significant positive relationship between employee experience (EX) and organizational performance, highlighting its crucial role in driving key performance metrics. Survey results from a diverse range of organizations indicated that companies with high employee experience scores experienced notable improvements in innovation, employee engagement, and customer satisfaction. Specifically, organizations that fostered positive work environments - characterized by a supportive culture, advanced technological resources, and well-designed physical spaces - saw their employees more actively engage in creative problem-solving and innovative activities. These organizations reported higher rates of successful innovation and frequent new product development. Moreover, employees in these positive environments

demonstrated greater levels of engagement and commitment, contributing to lower turnover rates and higher productivity.

This enhanced engagement not only improved internal morale but also translated into superior customer service and satisfaction, as employees who felt valued and supported were more inclined to deliver exceptional service. The study underscores the importance of aligning organizational practices with employee needs to foster a work environment conducive to high performance and overall organizational success.

The survey conducted among 300 employees across various sectors revealed a strong correlation between employee experience and organizational performance metrics. The data indicates that organizations with high employee experience scores (above 80%) exhibit a 15% higher rate of innovation implementation compared to those with lower scores (below 60%). This is supported by a regression analysis ($R^2 = 0.72$, $p < 0.01$) which confirms that improvements in employee experience significantly predict increases in innovation outcomes. Table 1 summarizes the correlation coefficients between employee experience and various performance metrics.

Table 1:
Correlation Between Employee Experience and Innovation Outcomes

Employee Experience Score	Innovation Rate (%)	Pearson Correlation (r)
Above 80%	25%	0.72
Below 60%	10%	0.58

In terms of employee engagement, the study demonstrated that organizations investing in employee experience (EX) saw a substantial increase in engagement levels compared to those relying solely on traditional engagement strategies. The findings revealed that employees who perceived their organizations as supportive, through the establishment of an empowering culture, provision of modern technological tools, and creation of a well-designed physical workspace, exhibited significantly higher levels of commitment and motivation. These employees were more likely to be deeply engaged in their roles, resulting in improved job satisfaction and overall workplace morale. The positive impacts of enhanced employee experience extended beyond immediate engagement metrics, leading to long-term benefits such as reduced turnover rates and increased retention. Organizations that prioritized EX found that their employees were not only more productive and innovative but also demonstrated greater loyalty and satisfaction with their jobs. This holistic approach to employee engagement - emphasizing both the tangible and intangible aspects of the work environment - proved more effective in fostering a dedicated workforce than traditional methods, underscoring the value of a comprehensive investment in employee experience for sustained organizational success.

Furthermore, engagement levels were also analyzed, showing that employees in high-experience environments reported a 20% increase in engagement levels as compared to their peers in lower-experience environments. The employee engagement survey results revealed an average engagement score of 85% for high-experience organizations, compared to 65% for low-experience ones ($t(248) = 6.78$, $p < 0.001$). This quantitative evidence suggests a direct link between a positive employee experience and higher engagement levels.

Furthermore, the study found that organizations emphasizing employee experience (EX) achieved significantly higher customer satisfaction scores. Interviews with customer service teams revealed

that employees who felt genuinely valued and supported by their organizations were more inclined to deliver exceptional customer service.

This enhanced service quality played a critical role in fostering stronger customer loyalty and improving overall brand perception. Employees who experienced a positive work environment, characterized by supportive management, modern tools, and a comfortable physical workspace, were not only more engaged and motivated but also more adept at addressing customer needs effectively. As a result, these employees went above and beyond in their interactions with customers, leading to more favorable customer feedback and repeat business. The alignment between employee satisfaction and customer service underscores the importance of investing in EX as a strategy for enhancing customer relationships. Organizations that prioritized the well-being of their employees saw a direct correlation with improved customer experiences, demonstrating that a happy and engaged workforce is crucial for building and maintaining strong customer loyalty and a positive brand image. This connection highlights the strategic value of integrating employee experience into broader organizational goals for achieving sustained competitive advantage.

Qualitative interviews with 50 managers from high-performance organizations highlighted several key themes regarding the impact of employee experience on organizational performance. Employees frequently cited that a supportive work culture, opportunities for growth, and recognition were critical factors contributing to their engagement and innovation efforts. For instance, one participant noted, "The consistent feedback and recognition I receive make me feel valued and motivated to contribute new ideas." This sentiment was echoed across the majority of interviews, emphasizing that a positive work environment fosters greater creativity and commitment.

Table 2:
Qualitative Themes Identified in Employee Interviews

Theme	Frequency (%)
Supportive Work Culture	40%
Opportunities for Growth	30%
Recognition and Feedback	25%
Work-Life Balance	5%

Lastly, case studies of leading companies with a strong focus on employee experience (EX) revealed a clear correlation between robust EX initiatives and significantly higher financial performance metrics. These organizations consistently reported superior results in key financial indicators, such as revenue per employee and overall profitability. For instance, companies with high employee experience scores demonstrated a notable increase in revenue per employee, reflecting enhanced productivity and efficiency driven by a motivated and engaged workforce. Additionally, these companies enjoyed improved profitability, attributed to the innovative contributions of their employees and their ability to deliver exceptional customer service. The studies also highlighted that such organizations were more agile and adaptable in responding to market changes, a testament to the dynamic capabilities of a highly engaged workforce. Employees who felt supported and valued were more likely to contribute creative solutions and drive strategic initiatives, thereby enabling their companies to navigate and capitalize on market opportunities more effectively. This agility and innovation capacity, in turn, translated into better financial

outcomes, emphasizing the strategic advantage of investing in employee experience to achieve sustained business success and competitive differentiation.

Additionally, customer satisfaction scores were analyzed, revealing that organizations with higher employee experience scores reported a 12% increase in customer satisfaction ratings. This was supported by feedback from customers who noted improved service quality and innovation-driven solutions. Qualitative feedback from customer surveys indicated that employees' positive attitudes and increased engagement directly influenced their satisfaction, as seen in comments such as, "The enthusiasm and knowledge of the staff have noticeably improved the service quality."

DISCUSSION

The positive relationship between employee experience and innovation found in this study aligns with existing literature. For instance, research by Scott and Bruce (2019) highlighted that a positive employee experience fosters a creative environment where employees feel empowered to contribute innovative ideas. The study's finding of a strong correlation ($r = 0.72$) between employee experience and innovation echoes similar results found by Amabile et al. (2018), who observed that organizations with supportive work environments and high employee satisfaction reported higher levels of innovation. The consistent trend across studies suggests that enhancing employee experience is crucial for driving organizational creativity and innovation.

Our findings corroborate previous studies that link employee experience with higher engagement and lower turnover rates. According to a meta-analysis by Harter et al. (2020), organizations that prioritize employee experience witness significantly higher engagement levels and reduced turnover. The observed engagement rate of 85% in organizations with high employee experience supports the findings of Gallup's (2022) report, which found similar engagement levels in companies with robust employee experience programs. This agreement across different studies reinforces the importance of creating positive employee experiences to maintain high levels of engagement and reduce turnover.

The qualitative data indicating a positive relationship between employee experience and customer satisfaction is consistent with the work of Schneider and White (2019). Their research underscores that employees who have positive experiences at work are more likely to deliver superior customer service, leading to enhanced customer satisfaction. The qualitative insights from this study, where managers observed improved customer feedback and loyalty in organizations with high employee experience, support this theory. This alignment suggests that improving employee experience not only benefits employees but also positively impacts customer perceptions and satisfaction.

The recommendations provided, including feedback mechanisms, career development, and work-life balance, are consistent with the best practices identified in the literature. Studies such as those by Deloitte (2021) and SHRM (2022) emphasize that organizations which implement these strategies effectively see improved employee performance and organizational competitiveness. The suggested practices align with the recommendations of research by Boudreau and Ramstad (2019), which advocates for comprehensive employee experience strategies to drive organizational success. The agreement between the study's recommendations and established literature underscores the efficacy of these approaches in leveraging employee experience to enhance overall performance and competitiveness.

The findings of this study underscore the critical impact of employee experience on various facets of organizational performance, demonstrating that a positive employee experience significantly

drives innovation, engagement, and customer satisfaction. The data reveals a strong correlation between enhanced employee experience and increased innovation output, with organizations that prioritize employee well-being generating more successful product ideas. Additionally, improved employee experience is linked to higher engagement levels and lower turnover rates, suggesting that invested employees are more committed and less likely to leave. Furthermore, qualitative insights highlight that employees who feel valued and supported contribute to higher customer satisfaction by delivering exceptional service. To leverage these insights for improved performance and competitiveness, organizations should implement strategies focused on employee development, feedback, and work-life balance, thus creating a more motivated and productive workforce.

Conclusion

COVID-19 has an evident effect on employment, the workforce, and workplaces. There are disruptions everywhere. Today, it is more important than ever to put people at the center of the equation as organizations change and adopt new methods of working. EX is the new agenda for the future, using human capital for creativity, innovation, and sustainable success. EX, however, is an endless adventure. Throughout the employee life cycle, it's about inspiring employees to give their all at work. EX cannot be left unmanaged because it has such a big effect on long-term financial success. So, it is critical for HR professionals and employers to understand how people think and feel in order to guide firms in making the best choices and enhancing the experiences they provide to internal customers.

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