

IMPACT OF EMPLOYEE EXPERIENCE ON EMPLOYEE PERFORMANCE – A COMPETITIVE ADVANTAGE

Srividya Prathiba C. S.

*Associate Professor & Head, Department of Accounting & Finance, Chennai, Tamil Nadu, India.
Email: manjitha2006@gmail.com; pravid1284@yahoo.com*

Abstract: *One of the biggest challenges that organisations are currently facing is getting the team to twig on and perform to its fullest potential. Ransom packages and perquisites attract people into the organisation, but getting them glued down to the organisation is not easy. Today, as technological innovations are at their peak with artificial intelligence and machine learning, the boundaries between technology and humans are shrinking. The journey which an employee takes with an organisation maps his experience within the organisation. It is a sum of all associations an employee has with his colleagues, the technology with which he works and the work environment right from the time an individual is recruited, developed, engaged and departs from the organisation. The study was conducted among managers and senior managers working with private sector banks in Chennai, on the factors that affect employee experience and its effect on the self-perceived enhanced performance of the managers. A conceptual framework has been designed, tested and a structural equation model has been developed. The upshot of the analysis revealed that positive employee experience has a positive impact on enriched employee outcomes. The study focuses on identifying what are the factors that drive employee experience and its outcome. The findings indicated that positive employee experience is associated with improved employee outcomes such as better job performance, willingness to contribute beyond expectations or without limitations and higher retention.*

Keywords: *Employee Engagement, Empowerment, Positive Employee Experience, Employee Performance, Discretionary Effort, Retention*

JEL Classification: *M1, M10 and M12*

INTRODUCTION

Ideal work experience for employees is an outcome of an employer brand which is created by the organisation's culture. Banks today have revamped their focus on providing a quality online customer experience. They tend to offer the best to their customers irrespective of the type of customers they have. Banks have realized that good customer experience will be the outcome of a good employee experience. Employee experience can be summarized as what people encounter and observe over the course of their tenure at an organisation. Enhancement in employee experience is said to improvise individual, team and banks performances. There has been a lot of controversies stating that employee engagement and employee experiences are one and the same. Factually, there is a thin line of difference between the two. Ryan (2019) articulates that employee engagement refers to the basic needs that are to be met for development or growth opportunities,

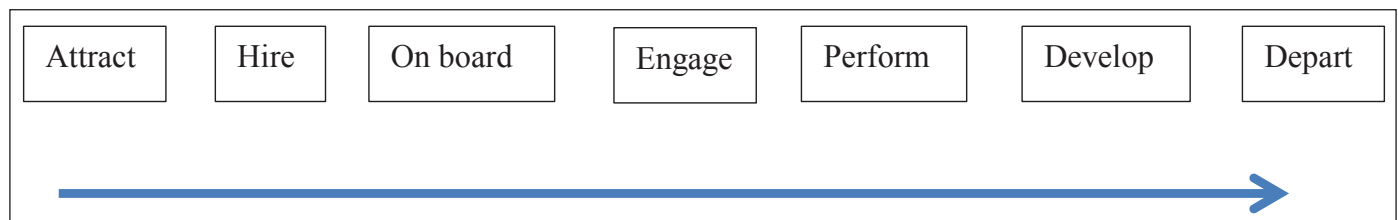
to ensure employees contribute productively. It is said to be a top-down approach as employees are forced to choose from what the employers had to offer. Schwartz (2015) enunciates that today, employees are given equal importance as that of a customer or even more, as a customer could choose to leave when they felt so whereas, the organisation cannot afford to lose a productive employee. Jeanne Meister states that employee experience talks about the holistic experience that an employee gets at his workplace and this stems from successful leadership Luthans (2000). Employees' thoughts, beliefs, perceptions and feelings sum up to create an employee experience. Employee outcomes can be classified into attitudinal outcomes such as commitment, job satisfaction and intention to leave and behavioral outcomes such as effort, motivation, cooperation and organisational citizenship. Thus, this study aims at identifying the factors that contribute to positive employee experiences and their effect on employee performance outcomes.

LITERATURE SURVEY

With the growth of online recruitment portals, today prospective employees take a glimpse at the employee experience (EX) of the organisations they are considering worth applying just as that of a customer who can exercise the option of choosing from a plethora of brands. Thus, offering a superior EX gives employers a competitive advantage in attracting the best talent and then focuses on engaging and giving them an affirmative experience to ensure they stay with them states Erica Volini.

First, employee experience is viewed as an employee's perception about their workplace or organisation. This perception is based on his experience from various interactions that an individual gets from his work environment.

Second, Gallup's analysis shows that employee engagement is vital and at the center because engaged employees are enthusiastic and they tend to innovate and excel in all that they do.



Source: Gallup.

Fig. 1: Employee Experience – The Journey with Your Organisation

Third, a report by Deloitte (2016) states that employer-employee relationships are disturbed as employees tend to switch jobs often; hence, it is inevitable that employers must develop, provide growth opportunities and promote employees regularly. To do these, organisations should adopt EX as a strategic priority. Gartner (2020) report states that employee experience will be in the limelight after customer experience as EX is a sum of all experiences that an individual has as potential recruit till his exit.

Fourth, Amanda Ponzar (2018) articulates that employees' personal perception of an organisation is a total of all interactions with the organisation. It is just not about providing additional perks or feel-good initiatives but factors which go beyond leadership, work environment and employer branding.

Organisations need to put their employees in the first place because a positive EX will automatically result in a positive CX and positive EX and CX will result in increased ROI.

Fifth, Simon Sinek (2009) states that a customer will never love a company until its employees love it first thus it is important that EX is the base for a strong CX.

Sixth, IBM (2014) report declares that employee experience is the overall experience that envelopes what an employee has encountered, felt or observed over the entire course of his journey in an organisation.

Last, Kamal Karanth, co-founder, Xpheno 2019 emphasizes that there is a growing need that HR managers need to treat their employees as customers. Till yesterday years banks have been focusing on engaging and empowering and retaining their employees. It is high time that banks need to revamp their practices and take a holistic approach towards factors that contributes to employee satisfaction, engagement, growth and overall well-being of their employees. Chennai being the hub of business activities with many zonal and regional banks was chosen for the study.

Thus, this study aims at identifying the factors that contribute to positive employee experiences in private-sector banks. Moreover, the study also aims at understanding the impact of positive employee experience on higher retention and self-perceived performance of employees.

NEED FOR THE STUDY

Gone are the days when HR addressed training needs analysis and compensation issues. Today we are looking at employee experience. Tech savvy and dynamic workforce has created the need for banks to challenge long-standing norms and workplace practices in order to create an appealing employee experience; hence, it is inevitable that banks need to understand the factors that contribute to create positive employee experience.

RESEARCH GAPS

There has been extensive research on employee experience and engagement these have been studied on several dimensions still there are gaps as not many studies have been conducted in private sector banks as to positive employee experiences and their influence on enhanced employee outcomes.

Thus the research questions are as follows:

What are the factors that contribute to positive employee experience in private-sector banks?

Do positive employee experiences affect employee performances in private-sector banks?

OBJECTIVES OF THE STUDY

- To identify the factors of employee experience.
- To develop an adept scale for positive employee experience and employee outcomes and to evaluate the strength and dependability for each of these constructs.
- To evaluate the validity and reliability for each of the constructs.
- To evaluate the impact of positive employee experience on employee outcomes.
- To test the theoretical framework.

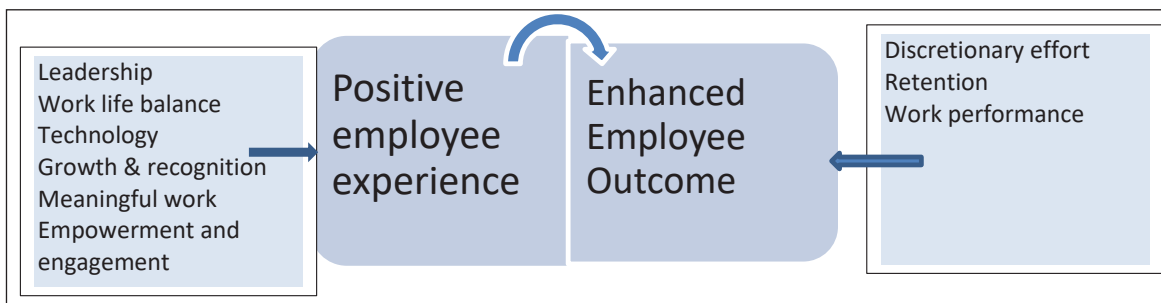


Fig. 2: Conceptual Model and Hypotheses Development

The model was developed based on the review of literature in which two main constructs and its components as integrated in Fig. 1 above. The path between the constructs and the components represents the hypothetical relationship to be verified using the structural equation model.

RESEARCH METHODOLOGY

The methodology opted for the survey consists of the following: Primary data was collected specifically for the purpose of the research needs at hand through a structured questionnaire and secondary data has also been used to substantiate primary data.

Research Design

The researcher used qualitative and quantitative research methods to describe, examine, and statistically analyze the primary data gathered from the survey process. A structural equation model has been designed to explore the relationship between the components of positive employee experience and employee outcome.

Respondent's Details

The data is collected from 200 managers and senior managers who

- Were working for private sector banks operating in Chennai.
- Were positioned at managerial cadre in different functional areas.
- Each of these managers was assessed using the questionnaire and personal interview.

Limitations of the Study

The study is limited to the candid responses collected from 200 respondents from January 2022 to March 2022 in Chennai.

Research Instrument

The questionnaire consists of two sections. Section one deals with 20 statements which elicit information regarding em-

employee experience. The study adopted the employee experience scale propounded by Jacob Morgan (2017). The questionnaire was slightly modified to suit the research needs for application in the banking sector with few more add-on variables. This section lays emphasis on technology advancement for enhancing the employee experience, organization culture, workspace, engagement, technology adopted, career advancement opportunities and work–life balance. The second section comprises of self-rated performance of the employees. For assessing performance, a five-item scale from Janssen and Van Yperen (2004) was used to assess individual performance. The same was modified slightly to reflect the self-rating process. The response scale was also changed to a five-point scale. The questions are rationally designed and framed using simple language and unprejudiced words. The study aims at measuring the effect of employee experience on self-rated performance of senior managers in private-sector banks.

Pilot Study

An initial exploration is conducted to check the reliability of the statements on Likert's five-point scale. The reliability is measured through Cronbach's Alpha method to verify the concurrent variance for all the items regarding employee experience and self-rated performance. The scores of Cronbach Alpha revealed are 8.39 and 8.41, this shows that the primary data domain is highly conducive to con-

duct the research with high variances of 83.9% and 84.1%, respectively for the two predominant factors. These values are above the benchmark values of .80; therefore it can be concluded that the statements are very clear for the respondents to express their acumen. SEM is used to reconnoiter the relationship between the components of positive employee experience and enhanced employee outcome. Exploratory factor analysis is used to identify the various factors of positive employee experience and enhanced outcome. CFA was applied to examine the discrimination of the measured constructs of this study. CFA was carried out through AMOS the initial model with 30 items resulted in a poor fit. Removal of three items from the list resulted in an improved fit. In SEM, two constructs and nine factors are used for the final model.

ANALYSIS AND RESULTS

Before testing the hypotheses, exploratory factor analysis was conducted to identify the number of factors, and CFA is used to validate the emergent factor. Twenty variables pertaining to positive employee experience are reduced into six major factors through exploratory factor analysis; the KMO test revealed the sampling adequacy value as .821 for positive employee experience and .814 for enhanced employee outcome. Exploratory factor analysis on the 20 factors pertaining to positive employee experience was condensed to six major factors given namely, leadership, meaningful work, growth and recognition, empowerment, work–life balance and technology are presented in Table 1.

Table 1: Factor Analysis – Positive Employee Experience

Sr. No.	Variable	Shown as in Fig. 3	Factor Loading	Name Given to the Factor
F1	Senior leaders give employees clarity of the direction	L1	.924	Leadership
	There is adequate support from seniors	L2	.907	
	There is ample help from seniors in taking rational decisions	L3	.901	
F2	My work contributes to my personal growth	MW1	.896	Meaningful work
	My work creates a positive vibe	MW2	.854	
	My work gives me a feel of satisfaction and happiness	MW3	.656	
F3	I can take the necessary decisions on my job	EE1	.866	Empowerment
	I am given opportunities to voice my opinions	EE2	.853	
	My ideas are considered at my workplace.	EE3	.756	
F4	I am recognized for my contribution at work	GR1	.898	Growth and Recognition
	I have ample opportunities for career growth	GR2	.764	
	I am given the right feedback to enable me enhance by potential	GR3	.705	
F5	I can use flexi timing in case of need subject to completion of requisite task	WLB1	.830	Work–life balance
	I am able to strike a balance between work and personal life.	WLB2	.639	
	My organization gives me scope to attend to urgent family or personal issues immediately.	WLB3	.519	

Sr. No.	Variable	Shown as in Fig. 3	Factor Loading	Name Given to the Factor
F6	The technology used in my bank is well-designed, useful and valuable.	T1	.780	Technology
	The technology used is available to everyone in the bank as per their requirement	T2	.671	
	The technology used in bank is focused on the needs of the employees instead of just on the technical requirements and specifications of the organization.	T3	.526	

Source: Computed.

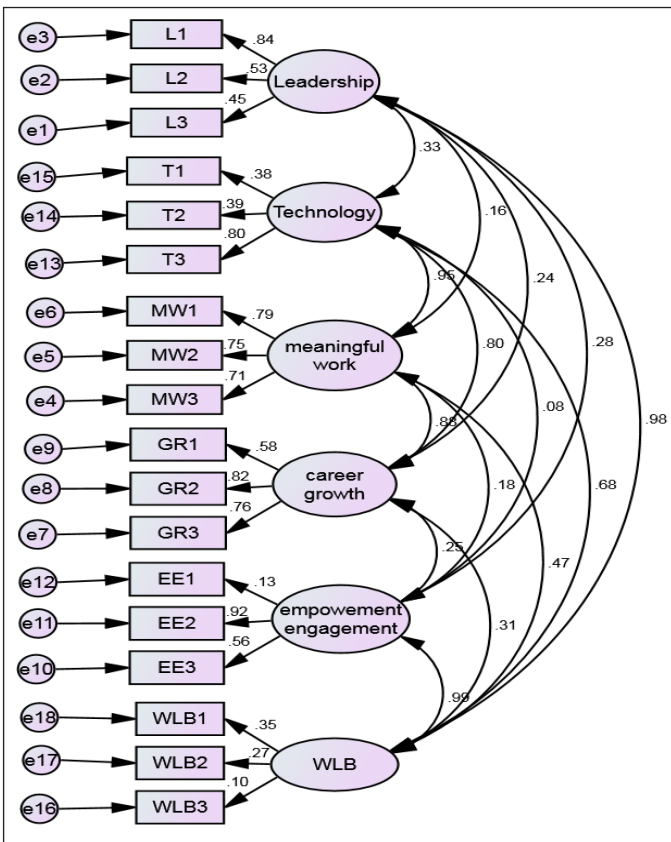


Fig. 3: Confirmatory Factor Analysis – Positive Employee Experience

Confirmatory Factor Analysis – Positive Employee Experience

AMOS was employed to test the validity of the scales. The CFA resulted in a six-factor model. Single-headed arrows

represent direct dependents. Double-headed arrows reveal that leadership is crucial to employee experience as employee experience begins right from the time one is recruited into the organisation and ends when the individual quits the organization. This journey encompasses meaningful work, technology, ample recognition and career advancement empowerment and work–life balance. Thus, connectivity between these results in a positive employee experience. The CFA provides a satisfactory fit to the data as in Table 2.

Table 2: Positive Employee Experience – Model Fit

Measure	Threshold
Chi-square/df (CMIN/DF)	2.88
P-value for the model	0.000
Goodness-of-Fit Statistic (GFI)	0.902
Adjusted Goodness-of-Fit Statistic (AGFI)	0.923
Comparative Fit Index (CFI)	0.919
Normed-Fit Index (NFI)	0.885
Tucker-Lewis index (TLI)	0.848
Incremental Fit Index (IFI)	0.922
Root Mean Square Residual (RMR)	0.059
Root Mean Square Error of Approximation (RMSEA)	0.057

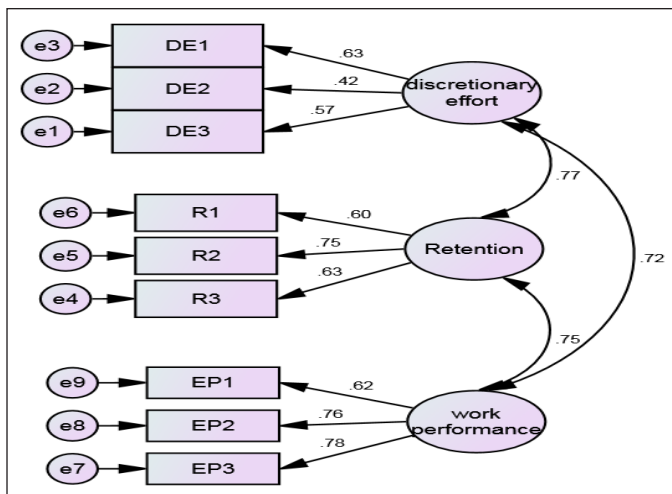
Source: Computed.

Enhanced Outcome

Exploratory factor analysis on the 10 factors pertaining to enhanced employee outcome was condensed to three major factors namely discretionary effort intention to stay with the organization and self-rated performance outcome. The variable loadings for each factor are explained with their corresponding variables in Table 3.

Table 3: Enhanced Outcome Factor Loadings

Sr. No.	Variable	Shown as in Fig. 4	Factor Loading	Name Given to the Factor
F1	I am willing to work beyond the call of duty	DE1	.850	Discretionary effort
	I am willing to take up additional responsibilities	DE2	.828	
	I constantly look out for ways in which I can do my job better	DE3	.664	
F2	I am willing to stay in this organization	R1	.872	Talent retention
	I am not willing to quit this organization	R2	.833	
	I have no intention to quit this organization	R3	.630	
F3	I have been highly productive in this job	EP1	.924	Employee performance
	I have put in maximum efforts to complete the given task	EP2	.671	
	I have completed the given job with high standards or quality	EP3	.546	

**Fig. 4: Confirmatory Factor Analysis – Enhanced Outcome**

AMOS was employed to test the validity of the scales. The CFA resulted in a three-factor model. Single-headed arrows represent direct dependents. Double-headed arrows reveal that employees willing to travel an extra mile in their work have little or no intentions to quit the organization and their performance is highly productive. They display a high degree of positive results in their work and have a strong sense of belongingness. The CFA provides a satisfactory fit as in Table 4.

Table 4: Enhanced Outcome – Model Fit

Measure	Threshold
Chi-square/df (CMIN/DF)	3.320
P-value for the model	.000
Goodness-of-Fit Statistic (GFI)	.915
Adjusted Goodness-of-Fit Statistic (AGFI)	.906
Comparative Fit Index (CFI)	.911

Measure	Threshold
Normed-Fit Index (NFI)	.985
Tucker-Lewis index (TLI)	.965
Incremental Fit Index (IFI)	.902
Root Mean Square Residual (RMR)	.064
Root Mean Square Error of Approximation (RMSEA)	.059

Source: Computed.

Structural Equation Model for Impact of Positive Employee Experience on Self-Perceived Performance Outcome

The effect of positive employee experience on employee outcomes among managers and senior managers working with private sector banks at Chennai was tested using a structural equation modeling approach. SEM approach is an adept method to evaluate measurement error. The association among the measured variables namely leadership, technology, meaningful work, growth and recognition, work-life balance and empowerment and engagement, retention, discretionary effort and enhanced performance and latent variables namely positive employee experience and performance outcome were integrated in SEM. Fig. 5 shows the SEM on the basis of standardized regression coefficients. These research hypotheses have been delineated on the source of the model fit summary that is sketched below by means of the research conducted on positive employee experience of bank managers. It can be inferred from the diagram in Fig. 5 that coefficient of positive employee experience is .58 which signifies that for every increase in employee experience, employee performance gets enhanced. Thus, an employee with a positive experience will deliver a positive experience to his customers and thus ensure the bank thrives during quams.

Hypotheses Testing

H₁: Employee experience is positively related to enhanced outcomes.

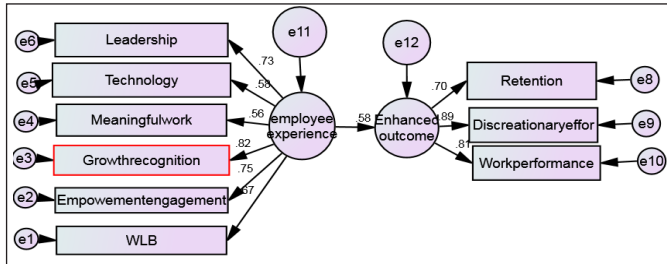


Fig. 5: Structural Equation Model

Table 5: Conceptual Model Fit

Measure	Threshold
Chi-square/df (CMIN/DF)	2.472
P-value for the model	.000

Table 6: Structural Equation Model for Testing the Framework

Latent Variable	Measured Variable	Standardized	Unstandardized	P. Sig Value
Positive employee experience	Employee outcome	.58	.64	<.001
Positive employee experience	Leadership	.73	1.05	<.001
Positive employee experience	Technology	.58	.87	<.001
Positive employee experience	Meaningful work	.56	.89	<.001
Positive employee experience	Growth & Recognition	.82	1.17	<.001
Positive employee experience	Engagement and empowerment	.75	1.12	<.001
Positive employee experience	WLB	.67	1.00	
Enhanced outcome	Retention	.70	1.00	
Enhanced outcome	Discretionary effort	.89	1.33	<.001
Enhanced outcome	Enhanced performance	.81	1.27	<.001

Table 6 summarises that the unstandardized regression coefficient of positive employee experience is .64 which signified the effect on performance outcome by considering the other variable are not having an influence on performance outcome. The results reveal that performance outcomes will increase by .64 for every unit increase in positive employee experience at a 1% level of significance. The unstandardized regression coefficient of leadership is 1.05 which signifies the effect over positive employee experience considering the other variables as constant. Moreover, the regression coefficient of growth and recognition is 1.17 which signifies the augmented effect in creating a positive employee experience followed by empowerment and engagement with

Measure	Threshold
Goodness-of-Fit Statistic (GFI)	.932
Adjusted Goodness-of-Fit Statistic (AGFI)	.936
Comparative Fit Index (CFI)	.934
Normed-Fit Index (NFI)	.905
Tucker-Lewis index (TLI)	.935
Incremental Fit Index (IFI)	.955
Root Mean Square Residual (RMR)	.080
Root Mean Square Error of Approximation (RMSEA)	.049

Source: Computed.

The research hypotheses have been established on the basis of the model fit which is drawn above. Table 5 shows the model fit summary of the research. It is understood that the p-value is significant at 1%. H₁: Positive employee experience is positively related to performance outcome is accepted.

a regression coefficient of 1.12 plays a vital role in enhancing a positive employee experience. The study throws light that banks need to make a wise investment in their managers and senior managers by providing a level of tailored support and commitment to their teams which will have a ripple effect on the rest of the employees. Thus, it is imperative that banks need to examine their employee experience for improved performance and enhance their competitive advantage. The unstandardized coefficient of discretionary effort is 1.33 which indicates that managers and senior managers are willing to work beyond call which results in enhanced performance.

Table 7: Correlation Between Positive Employee Experience and Employee Outcome

Correlation			
		Positive Employee Experience	Employee Outcome
Positive employee experience	Pearson Correlation	1	.602**
	Sig. (2-tailed)		.000
	N	200	200
Employee outcome	Pearson Correlation	0.602**	1
	Sig. (2-tailed)	.000	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Computed data.

Table 7 clearly summarises that positive employee experience and enhanced self-perceived employee outcome is found to be $r = 0.602$ and are positively correlated at 0.01% level. Thus, this makes it very clear that a positive employee experience results in enhanced employee outcomes. Employees are inspired to go beyond and above the call of duty when the employees' experiences are positive.

Managerial Implications

The present study has discussed the effect of positive employee experience on enhanced outcomes of employees. Most of the banks feel that providing career opportunities and keeping the employees engaged by giving them adequate perks will cement them to the organization and ensure maximum contribution beyond expectations. The fact is that employees are no longer satisfied with spasmodic rewards they look out for a wholesome experience. Today banks need to take an all-inclusive end-to-end experience of their employees in terms of workspace, technology used and the prevalent culture right from recruitment till retirement. Thus, in order to successfully meet the demands of their roles, managers and senior managers must not only be keenly aware of the factors that contribute towards positive employee experience required to be maintained by them now but also have an understanding of how those requirements may change in the future. It is especially important in the banking industry where people are viewed as the most important assets and the industry depends on people for growth. As banks focus on growth, coaching and mentoring talent is crucial. Banks tend to address the needs of their employee right from the time of hiring an individual into the bank till he leaves or quits the organization. They assess issues like where their employee wants to be, where are they now, what are the gaps, how to close the gaps. This leads to assessment of positive employee experience which results in enhanced performance.

CONCLUSION

The present findings have clarified the notion of positive employee experience on enhanced performance. The study concluded that positive employee experience has a positive impact on the three major factors of employees' enhanced outcomes. The findings can serve as a diagnostic tool for banks to develop intervention mechanisms to enhance employee performance by providing them with an exciting employee experience. Banks need to put their workers first by exploring and responding to how they view their employee journey, then deliver tailored interventions that focus on crucial moments that matter to maximize retention, discretionary effort satisfaction, performance, and productivity; by doing so, banks can become more inspiring, collaborative, and focus on creating an experience that is evocative and pleasant. This matches with the survey results as per McKinsey's study. Positive employee experience is an approach in which workflow and processes are designed around employees and thus deemed as employee-centric approach. Banks today are forced to create a series of key performance indicators to measure and track satisfaction over time, the gauging impact that drives continual improvement.

Creating a positive employee experience lays emphasis on important moments in an employee's journey in an organization and making them more positive, rewarding and joyful. The focus is to help banks to attract the best people, motivate them to perform, and expand their feelings of loyalty. Creating a positive, motivating experience at workplace needs to be given priority by banks as a happy employee serves a customer happily and thus it becomes a chirpy circle.

Author's Contribution: Srividya Prathiba C.S. has contributed to the design and implementation of the research, in terms of analysis, writing and editing of the manuscript.

Conflict of Interests: There is no conflict of interest in this study. It has been done purely for academic purposes only.

Scope for Further Research: A structural equation model of employee experience that has a positive impact on customer experience can be done. A structural equation model of employee experience and customer experience on banks' performance can be done. This study focuses on managers and senior managers working with banks. This can be extended to other levels of management. The present study was confined to the banking Industry. This can be extended to other sectors.

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