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COMMENTARIES

Utility Analysis: Implementation Before Integration

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Tziner, Fein, and Birati (2014) make valid points in regard to the well-being of American workers and its importance, especially in terms of how crucial it is that employees experience meaningfulness in the workplace. In fact, a study conducted by the Society for Human Resource Management (SHRM) found that the most important characteristic of job satisfaction for employees (63%) was the opportunities to use their skills and abilities (SHRM, 2012). But before one can attempt to integrate a new measure (meaningfulness and psychological well-being) into an already existing assessment (utility analysis), it is crucial that the existing assessment is being applied.

The most recent U.S. study concerning the usage of utility analysis (UA) was conducted a decade ago. Macan and Highhouse (1994) performed a study investigating the usage of UA and found that 46% of the individuals who participated in the study had utilized UA. Forty-six percent appears to be a high rate of practice but the reason for this could have been the population that Macan and Highhouse surveyed. Their 1994 survey went out to members of applied psychology associations, such as the Society for Industrial and Organizational Psychology (SIOP), representing a much higher rate of industrial–organizational (I–O) psychologists and a much lower rate of human resource (HR) professionals. With I–O psychologists playing a sometimes limited role in the day-to-day activities of HR departments, these findings may not be as accurate as we could have hoped for. Macan and Highhouse (1994) arranged participants' reasons for not using UA into five different categories: (a) lack of demand, (b) difficulty of UA, (c) lack of knowledge pertaining to UA, (d) improbability of UA results, and (e) other methods were more suitable to communicate the value of HR activities. It has also been suggested that the reasoning behind HR professionals not applying UA is the simple fact it takes too long to learn how UA works and also for the length of time it takes to gather all of the information needed to conduct a UA. In addition, organizations are much more predisposed to short-term cost (Klehe, 2004), making UA unattractive due to the extensive time frame in which it takes to conduct and, in return, signifying a higher alleged cost.

Revisiting explanation four from Macan and Highhouse's above study, participants felt that UA created incredibly high dollar amounts; almost, in a sense, such high amounts that it was difficult to trust the results. In the example Tziner et al. provided in their study, the inclusive before tax cost of a dysfunctional turnover, of a single employee, would be $103,432. It is important to recognize that the figures used by Tziner et al. to come up with this amount were not produced from an actual study, rather they were probable figures. Furthermore, the dollar figure represented above

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was generated by Tziner et al. integrating their new measures, meaningfulness and psychological well-being, into the preexisting UA algorithm. Although this high dollar amount could be a hard pill to swallow for some HR executives, there is empirical evidence to back it up. In fact, it has been suggested that a single turnover costs an organization anywhere from 30 (SASHA Corporation, n.d.) to 150% (Ramlall, 2003) of an employee's annual salary. The cost of turnovers consists of hard dollar amounts for instance, overtime in lieu of staff covering vacancies, and advertisement along with soft monies spent on orientation and training new staff (Selden, 2010). For example, if an employee in middle management with an annual salary of $60,000 was to resign, the estimated cost of this single dysfunctional turnover could be estimated at a minimum of $18,000 ($60,000 × .30 = $18,000).

A much more recent survey conducted in Switzerland revealed an even smaller population of UA users. König, Bösch, Reshef, and Winkler (2013) performed a study in an attempt to duplicate Macan and Highhouse's (1994) results. The results König et al. (2013) encountered were much lower, in respect to participants who had used UA; in fact, only 9% of the participating sampling population had ever applied UA and only 21% revealed they even knew UA existed (p. 155). Cost of conducting a UA seemed to be the common denominator on why more individuals had not deployed UA in their respective fields. In addition, König et al. felt their sampling population could have played a factor in the results. Whereas Macan and Highhouse (1994) surveyed members of applied psychology associations (who were more likely to of been trained in UA compared to HR managers), König et al. (2013) used online directories of large companies to contact HR managers. Although this study was conducted in Switzerland, it was noted that Swiss HR management has been described as being similar to other Western countries (König et al., 2013).

In conclusion, knowing the dollar amount a dysfunctional turnover costs a company is a very valuable tool. Furthermore, the psychological well-being of America's workers is just as, if not more, important; but, before a new measure or measures can be integrated into an already existing analysis, that analysis needs to be getting utilized in the first place. By incorporating new measures into an analysis that has been around since 1949, with Brogden (1949) proposing the first UA formula, HR managers, and I–O psychologists alike, may become more interested into the "fresh" look of UA.

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