



Employee Engagement *Research Update*

January 2013

Beyond the numbers:
A practical approach for
individuals, managers, and executives



Contents

Executive summary	1
What is engagement anyway?	3
Findings	5
Intent to stay (Retention)	7
Recommendations	25
About this report	32

This report is provided as part of BlessingWhite Intelligence, a series of reports on business and workplace issues. You can explore other topics by visiting www.blessingwhite.com/research.



Executive summary

In early 2011 BlessingWhite published a comprehensive report examining the dynamics of engagement around the world. The report generated a lot of interest with over 30,000 people downloading it from the BlessingWhite website. We are pleased to provide an update to that report based on data collected over the summer and autumn of 2012.

This *Employee Engagement Report* research update reflects online survey responses of over 7,000 individuals from around the world. Details on our methodology and the global respondent profile appear in *About this Report* on page 32.

It further complements the methodology and employee engagement best practices we explore in our October 2012 book *The Engagement Equation: Leadership Strategies for an Inspired Workforce*. The recommendations in this report reflect the approaches that we explored in the interviews for the book as well as in client work.

Key findings

- ▶ We see stable or rising engagement levels in regions around the world.
- ▶ “Intent to stay,” a main predictor of future turnover, remains stable. While engagement and intent to stay are directly correlated, the specific dynamics of retention appear to vary significantly from one region of the world to the next.
- ▶ The dynamics of tenure, level and age remain the same – as people grow more experienced and vested in their work, or more senior in the organization, engagement increases.
- ▶ While gender is not a significant factor of engagement in western economies, large gaps in engagement levels between men and women are apparent in India, the GCC and South America.
- ▶ When it comes to drivers of engagement, clarity on the organization’s priorities, getting feedback, having opportunities to use skills, and career development remain at the top of the list for a majority of employees. What these factors mean in practice, however, can be deeply personal.
- ▶ Globally, a greater percentage of the workforce trust senior leaders and managers. Trust in managers remains predictably higher than trust in executives.

Recommendations

Following on from our 2011 report, and based on these more recent observations, we recommend that:

- ▶ Organizations gain a firm grasp on how engagement can drive their business results in very specific terms, and adopt a common definition of engagement which makes it something tangible to business outcomes.
- ▶ Senior leaders renew efforts to provide alignment to business strategy by increasing communication and clarity, as well as providing an inspiring vision for the future.
- ▶ Engagement initiatives focus on equipping every level of the workforce, clarifying who is accountable for what and how best to contribute to a culture of employee engagement.
- ▶ Development efforts focus on “career” as a way of aligning long-term employee aspirations with the organization’s talent needs of tomorrow.
- ▶ That managers address disengagement decisively without letting the Disengaged monopolize their efforts.

What is engagement anyway?

The term “employee engagement” means different things to different organizations. Some equate it with job satisfaction, which unfortunately can reflect a transactional relationship that is only as good as the organization’s last round of perks or bonuses. Others measure engagement by gauging employees’ emotional commitment to their organization. Although commitment is an important ingredient, it is only one piece of the engagement equation.

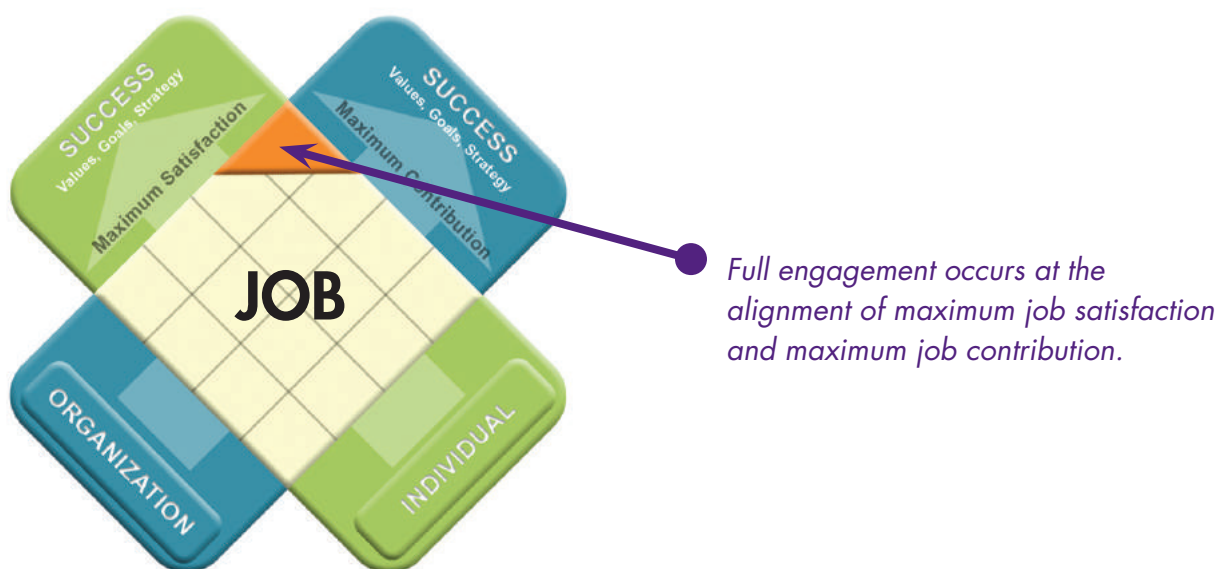
While organizations are keen to maximize the contribution of each individual toward corporate imperatives and metrics, individual employees need to find purpose and satisfaction in their work. Consequently, BlessingWhite’s engagement model focuses on individuals’:

- ▶ **contribution** to the company’s success, and
- ▶ personal **satisfaction** in their role.

We believe that **aligning employees’ values, goals, and aspirations with those of the organization is the best method for achieving the sustainable employee engagement required for an organization to thrive.**

Full engagement represents an alignment of **maximum job satisfaction** (“I like my work and do it well”) with **maximum job contribution** (“I help achieve the goals of my organization”).

Engaged employees are not just committed. They are not just passionate or proud. They have a line-of-sight on their own future and on the organization’s mission and goals. They are **enthused and in gear**, using their talents and discretionary effort to make a difference in their employer’s quest for sustainable business success.



Five levels of employee engagement

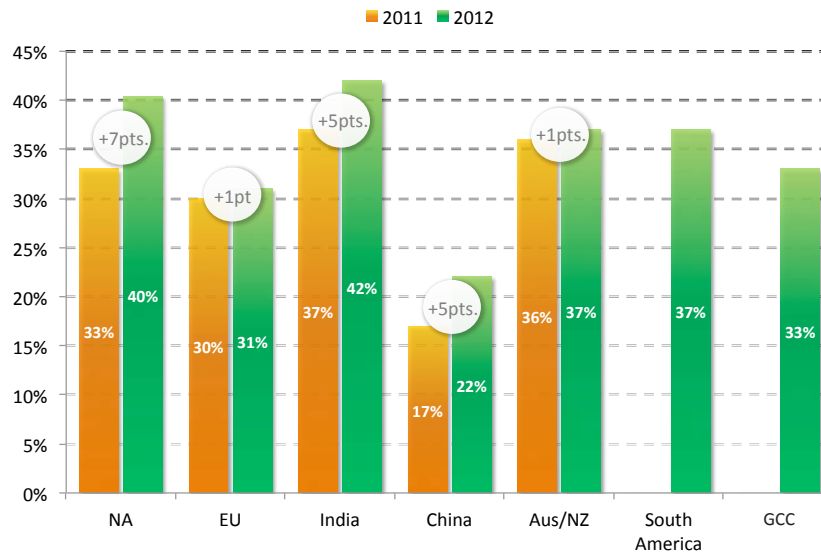


The index we use to determine engagement levels contains items that reflect the two axes of contribution and satisfaction. By plotting a given population against the two axes, we identify 5 distinct employee segments.

Level	Description
The Engaged: High contribution and high satisfaction	These employees are at the apex where personal and organizational interests align. They contribute fully to the success of the organization and find great satisfaction in their work. They are known for their discretionary effort and commitment. When recruiters call, they cordially cut the conversation short. Organizations need to keep them Engaged, because they can transition over time to any of the three adjacent segments, a move that would likely impact workforce morale and the bottom line.
Almost Engaged: Medium to high contribution and satisfaction	A critical group, these employees are among the high performers and are reasonably satisfied with their job. They may not have consistent "great days at work," but they know what those days look like. Organizations should invest in them for two reasons: They are highly employable and more likely to be lured away; they have the shortest distance to travel to reach full engagement, promising the biggest payoff.
Honeymooners & Hamsters: High satisfaction but low contribution	<p>Honeymooners are new to the organization or their role – and happy to be there. They have yet to find their stride or clearly understand how they can best contribute. It should be a priority to move them out of this temporary holding area to full alignment and productivity.</p> <p>Hamsters may be working hard, but are in effect spinning their wheels, working on non-essential tasks, contributing little to the success of the organization. Some may even be hiding out, curled up in their cedar shavings, content with their position ("retired in place"). If organizations don't deal with them, other employees will have to work harder and may grow resentful.</p>
Crash & Burners: High contribution but low satisfaction	Disillusioned and potentially exhausted, these employees are top producers who aren't achieving their personal definition of success and satisfaction. They can be bitterly vocal that executives are making bad decisions or that colleagues are not pulling their weight. They may leave, but they are more likely to take a breather and work less hard, slipping down the contribution scale to become Disengaged. When they do, they often bring down those around them.
The Disengaged: Low contribution and satisfaction	Most Disengaged employees didn't start out as bad apples. They still may not be. They are the most disconnected from organizational priorities, often feel underutilized, and are clearly not getting what they need from work. They're likely to be skeptical, and can indulge in contagious negativity. If left alone, the Disengaged are likely to collect a paycheck while complaining or looking for their next job. If they can't be coached or aligned to higher levels of engagement, their exit benefits everyone, including them.

Findings

Engagement levels by region – 2011 vs. 2012



In 2012 we witnessed some fairly significant shifts in overall engagement levels within three regions of the study, with North America, India and China all seeing sizeable gains. While no region saw a decrease, Europe and Australia/NZ were essentially flat.

Shifts aside, China remains the region with the lowest levels of engagement and India the highest – a long-standing conclusion that highlights the cultural differences between these two countries and dispels the usefulness of the BRICS¹ nomenclature in developing human capital strategies.

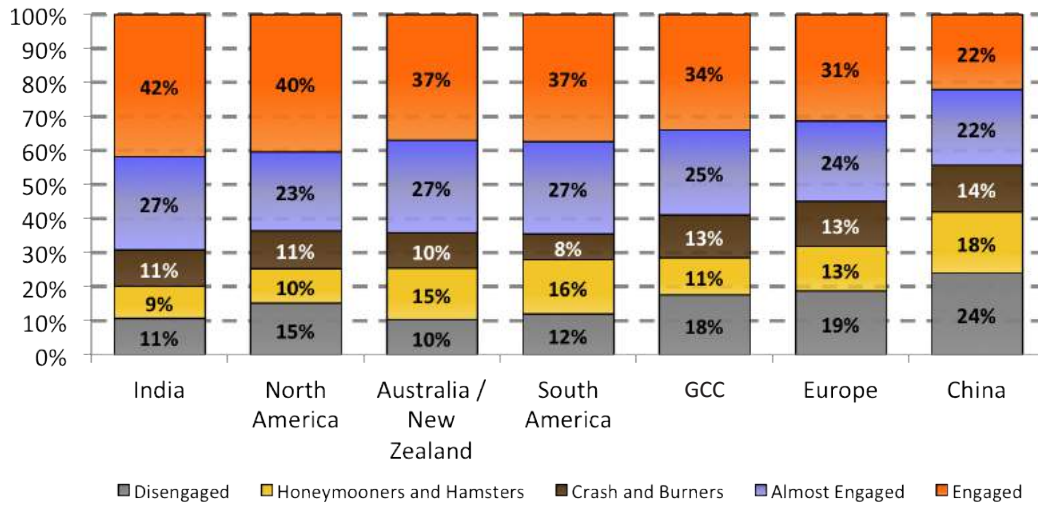
In South America and the GCC – two regions we did not include in previous studies – our first benchmark would indicate:

- ▶ A level of engagement of 37% (similar to Australia) for South America (predominantly Brazil);
- ▶ A level of engagement of 33% for the GCC.

¹ BRICS, originally “BRIC” before the inclusion of South Africa in 2010, is the title of an association of emerging national economies: Brazil, Russia, India, China and South Africa.

Looking more precisely at the distribution of engagement levels in each of these regions, we also see differences in profiles:

Engagement levels by region

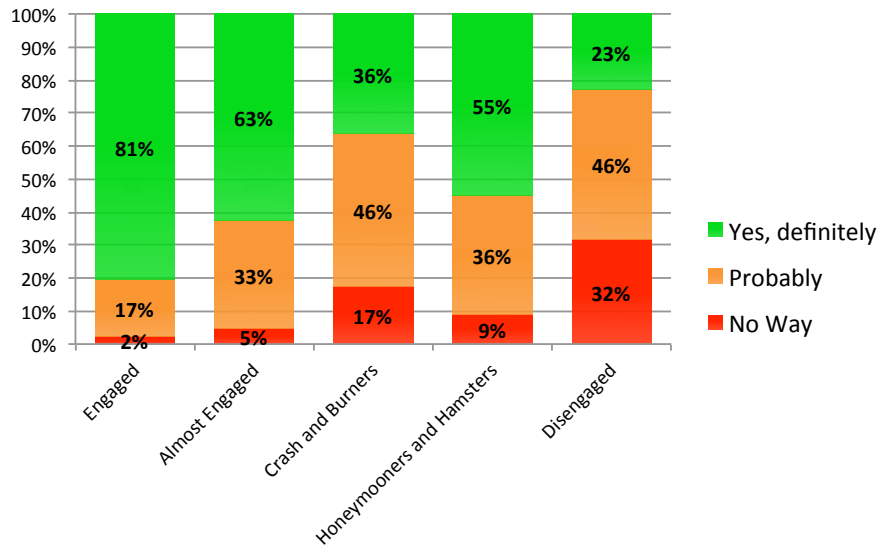


Intent to stay (Retention)

The strong correlation between engagement and retention is well understood. “Intent to stay,” or an employee’s stated desire to remain with their current employer, is a strong predictor of actual turnover. It is also an indication of how strongly committed an employee is to their current employer’s success.

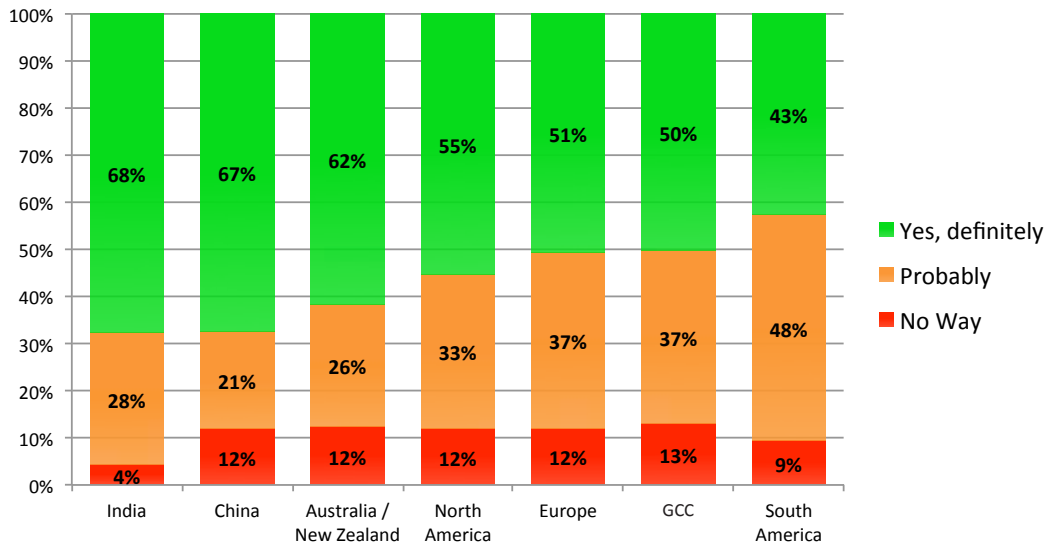
Globally, 60% of all employees report that, given the choice, they plan on remaining with their current organization for the next 12 months. However, this number jumps to 81% among engaged employees but drops to 23% among the disengaged.

Intent to stay – global responses by engagement level



Naturally, those employees that score higher on the satisfaction scale (Engaged, Almost Engaged, Honeymooners and Hamsters) are most likely to plan on staying. But many factors may influence intent to stay and turnover, so the relationship is not as straightforward as “*the engaged stay and the disengaged leave.*” For instance, it may be perplexing that 2% of Engaged employees intend on leaving. Conversely, the fact that 23% of the Disengaged plan on staying presents its own issues which we will discuss in the detailed recommendations starting on page 25. These overall numbers are similar to previous studies (82% for Engaged and 27% for Disengaged answering “Yes, definitely” in 2011).

Intent to stay by region



When looking at **intent to stay across regions**, the dynamics of engagement and economic opportunity start to emerge. While China has relatively low levels of engagement, intent to stay is high (and has risen since 2011). Conversely, in South America we observe a high level of expected mobility and a very large percentage of employees hedging their bets.

Region	Year	No Way	Probably	Yes, definitely
Australia/New Zealand	2011	15%	34%	51%
	2012	12%	26%	62%
North America	2011	13%	32%	56%
	2012	12%	33%	55%
India	2011	8%	33%	59%
	2012	4%	28%	68%
Europe	2011	14%	38%	48%
	2012	12%	37%	51%
South America	2011	–	–	–
	2012	9%	48%	43%
GCC	2011	–	–	–
	2012	13%	37%	50%
China	2011	16%	29%	55%
	2012	12%	21%	67%
Global	2011	10%	29%	61%
	2012	10%	30%	60%

Reasons for staying or leaving

The general trend reported previously by BlessingWhite remains true:

The Engaged stay for what they can give, the Disengaged stay for what they can get.

For instance, the Disengaged who intend on staying are less than half as likely to state that the work they do is what keeps them committed, and four times more likely to quote the economy as the biggest barrier to leaving. The Disengaged are also twice as likely to reference desirable job conditions, advantageous benefits or simply “being comfortable here” as reasons for staying.

Reasons to stay for Engaged and Disengaged

	Overall	Engaged	Disengaged
My work. I like the work that I do.	34%	38%	16%
My organization's mission. I believe in what we do.	16%	19%	14%
My career. I have significant development or advancement opportunities here.	17%	17%	19%
No desire for change. I am comfortable here.	7%	5%	11%
My finances. I expect a desirable salary, bonus, or stock options.	6%	5%	10%
My manager. I am committed to this person.	5%	5%	5%
My job conditions. I have flexible hours, a good commute, etc.	7%	5%	10%
The economy. I don't think there are other job opportunities for me out there.	4%	3%	12%
My colleagues. I have strong relationships on the job.	3%	2%	3%

When it comes to those who are planning on leaving, Career still tops the list – to which we can add “a desire for change” (which career mobility inside the organization would address). Finally, there may be some genuine grievances around compensation, but organizations should be very selective in addressing these based on the individual’s performance on the job.

Reasons to leave for Engaged and Disengaged

	Overall	Engaged	Disengaged
My career. I don't have opportunities to grow or advance here.	26%	27%	25%
My finances. I want to earn more money.	16%	22%	12%
My work. I don't like what I do or it doesn't make the most of my talents.	15%	6%	24%
My desire for change. I want to try something new.	13%	15%	9%
My manager. I don't like working for him or her.	10%	7%	13%
My job conditions. I don't have the flexibility, commute, etc., that I need.	8%	10%	7%
The economy. I think better jobs in my field are available.	6%	9%	4%
My organization's mission. It conflicts with my personal values.	4%	2%	5%
My colleagues. I don't want to work with or around them.	2%	3%	2%

Age, role/level, tenure correlation

The dynamics of age, level and tenure have not fundamentally changed. *Prima facie*, they are proving to be constants around the world from one study to the next, namely:

- 1) Engagement increases as you get closer to the top of the organization.
- 2) Tenure (time with the organization) – engagement increases as employees become more tenured.
- 3) Time in current role – engagement increases as employees become more vested in their current role.
- 4) The impact of age – employees become more engaged as they get older.

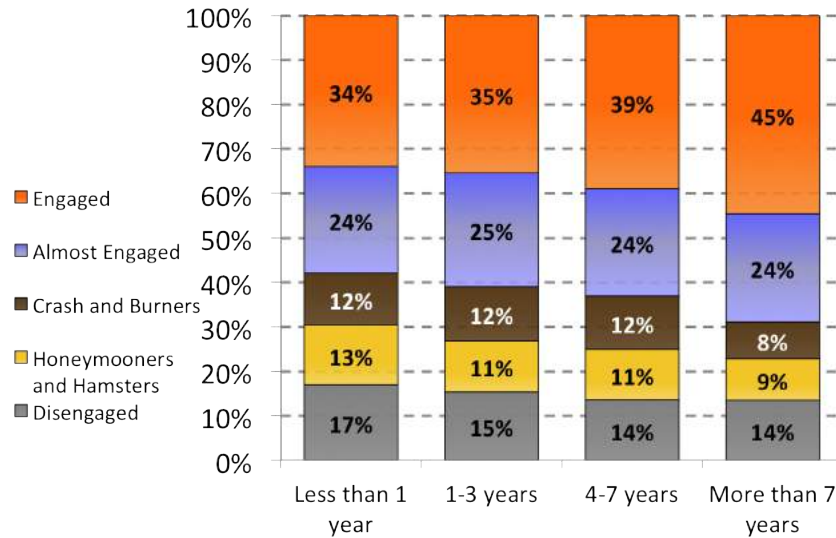
Engaged and Disengaged by level in the organization

Level in the Organization	% Engaged	% Disengaged
Executive (Vice President or above)	59%	9%
Director	41%	12%
Team Leader/Tech Lead/Project Manager	39%	14%
Manager/Supervisor	39%	12%
Consultant	33%	16%
Specialist/Professional/Engineer	29%	20%
Administrative/Clerical	27%	21%

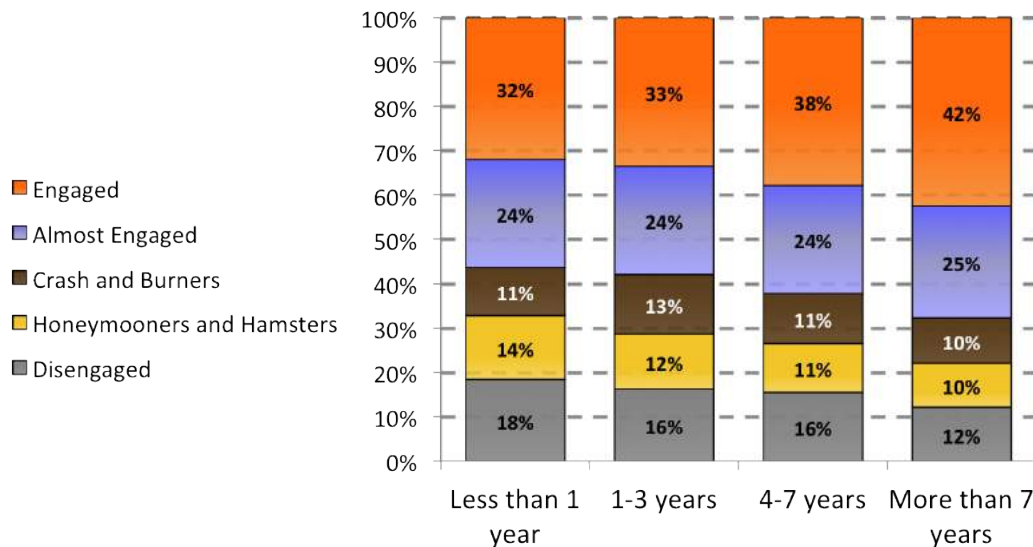
While engagement levels typically increase as you climb the ladder in an organization, disengagement in more senior ranks can have a broad-reaching impact on performance, so organizations looking at engagement should not make the common mistake of focusing purely on the front line of the organization. 59% Engaged at the Executive level still leaves 41% who could benefit from engagement efforts.

One dead battery will not jump-start another. You cannot sustain engagement down into the ranks of the organization with disengaged executives or directors.

Engaged and Disengaged by job tenure (time in current role)

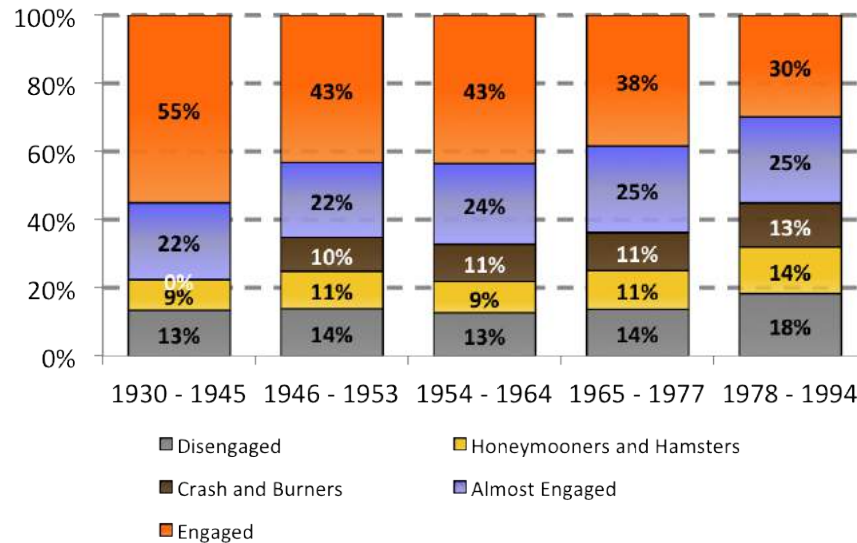


Engagement levels by tenure with company (time with current employer)



In both cases (time in current job and time with current employer), the longer an employee has been committed to their current job or employer the higher the levels of reported engagement.

Engagement levels by age



We do find that looking at these demographics in isolation is somewhat misleading. Age, tenure and seniority are closely related, so it helps to view this as a progression. As employees become more tenured, more experienced in their role, and more secure in their own skills and capabilities, they are able to achieve higher levels of engagement. In a way this trend is to be expected: employees who do not find satisfaction in a role will be more likely to leave their employer or change jobs.

Understanding this dynamic informs our engagement efforts.

As individuals progress through their personal careers, their focus (in terms of both contribution and satisfaction) evolves. This is particularly important to understand when developing initiatives around:

- ▶ Career strategies
- ▶ Onboarding/induction
- ▶ Internal communication efforts
- ▶ Succession planning/promotions

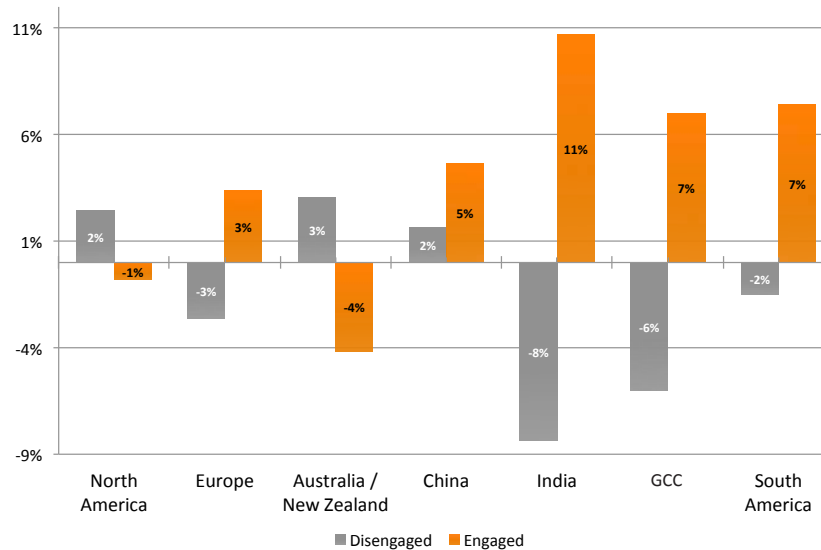
Organizations that have closely studied their own internal engagement dynamics have discovered that there are pivotal points in tenure, when the loss of valuable talent is more likely. These “danger zones” are often department- or function-specific, tend to be in the 3- to 5-year window, and are often correlated to employee age.

Knowing when these higher-risk windows occur allows organizations to be proactive in coaching employees through these periods in order to retain critical talent.

Gender

In previous reports we observed how gender was not a strong predictor of engagement (i.e., women and men had the same overall engagement levels and patterns) in North America and Europe. Elsewhere in the world, however, there are geographies with significant gender differences:

Engagement gender gap: point difference between percentage of men and women engaged/disengaged



For instance, this chart indicates that in North America men tend to be marginally more Disengaged (2 pts.) and very slightly less likely to be Engaged than women (1 pt.), whereas in India men are substantially more likely to be Engaged (11 pts.) and significantly less likely to be Disengaged (8 pts.) than their female counterparts.

As we detail in *The Engagement Equation*, there are still significant gender gaps in many societies. Far from being a barrier for employers, we believe this represents a significant opportunity for developing a purposeful internal culture that respects diversity and includes all employees in achieving the organization's goals.

Satisfaction and contribution drivers

Contribution

When asked to “Choose the item that would most improve your performance,” two items compete for first place: access to more resources and greater clarity on what the organization is expecting. These two items are clearly split based on engagement levels, with those already contributing highly looking for more resources.

Top contribution drivers by engagement level

	Engaged	Almost Engaged	Crash and Burners	Honey-mooners and Hamsters	Disengaged	Overall
Greater clarity about what the organization needs me to do – and why	15%	19%	18%	31%	28%	20%
More resources	23%	20%	22%	12%	14%	20%
Regular, specific feedback about how I'm doing	21%	20%	13%	23%	13%	19%
Development opportunities and training	17%	18%	22%	14%	19%	18%
A coach or a mentor other than my manager	12%	11%	13%	10%	13%	11%
Better communication with my manager	6%	7%	7%	8%	9%	7%
A better relationship with my coworkers	5%	5%	5%	3%	5%	5%

While contribution drivers do vary significantly based on engagement levels, they also vary based on the regions we studied, and this should inform how an engagement strategy may be adjusted to be relevant to a regional office or facility (see next page).

Top 3 contribution drivers by region (across all engagement levels)

North America	Europe	China	India	GCC	Australia/NZ	South America
1. More resources	1. More resources	1. Regular, specific feedback about how I'm doing	1. Greater clarity about what the organization needs me to do – and why	1. Development opportunities and training	1. Development opportunities and training	1. Development opportunities and training
2. Greater clarity about what the organization needs me to do – and why	2. A coach or a mentor other than my manager	2. Development opportunities and training	2. Regular, specific feedback about how I'm doing	2. Greater clarity about what the organization needs me to do – and why	2. More resources	2. Regular, specific feedback about how I'm doing
3. A coach or a mentor other than my manager	3. Regular, specific feedback about how I'm doing / Greater clarity about what the organization needs me to do – and why [Tied for 3rd place]	3. Greater clarity about what the organization needs me to do – and why	3. Development opportunities and training	3. Regular, specific feedback about how I'm doing	3. Regular, specific feedback about how I'm doing	3. Greater clarity about what the organization needs me to do – and why

Satisfaction

Top satisfaction drivers by engagement level

	Engaged	Almost Engaged	Crash and Burners	Honey-mooners and Hamsters	Disengaged	Overall
More opportunities to do what I do best	24%	24%	25%	25%	23%	24%
Career development opportunities and training	24%	25%	26%	21%	23%	24%
More flexible job conditions (e.g., control over how my work gets done, flex time, telecommuting)	13%	11%	12%	10%	11%	11%
More challenging work	11%	10%	11%	10%	11%	11%
Improved cooperation among my coworkers	10%	8%	6%	5%	7%	8%
Greater clarity about what the organization needs me to do – and why	6%	8%	6%	14%	11%	8%
Greater clarity about my own work preferences and career goals	7%	8%	8%	8%	8%	7%
A better relationship with my manager	6%	6%	6%	8%	7%	6%

It is worth noting that while “Improved cooperation among my coworkers” is chosen by 8% of employees overall, it is chosen by 14% of Executives (VP and above) as the item most likely to improve their satisfaction. This points to a deepening divergence of agendas and a clash of personalities higher up in organizations.

Top 3 satisfaction drivers by region (across all engagement levels)

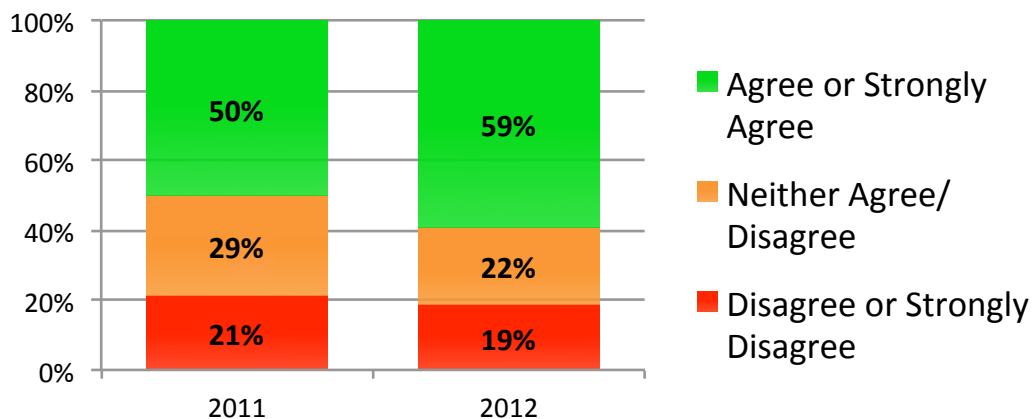
North America	Europe	China	India	GCC	Australia/NZ	South America
1. More opportunities to do what I do best	1. More opportunities to do what I do best	1. Career development opportunities and training	1. Career development opportunities and training	1. Career development opportunities and training	1. Career development opportunities and training	1. Career development opportunities and training
2. Career development opportunities and training	2. Career development opportunities and training	2. More opportunities to do what I do best	2. More opportunities to do what I do best	2. More opportunities to do what I do best	2. More opportunities to do what I do best	2. More opportunities to do what I do best
3. More flexible job conditions	3. More flexible job conditions	3. Greater clarity about my own work preferences and career goals	3. More challenging work	3. More challenging work	3. More flexible job conditions	3. Greater clarity about what the organization needs me to do – and why

Unlike contribution drivers, there is significant agreement on what would increase personal satisfaction: “More opportunities to do what I do best” and “Career development opportunities and training” rank highest in every region we studied.

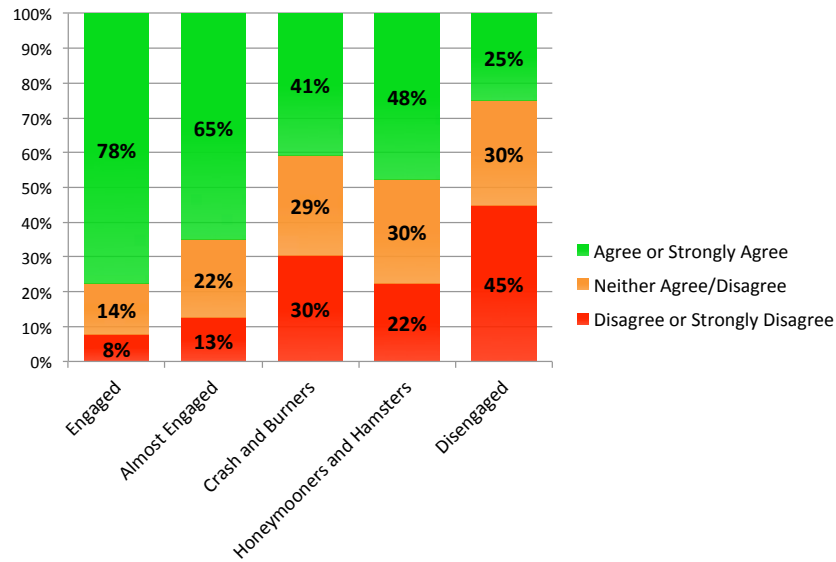
Career

We articulated in previous research reports the importance of career to individuals, and the opportunity that exists for organizations to take the lead in defining career to align with the organization’s long-term talent requirements. Our 2012 data indicates that, worldwide, employees reporting having greater career opportunities than they did in early 2011 – today 59% of respondents agree or strongly agree to the statement, “I have career opportunities in this organization.” In 2011 only 50% agreed.

“I have career opportunities in this organization” 2011 vs. 2012

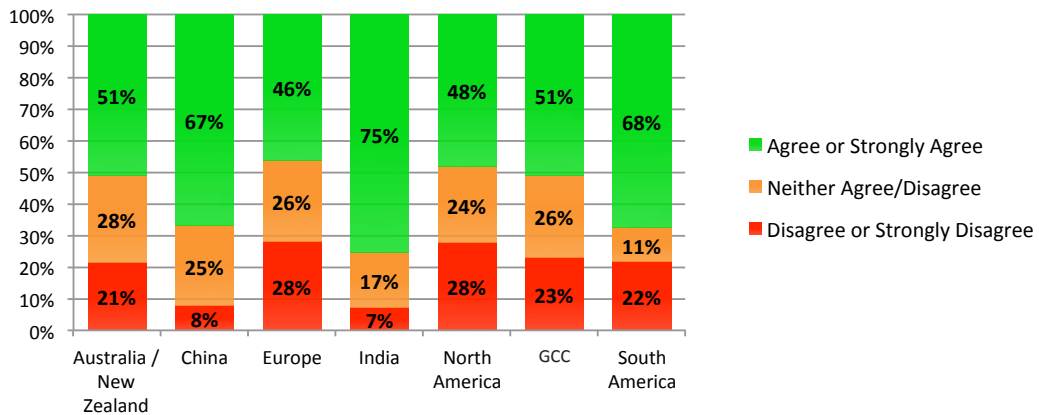


"I have career opportunities in this organization" by engagement level – 2012



It's clear that having career opportunities is a strong contributor to satisfaction for employees, but it's also a strong indicator of whether or not employees see opportunities to align their skills and ambitions to the organization's talent needs.

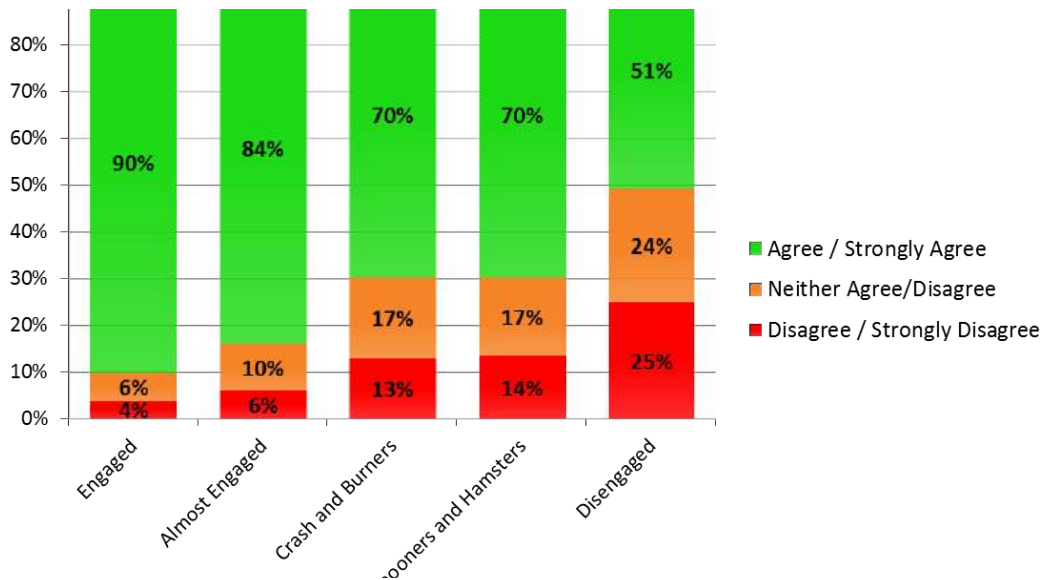
"I have career opportunities in this organization" by region - 2012



Trust in Managers

The following graph speaks volumes about the correlation between manager trust and engagement. Looking at global data, we see a very tight relationship between engagement levels and manager trust:

"I trust my manager" responses by engagement level – 2012



While this in itself does not point to *causation* it stands to reason that managers who develop an awareness of trust, and how to earn it, will have much greater success in engaging their team members.

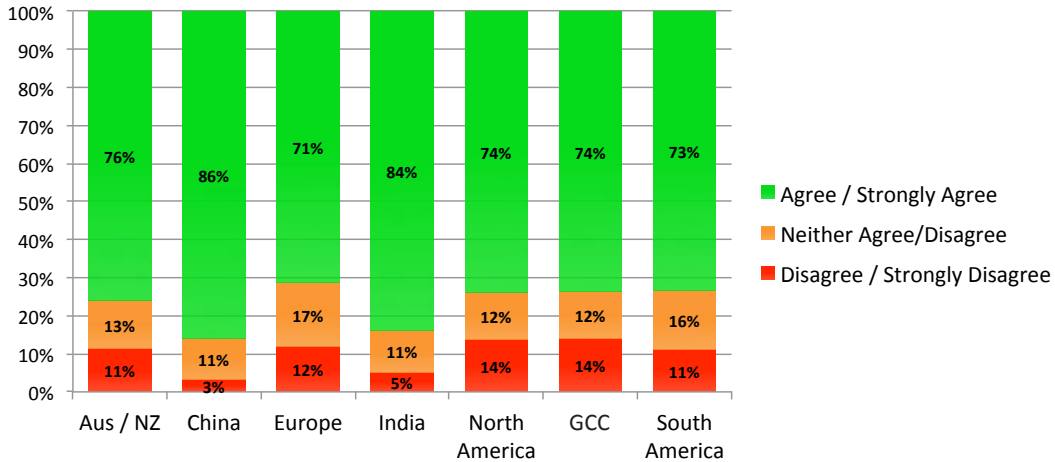
If we look at change since 2011, we notice an improvement in trust levels across the board with the biggest shift among the Crash & Burn group and a smaller gain among the Disengaged and Almost Engaged:

"I trust my manager" favorable responses by engagement level, 2011 vs. 2012

	Agree or Strongly Agree	
	2011	2012
Engaged	89%	90%
Almost Engaged	81%	84%
Crash & Burners	63%	70%
Honeymooners & Hamsters	70%	70%
Disengaged	48%	51%

While trust in one's immediate manager varies from one region of the world to the next, managers generally enjoy decent levels of trust:

"I trust my manager" responses by region - 2012



Managers: the importance of being known

As part of our ongoing research, we have focused increasingly on the relationship between the individual and their immediate manager. We have found compelling correlations between an employee knowing their manager well as a person and key working dynamics such as effective use of talents, rewards and recognition, providing regular feedback etc.

So who benefits the most from getting to know their manager as a person?

We asked respondents to rank their manager on a number of important aspects of their working relationship such as delegating tasks and utilizing talents. We also asked them how well they knew their manager as a person. By cross-referencing the two we can see clear patterns of who most benefits from knowing their boss better.

Naturally this correlation between knowing your manager as a person and working effectively day-to-day is closely correlated to engagement. While they do benefit greatly, Engaged employees appear much more tolerant of not knowing their manager as a person. When it comes to scoring their direct manager on these 8 critical items, the gap between engaged employees who know their manager well and those who don't is not nearly as large as the gap for the other 4 less-engaged segments.

So while engaged employees have other factors to hold onto (interesting work, a sense of contribution, career hopes), less-engaged employees are far more dependent on knowing their manager as a person to reach higher levels of engagement. This becomes apparent if we look at the average gap over all 8 of the factors in our most recent study, by engagement level:

Average gap in manager favorability between those who report knowing their manager well and those who don't – 2012

	Engaged	Almost Engaged	Crash and Burners	Honeymooners and Hamsters	Disengaged	Grand Total
China	14%	10%	19%	12%	46%	30%
Aus/NZ	37%	46%	37%	57%	79%	54%
India	47%	51%	63%	67%	58%	58%
North America	41%	49%	56%	59%	64%	59%
South America	33%	56%	60%	15%	43%	48%
GCC	16%	33%	57%	61%	61%	46%
Europe	22%	48%	47%	59%	59%	52%
Global	22%	48%	47%	59%	59%	52%

So what does this mean in practice? While companies focus on equipping managers with tactical skills such as delegation or matching individual talents to tasks, engagement is driven more effectively through leadership and connection skills. Particularly difficult for a manager is the challenge of *authenticity* – because they are typically being taught how to behave, how to “play a role.” In actual fact, it’s becoming better known as a person to their direct reports – not being the person they think they ought to be – that will build the relationship needed to increase engagement.

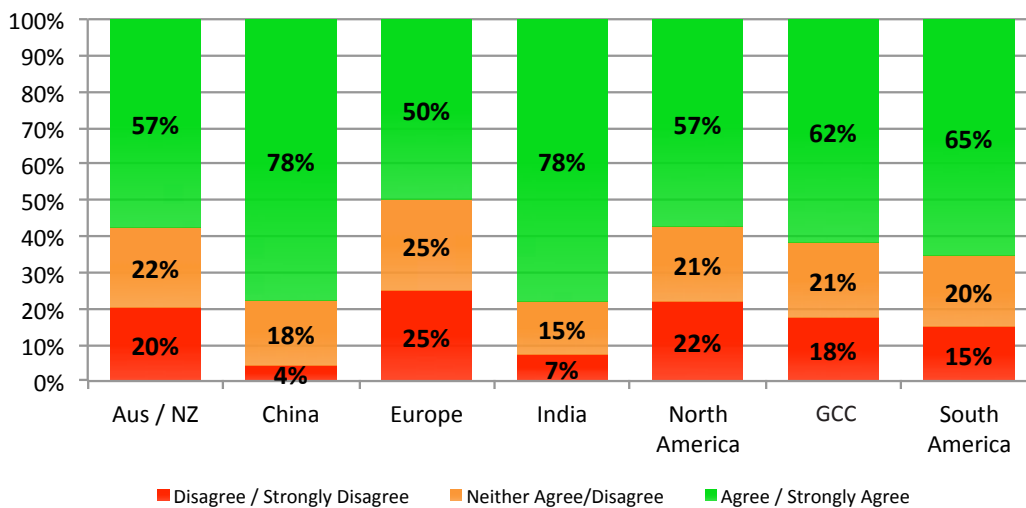
Trust in executives

The way that employees interact with and perceive senior executives is very different from their relationship with their manager. It is important for us to understand this distinction in equipping every level of an organization to build a culture of engagement.

At a high level, trust in senior leaders has seen a slight increase overall, from 61% to 65% of employees who agree or strongly agree with the statement “I trust the senior leaders of this organization.” As we might expect this also correlates closely to engagement levels:

	2011	2012
Engaged	85%	85%
Almost Engaged	68%	70%
Crash & Burners	40%	47%
Honeymooners & Hamsters	57%	56%
Disengaged	27%	30%
Total	61%	65%

“I trust senior leaders in this organization” responses by region – 2012



What are executives (perceived to be) good at? And where are they weak?

While executives do not get to interact one-on-one with every employee, their role in building a culture of engagement is pivotal. Setting the tone, fostering a purposeful culture and establishing an inspiring vision of the future are all important prerequisites to building engagement across the enterprise.

Along with trust levels, employees are scoring senior leaders marginally better on the four key engagement actions we have tracked between studies:

	% agree or strongly agree	Change since 2011 (percentage points)	Gap between the Engaged and Disengaged who agree (percentage points)
Senior leaders act in alignment with our organization's core values or guiding principles.	61%	+2	17
Senior leaders communicate honestly.	56%	+3	18
Senior leaders link the work of the organization to a larger purpose.	62%	+2	18
Senior leaders have created a work environment that drives high performance.	50%	+1	20



Notes

Recommendations

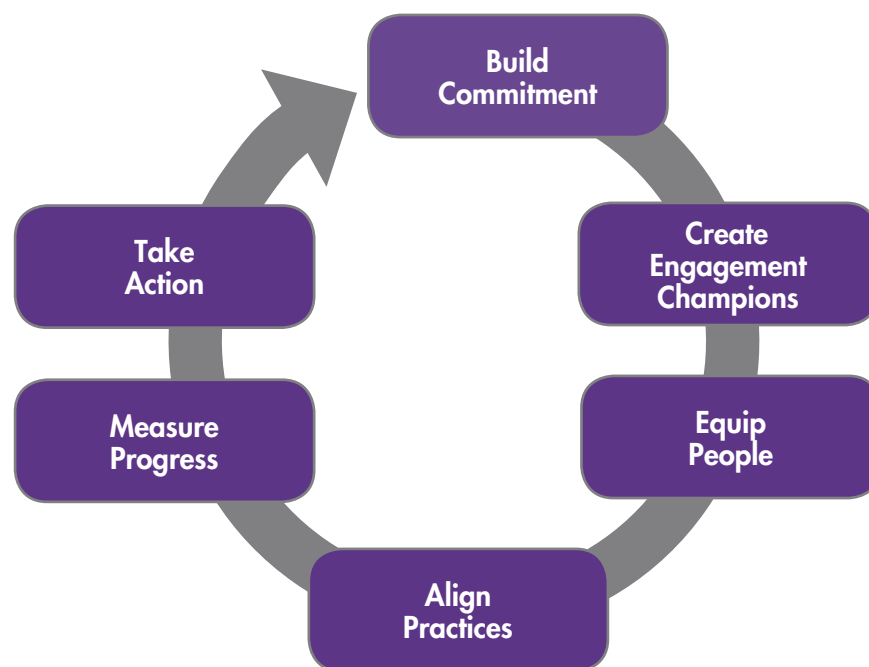
As we continue to track employee trends around the world, we are watching the evolution of the employee/employer relationship through economic cycles. But 3 key elements are essential to informing our approach to developing an engagement strategy:

- 1) How an employee relates to his or her job and employer (current and future).
- 2) How managers work with individual employees to address individual engagement drivers and foster positive team dynamics.
- 3) How executives create an inspiring vision for the future and foster a purposeful culture that makes engagement a core driver of business results.

Engagement needs to be part of your culture

Organizations that have made substantive progress in fueling business success through employee engagement have approached this transformation as a *culture change exercise*. They may not explicitly describe it that way, but the transformation was the result of a deliberate focus on establishing a foundation of employee engagement and driving engagement at every level of the organization. In the most successful organizations, engagement and results are discussed regularly – in the same breath.

We identify 6 main elements for building a culture of engagement. While these are not lockstep phases in a process, there is a natural sequence:



<p>Build Commitment</p>	<p>Does your organization have a shared, actionable definition and a common language for discussing engagement? Most don't, yet engage in extensive post-survey action planning.</p> <p>In building commitment you need to clarify what you and your company are committing to – and why it is important. Start with the business case and securing Senior Leader Buy-In.</p>
<p>Create Engagement Champions</p>	<p>Unless your organization is small, you cannot build a culture of engagement on your own, even with the support of senior leaders. Champions allow your organization to:</p> <ul style="list-style-type: none"> ▶ Expand the engagement message reach. ▶ Educate colleagues on what engagement is, why it is important, and how to influence it. ▶ Help leaders interpret, communicate, and act on survey findings. ▶ Support managers as they tackle engagement with their teams. ▶ Help in gathering insights and feedback from the front lines.
<p>Equip People</p>	<p>It may seem obvious, but if you need people to play particular roles, you must prepare them to do so. Everyone needs to understand those expectations and assume ownership of their piece of the puzzle. Provide the context, articulate the vision and equip every level.</p>
<p>Align Practices</p>	<p>Too often, engagement is undermined by policies and practices that drive only results – or are simply painfully bureaucratic. Successful culture change requires that your operational engine drive engagement as well as your strategic priorities.</p>
<p>Measure Progress</p>	<p>So how will you know if you are succeeding in creating a culture of engagement? Engagement surveys, pulse surveys, and the metrics you use already to run your business can provide insights.</p> <p>Stay close to the financial, customer, value chain, and human capital metrics that your organization already tracks. You may not be able to determine that higher engagement is explicitly driving success, but you will be able to show a strong correlation between your engagement efforts and improved numbers that matter.</p>
<p>Take Action</p>	<p>If you're measuring progress toward creating a culture of engagement well, you'll end up with actionable insights. Encouraging dialogue and planning at the team level provides a valuable feedback loop.</p> <p>The aim of this phase is to transition from a corporate objective (creating a culture of engagement) to actions that will tackle engagement at the local level.</p>

A Daily Priority: the IME approach

If you want to build a culture of engagement you need to move away from a survey-driven process that results in lists of remedial actions assigned to ill-prepared managers.

If engagement is to become a daily priority, it has to be a shared responsibility. Leaders and managers cannot and should not shoulder the entire burden of engaging your workforce. Every member needs to play a role (or several roles), as individuals (I), managers (M), or executives (E).

So you must develop a focus on engagement which maps out roles and responsibilities at each level of the organization.

Individuals

At the individual level, drivers of satisfaction and contribution will vary, as will longer-term aspirations and career goals. While the organization can help an individual examine and gain clarity on these, it does demand a partnership and a proactive participation from the individual. No individual can expect the organization to *make them engaged*.

Individuals need to ACT on engagement, namely:

- ▶ Assess their skills, strengths, career goals and current priorities.
- ▶ Communicate with their manager to ensure alignment and put together a plan on how to address their personal engagement drivers to reach higher levels of contribution and satisfaction.
- ▶ Take action – with their manager’s support start to change those items they can and track their progress throughout the year.

Managers

Managers tend to be on the sharp end of the wedge when it comes to engagement. They are under pressure from senior management to produce results, burdened with expectations that they can engage their teams, and often divided between managing others and completing their own tasks. When the annual engagement survey rolls around it’s on their shoulders that the action plans land, and typically they have been given little context and no option about participating or not. Finally, managers need to worry about their own personal engagement equation.

Managers need to CARE about engagement, namely:

- ▶ Coach individuals toward maximum contribution and satisfaction.
- ▶ Align and constantly realign individuals to the organization’s strategy, mission, and values.
- ▶ Recognize attitude, effort, and results.
- ▶ Engage in dialogue about what’s important to both parties, while at the same time engaging themselves.

There is an important caveat to the CARE model. Managers must drop the veil of their position or title, and become better known to employees. That doesn't necessarily mean being their buddy. But it does mean sharing personal motivation for work, challenges, appropriate weaknesses, the reasons they came to your organization, and why they stay there.

Engagement is a case of give and take – of gaining satisfaction and giving contribution. Once engagement has been achieved there are many factors that may cause it to get out of balance, one being the constant shifting and redirecting of organizational strategy and direction. As each department or team changes tack, it is up to the manager to ensure that employees make course corrections to stay aligned with the most immediate priorities.

Executives

Executives are not in the position to coach and align the personal interests of each and every employee. They must set the direction that the workforce aligns to, communicate that direction to ensure a clear line-of-sight throughout your organization, and create a culture that fuels engagement and business results. They must also fulfill the role of manager and individual as previously described. We understand that this is a tall order.

We need to look at the priorities of executives in leading a workforce to higher engagement from the perspective of the leaders' followers. Our focus therefore is not on the *intrinsic* qualities that make an effective leader but instead is about asking, "What are the needs of followers that a leader needs to fulfill?" We find it useful to talk about how you build your CASE (Community, Authenticity, Significance, and Excitement). These are core needs of the 21st century workforce (the *followers*) and are useful in delivering results as well as engagement:

- ▶ **C**ommunity for a sense of belonging and purpose
- ▶ **A**uthenticity as a basis for trust and inspiration
- ▶ **S**ignificance to recognize individuals' contribution
- ▶ **E**xcitement to constantly encourage – and raise the bar on – high performance

Organizational practices

Finally, you need to take a look at the organizational level and critically revisit policies, practices and procedures and ask yourself: do these help or hinder in our engagement efforts?

A common list of practices that we find fail to support engagement in many corporations include:

- ▶ Onboarding processes that fail to initiate a true dialogue around priorities and work preferences.
- ▶ Performance management processes that boil down to awkward form-filling by managers and a once-a-year scorecard that fails to truly align employees to the organization's priorities.
- ▶ Career processes that are driven by current opportunities and not individual potential.
- ▶ Bureaucratic reporting systems and data collection that nobody challenges, and that add no value but have become a fixture.
- ▶ Hiring/firing practices that encourage managers to retain a low-performing team member rather than seek to replace him or her with a higher-potential candidate.

Alignment is key

Increasingly, we find that a key to building engagement in most organizations is a focus on alignment. Never assume that staff understand and are able to align to what the organization needs. Many employees report "Greater clarity about what the organization needs me to do – and why" as a top driver of contribution.

Furthermore, it is being able to contribute and know that this contribution is recognized that drives an employee's satisfaction. In this sense contribution and satisfaction are mutually reinforcing. So while many organizations approach engagement from the perspective of "what will make our employees more satisfied," the answer is sometimes surprising: it's more opportunities to contribute! But opportunities that are also in line with the aspirations and strengths of the individual.

Less, less, more, more – collect the data you need to understand local needs and take action

Having the right data to inform your engagement efforts is important, especially if this data allows you to draw a straight line between engagement levels and organizational outputs. But beware: the survey scores are not the prize, and there is a risk of letting survey scores dictate rather than inform your efforts. Consequently we recommend:

- ▶ Less benchmarking – achieving specific engagement targets or getting a passable scorecard is not the goal.
- ▶ Fewer items in surveys – the survey process is too often used as a catch-all.
- ▶ More frequent sampling so that engagement scores can effectively be used as a dashboard metric and not just a once-a-year audit.
- ▶ More strategic: the engagement metrics need to be directly tied to the business's current ambitions and strategic efforts.

Dialogue on career pays off

Career (in the broad sense) remains high on every employee's list of needs. As we detailed in the previous pages, two factors consistently top the list of satisfaction drivers for employees in nearly every region in the world and across every engagement level: "career development opportunities and training" and "more opportunities to do what I do best." See the table called *Top 3 Satisfaction Drivers by region (across all engagement levels)* on page 17.

Yet career development is often dismissed by management for several reasons: employees job hop, business plans change, the economy makes long-term planning difficult, and budgets simply aren't available for career initiatives.

While more people report having career opportunities today than in 2011, employees are largely cynical about their employer's attempts to support their careers and disappointed by the resources they receive. For the most part, they believe, they will forge a career in spite of their company's policies and procedures.

But dig deeper, and you find that what is lacking is clarity: Most employees do not have clarity around their career aspirations or drivers of job satisfaction.

As traditional career ladders disappear, it becomes important for organizations to help define the primary guideposts that individuals should use to redefine and navigate today's uncharted career landscape. Employees who are truly striving to achieve full engagement for their own sake would ideally stop looking to a new employer and start developing a personal career path or series of projects internally, in accordance with the company's shifting priorities.

The bottom line: if employees understand what matters to them, what they offer, and where they can make a difference for their employer, they will be better able to make the right choices – and also position themselves as the right people to get the work done.

Savvy enterprises see a bigger picture: career development is one critical piece in a more complex talent management strategy that often includes succession planning, performance management, redeployment, and targeted development to make sure the organization performs as its markets evolve.

When employees see career as encompassing lateral moves, skill development, stretch assignments, and special projects – not just promotions or advancement – they will find more satisfying opportunities with you, their current employer. If you provide an exciting journey, people will stop wondering about what the stops are called along the way.

Start by establishing three cornerstones of career development success:

1. Individuals must own their careers and not rely on their employers or managers to take the initiative.
2. The organization must have a point of view about career development, and provide the tools and structure that allow employees to develop in their careers in the context of what the organization needs.
3. Managers stand at the crossroads where their team members' capabilities and goals meet the organization's priorities. They need to understand and buy-in to the organization's career development point of view. They also must be competent and confident in supporting (not directing) employees' career journeys. It is the role of your managers to help employees realistically align their aspirations with the organization's goals.

Disengaged cause drag: coach up or coach out

Every sizable organization will have a proportion of its workforce in the Disengaged group. This is simply the dynamics of a modern workforce.

It is tempting to invest a lot of time in re-engaging this group, but that is rarely the best use of time. Disengagement is contagious and causes drag in terms of low contribution, and failing to address disengagement may be a tacit signal that the organization (or the manager) tolerates sub-par performance.

So what is a manager to do with a Disengaged team member? The answer is to coach up or coach out.

Coach up

Give the employee the opportunity to engage in a dialogue with the manager and address the root cause of their disengagement, seeking ways to contribute at a higher level – and in doing so get to higher levels of engagement.

Coach out

If the employee has turned an emotional corner and is unwilling to make the effort (or if the job fit is truly so bad that course correction is not enough) then it will be better for both parties to part ways.

At the end of the day, a Disengaged employee should be given the two options above. The third option of staying put and doing nothing should not be on the table.

About this report

This report is based on 7,068 responses from around the world. Regions reported are those where sufficient number of responses were collected to provide meaningful regional analysis. South America and the GCC were not reported separately in the 2011 report.

Methodology

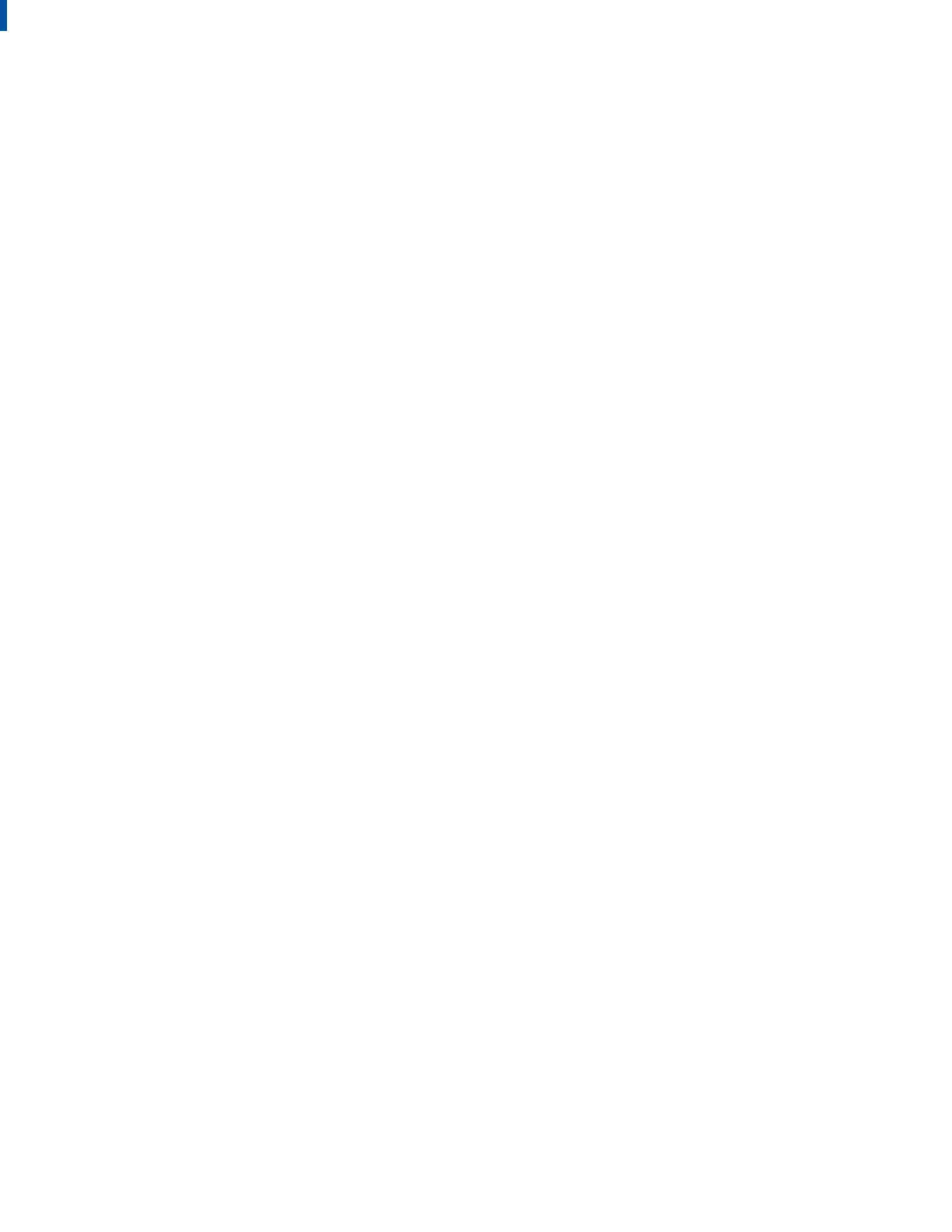
Our online survey consisted of 27 multiple-choice items. Everyone answered the first 25 items. The remaining items varied based on respondents' answers to item 25, which explored intent to stay.

The survey link was emailed to European and North American respondents in May to August 2012 and to Asian respondents in September to November 2012. Individuals invited to respond represented a cross-section of geographic regions, job functions, roles, and industries.

To round out the multi-layered workforce perspective, we conducted about 30 interviews with HR and line leaders around the world. Many of these interviews were also featured in our 2012 book *The Engagement Equation* (Wiley).

Global respondent profile

- ▶ 7,068 respondent included in the study
- ▶ 12% reside in China, 38% in North America, 27% in India, 10% in Europe, 4% in Australia/New Zealand, 4% from the GCC, and 3.1% from South America
- ▶ 49% are female, 51% male
- ▶ 65% hold executive, management, or supervisory titles, with 9% indicating that they are a vice president or above
- ▶ 32% are Baby Boomers or earlier (born 1930 - 1964), 33% are Generation X (born 1965 - 1977), and 35% are Generation Y or Millennials (born 1978 - 1994)
- ▶ 22% work in organizations that employ more than 10,000 people and 57% work for organizations with fewer than 5,000 people
- ▶ 49% indicated that all or most of their team works at the same location, with only 13% labeling themselves as virtual workers
- ▶ 44% have worked three years or less with their employer, and 31% have been with their organizations for more than 7 years
- ▶ One in four (24%) have held their position for less than a year and 14% of employees have held their position for more than 7 years
- ▶ Less than one in five respondents (17%) work in a union environment



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