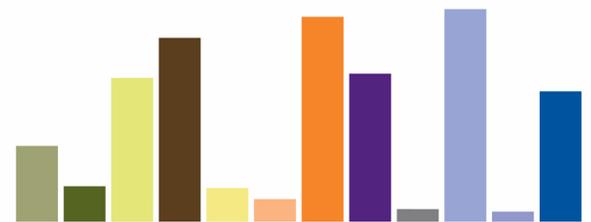


Employee Engagement Report 2011

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



BLESSINGWHITE
research

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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.

Introduction

Employee engagement is an idea whose time has come. We have seen it transition from academic literature to OD practitioners to executive teams as a top strategic objective. Employee engagement, as a metric of business success, is getting more attention than ever before.

And yet the topic remains elusive, even murky. The chemistry of individual engagement is complex, not one that can be easily addressed from the C-suite. Many organizations are stymied by stubbornly stagnant engagement levels despite yearly cycles of measuring and action planning.

Global findings and trends help us articulate the most common drivers of engagement, but at the end of the day it's the daily dynamics at play in your team, your division, and your organization that matter.

This report is designed to move beyond the high-level numbers to provide you with a framework that will help your organization to start moving the needle on engagement. We have tapped into our 37 years as practitioners and pioneers in this area to distill key lessons. And still, as we discovered through doing this research, this is a dynamic field and we always have new things to learn.

The preview of our core message: *Engagement starts with leaders – with you.*

I hope you find this report informative, thought provoking, and practical. If you would like to discuss this topic further, BlessingWhite is here to continue the conversation and help you create a workplace that thrives.

Yours sincerely,



Christopher Rice
President & CEO
BlessingWhite

Executive summary

Introduction

The *Employee Engagement Report 2011* research reflects interviews with HR and line leaders as well as online survey responses of nearly 11,000 individuals from North America, India, Europe, Southeast Asia, Australia/New Zealand, and China. Details on our methodology and the global respondent profile appear in *About this Report* on page 75.

Our previous employee engagement studies (2003, 2006, and 2008) determined that the majority of employees liked their work and were planning on sticking around, but were not necessarily focused on what mattered most to their employers. They also contained organizational best practices for increasing engagement levels. In this report, we share a brief overview of engagement levels worldwide, the engagement-retention connection, key drivers, and the ways that behaviors of managers and executives influence engagement.

We also explore the specific roles and responsibilities of the workforce in building a more Engaged organization. Our focus: individual employees, managers, and executives. These three roles are incremental, depending on someone's level in the organization: Everyone is accountable for his or her own engagement; anyone with direct reports must coach team members to higher levels of engagement *and* manage his or her own engagement; and executives set the tone for an Engaged organization *plus* shoulder the responsibilities of individuals and managers.

Key findings

- ▶ **Fewer than 1 in 3 employees worldwide (31%) are Engaged. Nearly 1 in 5 (17%) are actually Disengaged.** Engagement levels vary by region from 37% in India to 17% in China.
- ▶ Despite the rough and tumble of the economic recession, **engagement levels around the world remained roughly stable** when comparing early 2008 and mid-2010.
- ▶ Yet **more employees are looking for new opportunities** outside their organization than they were in 2008, suggesting that 2011 will be a challenging year for retention (and a hot market for firms looking to attract top talent).
- ▶ Consistent with the 2008 findings, there is a **strong correlation between engagement levels and age, role/level, and tenure** in the organization. Older employees and people in positions of power and authority are most likely to be Engaged. So are long-term employees (7+ years with an organization). Employees who work in departments closest to strategy decisions and customer relationships tend to be more Engaged as well.
- ▶ **Engaged employees plan to stay for what they give; the Disengaged stay for what they get,** suggesting that organizations can benefit from a targeted retention strategy.
- ▶ Employees worldwide view **opportunities to apply their talents, career development, and training as top drivers of job satisfaction.** When it comes to **contribution, their needs vary considerably,** reflecting their circumstances (e.g., region, age, function, engagement level).
- ▶ **Trust in executives can have more than twice the impact on engagement levels than trust in immediate managers does.** However, consistent with past studies, employees are more likely to trust their immediate managers than the executives in their organization.
- ▶ **Managers are not necessarily doing the things that matter most.** The actions that correlate the most with high engagement are not always the ones that receive the most favorable ratings. And in some regions **relationships trump skills,** that is, employees' knowledge of their managers as "people" behind their titles appears to impact engagement levels more than manager actions.
- ▶ **Executives appear to struggle** with key leadership behaviors correlated to engagement, yet our findings suggest executive behaviors can have a **greater potential impact on engagement than manager actions.**
- ▶ Most alarming: **Executives aren't getting the basics of performance right.** Creating an environment that supports high performance is the item that received the least favorable response in the entire survey; it also has among the strongest correlations with engagement levels.
- ▶ **Engagement surveys without visible follow-up action may actually decrease engagement levels,** suggesting that organizations think twice before flipping the switch on measurement without 100% commitment for action planning based on the results.

Implications and recommendations

Our 2008 high-level recommendations remain relevant: measure less while acting more, drive alignment, leverage managers, pay attention to culture, and redefine “career”.¹ Yet well-intentioned organizations struggle to pull off engagement initiatives, especially when the activities are seen as special, set apart from the work central to fulfilling the organization’s mission. We’ve seen this before, with innovation, for example. As soon as it is relegated to a team of innovators, everyone else abdicates responsibility. As soon as it is an action plan to pursue in addition to daily priorities, “real work” gets in the way and the initiatives falter.²

To reap the rewards that a more Engaged organization promises, your entire workforce needs to be accountable for their piece of the “engagement equation” every day. This report clarifies those roles and responsibilities.

Individuals: ownership, clarity, and action

As an individual, you need clear direction on what your organization is trying to achieve. You also need to understand your own values, interests, talents, and aspirations. Your manager can coach you in your quest to achieve organizational and personal goals. Your executives can communicate strategy and set the tone. Ultimately you need to own your own engagement.

Managers: coaching, relationships, and dialogue

As a manager, you represent a key leverage point in helping individual employees align and commit with the objectives of your organization. Your effectiveness is determined not only by what you do but also by who you are. Employees must trust in your ability and character – and understand your personal motivation. You won’t be able to match individual passion and proficiencies with organizational priorities if you don’t talk to your people. Get to know them. Understand not only their special talents but also their unique engagement drivers.

Executives: trust, communication, and culture

As an executive, you have significant impact on the engagement levels of people you rarely see – or may have never met. You need to speak with passion about engagement and business results, but if you don’t have the trust of the workforce your message will be lost or twisted. Communication needs to be a priority – in frequency, appropriateness, and depth (the “what” and “why”). You also must be diligent in holding yourself and your peers accountable for building a culture that fuels high performance and engagement.

Whether you play one, two, or three of the roles described above, the pages that follow are designed to shed light on your quest for creating a more meaningful, productive work experience for you and your colleagues.

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 a piece of the engagement equation.

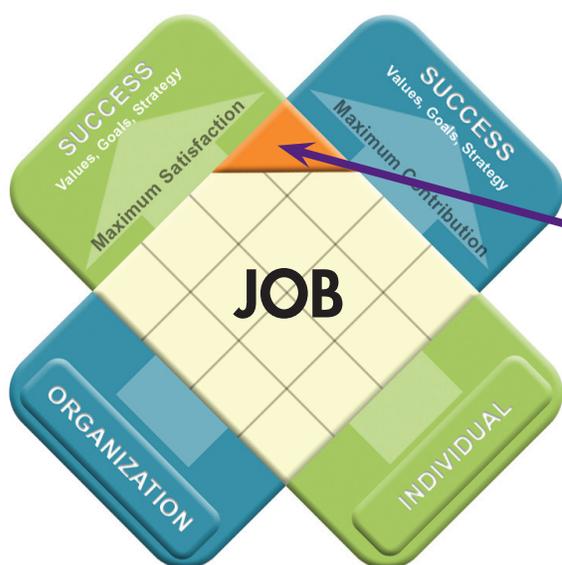
While organizations are keen to maximize the contribution of each individual toward corporate imperatives and metrics, individual employees need to find purpose and satisfaction in their work. Consequently, BlessingWhite’s engagement model focuses on individuals’:

- ▶ **contribution** to the company’s success
- ▶ 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.



Full engagement occurs at the alignment of maximum job satisfaction and maximum job contribution.

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: Medium to high satisfaction but low contribution	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. 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.
Crash & Burners: Medium to 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 to medium 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.

The business case

Engagement's evolution

The link between employee engagement and business results has been debated for many years now, as passionate HR and OD professionals, who saw malaise in their organizations, dealt with analytical, hard-nosed, right-brained, process-focused (pick any of these) line executives who would not invest in a concept that appeared to be as soft and fuzzy as employee engagement.

We have seen that dynamic shift considerably in the last few years. Many OD/HR professionals are now back on their heels as the *executive team* is pushing them, asking "What are we doing about getting our workforce more Engaged?" This stems from two main drivers:

- ▶ Executives coming up through the ranks have been exposed to the concept for several years. They have seen the stagnant scores of annual engagement surveys and understand, viscerally, that competitive advantage in any industry now depends on discretionary effort, creative thinking, and continuous innovation throughout their workforce.
- ▶ A few companies in every industry have cracked the code and delivered stellar business performance because of higher engagement *and* well-executed, superior business strategies. This correlation between employee engagement or "best places to work" rankings and financial performance has been publicized in the business press and therefore is increasingly popular as metrics of success in annual reports and in the scorecards tracked in the C-suite.

The ROI of engagement

Our *State of Employee Engagement 2008* report highlighted landmark research that made the business case for engagement from Towers Watson (ISR), Gallup, Manpower, and SHRM as well as case examples of North American retailers Best Buy and JC Penney. Studies like these link high engagement with discretionary effort, innovation, customer loyalty, quality, profitability, earnings per share (EPS), and productivity³. More recent findings include:

- ▶ Hewitt Associates: High-engagement firms had total shareholder return that was 19% higher than average in 2009. In low-engagement organizations, total shareholder return was actually 44% below average⁴.
- ▶ Gallup: "Organizations with comparatively high proportions of Engaged employees were much less likely than the rest to see a decline in EPS in 2008, the year after the recession officially began."⁵
- ▶ Wharton Business School: An analysis of the Best Companies to Work for in America indicated that "high levels of employee satisfaction generate superior long-horizon returns."⁶

Good leaders are not enough

Research by McKinsey⁷, based on its OHI (Organizational Health Index), suggests that successful organizations achieve two things:

- ▶ Above average leadership capability (but only “above average”) and
- ▶ Considerably superior levels of employee engagement

While this might not be surprising, what this research would indicate is that “to reap the benefits in terms of performance, building above-average leadership capabilities is enough” whereas “there is limited benefit to average motivation – only highly Engaged employees enable performance.”

The causation debate

Experts may agree on the correlation of engagement and business results, but the question remains: “Is this company successful *because* of Engaged employees?” or “Are employees highly Engaged *because* the organization is so successful?” To answer that question, an organization would need to demonstrate a “direct lead-lag relationship,” where performance *follows* a spike in engagement.

Gallup, in its latest workplace report, stops short of proof but suggests that “Workplace measures like employee engagement might be even more important as predictors of an organization’s economic health [than EPS].”⁸ One leader we interviewed explained that her Fortune 500 financial services organization was able to demonstrate that high-engagement locations delivered the highest results, but it was not able to confirm causation – yet.

An accepted belief

In progressive organizations the need to convince executives that engagement is a business driver has evaporated. As Pat Hasbrook, Senior Vice President for Human Resources at global financial information services company Experian, explained when asked about proving the ROI of engagement efforts: “We simply accept the premise that an Engaged workforce is essential for the success of the company.” Similarly, the Fortune 500 firm described above finds the correlation of results and engagement levels sufficient to keep employee strategies on the list of top organizational priorities.

Instead of fretting about the ROI of engagement, these organizations are identifying the factors that correlate with high employee engagement levels and are fine-tuning strategies for improving scores.

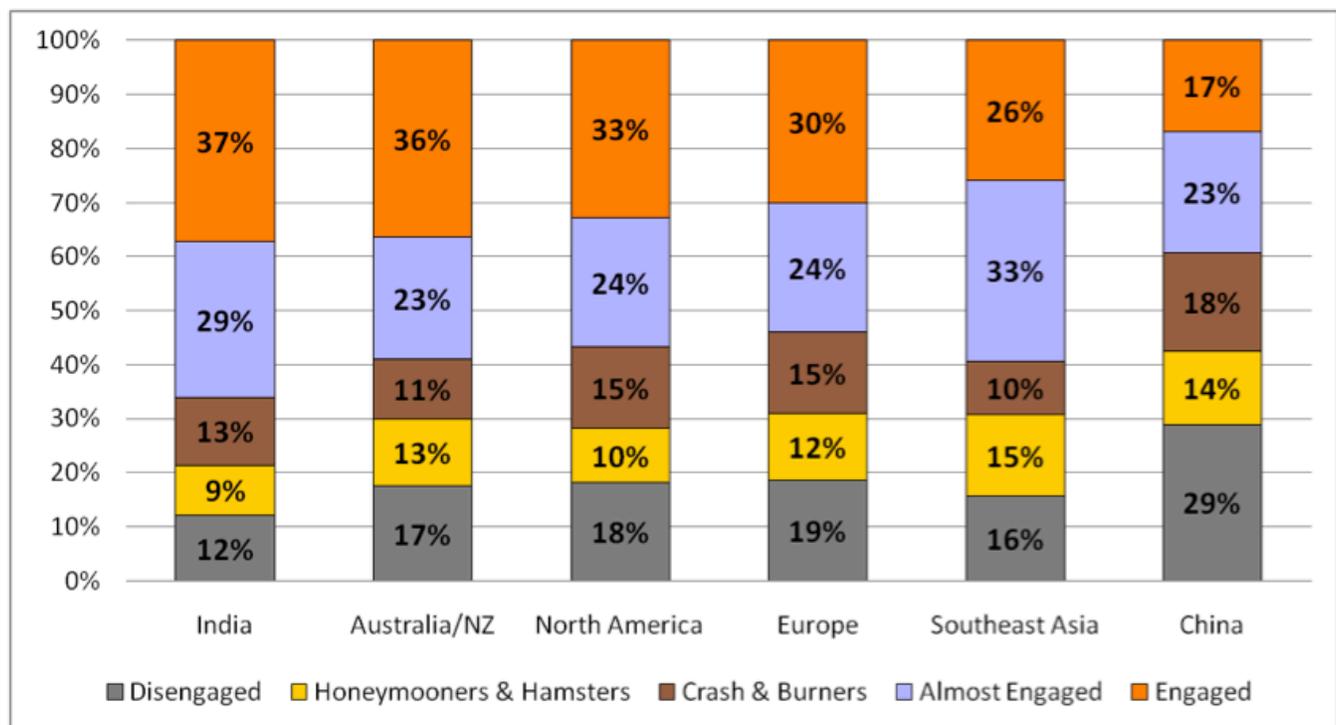
Global findings

Fewer than 1 in 3 employees are Engaged

Engagement levels by region

Of the 10,914 workers surveyed worldwide only 31% are Engaged. As the chart below illustrates, India has the most Engaged (37%); China has the least (17%).

Figure 1: Engagement levels by region



Similarities and differences

Similar to our 2008 analysis, we found the following patterns across geographic regions:

- **The higher up in the organization you go, the more likely you are to be Engaged.** In some regions, twice as many senior executives are Engaged than individual contributors. A number of factors may be at play here: Greater authority and control over work, close proximity to organization direction and decisions, and the maturity to know (or to have figured out through trial and error) what's important to you and how to achieve it. Another possible factor at play: Individuals with the personal clarity and initiative required for engagement may be more likely to be promoted consistently.

- ▶ **Engagement levels are higher among older employees.** In most regions of the world, Generation Y (or Millennials, born 1978-1994) are among the least Engaged. A case of disaffected youth? Not necessarily. Younger workers tend to have lower-level roles, which correlate with lower engagement levels as described above. Our career development research also suggests another possible reason for lower engagement levels: Twenty-something employees often have unrealistic notions of career progression but at the same time lack clarity about their strengths, goals, or preferred working conditions.⁹ That combination makes it difficult for them to achieve maximum job satisfaction or contribution on the job.
- ▶ **Gender is a differentiator in some, not all regions.** Engagement levels of men and women in North America and Europe do not differ greatly. The largest gender gaps appear in India (11 points) and China (9 points). In both of these cases, men have higher levels than women.
- ▶ During our interviews, most line leaders and OD/HR professionals assumed that engagement levels would decrease as the organization got larger. In reality, **when it comes to organization size, there is no one global pattern** of correlation with engagement. The regional summaries contain any regional implications of organizational size.
- ▶ Employees who are truly striving to achieve full engagement for their own sake might want to stop hopping between employers and start developing a career path or series of projects internally. Across regions, after the initial three years, it appears that **engagement increases with organizational tenure**. It is worth noting, however, that tenure tends to track with age and role/level (e.g., younger employees tend to be with their employer for less than three years). So sticking it out for 7+ years is not a guaranteed recipe for engagement.
- ▶ When we look across the organization, from sales to IT and R&D, we find a **global pattern whereby departments closest to the clients and most critical to delivering on the short-term strategy are likely to have the most Engaged employees**. While low levels of engagement may be more tolerable in some parts of the organization, it is important to ask whether the departments most central to driving important change have sufficient levels of engagement to move the organization forward.

Engagement levels have risen

Despite the rough and tumble of the economic recession, **engagement levels remained roughly stable** since our pre-recession research. In fact **they increased** in every region of the world, with Australia/New Zealand, Europe, and China experiencing the most upward movement. (2010-2008 comparisons can be found in each regional summary.) This finding may seem counterintuitive given the difficult business climate and drastic measures taken by many organizations to respond to the recession (see sidebar on the next page). Yet a number of other studies found similarly stable engagement levels over the past few years.¹⁰

Thoughtful actions may have protected engagement levels during difficult times

Employees in organizations that resorted to layoffs, salary freezes, and hiring freezes were less likely to be Engaged than the workforce at large. The negative impact of these actions, however, appears slightly less for more measured approaches.

Engagement level by organization response (global data)

Action taken	% Engaged
Layoffs/downsizing	25%
Salary reductions	26%
Hiring freeze	27%
Salary freeze	28%
Reorganization/restructure	28%
Postponement of projects	30%
Global – total population	31%
New business ventures	37%

Making it through the recession

More than 78% of respondents indicated that their organizations resorted to restructurings, hiring freezes, layoffs, and other belt-tightening measures (e.g., budget cuts, increased employee contributions to health care costs, furloughs, canceled flex time). The table below shows that **approaches varied greatly by region**, with respondents in North America and Europe experiencing the most change.

Recession strategies

How did your organization respond during the 2008-2009 recession? (Select all that apply.)

	Global	Australia/ New Zealand	China	Europe	India	North America	Southeast Asia
Reorganization/ restructure	39%	41%	28%	58%	17%	49%	43%
Hiring freeze	38%	36%	41%	47%	19%	46%	42%
Layoffs/downsizing	30%	29%	35%	48%	8%	51%	23%
Salary freeze	29%	31%	13%	47%	18%	46%	20%
Postponement of projects	18%	26%	17%	27%	12%	28%	10%
New business ventures	13%	15%	14%	18%	15%	18%	6%
Salary reductions	9%	5%	14%	12%	9%	13%	5%

(Totals exceed 100% because of multiple responses.)

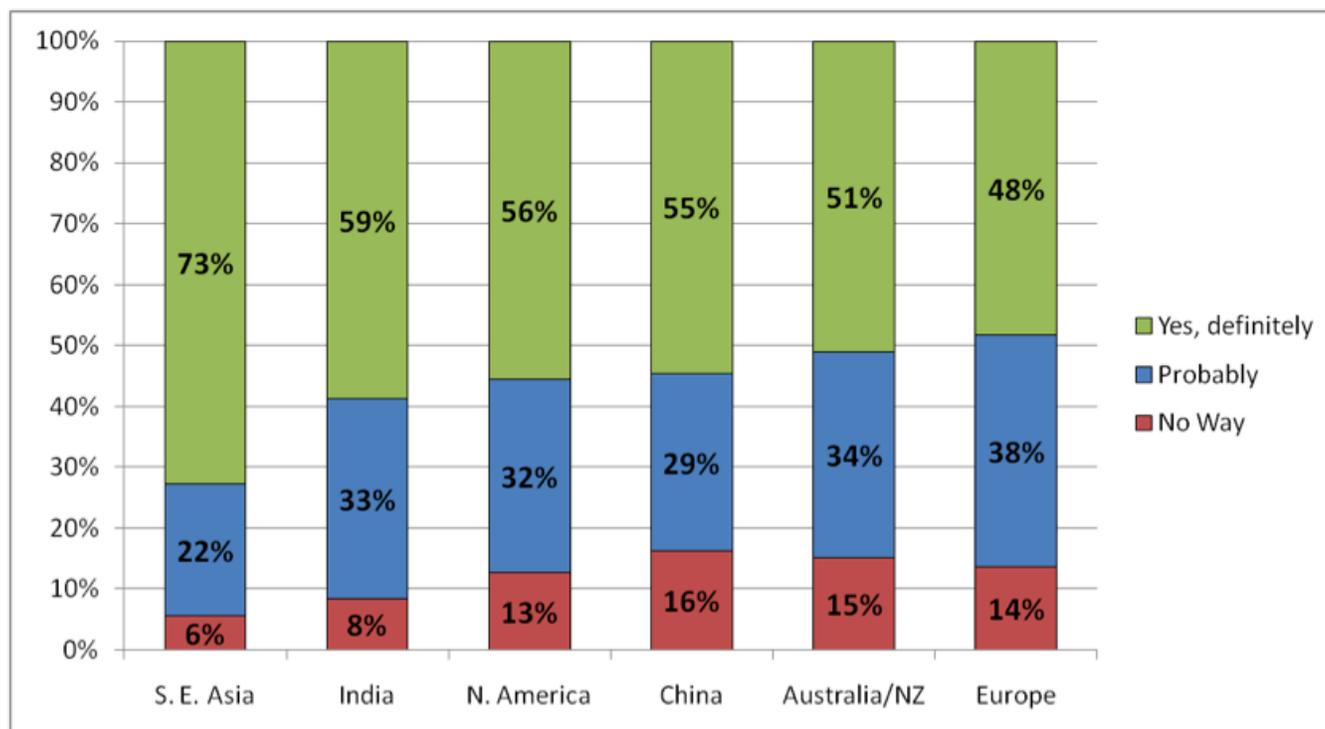
Despite an overall increase in engagement, more employees are headed for the door

Intent to stay by region

Less than two-thirds (61%) of respondents worldwide say they plan to remain with their organization through the next 12 months. Employees in Southeast Asia appear most likely to remain (73% plan on staying); those in Europe are the most restless (48% plan on staying). And despite a robust labor market and expanding economy in India, only one in twelve employees (8%) there are actively looking elsewhere.

Retention by region

Assuming you have a choice, do you plan on remaining with your organization through the next 12 months?



2010 vs. 2008

In all regions except Southeast Asia, **more employees indicate that there is “no way” they will stay** with their employer in 2010 compared to 2008. The most substantial movement? In China, the number of employees planning their exit has more than tripled, up to 16% from 5%. In North America, it’s nearly twice as many (13% vs. 7%). Furthermore, according to our interviews, companies report that actual turnover rates are closely aligned with stated intent to stay (as measured through employee surveys).

Employer caution: In all regions, compared to 2008, **more employees who can be considered high performers** (Engaged, Almost Engaged, Crash & Burners) **are planning their exit**. This finding mirrors other recent studies of top talent. The Corporate Executive Board, for example, saw a dramatic post-recession increase in the number of high-potentials looking elsewhere. They found a quarter (25%) to be at risk.¹¹

Most stay for the work, but leave for career

The top reason for staying across every region was **“My work. I like the work that I do.”** This finding is in line with our career development research, which indicates that people look for work that is meaningful or challenging before considering tangibles like finances or promotions. The secondary reason in Asia-Pacific regions was **“My career. I have significant development or advancement opportunities here.”** In North America and Europe, it was **“My job conditions. I have flexible hours, a good commute, etc.”** Commitment to organizational mission was also a significant retention force in India and North America.

In contrast (and similar to 2008 findings), **“My career. I don’t have opportunities to grow or advance here” was the number one reason employees worldwide gave for leaving** their current employer. The desire to earn more appears to be a secondary driver in all Asia-Pacific regions except Australia/New Zealand. In Europe, desire for change is at play, and in North America and Australia/New Zealand, nearly 2 in 10 employees appear to be fleeing work they dislike.

The Engaged stay for what they give; the Disengaged stay for what they get

Moreover, **Engaged employees in most regions stay for what they give** (they like their work and are able to contribute); **Disengaged employees stay for what they get** (a secure job in an unfavorable employment market, a desirable salary or bonus, favorable job conditions, or career advancement). This finding underscores the reality that **“intent to stay”** is code for commitment and willingness to apply discretionary effort. It begs the question: If losing Engaged employees amounts to **“regrettable turnover,”** does the departure of the Disengaged amount to **“productive attrition?”**

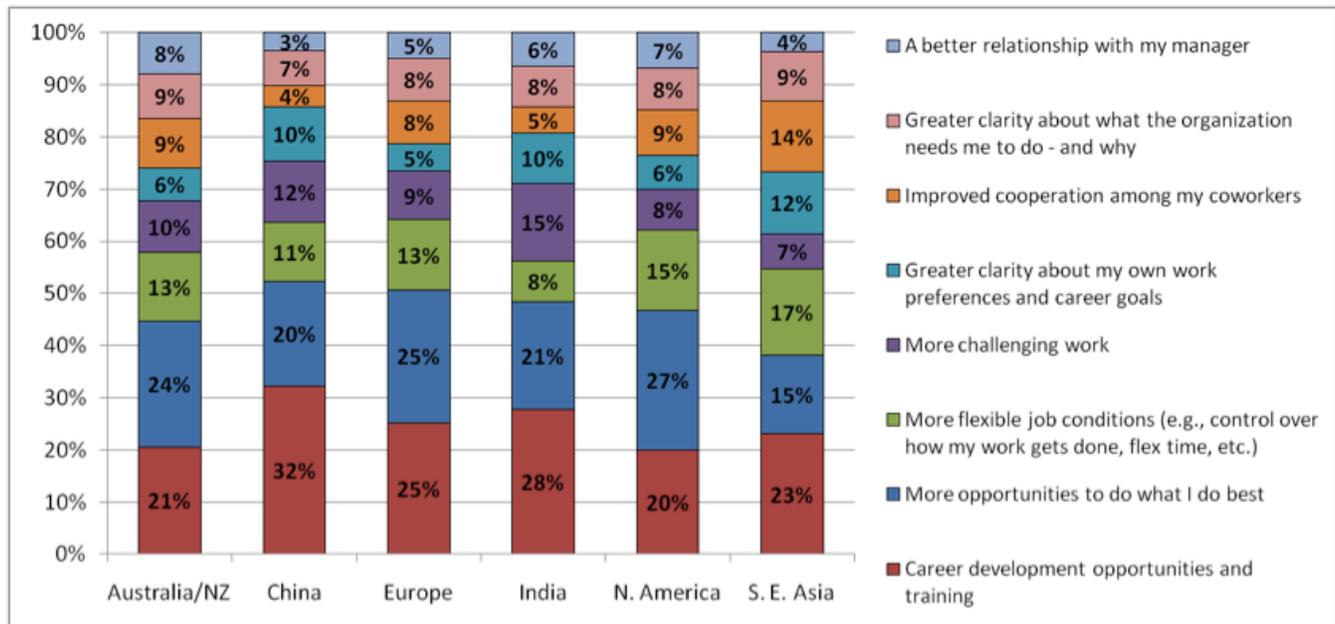
Two satisfaction drivers stand out

Since BlessingWhite’s engagement model reflects an integration of job satisfaction and contribution, the survey asked respondents to choose the item that would most improve their job satisfaction.

Consistent with our 2008 findings, two factors top the list of satisfaction drivers for employees in nearly every region across every engagement level: “career development opportunities and training” and “more opportunities to do what I do best.” And once again, **“a better relationship with my manager”** was among the least common responses.

Satisfaction drivers by region

Choose the item that would most improve your job satisfaction. (Select only one.)



The challenge of “career”

Despite career development being a critical engagement driver, **“I have career opportunities in this organization”** received one of the least favorable responses of all survey items. Only half (52%) of employees worldwide agree or strongly agree with the statement. It’s no wonder that lack of growth or advancement opportunities is the top reason employees consider leaving.¹²

Career cynicism is highest in Europe, North America, and Southeast Asia. The most optimistic response came from India, where 68% of workers in this expanding economy believe they have career opportunities with their current employer.

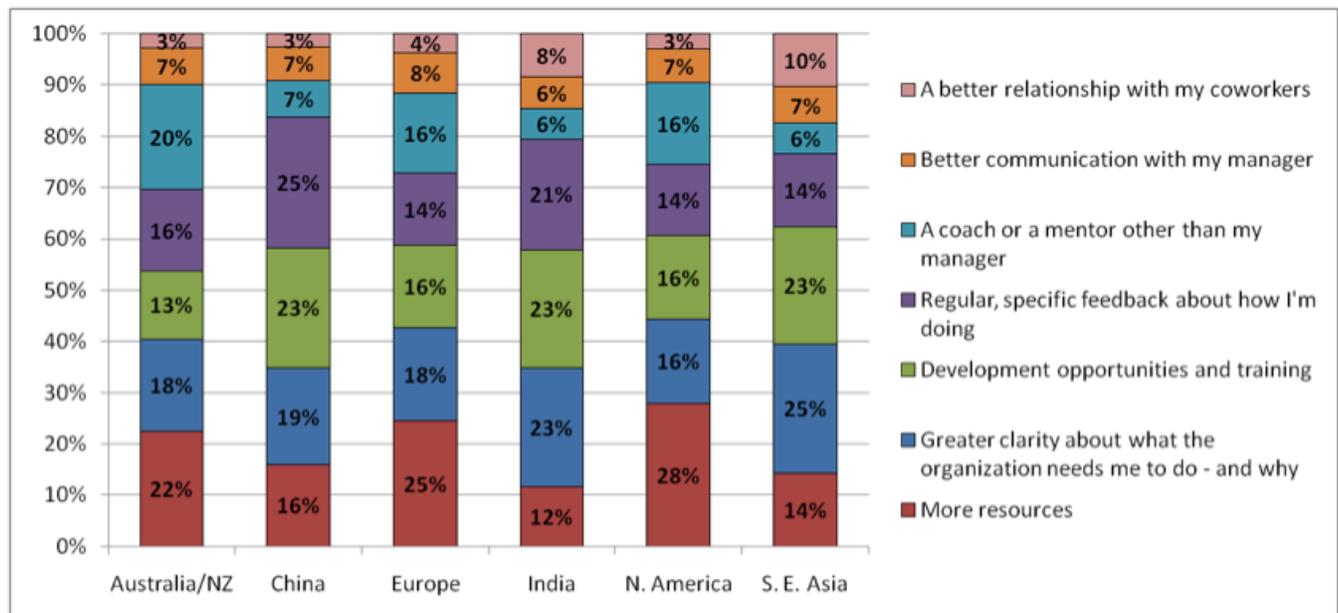
Many of our clients and the leaders interviewed for this study express frustration that their organizations receive low marks for career opportunities on employee surveys. Our career development research suggests that the issue is far more complex than providing career paths or more jobs. Most employees, unfortunately, don’t have clarity around their career aspirations or drivers of job satisfaction. That’s their problem, not their employer’s – until they leave to pursue a vague, often unfounded notion of a promising career move. Another factor at play: Despite widespread misunderstandings of what a “career” actually looks like and the efforts of organizations to educate employees on today’s career landscape (e.g., lateral moves, special assignments, development “in place” – not just promotions), engagement surveys reinforce yesterday’s language of advancement and career. Perhaps it’s time to banish the word “career” and ask people if they agree that they “have a future with this organization.”

Contribution drivers vary

When we asked what would most impact performance, **no one factor stood out as the most important** influence across regions. In the more mature markets of North America, Europe, and Australia/New Zealand, “more resources” was the top response. In the fast-growing markets of India and China (which also feature younger workforces), development opportunities and feedback were key drivers.

Contribution drivers by region

Choose the item that would most improve your performance. (Select only one.)



Respondents' answers also varied based on their engagement level, age, department, and industry. The most disconnected workers (Disengaged and Honeymooners & Hamsters) are looking for greater clarity on organizational priorities, for example.

Trust matters

Employees who trust their managers or executives are more likely to be Engaged. However, as the table below illustrates, **trust in executives has a stronger correlation with high engagement than trust in immediate managers does.** Moreover, the potential impact of trust in senior leadership is most pronounced in the more western economies of Australia/New Zealand, North America, and Europe.

Trust's correlation with high engagement by region

% who are Engaged

Region	% of total population who are Engaged	% of those who agree or strongly agree with "I trust my manager" who are Engaged (size of gap)	% of those who agree or strongly agree with "I trust senior leaders" who are Engaged (size of gap)
Australia/New Zealand	36%	45% (+9)	54% (+18)
China	17%	20% (+3)	23% (+6)
Europe	30%	36% (+6)	47% (+17)
India	37%	42% (+5)	45% (+8)
North America	33%	40% (+7)	50% (+17)
Southeast Asia	26%	31% (+5)	35% (+9)

Although trust in executives may matter more, it appears harder to earn at the top

Employees are more likely to trust their immediate managers than executives. This contrast was evident in 2008 and mirrors our experience conducting leadership assessments and culture diagnostics throughout North America and Europe. We find that even in well-run companies, half the workforce typically does not trust the senior team.

Trust in managers vs. senior leaders by region

% who agree or strongly agree

Region	"I trust my manager"	"I trust senior leaders"
Australia/New Zealand	71%	55%
China	78%	65%
Europe	74%	51%
India	82%	75%
North America	72%	52%
Southeast Asia	71%	62%

As the regional summaries illustrate, some regions experienced a rise in trust levels since 2008; others saw a slight dip.

Managers drive engagement through who they are and what they do

There is no worldwide formula

A lot has been written about the impact that immediate managers have on individuals' engagement levels and intent to stay. Our study and others, for example, clearly suggest that employees tend to flee *bad* managers, although they won't necessarily stick around for a *good* one.

Our research did not explore manager behaviors to the extent that a comprehensive leadership assessment would. Rather, we included seven actions that our past findings and other studies have linked to engagement. They reflect involvement, recognition, feedback, delegation, talent utilization, coaching, and community building. **All of the manager actions measured in our study correlate with high engagement**, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not.

The most prevalent actions aren't always the most important

Managers are doing reasonably well (most items received a favorable response of 60% or more), although there are substantial variations in manager actions across geographic regions. Our research did not identify one particular behavior that they have really *mastered* worldwide.

It did, however, suggest that **managers are not necessarily doing the things that matter most**. As the regional summaries indicate, the actions most correlated with high engagement are not always the ones that received the most favorable ratings. Often, there is an inverse relationship: actions receiving the least favorable responses appear to have the biggest potential impact on engagement.

Relative impact and relative scores on manager actions (global data)

	Strong correlation (gap of 40-43 pts between % Engaged and Disengaged whose managers act this way)	Very strong correlation (gap of 47 pts+ between % Engaged and Disengaged whose managers act this way)
Most prevalent actions (65% or more agree or strongly agree)	<ul style="list-style-type: none"> ▷ Delegates assignments effectively ▷ Treats me like an individual with unique interests and needs ▷ Asks for and acts on my input 	<ul style="list-style-type: none"> ▷ Encourages me to use my talents
Less prevalent actions (60% or less agree or strongly agree)	<ul style="list-style-type: none"> ▷ Provides me with regular, specific feedback on my performance 	<ul style="list-style-type: none"> ▷ Recognizes and rewards my achievements ▷ Has built a sense of belonging in our department or team

Relationships matters, but more so in some regions than in others

Employees worldwide who know their manager well “as a person” are more likely to be Engaged.

This correlation is greatest in Australia/New Zealand and North America. In fact in those regions, an employee’s knowledge of his or her manager as a person may be more important than what the manager actually *does*.

Correlation of knowledge of manager “as a person” with engagement by region

Region	% of total population who are Engaged	% of those who know their manager well or very well who are Engaged	Size of gap (potential impact)
Australia/New Zealand	36%	51%	15 pts
China	17%	23%	6 pts
Europe	30%	35%	5 pts
India	37%	41%	4 pts
North America	33%	44%	11 pts
Southeast Asia	26%	34%	8 pts

Executives aren't necessarily doing the things that matter most either

Again, our study did not explore the depth of executive behavior to the extent that a comprehensive leadership assessment or culture diagnostic would. We included behaviors associated with high-level leadership and the creation of high-performance cultures. **All of the executive behaviors measured in our study correlate with high engagement**, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

Executives received less favorable ratings than managers did, particularly in North America, Europe and Australia/New Zealand. However there was more consistency across regions in how they are viewed which reflects, perhaps, the broad reach of senior leadership within an organization in contrast to the individualized nature of employee-manager relationships (i.e., most employees need the same things from leaders at the top while each employee needs different things from his or her manager depending on his or her circumstances).

The most prevalent actions are not the ones that correlate most with engagement. The table below summarizes the global pattern; the regional summaries demonstrate a more pronounced impact.

Correlation of senior leader behaviors with engagement (global data)

	<i>Prevalence rank order (% who agree or strongly agree)</i>	<i>Potential impact rank order (gap in engagement levels of those whose leaders behave this way vs. population at large (31%))</i>
Link the work of the organization to a larger purpose	1 (60%)	4 (10 pts)
Act in alignment with our organization's core values or guiding principles	2 (59%)	3 (10 pts)
Communicate honestly	3 (53%)	2 (12 pts)
Have created a work environment that drives high performance	4 (49%)	1 (13 pts)

The action associated with the highest levels of engagement across regions is "executives have created a work environment that drives high performance." Yet less than half (49%) of respondents worldwide agree or strongly agree that their executives do this. The finding is troubling for two reasons: First, engagement is not just about what employees *feel*, it's about what they can *accomplish* every day. They cannot attain maximum contribution in an environment that does not drive high performance. Second, unlike some of the "newer" leadership skills (e.g., communication, creating meaning, being authentic), performance has long been at the top of the executive agenda. We expected it to be a given.

Proceed with caution: sloppy engagement initiatives can backfire

Survey follow-through pays off

We asked survey respondents “What is your organization doing to increase employee engagement?” The good news: Employees from all regions who said their organization conducted a survey *and* demonstrated visible actions at the organization or department level are more likely to be Engaged than the population at large. On a global level, 44% of employees who responded “survey and visible action” were Engaged in contrast to 25% of those indicating “nothing that I’m aware of.”

Measurement or organizational talk without action might actually damage engagement

Respondents who experienced a survey and saw *no follow-up* were less likely to be Engaged than the global population at large (26% vs. 31%). In Australia/New Zealand, Europe, and North America, where annual engagement surveys have become a fixture in many organizations, employees who responded this way were actually less likely to be Engaged than employees who reported that their organization did nothing at all about engagement.

Survey malaise perhaps? This finding may explain recent studies that saw an increase in the number of organizations that experienced a decline in engagement levels. Employees where surveying has become institutionalized may be suffering from “survey, no visible action.”

Even less likely to be Engaged are the employees who indicated “a lot of talk, but no action.” Worldwide, only 21% of them are Engaged. A quarter worldwide (25%) are actually *Disengaged*. In North America, it’s a third (32%).

Conversations with managers show promise

Worldwide, nearly 1 in 3 (29%) of respondents whose manager had talked to them about their engagement without evidence of an organization-wide initiative are Engaged. While clearly less impactful than surveying *with* visible action, these conversations appear to offer a more productive approach to increasing engagement than running a survey and failing to follow-through. (Page 25 contains tips for conducting effective engagement reviews.)

Implications

Many factors, limited control

Many employee engagement surveys include upwards of 100 items to provide detail on a range of factors associated with engagement: behaviors of colleagues and leaders, culture, organizational values, compensation, communication, recognition, reputation, corporate social responsibility, career development, diversity, etc. During a series of 16 engagement events we conducted across North America and Asia, attendees also identified a wide range of factors that, in their experience, influence employee engagement levels:

- ▶ External events (e.g., economic uncertainty, media reporting, industry regulations, a thriving or poor job market, national or local elections)
- ▶ Organizational changes (e.g., layoffs, strategy shifts, mergers, changes in reporting structure)
- ▶ Organizational policies and business practices (e.g., on-boarding, compensation, rewards/recognition, workforce policies like flex time or telecommuting)
- ▶ Behavior of executives, managers, and colleagues
- ▶ Personal work/life equation of individual employees (e.g., juggling family challenges, continuing education, community involvement, health, and outside interests)

Some of the above factors are outside the control of even the most powerful business executives. Others can be addressed through organization-wide initiatives (e.g., communication strategies, change management initiatives).

Plenty of studies are available that provide guidance at a broad, organization-wide level on what to do (and what to avoid doing) to increase engagement. We focused on the roles and responsibilities of the **people** in organizations. Who owns what piece of the engagement equation? What does that ownership look like? What are the challenges to fulfilling the related engagement responsibilities?

Recommendation: Shared ownership

Employee engagement is the responsibility of the entire workforce. In this report, we'll look at three levels: individuals (i), managers (M), and executives (E).



Individuals

Engagement is fundamentally an individualized equation. It reflects each person's unique relationship with work. What one employee finds challenging or meaningful may bore another to tears. Someone's vision of a "successful career" could be a "life sentence" of misery for a colleague down the hall. As a result, leaders and managers cannot and should not shoulder the entire burden of engaging their workforce.

Individuals must:

- ▶ **Own their engagement.** They come to work with unique motivators, interests, and talents. They cannot expect the organization to provide an exact set of tasks or conditions to fit their personal definition of meaningful or satisfying work. They are ultimately responsible for their personal and professional success.
- ▶ **Be clear on their core values and goals.** If employees do not know what is important to them, they will not find it in their current job – or potentially in any other.
- ▶ **Take action.** Employees cannot wait for a tap on the shoulder to signal a career move or exciting new project. They need to take the initiative to build their skill sets, articulate their interests, satisfy their core values, and identify ways to apply their talents to achieve the organization's goals. They need to initiate conversations about re-shaping their jobs, clarifying their work priorities, or getting the support they need from their managers.



Managers

Managers matter. Squeezed between organizational mandates and the people on the front lines, managers work in the vortex where employee engagement happens – or doesn't. However, their sphere of control is limited. They can't change direction if the organization is floundering, and they can't actually *make* employees Engaged.

Managers must, however:

- ▶ **Take control of their own engagement.** Our research reveals that managers are slightly more likely than their staff to be Engaged. But Disengaged managers cannot help others become more Engaged in the same way that a dead battery cannot jump-start another. They need to remember they are individual employees first, managers second – and fulfill the role described above.
- ▶ **Facilitate team members' unique engagement equations through coaching.** The top drivers of job satisfaction worldwide are opportunities to use talents and career development. The top drivers of contribution include regular, specific performance feedback and clarity of what the organization needs and why. As a result, managers need to first understand each team member's unique interests, talents, and aspirations. They then need to align individuals' passions and proficiencies with clearly articulated organizational priorities and projects. And finally, managers have to keep the dialogue going by providing feedback, course corrections, and development opportunities to ensure high performance.
- ▶ **Build relationships.** The more employees feel they know their managers as people, the more Engaged they're likely to be. In some regions, the employee-manager relationship has a greater impact on engagement than fundamental coaching skills. So managers must drop the veil of their position or title and become known to employees. That doesn't necessarily mean being their best friend. It does mean sharing personal motivation for work, challenges, appropriate weaknesses, the reasons they came to the organization – and why they stay.
- ▶ **Appreciate team dynamics.** One team member's engagement level impacts the rest of the team for good or bad. Disengaged, Crash & Burner, and Hamster team members can drag others down. Our interviews, in particular, emphasized that managers cannot turn a blind eye to individual engagement issues without the risk of this negative domino effect. They need to deal quickly with potential problems and also capitalize on the enthusiasm and work ethic of Engaged team members to ignite the team as a whole.

These insights into the manager's role in engagement may appear obvious, but Christian Bauman, Chief Creative Director of H4B Chelsea, a global communications company specializing in the healthcare market, explains the competing priorities that many managers face: *"To deliver, I have to have the right people. They have to be Engaged, happy, and talented. They have to be good, mentored, and all those things. None of that is in my job description. There's no time allotted for me to spend time doing these things, but I've come to recognize that if I don't do them, the quality of my people and their engagement will suffer."*

Time for an engagement review?

If you're a manager, just taking the time to check-in with an employee to ensure that you're on the same page and are doing all that you need to do to support him or her demonstrates your commitment to his or her success. It strengthens your work relationship, which is a key engagement driver.

Besides, **you are not a mind reader**. You may have data on your team's engagement levels, but you should not assume you know who is Engaged and who is not. People don't wear brown "I'm a Crash & Burner" labels on their foreheads. And employees who are racing around with multiple projects and outrageous deadlines may not be crashing and burning (at least not yet). They may actually be more Engaged than ever.

Engagement reviews enable you to:

- ▶ Learn/confirm the employee's point of view on job satisfaction and personal success.
- ▶ Answer questions and provide clarity on what maximum contribution looks like.
- ▶ Demonstrate your support.
- ▶ Begin a regular, ongoing engagement dialogue.

They are *not* the time to provide performance feedback, conduct a career coaching conversation, or share all your thoughts on what the employee should do. Those conversations may come after the engagement review.

Tips for a meaningful discussion:

- ▶ Set a **positive tone** of partnership. This is not a performance appraisal! (Not that we're suggesting appraisals should be adversarial.)
- ▶ Talk about the **importance of the employee's job and how it fits** with the company's larger goals.
- ▶ Discuss your employee's **top priorities**. Many managers find gaps in perception, which can have a negative impact on engagement.
- ▶ Ask **"What support do you need from me?"** and "What kind of feedback is most useful to you?"
- ▶ Talk about ways to **use the employee's talents** (the ones that this person *enjoys* using).
- ▶ Ask about job conditions — **What gets in the way of great accomplishments? What gets in the way of a great day at work? What does the employee enjoy most?**
- ▶ Discuss **how you work together**. It's not enough to agree you should meet "regularly." Clarify what that term means to you both.
- ▶ Agree to **meet again**. You can't have one discussion and check off the box that you've addressed your employee's engagement successfully. Engagement levels are dynamic. Things change. Employees move around the model. This conversation lays a foundation for specific discussions about performance, development, or career management. It also establishes a common language you can use to check-in quickly – and regularly – about engagement issues.



Executives

Our study also suggests that despite engagement being an individualized equation, **executive behavior sometimes matters more than manager actions.**¹³ After all, **executives have the farthest reach.** They set the tone for the organization. They may not be able to prevent external forces from affecting their workforce, but they need to be able to reframe the conversation and shape the response. They're still individual employees and they still have a set of direct reports. So they shoulder the responsibilities described above – plus more.

To fulfill their “individual” and “manager” responsibilities, **executives need to:**

- ▶ **Commit or quit.** If executives don't monitor and manage their own engagement they will bring down the workforce – fast. Fortunately, they tend to be nearly twice as Engaged as individual contributors. Yet they are not immune to the forces of disengagement. They need to reflect regularly on why they joined and why they stay. Some executives are sufficiently self-aware of what energizes them and what drains them so that they bow out or reshape their role if their personal passion wanes. Sadly many are trapped in “successful” leadership roles that no longer provide challenge or meaning.
- ▶ **Pay attention to the engagement of their direct reports.** It's easy to assume that higher-level managers can engage themselves without executive support. Yet less than half of directors and vice presidents are actually Engaged. And if executives assume that their people want more scope, more power, and more money, they could very well end up depending on misaligned or miserable leaders executing strategy (not to mention failed succession plans). Moreover, executives are keepers of the culture. If they expect leaders at all levels to coach their people to higher levels of engagement but don't do it themselves, they undermine their message.

Executives must also:

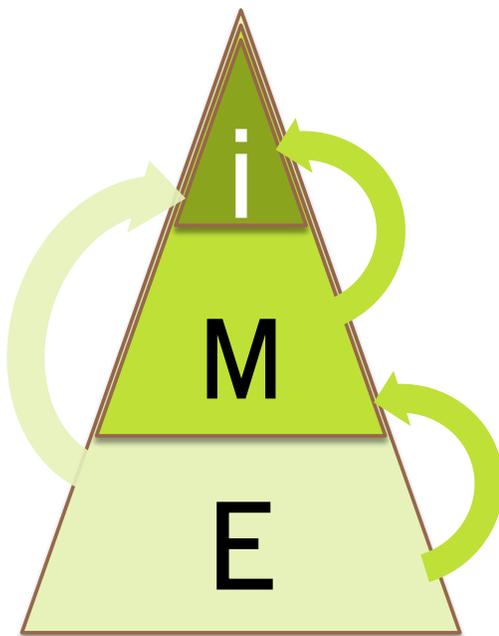
- ▶ **Set a clear direction.** To be Engaged employees' interests must align with organizational goals. That can't happen if the organization's direction and definition of success are not well-defined. A clearly communicated strategy also builds workforce confidence in the business competence of executives – which reinforces trustworthiness.
- ▶ **Build a culture that fuels engagement.** Culture has been likened to the tide: As the tide rises, so do all the boats. The collective words and actions of all leaders shape organizational culture. A culture of engagement is not just warm and fuzzy. Executives must drive results *and* engagement by weeding out any business practices (e.g., rewards and recognition, vendor agreements, personnel policies) or other barriers (e.g., bad mid-level managers) that undermine high performance *and* a thriving workplace. Culture change takes time, and our research suggests that it will be difficult for many executives given the low scores received worldwide for creating an environment that supports high performance.

- ▶ **Inspire commitment and trust.** Engaged employees not only understand what needs to be done but also care enough to apply discretionary effort. So executive *communications* need to cover the “what” and “why” of decisions. In the same way students must “show the math,” explaining how they reach correct answers in algebra class, leaders need to share the business rationale and personal motivation for critical business decisions. *Actions*, too, need to demonstrate visible personal commitment to the success of the organization as a business venture *and* thriving workplace. The consistency of communications and actions then creates trust.
- ▶ **Talk about engagement with passion.** Executives need to weave “engagement” into the daily workplace conversation. This requires managing employee expectations that engagement is not something that organizations do *to* employees or something that is a short-lived priority once a year. Instead they need to talk about engagement as an outcome when all levels of the workforce focus on what matters most – to them as individuals *and* to the organization.

Marie Mann, vice president HR of Neopost USA, the number two supplier worldwide of mailing and shipping equipment, sums up the challenge for executives: *“The leader sets the tone. The leader’s behaviors must be an example for others to follow. In addition, the leader must be very clear about what’s expected of employees, so there is no question about what his or her employees need to do.”*

In short

The key leverage points across the workforce are:



INDIVIDUALS: Ownership, clarity, and action. Individuals need to know what they want – and what the organization needs – and then take action to achieve both.

MANAGERS: Coaching, relationships, and dialogue. Managers must understand each individual’s talents, interests, and needs and then match those with the organization’s objectives – while at the same time creating personal, trusting relationships. Furthermore, they need to discuss engagement *often*.

EXECUTIVES: Trust, communication, and culture. Executives have to demonstrate consistency in words and actions, communicate a lot (and with a lot of depth), and align all business practices and behaviors throughout the organization to drive results *and* engagement.

Organizational tactics

No matter who you are, one or more of the roles just described applies to you. If you are tasked with helping others fulfill their roles and responsibilities, these tips are for *you*.



Moving individuals towards clarity and action

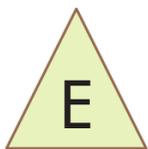
- ▶ **Educate employees on their role in engagement.** The message of personal accountability needs to be woven into the hiring process, on-boarding, training, performance management, career development resources, and leader communications. Many of our clients talk about engagement and career as “employee-owned, manager-enabled, and organization-supported.”
- ▶ **Provide tools** to help employees – especially high-potentials and Millennials – clarify their personal definition of success and take more control of their engagement. Increased clarity will also help employees achieve career fulfillment with *your* organization rather than going elsewhere in search of vague or misguided aspirations.
- ▶ **Redefine career success.** Career may be an even murkier term than engagement for today’s workforce because it carries historical connotations and contemporary myths. 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. (This may also be the time to revise engagement surveys to ask employees if they think they have a future with the organization, as opposed to career or advancement opportunities.)
- ▶ **Emphasize development** and growth opportunities. This should be a no-brainer. The research is clear on the importance of development as an engagement driver. Employees want to use – and build on – their talents. Your business depends on having a workforce with up-to-date expertise, too.



Equipping managers for their role

- ▶ **Provide processes and tools for building mutually beneficial employee relationships.** In some regions of the world, strong relationships trump basic management skills in driving engagement. Relationships are built on the sharing of information and mutual understanding. Yet managers don’t always know where to begin the conversation; employees are often at a loss in replying to a broad question like “what do you need from me as your manager?” Non-anonymous feedback tools and discussion guides make a difference.

- ▶ **Hold managers accountable for development and results.** Development's link to engagement has been demonstrated repeatedly. You need managers to provide opportunities for team members to build expertise and skill, challenge themselves, become more valuable to the organization for the long term, and succeed after the manager moves on. Some managers intuitively build team capacity; others need incentives to make development a priority.
- ▶ **Provide a clear line of sight** to organizational goals so managers can align employee efforts and talents accordingly. Encourage leaders to talk to their teams about the organization's direction and its impact on each person's short-term priorities.



Supporting executives

- ▶ **Encourage accountability for engagement at the top.** No doubt you have discovered the formula that works for building OD advocates at the top of your organization. Our experience indicates that education is key for successful engagement initiatives. It's critical to define engagement, discuss its impact on the bottom line, and clarify roles. One company with 150 regional healthcare facilities took a phased approach with its executives: a senior team in-person briefing, virtual presentation to facility leaders on roles and responsibilities, virtual learning for leaders on engaging themselves, in-person coaching workshops, and ongoing development activities around communication.
- ▶ **Help leaders develop authentic leadership skills.** The findings are clear: Executives need to build trust. The majority of executives have not done anything to make headlines or land in jail. They've probably made good decisions. If they do not communicate often, through the medium that fits their style and reaches every part of the workforce, employees will start wondering what's going on. If they do not take the time to explain business rationale, the decision-making process, and their personal motivation for key actions, employees will draw the wrong conclusions. In the absence of information, people are known to connect the dots in really strange ways.
- ▶ **Audit the workforce practices for which you are responsible.** You can help executives create a culture that fuels engagement by assessing whether your policies and programs drive maximum contribution and satisfaction or actually undermine them. It may be time to revisit performance management, for example, or an organizational structure that may be creating barriers to high performance.
- ▶ **Provide feedback.** The C-suite can be an isolated place. Executives interviewed have repeatedly expressed concerns about getting the "real story." That's one of the reasons they're so fond of surveys. Just as you may have cracked the code for building advocates for your initiatives, you've probably figured out the channels you can use to help executives keep tabs on what's happening in your workplace. If you and your colleagues aren't comfortable playing the role of messenger, it may be time to hire an executive coach.

Avoiding engagement survey pitfalls

- ▶ Surveys are convenient ways to gather employee opinions, but they raise expectations that your organization will actually do something as a result. So **if you merely want to “take the pulse” of your workforce, consider small focus groups or accessible HR metrics** (e.g., retention data and exit interviews).
- ▶ Although every organization wants a way to prove it's better than the rest, benchmarking data isn't going to move the needle. Pay less attention to your competitors and **focus more on the engagement drivers** in specific business units or employee populations.
- ▶ When you *do* take action on survey data, **make sure employees understand the connection between your initiatives and the data**. Don't assume they'll recognize that organizational changes or your behavior as a leader are directly in response to the feedback they gave you in the survey. Mann of Neopost USA attributes the firm's double-digit increase in engagement scores between 2008 and 2010 not only to successful execution of action plans but also to its communication: *“We really stressed, through a lot of communication, that we were doing all of these things because that's what they [the employees] told us they wanted. Those linkages really helped to drive our scores.”*

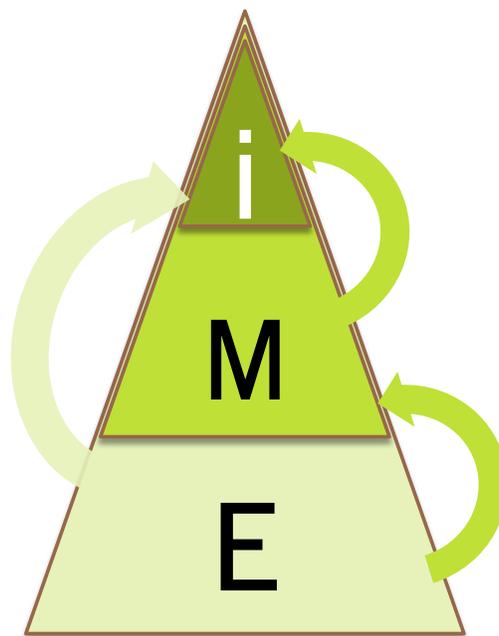
In closing...

The social contract between employees and employers is evolving rapidly. It is a domain that is ripe for new thinking and innovative models as organizations experiment with the best solution for their particular business dynamic.

Some best practices are rapidly emerging when it comes to engaging a talented, independently minded workforce that still sees options in the labor market:

- ▶ As difficult as culture change can be, make the effort to **build a culture** that fuels engagement. That means aligning everything toward maximum contribution and satisfaction.
- ▶ One-size-fits-all career approaches are rapidly becoming redundant as employees expect the same personalized experience in their careers that they get as consumers. So **kill off old notions of "career"** and earn the commitment of the workforce to a **future of meaningful work and mutual success**. If you provide an exciting journey, people will stop wondering about what the stops are called along the way.
- ▶ Don't separate engagement from the work that needs to be done. **Expect, empower, and equip individuals, managers, and executives** to drive engagement *and* results every day. Don't relegate engagement to an annual survey and annual action-planning exercise.

Engagement *matters*. We hope the recommendations in this report will help you drive it by preparing individuals, managers, and executives to take control of their own success and the success of the organization they are part of.





Notes

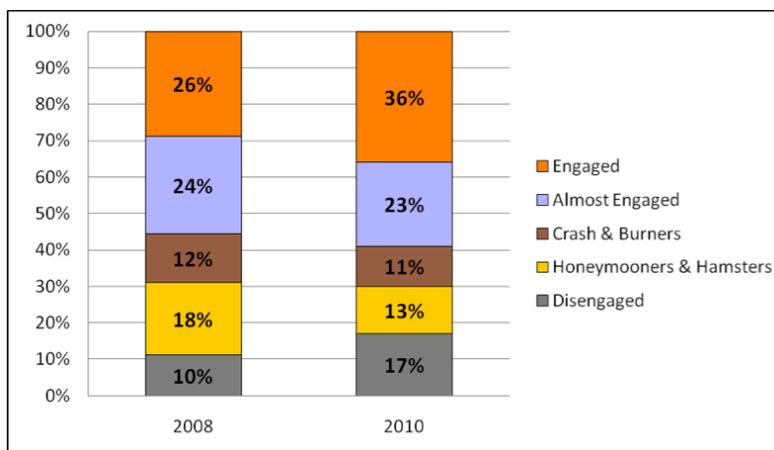
Regional analysis: Australia/New Zealand

Engagement levels

Australia/New Zealand overall

With more than a third (36%) of employees Engaged, the Australian/New Zealand workforce exhibits higher levels of engagement than all other counterparts except India worldwide. 2010 boasts more Engaged in Australia/New Zealand than 2008 (36% vs. 26%).

Engagement in Australia/New Zealand 2008 vs. 2010

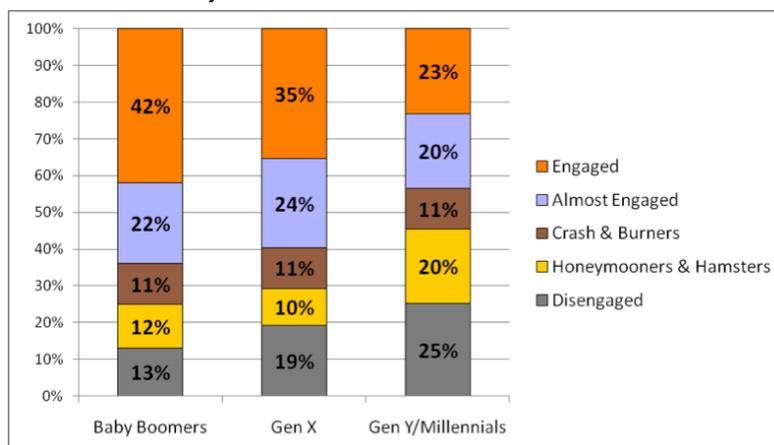


Similarities and differences

Engagement levels in Australia/New Zealand do not vary much across gender or workplace structure (i.e., virtual, decentralized, or on-site teams). Variations are most noticeable across generations, organization size, role/level, and function.

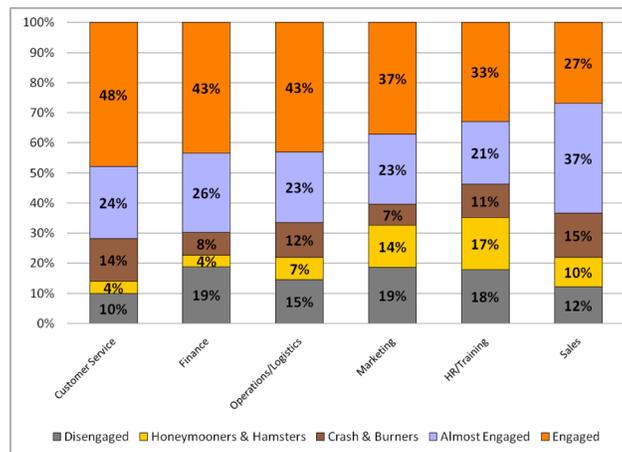
In line with the global pattern, **executives are more than twice as Engaged as individual contributors**. In addition, **younger employees** in Australia/New Zealand are the **least Engaged**. A quarter (25%) are actually Disengaged.

Engagement in Australia/New Zealand by Generation



A bit off the global pattern, sales has the lowest percentage of Engaged employees in Australia/New Zealand, with 27%. Customer service and finance have the most Engaged.

Engagement in Australia/New Zealand by Department/Function



In terms of engagement levels by industry, association or not-for-profit and banking/financial services show the highest levels of engagement in Australia/New Zealand (58% and 44% respectively). Coming in last? Construction/engineering and academia/higher education, both with 26% Engaged.

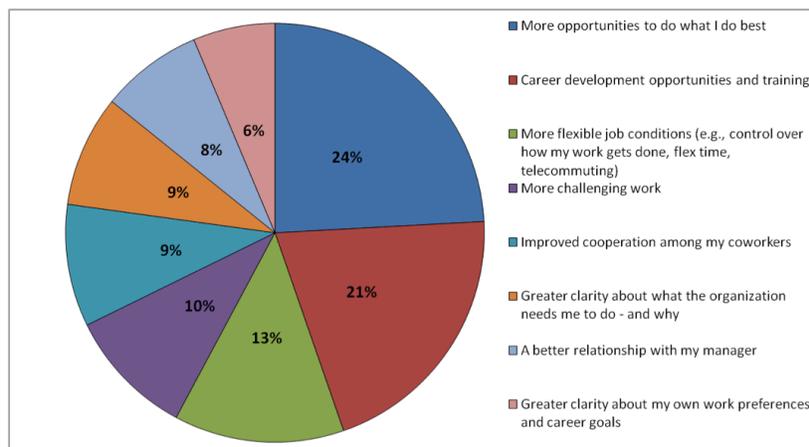
Employees working at smaller companies (<999 employees) are the most likely to be Engaged (40%). The least likely? Employees in organizations of 5,000-9,000 people. Only 27% of them are Engaged.

Engagement drivers

Satisfaction

In Australia/New Zealand, as in Europe and North America, the top factor identified by respondents as **influencing job satisfaction** is **“more opportunities to do what I do best.”** A quarter (24%) of Australian/New Zealand respondents selected it. “Career development opportunities and training” ranks second (21%) followed by “More flexible job conditions” (13%) in a distant third. These top responses were pretty much consistent across engagement levels, generations, department, and role.

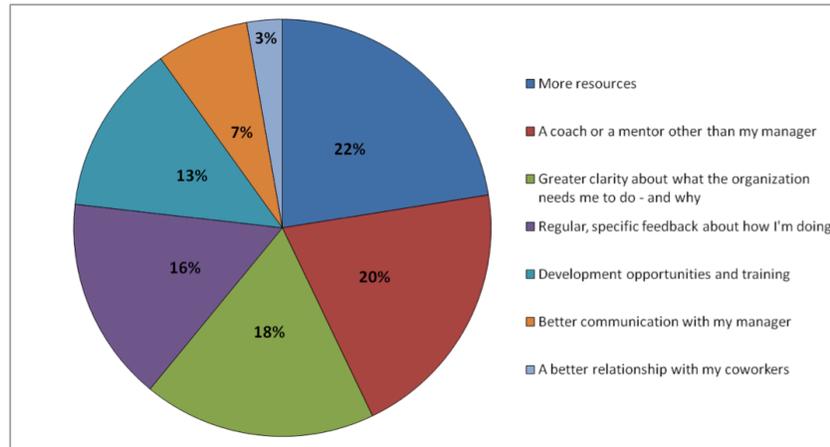
Satisfaction – Choose the item that would most improve your job satisfaction.



Contribution

“More resources” was selected by 22% of Australian/New Zealand respondents as the **most important factor for increasing their contribution** on the job. This response, again, was similar to that of employees in Europe and North America. “A coach or a mentor other than my manager” came in a close second with 20%.

Contribution – Choose the item that would most improve your performance.

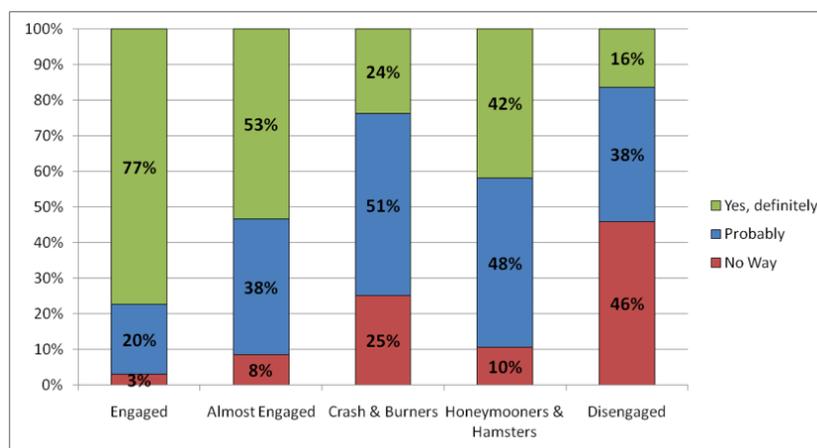


Respondents’ answers about contribution varied, however, across engagement level, age, department, and industry. For example, the low-contributing Honeymooners & Hamsters and Disengaged workers identified “greater clarity about what the organization wants me to do and why” as the factor that could most improve their performance, in contrast to the higher performers (the Engaged, Almost Engaged and Crash & Burners) who selected “more resources.” Younger workers opted for “development opportunities and training” more often than their older colleagues.

Retention

More than half (51%) of Australian/New Zealand employees **indicate that they will stay** with their organization through the next 12 months if given the chance. The **number of Australian/New Zealand employees determined to leave has increased from 11% to 15% since 2008**. Not surprisingly, there is a positive correlation between engagement and intent to stay, with **77% of Engaged employees indicating that they plan to stay**.

Intent to Stay – Assuming you have a choice, do you plan to remain with your organization through the next 12 months?



It is still a concern that 20% of Engaged employees are ambivalent about their long-term commitment to the organization for which they work.

Reasons to leave

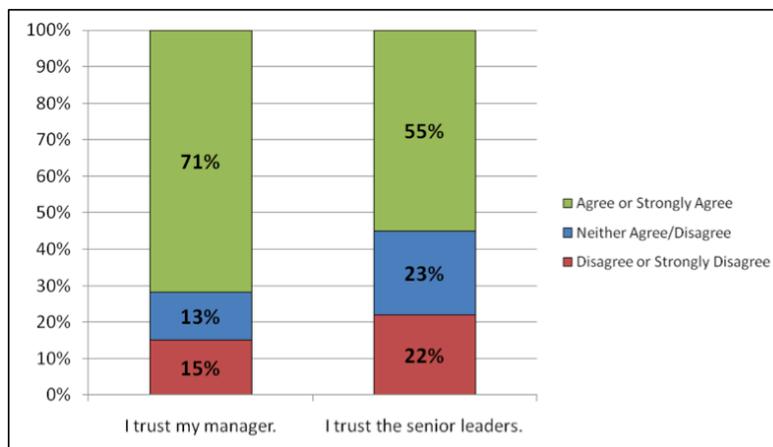
The top reason Australian/New Zealand employees overall **consider leaving is lack of career opportunities** (29%). An analysis of the secondary reasons for leaving indicates that the more Engaged employees are opportunistic, looking for increased financial rewards and a desire for change. Meanwhile, the less Engaged appear to be fleeing undesirable situations (work and managers they don't like).

The most at risk for flight? Generation X. 37% of Generation X in Australia/New Zealand are on the fence (they'll "probably" stay), and 15% are planning their exit. Generation Y comes in a close second with 34% on the fence and 16% planning their exit.

Trust in leadership

Only half (55%) of employees in Australia/New Zealand report that they trust their organization's executives. This figure is lower than it was in 2008, when trust in executives was at 64%. In contrast, **nearly 3 in 4 Australian/New Zealand employees (71%) trust their immediate managers.**

"I trust my manager" vs. "I trust the senior leaders of this organization"



The importance of trust is underscored by its correlation to engagement levels. In Australia/New Zealand, 81% of Engaged employees trust executives compared to just 19% of the Disengaged. The gap between the perceptions of Engaged and Disengaged employees is not quite as large when it comes to trust in managers. It is still substantial however: 89% of the Engaged trust their immediate managers compared to 42% of the Disengaged.

Manager actions and engagement

Actions

All of the manager actions measured correlate to high engagement, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not. However, the table below illustrates that Australian/New Zealand **managers are not necessarily doing the things that may matter most**. The actions most correlated with high engagement are not the ones that received the most favorable ratings. Less than half of Australian/New Zealand employees indicate that their managers provide regular feedback or have built a sense of belonging, while our analysis suggests that these actions have a substantial impact on engagement.

Prevalence of manager actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their manager does this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 36% in Australia/New Zealand
Delegates assignments effectively without micromanaging me	72%	44%	8 pts.
Asks for and acts on my input	71%	44%	8 pts.
Treats me like an individual with unique interests and needs	66%	47%	11 pts.
Encourages me to use my talents	64%	50%	14 pts.
Recognizes and rewards my achievements	53%	52%	16 pts.
Has built a sense of belonging in our department or team	49%	50%	14 pts.
Provides me with regular, specific feedback on my performance	41%	52%	16 pts.

Relationships

It's not just what managers do, but also who they are. **Half (51%) of employees who know their manager well "as a person" are Engaged** compared to 36% overall in Australia/New Zealand.

Executive leadership and engagement

All of the executive behaviors measured correlate to high engagement, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

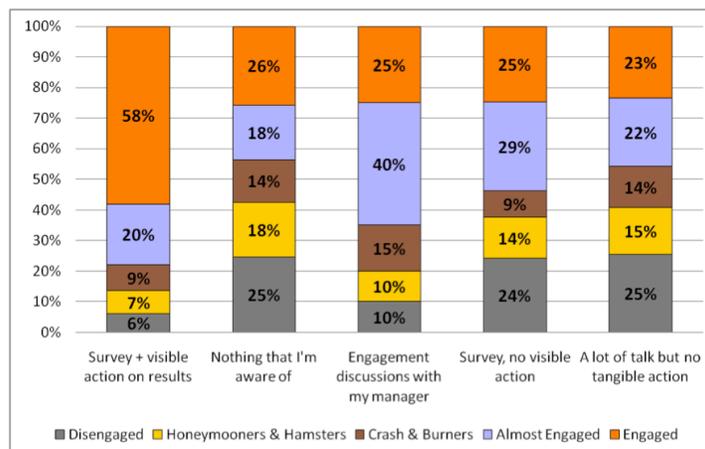
In Australia/New Zealand, executives received less favorable ratings than managers did. Yet the table below illustrates a pattern comparable to managers: **the most prevalent actions are not necessarily the ones that correlate most with high engagement.**

Prevalence of executive behaviors compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their executives do this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 36% in Australia/New Zealand
Link the work of the organization to a larger purpose	56%	50%	14 pts.
Act in alignment with our organization's core values or guiding principles	52%	51%	15 pts.
Communicate honestly	47%	53%	17 pts.
Have created a work environment that drives high performance	37%	58%	22 pts.

The double-digit gaps suggest that executive behaviors in Australia/NZ have the potential of making a bigger impact on engagement than manager actions. In line with the global pattern, the greatest potential may be in creating a work environment that drives high performance. Just over a third (37%) of executives do this in Australia/New Zealand.

Survey dangers



Like all other regions, it would be wise for Australian/New Zealand organizations looking to increase their employee engagement to **run employee engagement surveys and then take visible action** based on the results. 58% of employees who stated their organizations have conducted surveys and took visible action on the results are Engaged. This is 22 points higher than the overall Engaged population in Australia/New Zealand. Only a quarter (25%) of Australian/New Zealand employees reporting that there were surveys conducted but no visible action was taken on the results are Engaged. This is 11 points lower than the overall Engaged population in Australia/New Zealand.

Australia/New Zealand respondent profile

- ▶ 837 respondents
- ▶ 56% female, 44% male
- ▶ 63% hold management, supervisory or executive titles, with 10% indicating they are a vice president or above
- ▶ 42% work in HR, 16% in operations/logistics, 8% in customer service, 6% in finance, and the rest are scattered across sales, marketing, engineering, and other functions
- ▶ 44% of the respondents are considered Baby Boomers or earlier (born 1930-1964), 40% are from Generation X (born 1965-1977), and 16% are from Generation Y (born 1978-1994)
- ▶ 13% work in organizations that employ more than 10,000 people, and about three-quarters (78%) work for firms with fewer than 5,000 employees
- ▶ 18% work for the government, 11% in manufacturing, 9% in an association or non-profit, 9% in manufacturing, 8% in academia/higher education, and the rest are scattered across a range of industries including banking/financial services, technology, and energy/utilities
- ▶ Approximately two-thirds (64%) indicated that all or most of their team work at the same location, with 16% responding that they are virtual
- ▶ Half (51%) have worked three years or less with their employer, and 28% have worked for their organization more than 7 years
- ▶ A quarter (24%) have held their position for less than a year and 11% have been in their role more than 7 years

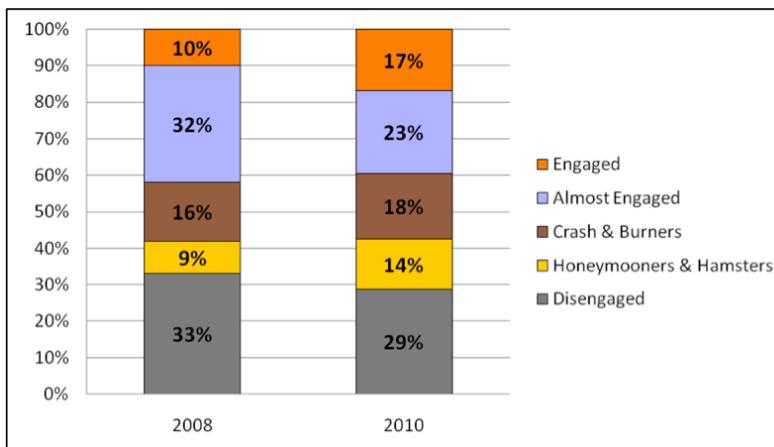
Regional analysis: China

Engagement levels

China overall

With **17% of employees Engaged**, the Chinese workforce exhibits the lowest levels of engagement worldwide. However, 2010 boasts a substantial increase over 2008 (17% vs. 10%).

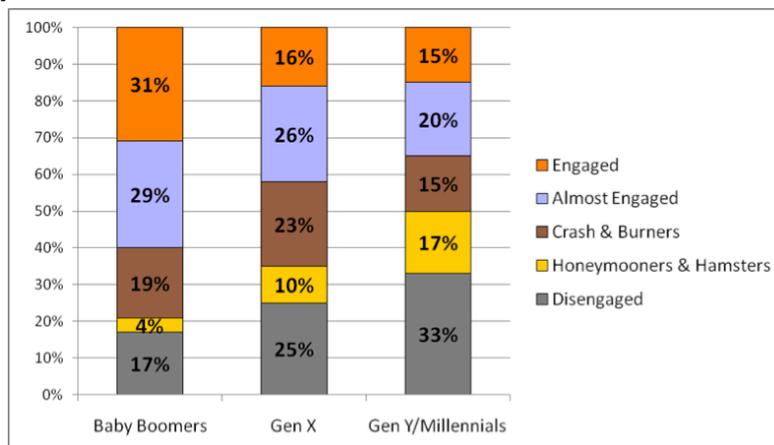
Engagement in China 2008 vs. 2010



Similarities and differences

Engagement levels in China vary greatly, with differences most noticeable across generations, organization size, gender, role/level, and function. In line with the global pattern, younger employees in China are the least Engaged. A third (33%) are actually Disengaged.

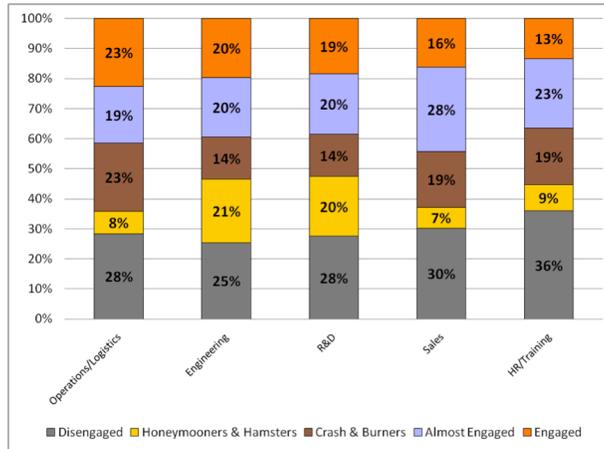
Engagement in China by Generation



Contrary to the global trend, engagement levels do not increase substantially with position and authority in China. Executives (director and above) are slightly more Engaged than the workforce at large; managers are actually less Engaged (16%) than professional/individual contributors (19%). Admin staff remain least likely to be Engaged (10%).

Also a bit off the global trend, HR/training has the fewest Engaged with 13%. Sales is second lowest with only 16% Engaged. Operations/logistics sees the highest levels of engagement at 23%.

Engagement in China by Department/Function



In terms of engagement levels by industry, pharmaceutical/biotech and communications/media show the highest levels of engagement in China (24% each). Coming in last? Construction/engineering and consumer products, with 12% and 9% Engaged, respectively.

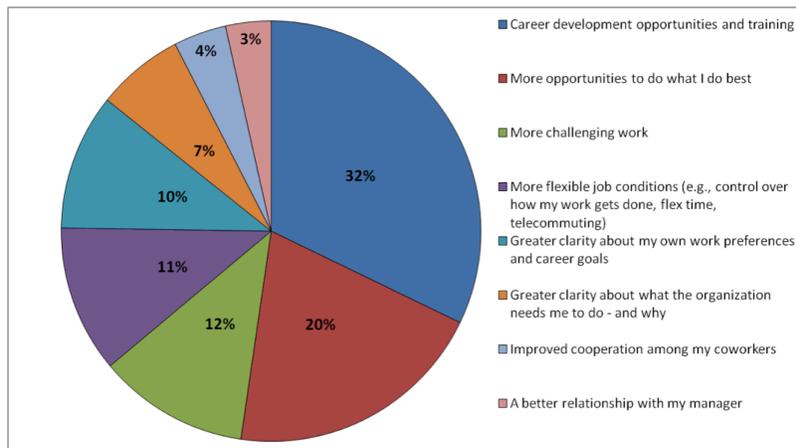
Employees working at larger firms (10,000+ employees) are the most likely to be Engaged (24%). The least likely? Employees in organizations with fewer than 999 people. Only 15% of them are Engaged.

Engagement drivers

Satisfaction

Not surprising, given China’s young workforce, the top factor identified by respondents as **influencing job satisfaction** is “**career development opportunities and training**.” Nearly a third (32%) of Chinese respondents selected it. “More opportunities to do what I do best” ranks second (20%) followed by “more challenging work” (12%). These top responses were relatively consistent across engagement levels, department, and role.

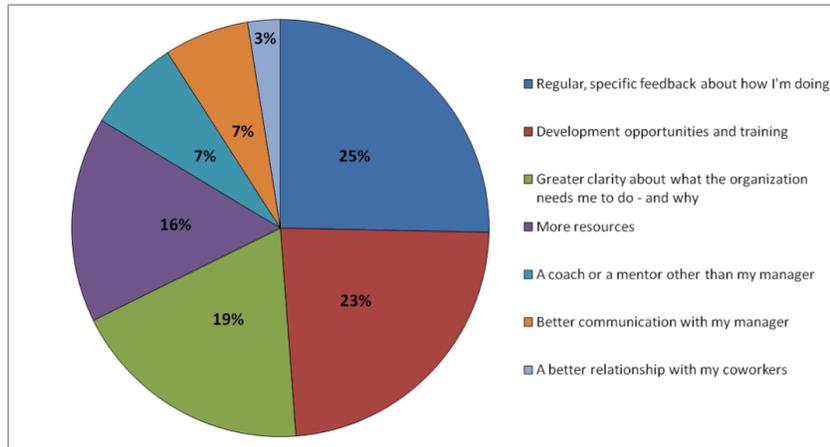
Satisfaction – Choose the item that would most improve your job satisfaction.



Contribution

“Regular, specific feedback about how I’m doing” was selected by 25% of Chinese respondents as the most important factor for increasing their contribution on the job. Second most important is “development opportunities and training” at 23%.

Contribution – Choose the item that would most improve your performance.



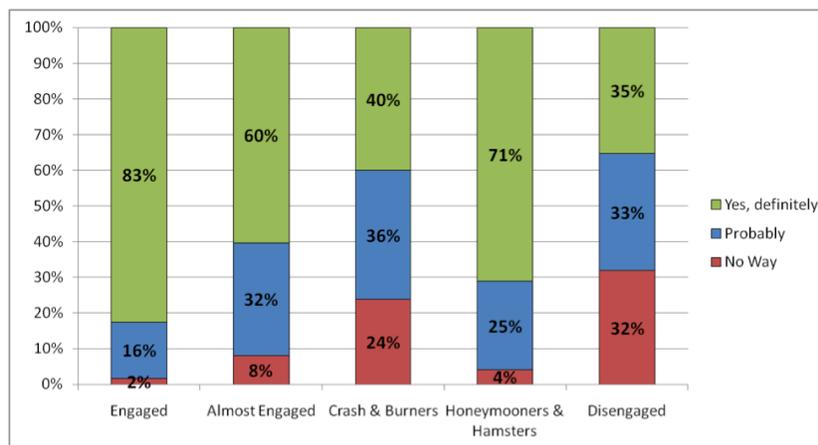
Respondents’ answers about contribution varied, however, across engagement level, age, department, and industry. For example, the Crash & Burners selected “development opportunities and training” (31%) as the factor that could most improve their performance in contrast to the other four engagement levels, who chose “regular, specific feedback.” Older workers opted for “greater clarity about what the organization needs me to do and why” more often than their younger colleagues.

Retention

More than half (55%) of Chinese employees indicate that they will stay with their organization through the next 12 months if given the chance. However, the number of Chinese employees determined to leave has tripled since 2008 (16% vs. 5%).

Not surprisingly, there is a positive correlation between engagement and intent to stay, with 83% of Engaged employees indicating that they plan to stay.

Intent to Stay – Assuming you have a choice, do you plan to remain with your organization through the next 12 months?



It is still a concern that 16% of Engaged employees are ambivalent about their long-term commitment to the organization for which they work.

Reasons to leave

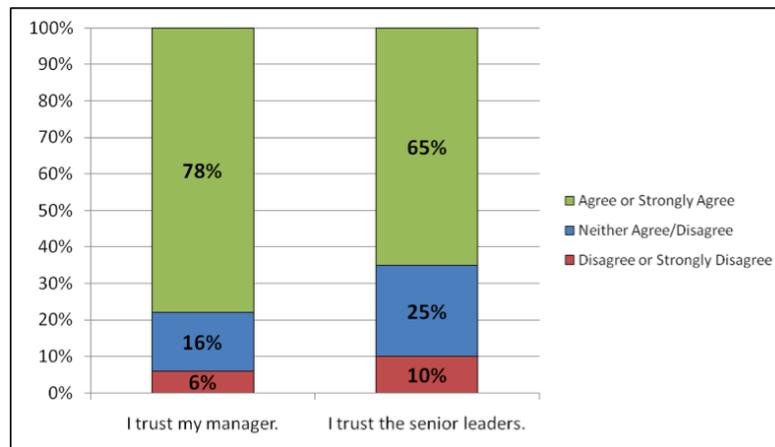
The top reason that Chinese employees overall **consider leaving is lack of career opportunities** (26%). An analysis of the secondary reasons for leaving indicates that Engaged employees want something new (24% of the Engaged desire a change) and the Disengaged appear to be fleeing undesirable work (21%). 21% of Honeymooners and Hamsters are thinking about leaving because they believe better jobs are available in their field. Crash & Burners are actually in search of more money.

The most at risk for flight? Generation X employees. 37% of Generation X in China are on the fence (they'll "probably" stay), and 18% are planning their exit.

Trust in leadership

Two-thirds (65%) of employees in China report that they trust their organization's executives. This figure has increased since 2008, when trust in executives was at 60%. In contrast, **3 in 4 Chinese employees (78%) trust their immediate managers.**

"I trust my manager" vs. "I trust the senior leaders of this organization"



The importance of trust is underscored by its correlation to engagement levels. In China, 90% of Engaged employees trust executives compared to just 44% of the Disengaged. The gap between the perceptions of Engaged and Disengaged employees is not quite as large when it comes to trust in managers. It is still substantial however: 93% of the Engaged trust their immediate managers compared to 65% of the Disengaged.

Managers' impact on engagement

Actions

All of the manager actions measured correlate to high engagement, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not. The table below illustrates that **Chinese managers struggle most with providing feedback and building a sense of belonging**. The latter action appears to have the greatest potential impact on engagement levels.

Prevalence of manager actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their manager does this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 17% in China
Asks for and acts on my input	73%	21%	4 pts.
Treats me like an individual with unique interests and needs	70%	21%	4 pts.
Encourages me to use my talents	70%	21%	4 pts.
Delegates assignments effectively without micromanaging me	65%	23%	6 pts.
Recognizes and rewards my achievements	63%	23%	6 pts.
Provides me with regular, specific feedback on my performance	54%	22%	5 pts.
Has built a sense of belonging in our department or team	54%	25%	8 pts.

Relationships

It's not just what managers do, but also who they are. **23% of employees who know their manager well "as a person" are Engaged** compared to 17% overall in China.

Executive leadership and engagement

All of the executive behaviors measured correlate to high engagement, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

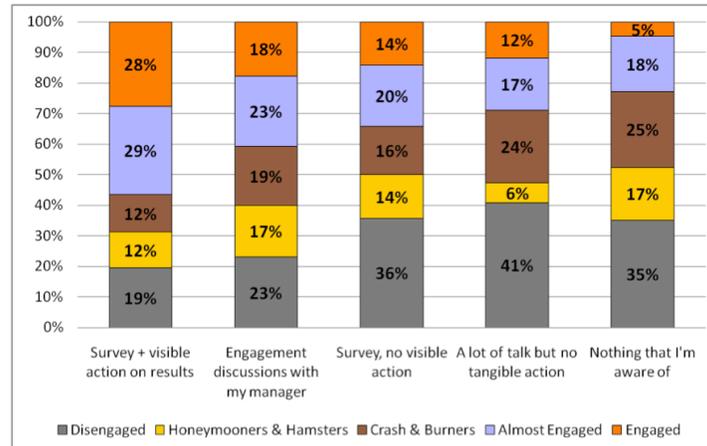
In China, executives received less favorable ratings overall than managers did. And the table below illustrates a pattern in line with the global trend: **the most prevalent behaviors are not the ones that correlate most with high engagement.**

Prevalence of executive behaviors compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their executives do this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 17% in China
Act in alignment with our organization's core values or guiding principles	57%	25%	8 pts.
Communicate honestly	53%	26%	9 pts.
Have created a work environment that drives high performance	46%	29%	12 pts.
Link the work of the organization to a larger purpose	45%	30%	13 pts.

The two double-digit gaps above suggest that these behaviors in China, if more widespread, have the potential of making a bigger impact on engagement than any of the manager actions.

Survey dangers



Like all other regions, it would be wise for Chinese organizations looking to increase their employee engagement to **take visible action based on survey results**. 28% of employees who stated their organizations have conducted surveys and took visible action on the results are Engaged. This is 11 percentage points higher than the overall Engaged population in China. Surveying without taking visible action appears detrimental to an organization's engagement. 14% of Chinese employees reporting that there were surveys conducted *without* visible action are Engaged. This is 3 percentage points lower than the overall Engaged population in China.

Chinese respondent profile

- ▶ 715 respondents
- ▶ 46% female, 54% male
- ▶ 47% hold management, supervisory or executive titles, with 5% indicating they are a vice president or above
- ▶ 28% work in R&D, 26% in HR, 10% in engineering, 7% in operations/logistics, 6% in sales, and the rest are scattered across IT, marketing, finance, and other functions
- ▶ More than half (56%) of the respondents are Generation Y (born 1978-1994). Baby Boomers or earlier (born 1930-1964) comprise only 7%, and 37% are Generation X (born 1965-1977)
- ▶ 11% work in organizations that employ more than 10,000 people, and about two-thirds (67%) work for firms with fewer than 5,000 employees
- ▶ 40% work in technology, 14% in manufacturing, 7% in communications/media, 4% in construction/engineering, 4% in consumer products, 4% pharmaceutical/biotech, and the rest are scattered across a range of industries including hospitality/travel and chemicals
- ▶ Two-thirds (67%) indicate that all or most of their team work at the same location, with 5% responding that they are virtual
- ▶ 59% have worked three years or less with their employer, and 14% more than 7 years
- ▶ Three in ten (28%) have held their position for less than a year and 6% have been in their role more than 7 years

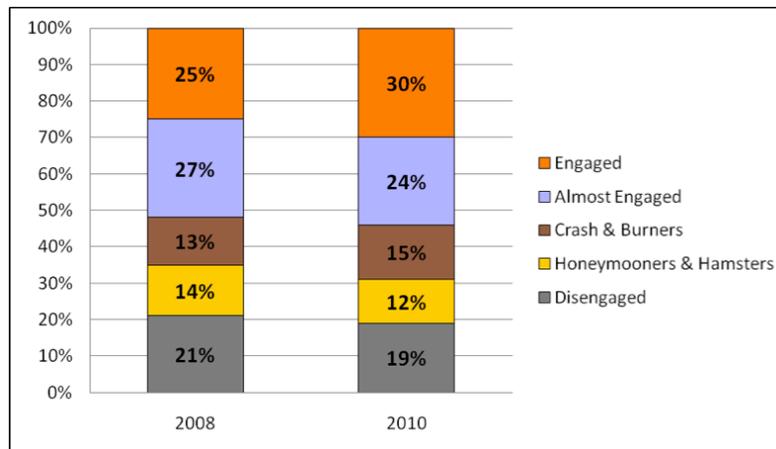
Regional analysis: Europe

Engagement levels

Europe overall

With just under a third (30%) of employees Engaged, the European workforce is ahead of Southeast Asia and China but less Engaged than their counterparts in India, Australia/New Zealand, and North America. However, 2010 boasts more Engaged in Europe than 2008 (30% vs. 25%).

Engagement in Europe 2008 vs. 2010

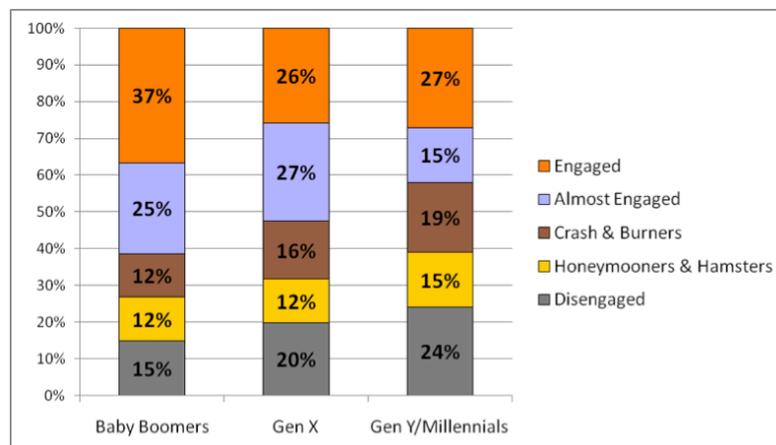


Similarities and differences

Engagement levels in Europe do not vary much across gender, organization size, or workplace structure (i.e., virtual, decentralized, or on-site teams). Variations are most noticeable across generations, role/level, and function.

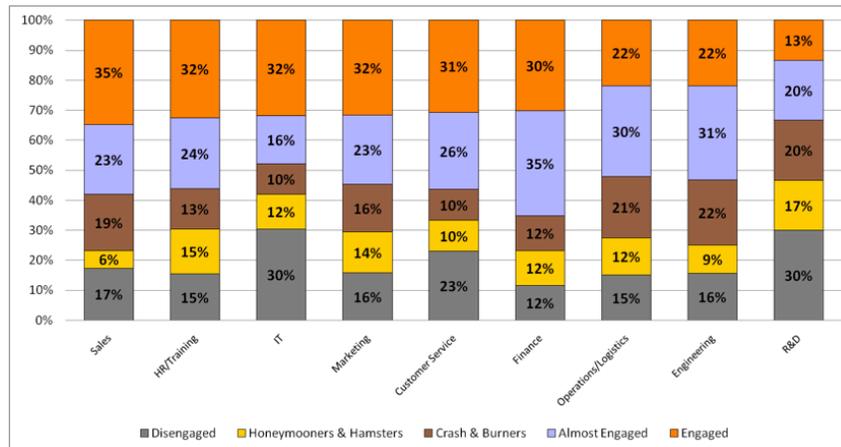
Baby Boomers in Europe are more likely to be Engaged than Generation X or Y employees (37% compared to 26% and 27% respectively). The most likely to be Disengaged? Generation Y (24%).

Engagement in Europe by Generation



The highly expert R&D population has the lowest percentage of Engaged employees in Europe (13%). Consistent with the global pattern, the function with the highest number of Engaged employees is the one with the most tangible priorities (sales). And although a number of regions feature more Engaged HR employees, Europe stands out with the comparatively large number of IT employees Engaged. IT employees in other regions are often among the least Engaged.

Engagement in Europe by Department/Function



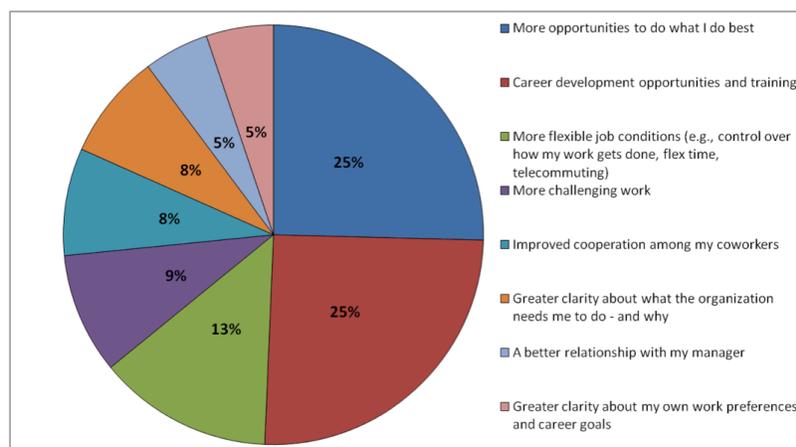
In terms of engagement levels by industry, HR consulting & training and government show the highest levels of engagement in Europe (50% and 35% respectively). Coming in last? Technology with 23% and manufacturing with only 17% of the survey respondents Engaged.

Engagement drivers

Satisfaction

In Europe, as in North America and Australia/New Zealand, the top two factors identified by respondents as **influencing job satisfaction** are “**more opportunities to do what I do best**” and “**career development opportunities and training.**” These tied for the top spot (25%), with “more flexible job conditions” (13%) a distant third. These top responses were pretty much consistent across engagement levels, generations, department, and role.

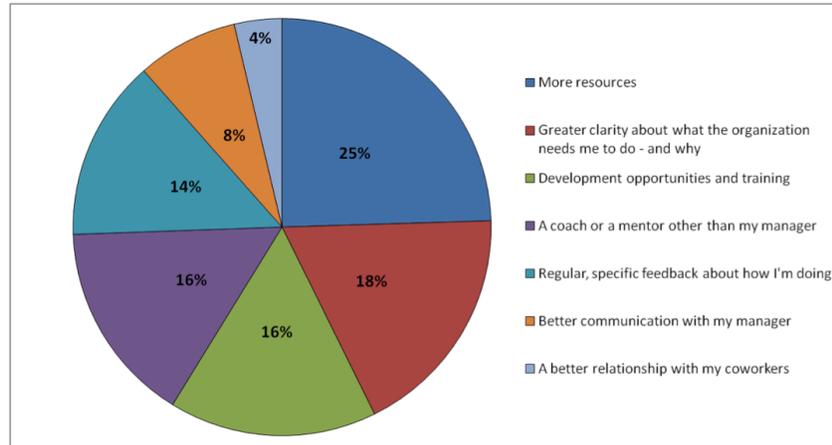
Satisfaction – Choose the item that would most improve your job satisfaction.



Contribution

“More resources” was selected by 25% of European respondents as the **most important factor for increasing their contribution** on the job. “Greater clarity about what the organization needs me to do” ranked second.

Contribution – Choose the item that would most improve your performance.



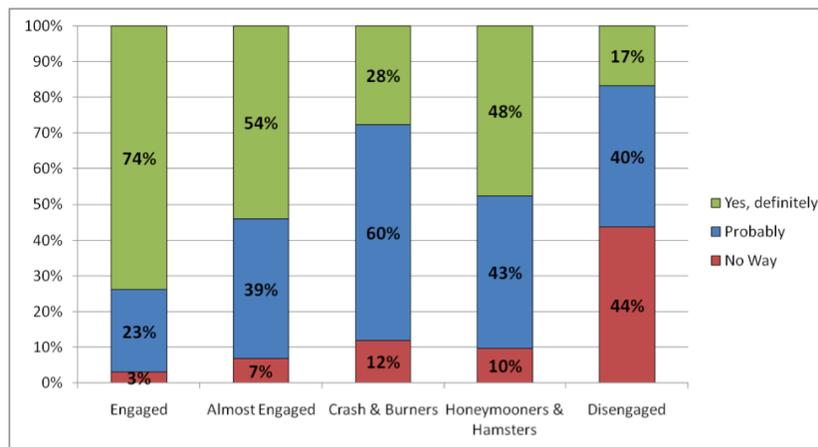
Respondents’ answers about contribution varied, however, across engagement level, age, department, and industry. For example, the low-contributing Honeymooners & Hamsters and Disengaged workers identified “greater clarity about what the organization wants me to do and why” as the factor that could most improve performance. In contrast the higher performers (the Engaged and Crash & Burners) selected “more resources.” Younger workers opted for “development opportunities and training” more often than their older colleagues.

Retention

Less than half (48%) of European employees **indicate that they will stay** with their organization through the next 12 months if given the chance. Furthermore, **the number of European employees determined to leave has increased since 2008 (from 10% to 14%).**

Not surprisingly, there is a positive correlation between engagement and intent to stay, with **74% of Engaged employees indicating that they plan to stay.**

Intent to Stay – Assuming you have a choice, do you plan to remain with your organization through the next 12 months?



It is still a concern that 23% of Engaged employees are ambivalent about their long-term commitment to the organization for which they work.

Reasons to leave

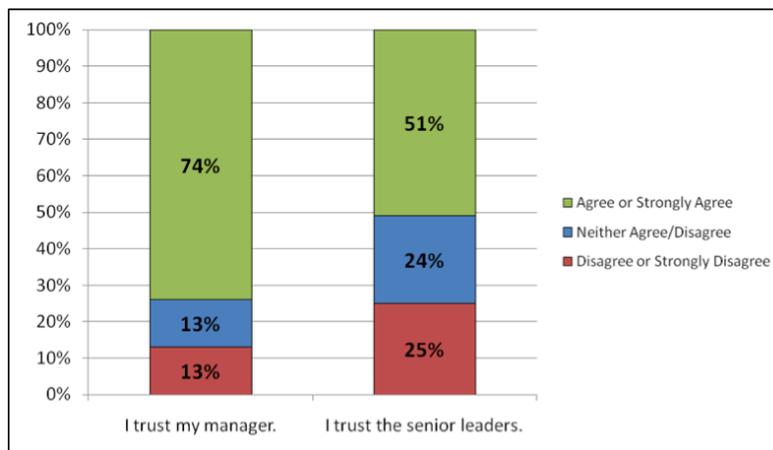
The top reason European employees overall **consider leaving is lack of career opportunities** (30%). An analysis of the secondary reasons for leaving indicates that the more Engaged employees are opportunistic, looking for increased financial rewards and a desire for change. Meanwhile, the less Engaged appear to be fleeing undesirable situations (work and managers they don't like).

The most at risk for flight? The youngest members of the workforce. 36% of Generation Y in Europe are on the fence (they'll "probably" stay), and 21% are planning their exit.

Trust in leadership

Only half (51%) of employees in Europe report that they trust their organization's executives. (In 2008 trust in executives was comparable, at 52%.) In contrast, **nearly 3 in 4 European employees (74%) trust their immediate managers.**

"I trust my manager" vs. "I trust the senior leaders of this organization"



The importance of trust is underscored by its correlation to engagement levels. In Europe, 80% of Engaged employees trust executives compared to just 17% of the Disengaged. The gap between the perceptions of Engaged and Disengaged employees is not quite as large when it comes to trust in managers. It is still substantial however: 88% of the Engaged trust their immediate managers compared to 52% of the Disengaged.

Managers' impact on engagement

Actions

All of the manager actions measured correlate to high engagement, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not. However, the table below illustrates that **European managers fall short in some of the actions that correlate most with high engagement.**

Prevalence of manager actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their manager does this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 30% in Europe
Asks for and acts on my input	70%	37%	7 pts.
Delegates assignments effectively without micromanaging me	69%	37%	7 pts.
Treats me like an individual with unique interests and needs	65%	36%	6 pts.
Encourages me to use my talents	64%	39%	9 pts.
Recognizes and rewards my achievements	53%	40%	10 pts.
Provides me with regular, specific feedback on my performance	48%	39%	9 pts.
Has built a sense of belonging in our department or team	47%	43%	13 pts.

It's not just what managers do, but also who they are. **More than a third (35%) of employees who know their manager well "as a person" are Engaged**, compared to 30% overall in Europe.

Executive leadership and engagement

All of the executive behaviors measured correlate to high engagement, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

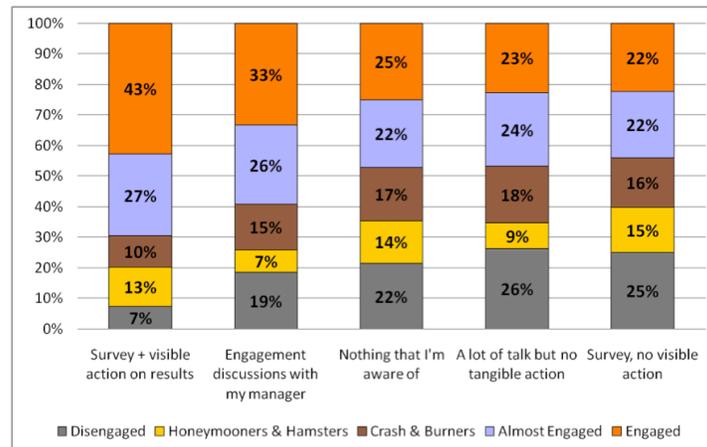
In Europe, executives received less favorable ratings than managers did. Yet the table below illustrates a pattern comparable to managers: **the most prevalent actions are not necessarily the ones that correlate most with high engagement.**

Prevalence of executive behaviors compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their executives do this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 30% in Europe
Link the work of the organization to a larger purpose	52%	41%	11 pts.
Act in alignment with our organization's core values or guiding principles	49%	43%	13 pts.
Communicate honestly	44%	46%	16 pts.
Have created a work environment that drives high performance	40%	47%	17 pts.

The double-digit gaps suggest that executive behaviors in Europe, if exhibited more, have the potential of making a bigger impact on engagement than manager actions. In line with the global pattern, the greatest potential may be in creating a work environment that drives high performance. Only 40% of employees in Europe say their executives demonstrate this behavior.

Survey dangers



Like all other regions, it would be wise for European organizations looking to increase their employee engagement to **take visible action based on survey results**. 43% of employees who stated their organizations have conducted surveys *and* took visible action on the results are Engaged. This is 13 percentage points higher than the overall Engaged population in Europe. Surveying without taking visible action may be detrimental to an organization's engagement. Less than a quarter (22%) of European employees reporting that there were surveys conducted but no visible action are Engaged – 8 percentage points lower than the overall Engaged population in Europe.

European respondent profile

- ▶ 677 respondents
- ▶ 43% female, 57% male
- ▶ 66% hold management, supervisory or executive titles, with 6% indicating they are a vice president or above
- ▶ 29% work in HR, 14% in marketing, 11% in operations/logistics, 10% in sales, 10% in IT, 6% in finance, and the rest are scattered across R&D, engineering, customer service, and other functions
- ▶ 35% of respondents are considered Baby Boomers (born 1946-1964), 49% are from Generation X (born 1965-1977), and 16% are Generation Y (born 1978-1994)
- ▶ Nearly one-third (29%) work in organizations that employ more than 10,000 people, and 60% work for firms with fewer than 5,000 employees
- ▶ 17% work in technology (software, electronics), 15% in banking/financial services, 13% in manufacturing, 11% in legal or business services, 10% in pharmaceuticals or biotech, and the rest are scattered across a range of industries
- ▶ 57% percent indicated that all or most of their team work at the same location, with 13% responding that they are virtual
- ▶ Three in ten (28%) have worked three years or less with their employer, and nearly half (49%) more than 7 years
- ▶ 16% have held their position for less than a year and 15% have been in their role more than 7 years

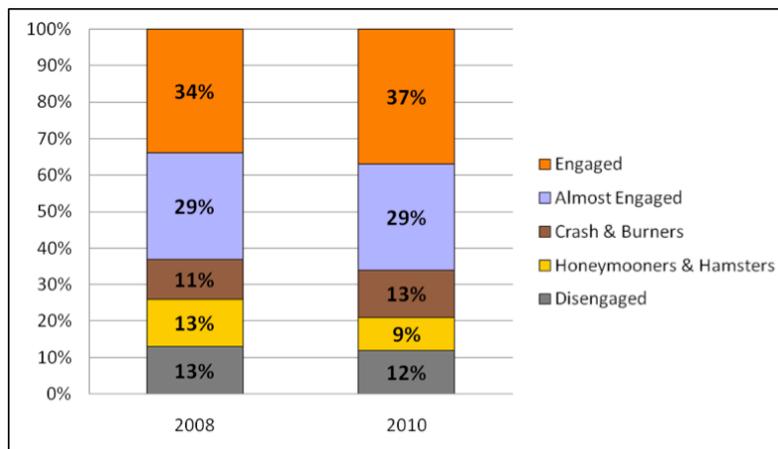
Regional analysis: India

Engagement levels

India overall

With more than a third (37%) of employees Engaged, the Indian workforce exhibits the highest levels of engagement worldwide. 2010 boasts more Engaged in India than 2008 (37% vs. 34%).

Engagement in India 2008 vs. 2010

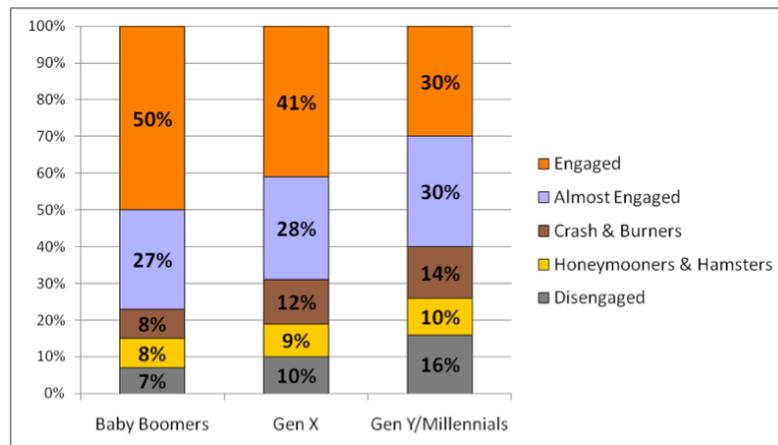


Similarities and differences

Engagement levels in India vary greatly across most demographics, most noticeably across organization size, gender, workplace structure (i.e., virtual, decentralized, or on-site teams), generations, role/level, and function.

In line with the global pattern, younger employees in India are the least Engaged. 16% are actually Disengaged and only 30% are Engaged.

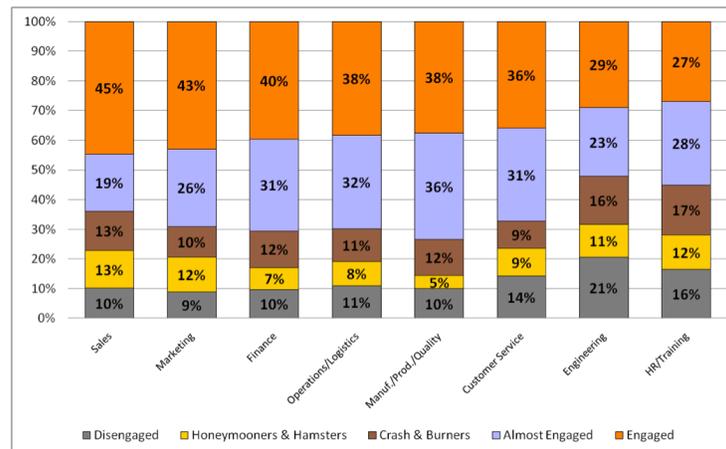
Engagement in India by Generation



Trending closely with the engagement level of Baby Boomers, half of executives (director and above) are Engaged.

The functions in India with the highest number of Engaged employees are those with the most tangible priorities (sales at 45%) or closest brand alignment (marketing at 43%). In India, HR/training employees are the least likely to be Engaged (27%), in contrast to other regions where they are among the most likely. Engineering ranks second to last at 29%, which is more in line with the global pattern of highly analytic or expert employees being among the least Engaged.

Engagement in India by Department/Function



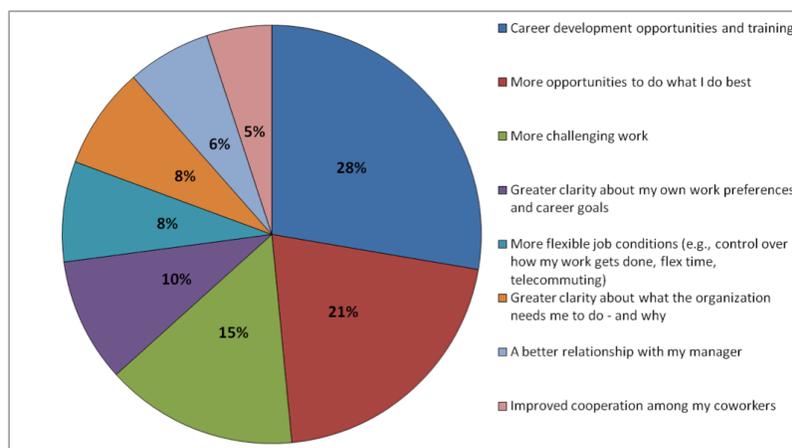
In terms of engagement levels by industry, healthcare and chemicals show the highest levels of engagement in India (47% and 44% respectively). Coming in last? Banking/financial services and technology, both with 28% at full engagement. Employees working at mid-sized organizations (1,000-9,999 employees) appear more likely to be Engaged than their counterparts in smaller organizations. (41% are Engaged vs. 33%.)

Engagement drivers

Satisfaction

In India, as in Southeast Asia and China, the top factor identified by respondents as **influencing job satisfaction** is **“career development opportunities and training.”** More than a quarter (28%) of Indian respondents selected it. “More opportunities to do what I do best” ranks second (21%) followed by “more challenging work” (15%). These top responses were pretty much consistent across engagement levels, generations, department, and role.

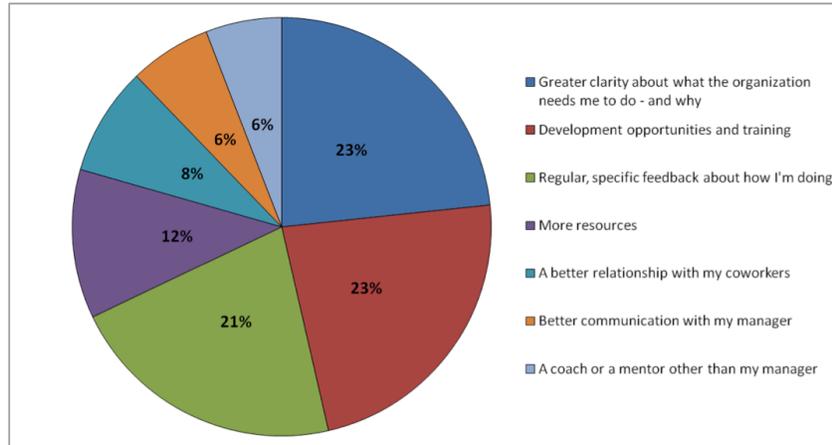
Satisfaction – Choose the item that would most improve your job satisfaction.



Contribution

“Greater clarity about what the organization needs me to do and why” and “development opportunities and training” tied as the most important factor for increasing contribution in India (23%). Ranking close behind is “regular, specific feedback about how I’m doing” at 21%. A bit off the global trend, the top two responses for India for contribution were *consistent* across engagement levels.

Contribution – Choose the item that would most improve your performance.



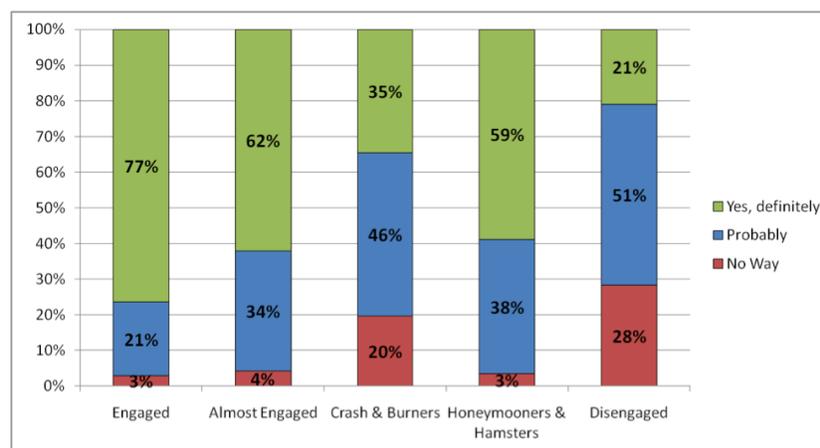
Respondents’ answers about contribution varied, however, across age, department, and industry. For example, Generation Y workers identified “regular, specific feedback about how I’m doing” as the factor that could most improve their performance.

Retention

More than half (59%) of Indian employees indicate that they will stay with their organization through the next 12 months if given the chance. The number of Indian employees determined to leave has increased from 2008 (5%) to 2010 (8%).

Not surprisingly, there is a positive correlation between engagement and intent to stay, with 77% of Engaged employees indicating that they plan to stay.

Intent to Stay – Assuming you have a choice, do you plan to remain with your organization through the next 12 months?



It is still a concern that 21% of Engaged employees are ambivalent about their long-term commitment to the organization for which they work.

Reasons to leave

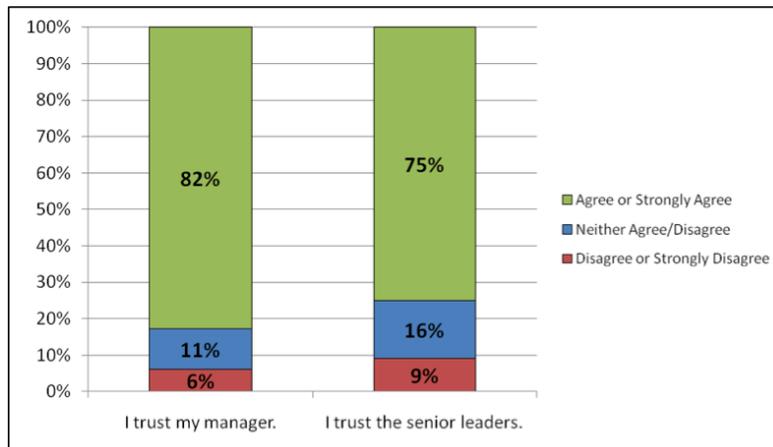
The top reason Indian employees overall **consider leaving is lack of career opportunities** (23%). An analysis of the secondary reasons for leaving indicates that most employees are looking for increased financial rewards next – except for the Disengaged, who appear to be fleeing work they don't like.

The most at risk for flight? The youngest members of the workforce. 34% of Generation Y in India are on the fence (they'll "probably" stay), and 12% are planning their exit. Does this reflect lack of commitment as a generational characteristic? Not necessarily. How many of us marry the first person we date?

Trust in leadership

In line with 2008 findings, **three-quarters (75%) of employees in India report that they trust their organization's executives**. This is the highest percentage globally. Similarly, **8 in 10 Indian employees (82%) trust their immediate managers**.

"I trust my manager" vs. "I trust the senior leaders of this organization"



The importance of trust is underscored by its correlation to engagement levels. In India, 92% of Engaged employees trust executives compared to just 39% of the Disengaged. The gap between the perceptions of Engaged and Disengaged employees is not quite as large when it comes to trust in managers. It is still substantial however: 93% of the Engaged trust their immediate managers compared to 52% of the Disengaged.

Managers' impact on engagement

Actions

All of the manager actions measured correlate to high engagement, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not. In contrast to their counterparts in other regions, managers in India receive consistently favorable ratings in the actions listed below. Also a bit off the global trend, no one action stands out from the rest as having a substantially greater impact on engagement.

Prevalence of manager actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their manager does this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 37% in India
Encourages me to use my talents	77%	43%	6 pts.
Asks for and acts on my input	76%	43%	6 pts.
Has built a sense of belonging in our department or team	70%	44%	7 pts.
Delegates assignments effectively without micromanaging me	66%	44%	7 pts.
Treats me like an individual with unique interests and needs	66%	44%	7 pts.
Provides me with regular, specific feedback on my performance	66%	44%	7 pts.
Recognizes and rewards my achievements	62%	46%	9 pts.

Relationships

It's not just what managers do, but also who they are. **41% of employees who know their manager well "as a person" are Engaged**, compared to 37% of employees overall. This suggests that relationship can have an impact in India but less so than the actions above.

Executive leadership and engagement

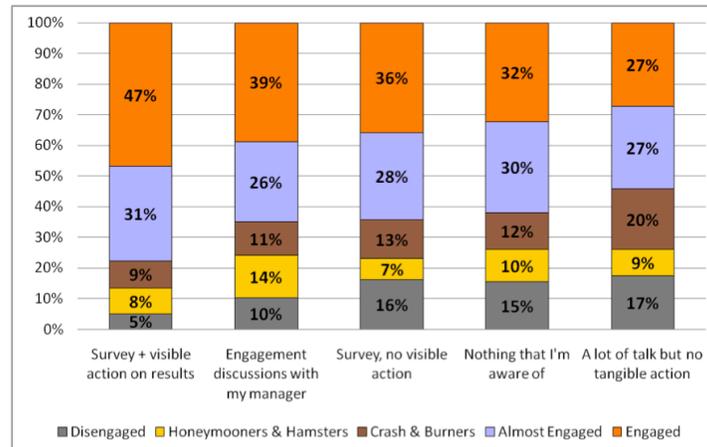
All of the executive behaviors measured correlate to high engagement, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

Prevalence of executive behaviors compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their executives do this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 37% in India
Link the work of the organization to a larger purpose	71%	44%	7 pts.
Act in alignment with our organization's core values or guiding principles	69%	45%	8 pts.
Communicate honestly	64%	46%	9 pts.
Have created a work environment that drives high performance	63%	47%	10 pts.

The findings in India stand out for two reasons: First, in every other region studied, executives received less-favorable scores than managers. In India, they were similar. Second, the correlation of executive behaviors to high engagement in other regions is substantially greater than the correlation of manager actions, suggesting that executives have a greater influence on engagement levels. In India, however, the impact appears to be similar.

Survey dangers



Like all other regions, it would be wise for Indian organizations looking to increase their employee engagement to **take visible action based on survey results**. 47% of employees who stated their organizations have conducted surveys *and* took visible action are Engaged. This is 10 percentage points higher than the overall Engaged population in India. One third (36%) of Indian employees reporting that there were surveys conducted *without* visible action are Engaged. The worst action possible? Paying lip service to engagement. Only 27% of employees who reported a lot of talk but no tangible action are Engaged.

Indian respondent profile

- ▶ 2,247 respondents
- ▶ 18% female, 82% male
- ▶ 50% hold management, supervisory or executive titles, with 9% indicating they are a vice president or above
- ▶ 16% work in manufacturing/production/quality, 15% in HR, 14% in marketing, 14% in operations/logistics, 10% in customer service, 9% in sales, 8% in finance, and the rest are scattered across IT, engineering, and other functions
- ▶ One in ten respondents are Baby Boomers or earlier (born 1930-1964), 40% are from Generation X (born 1965-1977), and 47% are Generation Y (born 1978-1994)
- ▶ Approximately one in ten (11%) work in organizations that employ more than 10,000 people, and 83% work for firms with fewer than 5,000 employees
- ▶ 24% work in manufacturing, 16% in chemicals, 8% in communications/media, 7% in technology, 6% in banking/financial services, and the rest are scattered across a range of industries including health care and retail
- ▶ One-third (37%) indicated that all or most of their team work at the same location, with 15% responding that they are virtual
- ▶ Half (52%) have worked three years or less with their employer, and one-quarter (25%) more than 7 years
- ▶ 24% have held their position for less than a year, and 11% have been in their role more than 7 years

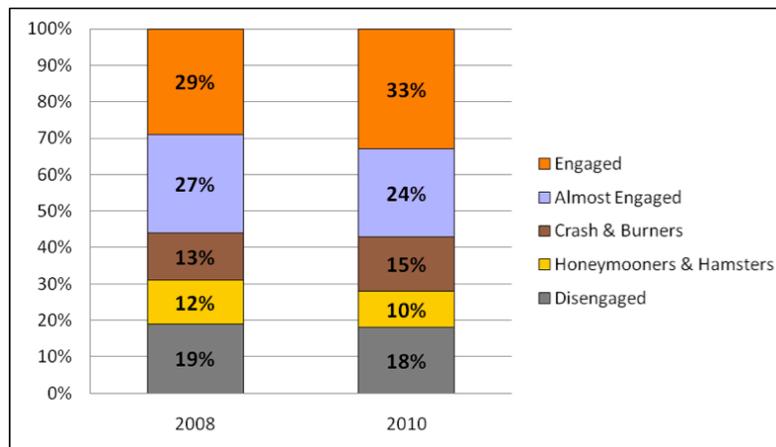
Regional analysis: North America

Engagement levels

North America overall

With a third (33%) of employees Engaged, the North American workforce exhibits higher levels of engagement than many of their counterparts worldwide. Only workers in India and Australia/New Zealand are more likely to be Engaged. 2010 boasts more Engaged in North America than 2008 (33% vs. 29%).

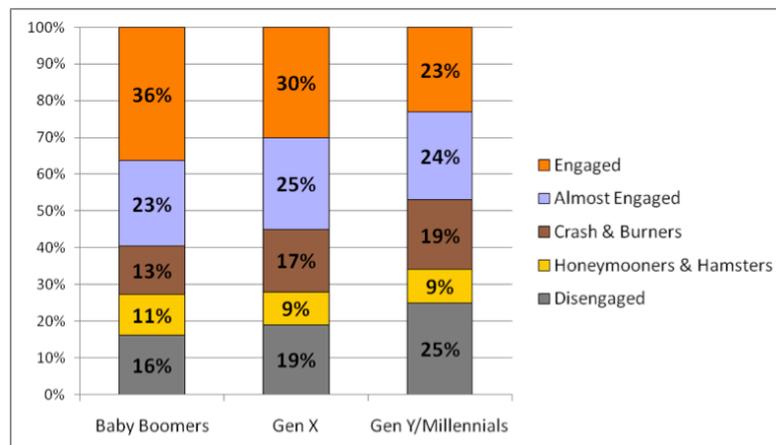
Engagement in North America 2008 vs. 2010



Similarities and differences

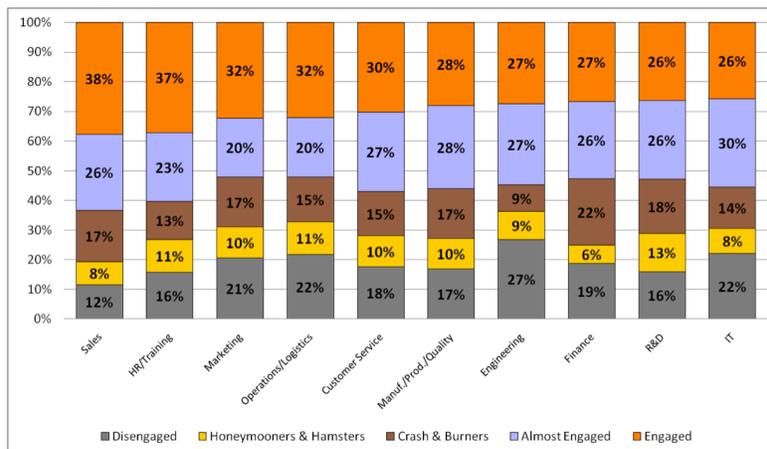
Engagement levels in North America do not vary much across gender or workplace structure (i.e., virtual, decentralized, or on-site teams). Variations are most noticeable across generations, organization size, role/level, and function. In line with the global pattern, engagement levels rise with position and authority and the oldest employees are the most Engaged (see chart below).

Engagement in North America by Generation



When comparing departments, information technology once again has the lowest percentage of Engaged employees in North America, with 26% (slightly higher than 2008's 22%) joined by employees from research & development. Other functions that feature highly analytic and expert employees, like Engineering and finance, have slightly lower engagement levels than North American employees overall. The functions with the highest number of Engaged employees tend to be those with close proximity to strategy or decision making (operations/logistics and HR), and the most tangible priorities or brand alignment (sales and marketing).

Engagement in North America by Department/Function



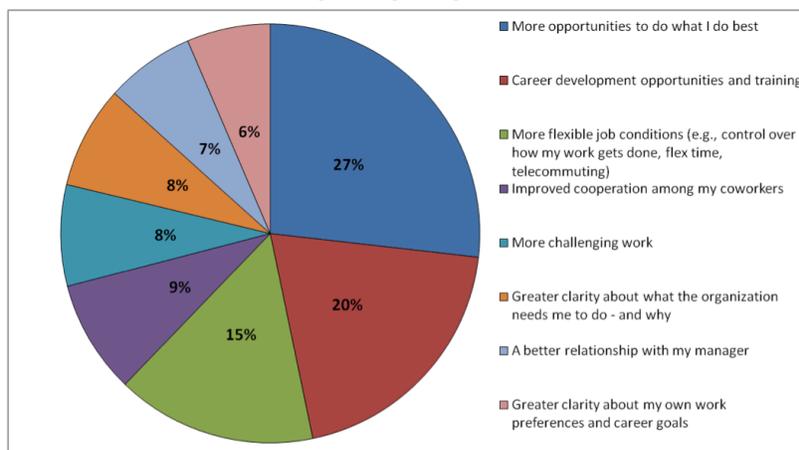
In terms of engagement levels by industry, employees in academia and association/not-for-profits are most likely to be Engaged in North America (46% and 40% respectively). Coming in last? Employees in consumer products and energy/utilities (26% and 23%, respectively). North American employees working at smaller companies (<999 employees) are the most likely to be Engaged (38%). The least likely? Employees in organizations of 5,000-9,000 people. Only 27% of them are Engaged.

Engagement drivers

Satisfaction

In North America, as in Europe and Australia/New Zealand, the top factor identified by respondents as **influencing job satisfaction** is **“more opportunities to do what I do best.”** More than a quarter (27%) of North American respondents selected it. “Career development opportunities and training” ranks second (20%) followed by “More flexible job conditions” (15%). These top responses were pretty much consistent across engagement levels, generations, department, and role.

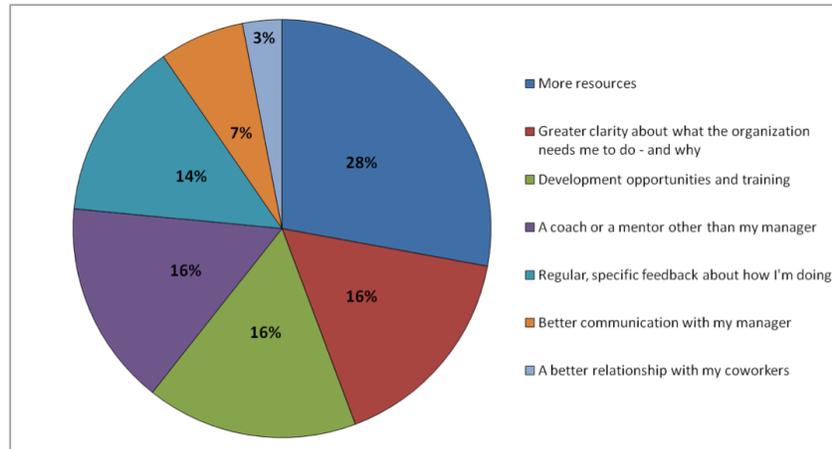
Satisfaction – Choose the item that would most improve your job satisfaction.



Contribution

“More resources” was selected by 28% of North American respondents as the **most important factor for increasing their contribution** on the job. This response, again, was similar to that of employees in Europe and Australia/New Zealand. A cluster of four responses followed, garnering 14% to 16% each.

Contribution – Choose the item that would most improve your performance.



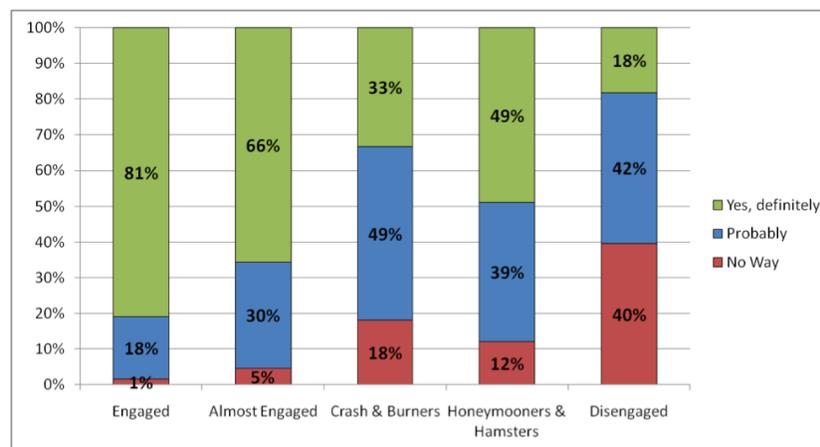
Respondents’ answers about contribution varied across engagement level, age, department, and industry. For example, the low-contributing Honeymooners & Hamsters and Disengaged workers identified “greater clarity about what the organization wants me to do and why” as the factor that could most improve their performance, in contrast to the higher performers (the Engaged, Almost Engaged and Crash & Burners) who selected “more resources.” Younger workers opted for “development opportunities and training” more often than their older colleagues.

Retention

More than half (56%) of North American employees **indicate that they will stay** with their organization through the next 12 months if given the chance (down from 61% in 2008). In addition, the **number of North American employees determined to leave (“no way”)** has nearly doubled since 2008 (13% vs. 7%).

Not surprisingly, there is a positive correlation between engagement and intent to stay, with **81% of Engaged employees indicating that they plan to stay.**

Intent to Stay – Assuming you have a choice, do you plan to remain with your organization through the next 12 months?



It is still a concern that 18% of Engaged employees are ambivalent about their long-term commitment to the organization for which they work. Crash & Burners also represent a worry, with nearly half (49%) non-committal and 18% headed for the door.

Reasons to leave

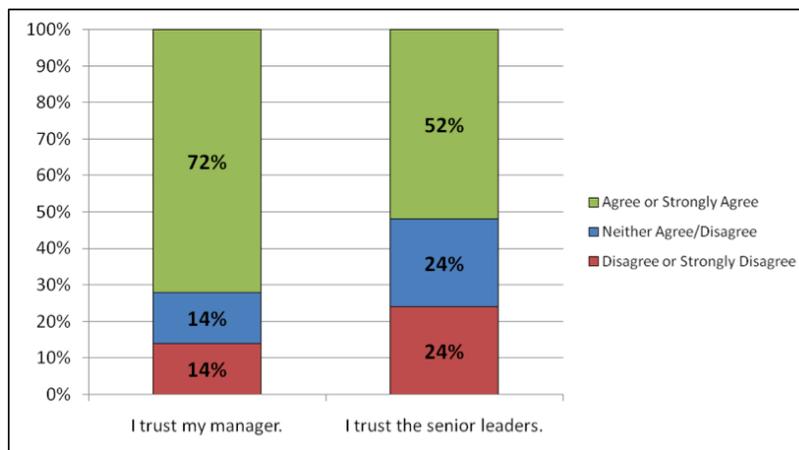
The top reason North American employees overall **consider leaving is lack of career opportunities** (28%). An analysis of the secondary reasons for leaving indicates that Engaged and Almost Engaged are also opportunistic, looking for increased financial rewards and a desire for change. Meanwhile, Honeymooners & Hamsters, Crash & Burners, and the Disengaged appear to be fleeing undesirable situations (work and managers they don't like).

The most at risk for flight? The youngest members of the workforce. In North America, 36% of Generation Y employees are on the fence (they'll "probably" stay), and 20% are planning their exit. Does this reflect lack of commitment as a generational characteristic? Not necessarily. How many of us marry the first person we date?

Trust in leadership

Only half (52%) of employees in North America report that they trust their organization's executives. Despite the significant economic turmoil and difficult decisions taken by executives, this figure has decreased just 1 point since 2008. In contrast, **nearly 3 in 4 North American employees (72%) trust their immediate managers.**

"I trust my manager" vs. "I trust the senior leaders of this organization"



The importance of trust is underscored by its correlation to engagement levels. In North America, 81% of Engaged employees trust executives compared to just 16% of the Disengaged. The gap between the perceptions of Engaged and Disengaged employees is not quite as large when it comes to trust in managers. It is still substantial however: 87% of the Engaged trust their immediate managers compared to 43% of the Disengaged.

Managers' impact on engagement

Actions

All of the manager actions measured correlate to high engagement, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not. However, the table below illustrates that **North American managers are not necessarily doing the things that may matter most. The actions most correlated with high engagement are not the ones that received the most favorable ratings.** Only about half of North American employees indicate that their managers provide regular feedback or have built a sense of belonging, while our analysis suggests that these actions might have a substantial impact on engagement.

Prevalence of manager actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their manager does this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 33% in NA
Delegates assignments effectively without micromanaging me	71%	40%	7 pts.
Asks for and acts on my input	68%	41%	8 pts.
Treats me like an individual with unique interests and needs	67%	41%	8 pts.
Encourages me to use my talents	65%	42%	9 pts.
Recognizes and rewards my achievements	57%	45%	12 pts.
Has built a sense of belonging in our department or team	50%	47%	14 pts.
Provides me with regular, specific feedback on my performance	47%	46%	13 pts.

Relationships

It's not just what managers do, but also who they are. **Slightly less than half (43%) of employees who know their manager well "as a person" are Engaged** compared to 33% of North American employees overall. This finding suggests that relationship may be a more important engagement driver than four of the actions above.

Executive leadership and engagement

All of the executive behaviors measured correlate to high engagement, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

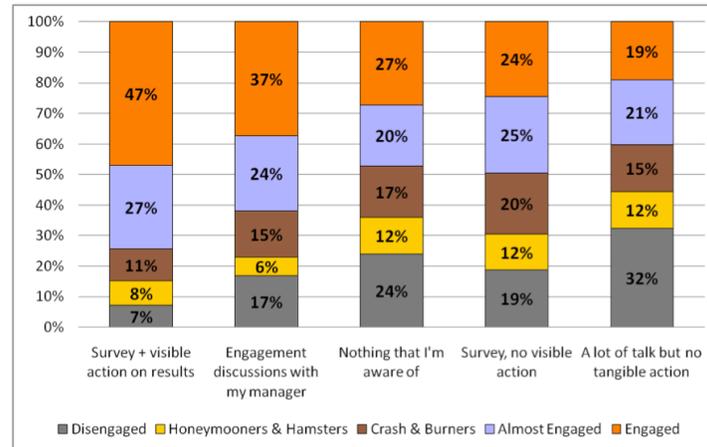
In North America, executives received less-favorable ratings than managers did. Yet the table below illustrates a pattern comparable to managers: **the most prevalent actions are not necessarily the ones that correlate most with high engagement.**

Prevalence of executive behaviors compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their executives do this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 33% in NA
Link the work of the organization to a larger purpose	57%	46%	13 pts.
Act in alignment with our organization's core values or guiding principles	54%	47%	14 pts.
Communicate honestly	47%	50%	17 pts.
Have created a work environment that drives high performance	41%	53%	20 pts.

The consistently double-digit gaps suggest that executive behaviors in North America have the potential of making a bigger impact on engagement than manager actions. In line with the global pattern, the greatest potential may be in creating a work environment that drives high performance. Only 41% of employees in North America indicate that executives in their organization do this.

Survey dangers



Like all other regions, it would be wise for North American organizations looking to increase their employee engagement to **take visible action** based on survey results. 47% of employees who stated their organizations have conducted surveys *and* took visible action are Engaged. This is 14 percentage points higher than the overall Engaged population in North America. Surveying without taking visible action appears detrimental to engagement. Only a quarter (24%) of North American employees reporting that there were surveys conducted *without* visible action are Engaged. This is 9 percentage points lower than the overall Engaged population in North America.

North American respondent profile

- ▶ 2,895 respondents
- ▶ 57% are female, 43% male
- ▶ 54% hold management, supervisory or executive titles, with 9% indicating they are a vice president or above
- ▶ 32% work in HR, 15% in operations/logistics, 9% in marketing, 8% in IT, 8% in customer service, 7% in sales, and the rest are scattered across finance, R&D, engineering, and other functions
- ▶ 36% are considered Baby Boomers or earlier (born 1930-1964), 30% are from Generation X (born 1965-1977), and 23% are Generation Y (born 1978-1994)
- ▶ One-third (32%) work in organizations that employ more than 10,000 people, and about half (54%) work for firms with fewer than 5,000 employees
- ▶ 12% work in technology (software, electronics), 9% in health care, 9% in banking/financial services, 8% in academia, 7% in insurance, and the rest are scattered across a range of industries including government and association/not-for-profits
- ▶ Nearly two-thirds (64%) indicated that all or most of their team work at the same location, with 10% responding that they are virtual
- ▶ Three in ten (28%) have worked three years or less with their employer, and nearly half (46%) more than 7 years
- ▶ 15% have held their position for less than a year and 20% have been in their role more than 7 years

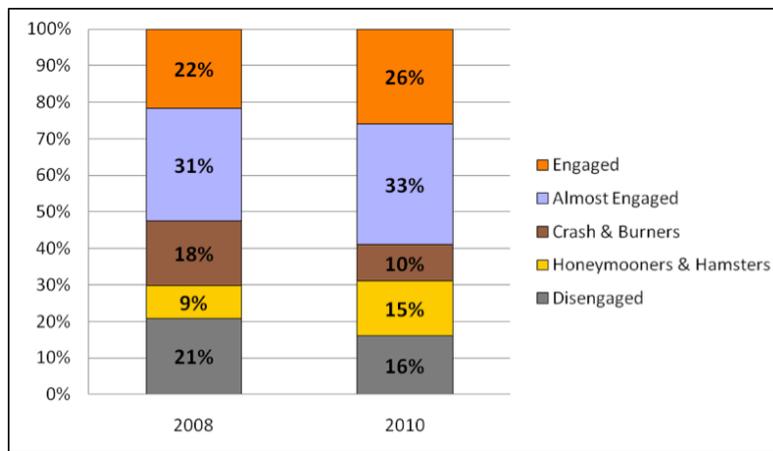
Regional analysis: Southeast Asia

Engagement levels

Southeast Asia overall

With a little more than a quarter (26%) of employees Engaged, the Southeast Asian workforce exhibits lower levels of engagement than most of the world. Only employees in China are less Engaged. However, 2010 boasts more Engaged in Southeast Asia than 2008 (26% vs. 22%).

Engagement in Southeast Asia 2008 vs. 2010

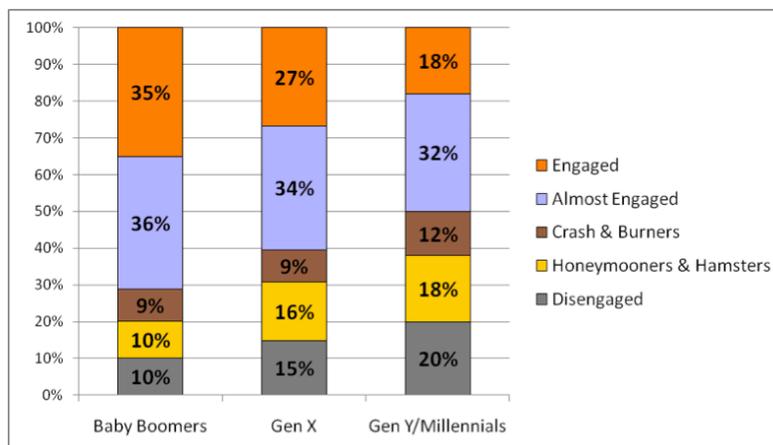


Similarities and differences

Engagement levels in Southeast Asia do not vary much across gender, organization size, or workplace structure (i.e., virtual, decentralized, or on-site teams). Variations are most noticeable across generations, role/level, and function.

In line with the global pattern, younger employees in Southeast Asia are the least Engaged. Two in ten (20%) are actually Disengaged.

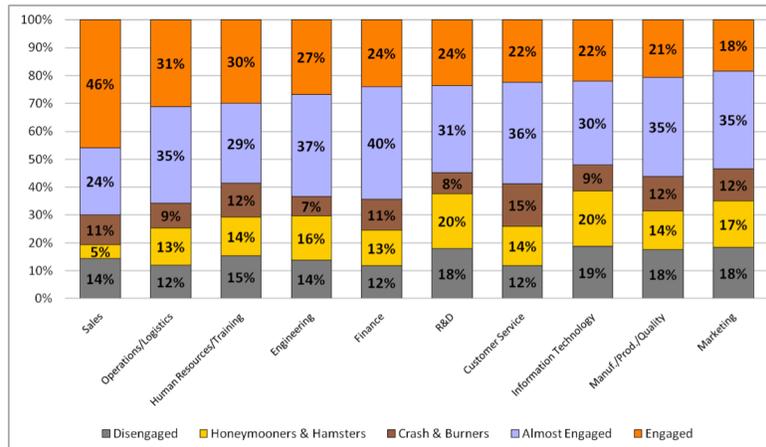
Engagement in Southeast Asia by Generation



Trending closely with the engagement levels of Baby Boomers, about a third of executives (director and above) are Engaged compared to a quarter of individual contributors.

Employees who work in sales are by far the most Engaged (46%), consistent with a global pattern that functions with the most tangible priorities are often the most likely to be Engaged. Operations/logistics and HR/training, which tend to be closest to strategy and decision making, boast the next highest percentages (31% and 30% respectively). In contrast to many regions, in Southeast Asia marketing has the lowest percentage of Engaged employees (18%).

Engagement in Southeast Asia by Department/Function



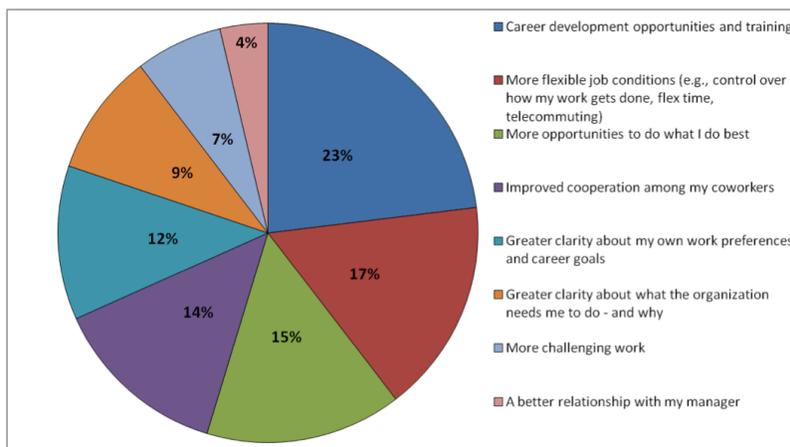
In terms of engagement levels by industry, construction/engineering and pharmaceutical/biotech show the highest levels of engagement in Southeast Asia (29% and 28% respectively). Coming in last? Chemicals with 20% and healthcare with only 15% Engaged.

Engagement drivers

Satisfaction

In Southeast Asia, as in China and India, the top factor identified by respondents as **influencing job satisfaction** is **“more career development opportunities and training.”** A quarter (23%) of Southeast Asian respondents selected it. “More flexible job conditions” ranks second (17%) followed by “more opportunities to do what I do best” (15%). These top responses were relatively consistent across engagement levels, generations, department, and role.

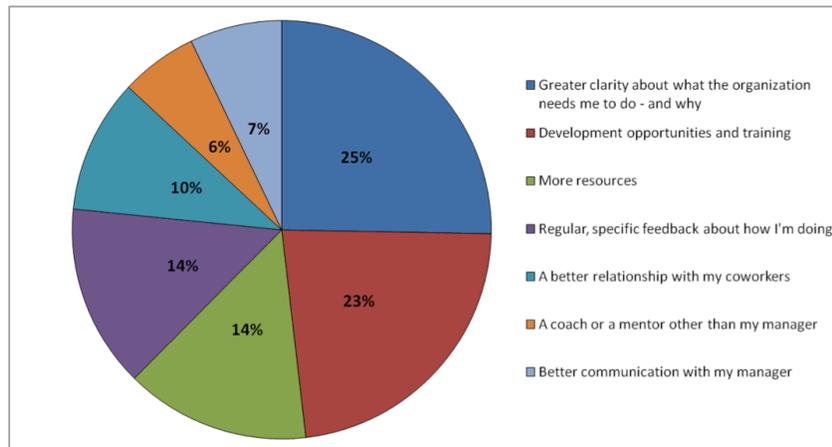
Satisfaction – Choose the item that would most improve your job satisfaction.



Contribution

“Greater clarity about what the organization needs me to do and why” was selected by 25% of Southeast Asian respondents as the **most important factor for increasing their contribution** on the job, with “development opportunities and training” close behind (23%). In contrast to the global pattern, these findings were consistent across engagement levels, generations, and department/functions.

Contribution – Choose the item that would most improve your performance.

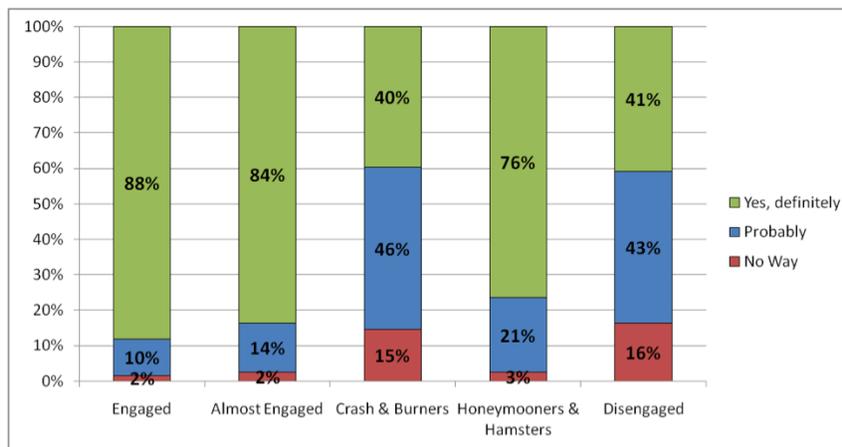


Retention

Seven in ten (73%) Southeast Asian employees **indicate that they will stay** with their organization through the next 12 months if given the chance. In contrast to every other region, the **number of Southeast Asian employees determined to leave has decreased since 2008 (10% in 2008 vs. 6% in 2010)**.

Not surprisingly, there is a positive correlation between engagement and intent to stay, with **88% of Engaged employees indicating that they plan to stay**.

Intent to Stay – Assuming you have a choice, do you plan to remain with your organization through the next 12 months?



Most alarming is the low percentage of high-contributing Crash & Burners who intend to stay (41%). In contrast to global patterns, they are even less likely to remain than the Disengaged.

Reasons to leave

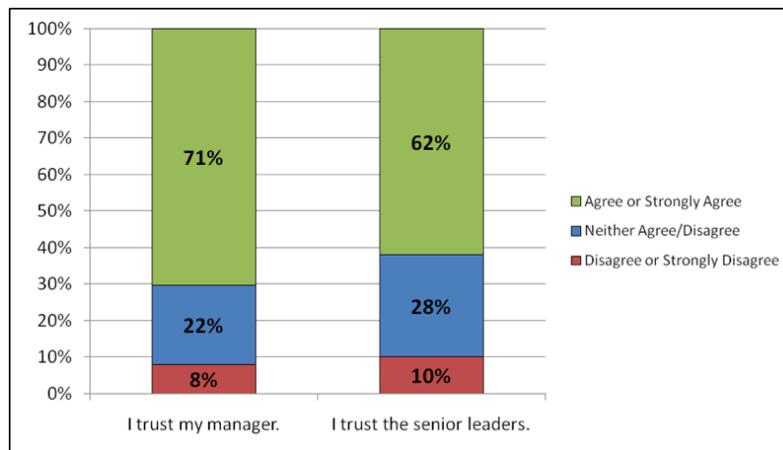
The top reason Southeast Asian employees overall **consider leaving is lack of career opportunities** (23%). The most at risk for flight? The youngest members of the workforce. 25% of Generation Y employees in Southeast Asia are on the fence (they'll "probably" stay), and 6% are planning their exit. Does this reflect lack of commitment as a generational characteristic? Not necessarily. How many of us marry the first person we date?

Trust in leadership

Six in ten (62%) employees in Southeast Asia report that they trust their organization's executives.

This figure has increased since 2008, when trust in executives was at 56%. In contrast, **nearly 3 in 4 Southeast Asian employees (71%) trust their immediate managers.**

"I trust my manager" vs. "I trust the senior leaders of this organization"



The importance of trust is underscored by its correlation to engagement levels. In Southeast Asia, 85% of Engaged employees trust executives compared to just 29% of the Disengaged. The gap between the perceptions of Engaged and Disengaged employees is not quite as large when it comes to trust in managers. It is still substantial however: 86% of the Engaged trust their immediate managers compared to 45% of the Disengaged.

Managers' impact on engagement

Actions

All of the manager actions measured correlate to high engagement, that is, employees of managers who demonstrate these behaviors are more likely to be Engaged than those whose managers do not.

Prevalence of manager actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their manager does this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 26% in SEA
Encourages me to use my talents	66%	39%	13 pts.
Asks for and acts on my input	63%	37%	11 pts.
Has built a sense of belonging in our department or team	63%	43%	17 pts.
Delegates assignments effectively without micromanaging me	62%	37%	11 pts.
Treats me like an individual with unique interests and needs	61%	36%	10 pts.
Provides me with regular, specific feedback on my performance	56%	39%	13 pts.
Recognizes and rewards my achievements	51%	40%	14 pts.

Relationships

It's not just what managers do, but also who they are. **A third (34%) of employees in Southeast Asia who know their manager well "as a person" are Engaged** compared to 26% overall (an 8-pt gap). This suggests that relationship is an engagement driver in Southeast Asia — but unlike many regions of the world, it promises less of an impact than the manager actions listed above.

Executive leadership and engagement

All of the executive behaviors measured correlate to high engagement, that is, employees who indicate that their executives demonstrate these behaviors are more likely to be Engaged than those whose executives do not.

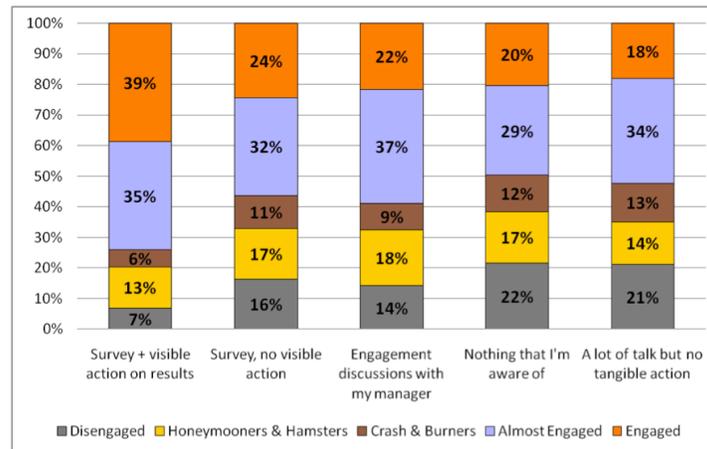
A bit off the global trend, executives in Southeast Asia received ratings comparable to those of managers. (In every other region except India, executives received *less favorable* scores.) Yet the table below illustrates a pattern more in line with global findings: **the most prevalent executive behaviors are not necessarily the ones with the strongest correlation to engagement.**

Prevalence of executive actions compared to potential impact on engagement

Action	PREVALENCE % who agree or strongly agree their executives do this	CORRELATION % of those who agree or strongly agree who are also Engaged	POTENTIAL IMPACT gap when comparing to overall engagement of 26% in SEA
Link the work of the organization to a larger purpose	63%	41%	15 pts.
Act in alignment with our organization's core values or guiding principles	60%	43%	17 pts.
Communicate honestly	53%	46%	20 pts.
Have created a work environment that drives high performance	53%	47%	21 pts.

Although the potential impact of manager actions is higher in Southeast Asia than in most regions of the world, the table above suggests that executive behaviors in Southeast Asia have the potential of making an even bigger impact on engagement than most manager actions.

Survey dangers



Like all other regions, it would be wise for Southeast Asian organizations looking to increase their employee engagement to **take visible action** based on survey results. 39% of employees who stated their organizations have conducted surveys *and* took visible action are Engaged. This is 13 percentage points higher than the overall Engaged population in Southeast Asia. The worst possible action? Paying lip service to engagement. Only 18% of employees who reported a lot of talk but no tangible action are Engaged.

Southeast Asian respondent profile

- ▶ 3,401 respondents
- ▶ 51% are female, 49% male
- ▶ 27% hold management, supervisory, or executive titles with 2% indicating they are a vice president or above
- ▶ 24% work in R&D, 18% in manufacturing/production/quality, 17% in operations/logistics, 9% in HR, 9% in engineering, 6% in finance, and the rest are scattered across marketing, IT, and other functions
- ▶ 19% are Baby Boomers or earlier (born 1930-1964), 47% are from Generation X (born 1965-1977), and 33% are Generation Y (born 1978-1994)
- ▶ 64% work in organizations with fewer than 1,000 employees, 28% in firms with 1,000 – 5,000 employees, and 8% in firms with more than 5,000 employees
- ▶ 22% work in technology (software, electronics), 21% work in manufacturing, 16% in government, 9% in academia/higher education, 5% in chemicals, and the rest are scattered across a range of industries
- ▶ 69% of respondents indicated that all or most of their team work at the same location, with 10% responding that they are virtual
- ▶ Three in ten (31%) have worked three years or less with their employer, and nearly half (49%) more than 7 years
- ▶ 13% have held their position for less than a year, and 26% have been in their role more than 7 years

About this 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 July 2010 through October 2010 to individuals representing a cross-section of geographic regions, job functions, roles, and industries. It was also posted or distributed through traditional and social media, professional associations, and client organizations.

To round out the multi-layered workforce perspective, we conducted about 30 interviews with HR and line leaders. The interviews focused on the challenges that leaders face and best practices for driving employee engagement. Published research from other consulting firms, academics, and businesses known for their Engaged workforces was analyzed and referred to throughout this report as appropriate.

Global respondent profile

- ▶ 10,914 respondents
- ▶ 32% reside in Southeast Asia, 27% in North America, 21% in India, 8% in Australia/New Zealand, 7% in China, and 6% in Europe.
- ▶ 45% are female, 55% male
- ▶ More than half (52%) hold executive, management, or supervisory titles, with 7% indicating that they are a vice president or above
- ▶ 21% work in human resources or related function, 15% in operations/logistics, 12% in research & development, 11% in manufacturing/production/quality, 8% in marketing, and the rest are scattered across other departments such as IT, engineering, sales, customer service, and finance
- ▶ 29% are Baby Boomers or earlier (born 1930 – 1964), 42% are Generation X (born 1965-1977), and 29% are Generation Y or Millennials (born 1978 – 1994)
- ▶ 16% work in organizations that employ more than 10,000 people and 75% work for organizations with fewer than 5,000 people
- ▶ 13% work in technology, 13% in manufacturing, 8% in government, 6% in academia/higher education, and the rest are scattered across a wide range of industries including banking/financial services, health care, pharmaceutical or biotech, and others
- ▶ 60% indicated that all or most of their team work at the same location, with only 11% labeling themselves as virtual workers
- ▶ 38% have worked three years or less with their employer, and nearly 40% have been with their organizations for more than 7 years
- ▶ More than half (59%) have held their position for less than a year and 18% of employees have held their position for more than 7 years
- ▶ Nearly a quarter of respondents (23%) work in a union environment

Notes

- ¹ BlessingWhite, [*State of Employee Engagement 2008*](#), Spring 2008.
- ² BlessingWhite, [*Innovate on the Run: The Competing Demands of Modern Leadership*](#), Fall 2007.
- ³ BlessingWhite, [*State of Employee Engagement 2008*](#), Spring 2008.
- ⁴ Hewitt Associates, [*Percent of Organizations with Falling Engagement Scores Triples in Two Years*](#), July 29, 2010 press release. "High engagement" firms are defined as those as having 65% or more Engaged employees. "Low engagement" firms feature less than 40% Engaged.
- ⁵ Gallup Consulting, [*State of the American Workplace: 2008-2010*](#).
- ⁶ Alex Edmans, [*"Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices."*](#) Wharton School, University of Pennsylvania, June 26, 2010.
- ⁷ McKinsey & Company, [*The Missing Link: Connecting Organizational and Financial Performance*](#), February 2007.
- ⁸ Gallup Consulting, [*State of the American Workplace: 2008-2010*](#).
- ⁹ BlessingWhite, [*State of the Career 2007*](#), Winter 2007.
- ¹⁰ Discrepancies in engagement studies reflect differences in the definition of engagement, items, timing, survey methodology, and analysis (e.g., aggregate workforce vs. discrete organizations). Gallup's meta analysis of its Q12 data, as described in the [*State of the American Workplace 2008-2010*](#) report, indicated consistent levels of engagement between 2008 and 2009.

Towers Watson's 2010 [*Global Workforce Study*](#) confirms "engagement has held steady" with levels recorded in its 2007-2008 study. Hewitt's [*2010 Best Employers in Canada*](#) study indicates that average employee engagement across all study participants is actually higher than it was a year ago – 69% versus 65%. Now in contrast, Hewitt also reports that 46% of its client organizations worldwide experienced a decline in engagement between 2009 and 2010 while only 30% saw an improvement. (For insight into those results consider our findings on "proceed with caution: surveys can backfire" on page 21.)

Gallup and BlessingWhite data reflects aggregate employee populations and was not broken down by discrete organizations as was Hewitt's. Another consideration in interpreting news stories: Engagement is not as simple as satisfaction. Some recent studies and opinion polls, like The Conference Board's [*"I Can't Get No... Job Satisfaction, That Is."*](#) have highlighted lower post-recession levels of job *satisfaction* and morale. Yet engagement reflects resource and talent alignment with organizational priorities and discretionary effort, not merely satisfaction or emotional connection.

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- ¹¹ Corporate Executive Board, ["Who Will Prevail in 2010? Confronting Six Enemies of Post-Recession Performance,"](#) October 2009.
- ¹² The [2010 Global Workforce Study](#) of Towers Watson identified career development as a much more important engagement driver in 2009 than in 2008. Plus the research of Harvard's Len Schlesinger tells a similar story: Career's impact on job satisfaction is second only to "job fulfillment." Career has the biggest impact on turnover (ahead of compensation, leadership, rewards & recognition).
- ¹³ Both managers and executives matter of course. These findings are in line with other studies, such as Towers Watson's [2010 Global Workforce Study](#), which indicates that in 8 of 10 companies studied "senior leadership" is the top engagement driver.

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