TOWERS
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Closing the Engagement Gap:
A Road Map for Driving
Superior Business Performance

Towers Perrin Global Workforce Study
2007-2008

Today's business climate is, if anything, more complex, more volatile — and more interconnected — than it was just two years ago, when we published our 2005-2006 Global Workforce Study: *Winning Strategies for a Global Workforce.* Increasingly, organizations face a daunting, and sometimes seemingly contradictory, set of goals:

- Provide a differentiated customer experience while reducing the cost of delivering that experience.

- Generate significant growth while continuing to manage the bottom line.

- Use technology to drive efficiency without sacrificing the "personal" connection to customers, employees and other stakeholders.

- Standardize...and customize.

One common element grounds organizations' ability to advance through this environment: People.

People are more than ever a source of critical skill and knowledge, as well as sustainable competitive advantage. And, based on views of close to 90,000 workers in 18 countries around the world, people want to invest their skills and knowledge on behalf of their employers. Yet few organizations are fully tapping that source and achieving the results that come through full investment of the workforce.

Why that's so, and what employers can do to begin to change this reality, is what this report is all about.

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INTRODUCTION

Only one out of every five workers today is giving full discretionary effort on the job, and this "engagement gap" poses serious risks for employers because of the strong connection between employee engagement and company financial performance.

There are probably as many stereotypes about today's work-force as there are workers. Consider two of the most enduring: Employees are cubicle-bound clock-watchers, getting by doing the minimum possible. Or, at the other end of the spectrum, employees are ambitious "free agents," loyal to themselves and their careers, but not to their employers (of whom they'll have many).

In fact, neither of these myths, nor their many variations, have much basis in fact. The reality is both simpler and more complex, as our current Global Workforce Study shows.

- Employees today care a lot about their work.
- They want to learn and grow.
- They want stability and security.
- With the right opportunities and resources, they'll commit to a career with a company.
- They care deeply about work/life balance, but they are not, for the most part, slacking off.

Perhaps most noteworthy is that *employees worldwide want to give more,* but they also want to see a clear and measurable return for their effort. Part of that return is monetary, of course. But a surprisingly large part has to do with employees' relationship with the organization, its leadership and their work experience.

Amid these positive findings, however, one disturbing fact also emerges: **The global workforce is not engaged — at least not to the extent that employers need their employees to be in order to drive results.**

Our study reveals that only one out of every five workers today is giving *full discretionary effort* on the job — going well above and beyond what's required because they're caught up in the passion and purpose of creating a better product, service or customer experience. (For details about our research, see Appendix A, page 20.)

More disturbing still, close to four out of 10 (38%) are what we call disenchanted or disengaged. (For a description of our engagement methodology and terminology, see "Our Approach to Engagement," page 3.) They may not be watching the clock, but they are also not performing at anything near their true capability, chiefly because they don't have the kind of rational, emotional and motivational connections to the company that help drive discretionary effort.

This "engagement gap" poses a serious risk for employers because of the strong connection between employee engage-ment and company financial performance. The more engaged the workforce, the better a company is likely to perform on a range of key financial metrics. Thus, organizations that fail to engage their employees may be lagging both in today's tough market for talent, as well as in the broader market for customers, revenues, investors and capital.

There is, however, a silver lining to this cloud. Our research suggests that organizational attributes like leadership, career and professional development, and the kind of work culture and reputation a company creates play a significant role in shaping employees' level of engagement and behavior.

> **In other words, engaged employees are not born, but made. And our study provides new insights into what organizations can do to create the right conditions to nurture engagement and drive better performance.**

The rest of this report examines our insights in more detail.

Our Approach to Engagement: Think...Feel...and Act

Towers Perrin conducted its most recent employee survey among nearly 90,000 employees in 18 countries (see Appendix A, page 20, for more details). The survey covers a range of workplace practices, but focuses particularly on the drivers of attraction, retention and engagement in the workplace.

We define engagement as employees' willingness and ability to contribute to company success. Put another way, engagement is the extent to which employees "go the extra mile" and put discretionary effort into their work — contributing more of their energy, creativity and passion on the job.

We determine employees' engagement levels based on their responses to questions that measure their connections to the organization across three dimensions:

- **Rational:** How well employees understand their roles and responsibilities (the "thinking" part of the equation)

- **Emotional:** How much passion and energy they bring to their work (the "feeling" part of the equation)

- **Motivational:** How well they perform in their roles (the "acting" part of the equation).

Based on a statistical analysis of their responses to the full set of questions, survey respondents are clustered into four groups:

- **Engaged:** Those giving full discretionary effort, with high scores on all three dimensions.

- **Enrolled:** The partly engaged, with higher scores on the rational and motivational dimensions, but less connected emotionally.

- **Disenchanted:** The partly disengaged, with lower scores on all three components of engagement, especially the emotional connection.

- **Disengaged:** Those who have disconnected rationally, emotionally and motivationally.

WHAT WE FOUND: KEY INSIGHTS AT A GLANCE

The global workforce is not engaged, at least not to the extent that employers want or need their employees to be to drive results. This "engagement gap" can be defined as the difference between the discretionary effort that employers need for competitive advantage and employers' ability to elicit this effort from a significant portion of their workforce.

Significantly, employers have a pivotal role to play in forging the connections that define engagement and ensuring they keep their talent on the job and highly productive. Put simply, they can make a huge difference in creating a more engaged workforce — *if* they focus on the right things:

- Having effective — and engaged — leadership at the top

- Customizing and shaping a work environment and culture to match their unique basis for competitive advantage, tangibly aligning workforce strategies with business priorities

- Putting their workforce under the same microscope as they do their customers — to understand employees' needs, issues, values and "buying" patterns to ensure employees make the right choices about what tasks they will undertake with what level of focus and invest their time and energies most appropriately to drive the right business outcomes.

## THE ENGAGEMENT GAP: WHAT IT IS AND WHY CLOSING IT MATTERS

Employers are not harnessing the full power of their workforce and achieving the performance lift that high engagement delivers.

As *Exhibit 1* shows, only a fifth of the respondents in our global study can be categorized as engaged. The largest segment, over 40%, is the so-called "enrolled," perhaps best described as capable but not fully committed. The remainder are either disenchanted (almost a third of the total) — likely doing the minimum to get by — or completely disengaged. (For a look at engagement levels across the countries in our study, see Appendix B, page 21.)

Put another way, almost four out of five workers are not living up to their full potential or doing what it takes to help their organizations succeed. More disturbing still, almost two out of five (the disenchanted and disengaged) have already "checked out" to some extent. For employers, the implication is clear: They are not harnessing the full power of their workforce and achieving the performance lift that high engagement delivers.

> **This, in a nutshell, is the engagement gap: the difference between the discretionary effort that employers need for competitive advantage (and which, as we'll see, employees actually want to deliver) and employers' ability to elicit this effort from a significant portion of their workforce.**

EXHIBIT 1
The Global Engagement Gap

- Engaged — 21%
- Enrolled — 41%
- Disenchanted — 30%
- Disengaged — 8%
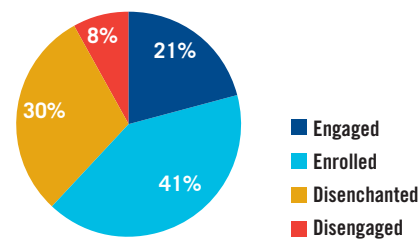
The size of this gap would be disturbing at any time. But it is particularly so today for two well-documented reasons:

- The global knowledge-based economy is increasingly dependent on people and their knowledge, skills, energy and dedication.

- Demographic trends suggest looming shortages of key skills across industries and regions of the world — raising the risk of losing sought-after talent and dealing with the consequences of managing a significantly disengaged or disenchanted population.

Because of these challenges, continued business growth today often depends on maximizing the contribution of virtually every employee, and certainly the cadre of talent most critical to ensuring that an organization's products and services consistently outpace competitors in design, development and delivery. Put simply, sustaining high performance requires high and sustained employee engagement. It is that straightforward.

A large body of research — our own and others' — confirms the strong correlation between employee engagement and company performance. Two of our recent studies are worth mentioning.

In one, we looked at 50 global companies over a one-year period, correlating their employee engagement levels with financial results. As *Exhibit 2A* shows, the companies with high employee engagement had a 19% increase in operating income and almost a 28% growth in earnings per share. Conversely, companies with low levels of engagement saw operating income drop more than 32% and earnings per share decline over 11%.

In a similar study over a longer time horizon — involving 40 global companies over three years — we found a spread of more than 5% in operating margin and more than 3% in net profit margin between the companies with high employee engagement and those with low engagement *(Exhibit 2B).*

Exhibit 3, page 6, illustrates yet another aspect of the engagement-performance link, highlighting the dramatic differences in how employees across each of the four engagement groups view their ability to impact the business. Note that the percentage of employees who believe they can impact a range of business metrics — from quality to service to innovation and even cost — increases along with their level of engagement.

EXHIBIT 2A

How Engagement Affects Financial Performance — One-Year Study

- Companies with high employee engagement
- Companies with low employee engagement
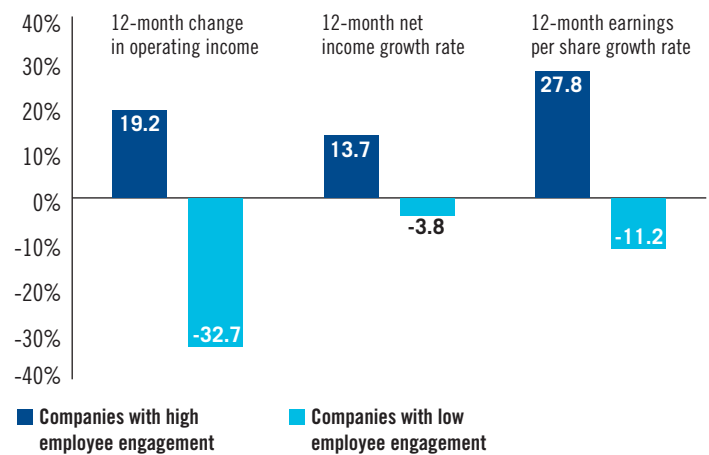
EXHIBIT 2B

How Engagement Affects Financial Performance — Three-Year Study

- Companies with high employee engagement
- Companies with low employee engagement
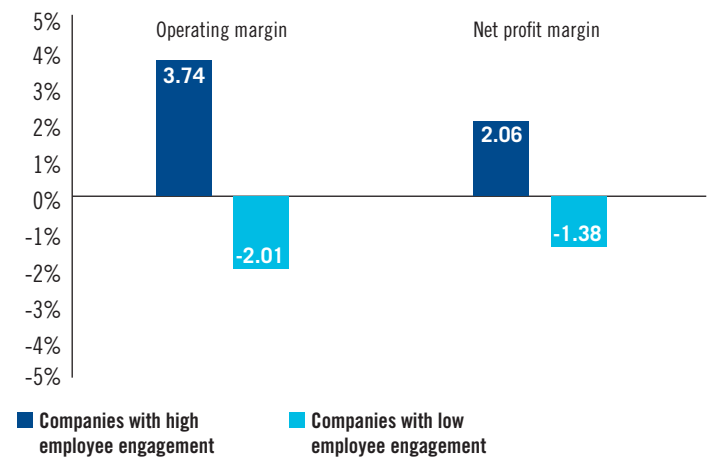
Finally, engagement has an impact on retention as well, although the relationship is far from straightforward. It is certainly true that the more engaged employees are also more likely to stay with an organization. But even among that group, almost 40% are "passive job seekers" — not actively searching, but open to considering another offer if it comes along (Exhibit 4). Even worse, fully half of the disengaged

have no plans to leave or aren't even looking. This means employers face a real risk of losing the people they'd most like to keep — while retaining those who are not contributing as they should.

The implications are clear. First, employers cannot become complacent about their engaged employees. Engagement alone does not assure retention, although it certainly helps. Second, disengaged employees will not necessarily self-select out of the organization, so natural attrition among this population isn't a real solution either. Savvy organizations need creative strategies to deal with disengaged workers and the corrosive impact they could have on the business and their colleagues over time.
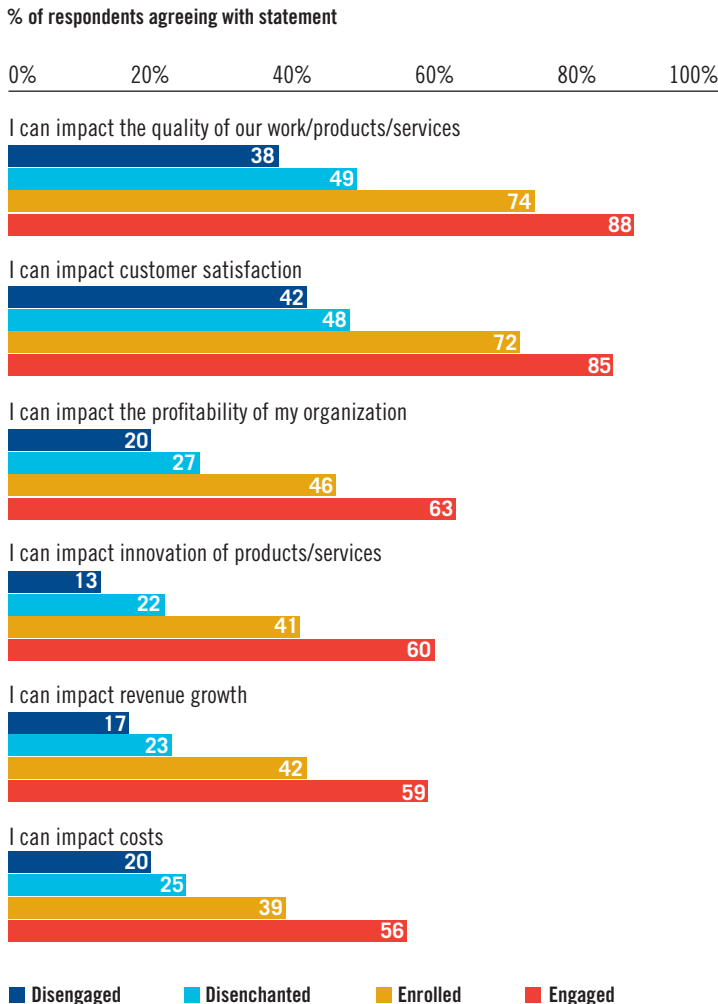
EXHIBIT 3
How Engagement Affects Individual Performance
% of respondents agreeing with statement

I can impact the quality of our work/products/services
- Disengaged: 38
- Disenchanted: 49
- Enrolled: 74
- Engaged: 88

I can impact customer satisfaction
- Disengaged: 42
- Disenchanted: 48
- Enrolled: 72
- Engaged: 85

I can impact the profitability of my organization
- Disengaged: 20
- Disenchanted: 27
- Enrolled: 46
- Engaged: 63

I can impact innovation of products/services
- Disengaged: 13
- Disenchanted: 22
- Enrolled: 41
- Engaged: 60

I can impact revenue growth
- Disengaged: 17
- Disenchanted: 23
- Enrolled: 42
- Engaged: 59

I can impact costs
- Disengaged: 20
- Disenchanted: 25
- Enrolled: 39
- Engaged: 56

Legend: ■ Disengaged ■ Disenchanted ■ Enrolled ■ Engaged

EXHIBIT 4
How Engagement Affects Retention

ENGAGED
- 51%
- 39%
- 4%
- 2%
- 5%

ENROLLED
- 35%
- 49%
- 8%
- 4%
- 4%

DISENCHANTED
- 23%
- 48%
- 17%
- 7%
- 5%

DISENGAGED
- 15%
- 35%
- 28%
- 15%
- 7%

Legend:
■ No plans to leave
■ Not looking, but would consider another offer
■ Actively looking for another job
■ Made plans to leave current job
■ Plan to retire in the next few years
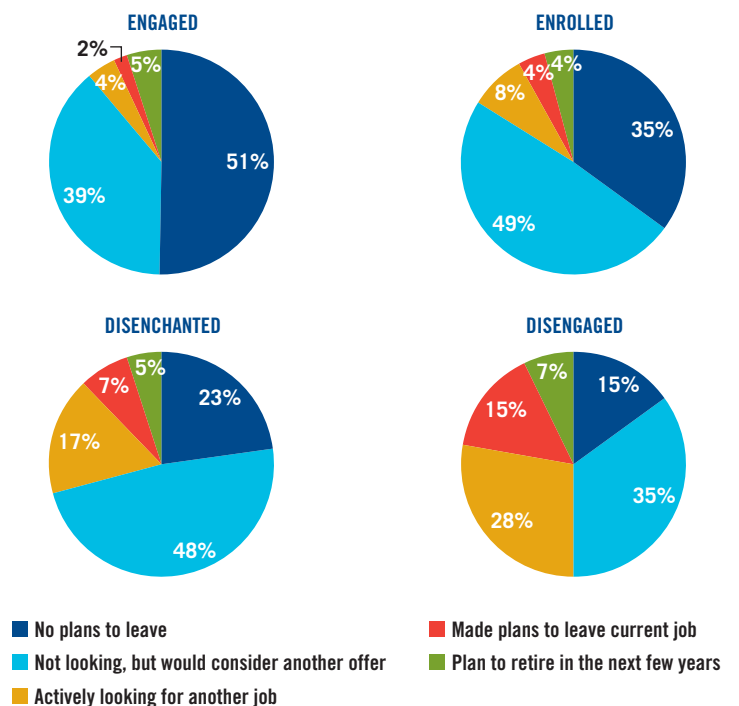
ENGAGEMENT "MYTHOLOGY": DEBUNKING CONVENTIONAL WISDOM

The vast majority of employees actively seek opportunities to learn and grow and believe they set high personal and professional standards.

If engagement is the prize — and few organizations would dispute that — why has capturing it proved so elusive? Our research indicates it's chiefly because many, if not most, organizations and their leaders don't understand their role in the engagement equation and have, to a certain extent, lost sight of both their power and responsibility to drive engagement. Two assumptions have led them here:

- *Workers themselves are the problem.* They are variously seen as lazy, cynical or just out for themselves. Engagement, therefore, is a function of the people an organization is lucky enough to find and hire.

- *It all comes down to a person's manager.* Assuming an organization has its fair share of the innately engaged, maintaining their focus and dedication is up to their manager. And that, too, is to some extent the luck of the draw in terms of the breadth and scope of managerial talent an organization has.

> **The fact is, neither of these assumptions is accurate. Organizations can nurture and sustain engagement, and our study points the way forward.**

EMPLOYEES *WANT* TO BE ENGAGED

Employees today are neither self-interested "free agents," moving frequently from job to job to build their résumés or, conversely, passive clock-watchers.

To the contrary, our respondents care deeply about the world around them and generally feel positive about their work, their jobs and their lives. Most are looking to join and stay with a secure organization that allows them to grow and develop a career. They want to work for an organization that they can

EXHIBIT 5

Top Five Attributes Important to People in Their Jobs

% of respondents ranking item among their top five

Having good work/life balance
65

Having secure position for the long term
52

Maximizing earnings
48

Doing exciting, challenging work
47

Having adequate benefit protection for self/family
46
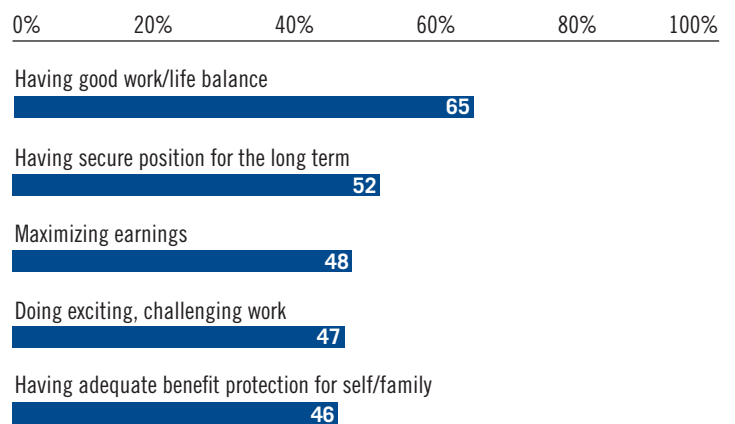
feel good about because it's a responsible corporate citizen and a trusted brand in the marketplace. And they're willing to invest more of themselves to help their company succeed.

Exhibit 5 (above) and *Exhibit 6* (page 8) paint the real picture. Note, for instance, the attributes important to people in their jobs. The strong themes threading through here are stability, security and balance. Note, too, how important challenge is in a job. The vast majority of employees actively seek opportunities to learn and grow, and believe they set high personal and professional standards.

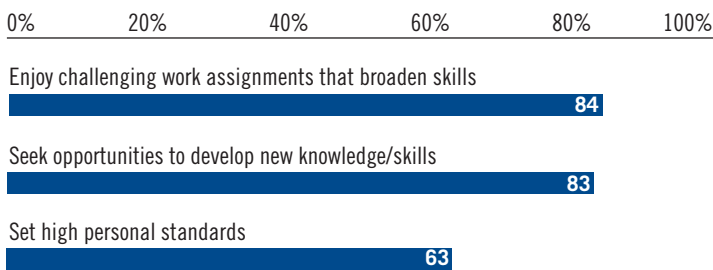The right organizational attributes draw and keep good people and give them clear guidance on how and where to give their best effort for a clear, ultimate goal.

EXHIBIT 6
An Energized Workforce
% of respondents agreeing with statement

Enjoy challenging work assignments that broaden skills
84

Seek opportunities to develop new knowledge/skills
83

Set high personal standards
63

Rounding out this picture are two other facts about our global respondent group. They work hard — on average, 44 hours a week, with 17% saying they put in over 50 hours routinely. And they are not job-hopping. Almost a third (32%) of the group has worked for their current employer for 10 or more years, and the average tenure is almost nine years.

This doesn't mean, however, that the most talented (and "marketable") employees won't walk out the door if their employer fails to provide the right kind of environment and opportunity. Our data clearly indicate that they will. Which brings us to the next insight emerging from our study:

> **Organizations have a pivotal role to play in developing an engaged workforce and keeping their talent highly productive.**

THE COMPANY MATTERS…A LOT

Our study confirms the primacy of the organization itself in creating the conditions that drive engagement, particularly senior leadership's actions and behavior, the learning and development opportunities the organization provides, and its image and reputation. Other things matter, too, of course, such as the individual's openness to challenges at work and the extent to which employees feel empowered by their work environment. But senior leaders are a far more potent engagement factor than immediate managers. While "my manager" clearly matters and plays some role in a number of dimensions that foster engagement, we believe it's a dangerous oversimplification to assume that engagement is all about the supervisor.

> **This surprising finding is both important and encouraging, because it means that employers can make a huge difference in creating a more engaged workforce — *if* they focus on the right things.**

As *Exhibit 7* shows, half the top 10 drivers of employee engagement globally take shape at the organizational level, rather than at the local team, department or individual level. In many respects, these factors define the battleground in today's intensifying war for talent — the specific areas in which organizations need to differentiate their value propositions if they hope to compete for the most talented workers and future leaders.

It's also noteworthy that, while the drivers of engagement do vary by country (see Appendix B, page 21), as well as by various demographic factors like age, senior management's ability to demonstrate genuine interest in employees is the top engagement driver not only globally, but in at least seven countries, and is on the top 10 list in all but six countries. This finding speaks to the enormous influence that a company's top leaders have on their extended global teams, even among people they have never met and may never meet.

At its core, our current study confirms what most organizations know intuitively: Engagement is about the work environment and nature — even texture — of the work experience. It is about the unique intangibles that effective leaders create over time by delivering value to customers and communities, treating employees with fairness and respect, and demonstrating genuine interest in the mutual success and growth of all stakeholders.

Within this broader reality, three key elements emerge as particularly critical in closing the engagement gap:

- First and foremost, organizations must have effective — and engaged — leadership at the top.

- Second, organizations need to customize and shape the work environment and culture to match their unique basis for competitive advantage, tangibly aligning workforce strategies with business priorities.

- Third, organizations need to put their workforce under the same microscope as they do their customers — to understand employees' needs, issues, values and "buying" patterns. Just as consumers choose between competing product and service offerings every day, so do employees make ongoing choices about investing their time and energies, not only about which organization to work for, but also about what tasks they will undertake with what level of focus. The right set of conditions — organizational attributes or differentiators — draws and keeps good people and gives them clear guidance on how and where to give their very best effort toward an ultimate goal.

EXHIBIT 7
Top 10 Drivers of Employee Engagement Globally

1.	**Senior management sincerely interested in employee well-being**
2.	Improved my skills and capabilities over the last year
3.	**Organization's reputation for social responsibility**
4.	Input into decision making in my department
5.	**Organization quickly resolves customer concerns**
6.	Set high personal standards
7.	**Have excellent career advancement opportunities**
8.	Enjoy challenging work assignments that broaden skills
9.	Good relationship with supervisor
10.	**Organization encourages innovative thinking**

A LEADERSHIP EVOLUTION

Senior management's ability to demonstrate genuine interest in employees is the top engagement driver not only globally, but in at least seven countries, and is on the top 10 list in all but six countries.

Organizations intuitively understand that employees want to believe senior leaders truly care about them. A review of any randomly selected collection of corporate annual reports is likely to turn up numerous e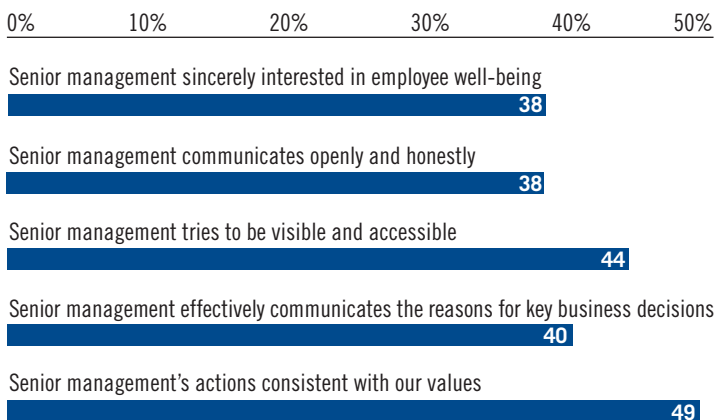xamples of appreciative CEOs crediting their companies' success to the hard work and dedication of their employees. A Web search for the phrase "Our people are our most important asset" is likely to yield hundreds, if not thousands, of results.
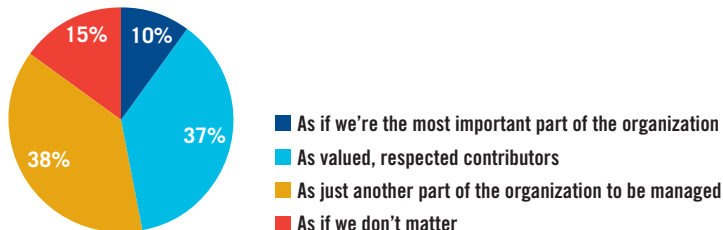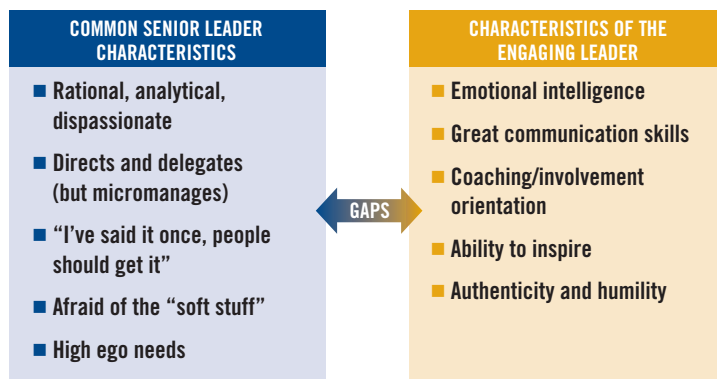
But employees are clearly savvy enough to distinguish words from deeds. Our study shows that, by and large, most working people around the world aren't buying the platitudes. In fact, only one in 10 of our respondents agreed that senior leaders in their companies actually treat employees as vital corporate assets. A larger percentage reported that their leaders act as if employees don't matter *(Exhibit 8)*.

Exhibit 9 presents an even more disturbing picture. It shows the attributes of leadership behavior that most closely correlate with a positive perception of an organization's top team. Note that fewer than half of our respondents have favorable views about their leaders' performance in any of these areas.

A reasonable question, of course, is whether today's leaders really are so deficient in the key people skills that enable them to connect with employees, or whether employees' expectations and perceptions are so overblown that no one could live up to them. The answer is probably a bit of both.

It's worth keeping in mind, after all, that many of today's top executives preside over complex and far-flung global enterprises that serve millions of customers, create hundreds of thousands of jobs and generate billions of dollars annually in shareholder wealth. For security, public and shareholder relation reasons, many limit their appearances to carefully scripted and rehearsed events. Like modern athletes and famous entertainers, their roles and personas seem larger than life to the average employee as, in fact, they are. To expect these individuals to actually *connect* in any genuine and meaningful sense with increasingly diverse groups of employees around the world — most of whom they rarely, if ever, meet — is probably asking a lot.

EXHIBIT 8
How Employees Think Their Company's Leaders View Them

- ■ As if we're the most important part of the organization
- ■ As valued, respected contributors
- ■ As just another part of the organization to be managed
- ■ As if we don't matter

10% / 37% / 38% / 15%

EXHIBIT 9
How Employees Rate Leadership on Key Behaviors
% of respondents agreeing with statement
(in descending order of importance of behavior in driving positive perceptions of leadership)

Senior management sincerely interested in employee well-being
38

Senior management communicates openly and honestly
38

Senior management tries to be visible and accessible
44

Senior management effectively communicates the reasons for key business decisions
40

Senior management's actions consistent with our values
49

EXHIBIT 10
The "Ambidextrous" Leader

COMMON SENIOR LEADER CHARACTERISTICS	CHARACTERISTICS OF THE ENGAGING LEADER
■ Rational, analytical, dispassionate	■ Emotional intelligence
■ Directs and delegates (but micromanages)	■ Great communication skills
■ "I've said it once, people should get it"	■ Coaching/involvement orientation
■ Afraid of the "soft stuff"	■ Ability to inspire
■ High ego needs	■ Authenticity and humility

GAPS

That said, it's also true that many of the individuals who ascend to these visible and challenging leadership roles do need to sharpen their interpersonal skills. There are numerous examples of corporate leaders who do win the hearts and minds of their employees and their customers, even from afar — and these examples can prove instructive.

Part of the problem is that many top executives began their careers in specific technical disciplines, such as finance, engineering or the law. They bring primarily rational/analytical skills to their roles, when what's increasingly needed today, as *Exhibit 10* shows, are "right brain" abilities such as empathy, communication skills and the ability to synthesize ideas and perspectives.

Ironically, the view that leaders need to be ambidextrous is not new. In a 1924 book, *Creative Leadership,* author Mary Parker Follett summed up the total leadership experience with these simple and powerful words: "Leadership is not defined by the exercise of power, but by the capacity to increase the sense of power among those who are led. The most essential work of the leader is to create more leaders."

It's easy to see that living up to this definition demands both strategic and operational acumen as well as the ability to inspire, engage and communicate in authentic ways. Somehow, both organizations and their leaders have lost sight of this over the last 80-plus years. Now, the demands of the global environment are taking us "back to the future" in a very real sense.

Closing the gaps between the traditional leadership model of the last century and the characteristics required for engaging leadership has implications for management selection and training as well as leadership succession and development. Organizations need to ask themselves questions like the following:

■ Do existing leadership competencies and development programs focus on building the right "muscles" in the senior team?

■ Are high-potential leaders assessed, developed and promoted based on the right leadership criteria?

■ Do performance management programs emphasize the right leadership activities and key touch points that leaders have with employees (e.g., coaching, sponsoring, recognizing, role modeling, communicating, involving)?

If the answer to any of these is no, it's time to step back and conduct a thorough review of all leadership programs to ensure that leaders understand the enormous positive impact they can have on employee engagement, retention and performance — and are appropriately coached and supported in demonstrating important new behaviors.

CULTURAL ALIGNMENT: MAKING IT REAL

Ultimately, the right high-performance environment is the one built around the attributes needed to deliver on a specific company's strategy and competitive priorities.

The second focal point in closing the engagement gap is aligning workforce strategies with an organization's strategic priorities and unique set of competitive differentiators. Although the term "high-performance culture" is bandied about as though it were a one-size-fits-all proposition, what characterizes high performance itself differs, reflecting a host of factors including a company's maturity, size, geographic reach, strategy and competitive situation.

An organization's culture and workplace practices must actively drive the employee behaviors needed to deliver on its strategy and reflect its competitive focus. A manufacturer competing chiefly on cost and efficiency, for instance, needs very different behaviors from its people than a luxury goods retailer for which personalized customer attention is the ultimate differentiator. The culture that each organization shapes and sustains — and the investments each makes in practices and programs to define that culture — will vary considerably. Ultimately, the right high-performance environment is the one built around the attributes needed to deliver on a specific company's strategy and competitive priorities.

Exhibit 11 illustrates the results of research we've conducted on the defining characteristics of a successful culture for top-performing companies, based on their unique competitive focus. This research draws on an analysis of employee opinion survey results across 40 high-performing companies — all of which consistently beat their sector averages for profitability and return on invested capital. These companies are categorized based on their dominant business strategy, and their unique cultural differentiators are then determined from the employee opinion research.

The differences across these groups are significant, as Exhibit 11 shows. Note, for example, that organizations that compete primarily on quality emphasize such capabilities as empowerment, process quality and customer insights. At the workforce level, that translates into a focus on things like teamwork, training and managerial coaching in independent decision making.

By contrast, organizations that compete on innovation emphasize cultural attributes like diversity, information sharing, collaboration and the ability to anticipate customer needs. At the workforce level, these attributes, in turn, take shape in encouraging experimentation, supporting new ideas and fostering a learning orientation.

EXHIBIT 11
Aligning Competitive Priorities and Workplace Culture

EFFICIENCY	QUALITY	INNOVATION	CUSTOMER SERVICE	CUSTOMER IMAGE
Cultural differentiators by strategy in high-performance companies				
■ Training	■ Best practice sharing	■ Diversity of thought	■ Career development	■ Shared direction/brand
■ Coordination	■ Process quality	■ Information sharing	■ Local flexibility	■ Shared values/pride
■ Data orientation	■ Empowerment	■ Collaboration	■ Positive working relationships	■ Integrity
■ Performance management	■ Long-term view	■ Support for risk taking	■ High service environment	■ Leadership
■ Prioritization	■ Customer quality insight	■ Rewards for innovation	■ Customer knowledge	■ Belief in product/service quality
■ Workload/resourcing	■ Data orientation	■ Bias for action	■ Belief in product/service quality	
		■ Anticipation of customer needs		

Data from our global study demonstrate the power of this alignment quite dramatically, as *Exhibit 12* shows. For this analysis, we first looked at which strategic priority respondents identified as most closely matching their company's focus (from the five listed in Exhibit 11). We then identified those respondents who felt their company was competing success-fully in that area versus those who felt their company was not successful. Finally, we examined the workplace practices where the biggest gaps emerged between the two self-reported success groups to identify the cultural attributes most critical for each strategic priority.

Exhibit 12 demonstrates the results, focusing on innovation as the key priority and highlighting the differences between the two groups' views about the effectiveness of practices supporting innovation.

Note, for instance, that employees who believe their companies compete successfully on innovation are dramatically more positive about the support they have from the organization than are those in less successful organizations. Specifically, 69% of the employees who agreed their company competed successfully on innovation also agreed they could try new things and had a supportive culture for risk taking. By contrast, just 46% of those who said their companies did not compete successfully on innovation felt they worked in a supportive environment for risk taking.

EXHIBIT 12

The Successful, Innovation-Driven Culture

% of respondents agreeing with statement

0%	20%	40%	60%	80%	100%

SUPPORT FOR RISK TAKING
Can try new things in order to be innovative
- 69
- 46

CREDIBLE LEADERSHIP
Senior management has sincere interest in employee well-being
- 47
- 26

SUPERVISORY RELATIONS
Immediate manager encourages new ideas and ways of doing things
- 64
- 44

REWARDING INNOVATION
Immediate manager recognizes and appreciates good work
- 68
- 49

■ Employees perceive company as successful
■ Employees do not perceive company as successful

When we did the same analysis for other strategic priorities, we found results consistent with the picture presented in Exhibit 11. Specifically, employees who felt their company was successful in a particular area also felt the company gave them adequate support to succeed in that area, compared with those who felt their company was not successful and gave less effective sup-port. The implication is that successful companies have built the "right" culture and related workplace practices for their particular strategic priorities. Their employees see and applaud the effectiveness of programs specifically designed to help them do their part in meeting business objectives.

The challenge for companies, then, is to shape a culture and work environment that supports delivery of unique organizational goals and strategies. This has implications for how organizations design workforce strategies and allocate their finite supplies of time, management attention and financial resources. Among the questions to address:

- What are the organization's unique cultural differentiators, based on its specific priorities and strategies?

- To what extent is the *existing* culture supporting and driving the behaviors required for success?

- Are the organization's human capital strategy and underlying programs and processes aligned to create a high-performance culture?

- What changes are required to reshape the culture for enhanced performance?

- Is the HR function equipped to develop and execute new strategies and support the change process?

The importance of alignment goes well beyond overall company strategy as well. In today's global environment, alignment has to work on multiple levels. Many large organizations need to forge different kinds of cultures for different parts of the business (e.g., fostering a culture of innovation for an R&D center and a customer service focus for a sales-driven business). Effective leadership, however, is a constant if the organization is to engage employees across disciplines, businesses and work styles.

THINK WORKFORCE SEGMENTATION

Today's organizations are increasingly conducting extensive research on workforce views to give themselves a competitive edge in attracting, retaining and engaging employees, as well as in channeling employees' energy and brain power most effectively.

The third key to enhancing engagement within the workforce is to understand the employee population, including the varying interests and perceptions of different employee groups at differing points in their careers. Many companies, particularly those serving consumer or retail markets, invest considerable time and resources in market research and customer segmentation to understand why different customers buy (or don't buy) their products and services, and how those products and services can better respond to unmet consumer needs.
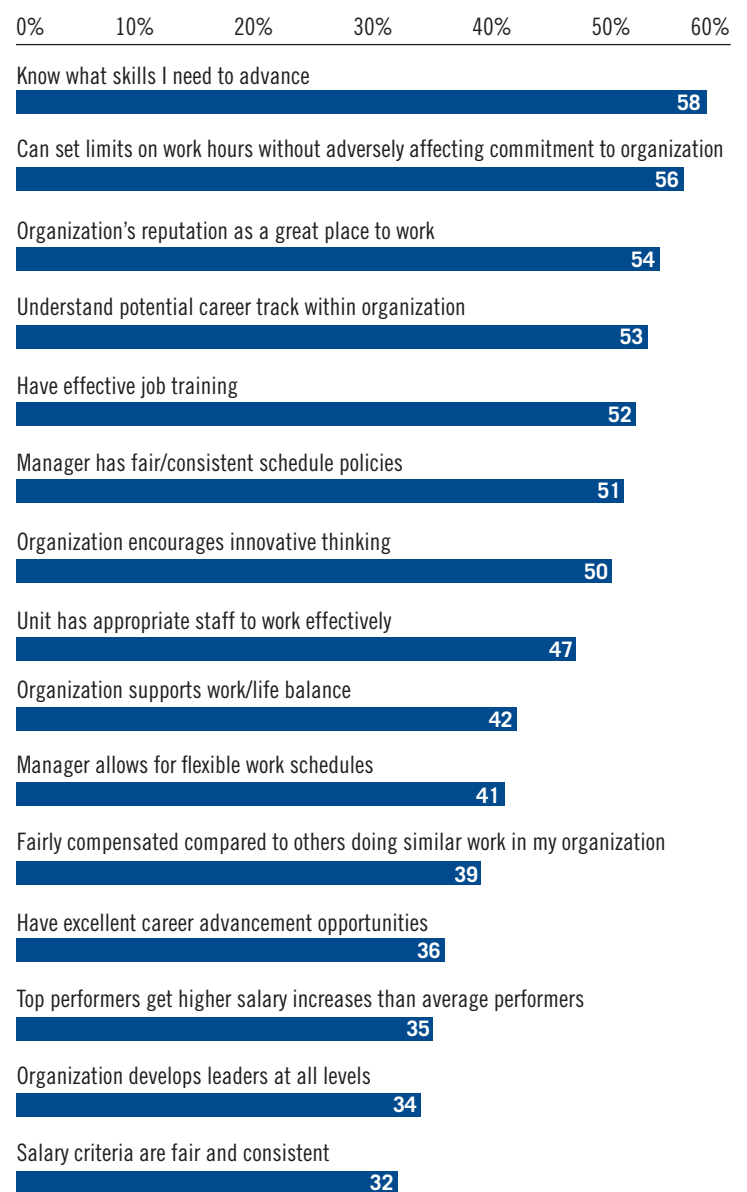
Today's organizations are increasingly putting their employees under the same microscope, conducting extensive research on workforce views, needs and perceptions to give themselves a competitive edge in attracting, retaining and engaging employees, as well as in channeling employees' energy and brain power most effectively. Yet, despite a decade of increased customization of workplace practices, many organizations don't appear to have cracked the segmentation code. If they had, we would expect to see evidence of their success in strongly favorable views from our respondents about their "deal" — that is, the return they expected and felt they were receiving from the organization in return for their hard work, dedication and focus.

But, as *Exhibit 13* shows, that is not the case. On the contrary, a majority of employees expressed significant doubts about many aspects of their current deal, particularly some of the elements (such as career opportunities) that influence engagement.

EXHIBIT 13
Disconnects in the Current Deal
% of respondents agreeing with statement

Statement	%
Know what skills I need to advance	58
Can set limits on work hours without adversely affecting commitment to organization	56
Organization's reputation as a great place to work	54
Understand potential career track within organization	53
Have effective job training	52
Manager has fair/consistent schedule policies	51
Organization encourages innovative thinking	50
Unit has appropriate staff to work effectively	47
Organization supports work/life balance	42
Manager allows for flexible work schedules	41
Fairly compensated compared to others doing similar work in my organization	39
Have excellent career advancement opportunities	36
Top performers get higher salary increases than average performers	35
Organization develops leaders at all levels	34
Salary criteria are fair and consistent	32

Partly, the challenge here may lie in the enormous breadth of workforce diversity today. Not only do employees' needs and expectations differ both within and across national boundaries, but they also vary by gender, age, tenure, education, lifestyle, experience, and stage in their career, function and level in the company. So perhaps it's not surprising that companies still struggle to effectively personalize the deal and deliver a return on investment that's genuinely meaningful to various segments of the workforce.

By way of example, just consider how the top drivers of attraction, retention and engagement differ across the multiple generations at work today around the world. Although there are common threads across the age groups, the relative importance of these drivers shifts significantly over time, as *Exhibits 14, 15* (page 17) and *16* (page 18) show.

The so-called "millenials" (ages 18-24), for instance, care deeply about the caliber of leadership their company develops (Exhibit 16). Yet that did not emerge as a key engagement driver for the other generational groups. Baby boomers want direct authority to do their jobs well, while the other generations focus on a related, but slightly different, aspect — having input into decision making (but perhaps not caring as much about making the decisions themselves).

Younger employees place less emphasis on senior management's interest in them, but care a great deal about skill building and advancement. And virtually everyone today wants to work for an organization with a reputation for social responsibility.

EXHIBIT 14

Top Five Attraction Drivers Across the Generations in the Workplace

RANK	GLOBAL OVERALL	AGES 18 TO 24	AGES 25 TO 34	AGES 35 TO 44	AGES 45 TO 54	AGE 55 AND OLDER
1	Competitive base pay	Career advancement opportunities	Competitive base pay	Competitive base pay	Competitive base pay	Competitive base pay
2	Career advancement opportunities	Competitive base pay	Career advancement opportunities	Challenging work	Challenging work	Challenging work
3	Challenging work	Learning and development opportunities	Challenging work	Career advancement opportunities	Convenient work location	Convenient work location
4	Convenient work location	Challenging work	Learning and development opportunities	Convenient work location	Vacation/paid time off	Competitive retirement benefits
5	Flexible schedule	Flexible schedule	Flexible schedule	Flexible schedule	Flexible schedule	Reputation of the organization as a good employer

Employees' needs and expectations differ both within and across national boundaries, as well as by gender, age, tenure, education, experience, stage in their career and level in the company.

All of these differences, and many more, add up to a complex, richly textured workplace that has to accommodate differing abilities and views about teamwork, communication, technological savvy, detail orientation, management style, work/life balance and so on.

Managing this diversity will never be easy but, as with so many workplace challenges, getting and using the right information can make an enormous difference. That's why more organizations are working to better understand what's important to

their people so they can then shape their programs in ways that will deliver what really matters. And what some organizations discover in the process is that employees may place more value on experiential reward elements like stretch assignments, coaching opportunities, special skill training or a chance to participate in or manage a high-performance team than on additional benefits or other more traditional kinds of rewards.

EXHIBIT 15
Top Five Retention Drivers Across the Generations in the Workplace

RANK	GLOBAL OVERALL	AGES 18 TO 24	AGES 25 TO 34	AGES 35 TO 44	AGES 45 TO 54	AGE 55 AND OLDER
1	Organization's reputation as a great place to work	Have excellent career advancement opportunities	Have excellent career advancement opportunities	Organization's reputation as a great place to work	Organization's reputation as a great place to work	Organization's reputation as a great place to work
2	Satisfaction with the organization's people decisions	Work in environment where new ideas are encouraged	Satisfaction with the organization's people decisions	Satisfaction with the organization's people decisions	Satisfaction with the organization's people decisions	Senior management supports new ideas
3	Good relationship with supervisor	Satisfaction with the organization's business decisions	Good relationship with supervisor	Good relationship with supervisor	Understand potential career track within organization	Competitive training
4	Understand potential career track within organization	Good relationship with supervisor	Organization's reputation as a great place to work	Have excellent career advancement opportunities	Ability to balance my work/personal life	Ability to balance my work/personal life
5	Ability to balance my work/personal life	Competitive bonus/incentive pay	Work in environment where new ideas are encouraged	Input into decision making in my department	Have effective job training	Have excellent career advancement opportunities

In our experience, though, organizations still spend only a fraction of the effort gathering workforce insights that they do gathering customer data. As a result, they may ask the wrong questions, leading to erroneous or inconclusive results, or fail to take the right actions. And this represents a significant lost opportunity.

In addition, just as customer insights aren't solely of interest to sales and marketing departments, so employee insights aren't solely the province of HR. As our research confirms, an engaged workforce starts at the top — and ends in the C-suite as well. Without engaged leadership, an engaged workforce is virtually impossible. Senior management and line leaders need to be actively involved — and committed to going the extra mile for their organizations and their employees.

EXHIBIT 16

Top Five Engagement Drivers Across the Generations in the Workplace

RANK	GLOBAL OVERALL	AGES 18 TO 24	AGES 25 TO 34	AGES 35 TO 44	AGES 45 TO 54	AGE 55 AND OLDER
1	Senior management sincerely interested in employee well-being	Organization develops leaders at all levels	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being	Senior management sincerely interested in employee well-being	Senior management sincerely interested in employee well-being
2	Improved my skills and capabilities over the last year	Organization quickly resolves customer concerns	Senior management acts to ensure organization's long-term success	Improved my skills and capabilities over the last year	Improved my skills and capabilities over the last year	Organization's reputation for social responsibility
3	Organization's reputation for social responsibility	Senior management sincerely interested in employee well-being	Organization's reputation for social responsibility	Organization's reputation for social responsibility	Organization's reputation for social responsibility	Improved my skills and capabilities over the last year
4	Input into decision making in my department	Seek opportunities to develop new knowledge/skills	Input into decision making in my department	Input into decision making in my department	Appropriate amount of decision-making authority to do my job well	Input into decision making in my department
5	Organization quickly resolves customer concerns	Improved my skills and capabilities over the last year	Set high professional standards	Organization quickly resolves customer concerns	Enjoy challenging work assignments that broaden skills	Set high personal standards

CONCLUSION

The vast majority of employees today are looking to make a difference in an organization that makes a difference in the world.

Ultimately, engagement is a two-way street. And there are no shortcuts. But the journey can be as critical to overall business performance as any other sphere of corporate activity.

Our Global Workforce Study findings counter the notion that engaged workers are born, not made, and that employers are powerless to move the needle on engagement. In reality, the organization is uniquely positioned to make a significant difference in employees' discretionary effort.

> **Summing it up, the messages are clear:**
> **Senior leadership matters. Company attention to employee needs matters. Opportunities for career growth matter. Company reputation matters.**

The vast majority of employees today are looking to make a difference in an organization that makes a difference in the world. It's up to the organization to help make that happen.

For a closer look at employee engagement levels by country or industry, or for more information about how Towers Perrin is helping leading organizations build the critical cultural dimensions and workforce connections that drive engagement in the global workforce, please contact your local Towers Perrin consultant.
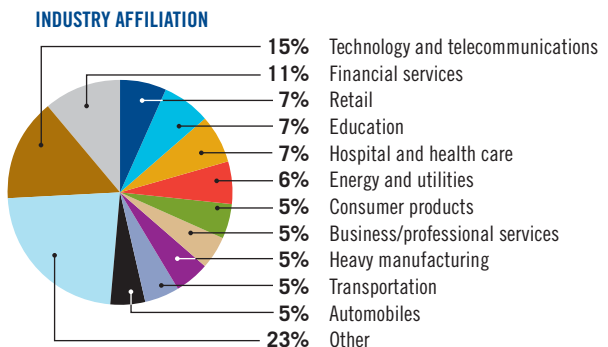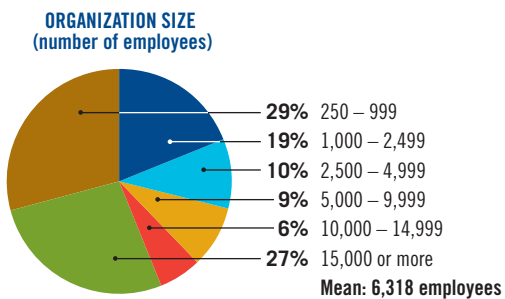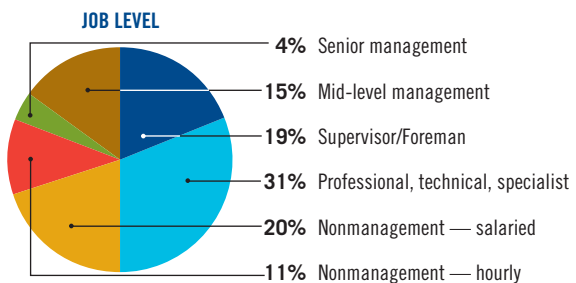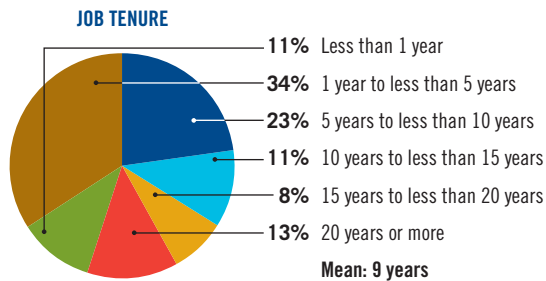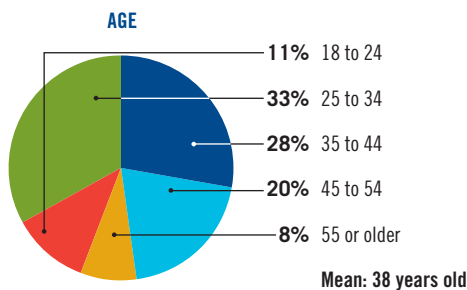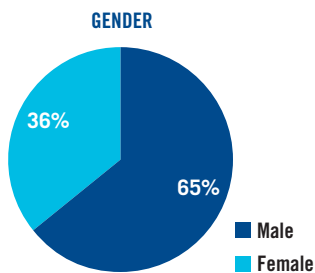
APPENDIX A

ABOUT THE 2007-2008 GLOBAL WORKFORCE STUDY

The Global Workforce Study, the largest of its kind, identifies the drivers of attraction, retention and engagement through the eyes of employees at midsize to large organizations worldwide. It is designed to provide a road map for organizations and their leaders in shaping the work environment, practices and programs that will bring in the right talent, retain that talent and, most critically, drive higher levels of engagement across all segments of the population.

The Global Workforce Study draws on two unique sources of data that come directly from employees. The first is an online survey administered via the Web to a randomly chosen group of nearly 90,000 employees working full time for midsize to large organizations in 18 countries across all regions. A demographic profile of this group appears below.

The second source is the world's largest employee normative database, with data from more than two million employees at a range of companies, including those with both above- and below-average financial performance. This database is updated annually.
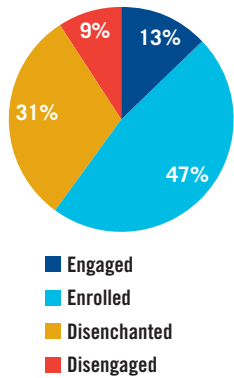
APPENDIX A
Respondents' Profile

GENDER

- 36% Female
- 65% Male

AGE

- 11% 18 to 24
- 33% 25 to 34
- 28% 35 to 44
- 20% 45 to 54
- 8% 55 or older

Mean: 38 years old

JOB TENURE

- 11% Less than 1 year
- 34% 1 year to less than 5 years
- 23% 5 years to less than 10 years
- 11% 10 years to less than 15 years
- 8% 15 years to less than 20 years
- 13% 20 years or more

Mean: 9 years

JOB LEVEL

- 4% Senior management
- 15% Mid-level management
- 19% Supervisor/Foreman
- 31% Professional, technical, specialist
- 20% Nonmanagement — salaried
- 11% Nonmanagement — hourly

ORGANIZATION SIZE
(number of employees)

- 29% 250 – 999
- 19% 1,000 – 2,499
- 10% 2,500 – 4,999
- 9% 5,000 – 9,999
- 6% 10,000 – 14,999
- 27% 15,000 or more

Mean: 6,318 employees

INDUSTRY AFFILIATION

- 15% Technology and telecommunications
- 11% Financial services
- 7% Retail
- 7% Education
- 7% Hospital and health care
- 6% Energy and utilities
- 5% Consumer products
- 5% Business/professional services
- 5% Heavy manufacturing
- 5% Transportation
- 5% Automobiles
- 23% Other

APPENDIX B

ATTRACTION, RETENTION AND ENGAGEMENT AROUND THE WORLD

Belgium

ENGAGEMENT LEVELS

13%
9%
31%
47%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

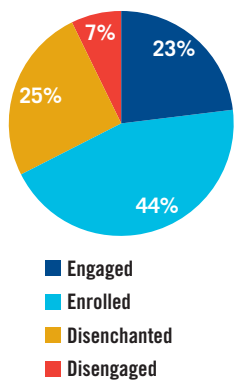| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Manager understands what motivates me	Senior management acts to ensure organization's long-term success
Challenging work	Ability to balance work/personal life	Organization encourages innovative thinking
Convenient work location	Unit has necessary technology	Good relationship with supervisor
Flexible schedule	Organization's reputation for social responsibility	Know what skills I need to advance
Career advancement opportunities	Have excellent career advancement opportunities	Set high professional standards

Brazil

ENGAGEMENT LEVELS
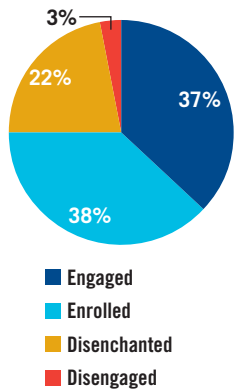
3%
22%
37%
38%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

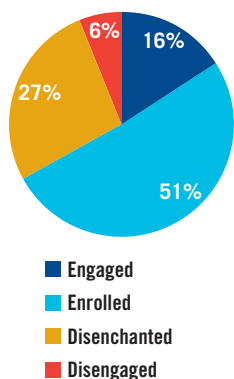| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Work in environment where new ideas are encouraged	Organization rewards outstanding customer service
Career advancement opportunities	Organization encourages innovative thinking	Improved my skills and capabilities over the last year
Challenging work	Positive impact of technology on work/life balance	Senior management sincerely interested in employee well-being
Learning and development opportunities	Manager treats people with respect	Enjoy challenging work assignments that broaden skills
Competitive benefits	Ability to balance my work/personal life	Organization invests in innovative products/services

Canada

ENGAGEMENT LEVELS

23%
7%
25%
44%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

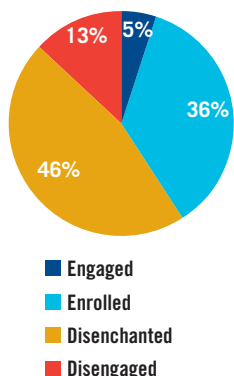| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being
Vacation/paid time off	Satisfaction with the organization's people decisions	Organization's reputation for social responsibility
Competitive health care benefits	Ability to balance my work/personal life	Input into decision making in my department
Challenging work	Fairly compensated compared to others doing similar work in my organization	Improved my skills and capabilities over the last year
Career advancement opportunities	Understand potential career track within organization	Understand potential career track within organization

China

ENGAGEMENT LEVELS

- Engaged — 16%
- Enrolled — 51%
- Disenchanted — 27%
- Disengaged — 6%

TOP FIVE DRIVERS

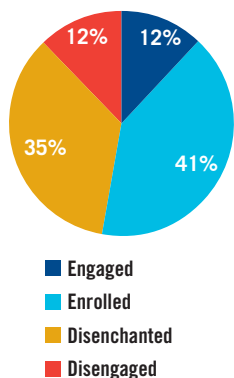| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Learning and development opportunities	Organization's reputation for social responsibility	Have excellent career advancement opportunities
Career advancement opportunities	Work in environment where new ideas are encouraged	Organization encourages innovative thinking
Competitive base pay	Competitive career development	Organization's reputation for financial stability
Competitive benefits	Satisfaction with the organization's business decisions	Good collaboration across units
Vacation/paid time off	Good relationship with supervisor	Senior management sincerely interested in employee well-being

Hong Kong

ENGAGEMENT LEVELS

- Engaged — 5%
- Enrolled — 36%
- Disenchanted — 46%
- Disengaged — 13%

TOP FIVE DRIVERS

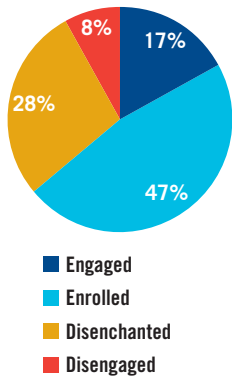| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Career advancement opportunities	Senior management sincerely interested in employee well-being	Organization encourages innovative thinking
Vacation/paid time off	Positive impact of technology on work/life balance	Have excellent career advancement opportunities
Learning and development opportunities	Understand potential career track within organization	Appropriate amount of decision-making authority to do my job well
Competitive base pay	Satisfaction with the organization's business decisions	Senior management communicates openly and honestly
Reasonable workload	Unit has skills needed to succeed	Organization supports work/life balance

France

ENGAGEMENT LEVELS

- Engaged — 12%
- Enrolled — 41%
- Disenchanted — 35%
- Disengaged — 12%

TOP FIVE DRIVERS

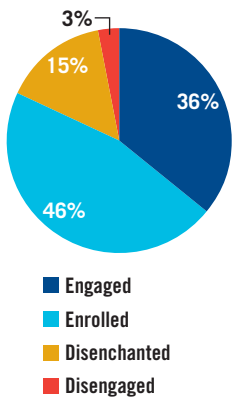| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being
Challenging work	Organization's reputation as a great place to work	Organization encourages innovative thinking
Career advancement opportunities	Ability to balance my work/personal life	Improved my skills and capabilities over the last year
Convenient work location	My manager understands what motivates me	Organization's reputation for social responsibility
Caliber of coworkers	Organization's reputation for social responsibility	Good relationship with supervisor

Germany

ENGAGEMENT LEVELS

8% · 17% · 47% · 28%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

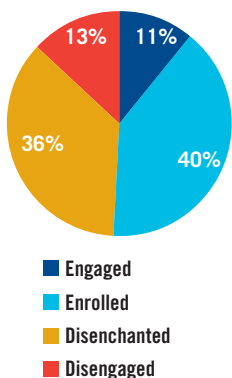| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Flexible schedule	Organization's reputation as a great place to work	Senior management sincerely interested in employee well-being
Challenging work	Appropriate amount of decision-making authority to do my job well	Appropriate amount of decision-making authority to do my job well
Competitive base pay	Fairly compensated compared to others doing similar work in my organization	Organization's reputation for social responsibility
Reputation of the organization as a good employer	Organization strives to be innovative in marketplace	Seek opportunities to develop new knowledge/skills
Learning and development opportunities	Competitive training	Manager inspires enthusiasm for work

India

ENGAGEMENT LEVELS

3% · 15% · 46% · 36%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

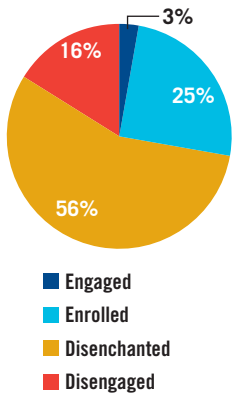| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Career advancement opportunities	Manager inspires enthusiasm for work	Input into decision making in my department
Challenging work	Satisfaction with the organization's business decisions	Senior management's actions consistent with our values
Learning and development opportunities	Positive impact of technology on work/life balance	Organization's reputation for social responsibility
Competitive base pay	Competitive performance management	Seek opportunities to develop new knowledge/skills
Reputation of the organization as a good employer	Can impact quality of work/product/service	Have excellent career advancement opportunities

Italy

ENGAGEMENT LEVELS

13% · 11% · 40% · 36%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

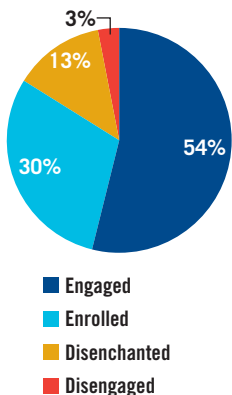| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Challenging work	Competitive career development	Senior management communicates openly and honestly
Competitive base pay	Salary criteria are fair and consistent	Input into decision making in my department
Career advancement opportunities	Organization's reputation in community	Understand potential career track within organization
Convenient work location	Manager acts quickly if I ask for help	Organization quickly resolves customer concerns
Learning and development opportunities	Can impact quality of work/product/service	Enjoy challenging work assignments that broaden skills

Japan

ENGAGEMENT LEVELS

- 3%
- 16%
- 25%
- 56%

■ Engaged
■ Enrolled
■ Disenchanted
■ Disengaged

TOP FIVE DRIVERS

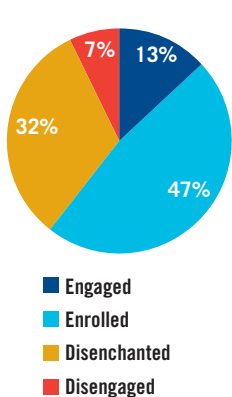| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Challenging work	Good relationship with supervisor	Have excellent career advancement opportunities
Competitive base pay	Organization's reputation for social responsibility	Organization's reputation for social responsibility
Vacation/paid time off	Ability to balance my work/personal life	Set high professional standards
Reasonable workload	Have effective job training	Input into decision making in my department
Convenient work location	Input into decision making in my department	Manager understands what motivates me

Mexico

ENGAGEMENT LEVELS

- 3%
- 13%
- 30%
- 54%

■ Engaged
■ Enrolled
■ Disenchanted
■ Disengaged

TOP FIVE DRIVERS

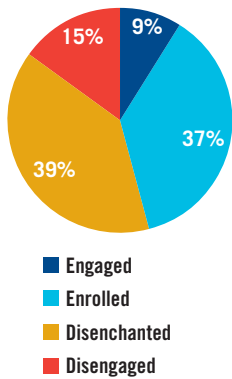| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Manager encourages new ideas and actions	Appropriate amount of decision-making authority to do my job well
Career advancement opportunities	Good relationship with supervisor	Enjoy challenging work assignments that broaden skills
Competitive benefits	Input into decision making in my department	Manager handles performance reviews fairly and effectively
Learning and development opportunities	Set high personal standards	Organization quickly resolves customer concerns
Flexible schedule	Organization rewards outstanding customer service	Improved my skills and capabilities over the last year

Netherlands

ENGAGEMENT LEVELS

- 7%
- 13%
- 32%
- 47%

■ Engaged
■ Enrolled
■ Disenchanted
■ Disengaged

TOP FIVE DRIVERS

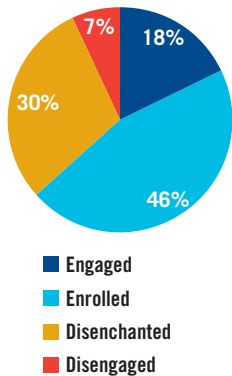| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being
Challenging work	Satisfaction with the organization's people decisions	Input into decision making in my department
Competitive benefits	Good relationship with supervisor	Organization's reputation for social responsibility
Flexible schedule	Appropriate amount of decision-making authority to do my job well	Have excellent career advancement opportunities
Learning and development opportunities	Positive impact of technology on work/life balance	Organization quickly resolves customer concerns

Poland

ENGAGEMENT LEVELS

- Engaged — 9%
- Enrolled — 37%
- Disenchanted — 39%
- Disengaged — 15%

TOP FIVE DRIVERS

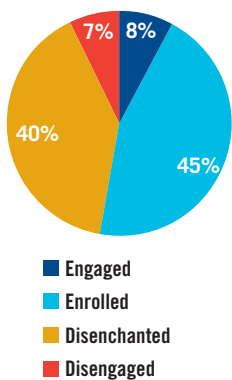| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Have excellent career advancement opportunities	Organization rewards outstanding customer service
Learning and development opportunities	Organization's reputation for social responsibility	Have excellent career advancement opportunities
Career advancement opportunities	Competitive performance management	Organization's reputation for social responsibility
Convenient work location	Ability to balance my work/personal life	Input into decision making in my department
Reasonable workload	Good collaboration across units	Belief that senior management values the workforce

Russia

ENGAGEMENT LEVELS

- Engaged — 18%
- Enrolled — 46%
- Disenchanted — 30%
- Disengaged — 7%

TOP FIVE DRIVERS

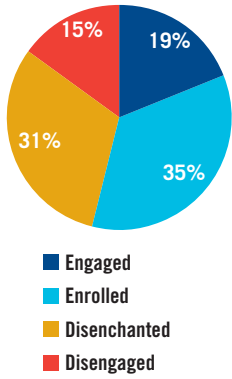| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Senior management sincerely interested in employee well-being	Senior management sincerely interested in employee well-being
Career advancement opportunities	Understand potential career track within organization	Organization's reputation for social responsibility
Learning and development opportunities	Competitive career development	Set high professional standards
Convenient work location	Organization's reputation for social responsibility	Input into decision making in my department
Caliber of coworkers	Manager treats people with respect	Organization develops leaders at all levels

South Korea

ENGAGEMENT LEVELS

- Engaged — 8%
- Enrolled — 45%
- Disenchanted — 40%
- Disengaged — 7%

TOP FIVE DRIVERS

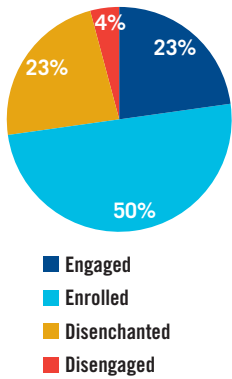| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive benefits	Organization strives to be innovative in marketplace	Senior management acts to ensure organization's long-term success
Competitive base pay	Satisfaction with the organization's people decisions	Unit has skills needed to succeed
Reputation of the organization as a good employer	Have effective job training	Organization supports work/life balance
Career advancement opportunities	Ability to balance my work/personal life	Manager supports teamwork
Competitive retirement benefits	Good collaboration across units	Organization's reputation for social responsibility

Spain

ENGAGEMENT LEVELS

15% 19%
31% 35%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

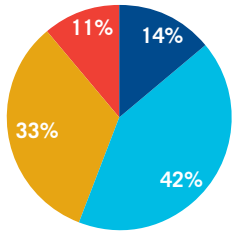| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Organization invests in innovative products/services	Input into decision making in my department
Flexible schedule	Good relationship with supervisor	Senior management sincerely interested in employee well-being
Career advancement opportunities	Senior management has communicated clear vision for long-term success	Organization's reputation for social responsibility
Convenient work location	Competitive base salary	Know what skills I need to advance
Competitive benefits	Positive impact of technology on work/life balance	Unit has necessary technology

Switzerland

ENGAGEMENT LEVELS

4% 23%
23% 50%

- Engaged
- Enrolled
- Disenchanted
- Disengaged

TOP FIVE DRIVERS

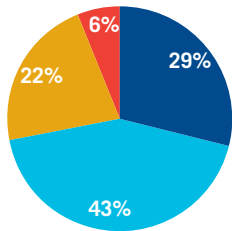| TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Challenging work	Satisfaction with the organization's business decisions	Senior management supports new ideas
Flexible schedule	Understand potential career track within organization	Input to decision making in my department
Learning and development opportunities	Good collaboration across units	Organization quickly resolves customer concerns
Competitive base pay	Organization rewards outstanding customer service	Senior management acts to ensure organization's long-term success
Convenient work location	Good relationship with supervisor	Manager inspires enthusiasm for work

United Kingdom

ENGAGEMENT LEVELS

- 14%
- 42%
- 33%
- 11%

- ■ Engaged
- ■ Enrolled
- ■ Disenchanted
- ■ Disengaged

TOP FIVE DRIVERS

TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being
Convenient work location	Satisfaction with the organization's people decisions	Improved my skills and capabilities over the last year
Vacation/paid time off	Organization's reputation for social responsibility	Organization quickly resolves customer concerns
Career advancement opportunities	Appropriate amount of decision-making authority to do my job well	Appropriate amount of decision-making authority to do my job well
Learning and development opportunities	Ability to balance my work/personal life	Organization's reputation for social responsibility

United States

ENGAGEMENT LEVELS

- 29%
- 43%
- 22%
- 6%

- ■ Engaged
- ■ Enrolled
- ■ Disenchanted
- ■ Disengaged

TOP FIVE DRIVERS

TOP ATTRACTION DRIVERS	TOP RETENTION DRIVERS	TOP ENGAGEMENT DRIVERS
Competitive base pay	Have excellent career advancement opportunities	Senior management sincerely interested in employee well-being
Competitive health care benefits	Satisfaction with the organization's business decisions	Organization's reputation in community
Vacation/paid time off	Good relationship with supervisor	Improved my skills and capabilities over the last year
Convenient work location	Organization's reputation as a great place to work	Appropriate amount of decision-making authority to do my job well
Flexible schedule	Ability to balance my work/personal life	Organization quickly resolves customer concerns

ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organizations improve performance through effective people, risk and financial management. The firm provides innovative solutions in the areas of human capital strategy, program design and management, and in the areas of risk and capital management, reinsurance intermediary services and actuarial consulting.

In the human capital area, Towers Perrin helps organizations develop and implement workforce strategies that align with business needs, address critical talent issues, drive higher performance and ensure the right return on their investment in people. Areas of focus include workforce effectiveness; rewards effectiveness; benefit program effectiveness (including retirement and health and welfare program strategy, design, implementation and management); assistance with mergers, acquisitions and restructurings; HR function design, service delivery and technology; employee communication; employee research; and change management.

Our global research business helps companies gain insights into the views of their critical stakeholders — employees, senior leaders and customers — and use these insights to shape people strategies and programs that align organizational culture, employee behavior, customer behavior and financial results.

Towers Perrin has offices and alliance partners in the world's major markets. More information about Towers Perrin is available at *www.towersperrin.com.*

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