



Beyond Employee Engagement: From High Performance to Sustainable Engagement

Human Resource Summit

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TOWERS WATSON 

About Towers Watson

We help organisations improve performance through effective people, risk and financial management.

Benefits

- Retirement
- Health and Group Benefits
- Technology and Administration Solutions

Talent and Rewards


- Executive Compensation
- Talent Management
- Rewards
- HR Technology and Service Delivery
- Employee Surveys
- Global Data Services
- Communication/Change

Risk and Financial Services

- Insurance Consulting
- Investment Services
- Reinsurance Brokerage
- Financial Modeling Software
- Risk Management

Mergers and Acquisitions: From target evaluation to integration implementation

Towers Watson's ongoing research agenda



Capitalizing on Effective Communication
 How Courage, Innovation and Discipline Drive
 Business Results in Challenging Times

2009/2010
 Communications ROI Study Report
 Originally published by Watson Wyatt Worldwide.




**Creating a Sustainable
 Rewards and Talent Management Model**

Results of the 2010 Global Talent Management and Rewards Study




**Shaping the HR Service Delivery
 and Technology of Tomorrow...Today**

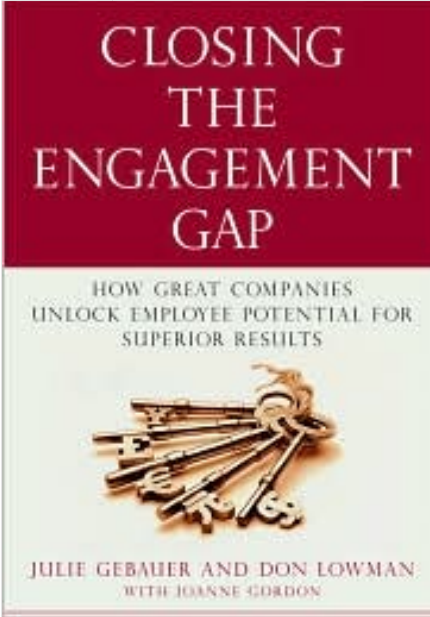
HR Service Delivery and Technology Survey Research Report



The New Employment Deal
 How Far, How Fast and How Enduring?
 Insights From the 2010 Global Workforce Study

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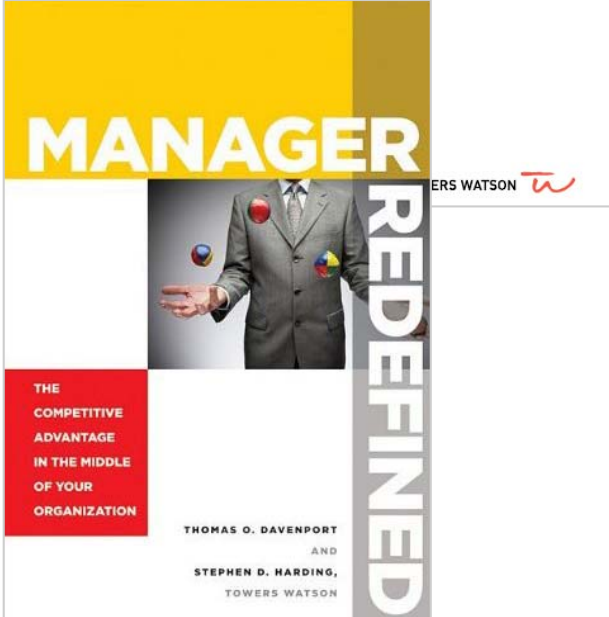


**CLOSING
 THE
 ENGAGEMENT
 GAP**

HOW GREAT COMPANIES
 UNLOCK EMPLOYEE POTENTIAL FOR
 SUPERIOR RESULTS

JULIE GEBAUER AND DON LOWMAN
 WITH JOANNE GORDON

WATSON 




MANAGER

REDEFINED

THE
 COMPETITIVE
 ADVANTAGE
 IN THE MIDDLE
 OF YOUR
 ORGANIZATION

THOMAS O. DAVENPORT
 AND
 STEPHEN D. HARDING,
 TOWERS WATSON

WATSON 

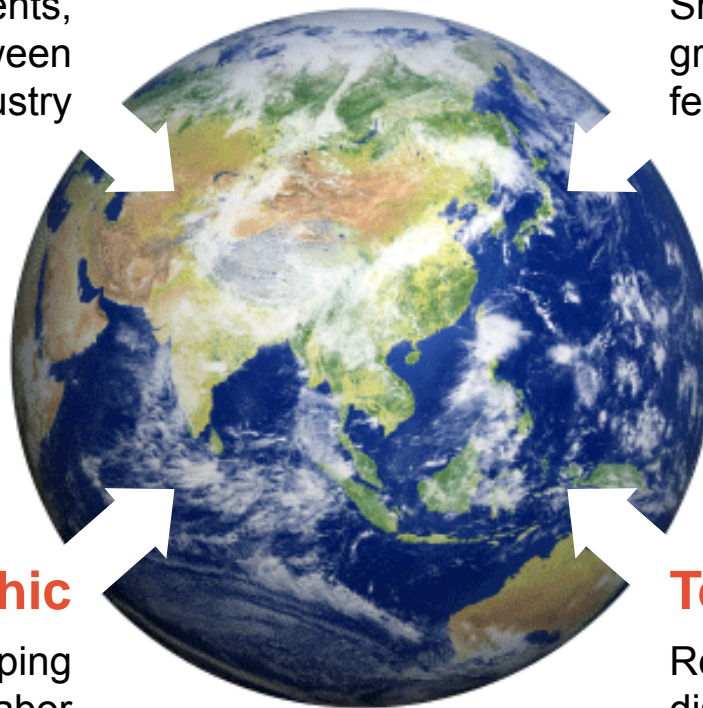
Our environment today

Political

International war for talent,
Complex trade agreements,
Strong linkages between
government and industry

Economic

Shifting patterns of economic
growth, continued globalization,
ferocious competition



Social and Demographic

Younger population in developing
world shifting consumer and labor
markets; employee motivation/
attitudes about work

Technological

Relentless technology innovation
disrupting commercial models and
offering huge efficiency gains

Leaders want to engage their workforce on key business challenges...



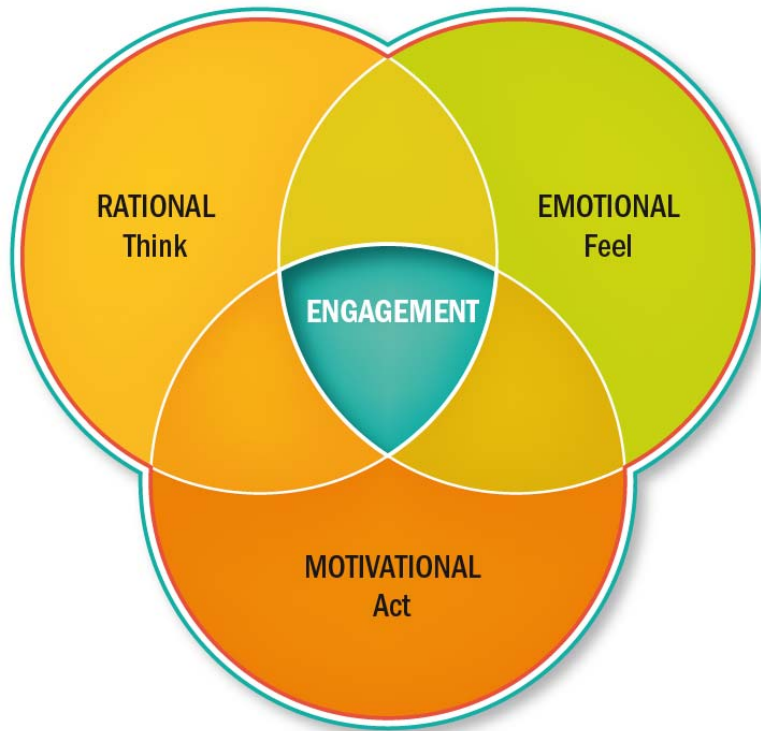
...but employees have other pressing concerns

- How can I maximize my pay in the short term?
- Is there a better job out there for me?
- Are we pursuing the right strategy?
- With this merger, what will happen to my pay and benefits?
- How do I face restructuring the team I've spent so long building?
- I learned plenty of new skills when I first joined, but today progress feels slow
- My friends seem to have a much better work-life balance
- What opportunities does the change in market create for me?

Engaging the workforce



Employee Engagement



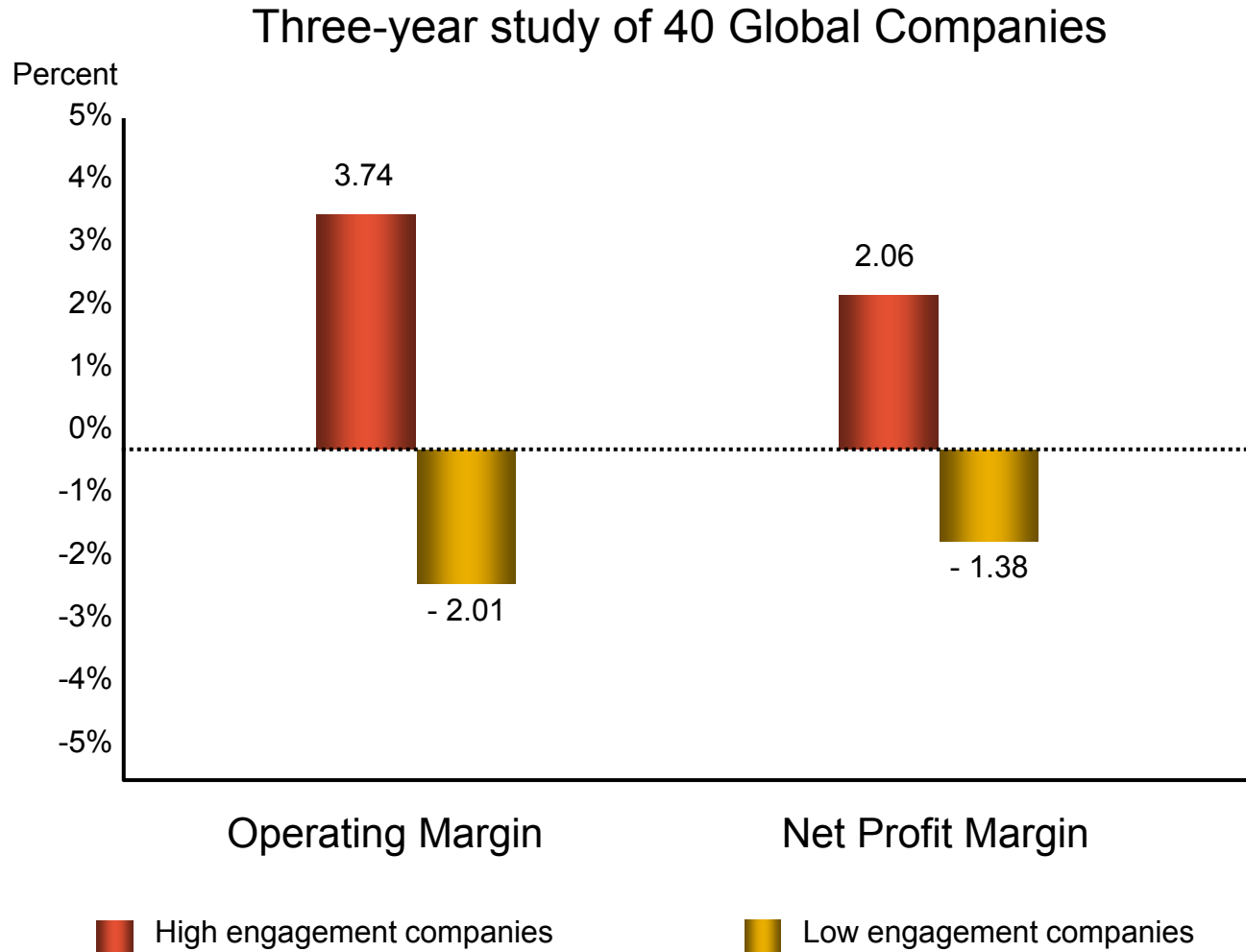
Engagement has three dimensions:

THINK – **Cognitive** Belief in and support for the goals and values of the company.

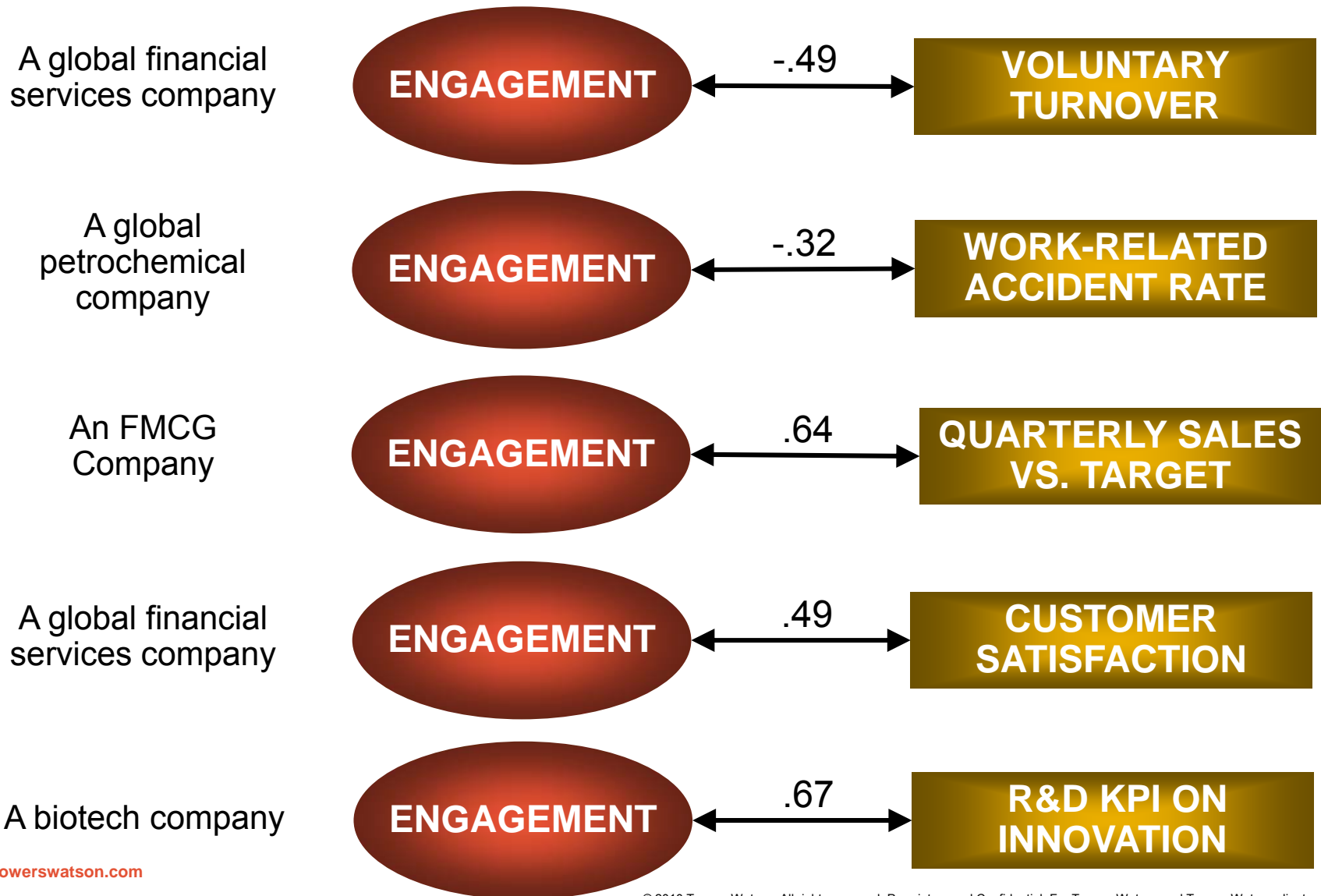
FEEL – **Affective** Sense of belonging, pride, attachment to the company.

ACT – **Behavioural** Willingness to go the extra mile; intention to stay with the company.

Macro-level studies confirm the influence of engagement on financial results

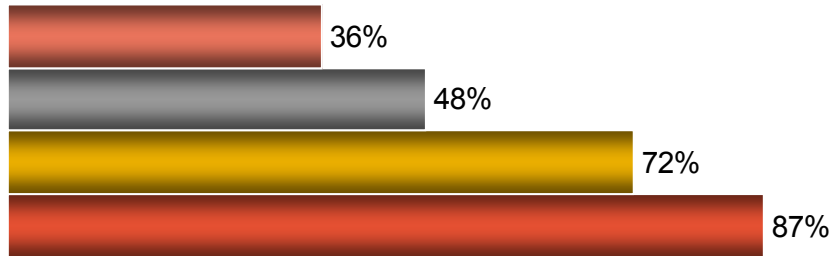


Engagement correlates with employee turnover, safety, innovation, customer satisfaction and sales

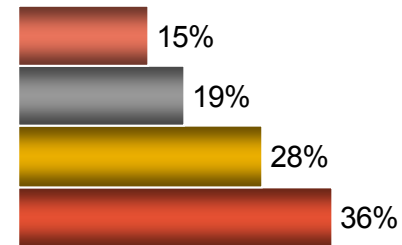


Engaged employees are more likely to believe they can contribute directly to results

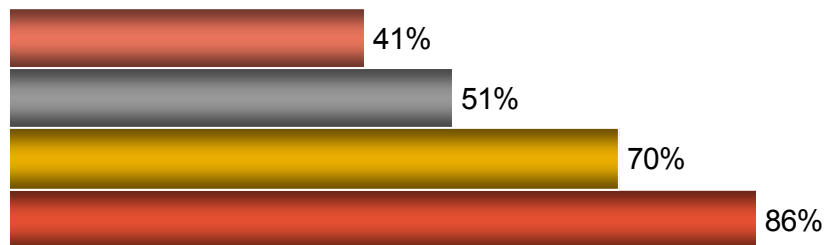
I can impact the quality of our work/product/service



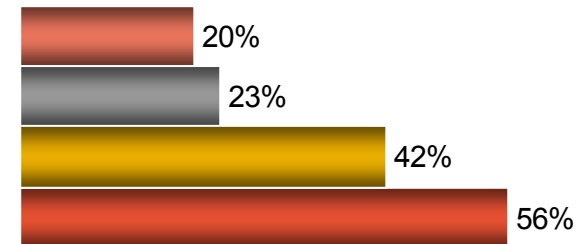
I can impact costs



I can impact customer satisfaction



I can impact revenue growth

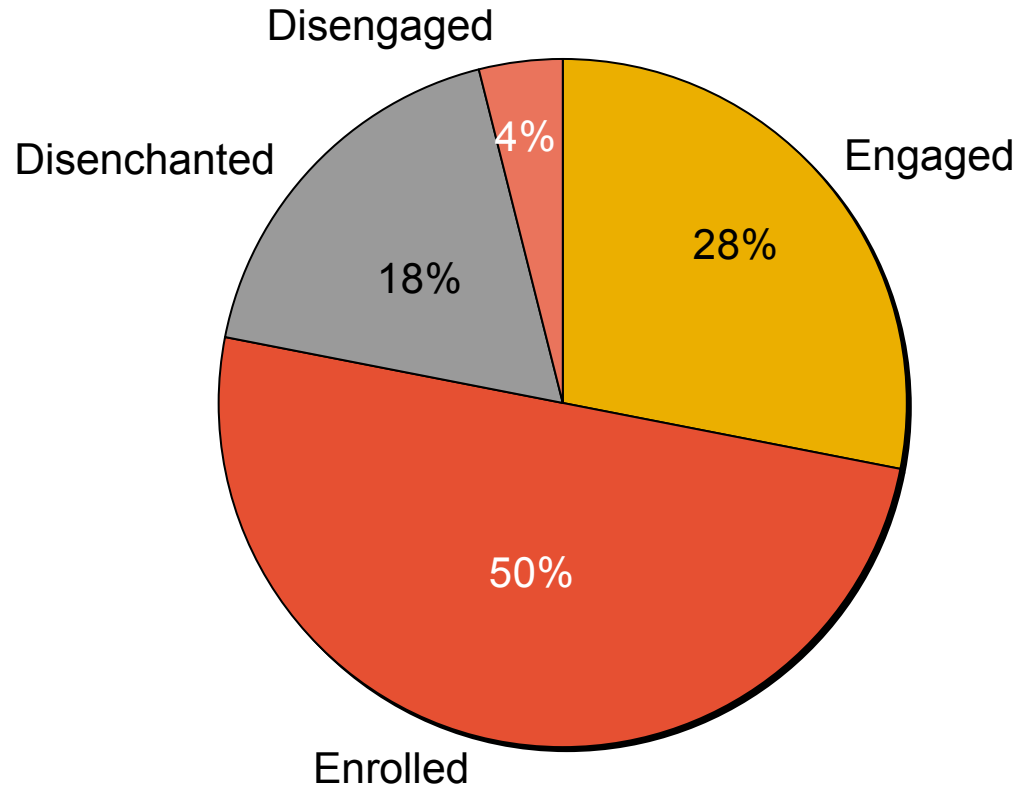


Engaged Enrolled Disenchanted Disengaged

The Engagement Gap



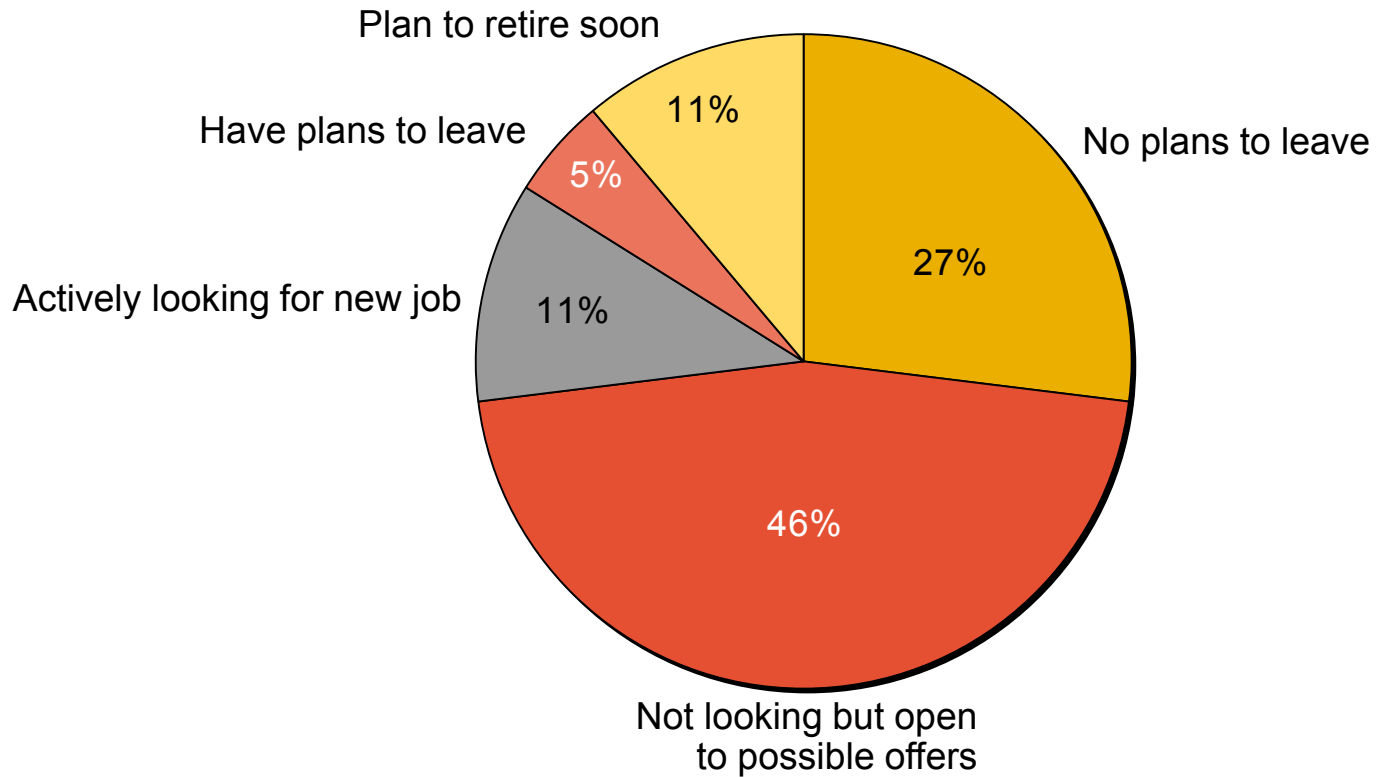
Employee engagement clusters



Source: Towers Watson 2010 Global Workforce Study – Malaysia

towerswatson.com

Patterns of employee mobility



Source: Towers Watson 2010 Global Workforce Study – Malaysia

towerswatson.com

Top drivers of retention and engagement

Retention Drivers**	Engagement Drivers**
1. Career development	1. Leadership
2. Pay and rewards	2. Career development
3. Leadership	3. Goals and objectives
4. Stress, balance and workload	4. Strategy and direction
5. Performance appraisal	5. Values
6. Efficiency	6. Image
7. Empowerment	7. Empowerment
8. Goals and objectives	8. Pay and rewards
9. Strategy and direction	9. Employment security
10. Supervision	10. Performance appraisal

*Source: Towers Watson 2010 Global Workforce Study – Malaysia

**Source: Towers Watson Normative Database – Malaysia

towerswatson.com

Performance against the key drivers - Malaysia

Engagement Drivers*

Favorability Scores**



Leadership

Only **56%** of employees feel management generally understand the problems employees face in their jobs



Career Development

67% of employees feel they have the necessary information to manage their own careers effectively



Goals and Objectives

69% indicate they are clear on how their own performance goals are linked with the strategy and organisational goals.



Strategy and Direction

77% of employees believe top management have a clear vision for the future



Image

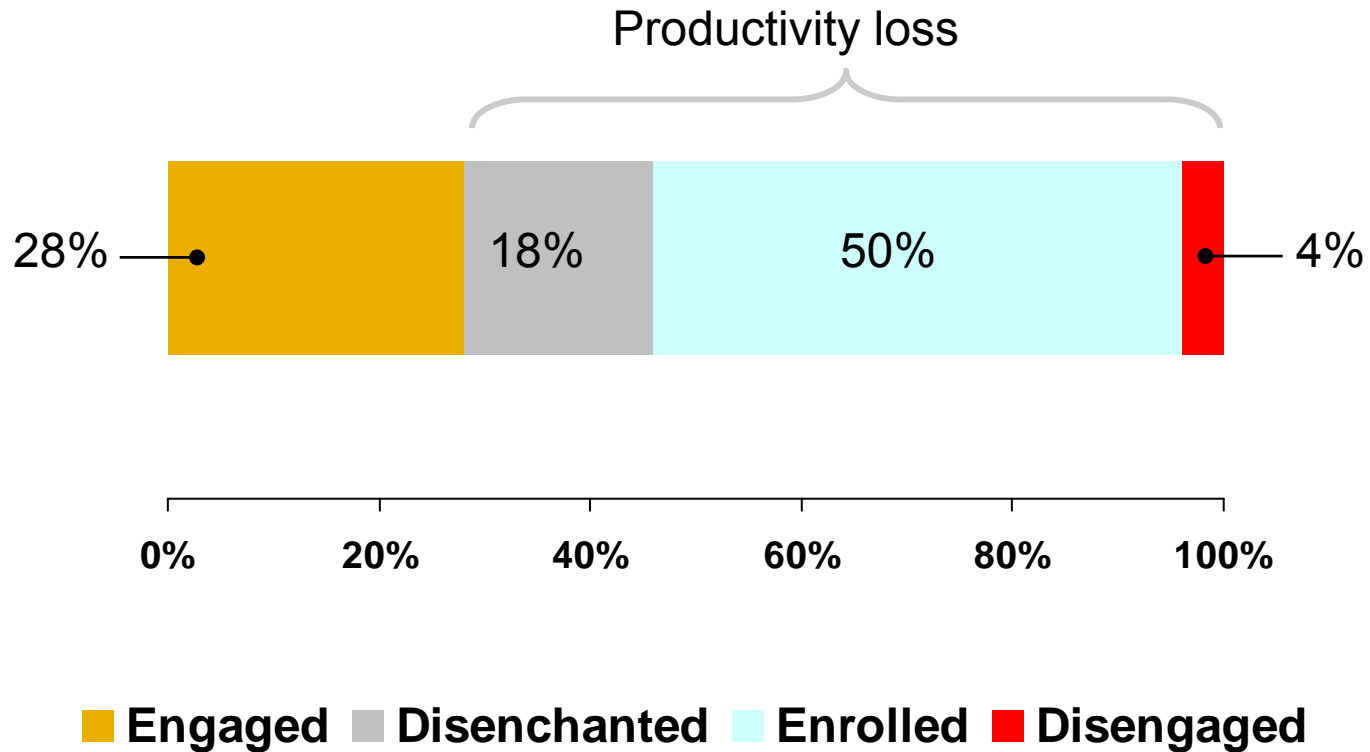
Only **62%** believe their organisation has a reputation as a great place to work

* Source: Towers Watson Normative Database — Malaysia

** Source: Towers Watson 2010 Global Workforce Study – Malaysia

towerswatson.com

“Engagement gap” means loss in productivity



Towers Watson’s Global Workforce Study, Malaysia 2010 results

How will high performing organisations address the Engagement Gap



Taking Engagement to a new level: Sustainable Engagement



Towers Watson's Sustainable Engagement model

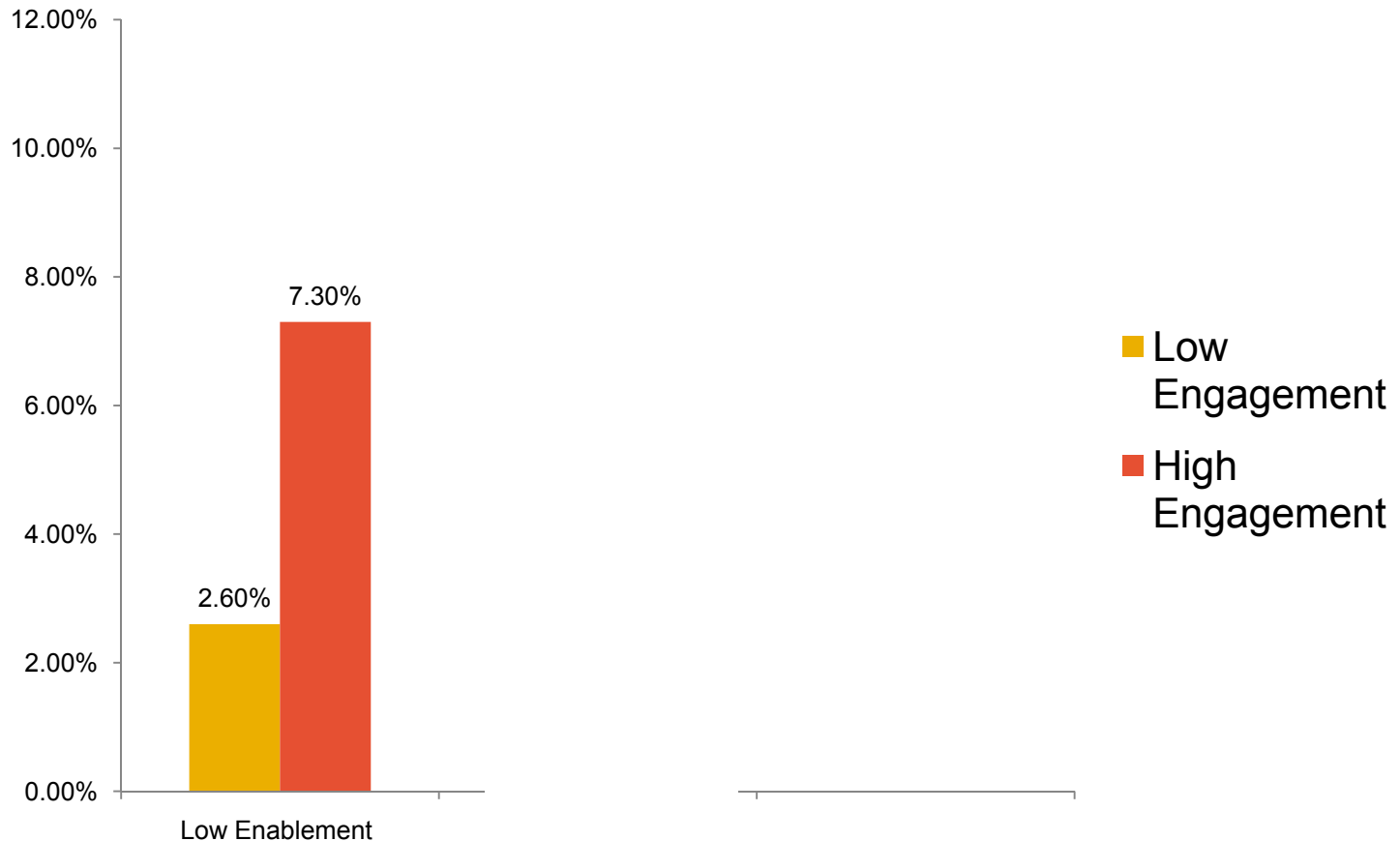


Source: Towers Watson Global Normative Database

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Enablement is necessary for Sustained Engagement

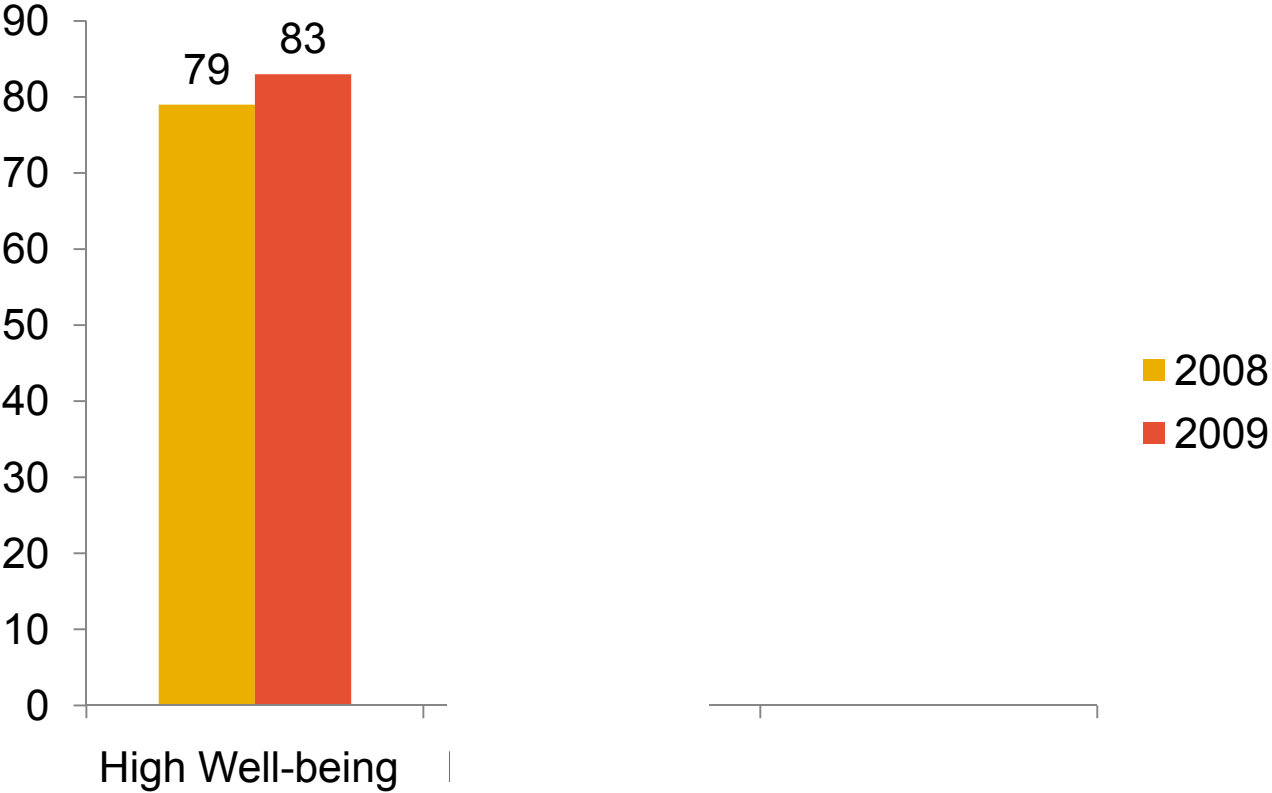
Net profit margin (one-year) by engagement and enablement



Source: Towers Watson's white paper Perspectives published 2011

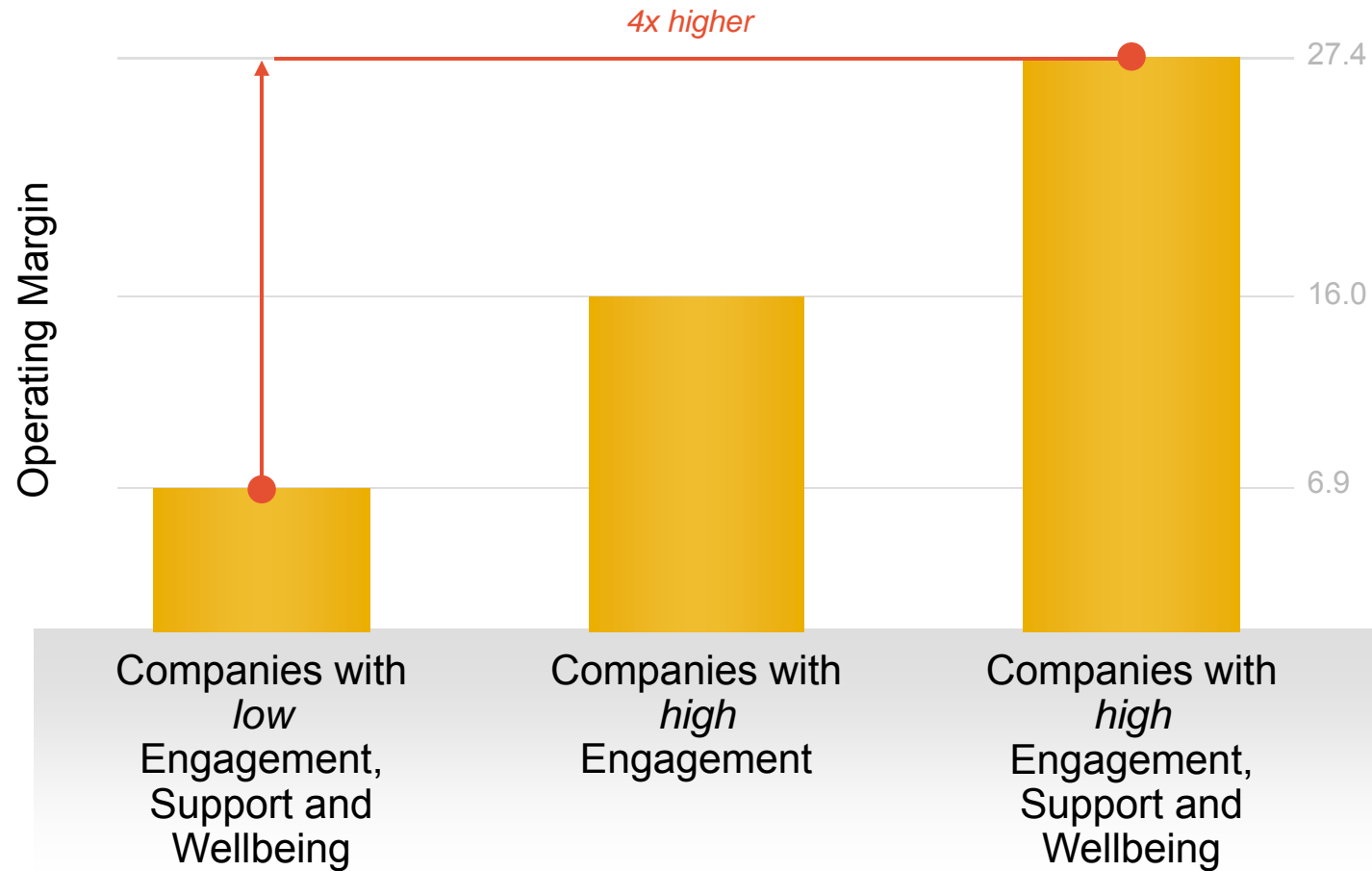
Well-being is necessary for Sustained Engagement

The impact of well-being on engagement



Source: Towers Watson's white paper Perspectives published 2011

Sustainable Engagement is linked to better financial performance



Source: Towers Watson's Global Normative Database

The leadership differentiator



During the downturn, high performing organisations improved the most in these areas

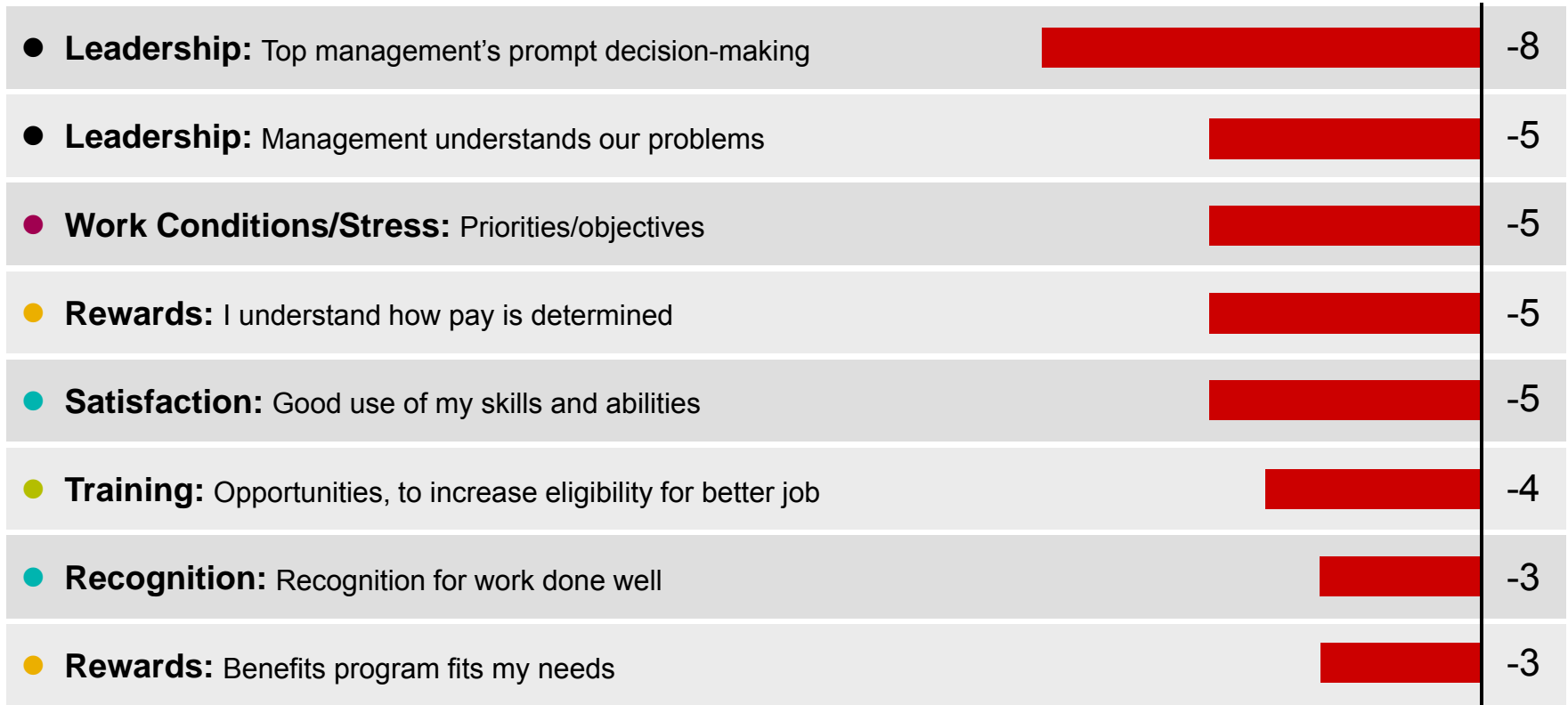
Global High Performing organisations: 2009 vs. 2008



Source: Towers Watson Global High Performance organisations Norm

...and slipped the most in these areas

Global High Performing organisations: 2009 vs. 2008



Source: Towers Watson Global High Performance organisations Norm

Differentiating leadership competencies in high performing companies

Strategic Visioning

Defines future state by understanding internal/external challenges and identifying opportunities to create value

Speed of Execution

Identifies when situations don't require perfect outcomes and when more work would result in diminishing returns

Change Leadership

Initiates and facilitates organizational changes and business transformation

Building Talent

Focuses on selecting and managing the organization's talent to ensure availability of critical skills

Situational Leadership

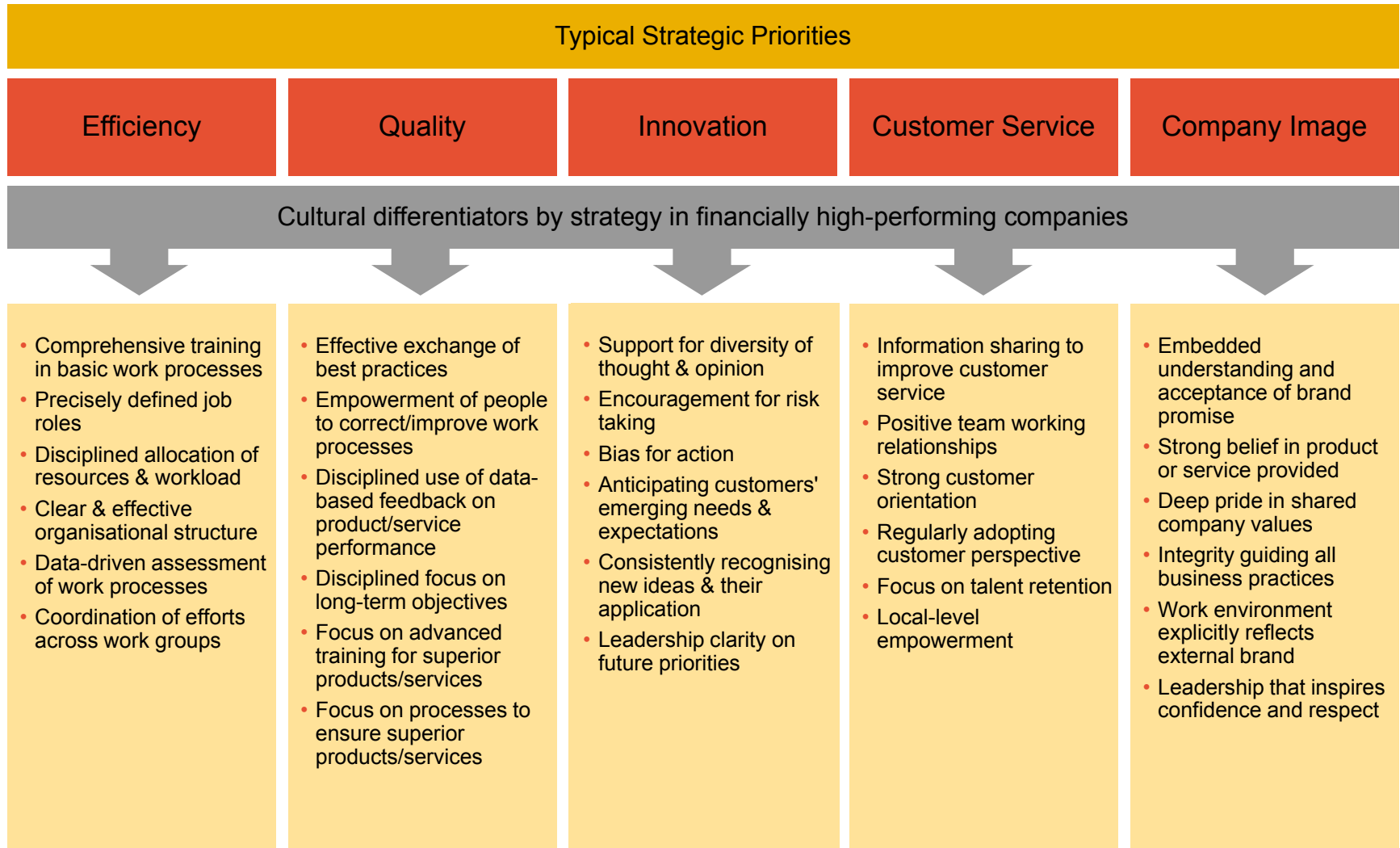
Demonstrates agility and assertiveness to achieve organizational goals in changing circumstances

Vaulting

Rapidly takes bold and novel steps to solve challenging problems and create new strategies. Re-shifting priorities, abandoning unfruitful ideas

Source: *After the fall: The Changing Nature of Leadership in the Post Financial Crisis World*, Towers Watson, 2009, and *Talent Management & Rewards Survey*, Towers Watson, 2010.

Sustaining Engagement: Alignment of strategy, culture and behaviours



Source: Towers Watson, Research on High Performance Cultures
towerswatson.com

Sustaining Engagement: a performance action oriented approach

From

To



Temporary enthusiasm that doesn't lead to lasting change



Connected



Overemphasis on survey design, administration and analysis



Leadership-driven



Another HR initiative that is disconnected from the business



Business-relevant



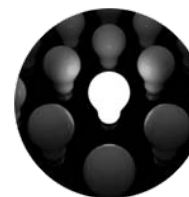
Yields high-level insights but nothing specific



Practical



Dies of its own weight



Intelligently Simple

THANK YOU!



EXTRA SLIDES

Employee views of leadership in high performing companies

1 Core values are clear

2 Organization operates with integrity in its dealings with employees

3 Employees are treated with respect, regardless of their job

4 Management provides a clear sense of direction

5 Management style encourages employees to give their best

Source: Towers Watson Global High Performance Organizations Norm 2009, compared to Transition Organizations norm.

Development of a new breed of managers



Source: *Manager Redefined, The Competitive Advantage in the Middle of your Organization*, Towers Watson, 2010.

Example: Delivering the deal

Behaviors	Ratings of Managers on These Behaviors	
	<i>Effective Managers</i>	<i>Ineffective Managers</i>
Provides me opportunities to develop my skills	72%	17%
Helps me with career planning and decisions	58%	10%
Helps me to access learning opportunities outside my organization	57%	12%
Provides frequent recognition for a job well done	73%	17%
Makes fair decisions about how my performance links to pay decisions	66%	11%

Source: Towers Watson Global Workforce Study, 2010.

towerswatson.com

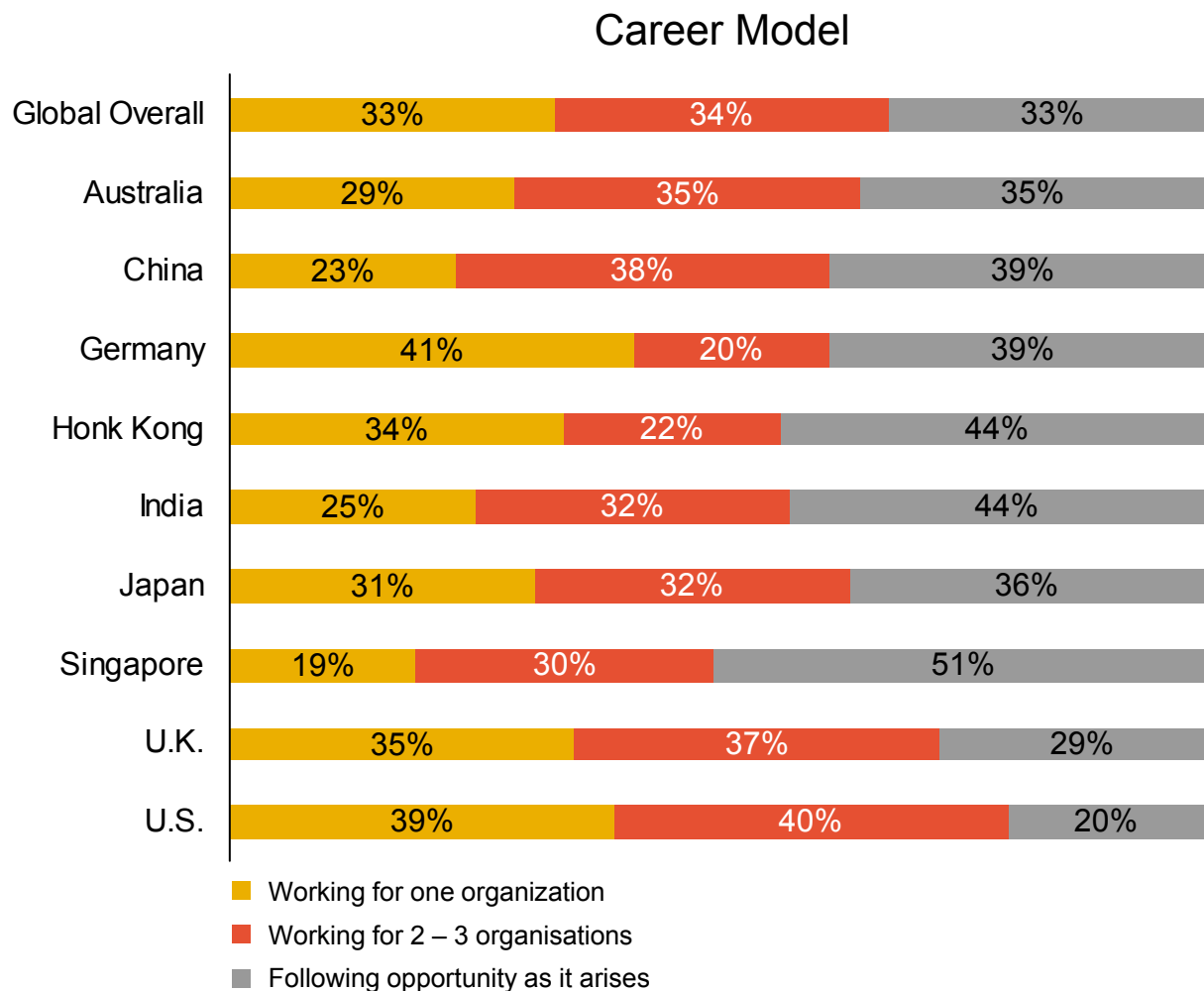
Example: Energising change

Behaviors	Ratings of Managers on These Behaviors	
	<i>Effective Managers</i>	<i>Ineffective Managers</i>
Encourages new ideas and new ways of doing things	73%	17%
Keeps me informed about changes in my organization that affect my work unit	77%	17%
Is good at explaining the reasons for changes that happen in the organization	73%	12%

Source: Towers Watson Global Workforce Study, 2010.

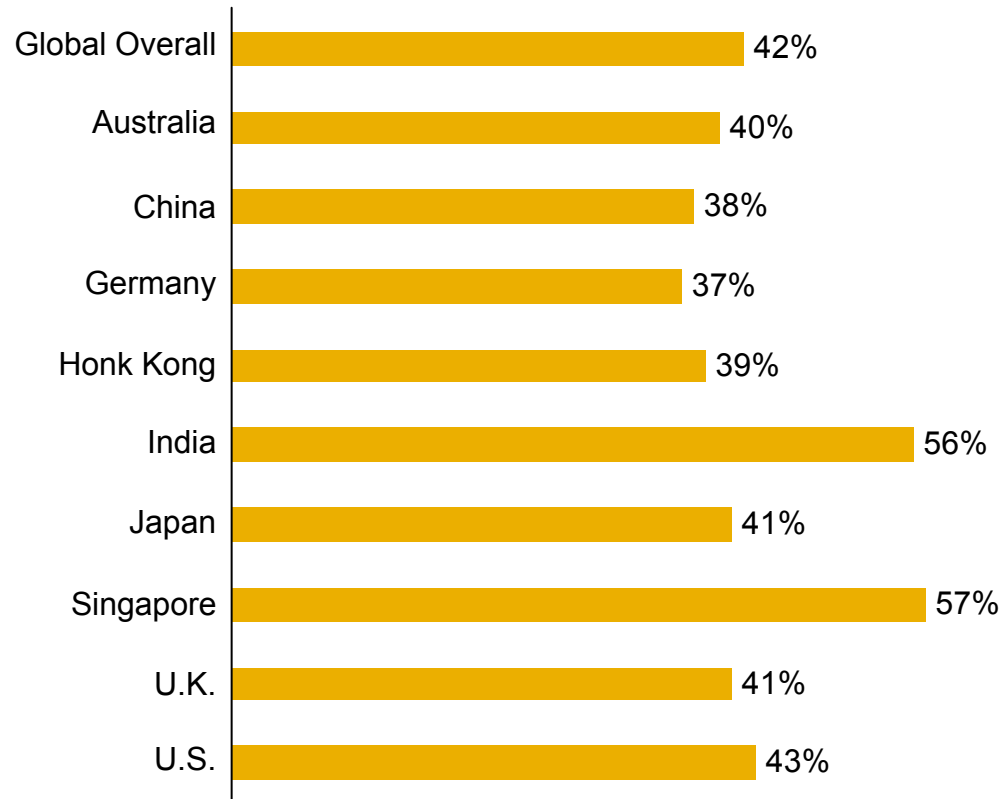
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Retention Challenge: Preferred career model

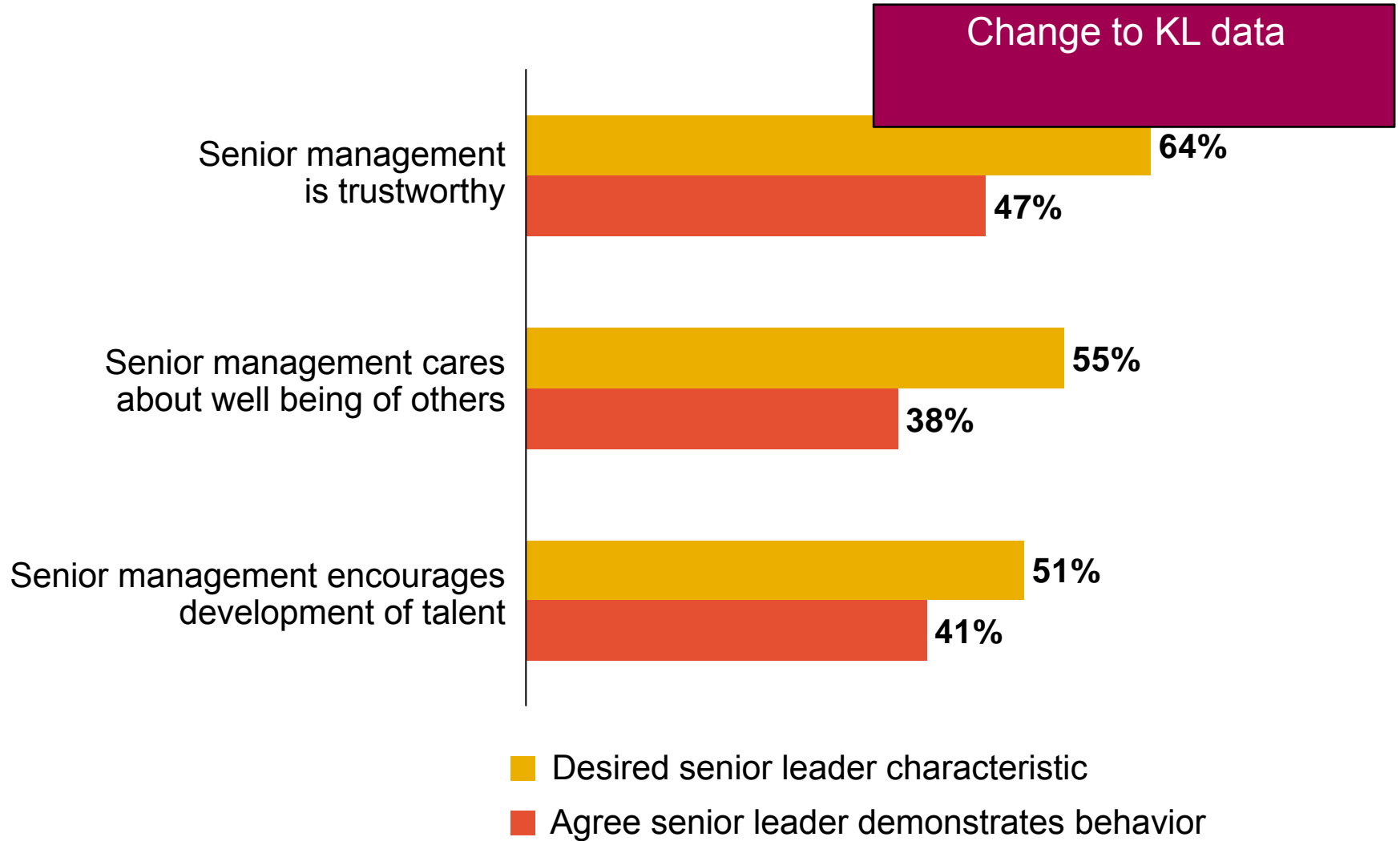


Retention is a global issue

% Agreeing they must leave organization to advance career



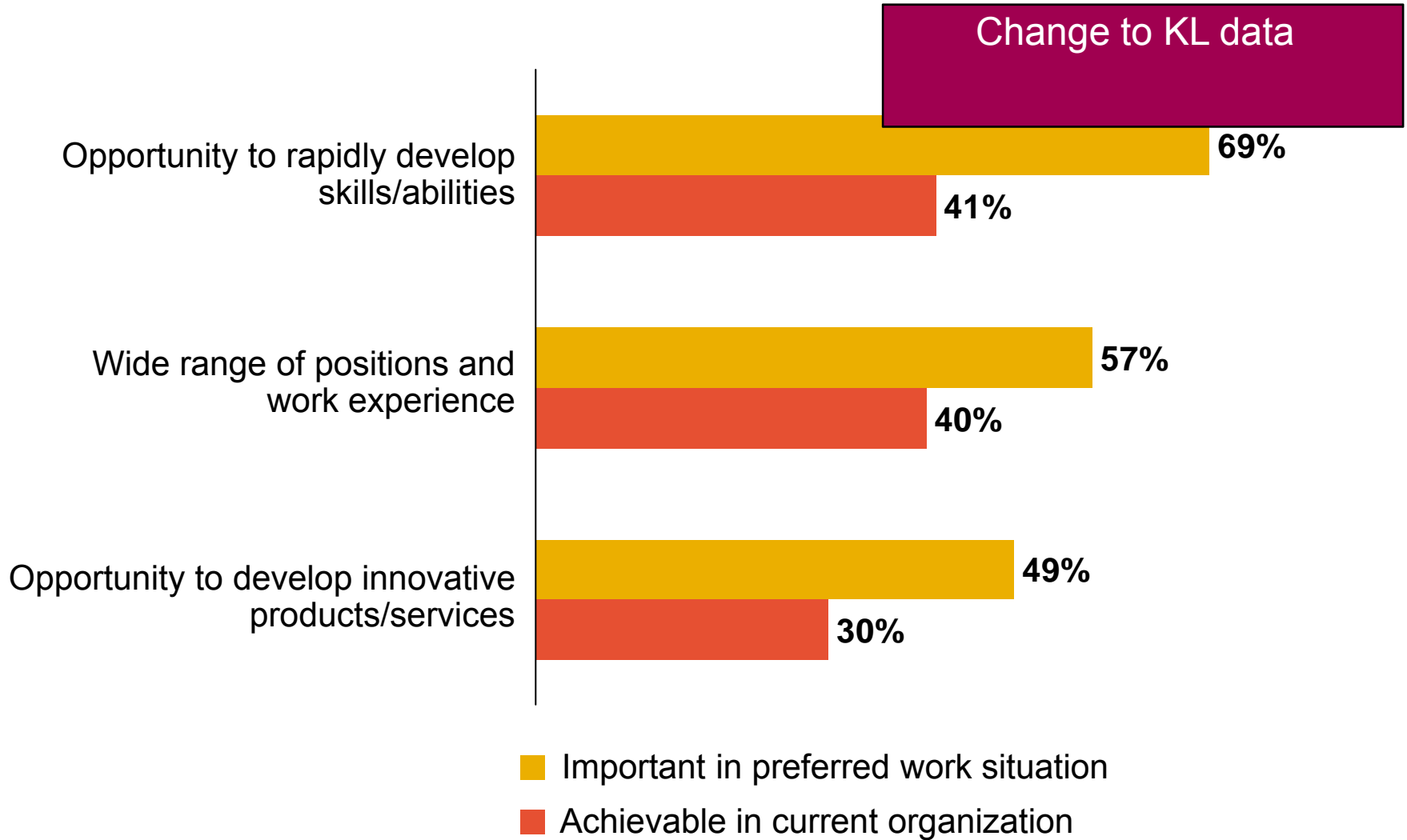
The leadership gap



Source: Towers Watson Global Workforce Study, 2010.

towerswatson.com

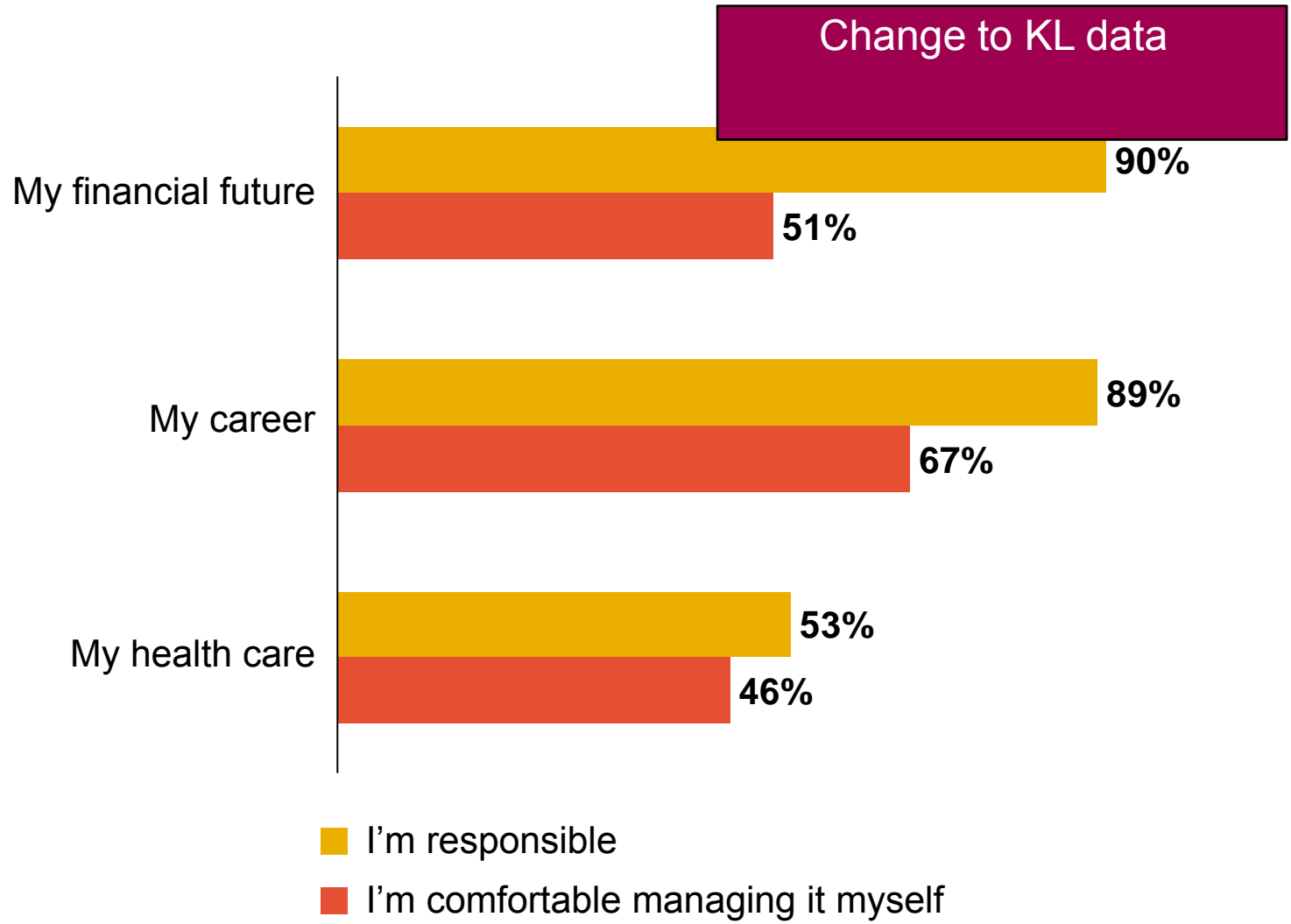
The opportunity gap



Source: Towers Watson Global Workforce Study, 2010.

towerswatson.com

The empowerment gap



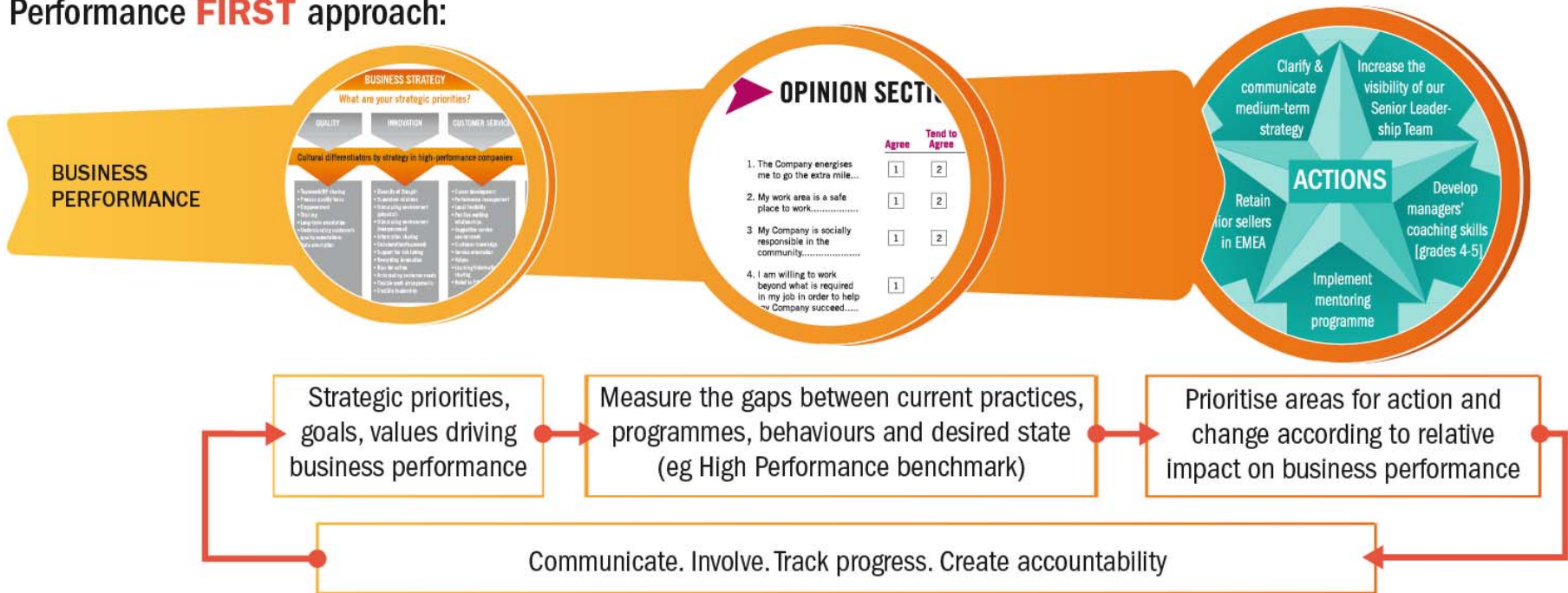
Source: Towers Watson 2010 Global Workforce Study — U.S.

towerswatson.com

Putting it all together: mapping the journey to higher performance through employee engagement

1. Put the performance of your business FIRST

Performance **FIRST** approach:



a) Lay the foundations for your engagement strategy



Top drivers of attraction, retention and engagement

Attraction Drivers*	Retention Drivers**	Engagement Drivers**
Career advancement opportunities	Career development	Leadership
Organization's financial health	Pay and rewards	Career development
Competitive base pay	Leadership	Goals and objectives
Learning and development opportunities	Stress, balance, and workload	Strategy and direction
Convenient work location	Performance appraisal	Values
Flexible schedule	Efficiency	Image
Competitive benefits	Empowerment	Empowerment
Organization's reputation as good employer	Goals and objectives	Pay and rewards
Challenging work	Strategy and direction	Employment security
Competitive retirement benefits	Supervision	Performance appraisal

*Source: Towers Watson 2010 Global Workforce Study – Malaysia

**Source: Towers Watson Normative Database – Malaysia

towerswatson.com