

2008-09 Employee Hold'em National Workforce Engagement Benchmark Study

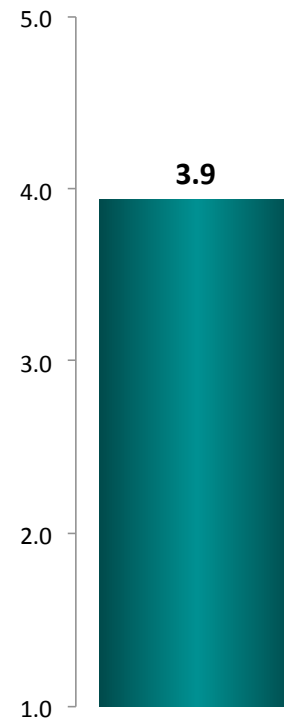


Workforce Engagement is defined as an ongoing process to recruit, retrain, reward, and retain productive and effective employees by enhancing understanding of organizational practices and employee priorities, attitudes, behaviors, and intentions. The fundamental ideas of workforce engagement encompass both philosophy and strategy. That is, an organizational commitment to workforce engagement involves a set of beliefs about enhancing workforce performance, and particular company activities to achieve them.

In April and May of 2008, Employee Hold'em conducted its third biennial national workforce engagement assessment with 2,368 full- and part-time workers 18 years of age or older who worked in public, private, and not-for-profit organizations. The 2004-5 national benchmark study included 2,118 employees and the 2006-7 national benchmark included 1,826 employees. The results provide important information to leaders and managers on the nature of the company – employee relationship and steps to improve workforce engagement, customer satisfaction, and business success.

The types of attitudes that lead directly to workforce engagement are defined as “Affective Commitment” or the personal and psychological attachment an employee has with their employer. The stronger this Affective Commitment, the more likely your employees will act in ways which benefit your organization; staying longer, working harder on behalf of customers, and recommending the organization as a great place to work.

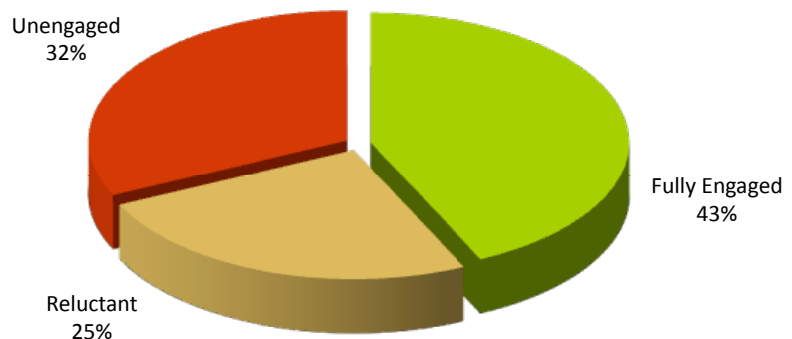
Commitment Index



The Level of National Workforce Engagement

The level of workforce engagement is dependent on how well an organization performs in those areas most important to employees.

The 2008-9 National Workforce Engagement Benchmark Study shows that four in ten employees were Fully Engaged, one-quarter were Reluctant, and one-third were Unengaged.



FULLY ENGAGED

employees go the extra mile for customers, stay with your organization longer, and recommend your organization as a great place to work.

2006-7 NAT'L BENCHMARK – 40%
2004-5 NAT'L BENCHMARK – 46%

RELUCTANT

employees may act in ways that benefit your company for the short term. But many of these employees stay because they *have* to, not because they *want* to.

2006-7 NAT'L BENCHMARK – 24%
2004-5 NAT'L BENCHMARK – 23%

UNENGAGED

employees are already halfway out the door, putting customer satisfaction, customer retention and continued business success at risk.

2006-7 NAT'L BENCHMARK – 36%
2004-5 NAT'L BENCHMARK – 31%

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National Performance on the Components of Workforce Engagement

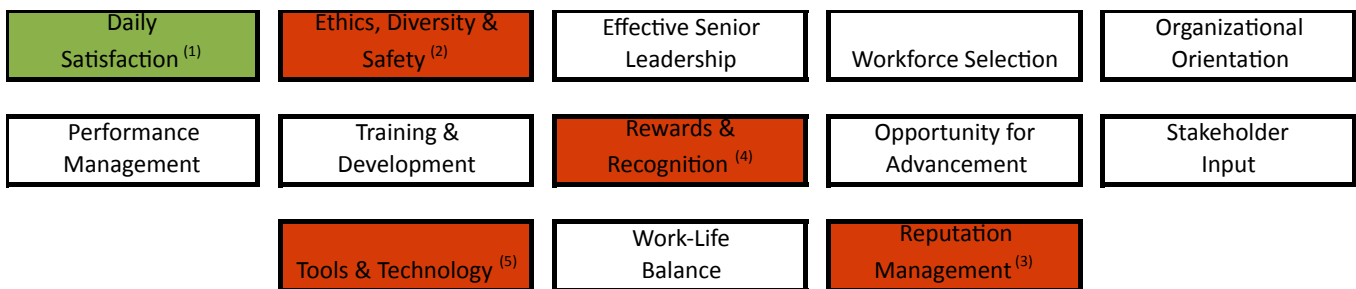
Strategic Issues
Effective Senior Leadership
Reputation Management
Ethics, Diversity & Safety
Stakeholder Input
Core Human Resources Processes
Workforce Selection
Organizational Orientation
Training & Development
Rewards & Recognition
Work-Life Balance
Operational Components
Performance Management
Tools & Technology
Advancement Opportunities
Daily Satisfaction

The table to the left shows how employees rated their employer across all of the components of workforce engagement. The thirteen components are divided into three categories; Strategic Issues, Core Human Resource Processes, and Operational Components. The interactions employees have with their company will fall into one of these categories, and the perceptions they have related to their company's performance in these areas (both positive and negative) lead directly to their level of workforce engagement, and their likelihood to "stay longer, work harder, and recommend their organization as a great place to work".

Green shading indicates where at least 70% of employees were positive about their company's performance in that area, yellow shading indicates where performance was between 51% and 69% positive, and red shading indicates 50% or lower positive ratings from employees.

National Performance on the Drivers of Workforce Engagement

The model below shows which areas have the post impact on the engagement levels and retention of the national workforce. By concentrating improvement efforts in these five areas, organizations would improve the behaviors of employees and the satisfaction and retention of their customers.



Numbers indicate driver order, with 1 being the strongest driver of engagement.

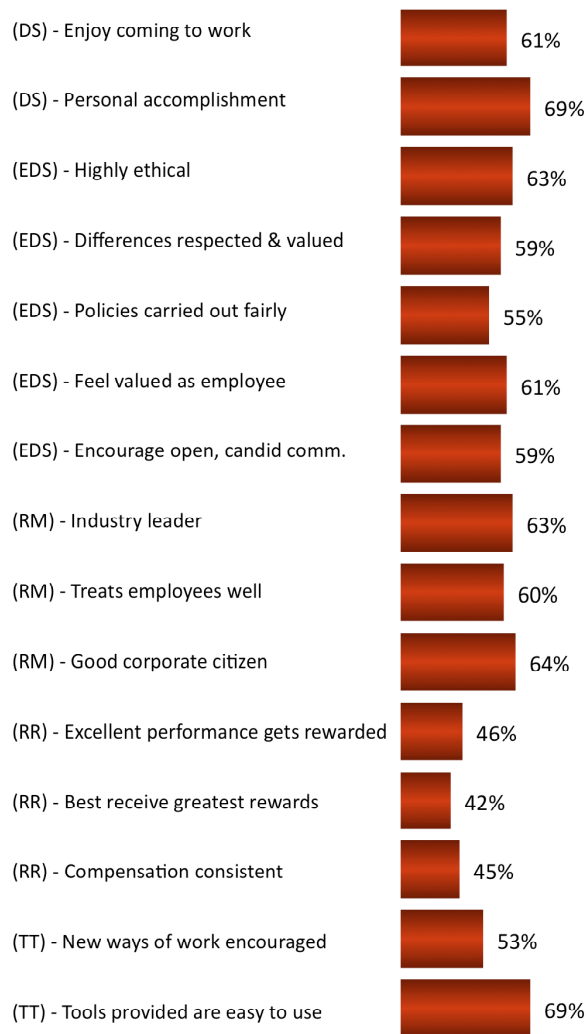
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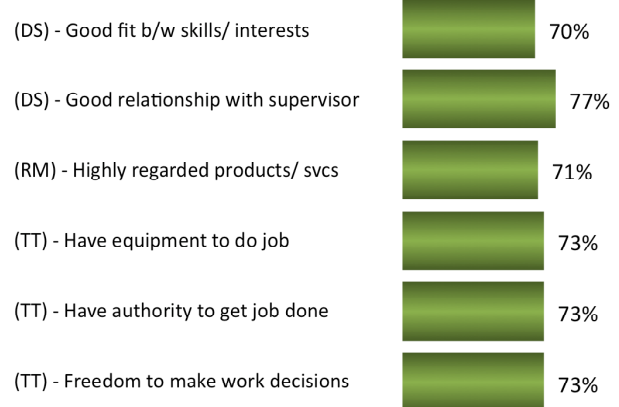
National Critical Improvement Areas and Strengths to Leverage

The following graphics illustrate where today's organization should place company resources (people, time and money). By enhancing performance in these critical improvement areas and strengths to leverage, employers will encourage their employees to exhibit more positive work behaviors.

CRITICAL IMPROVEMENTS



STRENGTHS TO LEVERAGE



Note: Items are listed in priority order; the higher an item is placed, the more impact it has on the engagement level of your employees. Percentages indicate what proportions of your employees agree with each statement. Employee Hold'em uses a 70% performance cutoff when dividing items into critical improvements or strengths to leverage.

Legend: **ESL** – Effective Senior Leadership; **OO** – Organizational Orientation; **RM** – Reputation Management; **EDS** – Ethics, Diversity & Safety; **DS** – Daily Satisfaction; **WS** – Workforce Selection; **PM** – Performance Management; **TD** – Training & Development; **RR** – Rewards & Recognition; **OA** – Opportunity for Advancement; **SI** – Stakeholder Input; **TT** – Tools & Technology; **WLB** – Work-Life Balance

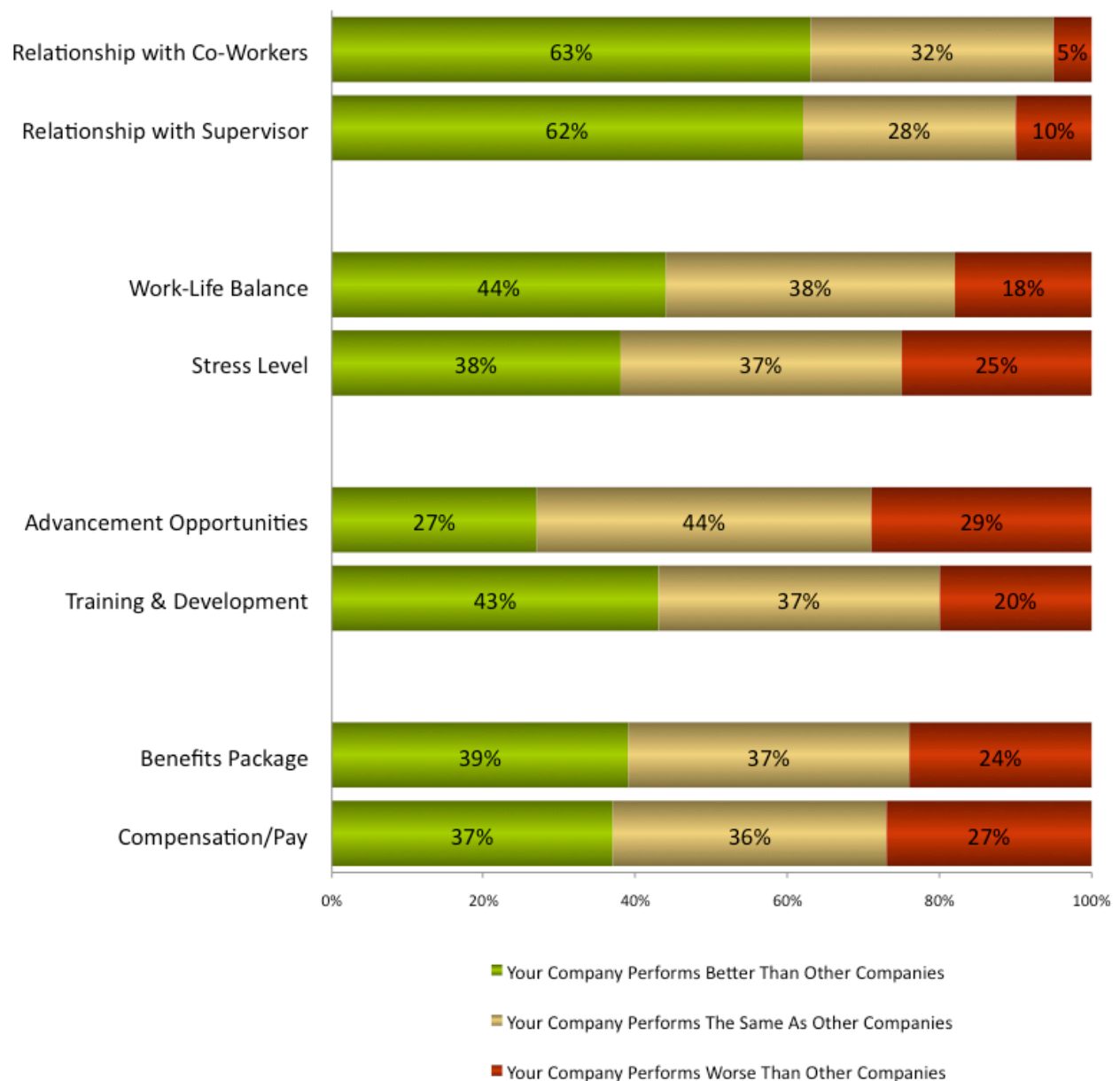
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How National Employees Rate Their Company vs. the Competition

In today's War for Talent, employees look at other companies much the way customers do, as a potential place to "do business with". Therefore, it is crucial for Senior Management/Leadership to know how their employees compare the performance of their company against workers with similar jobs in other companies.

The following graph shows how your employees perceive their own competitive environment on eight critical factors.



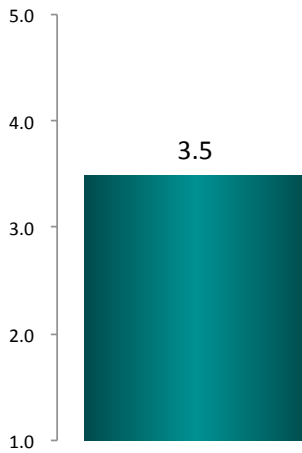
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Fairness Index Communication Index Supervisor Index

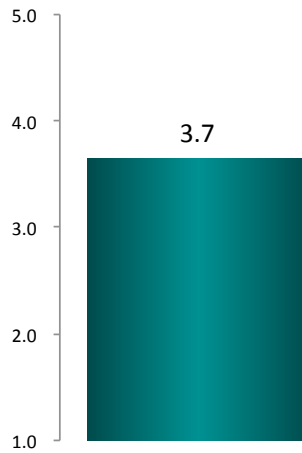
Being fair to employees is as easy as following the gold rule and encompasses items such as feelings of respect, policies and procedures, job evaluations, pay and benefits, and being provided with adequate training to do a good job at work.

2006 National Benchmark – 3.4
2004 National Benchmark – 3.5



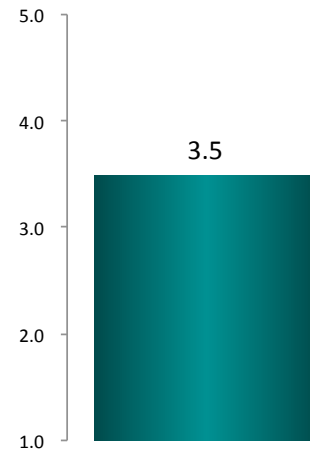
Communications can be the key to a better relationship with employees. Fostering an environment of open and honest communication ensures that all employees have the information they need to make good decisions at work.

2006 National Benchmark – 3.6
2004 National Benchmark – 3.6



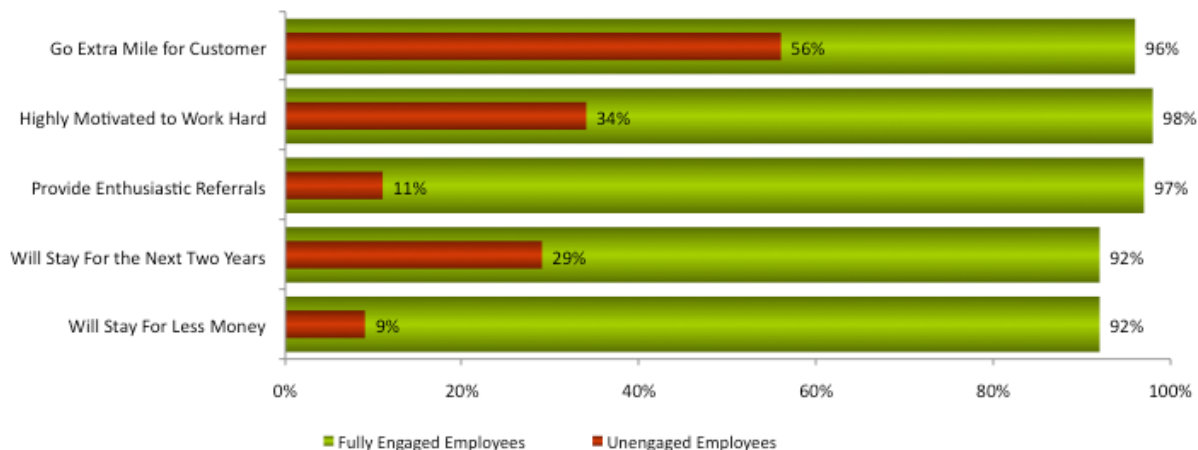
Having a good relationship with a supervisor can be one of the most important aspects of workforce engagement. The business adage that “employees quit a boss not a company” has never been truer than it is today.

2006 National Benchmark – 3.5
2004 National Benchmark – 3.6



The Return on Investment of Workforce Engagement (% Agree)

Actively Engaged employees will enhance your success by keeping the cost of turnover low and increasing revenue from current and future customers. Observe the noticeable gap in the levels of agreement between the Unengaged employees (noted in red) and the Fully Engaged employees (noted in green). This gap is called the *engagement surplus*; the benefit company’s receive when employees feel positively about working for their organization.



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The Next Steps in Improving Workforce Engagement

For companies interested in better understanding the relationship they have with their employees, real benefits occur as the organization creates and implements action plans targeting their critical improvement areas and enhancing their areas of strength. Concentrating resources in those areas most impacting workforce engagement, organizations will continue to see the return on investment through decreased employee turnover, improved productivity, and increased customer loyalty & retention.

1. Create an Executive Oversight committee to determine workforce engagement goals, set metrics for measuring success, and assign responsibility for specific tasks and actions. Encourage and select employees from all parts of the organization to take responsibility for assisting the organization in implementing change.
2. Determine the critical improvement areas that will be worked on based on the workforce engagement assessment results, other internal metrics, and external customer feedback. Based on these decisions, solicit improvement ideas from the organization.
3. Determine the Return on Investment of each individual improvement idea. Based on these ROI calculations, decide how the chosen improvement initiatives get resourced with people, time, and money. In addition, determine the cost of “doing nothing”.
4. Communicate the workforce engagement assessment results and the associated action plans to employees, customers, and prospects. Institute changes that address the critical improvement areas. Continually measure the results of your actions, making changes as necessary based on the feedback from your employees.
5. Understand the individual causes of turnover through Early Intervention Surveys targeted to individual employees. These bi-annual surveys provide feedback to supervisors and managers on the company’s performance on their critical improvement areas, and help stop turnover before it occurs.
6. Coach front line supervisors and managers on the important role they play as “Engagement Agents” in regards to employee retention and improved performance. Consider providing additional training through Supervisor Boot Camp and *Employee Engagement Fundamentals; A guide for managers and supervisors*. Both the supervisor training and the book are available through Employee Hold'em.
7. Review the company’s selection process and ensure that the company is “hiring the right person at the right time for the right job”, making changes in the organization’s recruiting procedures as necessary. Conduct Exodus Surveys (exit interviews) with the departing employee and their direct supervisor to better understand the specific reason for the unintentional turnover.
8. Tie together the results from the Workforce Engagement Assessment, targeted Early Intervention Surveys, Exodus Surveys, and Supervisor Boot Camp with other internal and external information to get a full understanding of Talent Retention in the organization.

**Improving Workforce Engagement
is the Responsibility of all Employees!**