

# 2011

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EMPLOYEE  
ENGAGEMENT  
**TRENDS**  
**REPORT**

PeopleMetrics®

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# INTRODUCTION

On the surface, not much has changed for the better since PeopleMetrics national Employee Engagement study in 2007. U.S. unemployment rates increased from 4.6% to 9.2% <sup>1</sup>. The Federal budget deficit hit a near-record high and continues to rise with projections that it could represent 90% of GDP by 2020 <sup>2</sup>. Moreover, for those who are in the workforce, changes are equally disheartening:

- Annual salary budgets dropped a full percentage point between 2007 and 2010 (from 3.8% to 2.8% <sup>3</sup>)
- The gap between active employee health care costs and wage increases is wider than it has ever been; employees pay 40% more for their health care than they did five years ago <sup>4</sup>
- A January 2010 report by the Conference Board states that job satisfaction fell to its lowest level in over 20 years <sup>5</sup>
- Our research from this very study shows that nearly nine out of ten employees (87%) say their organizations have undergone change in the last year including Reduction in Force (37%) and Restructuring and Change (59%)

Given these circumstances, it is not surprising that many companies chose to focus on priorities other than Employee Engagement over the past few years. Indeed, if we had to predict how Employee Engagement across the U.S. had moved between 2007 and 2011, we would have assumed a similar negative trend. **We would have been wrong.**

# EXECUTIVE SUMMARY

The PeopleMetrics 2011 Employee Engagement Trends Report is the result of surveying 2,500 U.S. workers about their levels of Engagement and work experiences.

**The following report explores five key areas:**

**1. Benchmarking Employee Engagement**

More employees are Engaged today (41%) than in 2007 (34%), when the world had not yet entered the Great Recession.

**2. Shifts in Employee Engagement Drivers**

- a. **Employees rate rewards and resources (people, technology, etc.) the same or worse compared to 2007.** These extrinsic (functional) motivators that have traditionally been seen to drive work performance are not getting any better, yet it doesn't seem to have done serious damage to

PeopleMetrics defines Employee Engagement based on the following 4 outcomes:

- **Retention:** intending to stay with current employer
- **Effort:** willing to go above and beyond for internal and external customers
- **Advocacy:** recommending their employer to others
- **Passion:** feel passion (even love) for their organization

Engagement levels.

**b. Employees do feel more positive about the emotional elements of the work experience** such as Purpose, Fun, Trust, and Growth. Significant improvement across most sectors on the intrinsic (emotional) motivators of Employee Engagement, such as growth, learning, trust, connection, and meaning at work, are at the heart of the increases. Sectors that can easily deliver meaning and purpose to employees such as Healthcare outperform all others.

### 3. Three theories on current trends in Employee Engagement

PeopleMetrics attributes this increase to a combination of three theories: relativity at play, employee coping mechanisms, and real corporate improvement.

### 4. Determining if Employee Engagement Measurement is still relevant

In spite of this unexpected upswing, measuring employee engagement will continue to be a reliable metric of any company's overall health. Business leaders should begin taking steps now to ensure that this trend will hold in their organization.

### 5. How Customer Focus transforms the Employee Experience

Customer-centric organizations boast higher rates of Employee Engagement, regardless of sector. Factors that define a customer-centric organization are both customer oriented (customers are part of the mission, highly loyal, and invited to give feedback) and employee oriented (employees are empowered to handle customer issues, invited to give ideas on the customer experience, provided customer feedback, and told when they have done a good job serving customers).

### 6. Recommendations for Improving Engagement

Based on this, five recommendations are offered on actions leaders can take to foster Employee Engagement within their organizations.

# BENCHMARKING EMPLOYEE ENGAGEMENT

## EMPLOYEE ENGAGEMENT BUCKS THE TREND

Employee Engagement levels rose 7 percentage points relative to 2007. Nationwide, 41% of employees are Engaged and this is, statistically speaking, significantly higher than in 2007 when the study was first conducted (see Appendix: *About the Study* for more information on how the index is calculated).

More employees agree or strongly agree with all four elements of Employee Engagement than in

the past. Specifically, more employees today:

- Intend to stay with their employer
- Are motivated to give extra effort
- Recommend their current company as a great place to work
- Say they love their current organization

This movement is also supported by recent research published by the Corporate Executive Board. According to a May 25, 2011 *Fast Company* article, the number of “employees who intend to stay at their current job and/or voluntarily take on extra work (that’s ‘discretionary effort’ in survey parlance) increased during the first quarter of this year.”<sup>6</sup> The proportion of employees at the extremes of the spectrum - either Fully Engaged or Actively Disengaged - has not shifted markedly over the past four years. It is those who are in the middle who have changed the most.

**Fewer employees are “sitting on the fence” (effectively ambivalent about their job situation and employer), with a growing number of them moving into the Engaged category. (Figure 2).**

While exciting to discover something so counterintuitive, our first instinct was to check our question wording, calculations, sample profiles, and weighting schemes. All of these confirmed that we had found a true positive trend in the U.S. working population. **Today, a higher fraction of employees are engaged than in 2007, before the world entered the Great Recession.**

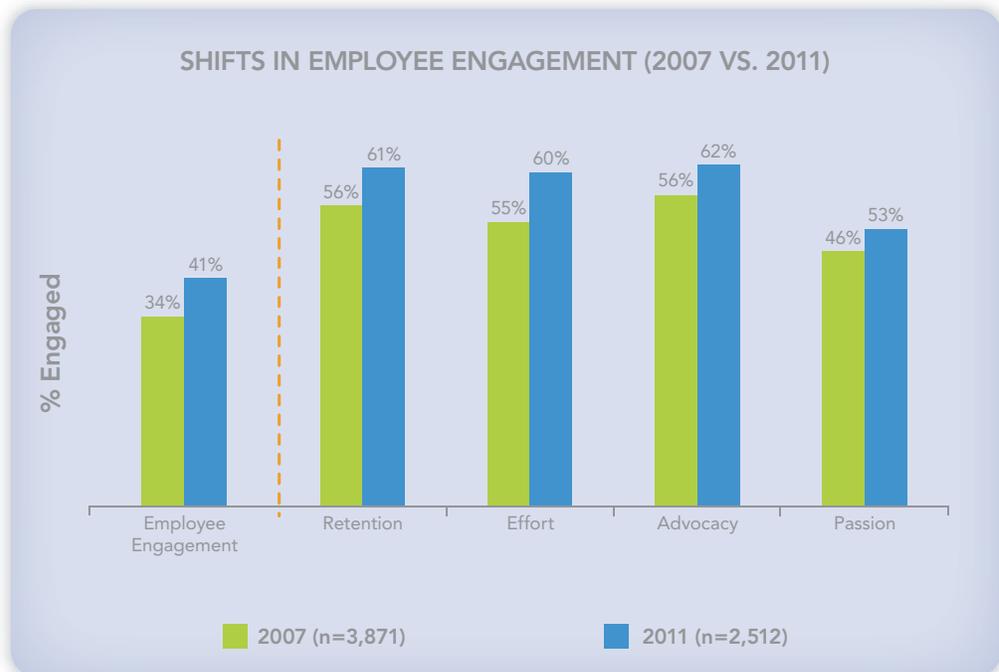


Figure 1. Shifts in Employee Engagement (2007 vs. 2011)

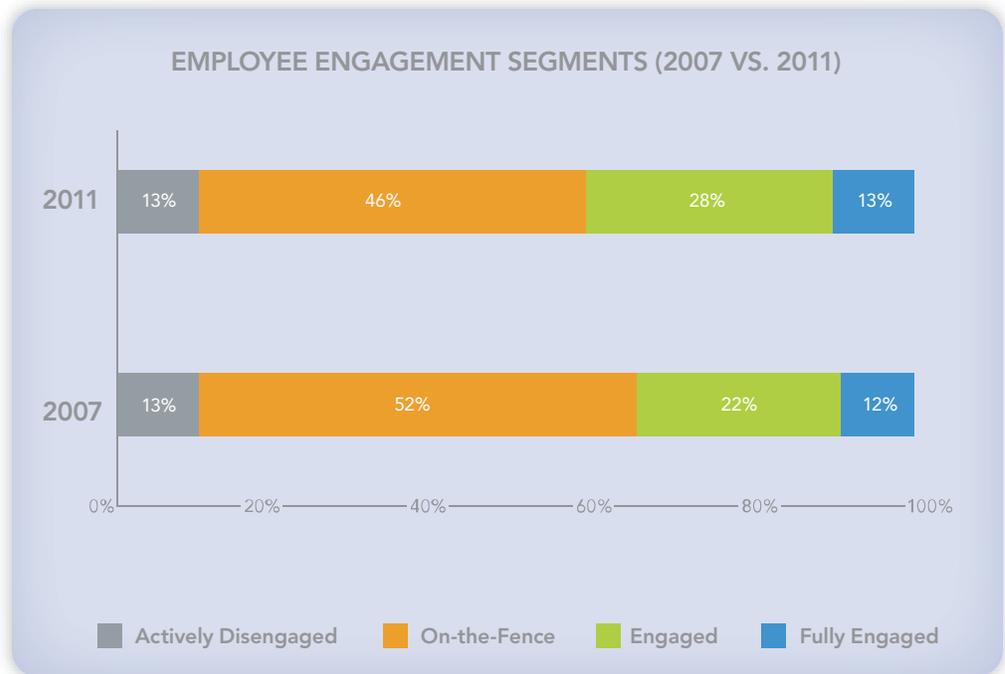


Figure 2. Employee Engagement Segments (2007 vs. 2011)

## DRIVING EMPLOYEE ENGAGEMENT

### THE FUNCTIONAL AND EMOTIONAL DRIVERS OF ENGAGEMENT

Bestselling author Dan Pink makes a compelling case that creative, innovative work – that which is valued in the 21st century – is encouraged not by extrinsic factors such as bonuses and rewards but rather by intrinsic factors such as autonomy, mastery, and purpose<sup>7</sup>. Thus, minimal pay increases and non-existent bonuses of recent years play far lesser roles in driving Employee Engagement than do more intrinsic and emotional factors which are hard to put a price on.

In 2007, PeopleMetrics Employee Engagement study identified eight dimensions that drive Employee Engagement:

- Two are functional in nature (Rewards and Resources)
  - Six are emotional (Recognition, Customer Focus, Fun, Growth, Trust, and Purpose)
- (see Figure 3)

Our analysis revealed that the functional elements are a necessary, but not sufficient condition for Engagement – they can only get an organization so far. **A focus on improving the emotional benefits has a far greater impact on driving Engagement. Simply put, social norms go farther than market norms in driving the types of behaviors we see from highly engaged employees. Ultimately, employees want to feel they are doing good, meaningful work with an opportunity to learn and grow amongst people they trust, like, and respect.** One employee in our 2011 survey put it particularly well:

*"I think I have the ability to make a great difference in the lives of children and that our team works collaboratively to do this across many spectrums. I feel respected, cared about, and believed in. I wish I made more money and worked fewer hours, but I love being at work and what I do. The benefits are very good as well. I love the people I work with. They get me through many hard days. I would work here for free if I had insurance benefits and could pay my bills."*

The model we identified in 2007 holds true today. Employee Engagement is driven by the same eight factors. In fact, the study revealed that **sectors that have a natural advantage at the top of the Employee Engagement pyramid with meaningful, purposeful work are winning at the Employee Engagement game** (see Figure 4).



Figure 3. Employee Engagement Model



Figure 4. Engagement by Industry

## CHANGES IN THE DRIVERS OVER TIME

### Emotional Elements Have Seen the Greatest Gains

Across all sectors, companies are performing better with emotional elements of work experience.

The functional factors have not improved - that is fewer employees today feel they have the resources (people and technology) to get their work done. And about the same amount feel they get a fair exchange for the effort they put in today as they did in 2007. This lends further support to the argument that great work from passionate employees cannot simply be purchased. Engagement must be earned by employers willing to engage the hearts & minds of their people.

As Figure 5 shows, employees give significantly higher ratings to six out of the eight dimensions in 2011 compared to 2007 while the two functional drivers have, statistically speaking, remained unchanged or dropped.

So, why have these improvements occurred? Are these real, positive shifts or a function of employee perspective? The next section outlines three possible theories around these positive movements in both Engagement levels & the emotional aspects of the employment experience.

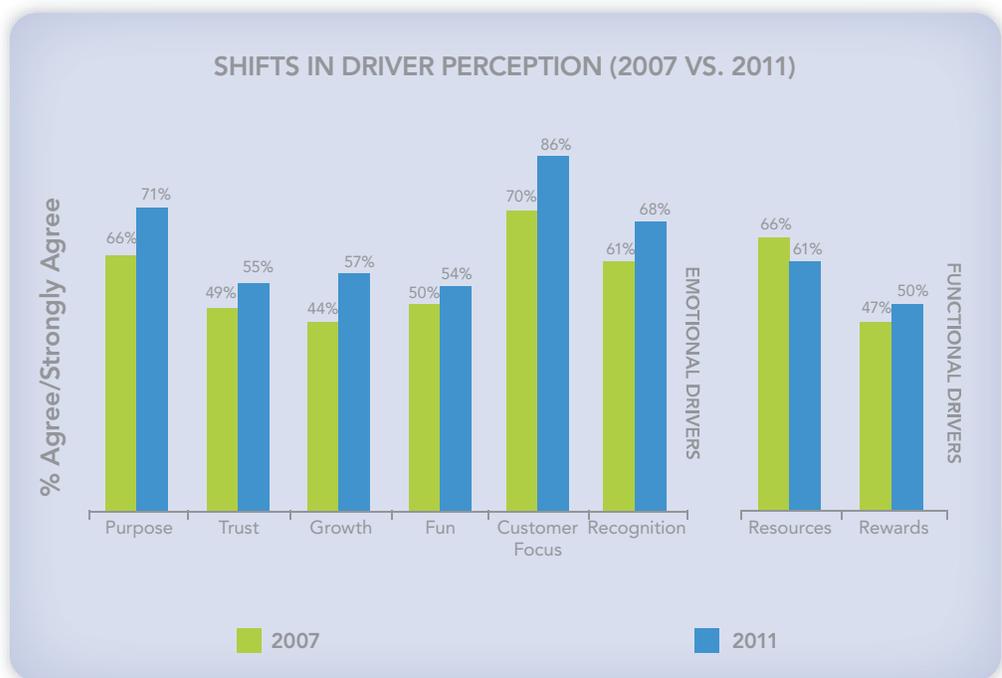


Figure 5. Shifts in Driver Perceptions

Employee Engagement Dimension	% Change (Agree/Strongly Agree)	Statistically Significant (95% Confidence Level)
Customer Focus <sup>8</sup> (Emotional)	16 point increase	Yes
Growth (Emotional)	13 point increase	Yes
Recognition (Emotional)	7 point increase	Yes
Trust (Emotional)	6 point increase	Yes
Purpose (Emotional)	5 point increase	Yes
Fun (Emotional)	4 point increase	Yes
Rewards (Functional)	3 point increase	No
Resources (Functional)	5 point decrease	Yes

Table 1. Changes in Employee Engagement Drivers

## 3 THEORIES ON CURRENT TRENDS ON EMPLOYEE ENGAGEMENT

### THEORY #1: THE THEORY OF RELATIVITY

#### Things Simply Look Better When Surrounded by Worse

According to Dan Ariely in his book *Predictably Irrational*, humans are always looking at things around them in relation to others & making judgment calls based upon those relative comparisons:

*"Humans rarely choose things in absolute terms. We don't have an internal value meter that tells us how much things are worth. Rather, we focus on the relative advantage of one thing over another, and estimate value accordingly."*

He goes on to say that this holds true not only for physical objects like bicycles, magazine subscriptions, and television sets but also for experiences such as vacations, educational options, and employment situations.

**Outside comparisons that are less appealing encourage employees to value what they have and work hard to keep it.** In 2007, most employees had a friend, neighbor, family member, or former colleague who had job-hopped for more pay, better benefits, or a promotion. Back then, the grass may have looked greener on the other side. Today, most employees have a friend, neighbor, family member, or former colleague who has been laid off, is seeking employment, or is underemployed, and this side of the fence isn't looking too bad. Participants in our study frequently referenced the economy and unemployment rates as reasons for continued loyalty to their current employer.

#### Why it Would Take a Lot to Leave

"I value my job and the fact that a job is hard to find."

"It is a good reputable company & in this economy, leaving would not be a smart move. They are a good company to work for."

"I know I would be hard pressed to find a similar position at the same salary in this economy."

"In this day and time, I am very thankful to have such a good job. Our salaries have been frozen because of the economy. But even if we don't get a cost of living raise each year, I am thankful."

**Personal Experience  
Drives Engagement**

"I've been unemployed, so I am **very grateful every day that I have a job.** I've been there for 7 years and have refined my skills and developed wonderful working relationships with my colleagues."

"I love my job. I'm **thankful to have a job in this economy.** I would like health insurance though."

"Prior to joining the organization, I was laid off from a position I held for 9 years. Subsequently, I've taken a 25% decrease in pay. However, the benefits are good, I will receive a pension upon retirement **and I feel secure in my position.**"

### Today Looks Better Than Yesterday

Furthermore, many employees in this year's study believe that things are stabilizing or improving within their own organizations. Specifically, 35% agree or strongly agree that their organization is a better place to work today than it was in June 2010, and an additional 45% neither agree nor disagree – indicating status quo at work.

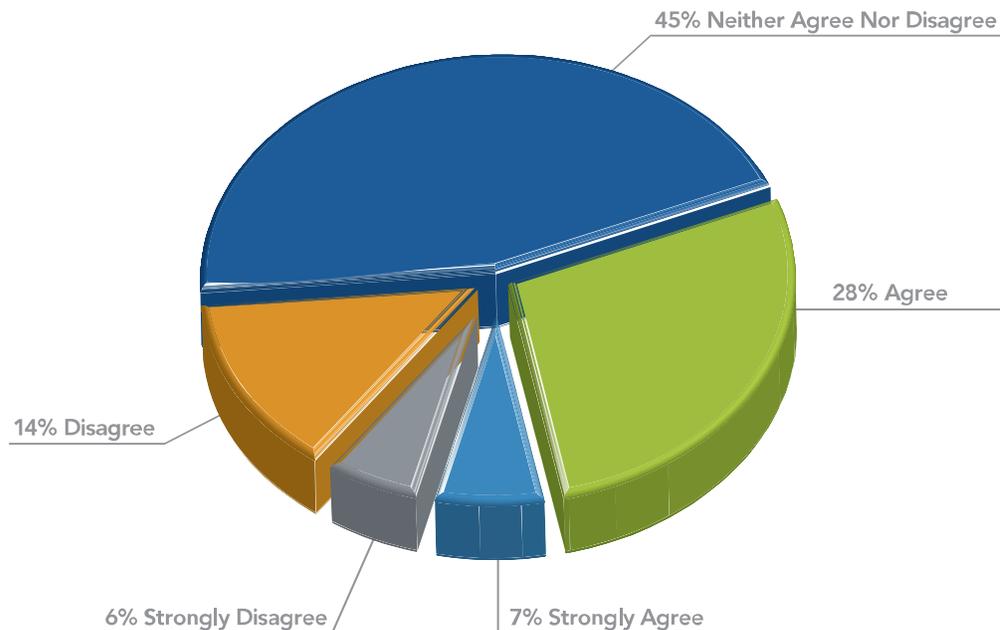
And while perceptions do not necessarily jive with reality when it comes to business growth, 59% of all participants in our study reported seeing growth within their company. Whether real or imagined, employees perceive improved performance and therefore may be more optimistic about the future of their work than they were in the past.

While some employees find themselves in less fruitful situations than in prior years – lower pay, worse or no benefits – they continue to be loyal and exert discretionary effort because they "feel" something that cannot be priced. For some who have experienced the insecurity and personal impact of unemployment, this can translate to gratitude, security, even "love."

So, perhaps employees are assigning a higher value to their current employment situation because, in comparison to the working world outside and to their own historical situation, things appear better.

But are these sets of comparisons and judgments alone driving these marked increases, or is something else going on?

**Figure 6. Workplace Improvement**



### Employee Coping Mechanism

"My team members are great, and we support each other when the boss is on a rampage."

"Work-life balance isn't exactly 'balanced.' I often work extra hours and weekends to meet deadlines of multiple tasks. While I may not agree with it, it is perceived that this is normal behavior throughout the firm. However, **the work I'm doing has felt rewarding.**"

"**The entry level employees keep a positive attitude** despite efforts of our direct management to disrupt the workplace with negativity and drama."

## THEORY #2: EMPLOYEE COPING MECHANISM

Adam Grant, Associate Professor at The Wharton School at the University of Pennsylvania, suggested that these positive shifts may be the product of employees' coping strategies. As the functional drivers remain steady, or worsen, employees may need to find a reason to be motivated and engaged. Finding the good in emotional factors is one way to remain engaged in spite of the reduction in functional motivators. In the face of change and uncertainty many employees may have chosen to self-motivate by finding emotional fulfillment rather than depending on physical rewards to keep them excited about their work.

An array of post-decisional studies show the astounding ability humans have to find evidence that the choice they made was good, avoiding cognitive dissonance at all costs. For example, subjects across studies who were asked to choose between photos<sup>9</sup> or employers<sup>10</sup> always reported increased satisfaction after they have made their final decision.

In 1978, Gerald R. Salancik and Jeffrey Pfeffer already correctly predicted the outcomes of our 2011 study. Their hypothesis was that the ideal condition for worker satisfaction is when an employee is given several options (as in 2007 when the economy was strong) and then, once committed, these options go away (in 2011 when the job market is slim). Summarizing with the following:

*"For a person to be committed to his or her job, it is better that he or she choose from a large number of alternatives. This forecloses the possibility that the person can explain his or her behavior by the external constraint of a lack of options. But once in the situation, it is better for the person to perceive few options, so that he or she is forced to come to terms with the present environment."*

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And it would appear that this is precisely what the 2011 employee has done. Finding themselves with limited job options, they looked toward emotional factors to prove that their choice, made in more opportune times, was the correct one.

## THEORY #3: REAL IMPROVEMENTS IN COMPANY PERFORMANCE

Another theory is that the companies that are emerging from the Great Recession are simply better. Some might say that the reductions in force that most organizations have undertaken in recent years rid them of their most disengaged workers – thus raising the Employee Engagement bar.

If that were true, however, the proportion of Actively Disengaged employees in our study (see

### Understanding Employee Engagement Drivers

Functional (Extrinsic) drivers are:

1. Resources
2. Rewards

Emotional (Intrinsic) drivers are:

3. Recognition
4. Customer Focus
5. Fun
6. Growth
7. Trust
8. Purpose

For full description of drivers, refer to Appendix I

### Improvements in Company Performance

"They **keep our company moving in the right direction** in this time of economic uncertainty."

"We have a new CEO who is **very dynamic and inspirational**. The values he carries permeate the entire organization because of the ability to communicate to all employees."

"The corporate values align with **my own values** and we are heading toward a future that I am very much interested in being a part of."

Figure 2: Employee Engagement Segments (2007 versus 2011)) would have been reduced; as noted earlier, this proportion has not changed in four years. Rather, the ambivalent group in the middle is moving up the Engagement spectrum.

So, maybe, just maybe, the economic downturn resulted in a clean-up of corporate America. Perhaps the weakest organizations, those that didn't understand or couldn't learn that employees are an asset not a cost, were weeded out. If that is the case, then the universe of organizations in our study is simply better than that in 2007.

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Lending support to this theory are the higher ratings we see for Company Reputation. One of the absolute highest ratings and largest improvement areas across the entire data set is employees' views of their company's reputation in the industry. **Today 8 out of 10 employees say their organization has a great reputation**; ten percentage points higher than the proportion seen in 2007.

### IN SUMMARY

The root cause of all of these improvements is likely multi-faceted. External and historical perspectives alongside real and imagined improvements in the emotional elements of the work experience blend to influence higher levels of Employee Engagement, motivation, and drive. The question remains, therefore, if these changes can occur with little or no effort, is a focus on Employee Engagement still relevant?

## WHY EMPLOYEE ENGAGEMENT STILL MATTERS

Despite the fact that corporate austerity meant the end of Employee Engagement budgets within many companies, Engagement still went up. Perhaps this means investing in Employee Engagement is an outmoded strategy. Maybe leaders should welcome this perfect storm of a struggling economic environment and the 21st century workers' faculty for self-motivation and sit back and watch productivity and performance rise?

From our perspective, there are several problems with that approach:

**1. It has been established that there is a strong relationship between Employee Engagement and business outcomes.** Studies have shown that firms with high numbers of engaged employees increase earnings <sup>11</sup>. Engaged employees are more committed and put forth more effort <sup>12</sup> and Disengagement is an expensive problem to fix <sup>13</sup>. Engagement is a KPI that leading organiza-

tions continue to track and report on in the same way as operational, financial, and customer measures. Those companies that cease to track Employee Engagement will leave managers to focus solely on the things that are being measured, and companies will be left vulnerable.

**2. While movements in Engagement have been positive, there is still significant room for improvement.** This paper has concentrated on the positive shifts over time but it is still important to note the following:

“Once we return to the sunlit uplands of buoyant economic growth, probably in two-to-three year’s time, the need for change will seem far less important if history is anything to go by. But such a recovery will be short-lived, unbalanced and below potential at best, unless a broader and less shortterm perspective is taken.”

(“A Thousand Days to Reinvent Capitalism,” by Jack Springman, HBR, July 6, 2011)

- **Six out of ten employees are not Engaged** today and only one out of every eight is Fully Engaged
- **Nearly half (45%) still don’t agree that leaders take the necessary actions to drive the business forward**, and 60% don’t agree that leaders consider the impact of the decisions they make on employees
- While people are having more “fun” at work, **just shy of half (46%) say that work is no fun**. The fun driver refers to the coworker dimension of Engagement – team spirit, collaboration, and a fair and fun working environment. In 2007, fun was a key driver in employee’s engagement, and employers should expect that as the job market improves, people will again be looking for their jobs to nurture a social environment
- Many more employees feel they have ample opportunity to learn and grow at work in 2011 than they did in 2007, which may be a product of fewer resources requiring employees to do more, be challenged more, and grow more as a result. But despite the increase, **43% still feel there is room for improvement in this area**

**3. This would mean abdicating control.** Leading companies understand that they cannot sit back and enjoy these high levels of Employee Engagement without focusing more on the employee experience.

We predict the return of Employee Engagement to boardroom agendas and a renewed energy directed towards the employee experience. With this in mind, we dug deeper into our data to look for simple strategies companies can employ to drive higher levels of Employee Engagement, and we uncovered something quite unexpected.

# RECOMMENDATIONS FOR DRIVING EMPLOYEE ENGAGEMENT

## THE SERVICE-PROFIT-CHAIN

Ever since James Heskitt’s seminal work published in the *Harvard Business Review* in 1994 entitled “Putting the Service-Profit-Chain to Work,” people have widely accepted the linear relationship that exists between satisfied employees, loyal customers, and business results. The theory goes: happy employees make happy customers which make happy shareholders.

The data from this study has revealed that the relationship may not be as linear as we had once assumed. **Employees working for customer-centric organizations are significantly more engaged than those working in “company-centric” organizations.**



Figure 7. Customer-centric Practices and Employee Behavior

## THE NEW SERVICE-PROFIT-CHAIN

While all companies will say they care about their customers, in our study, we asked employees to tell us about the customer-focused practices employed in their workplace. We then looked at how employees in these two groups (those working for company-centric versus customer-centric companies) rated their work experience and, in particular, how engaged they were with their employers. The differences between the two groups are dramatic (see Figure 7 & 8).

- **Two-thirds of employees working at customer-centric companies are Engaged**, and one in four are Fully Engaged

- Contrast this with just 22% of employees in company-centric companies who are considered engaged, and just 4% who are Fully Engaged

Furthermore, 2 to 2.5 times as many employees in customer-centric organizations (compared to company-centric companies) say that:

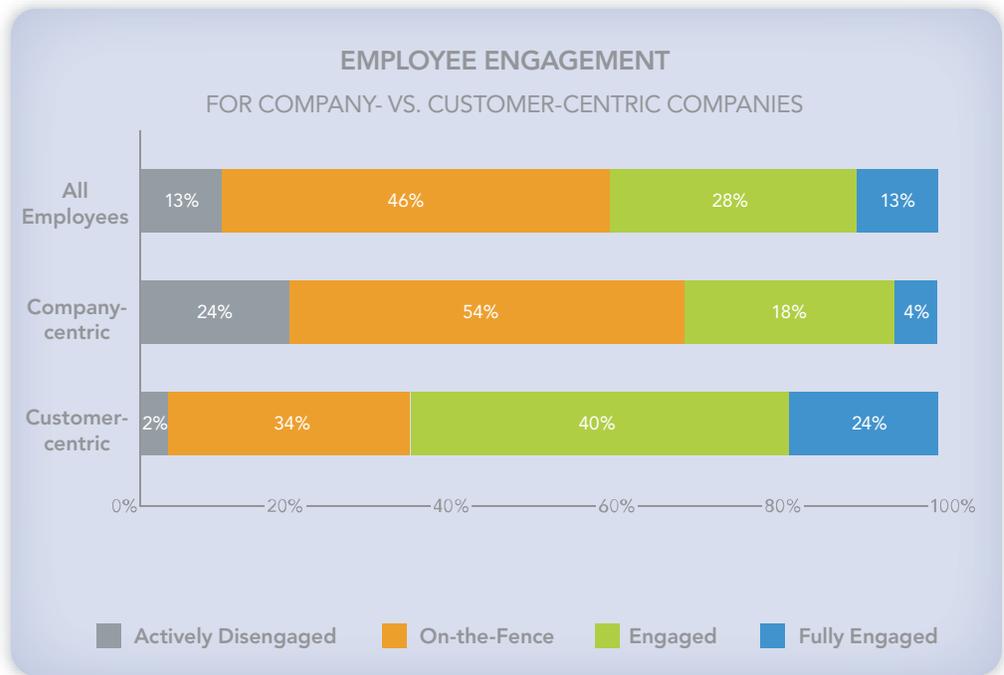
Employees working for customer-centric organizations are significantly more engaged than those working in “company-centric” organizations

- a) It would take a lot to get them to leave their current employer
- b) They are motivated by the work environment to give extra effort
- c) They recommend their company as a great place to work
- d) They love their company or organization

Every company has a brand promise, a statement about how their work changes customers’ lives. This is the purpose of the work that all employees do. You may recall the top of PeopleMetrics Employee Engagement pyramid discussed earlier in this paper (see Figure 4). Purpose and meaningful work sit at the pinnacle. By mapping customer experience back to employees’ day to day work, leaders are effectively infusing all work with clear purpose.

Additionally, our research found one customer-centric practice to be particularly impactful – that of sharing customer feedback with employees. Across industries, including the lowest performing sector, Retail, employees who are told when they have done a good job serving customers are 1.5 times as likely to agree “I get a sense of purpose from my work” (80% vs. 54% agree to feeling purpose, respectively).

“That is our motto and we spend time and money on client feedback to make sure we are doing the best we can. We implement changes to make sure excellent service is delivered.”



**Figure 8. Impact of Customer-centric Practices on Employee Engagement**

**The Impact of Customer Focus on Employee Engagement**

“I love interacting with guests and teaching my clients. I always strive to be the best employee I can be and I love what I do.”

“Positive customer feedback gives me a sense of satisfaction that I am providing the service they deserve.”

“I have a very strong commitment to excellent customer service, internally and externally. Every day on my job I get to exercise that commitment...”

We know a boost to sense of purpose at work drives overall Employee Engagement upwards. Employees who receive recognition from customers are 4.5 times as likely to be engaged compared to those who do not receive this feedback (55% Engaged vs. just 12%, respectively).

For years the relationship between Employee and Customer Engagement has been considered one-directional: focus on employees and they'll focus on your customers. **The PeopleMetrics Employee Engagement Trends Report shows that companies that adopt the right practices for the customer will have an added benefit of improving Employee Engagement as well.**

**Understanding “Customer-centric” vs. “Company-centric”**

**Customer-centric Company:** One that exhibits all of the following characteristics:

- Customers are:
- Part of the mission
  - Highly loyal
  - Invited to give feedback

- Employees are:
- Empowered to handle customer issues
  - Invited to give ideas on the customer experience
  - Provided customer feedback
  - Told when they have done a good job serving customers.

**Company-centric Company:** one that does not exhibit all of these characteristics or fails to do so with the same level of consistency.

*Note: The parameters used in this definition are employee defined.*

# CONCLUSIONS AND FINAL RECOMMENDATIONS

As employees continue to seek out the “bright side,” find meaning in their work, and choose to trust their employers, companies will continue to enjoy an engaged and motivated workforce as the economy stabilizes. But it also should not be taken for granted. Based on our findings in this report we offer these final recommendations:

## **1. Continue to check the pulse of Employee Engagement**

Employee Engagement continues to show a strong correlation to business outcomes. Failing to continue to track Employee Engagement will mean that companies will lose control over this vital ingredient for business success. And, as things improve as they surely will, the companies that have continued to invest in engaging their employees will emerge the strongest.

## **2. Find ways to bring fun back into the workplace**

In 2007, “fun” was an important driver of Engagement. In 2011, this is even truer, and a strong correlation between fun and purpose at work has been uncovered. Employers who start encouraging fun in the workplace now will be ahead of the curve and likely find their employees are less apt to leave when the market improves.

## **3. Use customer feedback to drive Employee Engagement**

Share the results of customer feedback surveys with front line employees to directly tie the results of their work to the customer experience thereby giving their work greater meaning.

## **4. Recognize employees who go above and beyond**

Use customer feedback surveys to systematically recognize employees who go the extra mile for customers. Additionally, implement an internal kudos system to recognize internal employees who go above and beyond for the good of their colleagues.

## **5. Empower your employees to solve your customers’ problems**

Give your employees the authority to interact with customers and clients as real people, to empathize and work out personalized solutions rather than protocol fixes. Customers quickly grow impatient with businesses that are difficult to do business with. And allowing your employees to solve problems doesn’t just make for happier customers – it makes for more Engaged employees.

# APPENDIX I: ABOUT THE STUDY

## METHODOLOGY

In May 2011, PeopleMetrics conducted its second national study of Employee Engagement trends. Our goal was to measure shifts in Employee Engagement levels since our first U.S. study conducted in 2007. Resulting data were proportionally balanced to income, age, gender, race/ethnicity, and income and are representative of the U.S. workforce across the following six sectors: Banking/Financial Services, Business/Professional Services, Health Services/Pharmaceuticals, Hospitality & Travel, Manufacturing, and Retail.

Partnering with eRewards, a nationally representative online panel, we surveyed more than 2,500 U.S. workers about their levels of Engagement and work experiences.

An Employee Engagement Index was calculated overall and by sector and compared to the same measure in 2007.

Employee Engagement is measured as the proportion of employees who agree or strongly agree (on a 5-point agreement scale) to the following four questions:

- **Retention:** "It would take a lot to get me to leave the organization I work for"
- **Effort:** "Being part of my organization motivates me to go beyond what is expected"
- **Advocacy:** "I recommend my organization as a great place to work"
- **Passion:** "I love my company/organization"

# APPENDIX II: DEFINING THE EMPLOYEE ENGAGEMENT DRIVERS

## EMOTIONAL (INTRINSIC) DRIVERS

**Purpose** Major constituents of this driver relate to the work itself and include the right environment and space to make positive contributions; sense of purpose; challenge and enjoyment; empowered decision making; the opportunity to apply talents and skills; and finally, being able to meet the needs of internal or external customers.

**Trust** This second highest impact factor relates largely to leadership in the organization. Specifically, questions refer to the expectations and belief in leadership's ability to successfully take the organization forward. We found that Engagement is driven by a perception that leaders are capable of driving the organization in the right direction. In addition, the accessibility of leaders and their interest and willingness to access employee input play a key role.

**Growth** Career development issues come into play when explaining this factor. The analysis revealed the following issues under the factor: learning and development so that skills and competencies don't become obsolete, fair competition for advancement within the organization, and appropriate feedback mechanisms.

**Fun** This driver underscores the importance of the coworker dimension in the Engagement equation. Elements measured here are support from coworkers, esprit-de-corps, working as a cohesive unit across the organization, and a fair and fun environment.

**Customer Focus** Incorporated in this emotional driver was the shared ethos of delighting both internal and external customers and the reputation of the organization in the industry and the area. This is related to cross-departmental collaboration and internal and external pride in the organization.

**Recognition** The emotional aspects of manager relationships are subsumed under this factor. Specifically, recognition and acknowledgement of contributions to the organization and its success, as well as communication of expectations and feedback on work and performance, are all related to this factor.

## FUNCTIONAL (EXTRINSIC) DRIVERS

**Resources** This factor incorporates the resources required to effectively perform work and include adequate information, tools, technology, and the people to be successful.

**Rewards** Elements related to the total rewards package constitute this functional driver of Engagement, including work/life balance, pay, and benefits.

# FOOTNOTES

<sup>1</sup> Latest Numbers, Bureau of Labor Statistics, <<http://www.bls.gov/>>, date accessed 15 July 2011.

<sup>2</sup> Christopher Chantrill, Total Budgeted Government Spending Expenditure GDP, US Government Spending, <<http://www.usgovernmentspending.com/>>, date accessed 29 June 2011.

<sup>3</sup> World at Work, "Salary Budget Surveys," World at Work Salary Budget Survey [web site], (2008 – 2011) <<http://www.worldatwork.org/waw/Content/research/html/salariesurvey-home.jsp/>> date accessed 19 July 2011.

<sup>4</sup> Towers Watson, "2010 Health Care Cost Survey," (2010) <[http://www.towerswatson.com/assets/pdf/1265/2010\\_HCCS.pdf/](http://www.towerswatson.com/assets/pdf/1265/2010_HCCS.pdf/)>, date accessed 18 July 2010.

<sup>5</sup> Julianne Pepitone, "U.S. job satisfaction hits 22-year low," CNN Money [web page] (2010) <[http://money.cnn.com/2010/01/05/news/economy/job\\_satisfaction\\_report/](http://money.cnn.com/2010/01/05/news/economy/job_satisfaction_report/)>, date accessed 18 July 2010.

<sup>6</sup> Kevin Ohannessian, "American Employees are Staying Put," Fast Company [web page] (2011) <<http://www.fastcompany.com/1755315/corporate-executive-board-employee-engagement/>>, date accessed 18 July 2011.

<sup>7</sup> "Dan Pink on the surprising science of motivation," [online video], (2009) <[http://www.ted.com/talks/dan\\_pink\\_on\\_motivation.html/](http://www.ted.com/talks/dan_pink_on_motivation.html/)>, accessed July 18 2011.

<sup>8</sup> Question wording for Customer Focus in 2007 and 2011 varies. 2007: "The norm at my organization is to delight external customers (i.e., individuals or entities outside your organization that have expectations of you and your work." 2011: "My organization is committed to delivering exceptional service to our customers"

<sup>9</sup> T. Gilbert and Jane E. J. Egbert, "Decisions and Revisions: The Affective Forecasting of Changeable Outcomes," *Journal of Personality and Social Psychology* [online journal], Vol. 82, No. 4, 503-514 <<http://www.csom.umn.edu/assets/72208.pdf/>>, date accessed 18 July 2011.

<sup>10</sup> Vroom and Deci, cited in Gerald R. Salancik; Jeffrey Pfeffer, "A Social Processing Approach to Job Attitudes and Task Design," *Administrative Science Quarterly*, Vol. 23, No. 2 (1978), 224-253.

<sup>11</sup> Towers Perrin, "Towers Perrin study finds career development opportunities, leadership, and work/life balance are key to attract, retain and engage Hong Kong workforce," (Hong Kong, 2007).

<sup>12</sup> Staff of the Corporate Executive Board, "The Role of Employee Engagement in the Return to Growth," Bloomberg Business Week [webpage] (2010) < [http://www.businessweek.com/managing/content/aug2010/ca20100813\\_586946.htm/](http://www.businessweek.com/managing/content/aug2010/ca20100813_586946.htm/)>, accessed 18 July 2011.

<sup>13</sup> Gallup, "Gallup Study: Engaged Employees Inspire Company Innovation," Gallup Management Journal [webpage] (2006) <<http://gmj.gallup.com/content/24880/Gallup-Study-Engaged-Employees-Inspire-Company.aspx/>>, date accessed 18 July 2011.