Ten steps to creating an engaged workforce

Key European Findings

Towers Perrin Global Workforce Study
Employees today are more informed, aware and demanding about workplace issues than ever before. They want different things from their employer at different stages of their employment lifecycle. When it comes to choosing a job, people across Europe have remarkably similar needs, in the form of adequate compensation, work/life balance and career development. Employees now understand that it is the value of individual contribution that brings job security, not seniority or tenure. But the much talked-about job mobility is more a concept than a reality. Although many people are open to job offers, the numbers of staff planning to move is relatively small. Self-determination is important since employees do not think that senior leaders have their best interests at heart.

So staff want the chance to build their skills and therefore employability. They are generally negative about their employment deal, especially about the lack of fairness and transparency of remuneration. Even so, highly-engaged employees are positive they can help control costs, build customer satisfaction and boost turnover.

The ultimate prize awaiting the organisation that harnesses employee engagement is significantly better business performance.
THE EUROPEAN CONTEXT

Technology, globalisation, demographics and a host of other factors have forever changed the way that businesses operate and create value for their shareholders, customers, employees and other stakeholders. New markets and businesses are being created daily, while mature businesses the world over are increasingly struggling to survive in the face of intensifying global competition, extreme cost pressures and shifting customer expectations. In an environment in which innovation, speed to market, operational excellence and superior customer focus increasingly drive business success, leading companies now recognise that how they recruit, deploy and motivate their employees has never been more important. We are witnessing an era for business around the world in which engaging employees makes the difference between success and failure.

* Countries with less than 1,000 participants were not included in the retention and engagement analysis
NEW, UNIQUE RESEARCH FROM TOWERS PERRIN

Towers Perrin’s Global Workforce Study, conducted in 2005, represents an ambitious new effort to help global organisations meet this challenge by providing new insights into what drives the global workforce.

The study surveyed more than 86,000 workers in 16 countries on four continents: Asia, Europe, North America and South America. The participants were employed full-time in medium sized and larger organisations. The sample was a statistically valid cross-section of the corporate workforce in the countries studied, and results were weighted to form representative European and global results. The responses, which form the basis of this study, have important messages for all organisations.

This European report seeks to understand how employees in Europe feel, put the results in context of the global picture, and to highlight differences and similarities from country to country. The eight European countries included are: Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain and the UK.

We set out to pinpoint the factors that truly influence employees’ motivation, commitment to their employers and desire to achieve at work. We looked at tangible and intangible facets from compensation and benefits to intangibles like leadership, day-to-day management and organisational culture. The results confirm a shift at the heart of the ‘employee-employer deal,’ signalling the end of much of the conventional, 20th century wisdom about workforce management. The research results are compelling, both on a country-by-country basis and also from a regional perspective.

The things that attract people to a job are not the same as the elements that engage them and persuade them to perform consistently well. The factors that influence decisions to change jobs differ from both.

Employers seeking to gain competitive edge through their people will have some of their instincts confirmed by our findings, while adding to their knowledge about the complex attitudes and preferences of Europeans in the workplace. Every organisation is unique and requires its own customised approach. We hope this report provides some practical, actionable ideas that will influence the direction of companies’ business, people and rewards strategies in the years to come.
1: TODAY’S WORKFORCE IS WILLING, BUT WARY
Overall, only 11% of employees in Europe can be considered ‘highly engaged’ today, while the disengaged is 22%. The level remaining ‘massive middle’ of 67% of employees can be described as moderately engaged.

- Employees feel personally motivated to help their organisation be successful and to put in a great deal of effort beyond the normal expectation, but most don’t feel inspired by their organisation to do their best work or that senior managers are interested in them.

- Within Europe there are considerable variations in levels of engagement. For example, Belgian employees are more than twice as likely to be highly engaged than Italian employees. Performance of the national economy does not seem to be a factor either in Europe or elsewhere, as the results from the fast-growing economies in Asia confirm (see Table 1). Engagement is driven by an employee’s immediate experience of his/her organisation, within the wider context of national concerns (such as employment, welfare and culture) in their country. Employees are increasingly driven by personal motivation, rather than inspired by their organisation.

- There is a clear distinction between rational and emotional factors of engagement. Consistently across Europe, employees understand the role of their unit and how their performance helps the organisation’s overall aims. They claim to be motivated and willing to work hard. But they are noticeably less favourable when it comes to pride in the organisation, willingness to recommend it to a friend as a good employer, and deriving a sense of personal accomplishment. Organisations appear to have mastered the processes that lead to effective management, but the personal aspects of managing people are less successful. As such, this presents a directly controllable avenue to enthuse moderately engaged employees.

- Engagement matters because highly engaged employees produce better results and remain with their organisation. Most believe they can have an impact on the quality of their work product and on external customer service. Not only can this category of employee have an effect on the costs of their immediate unit, most also feel they can make a difference to the overall profitability of the whole organisation. Perhaps the most crucial factor is that half of all highly engaged employees believe they can have an impact on revenue growth.
Put together, highly engaged employees offer the prize of better business performance and, through lower staff turnover, the means to sustain it. But simply understanding the levels of engagement is not enough to address the issue.

The factors that build or destroy employee engagement are driven by the unique situation in each organisation. The combination of actions needed to boost engagement, therefore, is likely to be equally individual.

<table>
<thead>
<tr>
<th></th>
<th>Highly engaged (%)</th>
<th>Moderately engaged (%)</th>
<th>Disengaged (%)</th>
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<tbody>
<tr>
<td><strong>Global</strong></td>
<td></td>
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<tr>
<td>All Europe</td>
<td>11</td>
<td>67</td>
<td>22</td>
</tr>
<tr>
<td>Belgium</td>
<td>18</td>
<td>67</td>
<td>15</td>
</tr>
<tr>
<td>France</td>
<td>9</td>
<td>68</td>
<td>23</td>
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<tr>
<td>Germany</td>
<td>15</td>
<td>70</td>
<td>15</td>
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<tr>
<td>Ireland</td>
<td>15</td>
<td>70</td>
<td>15</td>
</tr>
<tr>
<td>Italy</td>
<td>7</td>
<td>64</td>
<td>29</td>
</tr>
<tr>
<td>Netherlands</td>
<td>8</td>
<td>73</td>
<td>19</td>
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<tr>
<td>Spain</td>
<td>11</td>
<td>64</td>
<td>25</td>
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<tr>
<td>United Kingdom</td>
<td>12</td>
<td>65</td>
<td>23</td>
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<tr>
<td><strong>Latin America</strong></td>
<td></td>
<td></td>
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<tr>
<td>Brazil</td>
<td>31</td>
<td>62</td>
<td>7</td>
</tr>
<tr>
<td>Mexico</td>
<td>40</td>
<td>51</td>
<td>9</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>17</td>
<td>66</td>
<td>17</td>
</tr>
<tr>
<td>United States</td>
<td>21</td>
<td>63</td>
<td>16</td>
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</tbody>
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**TABLE 1: Employee engagement levels by country**

**QUESTIONS TO CONSIDER**

- What is the current state of engagement in your workforce?
- What is your desired state of employee engagement?
- Is high engagement necessary for your workforce at large?
- Are there parts of your organisation where high engagement is more or most critical?
Employee engagement is not a measure of ‘happiness’ or ‘satisfaction’. An engaged employee is one who is willing and able to contribute to company success. Put another way, engagement is the extent to which employees put discretionary effort into their work, beyond the required minimum to get the job done, in the form of extra time, brainpower or energy.

Rather than rely on questions regarding satisfaction or happiness, we developed a standardised test, made up of nine predictive statements, both rational and emotional. Scores across all nine items together describe whether an employee is engaged, and to what extent. The table below shows the nine statements, grouped into rational and emotional factors, and indicates the level to which respondents agreed.

**Nine factors that describe a highly engaged employee**

<table>
<thead>
<tr>
<th>RATIONAL FACTORS</th>
<th>EMOTIONAL FACTORS</th>
<th>European results favourable %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand how my unit/department contributes to the success of my organisation</td>
<td>I really care about the future of my organisation</td>
<td>76%</td>
</tr>
<tr>
<td>I am personally motivated to help my organisation be successful</td>
<td>I am proud to tell others I work for my organisation</td>
<td>69%</td>
</tr>
<tr>
<td>I am willing to put in a great deal of effort beyond what is normally expected to help my organisation succeed</td>
<td>My job provides me with a sense of personal accomplishment</td>
<td>67%</td>
</tr>
<tr>
<td>I understand how my role in my organisation is related to my organisation’s overall goals, objectives and direction</td>
<td>I would recommend my organisation to a friend as a good place to work</td>
<td>67%</td>
</tr>
</tbody>
</table>

**UNDERSTANDING EMPLOYEE ENGAGEMENT**
2: BARRIERS TO EMPLOYEE PERFORMANCE

Notably, less than half of all our respondents across Europe (46%) believe their organisation inspires them to do their best work, and only 28% of employees across Europe feel that senior managers understand the issues that they face in their day-to-day work.

■ Throughout the data, across all countries, employees appear to be interested in doing better; interested in contributing more; interested in learning and growing; and having a more direct impact on business results.

■ At the same time, their responses point to dozens of organisational barriers preventing them from fulfilling their potential. Some of the larger hurdles, such as creating a culture of transparency and accountability, are difficult to overcome. Others, such as sharing details of the organisation’s growth plan and explaining the reasons for major business decisions, are easier to address if leaders have the appetite to change how they operate.

Employees are realistic about pay in general and have an accurate view about how their base pay compares with other organisations. Employees are more concerned with fairness and equity than with levels of pay. As we see in Figure 1, only 27% of respondents believe that the criteria for determining salary and wage levels are fair and consistent at their organisation.

■ The principle barrier is senior management itself: even though it is the top influence in engaging employees, just 28% of employees believe that senior managers are sincerely interested in employee satisfaction.

Figure 1 below shows the top ten conditions in descending order of importance that, according to European employees, would encourage them to put in more discretionary effort, and separately how highly they rate their organisation.

FIGURE 1: Workplace conditions that drive engagement

<table>
<thead>
<tr>
<th>Condition</th>
<th>Favourable (%)</th>
<th>Mixed (%)</th>
<th>Unfavourable (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Senior management interest in employee well-being</td>
<td>28%</td>
<td>30%</td>
<td>42%</td>
</tr>
<tr>
<td>2. Improved my skills and capabilities over the last year</td>
<td>71%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>3. Input into decision-making in my department</td>
<td>60%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>4. Reputation of the organisation as a good employer</td>
<td>50%</td>
<td>32%</td>
<td>18%</td>
</tr>
<tr>
<td>5. Appropriate amount of decision-making authority to do my job well</td>
<td>82%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>6. Salary criteria are fair and consistent</td>
<td>29%</td>
<td>29%</td>
<td>44%</td>
</tr>
<tr>
<td>7. Senior management acts to ensure the organisation’s long-term success</td>
<td>50%</td>
<td>38%</td>
<td>20%</td>
</tr>
<tr>
<td>8. Opportunities to learn and develop new skills</td>
<td>51%</td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>9. Good collaboration across units</td>
<td>61%</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td>10. My manager inspires enthusiasm for work</td>
<td>37%</td>
<td>30%</td>
<td>33%</td>
</tr>
</tbody>
</table>

These are the top ten factors that drive employee engagement in Europe, listed in descending order of importance.

These drivers are derived through statistical analysis of key workplace attributes.

The graph shows what is important to employee engagement and how they ‘score’ these elements for their current employers.

1. Are there structural barriers to high performance in your organisation?
2. Are your variable pay programmes supporting or preventing high performance?
3. How would your employees rate your organisation on these top ten drivers of engagement?
Only 28% of today’s workforce believe that their senior management has a sincere interest in the satisfaction and well-being of employees

3: EMPLOYEE CONFIDENCE IN SENIOR LEADERS IS SHAKY

In Europe, the single strongest influence on employee engagement is the belief that senior management has a sincere interest in the satisfaction and well-being of employees. For most employees, leadership in the workplace is the key to their interest, their passion and their involvement. By leadership, we mean both the effect of senior management and the influence of line managers. The good news is that employees are still hugely interested in senior leadership and are looking for guidance, direction, vision and clarity. The bad news is that they believe senior leaders are not interested in them and do not necessarily act in the best interests of business.

- Sixty-five per cent of European employees think their organisation cares about customer satisfaction, only half of our respondents (50%) believe that senior management is acting in the best interest of customers.

- Perhaps the most telling indictment is that just half believe that senior management is taking steps to ensure the long-term success of their organisations. Even fewer (40%) believe that senior management has communicated a vision for long-term success.

QUESTIONS TO CONSIDER

- How much more of your business plans are you able to share with employees?
- How often are leaders frustrated that people don’t seem to ‘get’ what the business plan needs from them?
- Has senior management become distanced from customer needs?
- Are there channels for dialogue between employees and management, focusing on what customers need and what employees believe is needed?
- Has the focus on operational efficiency and the pace of change in the past few years dampened the climate for employee input into growth strategies?

- Other charges laid at the door of senior managers are that they:
  - don’t support new ideas and ways of doing things
  - act in ways inconsistent with the organisation’s values
  - don’t make an effort to be visible and accessible to employees
  - don’t communicate effectively the reasons for business decisions
  - are unaware of the concerns employees face in their day-to-day work
  - don’t communicate openly and honestly with employees.

- One factor that directly drives employee engagement in many countries is senior management interest in employee well-being. Across Europe only 28% of today’s workforce believe that their senior management has a sincere interest in the satisfaction and well-being of employees, with just 25% reporting that the organisation helps employees balance their work and personal life.
4: EMPLOYEES EXPECT AND OFFER MORE ACCOUNTABILITY

Two factors – input in decision-making and sufficient decision-making authority to do one’s job well – are critical in many countries in the survey. In France and Germany, the desire for appropriate decision-making authority has a direct effect on retention – it is the second most important factor influencing employee decisions to stay or go. In several countries, including France, Germany and Spain, this factor is a ‘top 5’ factor influencing employee engagement.

Similarly, in the Netherlands the opportunity to provide input into departmental decisions is paramount to engaging employees. Other countries where this factor is especially important include Italy and the United Kingdom.

A powerful message emerges about the accountability that employees expect of their leaders. Concerns over how leaders communicate, including their willingness to share information, are pervasive with the result that basic business values and ethics are being called into question.

A majority of employees in all European countries believe that senior management acts in a way inconsistent with the organisation’s values. The problem is seen to be especially acute in Italy and Spain.

Lack of effective internal communication in two important areas (a long-term vision; reasons for decisions) is matched by a further concern that senior managers do not communicate well with external stakeholders, such as customers, shareholders and regulators. Around a third of employees feel they are kept informed about how the organisation is performing financially. Just 27% of European employees feel that senior managers communicate openly and honestly with them.

Of concern is that only 39% of employees rated their senior management as good or excellent in acting ethically in all business dealings.

Also worth noting is that just half of our respondents (54%) believe they can openly express their views within their organisations.

QUESTIONS TO CONSIDER

■ Are your managers managing performance effectively?
■ Are leaders at all levels held accountable for their performance and behaviour, or are they excused by virtue of technical proficiency?
■ Is your organisation built around openness and accountability, or are people afraid to discuss concerns or learn from past mistakes?
■ Are performance goals and criteria seamlessly aligned from top to bottom?
■ Are jobs structured to allow employee involvement to decision-making?
■ Are the controls intended to mitigate risk unwittingly preventing or discouraging employee contributions?
5: JOB MOBILITY IS MORE A CONCEPT THAN REALITY

As the economies of Europe improve, employees grow more confident about finding a job elsewhere. Staff who don’t see the rewards they expect, both monetary and personal development, see less reason to stay with an employer. More of them than ever claim to be looking for a change. Note, however, that putting intention into practice does not always follow, since most job moves are opportunistic. Equally, almost any individual can be persuaded to move if the conditions are right.

- Fifteen per cent of the European workforce is actively looking for a new job or has plans in hand to leave their current job. Another 7% are planning to retire soon. Forty-one per cent are passive job seekers – open to offers. Only 37% of our respondents in Europe currently have no plans to leave. These levels are broadly consistent with the global picture.

- Belgium, with the most highly engaged workforce in Europe, has the lowest number of respondents (10%) intending to leave their organisation. Similarly, in Germany, where employees are also relatively engaged, 52% report that they have no plans to change jobs – the most stable workforce in Europe.

- The most mobile employees are in UK and Ireland – 22% and 18% respectively have plans or intentions to move – but this is out of step with levels of engagement in those countries.

- The biggest switch over the last two years has taken place in France, where the levels of those with no plans to move has dropped from 42% to 31%.

- The good news is that highly engaged employees are least likely to want to move on. Across Europe, just 3% of highly engaged employees intend to change organisation, compared to 11% of moderately engaged, and 35% among disengaged staff.

QUESTIONS TO CONSIDER

- Do your workforce projections indicate future talent gaps?
- How are poor performers managed, either ‘up’ or ‘out’?
- Are your best performers highly engaged, and therefore less likely to consider other offers?
- Does your staff retention/turnover analysis indicate that only poor performers leave voluntarily?
- Given the changes in workforce demographics, how will your current staff turnover rates influence your ability to grow?
6: MIDDLE MANAGERS NEED MORE ORGANISATIONAL SUPPORT TO DELIVER PERFORMANCE

There is an old adage that people ‘leave a manager, not a job’ (meaning it is line managers’ individual behaviour and actions, rather than organisational policies or strategies, that cause employees to leave companies), and this is evident in the results. Immediate managers, while rated more favourably than senior managers, emerge with a mixed report. European employees report that line managers are performing well in the process- or policy-based aspects of effective management, such as promoting teamwork, treating staff with trust and respect, delegation, setting goals, holding people accountable for them. Less successful are personal elements, including understanding what motivates them and crucially inspiring enthusiasm for work, which has the single, most powerful impact on engagement.

The relationship with a direct manager is critical for both engagement and also in managing retention. Many of the factors that influence employee engagement and retention are factors directly or indirectly within the manager’s control.

Unfortunately, managers appear to be looking at senior management’s vision and plan, they will not only fail to implement top-down strategies, but also will not be willing or able to engage their staff in making these plans work. It appears that middle management is being squeezed – they have less control over day-to-day activities, but more accountability to execute. Given the communications gap with senior leaders, employees are looking to their managers for inspiration and motivation. Their responses indicate that managers are not delivering.

The technical competence of managers is not in question. Only in Spain are employees citing manager ability to share valuable work experience or technical skills, as a retention factor. Everywhere, however, the so-called ‘soft skills’ – inspiring enthusiasm for work and above all, understanding what motivates individual direct reports – are widely cited by employees as critical. But managers are not meeting employee expectations.

With the advent of new manager self-service technologies, many of the more administrative people-management tasks, such as salary planning, are now centrally organised and supported. Managers have not taken advantage of this opportunity to develop and improve their ‘softer’ people-management skills.

No organisation can afford to neglect the role of managers. With flatter organisation hierarchies, fewer people now manage larger groups. It may be appropriate to incorporate new thinking on organisation structure, including new job definitions and career frameworks that address this role. In addition, organisations will wish to consider what training or assistance is needed to help improve the ‘softer’ management skills, as well as the manager role in setting and managing employee performance.

QUESTIONS TO CONSIDER

- Which managers consistently outperform other units? To what extent is this based on how successfully they deploy and manage their staff?
- Do staff turnover numbers by unit suggest that some managers are more successful than others in retaining their people?
- Are managerial promotions simply a reward for technical ability, or are managers selected on the basis of their ‘people management’ skills?
- Are there career paths in place for high performers who are not good prospective ‘people managers’?
- Can you afford to leave people management in the hands of managers who don’t have the training, interest or reward for this aspect of the job?
New technology allows a range of flexible working patterns

7: ATTRACTING TOMORROW’S LEADERS

Three consistent themes emerge in what it takes to attract employees to a new job: wealth creation, work/life balance, and development opportunities. Given the differences in both the job and labour markets in each European country, not to mention cultural variances, this consistency across countries is somewhat surprising. The list of ten most common attraction factors sheds light on some of the basic ‘must have’ components of a recruiting strategy. These basics are not sufficient alone, however. Today’s workforce have a lot more similarity in what they’re looking for when considering a new job than in what it takes to retain and engage them.

There is a strong appetite for acquiring skills and opportunities. Four of the top ten attraction factors globally relate to this employee need, starting with challenging work (see Figure 2). Jobs should provide variety and people want autonomy in how they perform their work. There is a strong theme of self-improvement. Employees are looking for opportunities for advancement, for learning and development, and even for high-calibre colleagues, which is important from a learning point of view. The reason we consider this the most important theme is that this desire for more skills also shows up as an important influencer of both retention and engagement.

Paradoxically, then, the second most important factor in Europe – and indeed around the world – is work/life balance. Employers are already experiencing the consequences of work/life imbalance in the form of increased absence, higher healthcare costs in some countries and higher turnover numbers as employees opt out of the formal work sector and look at alternative ways to find balance. That said, new technology allows a range of flexible working patterns and increasing numbers of organisations are prepared to have some of their employees working off-site.

As might be expected, competitive base pay and pay rises linked to individual performance are high on the list. Surprisingly, though, competitive retirement benefits and eligibility for short-term bonuses or long-term incentives are less of a pull. It seems that would-be employees seem to have a ‘show-me-the-money’ attitude – looking for rewards today, rather than promises tomorrow.
The variations from country to country are small, with the UK and Ireland the most notable. A desire for competitive pensions features in the UK’s top ten as a result of the wholesale shift from defined benefit to defined contribution pension plans. The UK also sees base pay as the star attraction, while for Ireland and Spain, work/life balance is the most important feature.

Unlike the global picture, the reputation of the organisation does not feature on the top ten list for Europe. The feature that does, understandably, is the financial health of the potential employer. The wooden spoon goes to coaching/mentoring. It is the least influential – though much vaunted – feature to prospective employees.

FIGURE 3: Features that attract potential staff in Europe

1. Challenging work 45%
2. Work/life balance 43%
3. Competitive base pay 39%
4. Career advancement opportunities 38%
5. Learning and development opportunities 37%
6. Salary increases linked to individual performance 31%
7. High level of autonomy 27%
8. Variety of work assignments 23%
9. Organisation’s financial health 22%
10. Calibre of co-workers 20%

QUESTIONS TO CONSIDER

- Have you mapped your business plan to determine future recruitment needs?
- Does your plan address local country demographics and changes in the supply of labour, whether skilled or unskilled?
- Does your current employee recruiting strategy reflect the three major themes of personal wealth creation, balance and opportunity?
- Do your policies support organisational health and allow work/life balance for those to whom it is important?
- Is your current approach to internal mobility successful in providing employees with greater opportunities, or are there structural/managerial barriers?
8: CUSTOMISED STRATEGIES ARE NEEDED TO RETAIN STAFF IN DIFFERENT COUNTRIES

An important message for multinationals is that when it comes to managing and rewarding people, the age of the one-size-fits-all approach is dead. While the top factors that attract staff are surprisingly consistent globally, the reverse is true of what it takes to hold onto employees in different countries.

The single most powerful factor encouraging staff to stay with an organisation is if other talented employees remain. If employees see the organisation’s best people leave, they too consider their position. Other important factors include having enough decision-making authority, access to learning opportunities and sufficient and fair financial rewards. The reputation of the organisation as a good employer is in itself a factor in encouraging retention.

Whereas half or more of European employees rate their organisation for autonomy and reputation favourably, they feel let down about all the other factors. The reasons employees stay, and how well their organisation performs against those criteria, varies significantly by country.

- In Italy, information about pay and performance reviews is important as is a non-stressful environment. In both respects, however, organisations are not favourably rated. Employees want to feel they can express their views openly – most do – but they speak of frustration with the major business decisions made by the organisation.

- Spanish employees look for learning and development opportunities (including their manager’s willingness to share technical skills) and point to a need to secure a work/life balance. They also mention wanting to see senior managers acting ethically in all business dealings.

- In France, employees look at the communication of career opportunities, financial rewards, and their manager inspiring enthusiasm for work.

- UK employees are concerned about personal management skills. They report that the overall quality of supervision and management understanding what motivates them as important factors for remaining with an organisation. Benefits and pension concerns are also a feature.

- Top factors for Netherlands employees are an appealing corporate culture and incentives linked to overall organisation performance, neither of which are highly rated in this survey.

- In Belgium, employees are concerned about the overall quality of supervision and the need to provide for retirement.

- German employees put communication of career opportunities as the top factor. They also mention the importance of an organisation health programme and the senior management being visible and accessible to employees.
QUESTIONS TO CONSIDER

■ Have you identified those segments of your workforce which need different approaches to retention and/or engagement?

■ Are your current strategies totally focused on today’s workforce, or do they also reflect future hiring needs?

■ For those that operate multi-nationally, does your workforce management strategy truly reflect the needs and attitudes of the local cultures, or are the practices of the headquarters/parent company dominant throughout, at the possible expense of optimising workforce engagement?

FIGURE 4: What keeps employees from leaving?

1. Organisation retains people with needed skills
   - 26% Favourable
   - 32% Mixed
   - 42% Unfavourable

2. Appropriate amount of decision-making authority to do my job well
   - 62% Favourable
   - 22% Mixed
   - 16% Unfavourable

3. My manager provides access to learning opportunities
   - 41% Favourable
   - 30% Mixed
   - 29% Unfavourable

4. Fairly compensated compared to others doing similar work in my organisation
   - 32% Favourable
   - 29% Mixed
   - 39% Unfavourable

5. Reputation of the organisation as a good employer
   - 50% Favourable
   - 32% Mixed
   - 18% Unfavourable

6. Ability to manage my work/personal life
   - 37% Favourable
   - 37% Mixed
   - 26% Unfavourable

7. Base pay
   - 22% Favourable
   - 48% Mixed
   - 30% Unfavourable

8. Organisation effectively communicates career opportunities
   - 28% Favourable
   - 31% Mixed
   - 41% Unfavourable

9. Salary criteria are fair and consistent
   - 27% Favourable
   - 29% Mixed
   - 44% Unfavourable

10. My manager inspires enthusiasm for work
    - 37% Favourable
    - 30% Mixed
    - 33% Unfavourable
Reputation as an employer is now number four on the list of factors that build engagement in Europe

9: ‘EMPLOYABILITY’ IS THE NEW LOYALTY
For years, employers have been telling workers that continued employment depends on value provided, rather than seniority or tenure. The result is increasing pressure on individuals to improve their skills and embrace life-long learning. Our survey confirms that employees today are well aware of this fact and are actively seeking learning opportunities, career advancement and ways to acquire new skills. At the same time, they recognise that they are responsible for seizing the opportunities offered.

■ On a European level, the second most powerful source of engagement is the belief that employees believe they have in the past year improved their skills and capabilities. Even the opportunity to develop and learn is in the top ten factors influencing European employees.

■ Across Europe (and in North America), the hierarchical landscape differs from the rest of the world. Organisations are flatter, which has helped to change the idea of a single career ladder in any one department or company. The growing interest in skill acquisition is probably driven more by the new reality of job mobility and the recognition that lower-skilled jobs are disappearing or less well-compensated in the high-labour-cost countries.

■ Interestingly, the thirst for knowledge, skills, challenge and opportunity is evident across all age groups, not just the younger workforce segments.

From the employer point of view, the desire for skills, opportunity and advancement is good for business – unless your organisation cannot deliver what is needed. Decisions on how to offer these to employees may make the difference between retaining and engaging the most talented people available in each market.

QUESTIONS TO CONSIDER
■ Does your talent strategy incorporate a defined approach to building skills?
■ Are the best opportunities limited to a handful of senior people, or is yours a ‘learning organisation’?
■ Is your current approach to training simply a centralised list of courses, or is the skills and opportunity mindset prevalent in how you operate generally?
10: ORGANISATIONAL REPUTATION HAS BECOME IMPORTANT TO EMPLOYEES

While we have always considered a company’s reputation as an employer to be important, it is surprising to see just how vital this has become to employees. Reputation as an employer is now number four on the list of factors that build engagement in Europe and 50% of employees rate favourably their organisation’s reputation as a good employer. Employees in Ireland (61%) and Germany (60%) are the most favourable toward their employer, while organisations in France (44%), Italy and the UK (both 46%) fail to impress.

The importance of a strong ‘employer brand’ shows up in other critical areas of the data. One notable indicator is the fact that only just over half of our respondents would recommend their organisation to a friend as a ‘good place to work.’ Again, Irish employees (64%) head the table, with Italians the least impressed (44%).

Reputation as a good employer emerges in a number of countries as one of the top ten features that attract new employees. In the UK, Ireland, Germany and the Netherlands over 20% of respondents list it as an important factor, roughly double the level in France and Spain. The same factor plays a part in retaining employees, with 50% of employees across Europe reporting that knowing their organisation is rated as a good employer encourages them to remain.

Understanding what shapes a strong ‘employer brand’ and makes one an ‘employer of choice’ is becoming more complicated with internationalisation, the pace at which companies change their core value propositions and the speed at which information (or rumours) can travel today. One common characteristic, this survey shows, would be the ability to develop talent and make employees more employable through skill development and other growth opportunities.

QUESTIONS TO CONSIDER

- What exactly is the status of your reputation as an employer?
- Are your workplace practices frequently cited as innovative?
- Do your employees often recommend the organisation to their friends?
- Is your employee referral system frequently used?
- How good are your relationships with organised employee groups such as unions, works councils, or employee representative committees?
- Are highly-publicised extreme situations (e.g., employee legal action) unusual or the norm?
- Do your customers comment on your workplace practices?

The big challenge, of course, is to understand what drives an employer’s reputation in different countries, where values differ greatly. One thing is certain, however, developing and implementing an employer brand strategy is moving from a ‘nice to do’ to being business-critical.

These ten key findings from our global data provide a clear sense of the nature and scale of change we will experience in the workforce in the years to come, based on the current perceptions of people across Europe. They are, however, by no means the end of the story. Every organisation is unique, and will have to explore the implications of the new workforce attitudes for their own growth. Managers and HR professionals must take account of the employment lifecycle, in which different factors come into play to attract, engage and retain employees.
This survey was conducted with a weighted base of 86,209 people in 16 countries, using an online survey questionnaire in the appropriate language for each country. The survey was conducted with individual employees directly, not via their employers, so that there was no particular bias regarding any one organisation. The survey limited participation to those employees working full-time in organisations with more than 250 employees. Aggregate numbers for the entire global survey are shown below. The sample was weighted in each continent to ensure statistical validity.

### PARTICIPANTS BY COUNTRY

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ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organisations around the world optimise performance through effective people, risk and financial management. The firm provides innovative solutions to client issues in the areas of human resource strategy, design and management; actuarial and management consulting to the financial services industry; and reinsurance intermediary services.

The firm has served large organisations in both the private and public sectors for 70 years. Our clients include three-quarters of the world’s 500 largest companies and three-quarters of the Fortune 1000 US companies.

Towers Perrin has offices in 25 countries.

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The HR Services business of Towers Perrin provides global human resource consulting and related services that help organisations effectively manage their investment in people. We offer our clients services in areas such as employee benefits, compensation, communication, change management, employee research and the delivery of HR services.

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