

2012 Trends in Global Employee Engagement



Trends in Global Employee Engagement

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Executive Summary

The road to recovery from the global recession is proving to be long, winding, and rocky. While some indicators are showing slow signs of improvement, the outlook for 2012 remains uncertain with forecasts for slow growth in North America and Northern Europe, continued trouble for Southern Europe, yet powerful growth in Asia, South America, and Africa.¹ The global recession has taken its toll on employees as pay freezes, benefit cuts, and layoffs permeate the workforce, making it more difficult to maintain high levels of engagement. Against this backdrop, it is more important than ever for employers to develop and maintain a highly engaged workforce.

Given the economic volatility we anticipate in 2012, employee engagement is critical—arguably more so than in more normal conditions. For large multinational employers operating in multiple regions, this means a one-size-fits-all strategy for engagement across the globe will not work. The employee engagement dynamics and resultant human capital interventions and outcomes may vary significantly depending on the industry or region of the model in which you operate. Regardless, one thing is certain—employees and their behavior are at the center of business success (or failure). Ensuring that employees invest discretionary effort in the right behaviors will be critical in delivering the business results needed in conditions of recession, stagnation, or rapid growth.

Engaged employees deliver better performance, which is critical for business success. They understand their role in the business strategy, have a strong connection and commitment to the company, are more involved, and strive to go above and beyond in their jobs. The bottom line is that employee engagement matters—now more than ever. And the solutions for maintaining or improving engagement are increasingly complex for companies operating in an environment of instability and varied economic conditions. Striving to maintain a higher level of employee engagement not only contributes toward short-term survival during economic volatility, but is also a key factor for longer-term business performance and better positioning when market conditions become favorable. The companies that get engagement “right” will enjoy a source of competitive advantage in talent strategy and business results that is hard for others to replicate.

Key Findings for 2011

- **Engagement levels are stabilizing globally but shifting across regions:** Despite the economic recession, engagement levels have remained relatively stable at 58% in 2011, up two percentage points from 56% in 2010. We see the largest upward movement in Asia Pacific, a slight increase in Europe, small downward movement in Latin America, with North America staying the same.
- **Employee engagement lags economic indicators:** Engagement appears to have fallen a year after the economic crisis in 2009 and had a slight recovery a year after economic indicators showed some relative improvement from 2009 to 2010. This trend was visible in all regions across the globe. Emerging markets showed a bit more volatility.

About Aon Hewitt's
Global Engagement
Research
From 2009 Through 2011

Includes 9.7 million
employees

Represents more than 3,100
organizations

Covers a broad range
of company sizes and
industries

Spans four primary regions:
Asia Pacific, Europe, Latin
America, and North America

1 Zanny Minton Beddoes, “The Year of Self-Induced Stagnation,” *The Economist* n.d. (November 17, 2011)

- **Four employees out of ten are not engaged worldwide:** Engagement level by region varies. While almost three-fifths (58%) of employees globally are considered in the engaged status, 42% of employees are somewhat or completely disengaged.
- **Employees' motivation to stay and exert extra effort falls short:** While engagement levels are relatively stable, 2012 will be a challenging year for retention as employees seek new opportunities outside their organization as a result of limited career development and advancement opportunities.
- **Some engagement drivers improved, but not the ones that matter most:** Across all possible engagement drivers we examined, we have seen some noteworthy improvement in Business Unit Leadership, HR Practices and Brand Alignment (fulfilling the employment contract or value proposition with employees). But, none of these areas showed up consistently as a top driver of engagement.
- **Career opportunities, recognition, and organization reputation are consistently top engagement drivers:** Companies should focus their efforts on improving these areas in order to have the most immediate positive impact on overall engagement scores. However, engagement drivers vary by region.

This report provides insight into global employee engagement trends over the last three years. Employees are a critical component to every organization, and their engagement serves as a barometer of organizational health. By examining employee engagement, employers can create an engagement improvement plan to address employee motivation, behavior, productivity, and subsequently business results. The report concludes with suggested actions employers can take to improve engagement levels and become better positioned for future success.

Aon Hewitt's Engagement Model

Aon Hewitt defines engagement as the state of emotional and intellectual involvement that motivates employees to do their best work. The Aon Hewitt model examines both the individual's state of engagement as well as organizational antecedents. This employee engagement model has been tested and validated by over 15 years of research on millions of employees across a variety of companies and industries, and across Asia Pacific, Europe, Latin America, and North America. The model is supported by years of research in the area of organizational psychology.

Engagement is an individual psychological and behavioral state.



The behaviors engaged employees demonstrate lead to positive outcomes in key business drivers like customer satisfaction,² increased sales,³ and other positive extra-role behaviors.⁴ Indeed, Aon Hewitt's research has repeatedly shown that highly engaged employees (the top 10%) demonstrate better quality, efficiency, and customer outcomes at a rate many multiples greater than the actively disengaged.⁵

2 B. Schneider, S.S. White, and M.C. Paul, "Linking Service Climate and Customer Perceptions of Service Quality: Test of a Causal Model," *Journal of Applied Psychology*, 83, 150–163. (1998)

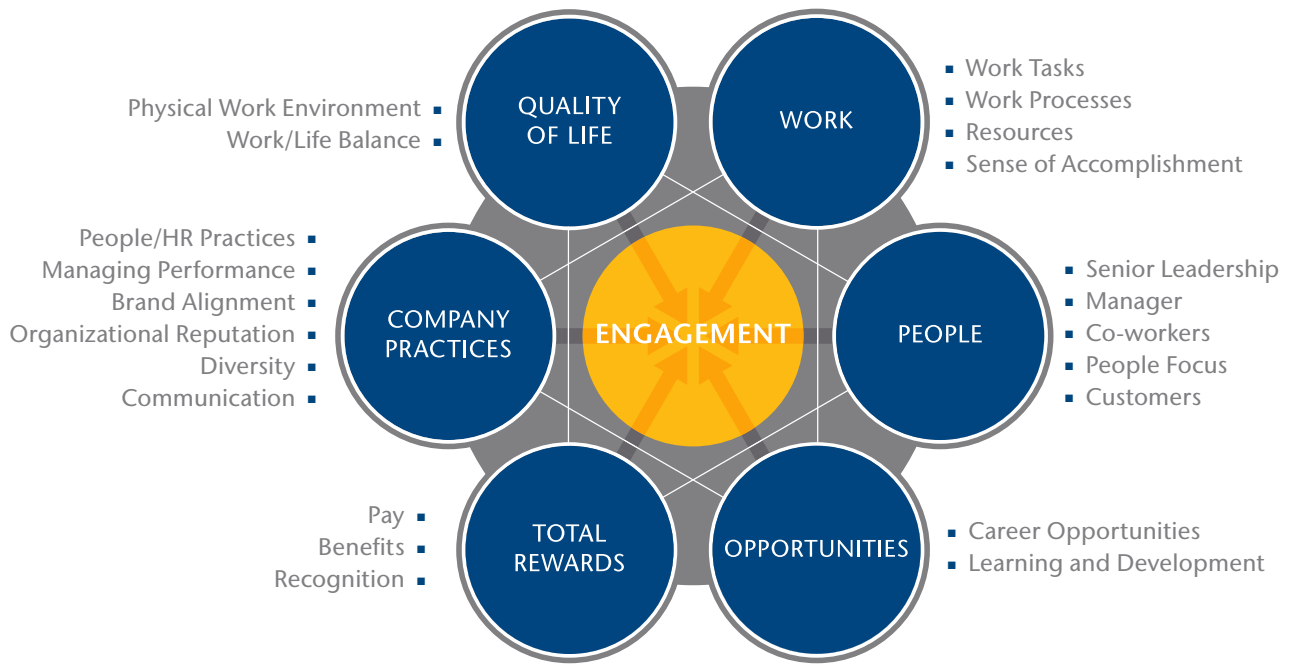
3 Philip M. Posdakoff and Scott B. MacKenzie, "Organizational Citizenship Behavior and Sales Unit Effectiveness," *Journal of Marketing Research*, 31, 351–363 (1994)

4 D. W. Organ, Philip M. Posdakoff, and Scott B. MacKenzie, "Organizational Citizenship Behavior: Its Nature, Antecedents, and Consequences," Thousand Oaks, CA: Sage. (2006)

5 Aon Hewitt Engagement 2.0 Report, 2010

Understanding an organization’s engagement level is of little value without knowing what actions will be most effective in increasing engagement. This is a critical part of Aon Hewitt’s Engagement Model. Our research has shown that there are typically six major categories (and 22 organizational antecedents), shown in the diagram below, known as “Engagement Drivers”—factors that can potentially drive an individual’s engagement.

Engagement Drivers



The Engagement Model goes beyond measuring people’s satisfaction with each of these drivers. The model prioritizes the areas for improvement based on their potential impact and baseline performance. Another key premise of the Engagement Model is that the Engagement Drivers are interrelated; they do not operate in isolation.

Our analysis describes the employment experience, what has changed, and what engages the current workforce. By identifying these drivers, employers can understand how to meet the needs of their employees and focus on the specific areas of improvement that have the largest impact on engagement and business results.

Trends in Global Employee Engagement

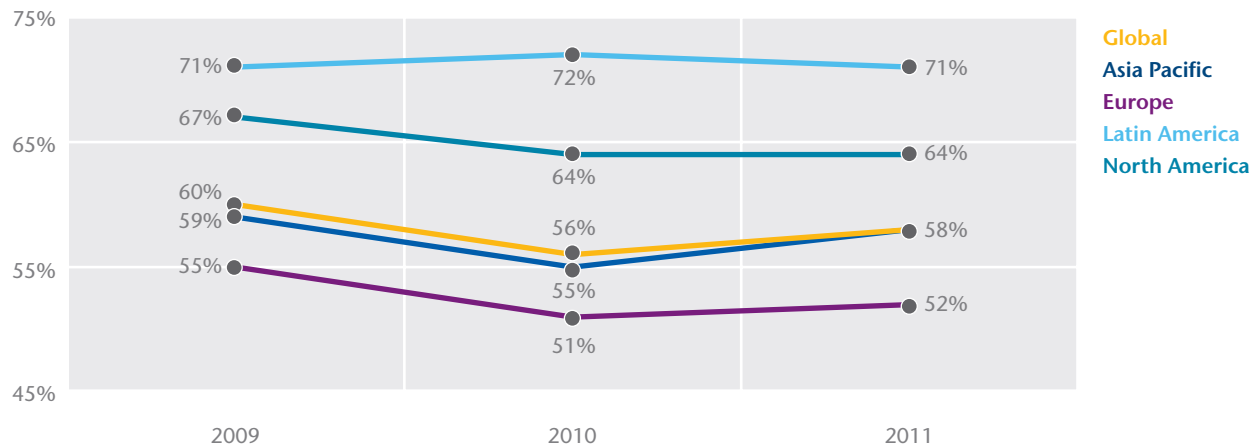
Over the past three years, employers and employees have faced human capital challenges and uncertain economic conditions. The economic downturn that started in 2008 has had a significant impact on companies and the resulting decisions made by management. Further, the last few years of growth seen in emerging markets such as China, India, Brazil, and sub-Sahara Africa has forced a different set of management decisions to maintain engagement levels of employees who are proving challenging to attract and retain. These decisions have impacted employee engagement levels and perceptions globally.

Engagement levels are stabilizing globally but shifting across regions

The chart below shows overall trends in engagement scores, globally and by region. In 2011, the global engagement score was 58%, up two percentage points from 56% in 2010. While on the surface this looks like a modest improvement across the board, a look below the surface reveals engagement levels are shifting around the world.

Engagement level by region varies. Improvements in Asia Pacific engagement scores (by three percentage points, from 55% in 2010 to 58% at the end of 2011) have contributed to the overall upward movement of global engagement. Europe showed a one percentage point upward shift from already relatively low engagement scores, while Latin America (highest regional engagement levels) experienced a one percentage point downward shift. North American scores have remained unchanged from 2010 to 2011.

Global Engagement Trends



Employee Engagement and Economic Conditions

Employees worldwide were as engaged in their work at the beginning of 2012 as they were at the beginning of 2008. In general, employees became more engaged near the peak of the economic crisis in 2009, but a backwards look shows that a downside in GDP growth was already underway. Comparing the same years, in general we see an odd trend that as GDP goes down, engagement goes up. Likewise, as unemployment rates go up (an economic indicator highly correlated with changes in GDP), we also see engagement go up. This seems puzzling on the surface, as one might guess that engagement would fall under scenarios of economic stress and worries of job security.

Looking at potential lagged effect between these economic indicators and engagement sheds some light on the relationship between economic indicators and engagement—in particular as it relates to the downward spike in economic data in 2009 and slight recovery in 2010. From 2008 to 2009—when annual GDP growth trended negative globally and also in many regions individually—the change in engagement trended negative in the subsequent year in all global regions except for Latin America. Likewise, when GDP grew from 2009 to 2010, engagement had a positive increase a year later from 2010 to 2011 in many regions across the globe.

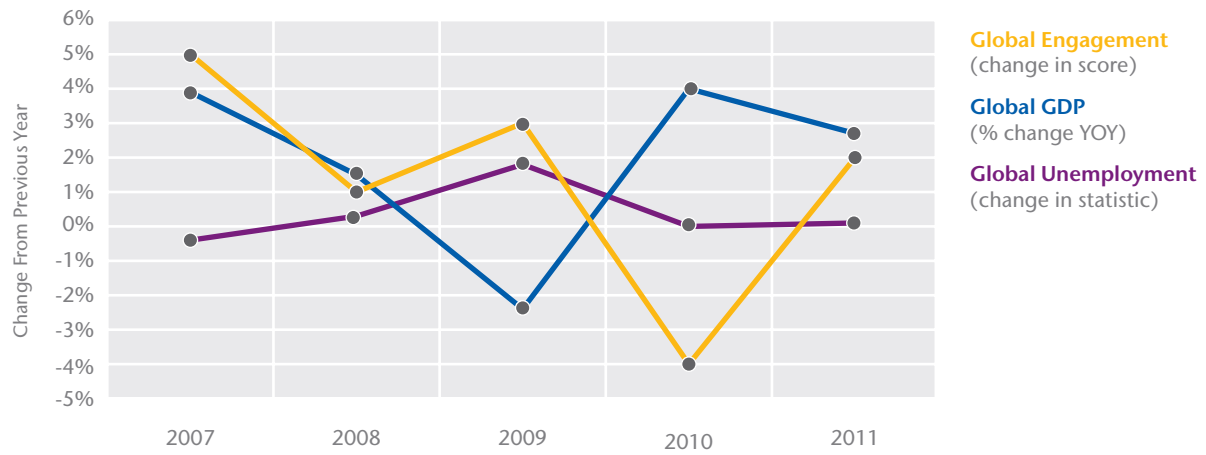
Employee engagement has a lagged relationship with key economic indicators

Our analysis indicates engagement patterns closely align with unemployment trends. Here we also see a lagged relationship, where increases in unemployment rates are followed by decreases in employee engagement in the subsequent year. We should note that we may not see the reverse of this condition—meaning a sharp decrease in unemployment may not show an increase in employee engagement.

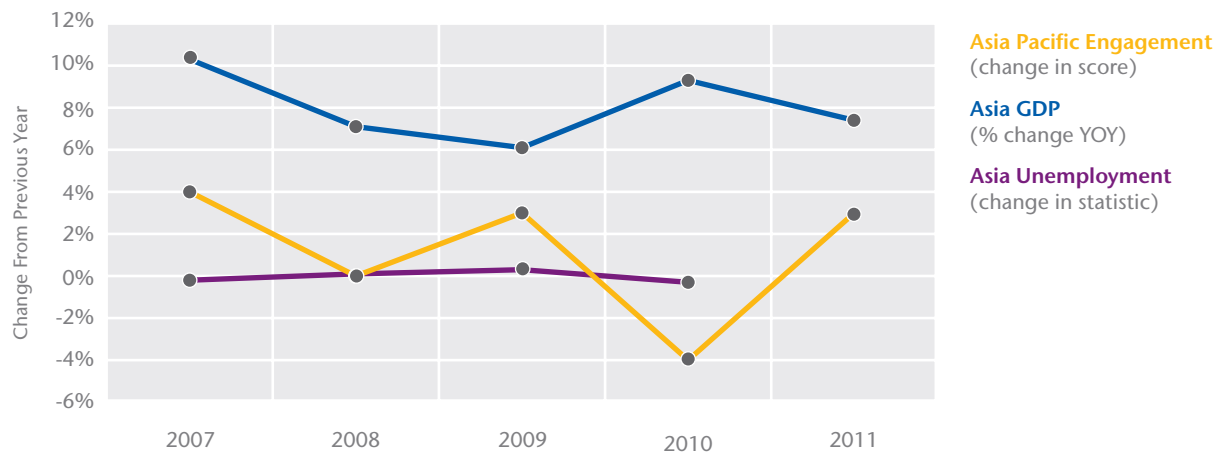
Explaining same-year relationships between the economy and employee engagement is difficult. While a tight economy can have negative impacts on employees in many ways, it appears that employees may be temporarily more engaged and committed to their employers. Could it be that employees are thankful to have a job and are truly more committed? More than likely, as these data illustrate engagement lags economic conditions—unemployment increases generally follow decreases in GDP, and downward engagement trends tend to follow both of those economic indicators. Further, the temporary engagement increase in 2009 was not only lagging more favorable economic conditions from 2007 to 2008, but the engagement bubble popped in 2010, a year after the fall in economic indicators in 2009. Finally, most employees, and even economists, were not certain of the presence or severity of the recession until subsequent quarters or years, so the lagged engagement effect seems more likely than a concurrent relationship.

Economic disruptions come and go—and the estimated lag time duration of the effects varies. The way organizations react to economic cycles often predicts how well they succeed or survive. During turbulent times and uncertain forecasts, many organizations have been less focused on how to manage their talent and engage their employees. It may be tempting to think engagement is just a function of the economy, but there are many things within the control of management that can improve and sustain engagement in times of economic health as well as crisis—and engagement is repeatedly seen as a leading indicator of business performance. Smart leaders realize that while they may need to find short-term solutions, they must also identify longer-term talent management strategies to remain viable. During recovery periods, engagement becomes even more crucial, as organizations ask fewer people to do more—creating increased risk that top-performing employees may leave as conditions improve. The first step to engaging top performers is understanding engagement itself.

Global Engagement Trends Compared to Global Economic Indicators

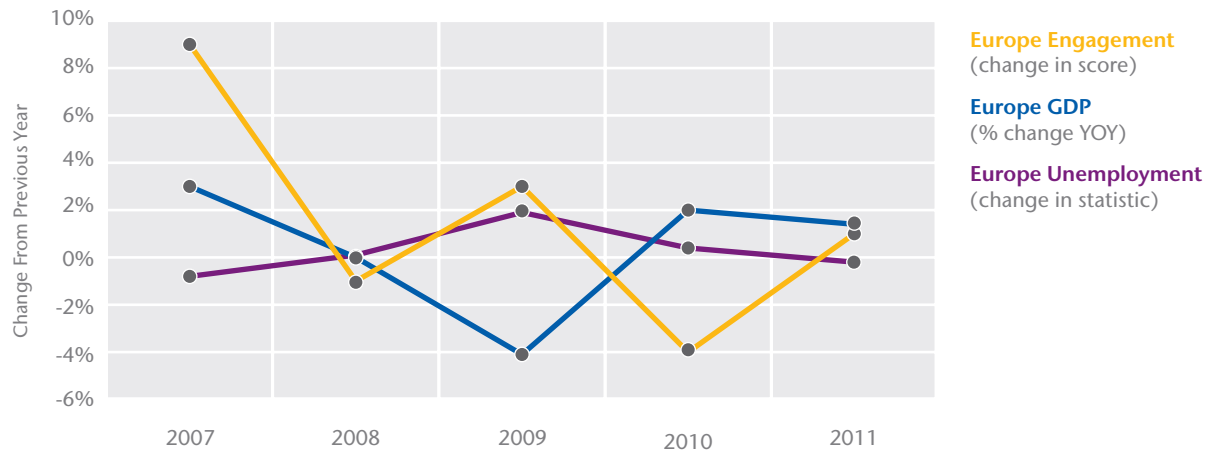


Asia Pacific Engagement Trends Compared to Global Economic Indicators

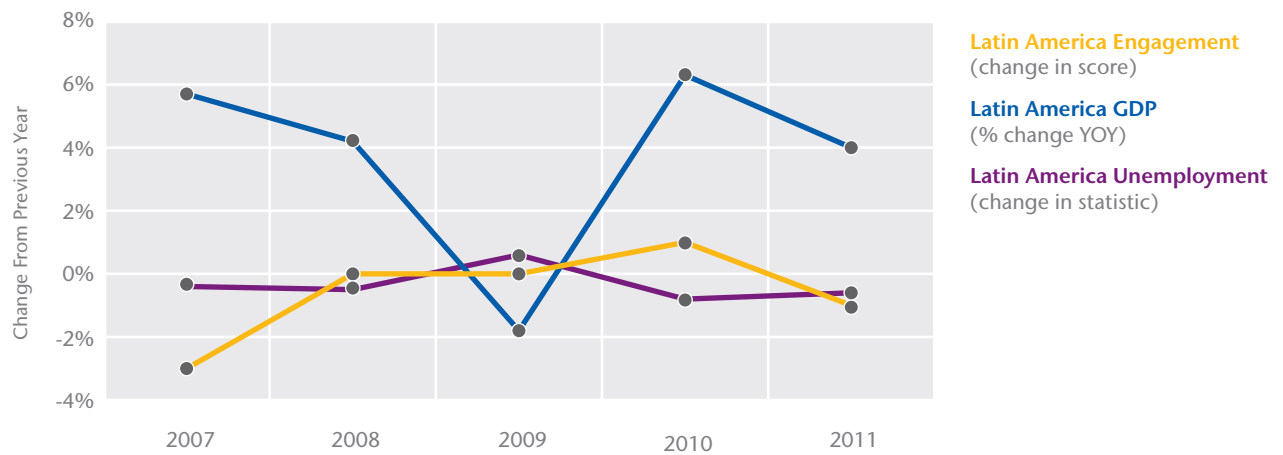


Source: Bloomberg (accessed 27 February 2012)
 Note: YoY refers to Year over Year

Europe Engagement Trends Compared to Global Economic Indicators



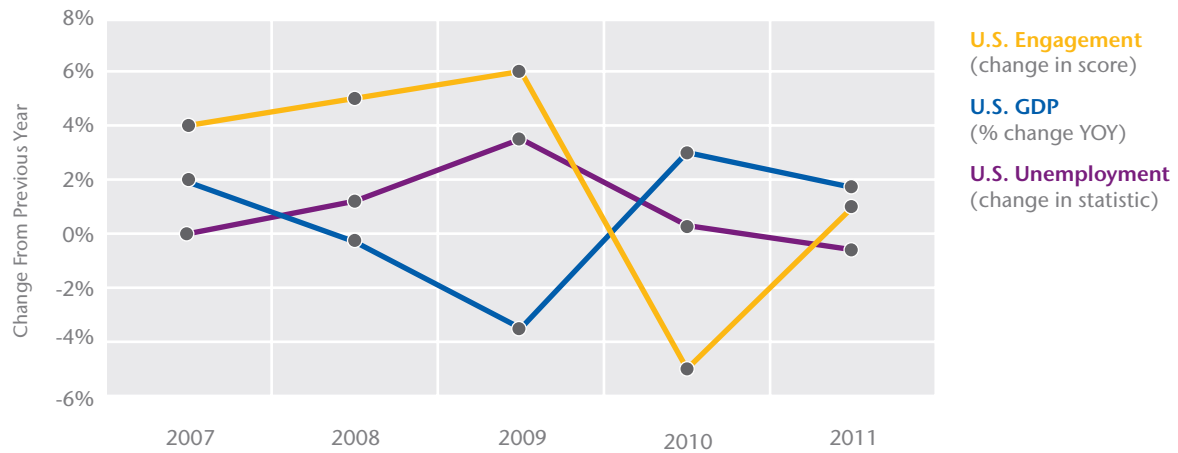
Latin America Engagement Trends Compared to Global Economic Indicators



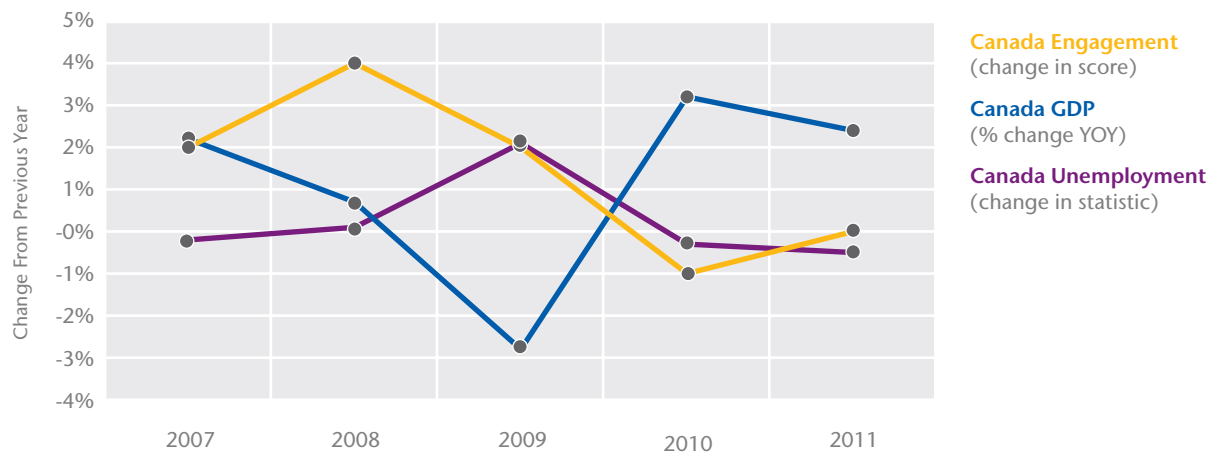
Source: Bloomberg (accessed 27 February 2012)

Note: YoY refers to Year over Year

United States Engagement Trends Compared to Global Economic Indicators



Canada Engagement Trends Compared to Global Economic Indicators



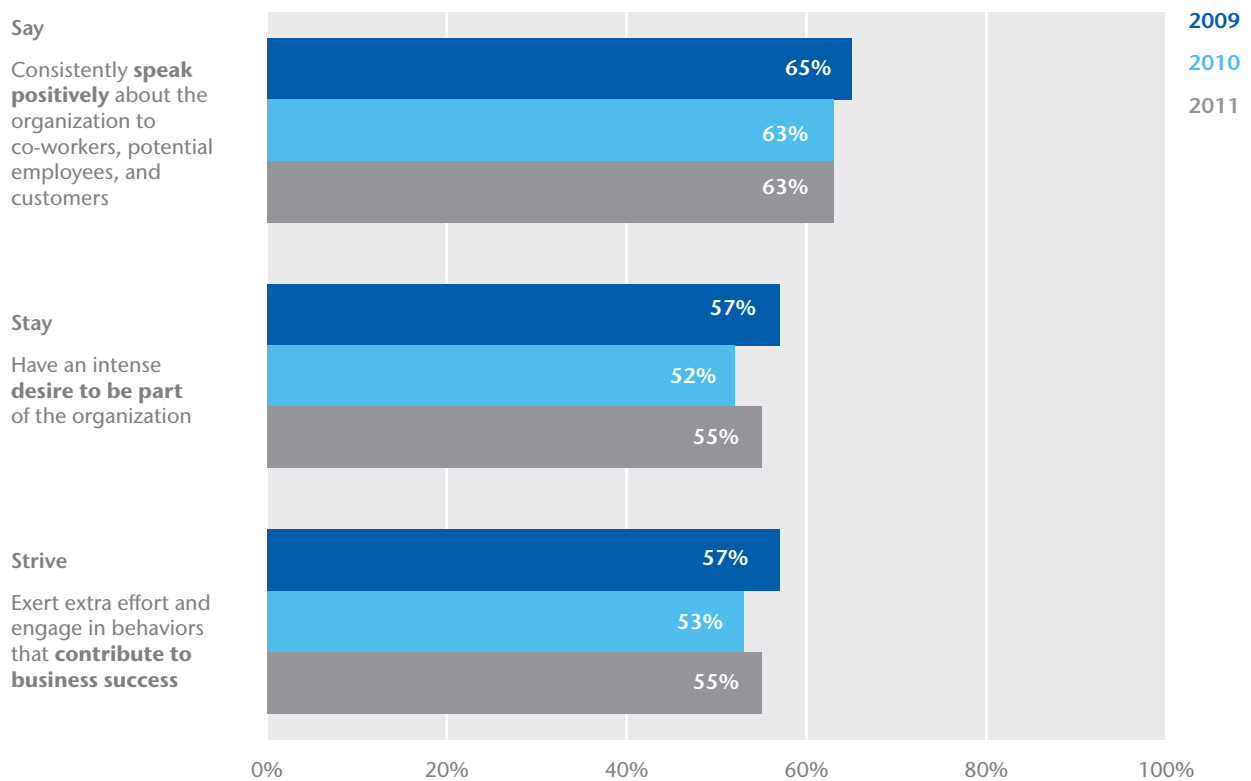
Source: Bloomberg (accessed 27 February 2012)

Note: YoY refers to Year over Year

Elements of Employee Engagement

Engagement is most often demonstrated when people exhibit behaviors associated with speaking positively about the organization (Say), having a desire to be a part of the organization (Stay), and willingness to make extra effort that contributes to organizational success (Strive). In general, global scores across two of these three areas (Stay and Strive) have slightly improved from 2010 to 2011, but have not been restored to 2009 levels.

Motivation to stay and to exert extra effort falls short



In general, employees have not changed in their view of the company, but are a bit more likely to work harder and stay with the organization. This could be due to fewer employment opportunities in general, causing them to be more likely to stay with and stay focused on their current job and employer. This pattern is more pronounced in Asia Pacific, where the Stay and Strive elements have increased 5% and 4% respectively, resulting in the largest engagement increase across regions. We see a similar pattern in Say/Stay/Strive trends across the globe, except for Latin America—where we see a slight decline in all three engagement factors and thus a slight decrease in overall engagement in this region.

While the Stay and Strive elements of engagement have increased slightly from 2010 to 2011, these critical aspects of engagement are still falling short (both are below 60%). These results are primarily driven by Asia Pacific and European markets (scores in these areas fall below 60%), whereas North and South American counterparts show higher results (scores are above 65%). Interestingly, the North American data indicates people are staying and working hard, but fewer have positive things to say about their employers. We know there are cultural differences in how employees respond to survey questions (e.g., Latin American employees tend to have higher survey scores across the board), so it's important to look at relative movement within regions in addition to raw engagement scores.

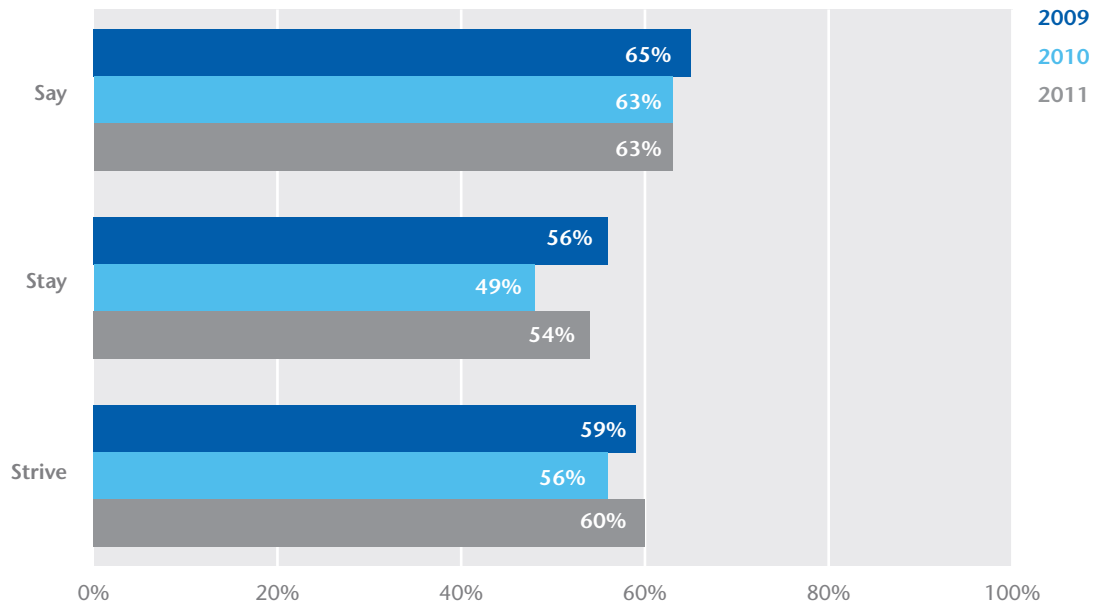
In growing economies like China and India, the war for talent is on. Loyalty to “Stay” with an organization is very low (below 60%). The engagement data indicates, and many employers in China and India have found, that employees may be attracted to work for a company with a strong reputation, but high turnover risks still apply as these same employees may go to a competitor (often state-owned enterprises) for more pay, better benefits, and career advancement as soon as the opportunity is presented.

The low scores across Europe stem from different drivers than the Asia Pacific market scores. Signs of so-called “green shoots” in growth faded early in 2011. Financial markets remain volatile, economic conditions have deteriorated, unemployment has steadily increased,⁶ and inequality threatens social cohesion and living standards. Given this backdrop, it is no surprise that organizations in Europe are finding the challenge of maintaining and improving employee engagement difficult.

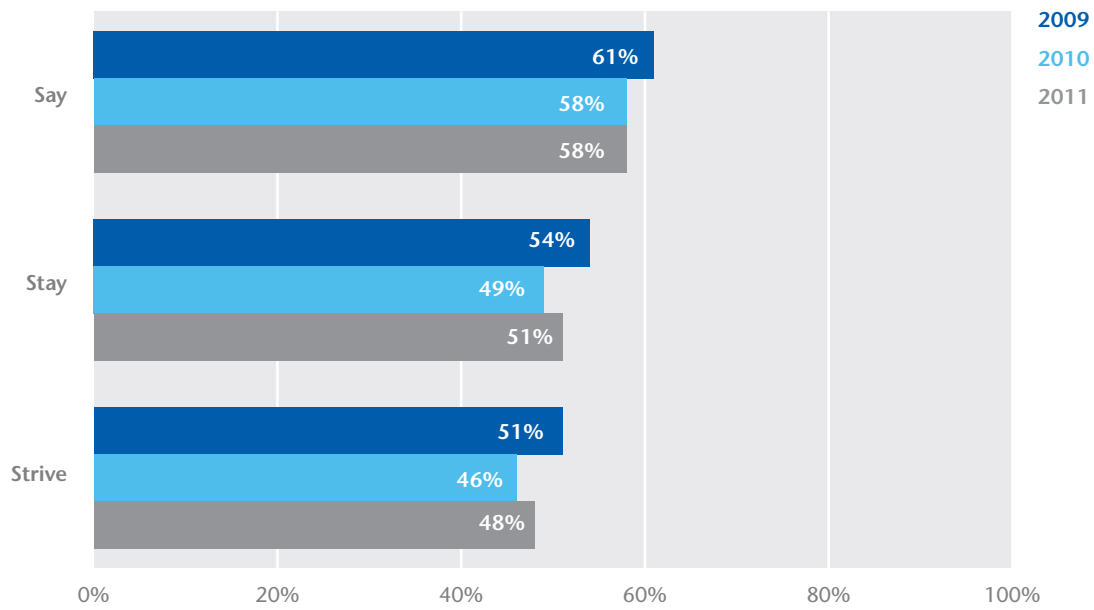
6 Eurostat Unemployment rate, 2011

Critical Components of Engagement by Region

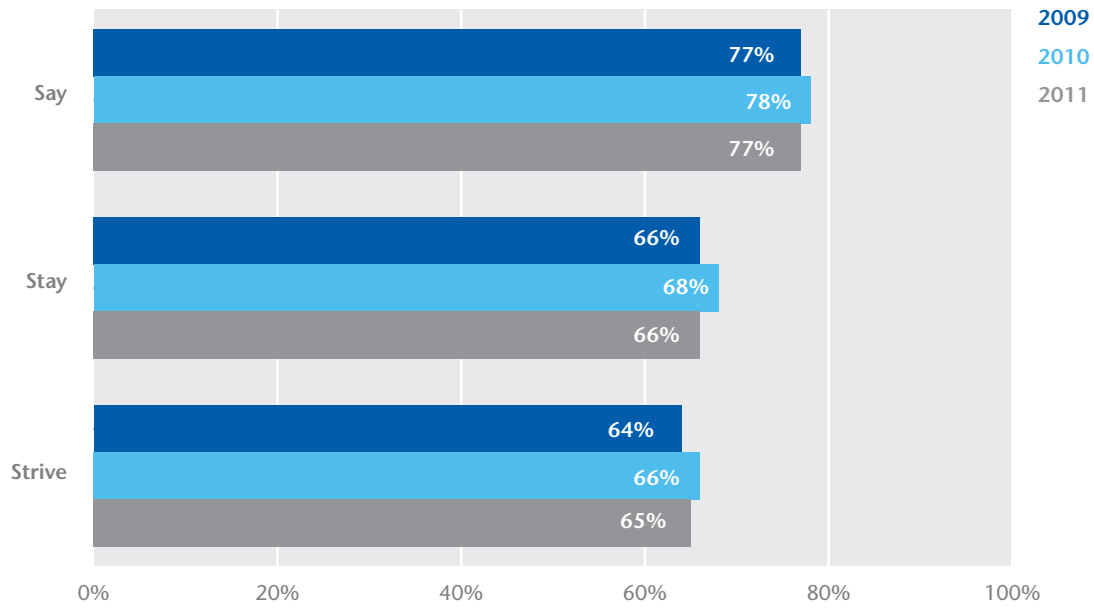
Asia Pacific



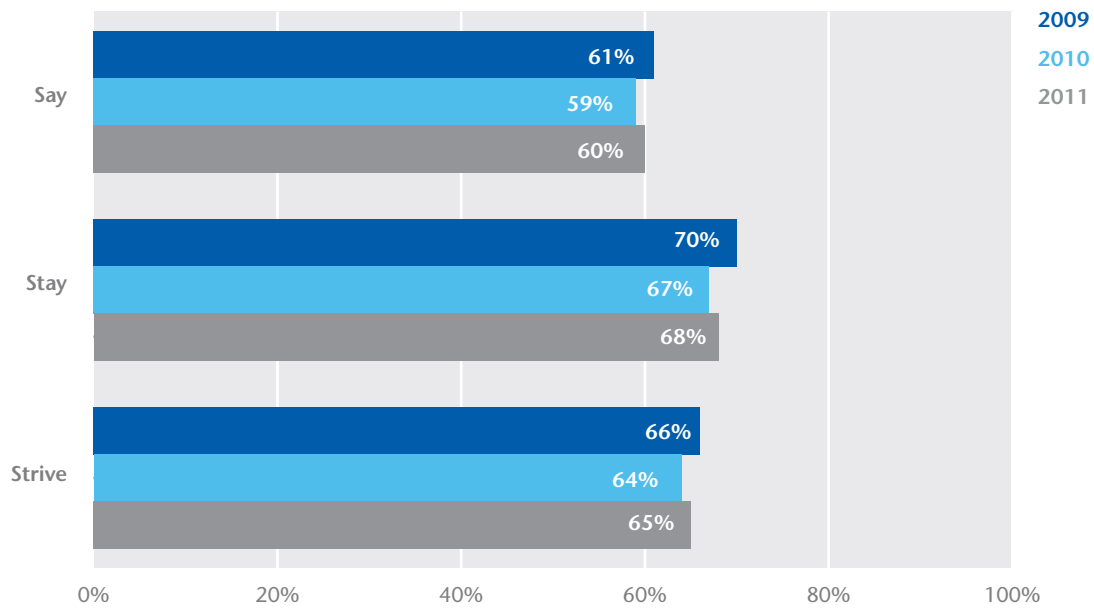
Europe



Latin America



North America

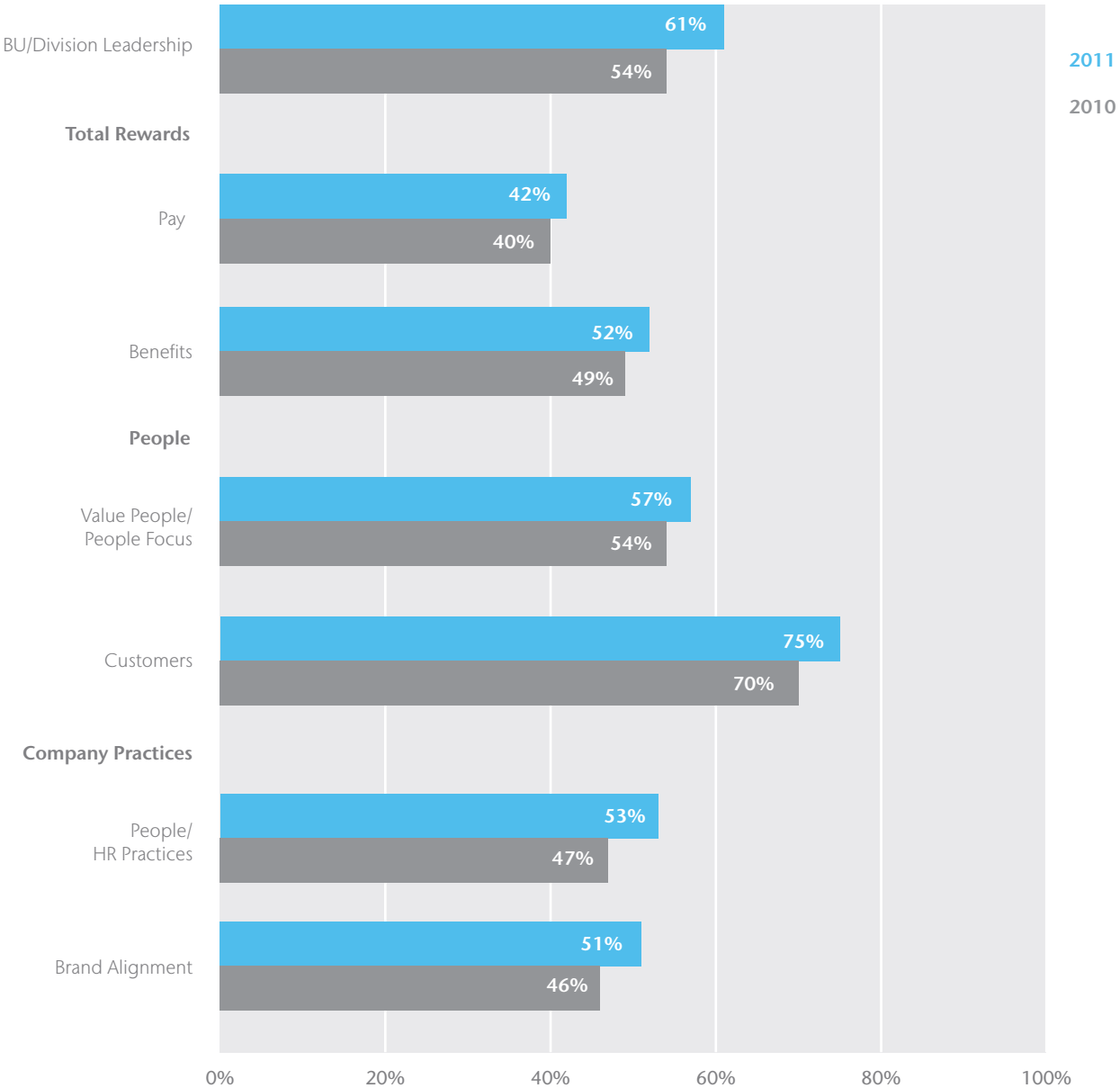


Changes in Key Drivers of Engagement

Over the past year, some engagement drivers did improve enough to move the needle slightly upward on overall perception scores. Perception drivers in the categories of Total Rewards, People, and Company Practices have improved globally from 2010 to 2011. These perception score increases were experienced across all regions, which may have contributed to the stabilizing and slight increase in overall engagement scores across the globe.

Among these areas, “effective leadership at the business unit/divisional level” had the largest perception-level increase (seven percentage points from 2010 to 2011). This was primarily driven by scores from Europe and Latin America, indicating leaders in these regions are showing improved focus through these turbulent times. “Perceiving relationships with customers as rewarding” was another area that increased by five percentage points, followed by “improved people/HR practices creating a positive work environment.”

Changes in Positive Perception Scores From 2010 to 2011



Conversely, a few categories did experience decreases in perception scores of three to four percentage points from 2010 to 2011. These include:

- Effective communication, down four percentage points (from 46% in 2010 to 42% in 2011)
- Physical work environment, down four percentage points (from 67% in 2010 to 63% in 2011)
- Innovation, down three percentage points (from 52% in 2010 to 49% in 2011)
- Workplace safety and security, down three percentage points (from 75% in 2010 to 72% in 2011)

With only a modest 2% improvement in engagement across the globe, one has to ask: “Did employers focus on and improve the drivers that matter most? And did the decreases in some of these driver areas create any engagement disruption?” As we will see in the next section, our analyses indicate that the improvements reported may have addressed some key engagement drivers for 2010, particularly as they pertain to improvements in People/HR Practices, but the decrease in communication and innovation may have disrupted potentially higher improvements in employee engagement overall.

Top Opportunities to Improve Employee Engagement

We conducted a meta-analysis of companies in our employee engagement database to understand key engagement driver trends and opportunities in companies around the globe. This analysis represents 2,005 organizations and 2.1 million employees across the globe. To identify key opportunities to improve employee engagement, we identified the percentage of times an area showed up as a key engagement driver across the 2,005 companies in our sample. Through a combination of regression and sensitivity analysis (i.e., function of statistical relationship between the driver and engagement score), drivers are identified that have the most positive impact on engagement and opportunity for improvement. For employers, improving the level of specific drivers can improve overall employee engagement levels.

Career opportunities, recognition, and organization reputation are key engagement drivers

For the fourth consecutive year—globally, as well as across all regions—career opportunities has remained the top driver to positively impact overall engagement levels. In addition to career opportunities, reputation, communication and managing performance (tie), and pay round out the top five global engagement drivers for 2011 with significant opportunity for improvement.

- **Career opportunities:** Engagement continues to be first and foremost about employees' career paths. This has been challenging for many organizations that have seen delayed retirements and lower turnover (stagnant career advancement). Nonetheless, companies have significant opportunity to communicate a clear career path, prepare employees for the next role, and provide lateral growth opportunities for key employees. It is important to note that the line manager is typically the owner of this critical engagement driver.
- **Recognition:** Employees need feedback and positive reinforcement to consistently go above and beyond. It is critical to the motivation and the engagement equation. Our data shows that the "Strive" component of engagement is increasing slightly despite the strain many organizations have been under as they manage cost and growth pressures. Recognizing this extra effort employees have given in a tough business climate will pay dividends—and it often comes at no cost to the organization.
- **Organizational reputation:** Employees join organizations that have a reputation as a best employer. They are also engaged by working for a best employer. People want to be part of a winning team. This driver is about connecting employers to the company, the mission, and the work beyond financial business performance, and why working with you offers them a compelling value proposition backed by a set of total rewards and a work experience that is not easily replicated elsewhere.
- **Communication:** It is impossible for an employee to engage without connection, consistency, and commitment in messages. Effective and engaging communication resonates with the employee in rationally, emotionally, and behaviorally relevant ways. This means messages from leadership about business objectives, changes that are occurring, and what is required of employees need to put the employee at the center of the story. Corporate communications is the primary connection point between the majority of employees and executive leadership. Messages usually break down at the mid-management or immediate manager level.

- **Managing performance:** Effective performance management answers the question, “*What should employees engage in?*” Further, performance management is the mechanism that translates business performance objectives into set, focused individual objectives that enable true employee effectiveness. Organizations with high employee engagement scores, but low performance management effectiveness, might ask themselves, “Are employees engaged in the right behaviors? What are they engaged in?”
- **Pay:** Although pay does not show up as the *top* engagement driver, its prevalence in our study indicates that many organizations are struggling with getting this fundamental component of the employment contract right. With pay freezes and a tightening economic environment, employees may be increasingly engaged by securing basic pay needs in addition to showing decreased appetite for pay at risk.

Keep doing other important things, too. It is also important to note other key drivers of engagement that tend to have higher scores (thus not providing upside opportunity as much as downside risk to be managed). Drivers from our global analysis that should be sustained at relatively high levels include ensuring employees have a sense of accomplishment and enjoy their work tasks (often a key component of selecting the right employee for the job in the first place), safety, and diversity.

A deeper look into the top five drivers shows they are shifting and vary by region. This is a critical finding for multinational employers managing employees across various regions around the globe. In 2010, People/HR Practices and Brand Alignment were among the top five drivers. In the current environment, the need for recognition, improved organizational reputation, and effective communication is growing. Recognition has a higher impact for employees in Asia Pacific and Latin America, whereas European and North American employees are more concerned about reputation of what the company stands for in the market. Further, in the emerging markets of Asia Pacific and Latin America, pay appears not only to be table stakes in attracting employees—it is a key element of keeping them engaged.

Few key drivers showed marked improvement from 2010 to 2011. Pay increased by two percentage points and communication decreased by four percentage points from 2010 to 2011. Improving business performance and increasing employee engagement in the coming year will prove to be a significant challenge for all employers. These findings highlight an often overlooked reality of employee engagement—it is an individual concept (even though we tend to measure it across many individuals at the organizational level). These drivers indicate that the engagement equation is about:

- My career
- My recognition
- My desire to work for the best
- My connection to the company
- My performance, my pay, and my work

Organizations that apply an employee-centric approach to their engagement strategy, and engage with employees where they are, will win. Employers should consider a different question in solving the engagement equation—not “What should we do to engage employees?” but “What do employees need in order to be engaged?”

2011 Top Engagement Drivers Compared to 2010

| | 2011 Regional Drivers | | | | | | |
|-------------------------|-----------------------|-------------|---------------------------------|--------------|--------|---------------|---------------|
| | 2010 Global | 2011 Global | Perception Change 2010 to 2011* | Asia Pacific | Europe | Latin America | North America |
| Career Opportunities | 1 | 1 | Up 1 pt | 1 | 1 | 2 | 1 |
| Recognition | 3 | 2 | No change | 3 | 5 | 1 | 4 |
| Organization Reputation | 5 | 3 | Up 1 pt | | 2 | | 3 |
| Communication | | 4 | Down 4 pts | | 4 | 3 | 5 |
| Managing Performance | | 4 | No change | | | | 2 |
| Pay | | 5 | Up 2 pts | 4 | | 5 | |
| Innovation | | | | | 3 | | |
| Brand Alignment | 2 | | Up 5 pts | | | | |
| People/HR Practices | 4 | | Up 6 pts | 2 | | | |
| Career Aspiration | | | | 5 | | 4 | |

*Perception change for each driver in percentage points from 2010 to 2011

Driver Definitions

Career Opportunities: Employees' perceptions of a favorable set of circumstances for their future in the organization, including growth and advancement and including perceptions of the processes and fairness of decisions regarding employees' opportunities.

Recognition: Employees' perceptions of the acknowledgement and favorable notices they receive from others for their contributions and accomplishments in their work.

Organization Reputation: Employees' perception that the organization is regarded as a good place to work by those outside the organization.

Communication (practices): The extent to which communication is effective across the organization; often includes the perception that employees have the information they need to do their jobs well.

Managing Performance: Employees' perceptions that the organization's formal performance management processes provide feedback and guidance to improve performance.

Pay: Employees' perceptions of the appropriateness of their pay, relative to their performance and contributions; pay can be defined to refer to both fixed and variable pay.

Innovation: Employees' perceptions that the organization looks for and accepts new ideas from its employees.

Brand Alignment: The consistency between the promises an organization makes to its employees about working at that organization and the employee work experience.

People/HR Practices: Employees' perceptions of the extent to which a company's formal policies and informal practices create a positive work environment.

Career Aspiration: Ability to accomplish something that is either personally rewarding or acknowledged by others as a major achievement.

Conclusion

2011 was a challenging year for employers and employees worldwide, and 2012 shows continued challenges. But, the evidence is clear, higher engagement leads to better business performance. If engagement is low, business performance is sub-optimized. It is encouraging that organizations across the globe have been able to stabilize engagement somewhat from 2010 to 2011. In uncertain times, organizations need to focus on harnessing the discretionary effort that engaged employees deliver.

Aon Hewitt's research and experience point to clear, practical actions that employers can take to deliver increased and sustainable employee engagement. First, organizations should focus on drivers that have the most impact on engagement. According to employees worldwide, the engagement drivers needing immediate attention are career opportunities, recognition, and organization reputation. To improve and drive a holistic engagement strategy, consider the following:

- **Create a culture of engagement through leadership:** Before focusing on interventions associated with key drivers, it is worth noting something we see Best Employers doing that other organizations are not. Their leaders are serious about employee engagement—not a survey, but about having a positive impact on employees' motivation to say great things about their company, to stay involved, and to go above and beyond. There is a “culture of engagement” that is created through multiple levers, including leadership ownership and sponsorship, engaging many stakeholders in the process, communication programs, ongoing engagement measurement and pulse checks, holistic processes around improving engagement, and holding people accountable for engagement results.
- **Focus on what matters most and where there is greatest opportunity for improvement:** We saw little or no improvement in the top three engagement drivers across the globe. In a constrained environment, organizations will get the highest ROI in employee engagement efforts by focusing on the drivers that have the highest impact, opportunity for improvement, and likelihood of movement. Our analysis also indicates that a one-size-fits-all strategy likely will not work across the globe, so focus on employee segment will also be critical.
- **Recognize people's efforts and performance:** In today's environment, where organizations are hamstrung by sluggish sales and the continued need for efficiency gains, employees appreciate and are motivated by recognition, often simple feedback from the manager for doing a good job. Employees are motivated by nonmonetary recognition—an important factor for employers to keep in mind. This type of recognition doesn't carry a cost, and it is very important to employees.
- **Connect with your employees:** Communicate and promote organizational reputation at every opportunity. Employees continue to be engaged when their organizations remain focused on strategies to be successful in the current environment, and in particular when organizations link employees' everyday activities to the strategic imperatives of their organizations—even better, when they link to missions that give meaning and purpose (e.g., a hospital that saves lives, a consulting firm that improves the workplace of the future). Employees want to work for companies that manage performance in a strategically aligned way, and that are known as good organizations to work for. This represents a significant opportunity for organizations to improve the frequency, effectiveness, and relevance of their communications to employees.
- **Create employee growth opportunities:** With a contracted job market, employees are increasingly looking to their current employers for job enrichment opportunities. However, in developed economies, cutbacks on everything from training budgets to reductions in force have left employees frustrated, disillusioned, and less engaged. Employees around the world understand that career opportunities in the traditional sense may be more difficult to secure during a sluggish economy, but that does not change how important this driver is to them. Employers should develop more creative or less traditional growth opportunities and help employees re-navigate expectations around development that supports business needs—lateral moves, special assignments, cross-functional training, etc.

- **Select employees predisposed to engagement:** There is a growing body of research at Aon Hewitt identifying the personal traits and characteristics of engaged employees. These are personality traits and natural dispositions that organizations have little control over. For example, traits such as positive affect and conscientiousness can be strong indicators of engagement behaviors. Further, managerial skills and competencies that promote team engagement can be assessed and used for selection during the employment recruitment process. Assessing potential employees for the traits that will most likely lead to engagement, in addition to the requisite knowledge, skills and ability, will likely be a trend we see more of in the future.

Focus on what matters most and drive a holistic employee engagement strategy

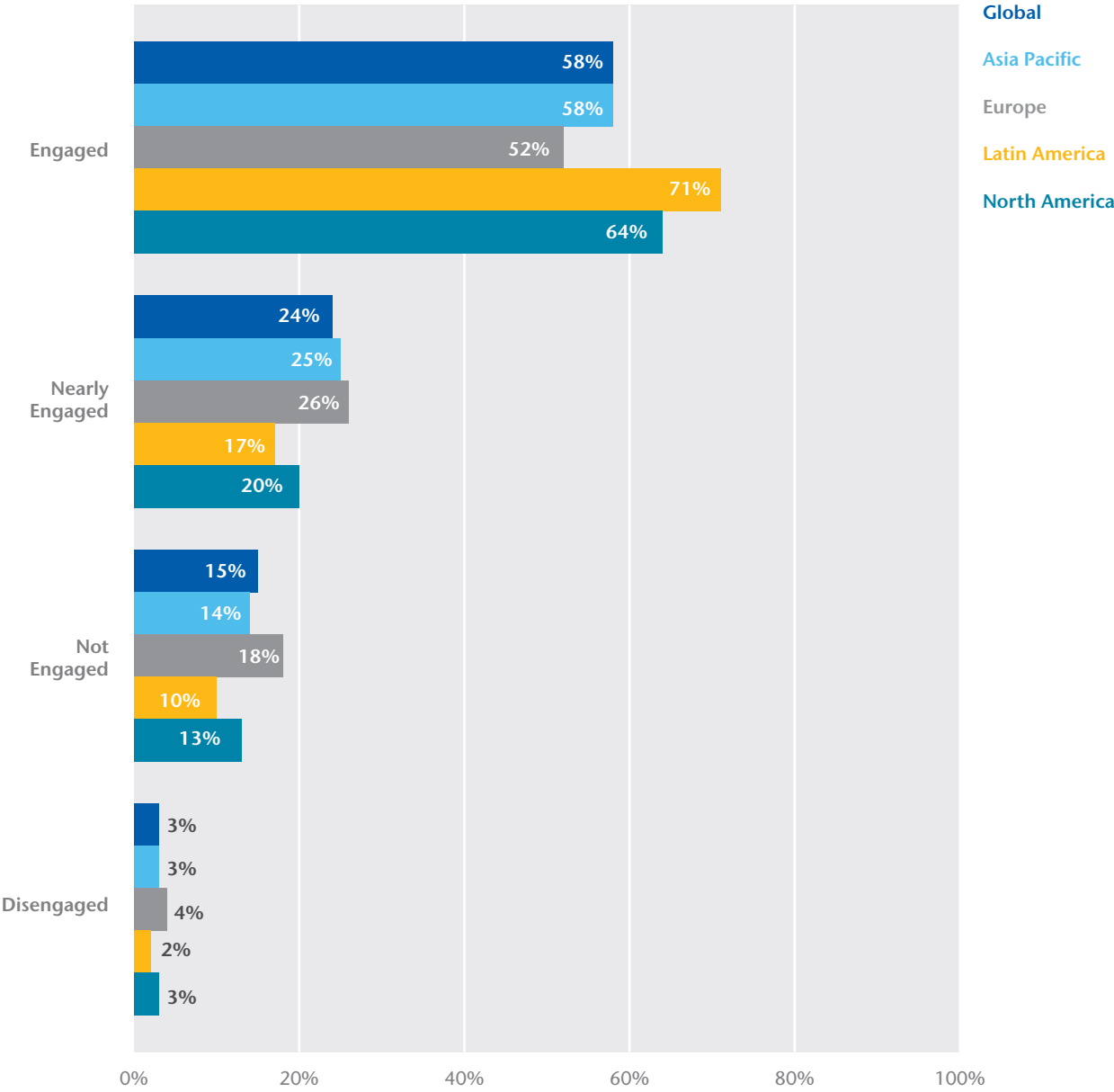
Going forward, the pressure to improve business performance couldn't be more intense than it is today. Whether global or local, organizations will be forced to make tough choices and prioritize challenging goals in order to survive, recover, and grow.

This will create more opportunities for both employers and employees as the dynamics of a constantly changing and stressed environment become the "new norm." Fortunately, by examining employee engagement data, organizations can develop a sustainable engagement model to combat the crisis-led approach of recent years, find new ways to motivate employees, and continue to adjust to the current environment.

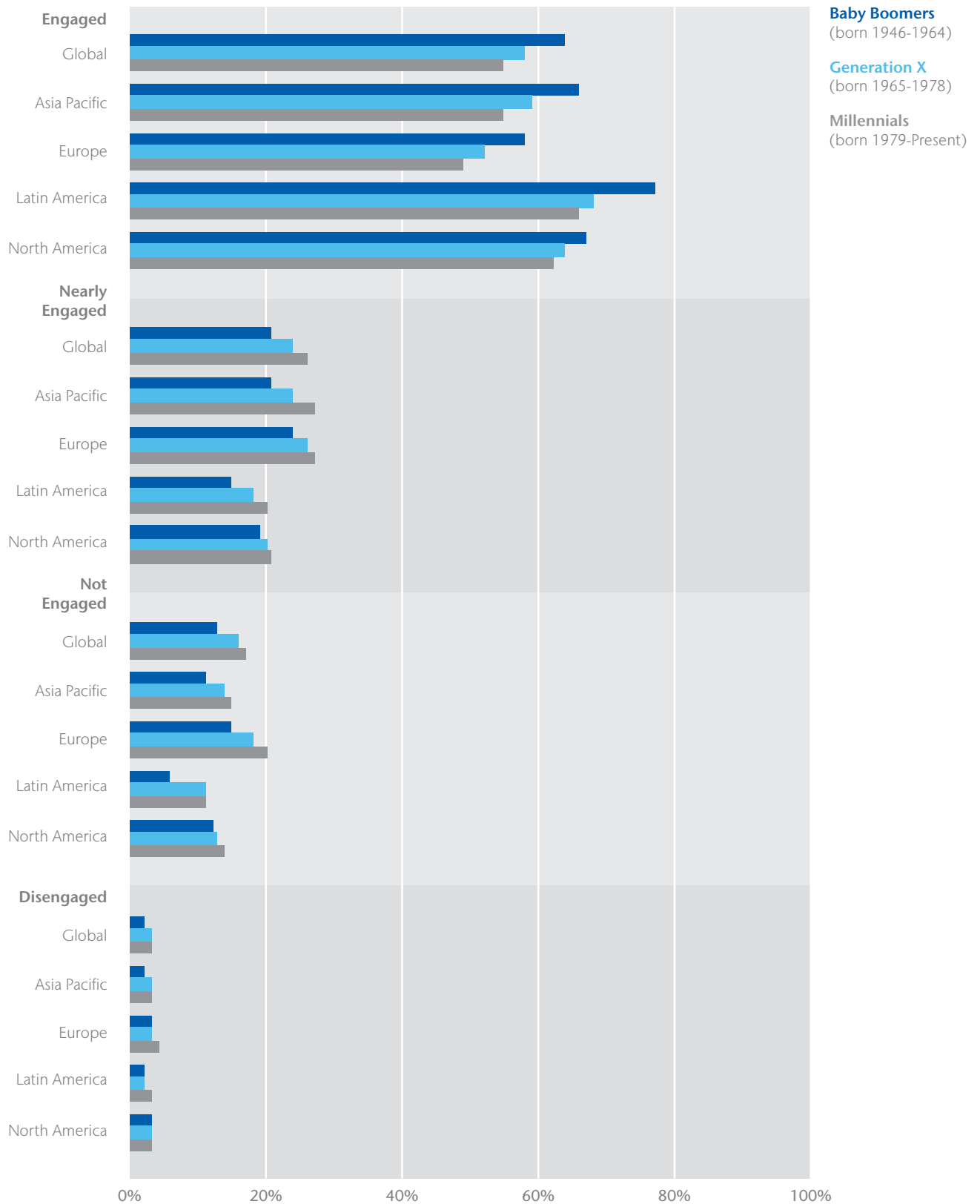
Developing a sustainable employee engagement plan is more critical than ever, given employee experiences in recent years. This represents a terrific opportunity for forward-looking organizations to utilize employees' views; provide the opportunities, feedback and communication they desire; and pave the way for improved business performance. Organizations that rise to this challenge, and focus on the key drivers that matter most to their employee populations, will ride out the storm and sustain business performance in the future.

Appendix: Engagement Levels by Key Demographics

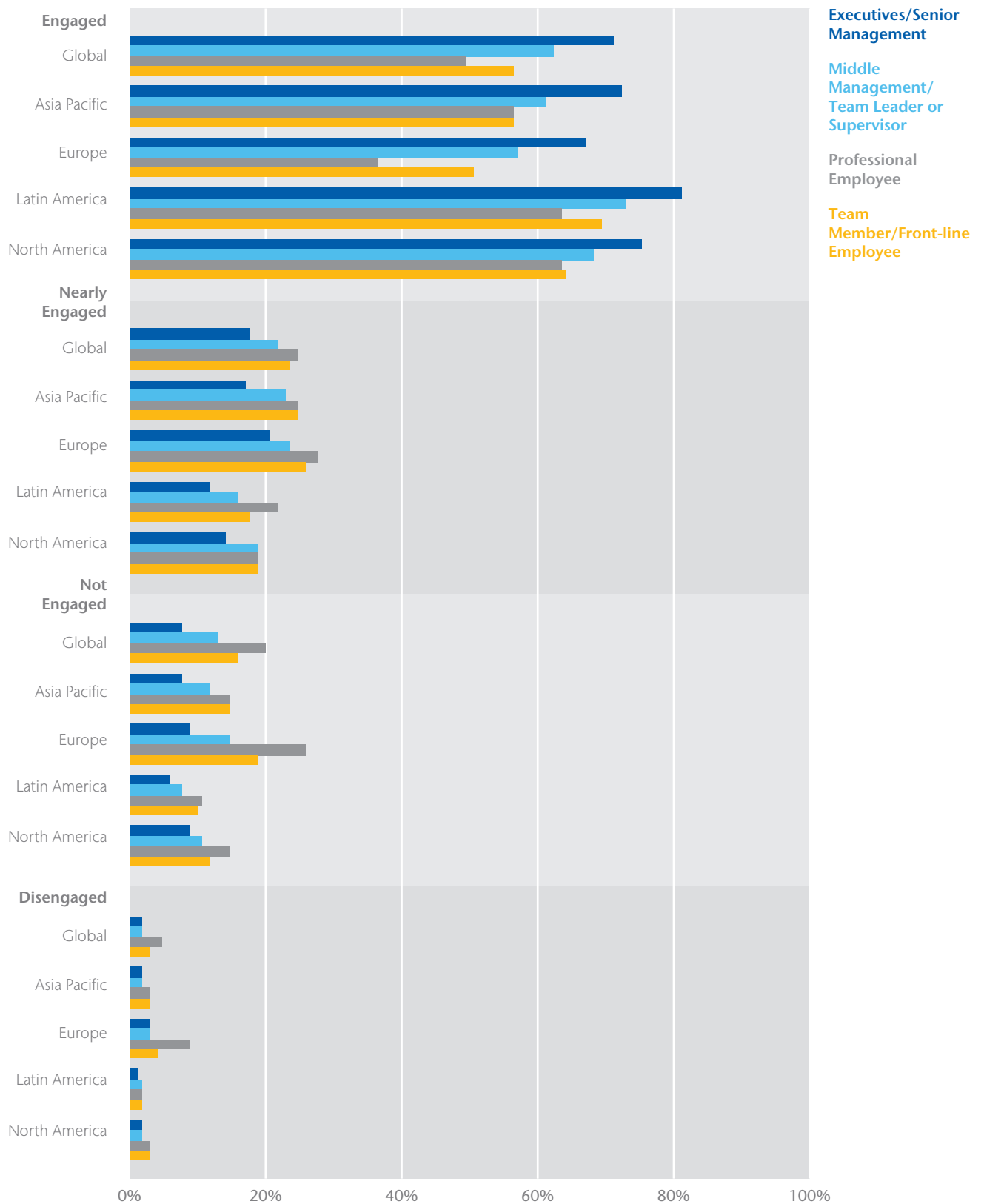
2011 Engagement Distribution by Region



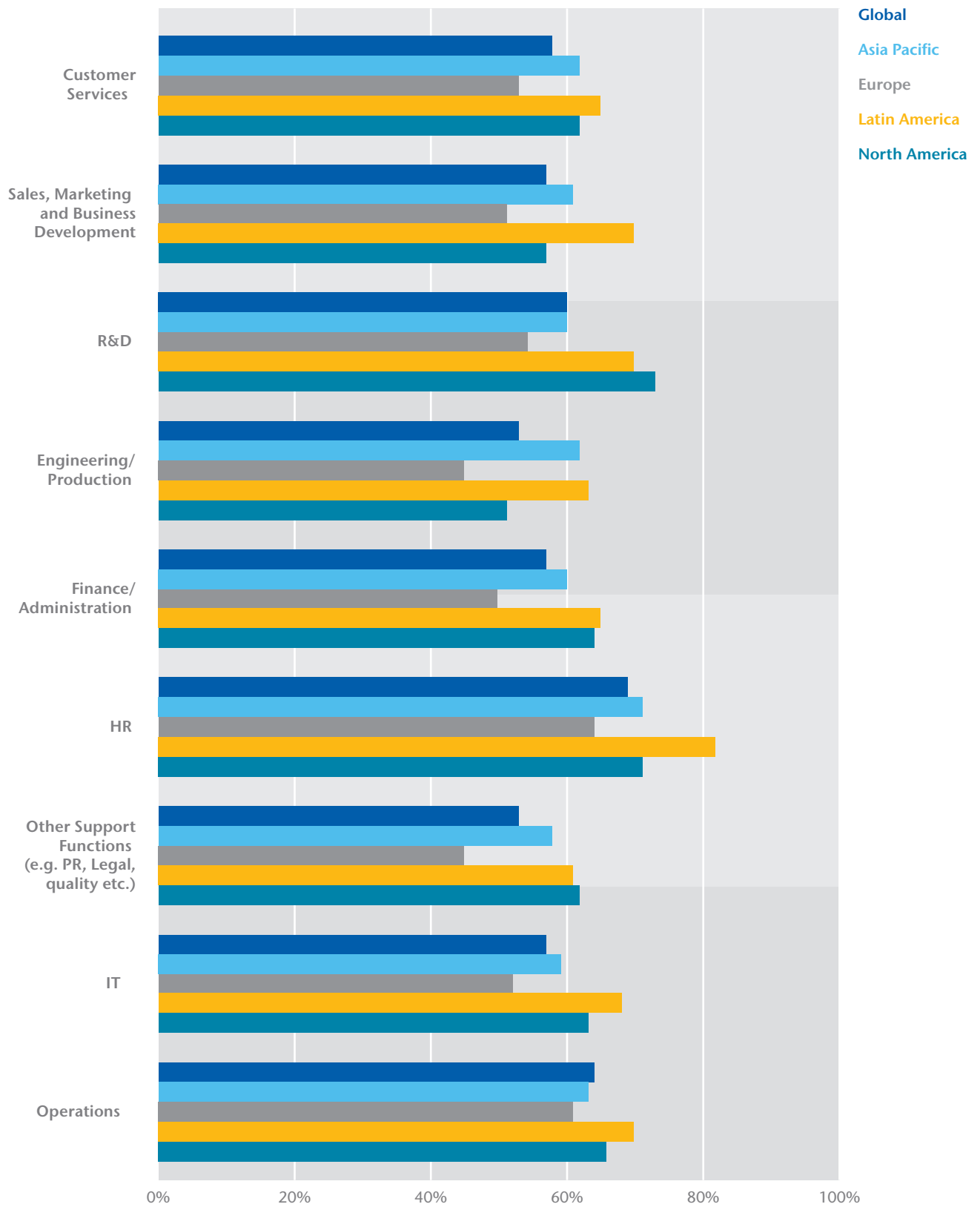
2011 Engagement Distribution by Generation



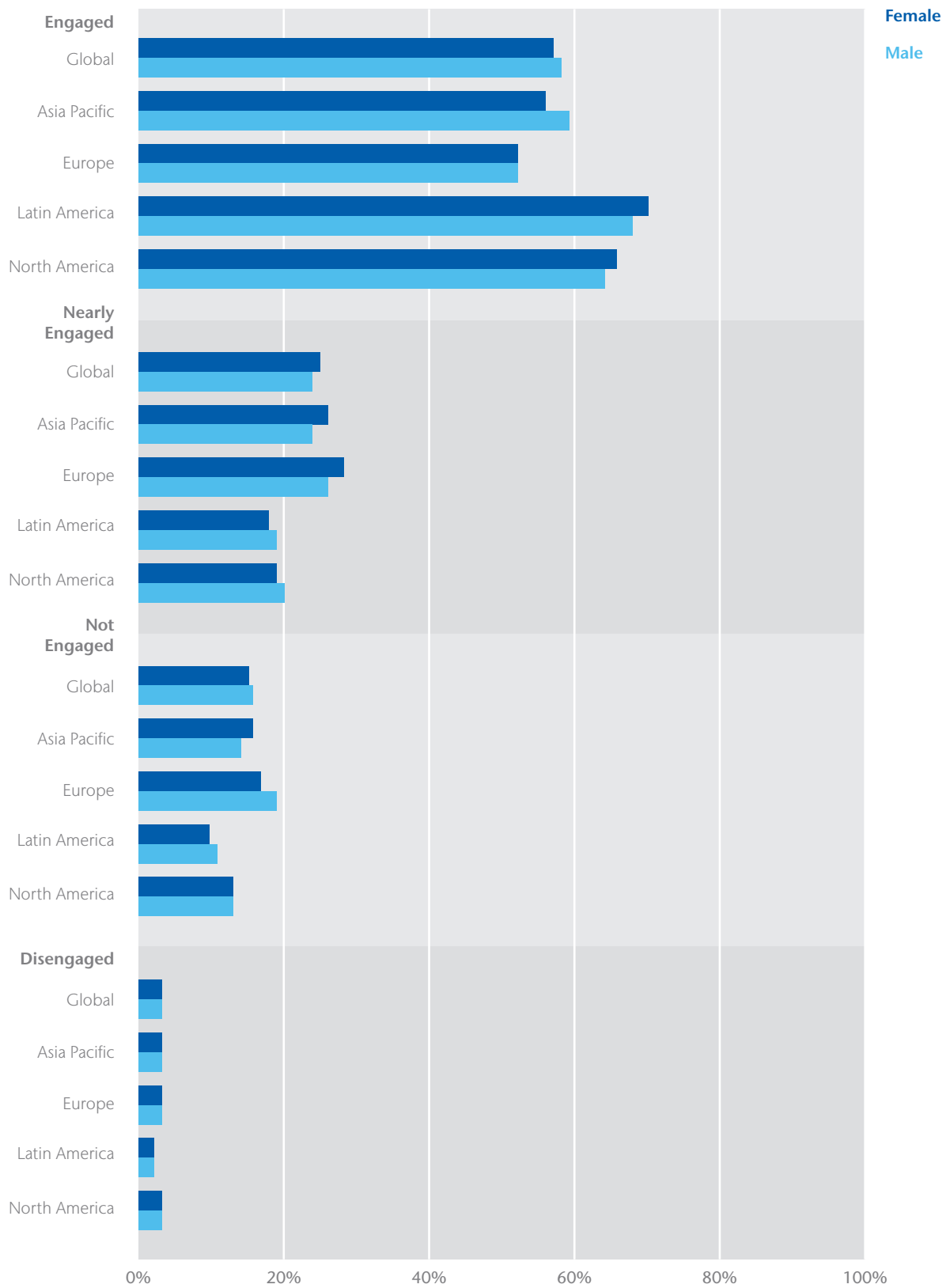
2011 Engagement by Job Levels



2011 Engagement Levels by Job Function (shows engaged category only)



2011 Engagement Levels by Gender



Contact Information

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