A case study to explore whether an increase in employee engagement would provide a solution to the retention issue in the Irish labour market

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Declaration

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of MA Human Resource Management is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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Abstract

This thesis comprises of an exploration into the concept of employee engagement; its components and drivers within the employment relationship. It examines the literature and secondary research available on the topic, to date, and the potential value which could be derived for both the employee and the organisation from its effective implementation. Engagement could be described as a 'hot topic' in management; but how can we get it?

The study focuses on the apparent changes to the employment relationship and the challenge of employee retention which is believed to exist in the labour market. A primary task for organisations today is to attract the right people but also to provide them with an environment in which to stay and grow. It is believed that the needs of the workforce have evolved. Organisations are discovering financial compensation alone may not be enough to keep the highly skilled and motivated workforce a business needs to excel. Employee engagement is no longer simply a nice thing to do; it can be employed as a strategic element that impacts both retention levels and the bottom line.

This research was compiled in relation to a single case; an Irish Recruitment Agency. Within the study, both qualitative and quantitative data was accumulated and analyzed. The research found employee engagement to be a pivotal element of the modern employment relationship, which, when successfully incorporated into an organisation, can become a significant contributor to high retention levels.

Introduction

The objective of the study was to explore whether an increase in employee engagement would provide a solution to the retention issue in the Irish labour market. The thesis examines the concept of employee engagement and aims to understand its components and potential drivers in the employment relationship.

The Institute for Employee Studies (2004) defines engagement as a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organisation. This definition highlights the positive outcomes that could result, for both the employee and the organisation, from engagement. The concept builds upon the theory of motivation and commitment. Research suggests it can be used to predict work behaviour and overall performance.

Employee Engagement has become a hot topic in management. The significant changes that have occurred over the past 25 years in the business world have given rise to its popularity. Increasing global competition, scarcity of resources, high cost labour and investor pressures are just some of the changes experienced by organisations (Vance, 2006). These changes have forced many employers to streamline their organisations; reducing head count and management layers. The primary impact of this change was the end to a 'job for life'. Employees can no longer depend on a single employer for the duration of their career. As a result, a new employment deal was born, which requires an organisational strategy to be incorporated to revive commitment and engage employees in their work.

This change to the employment contract has not occurred in isolation. Organisations today are now operating in a new business setting, arising from the demands of Generation Y, the retirement of the Baby Boomers, a shortage of critical talent and a dependence on intellectual capital over physical labour. Talent management has become a strategic priority for organisations. This is the result of global predictions of a scarcity of human resources and an increasing trend of worker mobility.

Employees are seeking opportunities to learn and grow within their organisation. They search for challenging roles and interesting assignments that will help to build on their skills and competencies, in order to increase their future employment opportunities, thereby increasing their employability.

Employee engagement has stepped forward as a critical element of the new workforce strategy. Research on engagement has found it to have a significant impact on both employee productivity and talent retention. It is proposed to have the ability to make or break the bottom line. The Corporate Leadership Council state that an engaged employee can outperform a disengaged colleague by up to twenty percent and their probability of departure is reduced by eighty seven percent.

The case study in this thesis was conducted on an Irish Recruitment Agency. The organisation has been requested its name is not disclosed, due to the sensitive nature of the data contented in the research. The agency will be referred to as 'Company A' for the duration of this thesis. Company A is a market leader in the specialist recruitment market in Ireland. The organisation was founded in the 1988 in Dublin, operating with one employee. Over the last twenty years, Company A has grown and developed at a steady pace in the market. Today it has offices in nine counties and employs just over 200 people in Ireland

The case study sought to test the potential impact employee engagement could have on retention in Company A, through a range of research methodologies. The research included eight semi-structured interviews, the distribution of sixty structured questionnaires and the compilation and analysis of company personnel data.

Acknowledgements

I dedicate this thesis to my family. Individually and together they bestow an unyielding source of love, encouragement and guidance on me. They inspire me to work harder and to excel to the best of my abilities in every task and challenge.

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Chapter One: The Concept of Employee Engagement

1.1   What is Employee Engagement?

"Any organisation that neglects to engage with its employees runs the risk of damaging the very fabric that sustains and supports its successful growth"

<div align="right">(EIQA, Ireland)</div>

Engagement has become something of a 'vogue' word, eclipsing commitment and motivation in management literature (Woodruffe, 2006). It is believed that a growing HR consultancy market has developed around the topic of employee engagement. Research, although limited, has shown that investment in this area brings clear business results. The needs of the work force have changed. As many organisations are discovering, financial compensation alone may not be enough to keep the highly skilled, motivated workforce a business needs to excel. Hall (2004) highlights this issue in his Harvard Business School article titled 'Incentives within Organisations'. He states that employees' are complex human beings that value a wide variety of things from promotions to influence to money.

"In fact people care about – they value- an astounding array of things, from tangible things like food, housing and clothes to intangible (but no less important) things like friendship, prestige and justice".

<div align="right">(Hall, 2004)</div>

Hall (2004) refers to the importance of intrinsic motivators in the employment relationship and suggests that if employees are intrinsically motivated they can naturally enjoy their job and work to create value for their organisation;

"Intrinsic motivation is perfectly aligned with value creation – if people naturally enjoy and want to do the things that create the most value for the organisation".

Bowditch and Buono (2005) describe intrinsic rewards as rewards which are earned when an employee works hard simply for the pleasure of achieving the task; praise, recognition, esteem and challenge are examples of this reward type. Woodruffe

<div align="center">1</div>

(2006), describes the crucial importance of employee engagement today, he states that non financial motivations are becoming a priority for employers due to the fact that money is not necessarily the primary factor an individual's decision to take and keep a job anymore.

The majority of what has been written about the topic of engagement can be found in practitioner articles and journals, where its basis is in practice rather than theory and experimental research. As a result, employee engagement, despite its popularity, has the appearance of a HR fashion statement or fad. In addition, the multiple and varied definitions and measures that exist often liken the topic to established theories such as organisational commitment and organisational citizenship behaviour.

Robinson identified the difference between the three theories:

"...*engagement contains many of the elements of both commitment and organisational citizenship behaviour, but is in no means a perfect match with either. In addition, neither commitment or organisation citizenship reflect sufficiently two aspects of engagement – its two way nature, and the extent to which engaged employees are expected to have an element of business awareness.*"

(Robinson, 2004)

Chiumento, a HR consultancy agency based in the UK, defines the meaning of engagement as:

"*Engagement is a positive, two-way, relationship between an employee and their organisation. Both parties are aware of their own and the other's needs, and the way they support each other to fulfil those needs. Engaged employees and organisations will go the extra mile for each other because they see the mutual benefit of investing in their relationship*".

The European Motivation Index 2007 defines engaged employees as "*the ambassadors of the organisations*". They are describes as willing to go the extra mile, learn more in less time and are often more creative. The concept suggests that when an employee is faced with options or choices he or she will act in that favours the

organisation. These employees are concerned about the future of the company and are willing to invest personal time and effort to enable it to excel. This effort is given willingly rather than compulsorily by employees (Meere, 2005, pp 6).

This extra mile can be defined as 'Discretionary Effort' which refers to *"the increment of human labour whose expenditure is entirely at the discretion of the individual who owns it"*.

(Meere, 2005, pp 6)

1.2   The Importance of Human Capital

Dave Ulrich (2005, pp 82) defines human capital as the *'soul of the enterprise'*. He reminds employers of the importance of managing their employees with a *'human touch'*. Ulrich suggests that organisations adopt four key HR practices that will advocate fair treatment and enable them to effectively manage their human capital;

1. Create an Employee Value Proposition (EVP); this statement conveys to employees that they are valued and that they are allowed to add value to the organisation. An EVP details to employees what they will get from the organisations if they meet expectations.

2. Represent employee interest to the line manager so the employees are heard.

3. Administration support should be delivered in a manner that genuinely serves and cares for employees.

4. It is critical to ensure that every employee has the ability to deliver the organisational capabilities.

(Ulrich, 2005, pp. 82)

Mooney (1999) states that very few organisations today would dispute the importance of people in the mix for a companys success. The significance of employee involvement and its impact on performance is highlighted by Mooney;

"Competitive levels of productions and quality can't be achieved by people who are uninvolved, alienated and dispirited."

(Mooney, 1999, pp. 64)

Although he acknowledges that 'front-end' efforts are pivotal in managing the employment relationship, he suggests that *"the new game is keeping talent on board"* (Mooney, 1999, pp. 3). In the current business environment, Mooney suggests that people are becoming increasingly committed to a profession rather than a particular company. Emphasis must be put on retaining as well as attracting and recruiting talent.

"Without this, they risk filling the talent bath with the stopper out".

(Mooney, 1999, pp. 4)

1.3   Employee Retention

Mooney (1999) outlined five key categories for management to address, in order to improve employee retention levels;

1. **Sourcing and hiring**:
Organisations should 'avoid filling gaps quickly and cheaply' and focus on 'smart hires'. Improvements in the standard of advertising, the interview style and selection process will lead to better hiring decisions.

2. **Training/development/career:**
Mooney emphasises the benefit reaped, in relation to retention levels, by employers who 'foster personal growth'. Organisations should ensure they have clear and detailed career paths and opportunities for employees to develop within the organisation.

3. **Compensation and reward:**

It is critical that organisations track the market compensation and rewards. An employee's service should be recognised and rewarded by the organisation. Also contribution to results should be positively reinforced by management.

4. **Involvement and Employee voice:**

Retention can be improved significantly through the communication process. Mangers should be trained in communication and understand the importance of really listening to employees and asking for their input. Involving employees in decisions can enable an organisation to tap into their creativity and goodwill.

5. **A people friendly organisation:**

Creating an environment where people are valued is an essential ingredient for retention. Managers should be trained in people skills, to help them in dealing with people issues.

1.4   Why is Employee Retention Important?

The Harvard Business Essentials guide to 'Hiring and Keeping the Best People' (2002) highlights three important bottom line reasons why retention is critical to an organisation's success:

1.   The growing importance of intellectual capital:

During the Industrial Era, the mid 18th to the mid 19th Century, tangible assets such as plant, land and machinery were the key indicators of a company's strength in the market place. In today's Knowledge Era, a company's competitive advantage is derived from its intellectual capital. The key economic resource is knowledge.

Armstrong (2006, pp 34) defines intellectual capital "*as the stocks and flows of knowledge available to an organisation, the intangible resources associated with people...*".

When an employee leaves an organisation today, the company loses that employee's knowledge and skill, which have often been acquired through significant investment

in time and training by the company. The severity of this loss is further increased if the employee moves to a competitor.

2. The causal link between employee tenure and customer satisfaction:

Research has shown a significant link exists between employee satisfaction and customer satisfaction. The transformation that was seen at Sears under the command of CEO Arthur Martinez in 1992 was a result of the company's new business model the 'employee-customer-profit chain'. Martinez introduced a business model that tracked success from management behaviour through employee attitudes to customer satisfaction and ultimately to financial performance (Rucci, Kirn and Quinn, 1997). The company identified and understood the significance of the relationship between their employees' attitude and the customers' satisfaction.

3. The high cost of employee turnover:

There is a high cost and considerable impact on an organisation's bottom line associated with employee turnover. This turnover involves three different categories of costs:

1) **Direct costs** which include the cost of recruitment and training

2) **Indirect costs** which include the impact on remaining employees' morale and productivity.

3) **Opportunity costs** which relate to the time spent on training and developing an employee who leaves that could have been used in other more productive ways.

The combination of these three elements conveys the costs of low retention levels to an organisation and the importance and need for a clear retention strategy.

Chapter Two: The Changing Workforce:

2.1   The Importance of Talent Management:

The Boston Consulting Group (BCG) and the European Association for Personnel Management (EAPM) issued a report in June 2007 'The Future of HR in Europe; Key Challenges Through 2015' which identifies key HR topics that if met by an organisation would create competitive advantage.

"Companies will need to evaluate the impact of ageing baby boomers, a changing social contract that has spelled the end of the employment for life arrangements in some countries, declining loyalty to employers and heighten focus on work life balance".

(BCG and EAPM, 2007 pp. 10)

Out of 19 European countries surveyed, 17 placed 'managing talent' as first or second on the list of most important HR topic for the future. The reasons given for this ranking were economic growth and the scarcity of human resources. Research in Ireland, compiled the following ranking of HR topics;

1.	**Managing talent**
2.	Managing Work Life Balance
3.	Improving Leadership Development

(BCG and EAPM, 2007 pp. 17)

The internal processes for managing talent were highlighted by this report as critical mechanisms. BCG and EAPM (2007) advise that employees must be given an opportunity to perform, excel and advance if that are to be retained in the business.

Robert Morton, Ciba UK's HR Head of Northern Europe, states that "*the main challenge in talent management is to attract the right people for your business and give them an environment to stay and grow*".

<div align="right">(BCG and EAPM, 2007 pp. 20)</div>

Society for Human Resource Management (SHRM) Quarterly Review 2006 define talent management as "*the implementation of integrated strategies or systems designed to increase workplace productivity by attracting, developing, retaining and utilising people with the required skills and aptitude to meet current and future business needs*."

The talent management strategy should focus on five key management activities:
- ➤ Attracting employees
- ➤ Selecting employees
- ➤ Engaging employees
- ➤ Developing employees
- ➤ Retaining employees

<div align="right">(SHRM Quarterly, 2006)</div>

In 2008, Deloitte published a report titled '*It's 2008; Do you know where your talent is*'. The research focuses on acquisition and retention strategies. Deloitte suggest that, in spite of the existing levels of unemployment, there is an acute shortage of critical talent.

"*Critical talent is defined as the group and individuals that drive a disproportionate share of their company's business performance and generate greater than average value of customers and shareholders*."

<div align="right">(Deloitte, 2008)</div>

These employees hold highly developed skills and a deep knowledge of the company. This critical talent does not refer to senior management and the so often called 'A players', they are the employees who do not feature in the annual report; nurses, doctors, researchers, clinicians and scientists.

A 'talent savvy' organisation today attracts and retains their employees though a combination of activities:

> They support their employees on issues they care about.
> They give them work that engages them.
> They continuously learn how to manage their talent better.
> They interact with their employee base in positive ways.

(Deloitte, 2008)

2.2   Talent Management and Engagement:

Deloitte (2008) suggest that engaging with employees is now more important than ever due to the shortage of critical talent. If an organisation fails to engage with its employees, it can become exposed to reduced productivity, increased turnover and low morale.

The threat of disengagement can be reduced if an organisation;

1. Provides each employee with the tools to do his or her job effectively.
2. Redesign the working conditions and roles to ensure that individuals are developed and deployed proficiently.
3. Careful management of the workplace relationships. The relationship between an employee and his or her boss has a significant impact on their engagement level.

(Deloitte, 2008)

The 'Develop-Deploy-Connect Model' created by Deloitte (2008) provides a framework for effective talent management by incorporating these three elements. The model aims to focus management on *things employees really care about*. The interconnected nature of the model means that an improvement in one area leads to an improvement in another.

> **Develop**: this element of the model moves away from traditional classroom learning and reinforces the importance of learning through trial-by-fire and

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real life situations. These experiences stretch an individual's capabilities and enable them to learn, by directly tackling problems rather than just reading about hypothetical situations.

➢ **Deploy**: an individual will perform at his or her best if an organisation can deploy them effectively into a role that unlocks their passion and skill and provides the conditions they require for success. If an employee is mismatched in a role their performance will decrease for two reasons. Firstly, they may not have the skill required to perform and secondly they may not be motivated to carry out the role.

➢ **Connect**: relationships are critical as performance can improve when employees have access to a rich and diverse network within an organisation. This element of the model focuses on connecting the right people with the right knowledge. These networks can provide individuals with the tools, support and guidance to perform their role to the best of their ability.

Deloitte's Develop-Deploy-Connect Model:

Source: Deloitte research, 2008

SHRM's Quarterly Review (2006), highlights the relationship between employee engagement and talent management. An organisation with a talent management strategy, committed to human capital, will result in higher employee engagement and lower turnover. The review states that engagement has such an impact on employee productivity and talent retention that is could *"make or break the bottom line"*. Employees who are engaged are found to perform 20% better and are 87% less likely to resign than employees who are not engaged (SHRM, 2006).

Employee engagement levels can be increased through a detailed work life balance programme which includes flexi time, telecommunication, compressed working weeks, reward programs and a performance management system. Building and increasing employee engagement levels is a continuous process; for success an organisation must develop an environment that provides meaningful and emotionally enriching work experiences (SHRM, 2006).

2.3   Changing Demographic of the Global Workforce

Research has shown a considerable change in the demographic profile of the global workforce. Dychtwald, Erickson, and Morison (2006) report that as the 'Baby Boomer' generation reaches retirement age and the global birth begins to decline organisations world-wide will face a shortage of young workers. In addition to the challenge created by this deficit, the generation profile of the workforce itself has changed with the introduction a new breed of employee – Generation Y.

The Oxford dictionary defines a generation as *'a cohort of people born into and shaped by a particular span of time; including events, trends and developments.'* Over time various labels have been given to the living generations, each generation can be associated with key events and development in history;

The Builders	Silent Generation	Baby Boomers	Generation X	Generation Y
1901- 1924	1925 - 1942	1943 - 1960	1961 - 1981	1982 - 2002
The Roaring 20's	World War II, Jazz, The Great Depression	A 14 year Worldwide birth rate increase, The Civil Rights Movement, The 60's counterculture	The rise of mass media, MTV, Video Games, The Cold War	The rise of the Information Age, Internet, The War on Terror; Iraq and 9/11, Digital Globalization

Source: Wikipedia.org/wiki/generation

Deloitte (2007b) has conducted extensive research on Generation Y. This research estimates that by 2015 40-60% of all workers across the world's population will come from Generation Y and younger. This age band's needs and motivators are significantly different from Generation X. The group is "*often considered more self reliant and self managing than previous generations*" (Deloitte). McKinsey (2008) defines these workers as those "*whose outlook has been shaped by, among other things, the internet, information overload and overzealous parents*". Recent studies on the Baby Boomers and Generation X have highlighted the different demands facing companies today. These generations see work as central part of life, believe long service to be a norm and enjoy working (Deloitte, 2007b). On the other hand, increased flexibility, meaningful jobs, professional freedom, higher rewards and compensation and a better work life balance are just some of the demands made by this new demographic; Generation Y. The business environment must adapt to its new demographic as failure to attract and engage these new employees will hinder a company's future success (McKinsey, 2008).

In Deloitte's (2007a) report, '*Generation Y, Moving with the Times*', the results of a survey conducted on 225 individuals, aged between 21-25 years, are outlined. The following results convey the change in the needs and motivators that are associated with Generation Y.

- 50% of respondents considered work-life balance and being challenged in their jobs as key sources of satisfaction.

- 40% stated a high degree of personal responsibility in their role as being important.
- 50% of respondents rated regular communication and interaction with their superiors as very important.
- The top incentive rated by respondents was the opportunity for career development. The second most valued incentive was salary.
- 40% of those surveyed believed they would work for between 4-5 employers in their careers.

(Deloitte, 2007(a), pp.5-9)

*see appendix for full survey.

2.4   Workforce Mobility:

In line with the demographic changes, an increase in worker mobility should also be an area of concern for employers today.   The Small Firms Association (SFA) published a report on Irish worker mobility and the reasons why employees leave their employers annually since 2004. Year on year the number of Irish workers changing jobs has increased.   Please note the report in 2006 produced by the SFA only referred to the 2005 statistics.

Year	Worker Mobility
2007	340,000
2005	199,000
2004	126,000

Source: SMF, Report on Irish Worker Mobility, 2004, 2005, 2007

The reports highlight that employers today are faced with a significant retention issue with mobility figures increasing steadily. SMF conducted exit polls in line with these mobility surveys to identify reasons why employees leave their jobs.   The results show that factors other than pay are key when retaining and attracting staff. Patricia Callan, SMF Director, states that *"companies which respond to employee retention solely by increasing wages are only buying time, not loyalty"* (SMF, 2007).   Callan identifies that competing for employees commitment on salary alone, leaves an organisation *"vulnerable to the next offer that employee receives."*

Reason for Exit	2004	2005	2007
Unhappy with people	38000	59700	102000
Felt contribution not recognised	32000	49750	85000
Lack of advancement	25000	39800	68000
Salary	18000	27800	47600
Bored with their job	6000	9950	17000
Other reasons	7000	11940	20400

Source: SMF, Report on Irish Worker Mobility, 2004, 2005, 2007

*see appendix for full 2004, 2005 and 2007 survey.

2.5   New Workforce Strategy:

Dychtwald, Erickson and Morison (2006) advise organisations to address the change in demographic composition through the development of a *'new workforce strategy'*. As the business environment has never before operated in this new setting, arising from the demands of Generation Y, change in ethnicity, the retirement of the Baby Boomers and the significant dependence on intellectual rather than physical labour, organizational leaders need to forecast and plan for the future now.   A new employment deal must be designed to cater for this new 'client'. Employees' aspirations, family status, loyalty and educational demands should be considered in the creation of the new employment deal.

To further complicate this organisational challenge, Dychtwald et al (2006), states that engagement is now a key business strategy.   Research highlights that a meaningful role is critical to engaging and retaining this new employee base. *"You can completely overhaul the employment deal to provide flexible working arrangements, learning opportunities and compensation and benefits, but your best employees will still leave if their work neither stimulates them nor brings out their best effort"*(Dychtwald et al, 2006). Organisations are warned to respond proactively, as early action could transform these environmental threats into business opportunities in productivity, customer service and retention (Dychtwald et al, 2006).

Dychtwald et al (2006) states that actions taken by an organisation to manage the changing workforce demographics, to increase engagement levels and to yield the most from the employment deal must not be conducted in isolation. These initiatives should be weaved into a clear and dynamic workforce strategy. There are six perspectives that can direct and steer an organisation's new workforce strategy. Dychtwald (2006) employs these different guidelines to create a supporting foundation for employee engagement.

1.   Consumerism has found the workforce:

Employees have more information than ever about pay scales and labour markets. As the labour market growth slows, a buyers' market develops allowing employees to 'shop around more'.

2.   People want and benefit from organisational affiliation:

Employees still have a need for affiliation and an organisation must find way to fulfil this desire.

3.   The best source of skilled labour is often people you already know:

Too often an organisation's best workers are their retirees, ex employees and mature workers. New techniques must be utilised to reengage the people already in the organisation.

4.   The employment deal must be relevant and comprehensive:

There are many dimensions to the employment deal that must be considered, ranging from engaging work to a worthwhile mission. An employer must ensure the 'deal' on offer is appropriate and comprehensive.

5.   The employment deal must be customized:

A one-size-fits-all approach is no longer appropriate in employee management practices. Organisations must be more flexible and provide a wide range of options in benefits, working arrangements and benefits.

6.   Human capital is the ultimate business asset:

The organisation with the superior workforce has the competitive advantage. They can perform better and change more readily.

Source: Dychtwald, Erickson, Morison, (2006), 'Workforce Crisis', Six Core Perspectives, HBS, pp 230-231

Chapter Three: Commitment

3.1   Commitment and Employee Engagement:

When researching engagement, its close link to commitment must be examined and understood.   Armstrong (2006), states that the two concepts; commitment and engagement, overlap because they are 'closely connected'.   They are important management practices because employed independently or together they can have a strong impact on an organisation's performance (Armstrong 2006).

Mowday, Porter and Steers (1982) investigated the employee and organisational linkages through the psychology of commitment, absenteeism and turnover.   They found that an employee's commitment to an organisation can be a reliable indicator of particular behaviours, such as turnover. If an individual is involved and committed to an organisation, it is more likely that they will stay and engaged in working towards its goals (Mowday, Porter and Steers, 1982).

3.2   The Three Levels of Organisational Commitment

"Organisational commitment is the relative strength of the individual's identification with, and involvement in, a particular organisation".

(Armstrong, 2006, pp 273)

The consequences and impact of organisational commitment must be considered at three levels; the individual level, the team level and the organisational level (Mowday, Porter and Steers, 1982);

1)   The Individual Level:
Once an employee is committed to an organisation an increase in effort and a reduction of absenteeism, tardiness and turnover is often experienced. The individual also can experience positive outcomes such as a feeling of belonging, a sense of purpose and security.

2)   **The Work Group or Team Level:**

As a result of a reduction in absence and turnover, teams often experience fewer disruptions and therefore can be more effective. The group will enjoy a greater stability. When members of the group are committed to the organisations, together the members can become more integrated and driven to achieving their common goal.

3)   **The Organisational Level:**

The increased effort contributed by each individual member enables the organisation to operate more effectively. The reduction in absenteeism and turnover also results in the saving of costs associated with these behaviours.

3.3   Developing Organisational Commitment:

It is important to acknowledge that the commitment of employees to an organisation is best defined as '*a process that unfolds over time*' (Mowday, Porter and Steers, 1982, p. 46). The process often begins before the individual has started his or her new job and then slowly builds up over time spent with the organisation. Mowday, Porter and Steers (1982) illustrate this process through their conceptual framework of the development of organisational commitment.

The Development of Organisational Commitment:
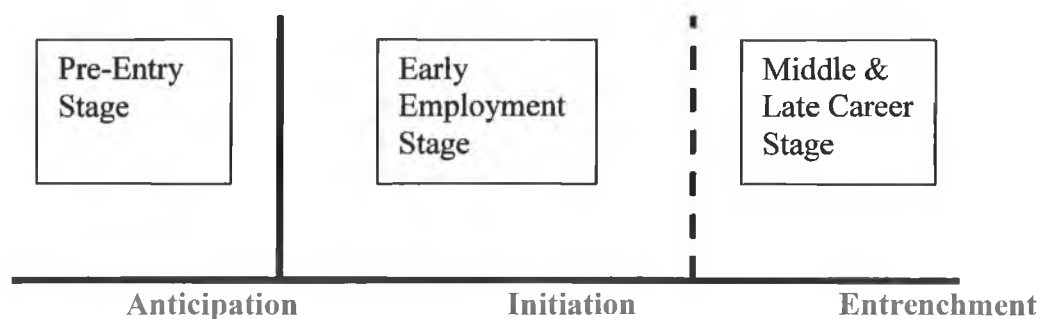
Pre-Entry Stage		Early Employment Stage		Middle & Late Career Stage
Anticipation		Initiation		Entrenchment

Source: Mowday, Porter and steers, (1982) Stages in the development of organisational commitment, Fig 3.1 pp. 46

Anticipation:

In addition to a variety of goals and expectations, new employees enter organisations with different propensities to become committed. These different degrees of propensity to commit and the initial level of commitment held by an employee can influence his or her experience of the new role during the first few months.

This stage is often influenced by:

1) The personality and character of the individual. What are their values for example and how do the perceive them to match the values of the organisation.

2) The new employee's expectations of the job. How close are these expectations to the reality that is the job?

3) The freedom of job choice. What factors caused the individual to select the job.

Initiation:

The first few months in an organisation are a critical period for developing lasting attitudes, expectations and commitment (Hall, 1976). During this time, the new employee directly experiences his or her new role, the supervisor, his or her colleagues and the management team.

This stage is often influenced by:

1) The initial level of commitment and individual's character.

2) The level of responsibility in the role. The amount of felt responsibility, from a behavioural perspective, determines how involved a new employee becomes in a role.

3) The availability of alternative roles. A reduction in the positive attitude towards the organisation can occur when more attractive alternative roles are available outside the organisation.

Entrenchment:

This stage is related to the length of service held by an employee.

Mowday, Porter and Steers (1982), state that research has found tenure to be one of the strongest predictors of organisational commitment.

"Length of service increases the likelihood that employees will receive more challenging job assignments, be given greater autonomy and discretion at work and receive higher levels of extrinsic rewards."

(Mowday, Porter and Steers, 1982, pp 65)

This stage is influenced by:

1) The level of investment made by the employee into the organisation.
2) The employee's social involvement; the relationships they have made with colleagues.
3) Their job mobility. How transferable are the skills they have acquired at this organisation to another organisation.
4) The sacrifices the employee has made for the role. What opportunities have they given up to stay in their current role?

Source: Mowday, Porter and steers, (1982) Stages in the development of organisational commitment, pp 48 -66.

3.4   The Future of Organisational Commitment:

Pfeffer (1998) made reference to research carried out by John Kotter between 1980 and 1995. The study carried out by John Kotter in the 1980's, involving 15 successful general managers, discovered that almost 80% of these managers had spent their careers with the same organisation and 90% of their careers took place in the same industry. During this period, Kotter suggests, that an employee joined an organisation with the intention of remaining with that employer indefinitely. This employment contract offered employees long term commitment in return for hard work and loyalty. In 1995, John Kotter conducted further research on the employment relationship and its 'new rules'. He surveyed graduates of the Harvard Business School and found that the respondents held a multiple of jobs. This indicated an increase in worker mobility. The change in stability reflected the need for a new employment contract. As employers were no longer offering long term employment, the term '*employability*' rose to the front of the employment contract.

Pfeffer (1998) defined the concept of '*employability*' as offering challenging roles and interesting assignments that would enable an employee to build his or her skills and competencies in order to increase their future employment opportunities. Woodruffe (2006) states that employees need to maximise their employability as the notion of cradle-to-grave secure employment is a distant memory. Employees today consider how a role will help them in the future, they expect ongoing development.

In a report for SHRM (2006) outlined how the dramatic changes in the global economy have impacted on employee commitment. Vance states that over the past 25 years major changes have occurred in the business environment, which in turn affects the commitment and reciprocity between employee and their employers. Increasing global competition, scarcity of resources, high cost labour and investor pressures are just some of the changes experienced by organisations. These changes have prompted many employers to restructure their organisations; reducing head count and management layers. Employees understand that as a result of these changes they can not rely on one employer for the rest of their career, with this reduced expectations of reciprocity comes a reduction in commitment (Vance, 2006).

Organisations need to create new strategies to revive commitment and engage employees in their work (Vance, 2006).

Chapter Four: Motivation

4.1   Motivation Theory:

Bowditch and Buono, (2005) state that understanding why people behave and perform as they do in their job role and in their organisation is a central concern in Organisational Behaviour. Steers and Porter (1975) devised three questions to aid the examination of motivation theory;

1. What energises human behaviour?
2. What channels or directs human behaviour?
3. How can certain behaviours be sustained and maintained over time?

No one answer exists to each of these questions due to the significant volume of information and research that exists around each of them.

In line with these questions, Bowditch and Buono (2005) examine Motivation theory through three broad classifications;

1. Static Content Theories – what energises behaviours?
2. Process Theories – what channels human behaviour?
3. Environmentally based theories – how certain behaviours can be maintained over time?

4.2   Static Content Theories of Motivation:

A fundamental issue in understanding motivation concerns the different variables that energies human behaviour (Bowditch and Buono, 2005). These Static Content theories examine the 'content' of what really motivates an individual. The theories are defined as static as they observe only one point in time, either past or present time. The most well known Static Content theory was developed by Abraham Maslow. Beardwell, 2007 states that, Maslow introduced the first employee motivation theory, with his model of the *'Hierarchy of Needs'*, in 1942. This model suggested that five

tiers associated with employee motivation begin at level one with basic *'Physiological Needs'* and ended at level five with *'Self Actualisation Needs'*.

Maslow believed that an employee sought to satisfy one need at a time. The key strength of Maslow's model was the identification of individual needs for the purpose of motivating behaviour (Bowditch and Buono, 2005). Alderfer extended and adapted Maslow's model further, in 1972, by categorising three motivation needs instead of five; E*xistence, Relatedness and Growth.* His theory also differed from Maslow as he identified at times the needs could overlap and an individual could move from one stage to the next without fully satisfying the first.

Existence-Relatedness-Growth Theory:
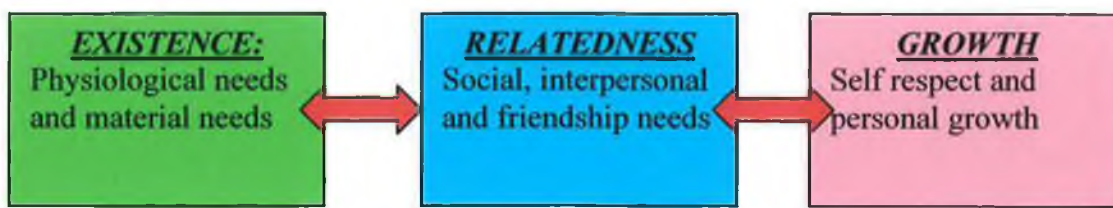
(Gunnigle, Heraty and Morely, 2006, p. 136)

David McClelland's theory of *'Socially Acquired Needs'*, developed in 1961, highlights three basic needs that an individual develops and acquires from society:

> ➤ A need for Affiliation
> ➤ A need for Power
> ➤ A need for Achievement

This theory states that every individual is influenced by one of these needs at different times of their lives and that the strength of that need can vary depending on the situation (Bowditch and Buono, 2005). Two key points can be derived from McClelland's research, firstly that motivation is changeable and secondly motivation is a dependent variable as it is concerned with the conditions that develop a particular need.

In 1968, Frederick Herzberg developed the concept of motivation further in his *'Motivator - Hygiene Theory'*, which identified two dimensions central to our understanding of motivation;

Motivator: (high Level) sense of achievement, having responsibility, an opportunity for growth ...these contribute to employee motivation.

Hygiene: (low level) financial compensation, working conditions, job security, interpersonal relationships...these contribute to employee satisfaction.

(Gunnnigle, Heraty & Morley, 2006, p.138)

Herzberg understood that providing the lower level, Hygiene elements to employees may only serve to prevent dissatisfaction and would not act as a trigger for motivation. Individuals would only feel motivated if the higher level, Motivators where present in the relationship.

4.3   Intrinsic Performance Motivators:

A change can be observed in the sources of employee motivation in today's business environment. It is suggested that a move from financial to non-financial incentives has taken place. In 2006, Woodruffe, a HR practitioner, identified twelve of the most important employee performance motivators, all of which are intangible;

1. **Assignments**: working on useful assignments prevent employees from feeling bored or idle.
2. **Advancement**: the opportunity to advance both on a short and long term basis, is given great store by employees.
3. **Autonomy**: people values the ability to 'really get into' their roles.
4. **Challenge**: many employees enjoy to feel challenged and tested by demanding jobs.
5. **Civilised treatment**: organisations must ensure managers are trained in managing their employees respectfully and in a civil manner.

6. **Environment**: a pleasant working environment can have a significant influence on employees' performance.

7. **Exposure to senior people**: employees like to feel they are noticed by senior management and they value the opportunity to approach these managers for advice and guidance.

8. **Praise is rewarded when praise is due**: the emotional benefit of positive and timely feedback can be enormous.

9. **Support is available**: Employees need to feel that support and guidance is available when needed.

10. **Trust**: if an employee feels trusted they can feel like part of the team, trust confers status.

11. **Reliable Organisation**: employees like to feel proud of their organisation.

12. **Work-life Balance**: employees today value an organisation that promotes work-life balance

(Woodruffe, 2006)

This research supports the idea that financial rewards alone no longer suffice to motivate and engage employees. SHRM Quarterly Review (2006) states that *"effective employee engagement is created with a mixture of tangible and intangible factors which fosters an environment of stimulation, development, learning support, contribution and recognition."* Individuals in the modern workplace are seeking opportunities for personal development and career growth, task responsibility, a job they can be proud of and feedback and praise when earned (SHRM, 2006).

4.4 Intangible Rewards at Starbucks:

Howard Schultz, CEO of Starbucks, reinforces the value of intangible rewards held by employees today in a Business Weekly report in 2008 *"Financial incentives are extrinsic and short lived. Human connection creates fulfilment and long-lasting change"*. The relationship between the management and employees is built on mutual respect and dignity. The Starbucks brand is brought to life not by its coffee but by its people. Schultz suggests that the human connection experienced by employees at

Starbucks is a key contributor to their success. The organisation's competitive advantage has been achieved by creating an environment where people are treated well, they are respected and they are valued (Schultz, 2008). This relationship works to engage employees and commit them to the values and vision of the organisation. Schultz believes that the exceptional customer service level associated with the Starbucks brand is a result of the organisation's high levels of employee engagement.

4.5   The Concept of Exchange:

A key aspect of organisational commitment explored by Mowday, Porter and Steers (1982) is the concept of exchange. When a new employee joins an organisation he or she has needs, desires and skills and they are seeking an environment where they can use their abilities and satisfy their basic needs. The organisation must ensure such an environment exists. This idea of exchange highlights the reciprocal nature required from the employment relationship for organisational commitment to be achieved. Bowditch and Buono (2005) support this idea and underline the dynamic interactions that exist between an individual and their organisation.

"Organisations employ individuals because their services are essential for the organisation to successfully achieve its goals. Individuals, in turn relinquish some of their autonomy to the organisation in order to fulfil their personal needs."

(Bowditch and Buono, 2005, pp 87)
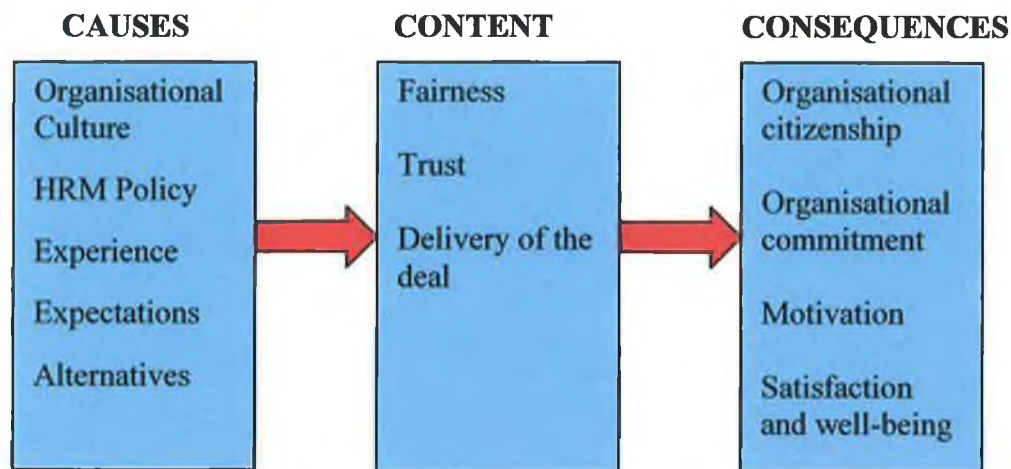
4.6   The Psychological Contract:

This mutual agreement on exchange is known as the psychological contract. The concept was first introduced by Chris Argyris in 1960. Argyris found that is was often not possible to specify every element of the employment deal in a written contract. Elements such as loyalty, commitment and security can be implied in this new employment contract.

"The psychological contract is an implicit set of obligations and expectations concerning what the individual and the organisation expect to give to and receive from each other."

<div align="right">(Buchanan and Huczynski, 2004, pp. 680)</div>

David Guest (1996) created a model of the psychological contract. Guest (1996) explains that this contract is comprised of a mix of assumptions, expectations, promises and mutual obligations. It is not developed by means of a single transaction; the contract will evolve and change over the whole duration of an individual's involvement with an organisation.

A model of the psychological contract:

CAUSES	CONTENT	CONSEQUENCES
Organisational Culture HRM Policy Experience Expectations Alternatives	Fairness Trust Delivery of the deal	Organisational citizenship Organisational commitment Motivation Satisfaction and well-being

Source: Guest, D.E, Conway, N, Briner, R. and Dickman, M. (1996) 'The State of the Psychological Contract in Employment: Issues in People Management', Chartered Institute of Personnel and Development.

Guest (1996) uses this model to illustrate the links between the organisation policies and procedures and the experience and responses of employees (Buchanan and Huczynski, 2004). The 'content' element of the model reflects *'the real state'* of the psychological contract; it refers to the degree to which employees trust their employer, whether or not they feel fairly treated and ultimately whether the employer has delivered on their part of the deal.

4.7 The New Employment Contract:

This concept represents the new employment deal managers need to address and manage in the workplace in order to operate effectively in this dynamic business environment. Armstrong (2006) cites the work of Kissler (1994) which outlines the key differences between the old and new employment contracts;

Old Employment Contract	New Employment Contract
Relationship is predetermined and imposed.	Relationship is mutual and negotiated.
You are who you work for and what you do.	You are defined by multiple roles, many external to the organisation.
Loyalty is defined by performance.	Loyalty is defined by output and quality.
Leaving is treason.	People and skills only needed when required.
Employees who do what they are told will work until retirement	Long-term employment is unlikely; expect and prepare for multiple relationships.

(Armstrong, 2006, pp. 232)

Kissler (1994) conveys, through this list of differences, the significant changes that have occurred in the employment relationship. The reciprocal nature of the employment deal and the lack of job security must be carefully considered by an organisation.

Armstrong (2006, pp 235) suggests four steps that should be taken to manage the employment relationship today and to ultimately lead to the formation of a strong and positive psychological contract.

1. The expectations of a role should be clearly outlined during the recruitment and selection process.
2. Performance management is critical to the relationship, continuous dialogue should occur between the employer and employee as a means of communicating and agreeing expectations.
3. A policy of transparency should be adopted in relation to company policies and management proposals and decisions as they affect people.
4. Management style should rely on consensus and co operation over control and coercion; employees should be treated as stakeholders.

4.8   The Psychological Contract and the Manager:

Bowditch and Buono (2005), address the importance of the psychological contract from the managerial perspective.   Managers are moving away from coercive contracts, which often were forced and can alienate employees, and are recognising the importance of developing and communicating remunerative and normative contracts (Bowditch and Buono, 2005).   These new style contracts include both extrinsic (remunerative) and intrinsic (normative) elements. Through the combination of these control styles, management are seeking to establish greater commitment, involvement and motivation from employees (Bowditch and Buono, 2005).

Chapter Five: Employee Engagement

5.1   The Development of the concept Employee Engagement:

The topic of employee engagement was introduced in 1990 by Kahn. According to his research engagement means to be psychologically present when occupying and performing an organizational role. In reviewing Kahn's concept and research in 2004, May, Gilson and Harter (2004) described the concept of engagement as *"the harnessing of organisational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during their role performance"*.

Kahn differentiated between the experiences at work had by engaged and disengaged employees;

➢ When an employee is engaged at work, his or her human spirit is fulfilled at work.

➢ A disengaged employee withdraws from their roles and 'decouples' themselves form their work.

➢ A disengaged employee can display a lack of commitment and motivation as a result of their detachment from their role.

(May, Gilson and Harter, 2004)

May, Gilson and Harter (2004) explain that Kahn interviewed summer camp counsellors and employees of an architectural firm in order to conduct his qualitative study of the psychological conditions of personal engagement and disengagement. The interviewees were questioned about moments of engagement and disengagements they experienced at work.

5.2   The Psychological Conditions of Engagement:

Kahn's research identified three psychological conditions associated with these moments:

1. **Meaningfulness**: This is defined as the value of a work goal or purpose. An employee will judge this value against his or her own ideals and standards. The extent to which a job is enriched, the perceived role fit and the employee's relationship with his or her colleagues will impact the degree of meaning they experience in their role.

2. **Psychological Safety**: This is measured by an employee through the extent to which they can express their true selves at work without fear of negative consequences. The employee's work environment should not be unpredictable or threatening. A relationship based on trust and support is necessary for this safety to be experienced.

3. **Psychological Availability**: This element of engagement refers to an employee's own readiness and confidence to engage in his or her role. The employee must consider and decide whether they have the physical, emotional and cognitive resources available to complete the task at hand.

(May, Gilson and Harter, 2004)

The study recognized that employees were more engaged in work when the environment offered them more psychological meaningfulness and psychological safety and when the employees were more psychologically available. Kahn conducted a field study, in a US Midwestern insurance company, to examine the determinants and mediating effects of the three psychological conditions on employees' engagement at work. The study found meaningfulness to have the strongest link to engagement, with *job involvement* and *work role fit* having a positive impact on psychological meaningfulness (May, Gilson and Harter, 2004). Kahn identified the positive effect that *rewarding co worker* and *supporting supervisor* relations have on safety. The psychological availability of an employee is positively associated with the resources available to them. These three psychological conditions investigated were found to have a significant influence on the degree to which an employee engages in their role at work.

5.3   Employee Engagement and The Gallup Organisation:

The Gallup Organisation, an international organisational research and consultancy firm, has conducted a significant business survey of employee engagement. Gallup conducted a study in 1985 that resulted in the development and patent of 'the Gallup 12 Q'. This tool was the product of seven years of global research which involved 100's of focus groups and 1000's of employee interviews. This is a questionnaire comprising of twelve questions to which employees are asked to rate their response on a scale from one to five. Gallup state that the Q12 pinpoint 12 universal needs, that when met evoke strong feelings of engagement. High Q12 scores signify an engaged workforce whose needs, which, when met, are closely met by their employer. Low scores indicate a disengaged workforce, while middle range scores suggest employees are not engaged. The Gallup Organisation has defined the characteristics of these three categories;

> ➢ **Engaged Employees** can be described as employees who work with passion and enthusiasm and hold a deep connection to their organisation. These employees can drive innovation and focus on developing a company.
> ➢ **Not Engaged Employees** are defined as those individuals who are present in their role and performing to the minimum standard expected of them, however these employees lack any passion or energy for their work.
> ➢ **Actively Disengaged Employees** are seen as more than unhappy within their roles; they are actively demonstrating this unhappiness, often in a manner that works against the organisation.

(Bonfield, goodpractice.net, 2007)

This tool was designed with two broad management objectives in mind. The first objective is continuous improvement and depending on the survey outcomes an organisation can translate the information it provides and move forward by building on any strengths and focusing attention on any weaknesses highlighted. The second business objective is measurement. The Gallup Q12 measure has created a means to bridge the soft values that relate to employee morale and engagement such as recognition, with the 'hard' and measurable outcomes such as productivity (Thackray,

2001). Unlike satisfaction and attitude surveys, engagement can be used to predict work behaviour and overall performance.

Companies with *"high Q12 scores exhibit lower turnover, higher sales growth, better productivity, better customer loyalty and manifestations of superior performance"*.

<div align="right">(John Thackray, 2001)</div>

FOUR DIMENSIONS OF EMPLOYEE ENGAGEMENT

Among the many variables that discriminate between highly productive workplaces and those that are unproductive is the quality of the local workplace manager and his or her ability to meet a core set of employees' emotional requirements. Work units that meet these conditions of engagement perform at a much higher level than work units that fail to meet them.

Opportunities to learn and grow
Progress in last six months

HOW CAN WE GROW?

Best friend
Coworkers committed to quality
Mission/Purpose of company
My opinions count

DO I BELONG?

Encourages development
Supervisor/Someone at work cares
Recognition last seven days
Do what I do best every day

WHAT DO I GIVE?

Materials and equipment
I know what is expected of me at work

WHAT DO I GET?

Copyright © 1993-1998 Gallup, Inc.

Source: excerpted from *Human Sigma: Managing the Employee-Customer Encounter* (Gallup Press, November 2007)

"It deploys a feedback methodology for improving engagement by creating a factual base for discussion and debate of the causes behind the numbers. It yields actionable input from staff and managers for change in attitude, conduct and policies and processes".

<div align="right">(John Thackray, 2001)</div>

The wide scale usage of the Gallup survey indicates the value and attention organisations are placing on employee engagement. In March 2001, the Gallup

engagement survey has been rolled out to over 1.5 million employees and more than 87,000 business units.

5.4 NHS Survey on Employee Engagement:

The Institute for Employee Studies (IES) defines engagement as:

'*A positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two way relationship between employer and employee.*'

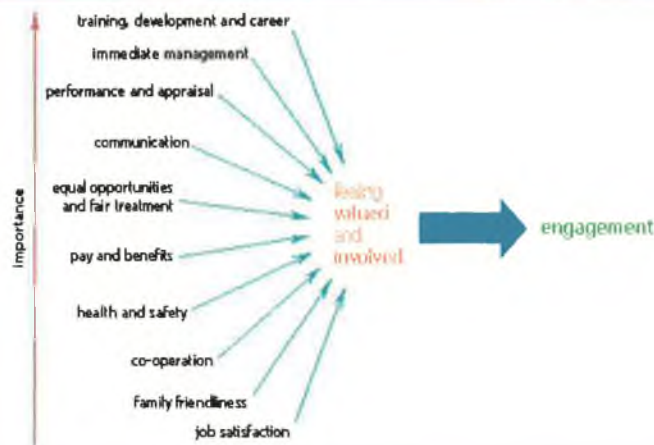<div align="right">(Robinson, IES report 2004)</div>

The IES study, conducted an attitude survey of 10,000 employees over 14 organisations in the NHS during 2003. The research found that positive responses to the engagement statement conveyed:

1. *"A positive attitude towards and pride in the organisation.*
2. *A belief in the organisations products and services.*
3. *A perception that the organisation enables the employee to perform well.*
4. *A willingness to behave altruistically and be a good team player*
5. *An understanding of the bigger picture and a willingness to go beyond the requirements of the job."*

<div align="right">(Robinson, IES report 2004)</div>

The survey identified that committed employees perform better. There is a strong link evident between employees feeling valued and involved and engagement.

The Link between feeling Valued and Involved and Engagement:

Source: IES Survey, 2003

Source: Robinson, IES report 2004

Robinson's attitude survey included twelve statements with topics such as training and development options, performance appraisal and family friendliness.

Robinson highlighted employees feeling valued and involved as the strongest driver of engagement. This feeling embodies four key elements:

1. *"Employees' involvement in decision making.*
2. *The extent to which employees feel able to voice their ideas, and managers listen to these views, and value employees' contributions.*
3. *The opportunities employees have to develop their jobs.*
4. *The extent to which the organisation is concerned for employees' health and wellbeing."*

(Robinson, IES report 2004)

5.5   The Corporate Leadership Council:

The Corporate Leadership Council (CLC), a HR focused membership program of the Corporate Executive Board, defines engagement as the extent to which employees commit to something or someone in their organisation and how hard they will work and how they will stay as a result of that commitment. The CLC has conducted research with over 1200 organisations and surveyed over 1 million employees to create a model of employee engagement which is rooted in business outcomes.

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The CLC identified two types of commitment they can gain from employees;

> **Rational Commitment**: this refers to the extent to which an employee believes that their manager, team or organisation have their self-interest in mind, either developmental or professional.
> **Emotional Commitment**: this relates to the degree to which an employee values, enjoys and believes in his or her job, manager, team and organisation.

There are four points to which these forms of commitment can be attached to; Day to Day Work, Team, Direct Manager and Organisation. The ultimate focus of increasing employee engagement highlighted by this model is its potential impact on business performance and employee retention.

Actions & Environment	Two Commitment Types	Four Focal Pts of Commitment	The Outputs of Commitment
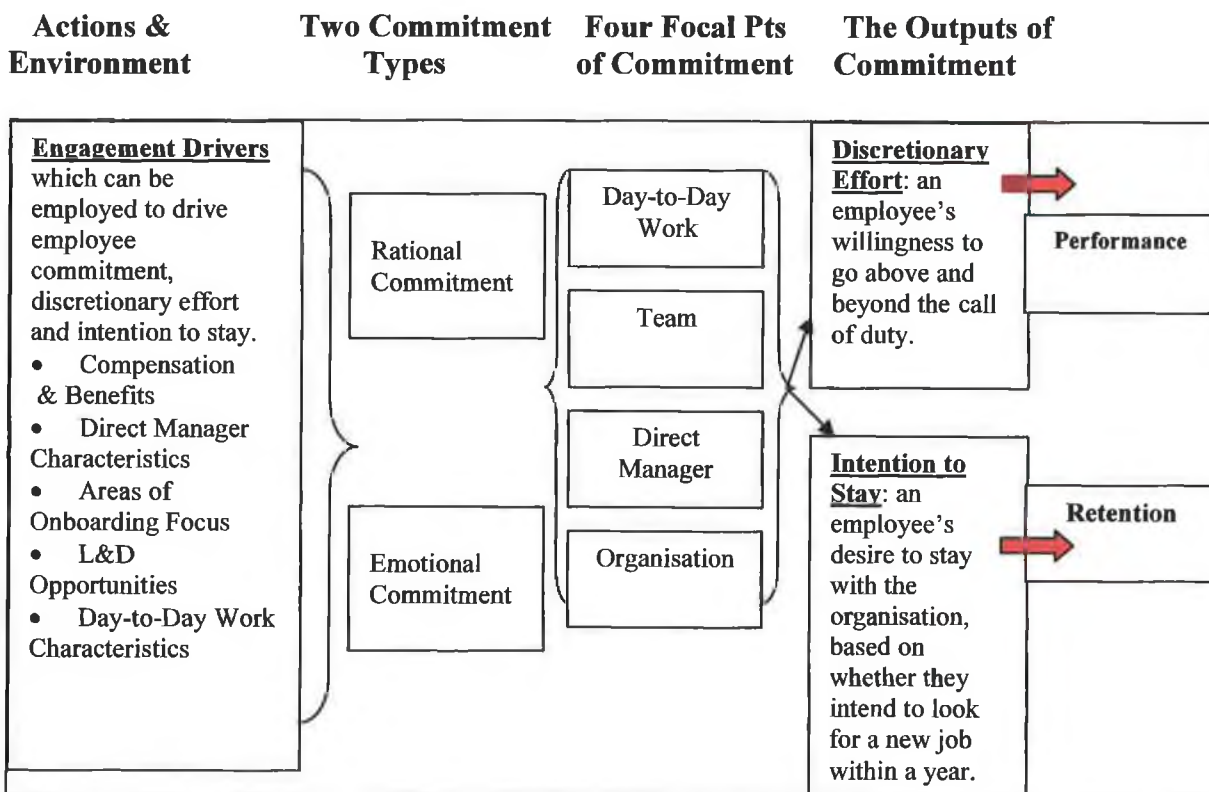
The CLC's research has found that engaged employees can outperform, by up to 20%, their disengaged colleagues. The council's research also found that engaging employees can reduce, by up to 87%, the probability of their departure. In order to

achieve these results, the CLC outline five imperatives that must be put in place in the organisation:

1) Diagnose the urgency of the engagement challenge.
2) Determine the organisational strategy that engages managers and employers.
3) Create engaging opportunities to enable employee contribution.
4) Frame an engagement structure that builds organisational credibility with employees.
5) Benchmark engagement over time for continuous improvement.

5.6   The New Rules of Engagements:

Mike Johnson (2004), states that engaged employees are six times less likely to leave their employer than a disengaged employee if offered a new job. He acknowledges the difficulty involved in engaging employees but reinforces the fact that the above mentioned results and increased productivity and business success associated with an engaged workforce are worth the effort. As businesses operate a multi choice society and although it is a difficult task, employers have no option but to try and engage with their employees (Jonhson, 2004)

There is a misconception that employee engagement is soft, touchy, feely HR related stuff; that it is simply a nice thing to do. Johnson (2004) clarifies that involving the entire management team in the process is critical for its success. Johnson (2004) refers to the gap or void that often exists between management and employees as a significant influence on the level of engagement. Too often senior management operate despite being considerably out of line with the 'real aspirations' of those they employ. To engage employees management must get to know who their employees are – "*to engage an employee, managers have to engage with who they are*" (Johnson, 2004). There are a number of reasons contributing to the low levels of employee engagement;

Reasons why companies are failing to engage their employees:

1) Lack of inclusion: employees have no access to information and do not know what is really going on in the organisation.

2) Feelings of deprivation or loss: these feelings often result from change or downsizing where employees are feeling the loss of a colleague.

3) Perceptions of vulnerability: employees are vulnerable due to the lack of job security.

4) No positive attachment to senior figure or boss: no real relationship exists between manager and employee.

5) The history of the employer/employee relationship: this perception can be carried forward from previous experience.

(Johnson, 2004, pp 21)

5.7   Employee Attitudes and Engagement Survey:

The Charter Institute of Personnel and Development (CIPD), conducted a survey on 'Employee attitudes and Engagement' in 2006. The research was conducted by Kingston Business School and involved a stratified sample of 2000 employees from across the United Kingdom. This research reinforced the theory that having an engaged workforce significantly influences business results.

"Engagement was found to be positively associated with a range of other attitudes such as job satisfaction, as well as higher levels of performance, advocacy and lower intention to quit".

(Truss, CIPD, 2006, pp 45)

An increased occurrence of absenteeism and greater intention to leave were attributes associated with businesses' surveyed with low levels of engagement.

The 2006 survey found the following engagement statistics:

➤ **35%** of respondents were **actively engaged**

➤ **57%** of respondents were **not engaged**

➤ **8%** of respondents were **actively disengaged**

The drivers of engagement identified by this survey as the primary influencers on employee engagement levels are:

1. *Having opportunities to feed your views upwards.*
2. *Feeling well-informed about what is happening in the organisation.*
3. *Thinking that your manager is committed to your organisation.*

(Truss, CIPD, 2006 pp xi)

CIPD Model of Employee Engagement:
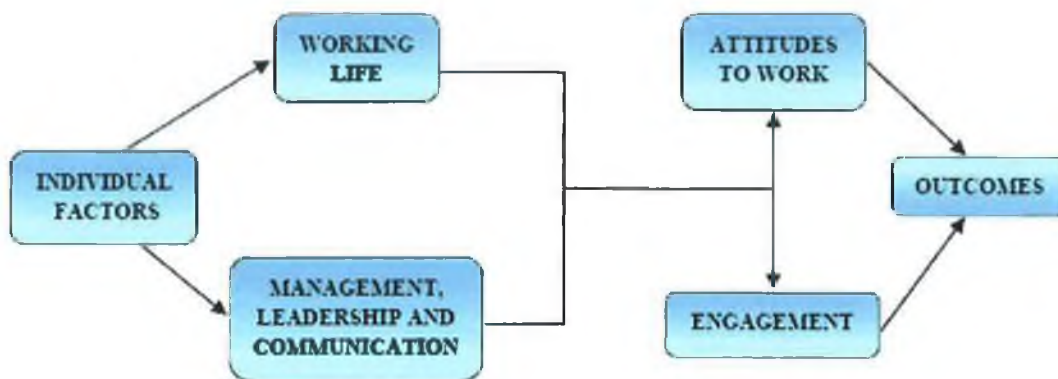
(CIPD, 2006, pp. 2)

The research conducted by CIPD (2006), which lead to the development of this model, found that organisational life and the relationships an individual has at work can be very complex. This model was created to illustrate that engagement is linked to a number of factors to do with the individual (age/job/treatment at work) and other attitudes to their jobs such as job satisfaction. The first three boxes in the model summarize these wide and varied influences into Individual Factors (age,gender), Working life (hours of work, pay, flexible working) and Management, Leadership and Communication (feelings about management, communication).

5.8   CIPD's Components of Engagement:

A key element of CIPD's research in 2006 was the division of engagement into three distinct elements; *"Emotional, Cognitive and Physical"*. The first component

emotional engagement referred to the extent to which an employee felt involved in their own role. CIPD described the cognitive side as the degree to which an employee was focused at work. A focused employee tends to think of very little else other than their job during the working day. The final element was physical engagement and this was determined by the employee's willingness to 'go that extra mile'. The division of engagement into these three factors clarifies its complexity and the detailed strategy required by an organisation to successfully engage its work force. CIPD developed this further by highlighting that an organisation must know and understand it s workforce and their often unique demands before it can begin to engage with them.

5.9   Tower Perrin- ISR Engagement Model

Tower Perrin, an international research and consulting organisation, state that engaged employees are found to be more loyal and committed and that the greater the level of engagement existing, the lower the cost of recruitment, hiring, training and development as a result of lower turnover. This organisation conducted a similar survey to the 2006 CIPD report on engagement. Tower Perrin's research supports the view that engaged employees are more willing to go that extra mile in the interest of the company. Prior to the organisation's study, two dimensions existed in engagement research;

1. *How employees feel - their emotions towards the company, the leadership, the work environment, etc.*
2. *How employees intend to act in the future – will they stay, will they exert more effort, etc.*
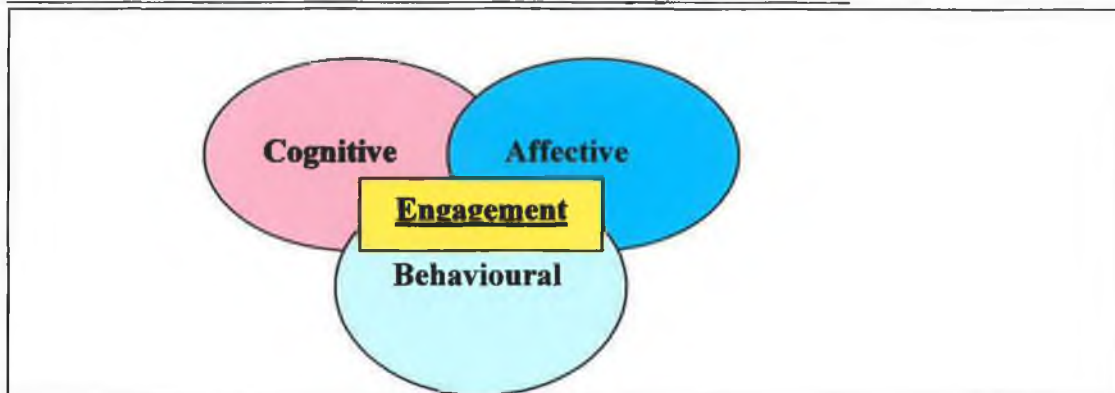
(Tower Perrin-ISR, 2007)

Tower Perrin have extended these dimensions to three, with the third element enabling companies to understand what drives employee engagement;

3. Do employees believe and support the goals and values of the organisation?

<div align="right">(Tower Perrin-ISR, 2007)</div>

The organisation highlights that given the low levels of employee commitment existing in organisations today; companies should use measures of engagement as an external benchmark to indicate whether their employees are at risk. They designed a model to test this concept.

The three components of Tower Perrin- ISR Engagement Model:

<div align="right">(Tower Perrin- ISR, 2007)</div>

1. **The Cognitive element** is associated with an employee's evaluation of the organisation's goals and values
2. **The Affective element** examines whether employees have a sense of pride and belonging in the company.
3. **The behavioural component** evaluates retention and willingness to go that extra mile in the interest the company.

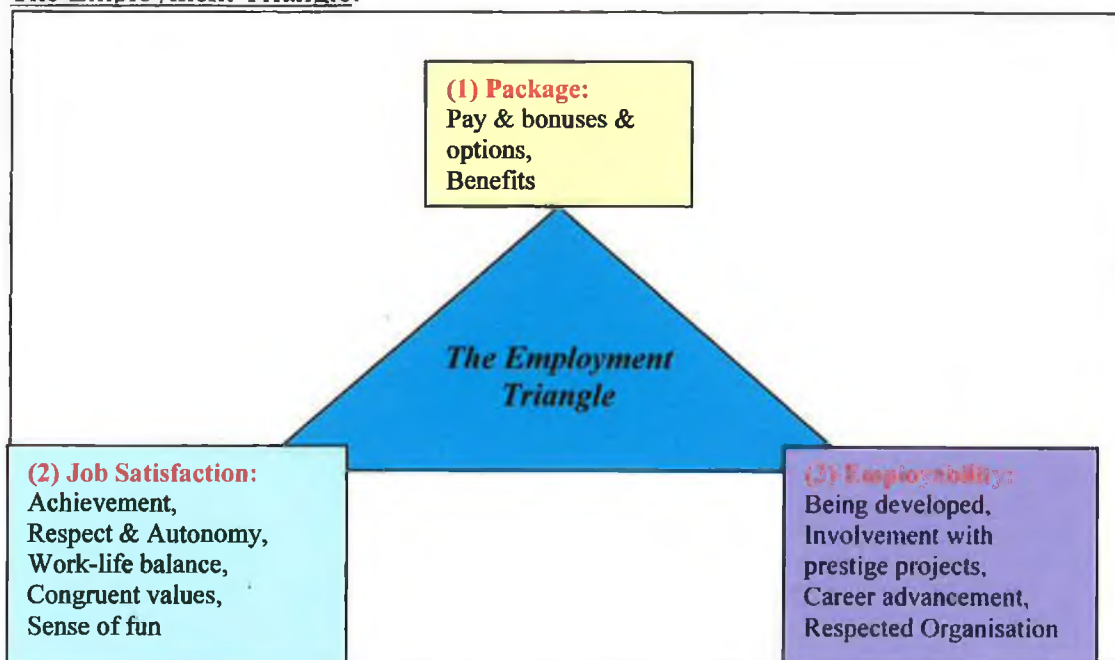## 5.10   The Engagement Triangle:

Charles Woodruffe, a HR practitioner, was invited to analyse the results of the CIPD survey on engagement. Woodruffe wrote an article based on these findings called *'From whatever to my pleasure; how can employers increase engagement'* in 2006.

This article highlights two key drivers of engagement derived from the survey:

> **Communication**: the opportunity existing for employees to feed their opinions and views up to senior management.

> **Involvement**: the extent to which a partnership exists between the employer and the employees.

Woodruffe (2006) states, that the level of involvement experienced by an employee and the degree of upward communication present in a company has a significant impact on employee engagement. Organisations can increase engagement levels by treating people as 'valued individuals and not just mere employees'. The Engagement Triangle assesses the degree to which a manager meets the needs of their employees in terms of benefits, job satisfaction and employability.

The Employment Triangle:

Source; Woodruffe (2006), CIPD, Figure 2, *The Engagement Triangle*, pp9

1. **Employment Package**: this must cater for both the financial and non financial needs of an employee.

2. **Job Satisfaction**: this relates to an employees need to be treated with respect by his/her employer.

3. **Employability**: this conveys an individual's desire to be developed by their employer.

The employee will only become engaged to the extent that their employer meets the needs state above.

Woodruffe (2006) highlights some other key implications for managers that arose from CIPD's research. Employee engagement can be difficult to influence as it can be derived from an employees deep-seated attitudes. Also an organisation should seek to identify individuals who have the propensity to be engaged. This requirement relays the fact that engagement begins at recruitment and the need to select the right people.

5.11   The Employee Engagement Wish List:

Mike Johnson's (2004) research on the new rules of engagement compiled a 'wish list' for engaging employees. The list has is not in any order of priority and is not exhaustive. It is a list of suggested practices to aid organisations in attracting, engaging and retaining talent.

The Employee Engagement Wish List:

1) Lifestyle/workstyle balance and flexibility:
The balance between work and life must be synchronised for employees. An employer today must be more responsive to the needs of their employees as they demand alternative work schedules in order to pursue their family and personal lives.

2) Excellent leadership:
Having the right senior management in place is critical for retention. It comes down to respect, employees seek a expert and referent leader they can look up to and follow. An organisation should never under estimate the power that a charismatic leader has over engagement.

3) **Work with industry leader**:

Every employee would like to work for the best in the business; the market leader. This title can be a key tool for attracting and retaining employees.

4) **Work with inspirational people:**

Working with motivated and inspired people will influence and encourage other employees to become involved in the tasks themselves.

5) **Work on 'hot' projects:**

Interesting and new projects can be a key tool in capturing an individual's attention and getting them 'fired up' about their role.

6) **Work with leading customers and suppliers:**

The option to working with leading players in the market place provides an employee with the opportunity to learn and develop his or her skills.

7) **Opportunity to lead others:**

Career progression is a vital ingredient for engaging many employees.

8) **Recognition of ideas:**

Ideas generated from employees must be recognised and praised, otherwise an employee feeling under appreciated could bring their ideas else where.

9) **Excellent work environment:**

The location of an organisation and its internal facilities has a significant impact on attracting and retaining individuals. The distance to travel to work, the standard of the internal facilities and the services available nearby (lunch options, shops, dry cleaning..) should be considered carefully by management.

10) **International travel opportunities:**

The opportunity to work in different locations can be a key attraction to many employees. Cross border work offers new experiences and excitement.

11) Receiving positive feedback:

Feedback is a critical element of employee development, organisations should ensure managers are skilled in the delivery of feedback to employees and understand its importance.

12) Company sponsored education:

External training course and internal coaching and mentoring are a significant source of attraction and retention.

13) Financial rewards:

The compensation package must be inline with competitors and the market.

14) Flexible benefits:

This programme can be employed to tap into the lifestyle/workstyle concept and should involve a variety of options that can embrace employees' needs.

15) Healthcare programmes

16) Sabbaticals:

This provides the employee with the option to take time off to study, spend time with family or travel and keeps the relationship with the employer alive at the same time.

Source: Johnson, M. (2004) 'The New Rules of Engagement', CIPD pp 95-99

Chapter Six: The Impact of Employee Engagement:

6.1 Employee engagement and Retention:

A report in the December 2007 issue of SHRM's HR Magazine emphasizes the results of Tower Perrin's survey on engagement in 2007 and its direct impact on retention. The global survey conducted by this research and consultancy agency involved 90,000 employees in 18 countries. The report underlined the following findings:

- ❖ 50% of the engaged employees surveyed had no plans to leave their company.
- ❖ Just 15% of disengaged employees had no plans to leave their company.
- ❖ Less than 5% of engaged employees said they were actively looking for another job.
- ❖ 25% of disengaged employees were actively seeking alternative jobs.

6.2 The Royal Bank of Scotland Case Study:

Armstrong (2006) cites the Royal Bank of Scotland's definition of engagement as the level of emotional and intellectual commitment an employee has for the group or organisation. The concept of engagement in this particular organisation comprises of three significant components:

1. **Employee satisfaction**; how much does an individual like to work in a particular organisation.
2. **Employee Commitment**; how much does an individual want to be in a particular organisation.
3. **Employee performance**; how much does he or she want to and actually do in achieving the organisation's results.

(Armstrong, 2006 pp. 272)

The employee proposition at the Royal Bank of Scotland Group

Source: Thomson, (IDS) HR Update 846, May 2007, p.18

The Income Data Services (IDS) HR Update included a report on the human capital measurement activities existing in The Royal Bank of Scotland Group (IDS, May 2007 pp. 17-22). The group, who employs over 135,000 people in 30 countries, strives to be 'the world's most admired bank'. RBS believe that the achievement of this goal ultimately lies with the performance of their human capital. This case study conducted by the IDS, highlights the importance RBS place on engaging their staff and the unique model the group has developed to manage its human capital. The central part of this model is their 'employee proposition' which the group state is designed and employed to '*attract, engage and retain the best talent*'.

The Royal Bank of Scotland's Employee Proposition:

- Total reward
- Work itself
- Recognition
- Performance & development
- Leadership
- Relationship
- Product brands and reputation

- Work-life balance and physical environment.

The eight components of the proposition are believed to individually impact on an employee's *"desire to join, stay or leave the group"* (Thomson, IDS, May 2007 pp.17). The RBS strongly believe that their employee proposition creates an engaged workforce which in turn delivers superior business results.

The Royal Bank of Scotland identified three characteristics of engaged employees:

1. **'Say'** – they are advocates of the business and speak positively to colleagues and clients.
2. **'Stay'** – They want to be and remain a member of the group.
3. **'Strive'** – They are willing to go that extra mile for the benefit of the organisation.

6.3   Link between Engagement, Cost Saving and the Bottom Line:

In the SHRM Foundation Report in 2006, Vance highlighted the benefits experienced by two major US companies following investment in engagement and commitment;

- Molson Coors Brewing Company identified that engaged employees were five times less likely to have a safety incident and seven times less likely to have a lost time safety incident than their non-engaged employees. The company's engagement initiatives lead to a saving of $1,721,760 in safety costs in 2002.

- Caterpillar, a large construction equipment producer, saved $8.8 million from decreased attrition, absenteeism and overtime as a result of their engagement and commitment initiatives.

The study of the Ryder Truck Rental's turnover rate and worker compensation claims during 1988 and 1989 cited by Pfeffer (1998) illustrated the benefits of employee attachment. This survey covered 87 districts and 10,000 employees and focused on the economic benefit derived from employee attachment.

Results of the survey in relation to compensation claim rates:
- Districts with an average turnover of less than 9.5% reported a worker compensation claim rate of 16.1%.
- Districts that had an average turnover of 20% or more had a worker compensation claim rate of 24%. These districts experienced a 50% larger claim rate than their comparators with the lower turnover rate.

Results of the survey in relation to financial performance:
- Districts with tenure greater than 8.33 years earned 120% of the firm's average return on net controllable assets.
- Districts with tenure less than 5.75 years earned 82% of the average return on net controllable assets.

The Ryder Truck Rental firm concluded from this survey that improved human resource management, focused on increasing employee attachment, will lead to improved financial performance and a reduction in controllable costs.

Source: Pfeffer (1998), cited Ryder Truck Rental survey, pp177-178.

6.4   B&Q Case Study:

Europe's largest home improvement retailer, B&Q, state that 'the importance of people is a quantifiable fact' (Gallup, 2003). In 2000, the organisation had over 17,500 employees at 297 stores. B&Q have measured employee engagement levels in their stores since 2000 through the Gallup Q12 survey. B&Q tested the results of their Q12 scores by measuring them in line with customer satisfaction, turnover and shrinkage results from stores in the bottom quartile and stores in the top quartile of the

Q12. The analysis consistently showed a direct and positive impact of rising engagement on these, and other, key business indicators (Gallup, 2003).

In 2005, the retailer came into difficulty, sales were decreasing at a rate of **8.8%** per annum, customer satisfaction was recorded at a low 65% and the organisation was losing market share (Bonfield, goodpractice.net, 2007).

The Gallup Q12 results in 2005 were as follows:

> ➤ **33%** of employees were **positively engaged**
> ➤ **41%** of employees were **neither engaged or disengaged**
> ➤ **26%** of employees were **actively disengaged**

(Bonfield, goodpractice.net, 2007)

The senior management at B&Q made the decision to change employee engagement from a soft HR measure to a critical business driver (Bonfield, 2007). B&Q had understood the link between the low Q12 scores and the low customer satisfaction results. If the employees were not committed and engaged in their roles, customer satisfaction scores would remain low and as a result the business would not grow.

The new strategy to focus on engaging employees was designed as a four part process;

1. **Accountability for engagement:**
In each store the HR function is responsible for engagement levels of the employees. They must mentor and coach managers in process of engaging employees, providing additional support and guidance when necessary.

2. **Becoming engagement experts**:
The HR team was trained by Gallup on the Q12 and became experts in the application and analysis of this engagement tool. The team then worked with managers to interrupt Q12 results, understand problems and find solutions.

3. **Linking engagement to performance review**:

The performance of managers at B&Q is measured against their team/store's engagement score. If a manager has constantly low Q12 scores, he or she becomes ineligible of promotion.

4. **Keeping engagement on the agenda**:

B&Q keep engagement on the agenda by linking the concept into all of its development plans and ensuring that best practice in engagement is recognised and rewarded on a regular basis.

(Bonfield, goodpractice.net 2007)

In 2006, B&Q recorded a turnover of £3.9 billion and profits of £162.9 million. The Q12 results found 60% of the workforce to be actively engaged in 2006, compared to the 33% reported in 2005. Customer satisfaction had grown from 65% to 80.4%. B&Q had turned their organisation around by focusing on employee engagement and recognising its impact on the customer relationships and ultimately financial performance. In 2007, B&Q received a 'Gallup Great Workplace Award'.

Chapter Seven: Employee Engagement and Management:

7.1   High Commitment Work Practices:

Jeffery Pfeffer (1998) reinforces the idea that culture and capabilities of an organisation, derived from the manner in which it manages its people, are the real and lasting sources of competitive advantage. Pfeffer (1998) states that too often *'it is heard but ignored'* that our employees are our most important asset. The amount of effort contributed by an individual employee is impacted by the management practices they experience in their organisation. Employees must be motivated to put in discretionary effort.   Pfeffer (1998) advises organisations to employ high commitment management practices to *'build profits by putting people first'*.

There are seven high commitment practices that once in place will focus on developing the human asset and will become important sources of improved organisational performance (Pfeffer, 1998):

1. **Employment Security**:
The management must ensure employees that redundancies will be a last resort. Employees are more likely to hold a longer perspective on their time with an organisation when they are not in fear of layoffs.

2. **Selective Hiring**:
The management must examine the recruitment process and ensure it is meeting the hiring requirements of the organisation. It should be a tight process, working from specific criteria and focused on the right match.

3. **Self Managed Teams and Decentralization of Decision Making as the Basic Principles of the Organisational Design**:
Teams and work groups enjoy greater autonomy and discretion. This design can translate into increased job satisfaction and becomes an intrinsic reward for employees.

4. Comparatively High Compensation Contingent on Organisational Performance:

Performance related pay can have a powerful impact on the activities of employees. Gain sharing and profit sharing can be utilized to make employees owners within the organisation. As a result of becoming owners, they begin to think and act like owners. Bowditch and Buono (2005), state a number of experts have argued that the strongest motivation arises when employees have both a psychological (intrinsic) and financial (extrinsic) stake in a company. Gain sharing and profit sharing are means of invoking this motivation.

5. Extensive Training:

Developing a multi-skilled employee base enables an organisation to become more adaptable to its environment as its employees are more versatile. A flexible work system is a key source of competitive advantage due to the dynamic nature of the current business market.

6. Reduced Status distinctions and Barriers:

By reducing the status distinctions that divide the employee base, individual employees and teams can feel more equally valued and thereby encouraged to contribute more to the organisation.

7. Sharing of Information:

Sharing information is a critical element in the high commitment management system. Financial and performance information should be shared throughout an organisation. Information should not be used to manipulate employees, it must be employed to teach about and guide individuals towards the common goal - organisational success.

(Pfeffer, J. 1998, pp. 64-96)

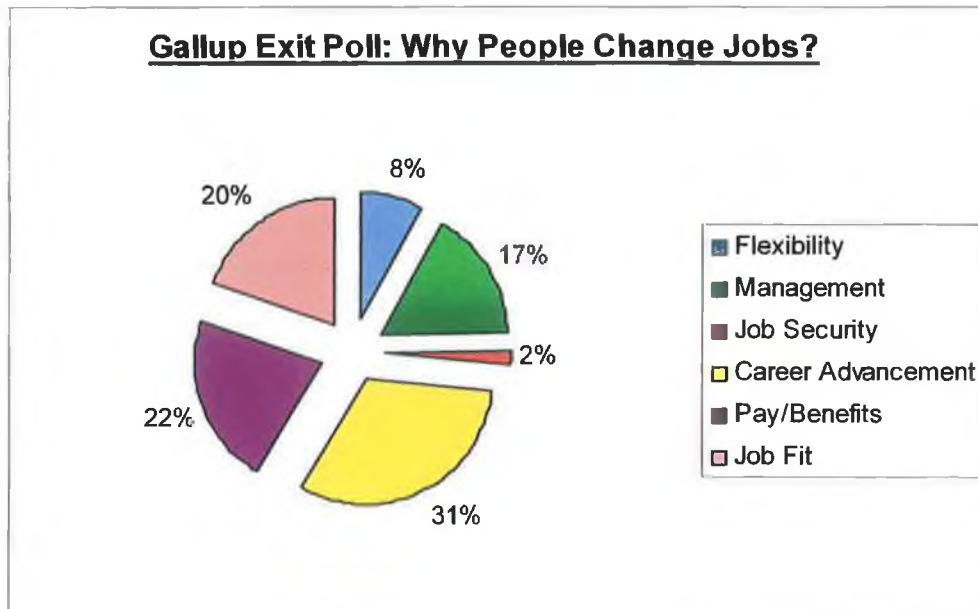Pfeffer (1998) highlights three key reasons to employ the seven management practices in an organisation;

> *"People work Harder"*: As employees have more control over their work, their level of involvement and commitment to their role increases.

> "People work Smarter": The high commitment management practices encourage the building of knowledge and competences and allow employees to put these skills to use.

> "People are more Responsible": The decentralization of decision making to lower levels of the organisation empowers the employees and also reduces the administration costs and other overheads associated with having an alienated employee base in an adversarial relationship with the management team.

(Pfeffer, 1998 pp. 65)

7.2   Quality Leadership:

Armstrong (2006) makes reference to the need for quality leadership in the process of engaging employees. The autonomy, the variety of jobs provided and the degree of task significance felt relies more on the way the employee is managed and guided by his or her leader than any formal process of job design. The manager has the power to delegate tasks, provide feedback and recognise contributions made by employees.

In a poll on exit reasons conducted by Gallup, 'Turning around Employee Turnover' (Gallup, 2008), the most common reasons for voluntary exits were highlighted. Following the research, Gallup raises a key concern for organisations today; most of the reasons given could have been altered and thereby prevented by mangers. Salary did not top this poll; the largest percentage of people left their employer for career advancement (32%) and promotional opportunities. An alarming 17% of leavers cited their manager or the general environment at the reason for departure. Only 22% of respondents left in pursuit of more money or benefits.

Gallup Exit Poll: Why People Change Jobs?

- 8%
- 20%
- 17%
- 2%
- 22%
- 31%

Legend:
- Flexibility
- Management
- Job Security
- Career Advancement
- Pay/Benefits
- Job Fit

Source: adapted from Gallup Management Journal, (2008)

Research by the Corporate Executive Board (2007) supports the importance of having good managers in place in relation to retention. The research shows that poor or bad managers can experience turnover that is 4 times higher than the levels experienced by those considered to be good managers.

7.3   The Critical Role of a Manager in Employee Engagement:

Welbourne (2007) explores the critical role a manager plays in employee engagement. She suggests that the attitudes and actions of a manager can have play a fundamental part in improving employee performance through engagement. Welbourne believes that the challenge of engaging employees starts with the manger him or herself becoming engaged. The manger is also responsible for removing any obstacles or structural barriers that may be in the way of engagement and amending the employee contract so that it supports engagement at work.

In order to create an engaging workplace environment mangers must:
1) Become engaged themselves,
2) Clearly articulate how each individual role supports and contributes to the business strategy and plan.

3) Develop an environment where 'non – core' job roles (i.e. company specific knowledge and the ability to innovate in the organisation) are recognised and valued. These job roles are not easily copied by competitors and can provide a source of competitive advantage.

Welbourne (2007) outlines here the key responsibilities of a manager in relation to engagement. However her research identified the need for an environment that enables or allows managers to become engaged also. If they are employed in a stressful, pressurized environment they may be feeling over worked, drained of energy and distracted. In such circumstances, it is very likely that their employees will be feeling even worse. The complete organisational structure must embrace the concept of engagement and improve conditions for both mangers and employees so that they can engage in core and non core job roles.

7.4   The Sear's Transformation:

The impact and importance of the managers' role was clear in the Sears Transformation in 1992 (Rucci, Kirn and Quinn,1997). Arthur Martinez' new business model had two key action points for success;

> ➤ **Buy-in from managers**; the managers need to understand and whole heartedly buy in to the changes and new way of doing business. Sears needed their managers to demonstrate the new behaviours and attitudes if employees were to also buy-in. Managers had to lead the change if the new model was to succeed.
> ➤ **Employee Ownership**; Martinez sought to build business literacy and trust among his employees. The employees needed to understand the purpose of the new business model, the economics of the retail industry and to see how their roles fitted into the transformation.

(Rucci, Kirn and Quinn, 1997)

The transformation was a great success, with employees understanding the significant link between their role and the organisation's strategy and performance (Rucci, et al

1997). The impact of this change was clearly illustrated in the company's financial results. Following the roll out of the new business model in 1992, Sears had reported financial turnaround which produced a total shareholder annual return of 56%. The company's merchandising group went from an almost $3 billion loss in 1992 to a net income of $752 million in 1993, with a 9% growth in sales.

7.5 Kotter and the Concept of Power, Dependence and Effective management:

John Kotter (2000) researched the concepts of power, dependence and effective management. He states that a large number of managers are performing below their potential because they do not really understand the dynamics of the power they have. Kotter believes they have not developed the instinct required to acquire and use power effectively. He highlights the fact that managers are dependent on employees, colleagues and external providers to perform their duties effectively. They must learn to understand these dependents and manage the relationships with sensitivity if they are to be effective in their role.

Kotter (2000) outlines four power bases which should be employed to manage and influence dependents without hurting them:

- ➤ **Sense of Obligation**: creating a sense of obligation in others; do favours for people who will feel obliged to return them. Create friendships and strong relationships with key individuals; friendships carry a sense of obligation.
- ➤ **Belief in a Manager's Expertise**: gain power by building a reputation as an expert. A manager should establish his or her power through visible achievement.
- ➤ **Identification with Manager**: being a charismatic leader or manager inspires employees to follow. A manager should look and behave in a manner that people respect. If employees' identify with a manager's beliefs and ideals they will follow.
- ➤ **Perceived Dependence on a Manager**: make employees feel they are dependent on a manager for help, guidance and protection. Individuals are more inclined to cooperate with someone they are dependent on.

7.6   Managing Generation Y:

The (2007) July issue of Inside Supply Management listed three key activities for managers to have in place for successful management of Generation Y;

1) **Be a coach and mentor**: employees' value having a relationship with their manager. It is important that managers 'get to know' their employees, understand their skills and capabilities and provide continuous feedback. A manager should provide mentoring and inform employees' of opportunities for development.

2) **Allow for meaningful contribution**: Managers must provide employees with opportunities to demonstrate their value and to contribute to the organisation as a whole. They should embrace and encourage their employees' input.

3) **Communicate the ultimate outcome**: Research has found Generation Y to have a more sophisticated perspective than when other generations were entering the workplace. They consider the future of the industry, the chosen path of progress and ethical views of the company. It is the responsibility of the manager to communicate the purpose of the company and its ultimate goal and objectives.

(ISM, 2007)

Mooney (1999) clarifies how managers' assumptions on employees should change in line with the new view on the employment contract:

Old Way	New Way
Worker wants nothing from the job except pay, avoids responsibility, and must be controlled and coerced.	Worker desires challenging job and will seek responsibility and autonomy if management permits.

Source: Mooney, (1999), Appendix

7.7   Servant Leadership:

Melchar, Bosco and Cantrell (2008), explore the leadership requirements for the next generation. For the first time, four different generations will be actively participating in the workforce together; The Veterans, The Baby Boomers, Generation X and

Generation Y. A critical consideration for organisations today is what leadership style they should employ in order to effectively manage this new workforce.

"As four generations of workers prepare to interact in organisations for the first time, one of the importance considerations is whether leadership styles that have been effective with older generations will continue to be received positively by younger generations".

(Melchar, Bosco and Cantrell, 2008, pp 498)

Melchar, Bosco and Cantrell (2008) explain that extensive literature and theories on leadership style exists, exploring the impact of different traits and behaviours on a leaders overall effectiveness. They consider the available literature on generational differences that indicates each generation has varying expectations of leadership characteristics. An effective leader must be able to recognise the differing expectations and therefore manage individual employees accordingly.

Generation:	Leadership Expectations:
The Veterans	Seek authority figures
The Baby Boomers	Desire strong coaches
Generation X	Seek information, open debate and ongoing cooperative performance management
Generation Y	Want autonomy, but also seek close mentoring and encouragement.

Source: adapted from Melchar, Bosco and Cantrell, (2008) pp. 449

Melchar, Bosco and Cantrell (2008) suggest that new leadership approach which is proposed as a model for all generations. Servant leadership, a model devised by Robert Greenleaf in 1977, is defined as serving others by investing in their development and well being as a means of accomplishing the organisations goals and objectives. A Servant leader is a mentor and a source of empowerment for employees. He or she ensures employees have the support and resources they need to achieve both the organisations and their personal goals. The model has been criticized due to lack of published empirical research, however Melchar, Bosco and Cantrell (2008) believe it could be the most effective leadership style for managing a multigenerational workforce with differing leadership expectations.

Chapter Eight: An Irish Initiative for Employee Involvement:

8.1 The National Workplace Strategy:

The National Workplace Strategy was launched by, the then Taoiseach, Bertie Ahern in 2005. The research was conducted and the report created by the National Centre for Partnership and Performance (NCPP). The NCPP was established in 2003 and designed this strategy, at the behest of the Irish Government through collection and analysis of information on the existing Irish workplaces and their future needs. The NCPP set up a forum to assess how well Ireland's existing workplaces were equipped to meet the challenges of the 21st Century.

It was found that *"our most adaptive employments are those where bundles of complementary work practices were deployed - team working, information sharing, consultation and meaningful involvement, training and learning, performance management, employee financial involvement, and work life balance arrangements"*. (Bertie Ahern, the forward, 2005)

The research conducted found that high involvement practices such as these held a high correlation with job satisfaction, low staff turnover and high productivity. The new workplace strategy aims to support change and new forms of work organisations at national and organisational levels. These new forms of work organisations will incorporate a better quality of work, higher productivity and improved work life balance.

The NCPP's Forum identified two critical reasons to support the need for change:

1) The ability to change and innovate will be essential to Ireland's future as a dynamic, inclusive and knowledge based economy and society.

Ireland's evolution into a knowledge based society is highlighted by the fact that the growth rate of employment in Ireland in knowledge intensive services is far ahead of the EU average recorded 1997-2002. Among the OECD countries, Ireland also has the largest percentage of trade in high R&D reliant industries.

2) The business environment is continuously transforming itself; if Ireland is to be successful it must anticipate and adapt to change. The Forum highlights a number of key changes that have occurred;

> Changes in the forces of competition and technology
> The transition to the knowledge society
> Changing needs of the Irish people
> Increasing demands to improve the delivery of public services
> Changing composition of the workforce: the number of young people entering the workforce has decreased as lower birth rates feed through the population. Also the workforce is ageing; by 2015 forty percent of workers will be aged 45 and older.

(National Workplace strategy, 2005, pp 6-7)

8.2   The National Workplace Strategy Guidelines:

The strategy provides guidelines for the effective transformation of workplaces in Ireland to create the new and dynamic workplaces of the future.
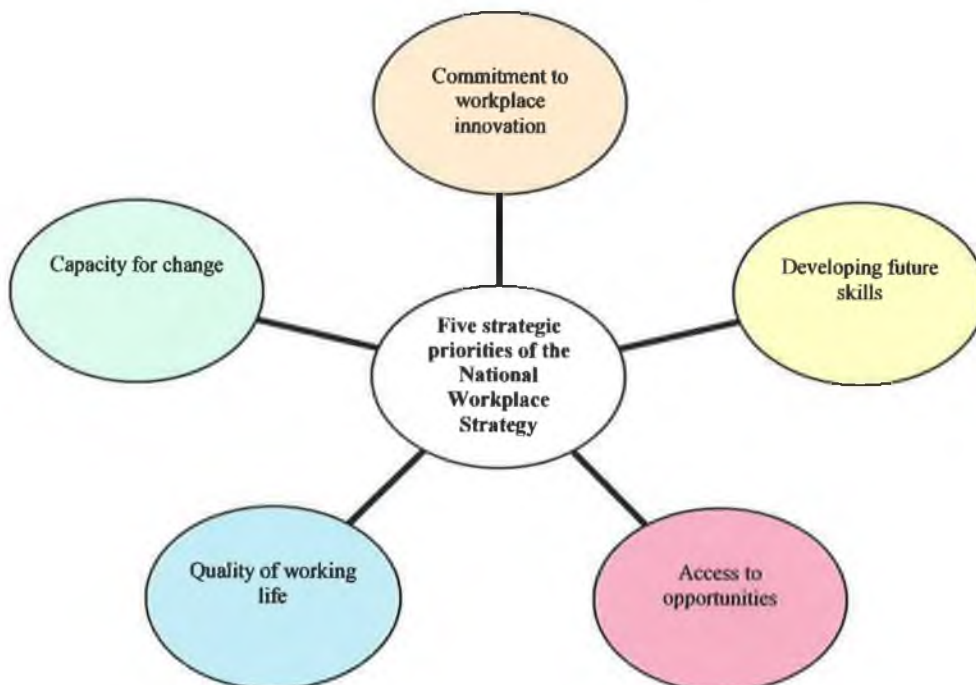
(National Workplace Strategy, 2005, pp 10)

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The forum supports this vision of the future and aims to accelerate the pace of workplace innovation by identifying five strategic priorities, these priorities are broken down into an integrated set of forty-two recommendations.

The strategy also has attributed several characteristics to this new workplace:

- ➢ **Agile**: change is willingly embraced by organisation.
- ➢ **Customer Centred**: every employee understands the impact of their role on the end user; decisions are made considering the viewpoint of external shareholders.
- ➢ **Knowledge Intensive**: recognises that the knowledge content of all jobs is important to the organisation's performance.
- ➢ **Responsive to employee needs**: the organisation is alert to the needs and concerns of employees.
- ➢ **Networked**: organisation appreciates the need for external relationships.
- ➢ **Highly Productive**: it is structured around a high performance ethos.
- ➢ **Involved and Participatory**: organisation values and seeks involvement and participation from employee.
- ➢ **Continually learning**: there is an ongoing focus on learning and developing new skills.
- ➢ **Proactively Diverse**: a key part to the organisations culture; it values the business benefits associated with diversity.

(National Workplace Strategy, 2005, pp 8)

8.3   "The Power of Investing in People":

Sean Dorgan, CEO of IDA Ireland, states in his 2007 Irish Independent article titled 'Power of Investing in People' *"that Ireland is world renowned for our skill base and this national attribute has been the driving force behind Ireland's economic success"*. Dorgan believes that as a result of all the changes Ireland has experienced over the past few years employers must focus their attention on investing and developing our most important asset; our people. Dorgan identifies that as Ireland is no longer a cheap manufacturing location, organisations must differentiate themselves in other

ways such as offering quality workplaces and providing a quality workforce. Employers will reap the benefit of increasing trust in the workplace and developing on employee commitment and loyalty;

"Companies *who pride themselves on having trusted workplaces tend to enjoy low employee turnover, more job applications, lower costs, increased productivity, greater levels of innovation and greater profit".*

(Dorgan, 2007)

Chapter Nine: Methodology

9.1   Hypothesis:

An investment in employee engagement will provide a solution to the retention issue in the Irish labour market.

9.2   Research Questions:

1. Has the demographic profile of the workforce has evolved from Generation X to Y?
2. Has the average tenure/service length decreased?
3. Do a new set of motivators exist due to the changing needs of this new generation?
4. Do employees seek meaningful jobs; jobs that challenge them?
5. How important is personal responsibility and autonomy at work?
6. Does a 'two way' relationship exist in the modern workplace?
7. Do employees feel engaged in their workforce; would they go that extra mile for the benefit of their organisation?
8. What do employees believe to be the drivers of engagement?
9. What are the reward/incentives required by employees in order for them to fill fulfilled and engaged at work?
10. Is engagement on the management agenda?
11. What are the real business costs of low levels of retention (financial cost of turnover)?
12. Do low engagement levels significantly contribute to low retention?

9.3   Research Strategy:

As critical consideration in the creation of an effective research strategy is the selection of the nature of the research, two primary options are available: Quantitative and Qualitative research.

Quantitative research can be *"described as entailing the collection of numerical data and as exhibiting a view of the relationship between theory and research as deductive"* (Bryman and Bell, 2007, p. 154).

"Qualitative research can be construed as a research strategy that usually emphasizes words rather than the quantification in the collection and analysis of data that predominantly emphasizes an inductive approach to the relationship between theory and research" (Bryman and Bell, 2007, p. 402).

The deductive approach of quantitative research enables the researcher to test an existing theory, which qualitative research can be employed to generate a theory through its inductive nature. Both strategies have benefits and disadvantages that must be considered when developing a research plan and schedule. Miles (1979) described qualitative research as an *'attractive nuisance'* because of the deep and rich information it can provide and the associated complexity of analysis. Conducting a true analysis of qualitative data can be hindered by the actual volume of the material compiled and the lack of guidelines existing for this process. Bryman and Bell (2007) outline the fact that the analysis of quantitative information is significantly aided by the well established and widely accepted rules. However the scope of the data collected through a quantitative approach can be narrow and if the questions are not worded correctly or in a manner that cannot be misinterpreted the study can be fatally flawed.

These strategies can be seen as extreme forms of each other – the qualitative strategy operates through its subjective and intrepretist character which quantitative research can be defined as objective and positivist. To increase the depth of the research exploration a combined approach is recommended. The analysis of the area of interest through triangulation will enable the quantitative study to support or amend the information derived form the qualitative research. (Deacon, Bryman and Fenton, 1998) defined Triangulation as a means of cross-checking results deriving from both quantitative and qualitative research.

This mode of research has clear advantages as *"the use of complementary methods also reveals discrepancies that a single technique might not"* (Kane, 2005, pp 145).

The use of a variety of techniques allows the researcher to obtain broader information about the subject and the can help to reinforce the findings.

9.4   Research Design:

The research questions to be addressed, the nature of the research and the existing status of the theory in question have a significant influence on the research design chosen.   Practical issues such as the time and resources available must also be factored into the selection process.

Brannick and Roche (1997) identified three methodological business research strategies:

a) Experiment: *"the purpose of an experiment is usually to detect or confirm causal relationships and to quantity them,.....its implementation involves intervention by the researcher beyond that required for measurement."*

b) Survey: this research involves *"the systematic gathering of specific information about particular persons or entities"*.

c) Case-based Research: *"case-based research is an empirical enquiry which investigates a contemporary phenomenon within its real life context when the boundaries between phenomenon and context are not clearly understood"*.

(Brannick and Roche, 1997, pp. 102-120)

The explorative nature of this research project and the limitation on the access to primary industry wide information on engagement and retention in the Irish workforce lead me to conclude that case-based research would be the most appropriate design.

9.4.1 Case-based Research:

A case study can be described as a focused investigation on a single location or event, such as a company or a workplace. Stake (1995) defines case study research as being only concerned with the complexity and particular nature of the case in question.

"Case study research is empirical inquiry which investigates a phenomenon within its real life context."

<div align="right">(Brannick and Roche, 1997, pp. 99)</div>

The external validity and generability of this type of research design is a key consideration during the development period. The findings of the study can be limited due to its constrained external validity. However this design can be effectively employed to test and investigate the success or demise of a particular theory or hypothesis.

Bryman and Bell (2007, p. 64) state that there are five different case types to be considered when creating a research design:

1. The Critical case
2. The Unique case
3. The Revelatory case
4. The Representative case
5. The Longitudinal case.

In this project, a critical case was most suited to the research task required. This case study type is employed when a clear hypothesis exists and the case is used to examine the circumstances in which the hypothesis will stand or fail.

9.5   Research Methods:

"Each research technique is a specific tool; there is no 'all-purpose' technique that is good for every situation".

<div align="right">(Kane, 2005, p. 143)</div>

As exemplified by Kane, there are many different research methods available to a researcher, each will yield their own results and provide a unique angle on the subject in question. Therefore the appropriate method must be carefully considered in line with the research questions, to ensure that the required information can be gathered.

9.6   Questionnaire:

A questionnaire is an example of a quantitative research method. Bryman and Bell (2007), state that a structured questionnaire can be employed to maximise the reliability and validity of the measurement of key concepts. This structured method is applied when a clearly defined set of research questions exists. When considering the application of this research tool, the issue of 'questionnaire fatigue' must be addressed. This fatigue arises when individuals are over exposed to questionnaires, *"familiarity breeds contempt"* (Evans, 1995, p. 4). To overcome this obstacle, the questionnaire should include a variety of questions and have a clear purpose;

"The respondent must feel that completing the questionnaire will be of benefit either personally or to the organisation.

(Evans, 1995, p. 4)

When designing the questions, it is important to include probing questions that are accompanied with a well thought out answer option. There is a risk due to the inflexible nature of this tool that the questions could be too narrow and key data may not be obtained. The questionnaire must be tightly aligned with the research questions and an effective answer structure is critical to the overall success.

9.6.1 Question types and Formats:

- Open Questions – respondent is free to reply as they wish.
- Closed Questions – respondent must chose from a list of fixed alternatives.
- Dichotomous Questions
- Multiple Choice Questions
- Checklists

- Rating & Likert Scales
- Ranking Questions
- Semantic Differential
- Hypothetical Questions
- Presuming Questions

(Fisher, 2007, pp.192-99)

As underline by Fisher (2007), there are numerous question formats that must be considered when designing a questionnaire. The questions chosen must be the appropriate mechanisms to extract the required information. Byrman and Bell (2007, p. 258) state that *"the issue of how questions should be asked is a critical concern for the survey researcher"*. Selecting the wrong question type and format will significantly hinder the research and subsequent findings.

Kane (2005, p. 149) highlights that a questionnaire survey will convey what individuals '*do, feel and think*'. However, a key limitation of this research method is that the survey often fails to address the '*how and why*'. As a result this technique should be accompanied by another tool such as a semi-structured interview or a focus group.

9.6.2 Question Formats Selected for Questionnaire:

1) **Ranking Questions**:

This question format requires the respondent to rank a series of statements or options in order of preference.

Example Question:
Indicate in order of preference (1-4), the following soft drinks,1 being the most preferred option;

Coca Cola ☐ SevenUp ☐ Fanta ☐ Red Lemonade ☐

"Ranking questions are important because they are more useful for exploring difficult questions of priorities than rating questions".

<div align="right">(Fisher, 2007, p. 195)</div>

2) **Likert Scales**:

This is a form of rating scale that was invented by Rensis Likert. It is often employed to ask respondents about their opinions and attitudes.

"The basic structure is to provide a series of statements, some negative and some positive in tone, and to ask the respondent to choose a position on a five point scale between strongly agree and strongly disagree".

<div align="right">(Fisher, 2007, p. 196)</div>

Fisher (2007) states that likert statements can only measure attitudes validly as long as the statements presented relate to the research subject.

3) **Dichotomous Questions**:

This question format provides a respondent with only two alternative answers to choose from. This question type should not be use in an attempt to simplify a complex issue, for example; Was the war in Iraq the right thing to do?

"This question format can only be used when the issue is clear cut".

<div align="right">(Fisher, 2007, p.193)</div>

Example Question:

Please tick appropriate box:

Male ☐   Female ☐

4)   Existing Academic Survey Questions: The Gallup Q12

This survey was created by the Gallup Organisation, an international research and consultancy agency, to measure employee engagement. John Thackray (2001) reports that this tool has been used by over 1.5 million employees and in more than 87,000 businesses' to date. The questionnaire survey examines 12 key expectations that the Gallup Organisation believe, when fulfilled, can create an engaged workforce.

Companies with *"high Q12 scores exhibit lower turnover, higher sales growth, better productivity, better customer loyalty and manifestations of superior performance"*.

(John Thackray, 2001)

The 12 questions will be included section one of the questionnaire and responses will be rated on a likert scale. In this particular survey, I have decided to use a scale of 1-4 in order to eliminate the 'neutral/3' option.

9.7   Interview:

This research method is a widely used means of collecting qualitative data.

"In the business research interview, the aim is for the interviewer to elicit from the interviewee or respondent, all manner of information: interviewees' own behaviour or that of others, attitudes, norms, belief and values ".

(Bryman and Bell, 2007, p. 209)

The interview research method can be employed to collect either quantitative or qualitative data. The open, unstructured interview collects qualitative information while the structured interview produces quantitative data. Bryman and Bell (2007 p. 474) state that *"in qualitative interviewing the researcher wants rich, detailed answers, in quantitative research the interview is supposed to generate answers that can be pre-coded and processed quickly"*.

9.7.1 Semi structured Interview:

An open interview allows the respondent to raise cues and themes related to the topic of interest. The interviewee's own perspective and opinion on the area of interest is under investigation. It allows for flexibility and provides the interviewer with latitude to add new questions in response to replies. On the opposite end of the continuum, a structured interview is controlled and guided by the interviewer. With no room for flexibility, the questions are prepared and deviation from the script is not accepted. The compromise between these two extreme forms is the semi structured interview.

The semi structured interview *"refers to the context in which the researcher has a list of questions on fairly specific topics to be covered, often referred to as an interview guide, but the interviewee has a great deal of leeway in how to reply."*

(Bryman and Bell, 2007, p. 474)

9.8   Company Data:

In order to include a comparative element to this case study, primary data will be collected within the organisation and evaluated against secondary data accumulated by national associations and other organisations such as Chartered Institute of Personnel and Development (CIPD), The Small Firms Association (SFA), Irish Businesss and Employers Confederation (IBEC) and Deloitte.

The data collected will focus on the following rational metrics:
- ➤ Absenteeism Rates
- ➤ Cost of Employee Turnover
- ➤ Labour Turnover

Byrman and Bell (2007, pp. 328-334), highlight the numerous benefits associated with secondary data:

1. It is cost and time efficient.
2. Today numerous sets of extremely high quality secondary data are available.
3. It can provide the researcher with the opportunity for longitudinal analysis.
4. Secondary data can provide subgroup and subset information for examination – the data can represent large national samples of specialized categories of individuals.
5. Reanalysis offers the researcher the chance of new interpretations.

9.9   Triangulation:

As a means of cross checking and reinforcing the research findings this case study will employ the triangulation technique:

The Methodology Techniques employed for Triangulation purposes:
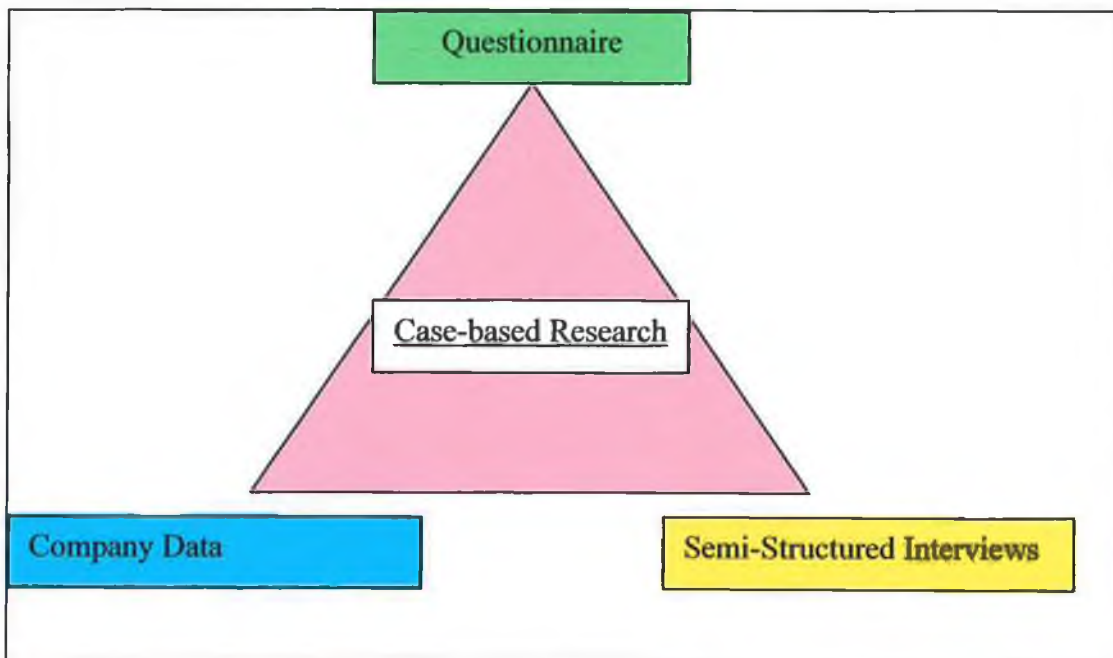
9.10   Sample Selection:

Constrained by both the time and resources available, a sample of the employee population in question can be selected to represent the entire population. Gathering

information from each individual employee would result in a large volume of complex data to filter, analysis and evaluate. The subset chosen should embody the attributes and opinions of the entire group and as a smaller unit allow for a more rapid evaluation.

Kane (2005) highlights the two main categories of sampling:
1. Probability Sampling
2. Non-probability Sampling

"In probability sampling everyone has a chance of being selected, but in non-probability sampling some people have no opportunity to be included".

(Kane, 2005, pp 126)

Non-probability samples are selected using the discretion of the researcher. Probability subset ensures that each element of the population is actually included in the sample frame. Brannick and Roche (1997) highlight the two main advantages of using probability data as reduced bias and ability to make statistical inferences.

To ensure that the sample of employees surveyed at Company A is a fair and non bias representation I will employ a probability form of sampling. The respondents will be selected at random from payroll numbers.

9.10.1 Sample Size:

Company A Recruitment Group employs 200 employees in Ireland. The group have nine offices in the country located in Dublin, Cork, Limerick, Waterford and Kilkenny. I will collect a probability sample of 30% of the population – 60 employees.

9.11   Piloting the Questionnaire:

"Piloting studies may be particularly crucial in relation to research based on the self –completion questionnaire, since there will not be an interviewer present to clear up any confusion"

<div align="right">(Bryman and Bell, 2007, pp. 273).</div>

I will pilot the questionnaire with 3 members of the HR department and 3 employees in Company A, who are not part of the sample, to ensure primarily the questions are clear and comprehendible, to estimate the time it will take to complete and the test the information the questions will collect is the information the research requires.

I will also avail of the Delphi technique and send my questionnaire to academics for review; Dermot Killen, Dr TJ McCabe and Rod O Mahony.

I will pilot the questionnaire one week in advance of the planned company rollout to provide enough time for question review and modification depending on the results.

9.12   Piloting the Interview:

I will pilot the interview schedule with 3 members of the HR department in Company A. This will allow me to test the schedule and gain some confidence in using it.
I will also send my interview schedule to Dermot Killen for review.

Bryman and Bell (2007, pp. 273) highlight key reasons for piloting an interview schedule as *"it may be possible to identify questions that make respondents feel uncomfortable and detect any tendency for respondents' interest to be lost at certain junctures"*.

By identifying these potential problems in advance of the planned interviews any suggested or required changes can be made.

Bryman and Bell (2007, p.274) state *"it may be possible to identify questions that make respondents' feel uncomfortable and detect any tendency for respondents' interest to be lost at certain junctures."*

The pilot will test the researcher's procedure, the questions and the potential reaction of the respondents', it is a trial run (Brannick and Roche, 1997).

Chapter Ten: Semi – Structured Interview Analysis:

Topic: Employee Engagement and Retention

Time: 15 – 20 minutes per interview

Number of interviews: 8

Interview period: 12th May – 19th May 2008

Appendix One: Sample interview schedule and complete interview question analysis

10.1   Profile of Interviewees

Interviewee	Gender	Tenure
Employee One	Male	Eight months
Employee Two	Male	Two years
Employee Three	Female	Three years
Employee Four	Female	Four years
Manager One	Male	Six months
Manager Two	Female	One & half years
Manager Three	Female	Five years
Manager Four	Female	One year

- The interviews were selected from both the support and operations division to ensure a fair representation of the employee cohort was interviewed.

10.2   Summary of Interview Findings:

Of those interviewed, seventy five percent stated an issue of retention in Company A exists, with an equal proportion of each group agreeing with this statement. The cause of high turnover in Company A, and the sales industry in general, was related back to the pressure, on meeting targets, sales consultants endure while performing their roles. Fifty percent of the managers interviewed also cited poor management as a contributor to employee turnover. The impact of employee turnover has a definite effect on both team performance and morale. When an employee leaves the organisation their targets are left for the remaining team members to make up which

increases pressure and workload. A hundred percent of interviewees agreed that high turnover affects the organisations image in the eyes of potential employees. A key concern was highlighted by interviewees; the negative attitude or departure of a team mate can ignite concerns in the employees left behind. This could be a contributor to further turnover.

When asked how to increase retention levels, a hundred percent of interviews suggested non financial incentives ranging from improved communication to flexible working to development opportunities. One employee suggested an increase in sick pay. Fifty percent of the managers interviewed suggested a reduction in micro-management* and an increase in autonomy at work. When compared suggestions from both groups are very similar with both groups addressing the need for improved communication and recognition.

The management team, as represented in the sample, in Company A are aware of the concept of engagement in general, while only fifty percent of employees knew what the concept was. With seventy five percent of interviewees aware of the concept it can be suggested that employee engagement is a topic in the workplace.

There was a commonality in the description of what engagement would mean in their roles between groups. Both employees and managers referred to the importance of having a relationship with their manager and the need for a voice or clear paths for communication in the organisation. Both groups would need to have their contribution to the company recognised in order to feel engaged.

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*Wikipedia Definition of Micro-management: in business management, micro-management is a management style where a manager closely observes and controls the work of employee. The manager assesses every step and avoids delegation of decisions.

The ingredients listed by both groups as a means of engaging the workforce were also similar. As shown on the table below the main components suggested are almost identical;

Employee suggestions	Manager suggestions:
Development opportunities	Development opportunities
Recognition for contribution	Recognition for work done
Communication – a manager who listens	Two way communication – having a voice
Relationship with their manager	Support from management
Job security	N/A

Both Company A employees and managers agree that engagement is not high on the management agenda at Company A, with only twenty percent of interviewees believing it is on the agenda. Interviewee suggested that senior management have considered the concept of engagement but at a practical level, target setting and performance, it does not work as they want complete control of the decision making process. Of those interviewed, ninety percent believe there is a difference between the performance of an engaged employee when compared to tha. of a disengaged employee.

Is there a difference in the performance of an engaged employee over that of a disengaged employee?
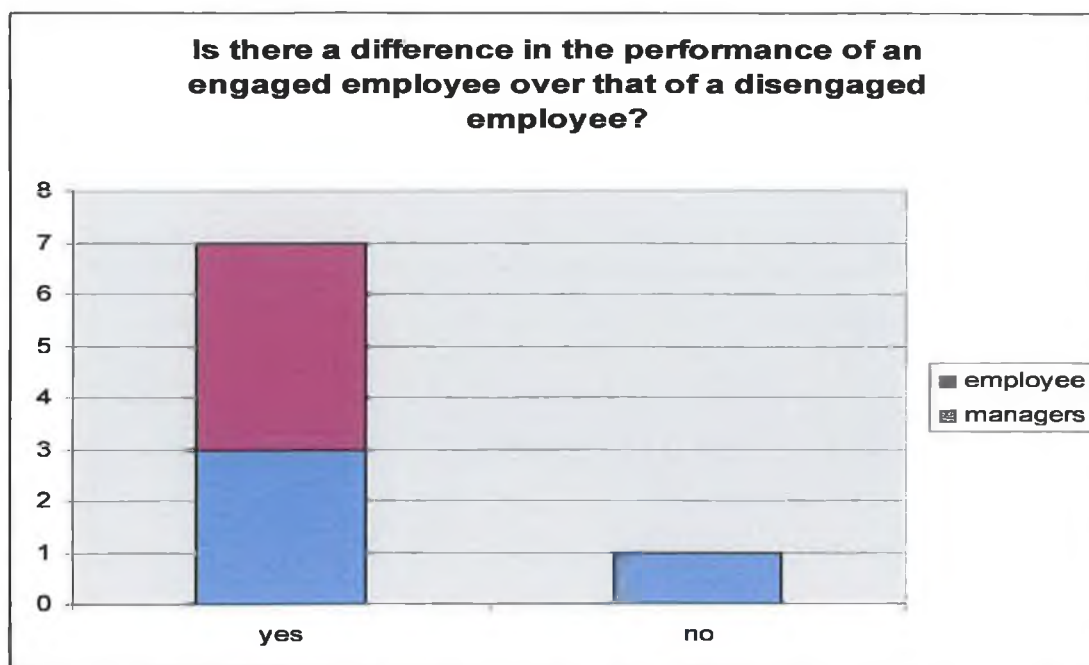
The reasons given referred to an engaged employee giving additional time, attention and care to his or her role. These reasons are in line with CIPD's three elements of engagement; cognitive, emotional and physical engagement

All interviewees agreed that an investment in employee engagement would impact on the retention levels of Company A. They felt that this investment could build relationships and ties between the employee and the organisation. One employee described increasing engagement as a means of increasing the pull factor into the organisation.

10.3 Conclusion:

Key Interview Themes:

Theme:	Cited by:
Relationship with management	Employees & Managers
Recognition	Employees & Managers
Communication	Employees & Managers
Development Opportunities	Employees & Managers

Flexibility in working hours	Employees
Increase Responsibility/Autonomy	Managers
Trust at work	Managers

There was cohesion in the suggestions and opinions held by both groups when referring to employee engagement were, in general, very similar. The tenure or position of employees or managers did not appear to impact on their beliefs in any significant way. The is no clear difference to be seen between the responses of the employee with six month service when compared to the manager with five years service.

Suggested improvements and initiatives were primarily intangible; these results support Woodruffe's belief of the growing importance of intrinsic motivators in the workplace.

The importance of the relationship an employee has with his or her manager is clear from the responses of both groups. It has a significant impact on how satisfied and engaged an employee is in their work and can influence retention levels in the organisation. Employees interviewed highlighted their need for guidance and mentoring and the critical importance of a supportive manager. Employees rely on their manager for feedback and support in their day-to-day roles.

Communication was a key theme rising from these interviews. Both managers and employees suggested an increase in employee turnover is one negative impact that can result from poor communication. Employees felt they needed a 'voice' in the organisation if they were to become positively engaged in their work; they wanted to know their opinions count. Interviewees referred to the desire to be listened to and to see their ideas being considered. It is important for an individual, either an employee or manager to understand the issues facing the organisation such as market fluctuations or the threat of new competitors. Employees want to know the bigger picture and see how they fit into it. Both groups interviewed suggested that two-way communication should be put in place in Company A.

Recognition and opportunities for development were two strong themes developing during the interviews. Both groups would advise Company A to increase or introduce effective recognition schemes to acknowledge work well done. The presence of development opportunities was a key ingredient of the employment deal for both groups. As conveyed in Deloitte's (2008) research, a key motivator of the modern workforce is development. Company A employees support this idea when they stated that they wanted to know or at least see a future with the organisation. Managers made reference to increasing autonomy in their teams and allowing the employees to take more responsibility if they wished. Teams are currently controlled tightly with 'am and pm' meeting on performance results. All deals negotiated must be sign off by a manager. Company A could increase engagement by reducing control measures to a degree and allowing consultants to make decisions where appropriate.

75% of interviewees were aware of this concept. However, it was believed that it is not on the agenda of senior management in Company A. When describing the difference in performance of an engaged employee against a disengaged employee, CIPD's elements of engagement were present in the interviewees' answers. They described engaged employees as being focused and dedicated to their work (cognitive), hard workers (physical) and willing to exert additional exert for the benefit of the organisation (emotional).

The concept was positively received by all interviewees and each participant agreed employee engagement could be used to impact retention in Company A. It was suggested that increasing engagement would create almost a tangible tie between the employee and the organisation, which would make it harder to leave.

Chapter Eleven: Structured Questionnaire Analysis

Topic: Employee engagement and retention

Time to complete: 10-14 minutes

Number of questionnaire distributed: 60

Number of completed questionnaires returned: 31

Sample type: Probability Sampling (to ensure fair representation)

Completion percentage: 52%

Distribution date: 19th May

Collection date: 6th June

Appendix Two: Sample questionnaire and complete question analysis

11.1   Respondent Profile:

The thirty one questionnaires were returned; providing a fifty two percent completion rate. The gender profile of respondents is a ratio of thirteen percent male to eighty seven percent female. This is a close representation of the overall company gender ratio of fifteen percent male to eight five percent female.

The primary age category surveyed was 25-34 years, with forty five percent of respondents falling into this group; principally comprised as Generation X. Thirty five percent of respondents were aged between 18-24 years; Generation Y. Company A employees surveyed represent a workforce comprising of both Generation X and Y. According to research by Deloitte (2008) and McKinsey(2008), this mix of employees requires careful management ensuring that the needs of both groups are catered for. Melchar, Bosco and Cantrell (2008), highlight that the a critical consideration for organisations today is what leadership style they should employ in order to effectively manage the varied needs of this workforce.

11.2 Summary of Questionnaire Findings:

Section One: **Gallup Q12**

The overall results of the Gallup Q12 questions point to a significant number of Company A's employees – 42% - being are engaged. According to Gallup, these high Q12 scores suggest a considerable proportion of the organisation's workforce is engaged and thereby have needs closely met by their employer. Three percent of respondents were found to be actively disengaged, while fifty five percent of respondents are positioned in the mid range scores signifying that they are not engaged. These scores revealed higher levels of engagement than found in other research; for example, the CIPD Employee Attitudes and Engagement Survey (2006) found that 35% of respondents were actively engaged, 57% were not engaged and 8% were actively disengaged.

Results of Gallup Q12
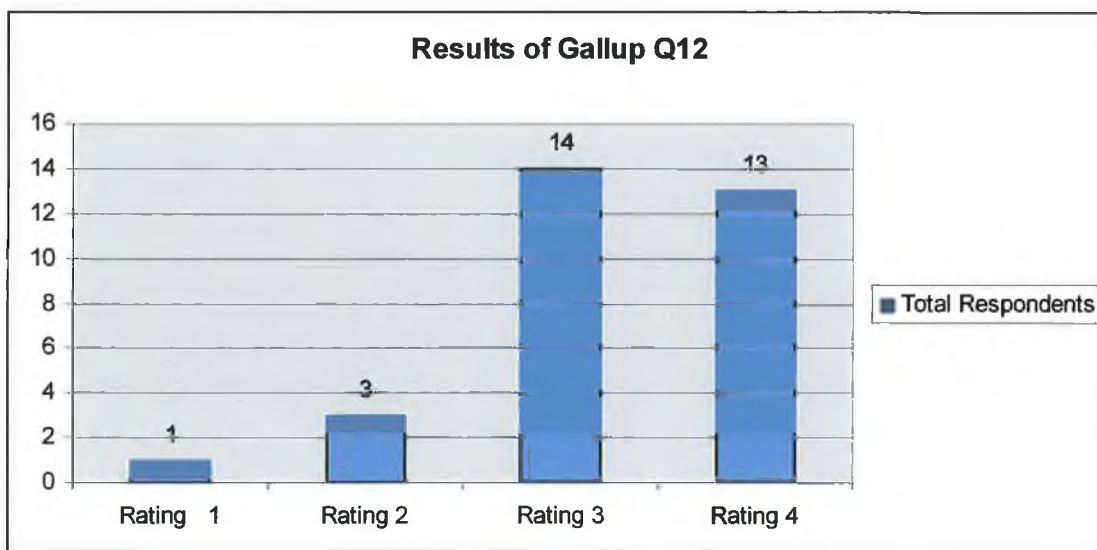
Engaged Employees (42% of Company A Employees) can be described as employees who work with passion and enthusiasm and hold a deep connection to their organisation. These employees can drive innovation and focus on developing a company.

Not Engaged Employees (55 % of Company A Employees) are defined as those individuals who are present in their role and performing to the minimum standard expected of them, however these employees lack any passion or energy for their work.

Actively Disengaged Employees (3% of Company A Employees) are seen as more than unhappy within their roles; they are actively demonstrating this unhappiness, often in a manner that works against the organisation.

(Bonfield, goodpractice.net, 2007)

The results from the Gallup Q12 will identify some of Company A's key strengths and weaknesses in the management of their employees. Through the analysis of the Q12 results, I can highlight areas in need of improvement and strengths on which Company A should build.
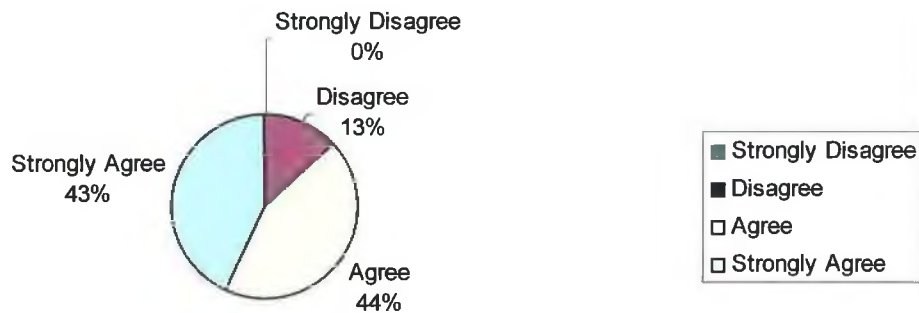
Gallup divided the Q12 into four dimensions:
1. What do I get?
2. What do I give?
3. Do I belong?
4. How can we grow?

(Gallup Management Journal, 2007)

Questions one, two and three assess the dimension 'what an employee gets' in order to perform his or her role. All three questions were answered positively by the majority of respondents. All respondents felt they knew what was expected of them at work; fifty one percent strongly agreed and forty nine percent agreed with the statement. When asked if they felt that they have the opportunity to do what they do best at work every day, thirteen percent of respondents disagreed while forty four percent agree and forty three percent strongly agreed.

Q:3 At work, I have the opportunity to do what I do best every day.

Strongly Disagree
0%

Disagree
13%

Strongly Agree
43%

Agree
44%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

Question four, five and six, explore further 'what do employees give at work', according to Gallup this relates to the support, encouragement and recognition an employee receives at work. When asked about recognition or praise received in the last seven days, forty eight percent agreed and twenty nine percent strongly agreed that they had. A significant nineteen percent of respondent disagreed with this statement.

A hundred percent of respondents answered positively to the statement which enquires whether someone cares about them as a person at work. Sixty one percent strongly agreed with this statement. When asked whether they received encouragement to develop at work, eighty four percent answered positively; 42% strongly agreeing and 42% agreeing with the statement. Sixteen percent of respondents disagreed.

Q:6 There is someone at work who encourages my development.

Strongly Disagree 0%

Disagree 16%

Strongly Agree 42%

Agree 42%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
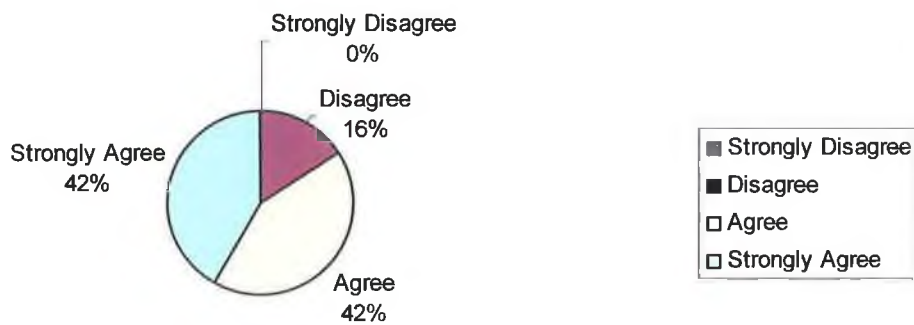
Questions seven, eight, nine and ten address Gallup's 'do I belong' dimension. When asked whether their opinions counted at work, sixty one percent agreed with this statement and twenty six percent strongly agreed. Thirteen percent answered this question negatively; with two respondents strongly disagreeing and two disagreeing. In relation to the company's mission making an employees job feel important, sixteen percent disagreed and six percent strongly disagreed. Sixty five percent strongly agreed that their colleagues are commitment to doing quality work and thirty five percent agreed. When asked if they had a close friend at work, thirty two percent disagreed. However thirty six percent strongly agreed and thirty two percent agreed with the statement.

The final two questions explore the development opportunities available; the 'how can we grow' dimension of Q12. Fifty two percent of respondents agreed that someone had talked to them about their progress in last six months. Forty two percent strongly agreed. Six percent felt this had not happened in the last six months. Forty four percent of respondent strongly agreed and thirty three percent agreed that they have had opportunities to grow and learn in the last year. A noteworthy twenty three percent disagreed.

In conclusion to the Q12 results, Company A have a number of strengths to acknowledge and build upon if they are to engage the fifty five percent currently not engaged with the organisation. As the percent of disengaged employees is low (3%),

the survey does not highlight any major weaknesses, just areas for improvement. Employees are given a clear job specification and the right materials to complete their jobs.

The supervisors/managers in Company A care about the employees as individuals. Sixteen of respondents felt there was no one to encourage their development. Managers and supervisors need to develop this caring relationship further and provide guidance to employees. In a similar manner, managers need to give praise when praise is deserved and ensure it is at timely intervals if engagement levels are to increase; twenty three percent of respondents had not received any praise or recognition in seven days. Praise or recognition should be given at the point when a project is completed or when target is achieved, not five weeks later at the quarter end meeting. The opinions of the workforce are counted and this is felt by a majority individual employees. With sixty one percent agreeing with this statement, Company A needs to demonstrate this to a higher degree if these employees are to move up the scale and become engaged. The mission of the company and how each individual's contribution impacts on it must be clarified in more detail.

Dialogue with employees in relation the progress is evident. However, it could be developed further as a means of increasing engagement levels. Providing opportunities to grow and learn is an area to be addressed. Twenty three percent of employees did not feel any opportunities were presented in the last year.

Section Two: CIPD Components of Engagement

The components of engagement defined by the Chartered Institute of Personnel and Development were tested. A hundred percent of respondents are cognitively engaged in their roles.

Q:13 Time passes quickly when I perform my job
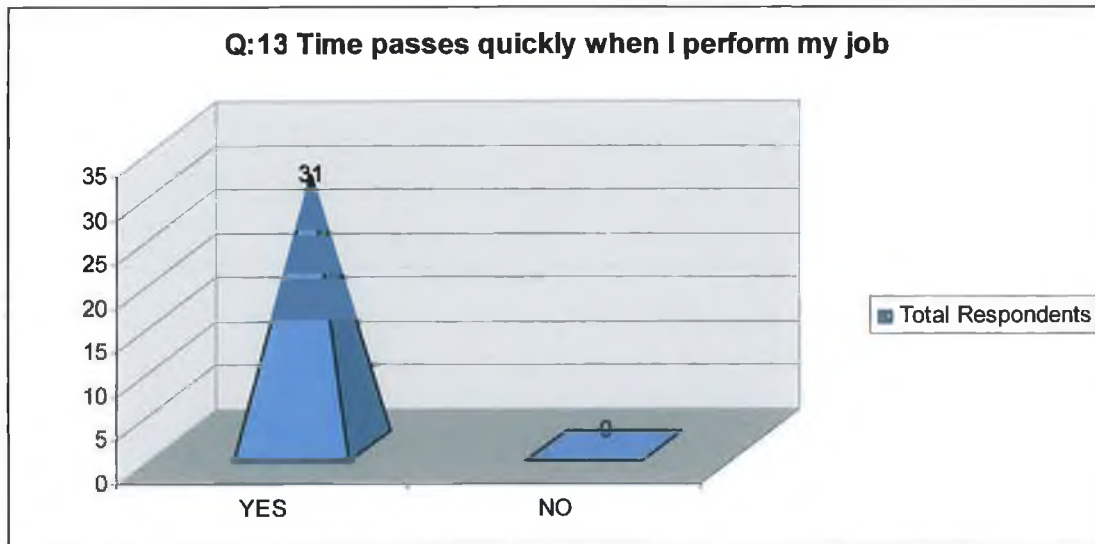
Ninety four percent are emotional engaged, agreeing that their own feelings are affected by how well they do their jobs. Engagement levels decrease in relation to the physical component with eighty one percent staying until their job is complete. Employees in Company A are conveyed by these results to be involved in their roles and focused on their duties, however there is need for improvement in the extent to which they will exert extra effort, go that extra mile, for the company.

Section Three: **Intrinsic Motivators and Employee Mobility**

The information collected on the things that employees' value, and degree to which they value them, in Company A supports Brian Hall's findings on the range of incentives an employer must offer. Hall states that employees' are complex human beings that value a wide variety of things from promotions to influence to money (2004). The top three choices were as follows:

Top three options	Percentage of respondents ranking First:	Percentage of respondents ranking Second:	Percentage of respondents ranking Third:
Opportunity for career development	29%	16%	19%
Salary	26%	19%	13%
Meaningful role	26%	6%	23%

Twenty nine percent of employees questioned ranked the opportunity for career development as their number one priority. Salary was positioned second and having a meaningful role ranked third in importance. The option to have a flexible working environment is ranked fourth on the list, followed closely by trust in fifth position. The need for praise and recognition is in sixth place.

These findings align with Woodruffe's (2006) research on the crucial importance of non financial motivators. The fact that salary was not listed as the most important factor reinforces the idea that money is not necessarily the primary factor an individual's decision to take and keep a job anymore. Furthermore the option for bonuses was ranked in eight place by forty five percent of respondents, indicating that the more intangible elements, trust, flexible, praise, are seen to have greater importance.

The risk of mobility of Company A employees was tested in the question referring to the number of employers they expect to work for over their careers. In the current economic climate, it is important to note that some respondents may be mindful when answering this question of the possibility that some future moves may not be voluntary – the changes resulting from the current market conditions could result in job losses.

Number of Employers	Number of Respondents	Percentage of Respondents
1-3 employers	8	26%
4-5 employers	5	16%
5 + employers	18	58%

Fifty eight percent of employees believed they will work for five or more employers in their careers. Twenty six percent felt they would work for between one and three employers during their careers. With seventy four percent (combined results 4-5 and 5 +) of Company A employees expecting to work for four or more employers the issue of mobility and the need for a clear retention strategy is evident. The results are support the findings of the Small Firms Association in relation to the rising problem of employee mobility. If Company A is to manage this concern, it must heed Patricia

Callan's, SMF Director, advice that *"companies which respond to employee retention solely by increasing wages are only buying time, not loyalty"* (SFA, 2007). Company A must work to involve and engage their employees if they are to reduce the threat for mobility.

When examined at a gender level, fifty two percent (14) female sample and a hundred percent (4) of the male participants expected to work for five or more employers.

Section four: **The Relationship between Managers and Employees**

The exiting relationship between employees and managers at Company A was explored through a select few questions, focusing on communication.

Respondents illustrated in their scores that managers could consider the opinion of others more when making important decisions. Thirteen percent of respondent believed that managers did not currently consider the opinion of others first. Also twenty three percent disagreed and three percent strongly disagreed that employees and managers regularly exchange information and ideas. Although forty five percent agreed and twenty nine percent strongly agreed, a need for improvement exists on the extent to which information and ideas are shared with employees.

Sixty one percent agreed and thirty two percent of respondent strongly agreed, that a 'two way' relationship exists between the employees and their managers. Employees responding felt they receive the support they need from their manager. Forty two percent strongly agreed and forty five percent agreed with the statement. Ten percent of respondents felt they did not receive constructive and useful feedback from their manager.

Armstrong (2006) acknowledges the need for quality leadership in the process of engaging employees. He highlights that the manager has the power to delegate tasks, provide feedback and recognise contributions made by employees. Research by the Corporate Executive Board (2007) supports the importance of having good managers in place in relation to retention. The research shows that poor or bad managers can

experience turnover that is 4 times higher than the levels experienced by those considered to be good managers.
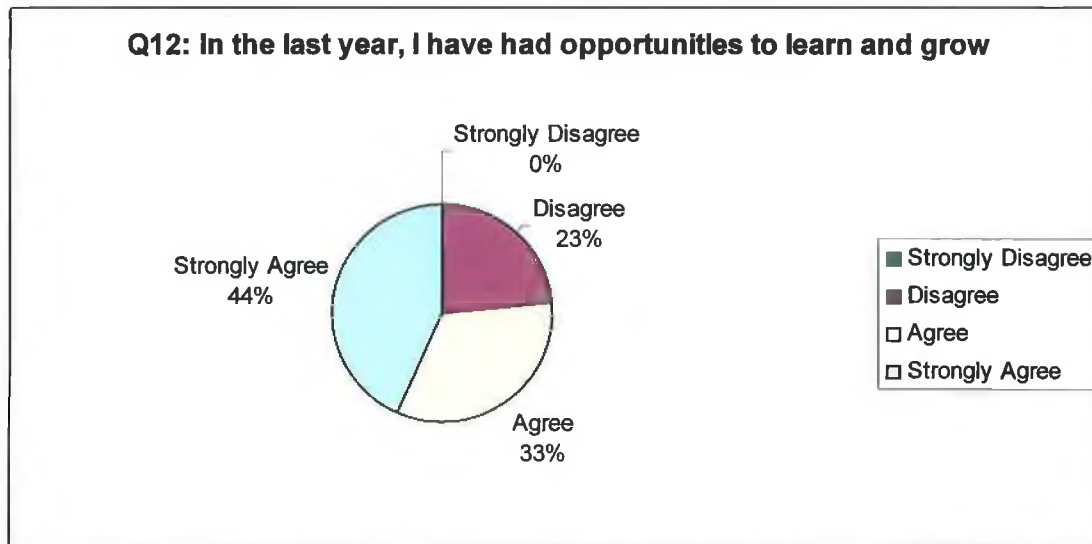
According to employee opinion conveyed in this survey, Company A have strong foundations in place for a supportive management team. However, the negative responses suggest some managers are not providing the desired standard. This could mean that they are not engaged themselves in the organisation. Welbourne (2007) stated that the challenge of engaging employees starts with the manger him or herself becoming engaged.

11.3   Conclusion:

The results of this questionnaire survey find the level of engagement in Company A to be high, with forty two percent of respondents actively engaged. This engagement level is higher than that found in other surveys, such as CIPD Employee Attitudes and Engagement Survey (2006) which found that 35% of respondents were actively engaged, 57% were not engaged and 8% were actively disengaged. The minimal degree of disengagement, three percent, reflects positively on the organisation. As the majority of those surveyed, fifty five percent, are not engaged Company A should increase their focus on engagement and seek continuous improvement. With forty five percent of those not engaged scoring a three on the scale (agreeing with most statements), it could be presumed that Company A could significantly increase their level of employee engagement through a dedicated engagement strategy.

The relationship between the employees and their managers was conveyed by the majority of respondents as supportive and 'two-way' in nature. The literature has highlighted the critical role played in employee engagement by the manager; this may be a starting point for future development. Developing a consistent approach to communication, recognition and timely feedback among all managers would significant impact on engagement levels.

Opportunities to develop and progress are key elements Company A should review and ensure are available to its employees. This factor was ranked of the highest importance by employees. As it received negative responses under question 12 of the Gallup survey it stands out as an area in need of attention.

Q12: In the last year, I have had opportunities to learn and grow

Strongly Disagree
0%

Disagree
23%

Strongly Agree
44%

Agree
33%

- ■ Strongly Disagree
- ■ Disagree
- □ Agree
- □ Strongly Agree

The risk of mobility could be somewhat reduced by aligning Company A's reward system to the needs and wants of employees'. Company A should analyse the existing reward structure against the rankings found in this survey to ensure congruence.

Chapter Twelve: Company Data:

12.1 Objective:

My intention when beginning my research was to include a third element in my methodology, which would involve the compilation of company data to compare against secondary information on the industry standards. This would also satisfy the requirements for triangulation. Deacon, Bryman and Fenton, (1998) describe triangulation as a means of cross-checking the research findings accumulated from both quantitative and qualitative research.

My objective was to gather Company A personnel data on:
- Absenteeism Rates
- Cost of Employee Turnover
- Labour Turnover

and analyze these metrics against secondary data accumulated by national associations and other organisations such as CIPD, IBEC and SFA.

During the course of my research it became clear that a direct comparator on these elements was not available. The National Recruitment Federation, a voluntary body setup in 1979 who represent 100 recruitment agencies in Ireland, have, to date, completed no research or reports on industry trends relating to these specific factors. As the information is so sensitive, Company A's direct competitors in the Irish recruitment market, Sigmar and Brightwater, would not provide any company data.

As I have collected data from Company A, I will utilize it by reviewing the information against my primary research findings and employ the available, although generalised, data from Irish Business and Employers Confederation, Small Firm Association and Chartered Institute of Personnel and Development as a labour market reference in both absenteeism and turnover rates.

12.2 Absenteeism:

The research conducted by Company A refers only to uncertified and certified sick leave; Maternity leave, Parental leave, Bereavement leave, Force Majeure etc were excluded.

In 2006, Company A recorded an overall absenteeism rate of 2.21%. This percent is created through the following formula:

No. of days of absence in the period under review   *100 = %
(total no. of employees) * (total number of work days available)

The total number of recorded sick days was analyzed against the total number of employees. This analysis gave an average number of 5 sick days per person.

The Small Firms Association produced a report in 2006 on National Absenteeism. This study took place across Ireland and included all sectors of Irish private businesses. The report differentiates between small, medium and large firms. Company A is a medium firm with less than 249 employees. The national average found by this survey, for a medium sized business, was 11 days, which according to the SFA gives a national absenteeism rate for this business size of 4.9 %.

In 2007, Company A's absenteeism report found an overall absenteeism rate of 2.25%. The average number of sick days per person, unchanged from 2006, was 5 sick days per person.

The SFA national absenteeism report in 2007 indicated a decrease in the national absenteeism rate for medium sized businesses to 3.7%. The report gave an average, for this size firm, of 8 sick days per person.

The Sick Leave policy in Company A is detailed and strictly monitored by management. A maximum of two uncertified days per annum are paid and this

payment is at the Regional Director's discretion. Following more than three days sick leave, which do not have to be consecutive, an employee must attend a 'return to work interview' with their manager or Director. This interview is recorded on their personnel file. Company A encourages and rewards full attendance with an incentive scheme through which employees can earn two additional holidays.

Reports on absenteeism are produced for review by senior management on a quarterly basis. Each report includes a breakdown of team, division and regional absence.

12.3 Employee Turnover:

In 2006, Company A recorded a rate of 30% employee turnover. This rate is derived from the following formula:

Total leavers   * 100   =   %

Total Employees (Employee no. in Jan + Employee no. in Dec/2)

In 2007, with approximately 80 leavers, the rate of employee turnover was 45%.
Tenure of leavers:

0-3 months	4-6 months	7-12 months	12-18 months	18 months +
10	17	17	14	22

A report by CIPD (2007) on employee turnover and retention found the level of turnover in private industry to be 22.6% at its highest level. The report highlights that employee turnover is dependent on the market in which an organisation competes. IBEC produced a report on employee turnover also in 2007. This report analyzed turnover by sector, by industry, and by size.

As the report does not specifically relate to the recruitment industry, the following results are generalised comparisons focusing on the services sector as a whole:

- Services Sector: 28.78%
- Services Industry: 25%
- 100-249 Employees in size: 19.51%

* see appendix for full report

12.4   Cost of Employee Turnover

Research on the financial cost of employee turnover was complied by Company A in relation to the 2007 employee turnover figure. The report examined the follow costs:

Rational Metrics:
- Recruitment Costs – value of Internal Recruiters time, psychometric testing
- Training Costs – materials, venue, value of trainers time, transport and accommodation
- Additional Costs – value of time spent by HR, IT and Marketing setting up the new start

Opportunity Costs: (valued over the standard three month training schedule)
- Ave billing of a successful new consultant lost
- Ave billing of a senior consultant lost during the process of training the new start
- Ave billing of manager lost during the process of training the new start.

The report valued the lost of a consultant at:

Rational Costs: €907 + Opportunity Costs: €48,815 = €49,722

Company A calculated this cost for 2007 based on the number of leavers with less than 12 months service from the operations division (consultants).

The cost of leavers in 2007:

= 33 consultants * € 49,722   =   €1,640,826.

= 11 support services * € 907 =   € 9. 977

Total cost   € 1,650, 803

* please note leavers with in excess of 12 months service were not valued here, as it was felt that they would have repaid this cost to the business, through performance, prior to exit.

12.5   Conclusion to this data:

Mowday, Porter and Steers (1982) suggest a psychological linkage exists between an employee's level of organisational commitment and absenteeism and turnover.

Absenteeism statistics of 5 days per person in Company A are relatively healthy when compared to the National standard of 8 days in 2007. These figures suggest that Company A is 38% below the national standard, for a medium sized company, of the number of days absence per person. It is pivotal to note that although these statistics are a helpful benchmark, they are a general standard and results from Company A can not be directly compared. Five days per person could be above the standard in the recruitment industry. The HR manager for Company A felt, when questioned, that this rate of absence would fall below, or at least meet, the recruitment industry standard as a result of the tight management controls in place.

I believe that the rigorous application and management of the Sick Leave policy, imposing the threat of non payment and discipline on employees, is the primary influence on the overall absenteeism rate. It could be suggested that employees do not have the option to be out sick. This may be the underlying reason for good attendance rates over the suggestion of a committed or engaged workforce.

The nature of role and the fact that what each consultant earns (a minimum of 30% of salary) depend on their own target based performance could also impact absenteeism rates. If they do not meet their targets their salary has the potential to be dramatically decreased. As a result, it is possible that employees would come to work, even when sick, to 'close a deal'.

The employee turnover rate is of significant concern. Even without a relative comparator it is clear to see a problem exists. At a rate of 45%, Company A is almost losing every second hire. Mowday, Porter and Steers (1982) suggest that an employee's commitment to an organisation can be a reliable indicator of particular behaviours, such as turnover. If an individual is involved and committed to an organisation, it is more likely that they will stay and engaged in working towards its goals. At first glance, Company A's turnover figure would therefore imply that employees are not committed to the organisation. However if the quantitative data is considered, with pointed to a significant number of employee being engaged – 42% of those surveyed, a conflict exists. This discrepancy could possibly be explained by highlighting that, as with the absenteeism rate, the nature of the sales industry has a significant impact on the turnover rates. Sales jobs in general can be described as difficult and often pressure filled, primarily because salary is performance based. The qualitative research supports this idea, suggesting that excessive pressure to meet targets can be a contributor to the high level of turnover existing in the sales industry. Therefore it could be said that an engaged employee could experience 'burnout' and leave the company due to this continued exposure to pressure.

The qualitative research referred to the disruption to the team and possible impact on morale (elements have not been measured to date by Company A) that can be associated with high turnover. Outside of this effect, if turnover rates continue at this level it will become a very expensive trend. As detailed above, excluding opportunity costing, the initial induction costs of a new start are significant.

Company A calculated this cost for 2007 based on the number of leavers with less than 12 months service from the all division.
44 leavers * €907 = €39,908

The Harvard Business Essentials guide to 'Hiring and Keeping the Best People' (2002) highlights three important bottom line reasons why retention is critical to an organisation's success:

1. **The growing importance of intellectual capital:**

In today's Knowledge Era, a company's competitive advantage is derived from its intellectual capital. The key economic resource is knowledge. When an employee leaves an organisation today, the company loses that employee's knowledge and skill, which have often been acquired through significant investment in time and training by the company. The three month induction training in company A is valued at approximately €49,722 per consultant. The value of this loss is further increased for Company A if the employee moves to a competitor.

2. **The causal link between employee tenure and customer satisfaction:**

Research has shown a significant link exists between employee satisfaction and customer satisfaction. If every second hire leaves, clients of Company A will regularly meet new consultants. This could impact on the quality of the relationship between the client and the organisation; as they may have to explain their requirements or needs on a number of different occasions.

3. **The high cost of employee turnover:**

There is a high cost and considerable impact on an organisation's bottom line associate with employee turnover; costs include:

4) **Direct costs** which include the cost of recruitment and training

5) **Indirect costs** which include the impact on remaining employees' morale and productivity.

6) **Opportunity costs** which relate to the time spent on training and developing an employee who leaves that could have been used in other more productive ways.

This high cost recorded in Company A will clearly impact on the bottom line, with an excess of €1.6 million lost on employee turnover in 2007. This sum could have been effectively invested in any number of business development opportunities.

Deloitte's (2008) report on the importance of managing critical talent should also be considered against Company A's turnover rate of 45%. Deloitte advises employers to ensure that they have an effective retention strategy in place. Deloitte suggests that,

in spite of the existing levels of unemployment, there is an acute shortage of critical talent.

"Critical talent is defined as the group and individuals that drive a disproportionate share of their company's business performance and generate greater than average value of customers and shareholders."

(Deloitte, 2008)

These employees hold highly developed skills and a deep knowledge of the company. I would suggest that Company A reviews their retention strategy immediately. If Deloitte's predictions are correct, Company A will face a shortage of talent and as a consequence will find it a significant challenge to replace employees if this turnover rate continues.

Chapter Thirteen: Overall Research Findings

13.1   Research Findings:

The combined qualitative and quantitative findings of this research convey the complexity of the concept in question; employee engagement. The research found that, similar to the 2003 NHS engagement survey, the drivers required to engage an employee in his or her role can be wide and varied. However, the essence of engagement at work, unveiled in this research, is conveyed to be dependent on an employee's relationship with his or her manger, the extent to which their contribution is valued and recognised, the availability of learning and development opportunities and having a voice which is heard in the organisation. These findings support The Society of Human Resource's (2006) statement that effective engagement is created by a careful mix of tangible and intangible factors.

The importance of intangible rewards to the modern workforce is evident in this research. During the interviews, both employees and managers highlighted praise, recognition and development opportunities as key ingredients of an engaging employment deal. Respondents to the questionnaire ranked development opportunities as their most important need. This agrees with the findings of Deloitte's survey on Generation Y, which also ranked development as the top incentive. Salary was ranked in second place in my research. The importance of having a meaningful role was ranked in third place. These results are significant as they support the work of Woodruffe (2006) and Hall (2004), who propose that employees today value more than just financial motivators. Therefore, it could be suggested, in line with research by SHRM (2006) that a new or updated set of motivators exist in the modern workplace.

The desire for development opportunities apparent in these findings reinforces the concept of employability. Pfeffer (1998) points to this element as been elevated to the top of the employment deal because of the lack of job security on offer. It is suggested that employees seek these development opportunities in order to up skill and make themselves more attractive to the next employer. These results could be further

supported with the mobilitly statistics derived from this research. With 74% of questionnaire respondents expecting to work for four or more employers in their career, the notion of employability could naturally be seen to be a concern.

Recognition and feedback are two strong themes arising from the research findings. Interviewees stated that an individual needs to see and feel that their input is valued. Feedback and guidance were described as key if an employee is to continue to develop and excel to the best of their abilities. Satisfaction of these needs is believed to be at management discretion. Armstrong (2006) underlined this link by stating that it is the manager who has the power to delegate tasks, provide feedback and recognise contributions made by employees. The qualitative findings support this by highlighting the important role played by a manager. Interviewees conveyed the need for a supportive manager, someone who guides and coaches them, in the pursuit of an engaged workforce.

The research found that the extent and quality of the communication between a manager and his or her employee can have a significant influence on the employment relationship. Interviewees believed this relationship could have a pivotal impact on their engagement with the organisation and ultimately can affect the levels of employee retention. Findings derived from the questionnaire point to this element as an area for development. Of the respondents, 13% felt there manager should consider the opinion of others more before making decisions and 23% felt their manager did not exchange information or ideas regularly with employees.

The Gallup Q12 results found that 42% of employees to be actively engaged. A minimal 3% of employees surveyed were found to be actively disengaged. The largest proportion of those surveyed, 55%, are not engaged with the organisation. These results show higher engagement than those illustrated in the 2006 Chartered Institute of Personnel and Development (CIPD) survey. The Q12 scores highlighted a number of areas Company A should focus on if the 55% are to become engaged;

- Clarification of the alignment between an employee's role and company mission

- Improvements in the manager and employee relationship
- An increase in dialogue about progress and an increase in the availability of development opportunities
- Improvement in communication – ensuring that employees know that their opinions count.

The CIPD components of engagement when tested conveyed that Company A's employees are cognitively (100%) and emotionally (94%) engaged at work. With only 81% of respondents portraying physical engagement, Company A needs to focus on harnessing their discretionary effort. This result emphasizes Meere's (2005) comments that this effort is expended only at the discretion of the individual who owns it.

Mobility is a significant theme arising from the questionnaire findings and supported by the literature. As previously stated, with 74% of respondents expecting to work for four or more employers during their career, it can be said that mobility is an attribute of today's workforce. This finding supports those of Deloitte's 2008 survey on Generation Y that found 40% of respondents expecting to work for four to five employers. Pfeffer (1998) relates this new feature to the change in the employment deal, which saw an end to the job for life. As this issue is evident from the research findings, Company A should consider engagement as a means of reducing the outflow of employees. Interviewees felt that by increasing engagement levels in an organisation an almost tangible tie could be created, between the individual and the organisation, which may make it harder to leave.

The interview findings pointed to the idea that engagement is a topic in workplaces today, with 75% of interviewee's being familiar with the concept prior to interview. It was found that engagement is not on the management agenda in Company A. Interviewee suggested this was because senior management neither need nor want this level of involvement from employees. The existing centralised decision making works for Company A at this moment in time. With a financial turnover of €80 million reported in 2007, there is no real impetus to change their style.

A degree of conflict arose with the findings of the company data. The Gallup Organisation proposes that high engagement levels should result in high retention levels. The Q12 results of Company A are relatively high when compared to other engagement studies, at 42%, yet the organisation has a turnover of 45%.

To further complicate this, Company A, 2007, absenteeism rate of 5 days per person is below the national standard for a medium sized company of 8 days per person. Mowday, Porter and Steers (1982) suggest behaviours such as absenteeism and turnover are linked to the extent to which an employee is committed to an organisation. On one hand the company data could suggest then that Company A employees are more committed than the national average (absence rate) and on the other hand, it could be believed that their employees are minimally committed (turnover rate).

The inconsistency referred me to the organisation itself and the industry in which it operates. It is important to note that with no direct comparators available, the organisation's standard of absence and turnover cannot be accurately assessed. However, it should be stated that, even without an industry benchmark, it is clear to see a 45% turnover is a significant problem, if not a crisis!

Two key features of a consultant's role in Company A have the potential to impact on the absence statistics. Firstly, the fact that a large percentage of their salary is performance dependent may impact on attendance. Secondly, the strict and tight controls on absence could also influence employee behaviour and thereby the overall result. It is possible that many consultants come to work when they are unwell to avoid loss of earning and disciplinary action.

The nature of the sales industry should be considered in line with the turnover rates. Sales can be described as a tough and pressure filled role that may be accompanied with a higher than average turnover of employees. It could be said that the 42% active engagement is due to the fact that many consultants really enjoy their fast paced, adrenalin filled jobs, however individuals may fall victim to 'burnout' and decide to change jobs.

As a profitable organisation and the market leader in the industry, Company A have not engaged with their employees because it is not as yet a business need. However, with the cost of turnover in excess of €1.6 million and a predicted shortage of critical talent (Deloitte, 2008) employee engagement may be on the management agenda sooner rather than later. The findings of the cost of turnover in Company A support the need for retention and potential bottom line impact outline by the Harvard Business Essentials Guide (2002). An interviewee made reference to one of Harvard's key retention reasons; the impact of customer satisfaction, by underlining the dissatisfaction a client may experience from Company A's turnover. It is possible that a client could have to explain his or her recruitment needs on a number of occasions to different consultants.

13.2   Conclusion

The concept of employee engagement was positively received by all interviewees and each participant agreed employee engagement could be used to impact retention in Company A. Both interviewees and questionnaire respondents were found to genuinely value the softer, intangible attributes of the employment deal, that are also associated with engagement; praise, learning and development, two-way relationship, having a voice and participating in decisions making. These results support the idea that the employment contract is changing and employees are seeking more challenging jobs with increased responsibility and autonomy (Mooney, 1999).

The profile of employee surveyed portrayed a mix of Generation X and Y. Research has shown these generations to have different needs and motivations (Deloitte, 2008). Employee engagement could be proposed as a means of meeting the needs of the workforce.

With a 45% employee turnover to manage, as suggested in the qualitative data, that increasing engagement would help build a relationship, between the employee and Company A, and thereby increase the pull factor in the organisation. This is in line with the findings of the Corporate Leadership Council research that suggests engaging employees could reduce probability of departure by 87%.

13.3   Personal Learning and Limitations:

I have found through my literature review and primary research that the management of human capital is a complex and dynamic process. Dave Ulrich (2005) defined human capital as the '*soul of the enterprise*'. The development of a real and lasting source of competitive advantage is dependent on the manner in which an organisation manages its human capital, its human asset. (Jeffery Pfeffer ,1998).

The concept of engagement can appear as a vogue statement rather than an element of the strategic business plan. However, The B&Q case study, along with other cases reviewed highlighted to me the possible impact of employee engagement when incorporated as a critical business driver.

I have learnt the value of intrinsic motivators to this workforce and the importance of getting the right mix of intangibles and tangibles in the employment deal. It is clear from the literature and research that in order to do so, organisations must identify the needs of their employees. This highlighted to me the importance of treating each employee as an individual case. There is clearly no 'one size fits all' in employee engagement.

My primary research and the literature reviewed, indicate that employee engagement is a contributor, not a complete solution, to high retention levels.

The primary limitation I have found in my research relates to the lack of information on trends and standards of the sales industry, specifically the recruitment industry. Without a reliable and fair comparator the findings of my case study can not be accurately valued.

The case based nature of my research also limits the application of my findings. The findings of a single case study can be generalised to the theory but not generalised to the population.

If more research findings on employee engagement in an Irish context were available, I believe my case study results would have a greater impact on Company A. With no other company to benchmark their results against, Company A may be slow to bring in the outlined changes required.

I believe the industry type selected has also effects the findings of my research as the majority of interviewees believed turnover to be associated with a sales job.

I am cognizant of the fact that the results of both my qualitative and quantitative research may have been influenced by employees' fear of management repercussions in relation to their responses.

13.4 Recommendations:

In relation to the case study, I would strongly recommend Company A reviews its retention strategy. The company's current turnover is unsustainable if they wish to remain a profitable market leader. I would suggest the organisation starts with their management team. The literature and my primary research conveys the critical role played by the manager in the development of employee engagement. My first proposal is to ensure that each manager is fully engaged with organisation. My second proposal would to make certain that each manager has the necessary skills to manage their team effectively, treating employees with dignity and respect.

In relation to the research findings, I would like to conduct further study. My key interest would be in surveying a direct competitor, such as Brightwater Recruitment, to assess and understand any trends or correlation between the two organisation's results. I believe this additional research would give me a broader view of the real life application of the concept and help me further explore engagement in the context of the sales industry.

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Appendix

1. Interview Question Analysis
2. Questionnaire Analysis
3. Sample Interview Schedule
4. Sample Questionnaire
5. IBEC Employee Turnover Report
6. SFA Worker Mobility Report- 2007, 2005, 2004
7. SFA Absence Report – 2007, 2006
8. Deloitte Generation Y Survey

Question One:

When asked if an issue of employee retention exists in Company A, 75% of interviewees agreed. Three managers and three employees, said yes.
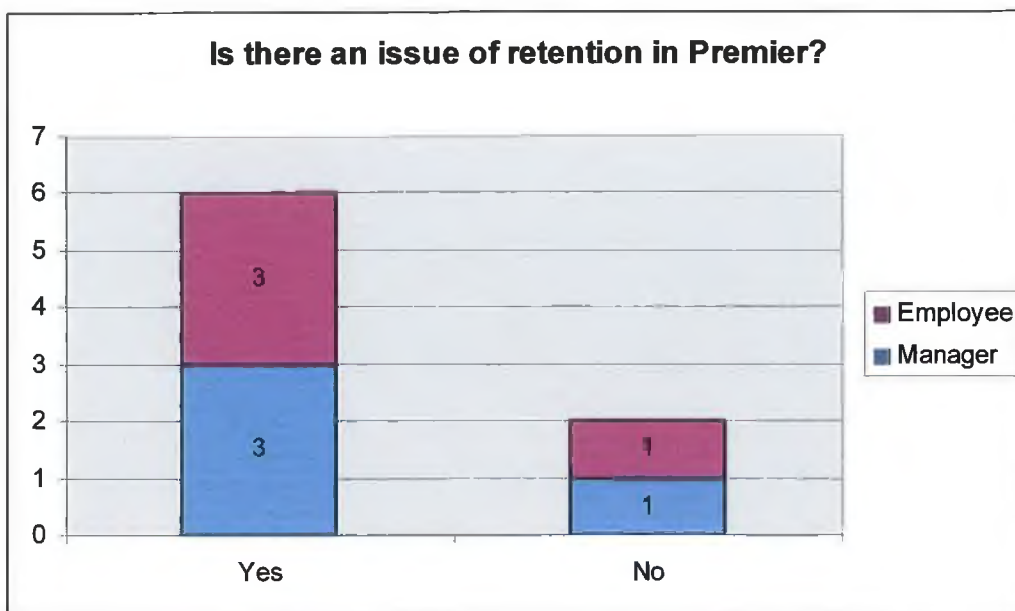
Question Two:

Pressure was cited as the primary reason for turnover; with 80% of the employees interviewed stating it. The employees are under pressure to meet individual and team targets and cross their financial thresholds to guarantee their salary. A lack of management support and communication were also highlighted by the employees interviewed as causes of low retention.

The managers interviewed gave a variety of reasons for the low retention levels in Company A. In line with employees, managers interviewed linked pressure for targets leading to burnout as a reason for turnover. The managers also suggested that a lack of recognition for input as a contributory factor for low retention. One manager

pointed to the fact that some new starts underestimate the skill required in a sales role and enter the job with false expectations. Insufficient support from managers was also cited to have an influence on turnover.

Question Three & Four:

All the interviewees agreed that turnover has an impact on Company A; specifically on morale and team performance. Employees referred to the additional work and pressure placed upon remaining team members to make up the target of the leaver. Two interviewees stated that the negative attitude of a leaver can filter down onto their colleagues and raise concerns about why they are leaving. This negative attitude has the potential to affect the morale of the team, by decreasing consultants' confidence in their future with the company. Each interviewee felt that high turnover would have a negative impact on the image of Company A as an employer. Three interviewees stated it would suggest to potential employees there was some underlying reason or issue within the company.

Question Five:

When asked how Company A could increase their retention levels two out of four employees cited recognition as a key influence. Three out of four employees would advise Company A to improve their communication networks and provide employees with a voice. Constructing a clear path of communication and ensuring upwards feedback is in place and valued by senior management. One employee suggested establishing an employee forum where ideas, suggestions and problems could be discussed with management. Two employees suggested introducing flexibility; giving back to employees by rewarding overtime.

When questioned, one manager suggested that Company A addresses their structure, citing the 'fake lean structure; as a problem or blockage for communication with management. Fifty percent of the mangers interviewed advised Company A to reduce their micro management of employees and to give them more autonomy in their work. Three out of four managers suggested an improvement in employee recognition schemes.

Question Six:

When asked whether they were aware of the concept of engagement, 75% percent of interviews said 'Yes'. All the managers interviewed were familiar with the concept while only two out of four employees were aware of the concept.

Question Seven:

When asked what engagement meant in their role, the employees gave similar answers to each other; citing a selection of key variables;

1. Being motivated in their role
2. Seeing their contribution valued by the organisation
3. Having a close relationship with their manager, know their manager cares about them as individuals
4. Communication, open dialogue and having a voice in the organisation.

When asked what engagement meant in their role, the managers stated a similar set of attributes to the employees;

1. Feeling valued
2. Communication and having a voice
3. Seeing their contribution and being recognised for work done
4. Being involved and understanding their role
5. Having a good and supportive relationship with their manager
6. Having an interest in the company

Being engaged in a role meant different things to each interviewee. The above list conveys the variety of features suggested and highlights that being engaged means different things to different people. However some key commonalities did exist in the answers as recognition, communication and a relationship with the manager were strong response themes.

Question Eight:

Interviewees were asked what they believed the key ingredients for an engaged workforce were. The employees interviewed gave a list of ingredients they found essential:

1. Job security
2. Development opportunities
3. Recognition for their contribution
4. Communication – a manager who listens
5. Relationship with their manager

Managers also gave a similar list of ingredients:

1. Support from management
2. Recognition for work done
3. Two way communication and having a voice in the organisation
4. Development opportunities

When comparing this compilation of ingredients, it is interesting to note that only employees mentioned job security. This attribute was not highlighted by any of managers interviewed.

Question Nine:

When asked if engagement was on the management agenda in Company A six out of eight interviews said 'No'. Employees supported this answer by stating that in theory the senior management like the idea but it doesn't work in practice. A reason given for this was that ultimately the targets reached are what count and the regional directors alone decide and control 'the board' (a target and result display). They do not want a democracy when it comes to setting targets. One employee stated that she felt management did not want that level of involvement from their employees.

Is Engagement on the Management Agenda in Premier?

Legend: ■ Employee ■ Manager

Axis: Yes, No (values 0–7)
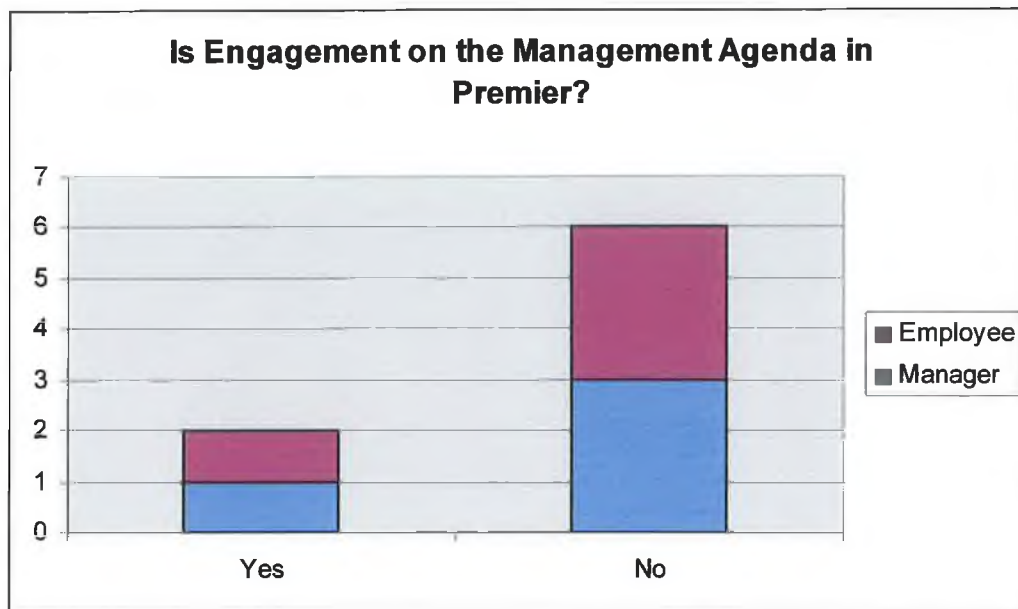
Question Ten: (in reference to the definition of an engaged employee)

When asked if the performance and attitude of an engaged employee differs from that of a disengaged employee seven out of eight interviewees said 'Yes'. They provided a number of reasons why the performance differs:

➢ The engaged employee has bought into the Company A way
➢ They are more focused and dedicated to their role
➢ They want to do better for the company
➢ Their heart and mind is in the job
➢ They support their team members
➢ They can show increased attention to detail, better attempts problem solving
➢ They make additional effort to help the organisation.

These reasons are varied however a common thread can be identified; 'buying into 'the Company A Way'. Both managers and employee interviewed see an engaged employee buying into the organisation and seeking to do their very best to ensure it

excels. Such an individual is described as being focused on the task and supportive of his or her team.

Question Eleven:

When asked if an investment in employee engagement would impact retention levels all interviewees said 'Yes'. This answer was supported by a range of comments:

'its harder to leave something you love'

'when your involved with your colleagues and the organisation, you have more of a tangible relationship'

'engagement would help you build relationships and increase the pull factor into the business'.

Appendix Two: **Quantitative Questionnaire**

Topic: Employee engagement and retention

Time to complete: 10-14 minutes

Number of questionnaire distributed: 60

Number of completed questionnaires returned: 31

Sample type: Probability Sampling (to ensure fair representation)

Completion percentage: 52%

Distribution date: 19th May

Collection date: 6th June

Question Analysis:

Section One: Gallup Q12 (Likert Scale)

Question One: I know what is expected of me at work.

Each respondent answered this question positively.

No negative answers were given. Sixteen employees (51 %) strongly agreed with this statement and fifteen respondents agreed.
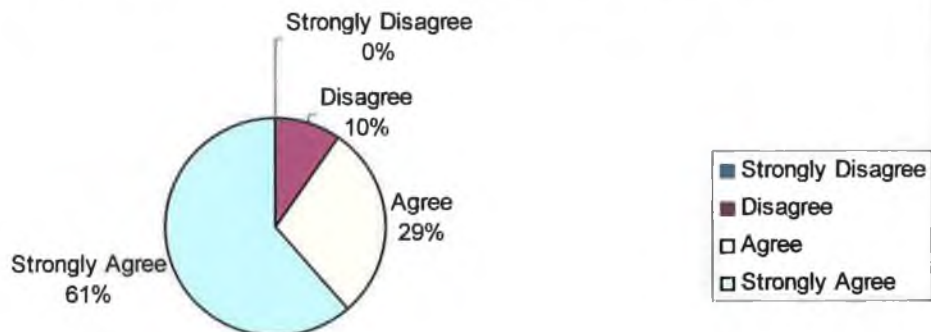
Q1: I know what is expected of me at work

0%
0%
48%
52%

Legend:
- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
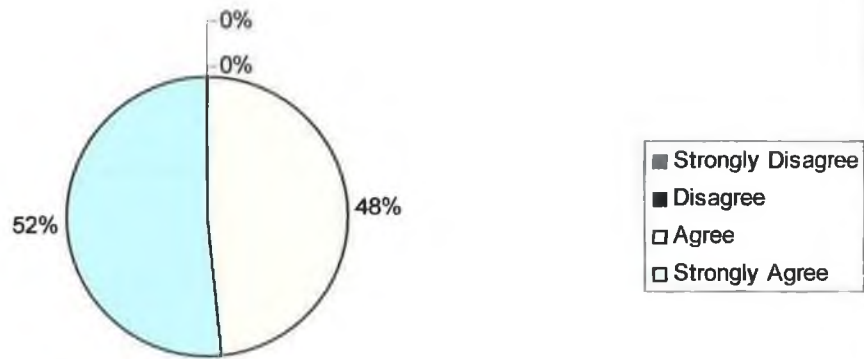
Question Two: I have the right materials and equipment to do my work right.

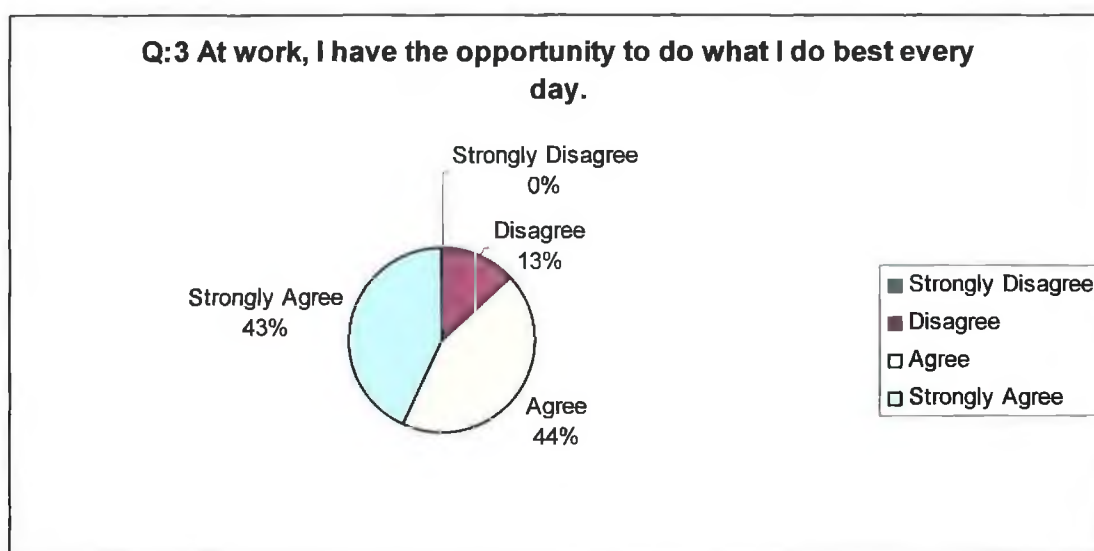Ten percent of (3) respondents disagreed with this statement. Sixty one percent (19) of the survey strongly agreed that they had the right materials and equipment, with twenty nine percent (9) agreeing with the statement.

I have the right materials and equipment to do my work

Strongly Disagree 0%
Disagree 10%
Agree 29%
Strongly Agree 61%

Legend:
- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

Question Three: At work, I have the opportunity to do what I do best every day.

Eight four percent (26) of respondents positively agreed with this statement; 13 respondents strongly agreeing and 13 respondents agreeing. Four employees (13 %) disagreed with this statement.


Question Four: In the last seven days, I have received recognition or praise for doing good work.

Forty eight percent (15) agreed with this statement. Twenty nine percent (9) employees strongly agreed.

One respondent strongly disagreed and six respondents (19%) disagreed with the statement.

Q:4 In the last seven days, I have received recognition for doing good work

Strongly Disagree
3%

Disagree
19%

Strongly Agree
29%

Agree
49%

- ■ Strongly Disagree
- ■ Disagree
- □ Agree
- □ Strongly Agree
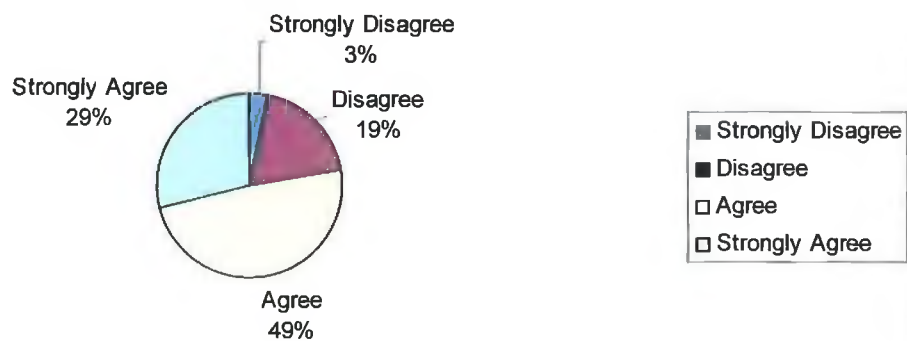
Question Five: My supervisor, or someone at work, seems to care about me as a person.

A hundred percent of respondents answered this statement positively; thirty nine percent (12) of employees agreed with this statement and sixty one percent (19) strongly agreed.

Q:5 My supervisor,or someone at work, seems to care about me as a person

Strongly Disagree
0%

Disagree
0%

Agree
39%

Strongly Agree
61%

- ■ Strongly Disagree
- ■ Disagree
- □ Agree
- □ Strongly Agree
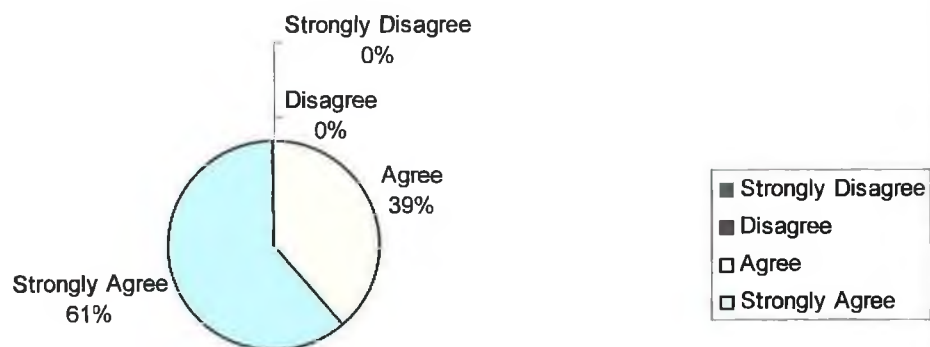
Question Six: There is someone at work who encourages my development.

Eight four percent (26) of employees positively agreed with this statement; 13 respondents strongly agreeing and 13 respondents agreeing. Sixteen percent (5) employees disagreed.

Q:6 There is someone at work who encourages my development.

Strongly Disagree
0%

Disagree
16%

Strongly Agree
42%

Agree
42%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

Question Seven: At work my opinions seem to count.

Sixty two percent (19) agreed with this statement and 26% (8) strongly agreed that their opinions seem to count at work. Two respondents strongly disagreed and two respondents disagreed with this statement
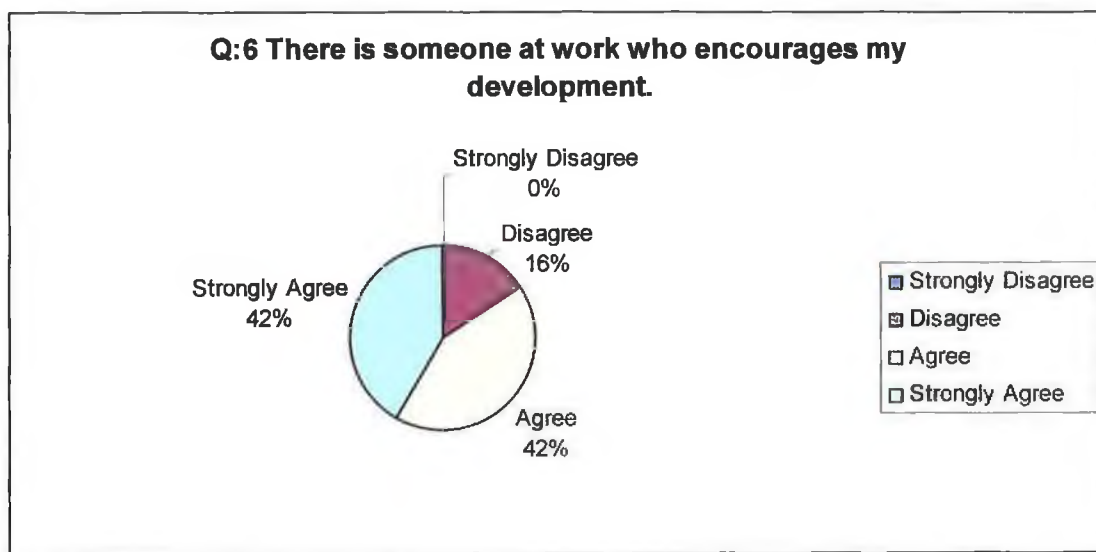
Q:7 At work, my opinions seem to count

Strongly Disagree
6%

Strongly Agree
26%

Disagree
6%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
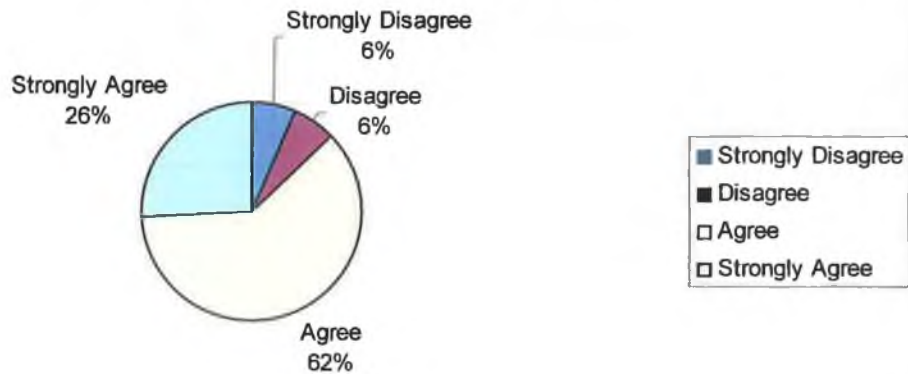
Agree
62%

Question Eight: The mission of the company makes me feel my job is important.

Sixty eight percent (21) respondents agreed and 10% (3) strongly agreed with this statement. Five respondents (16%) disagreed and 2 respondents (6%) strongly disagreed.

Q:8 The mission of the company makes me feel my job is important

Strongly Agree
10%

Strongly Disagree
6%

Disagree
16%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
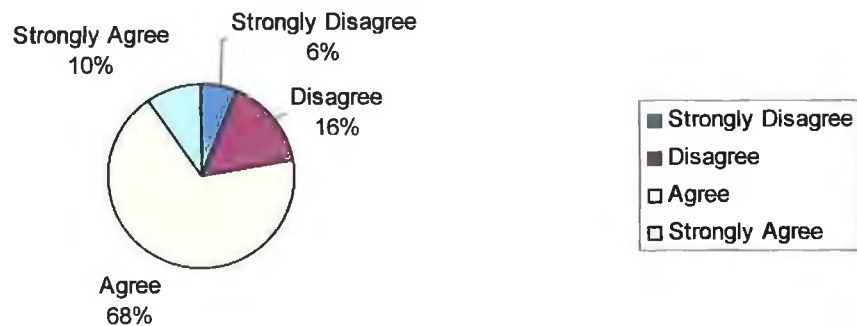
Agree
68%

Question Nine: My colleagues are commitment to doing quality work.

A hundred percent of respondents answered positively with 65% (20) strongly agreeing with this statement. Thirty five percent (11) employees agreed with this statement.
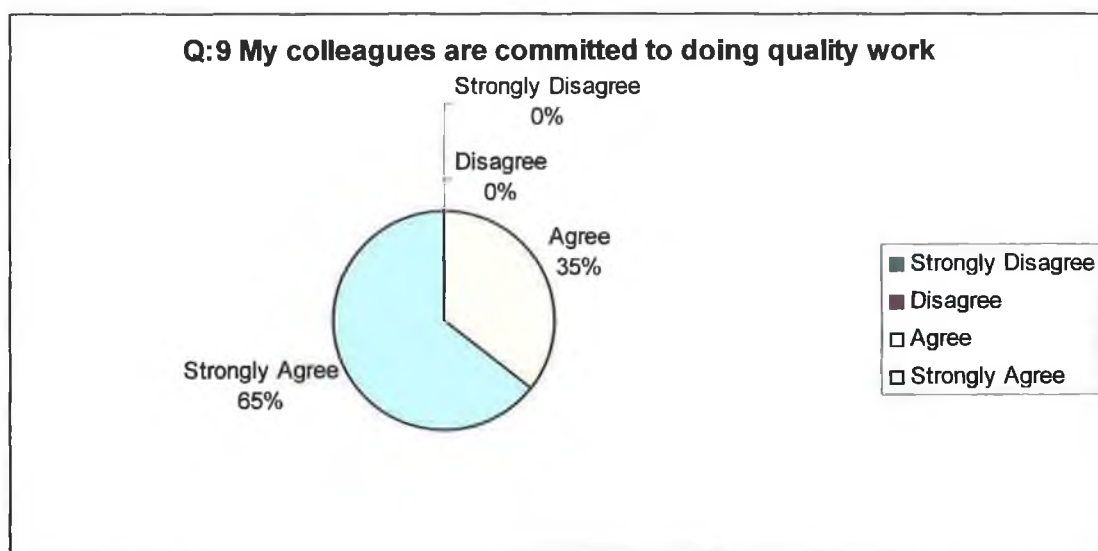
Q:9 My colleagues are committed to doing quality work

Strongly Disagree
0%

Disagree
0%

Agree
35%

Strongly Agree
65%

- ■ Strongly Disagree
- ■ Disagree
- □ Agree
- □ Strongly Agree

Question Ten: I have a close friend at work.

Thirty two percent (10) disagreed with this statement. Thirty six percent (11) strongly agreed and thirty two percent (10) agreed with this statement.

Q:10 I have a close friend at work

Strongly Disagree
0%

Disagree
32%

Strongly Agree
36%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
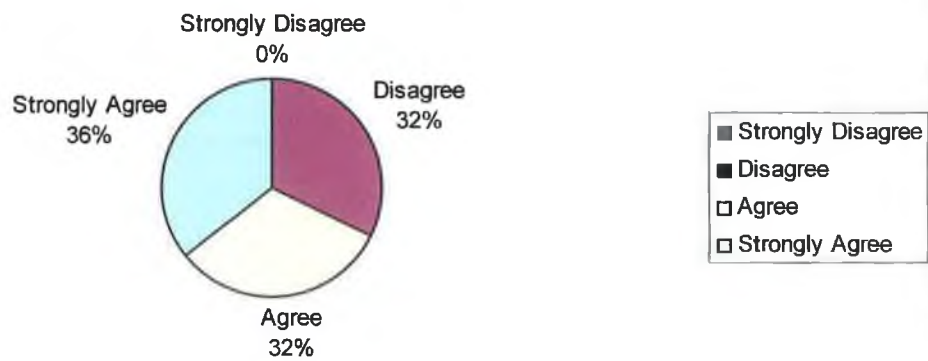
Agree
32%

Question Eleven: In the last six months, someone at work has talked to me about my progress

Fifty two percent (16) agreed with this statement and forty two (13) strongly agreed. Six percent (2) disagreed.
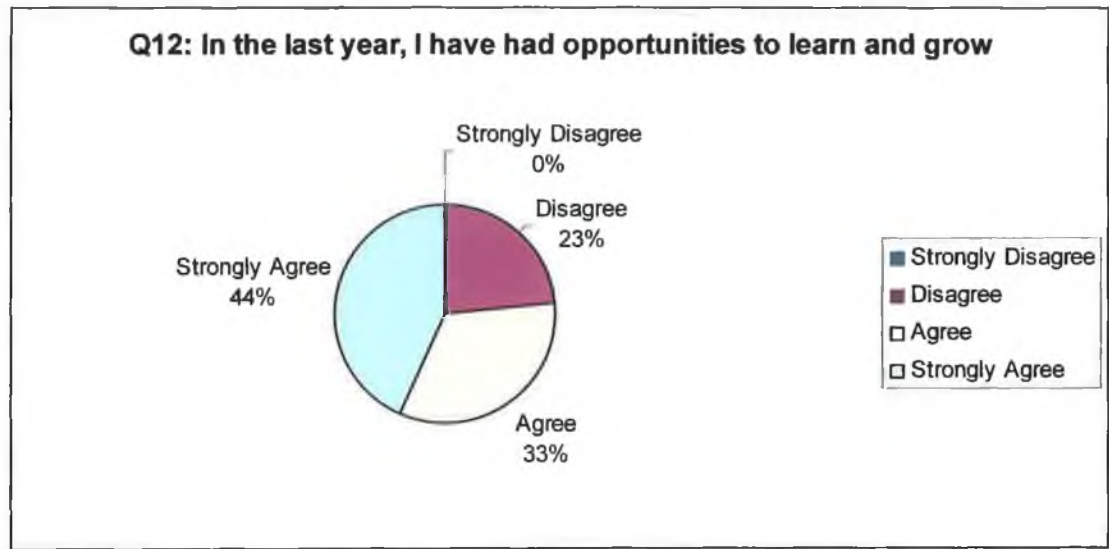
Q:11 In the last six months, someone at work has talked to me about my progress.

Strongly Disagree
0%

Disagree
6%

Strongly Agree
42%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
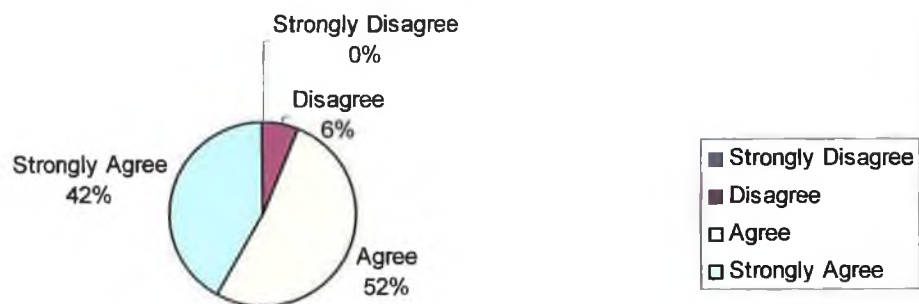
Agree
52%

Question Twelve: In the last year, I have had opportunities to learn and grow.

Thirty three percent (10) agreed with this statement and forty two percent (13) strongly agreed. Twenty three (7) employees disagreed with this statement.

Q12: In the last year, I have had opportunities to learn and grow

Strongly Disagree
0%

Disagree
23%

Strongly Agree
44%

Agree
33%

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree

Section two: CIPD Components of Engagement

Cognitive Statement: Time passes quickly when I perform my job.

A hundred percent of respondents answered 'Yes' to this statement.

Q:13 Time passes quickly when I perform my job

31

0

YES   NO
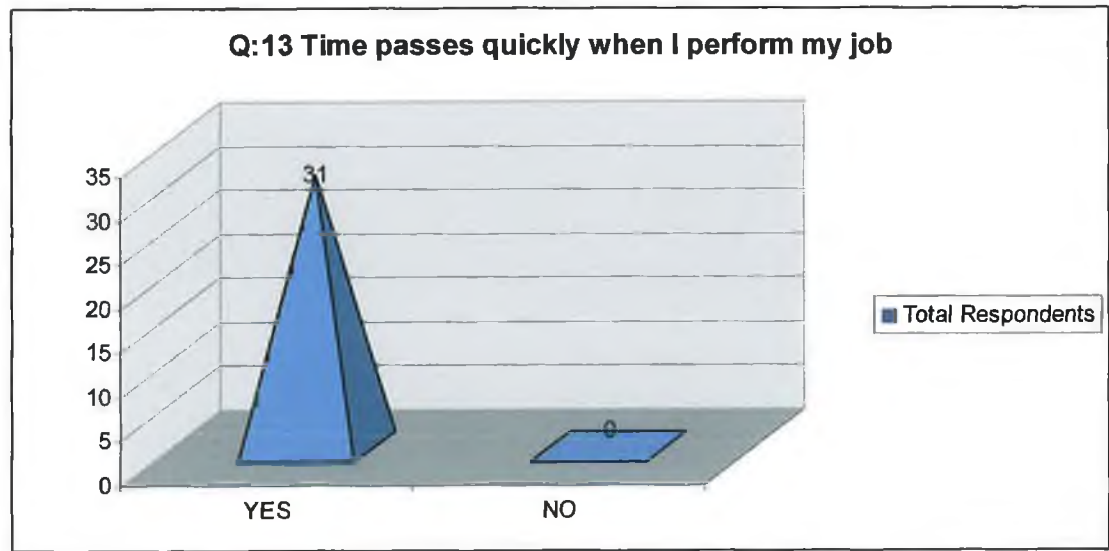
- Total Respondents

Emotional Statement: My own feelings are affected by how well I perform my job.

Ninety four percent (29) respondents answered 'Yes' and six percent (2) answered 'No'.

Q:14 My own feelings are affected by how well I perform my job
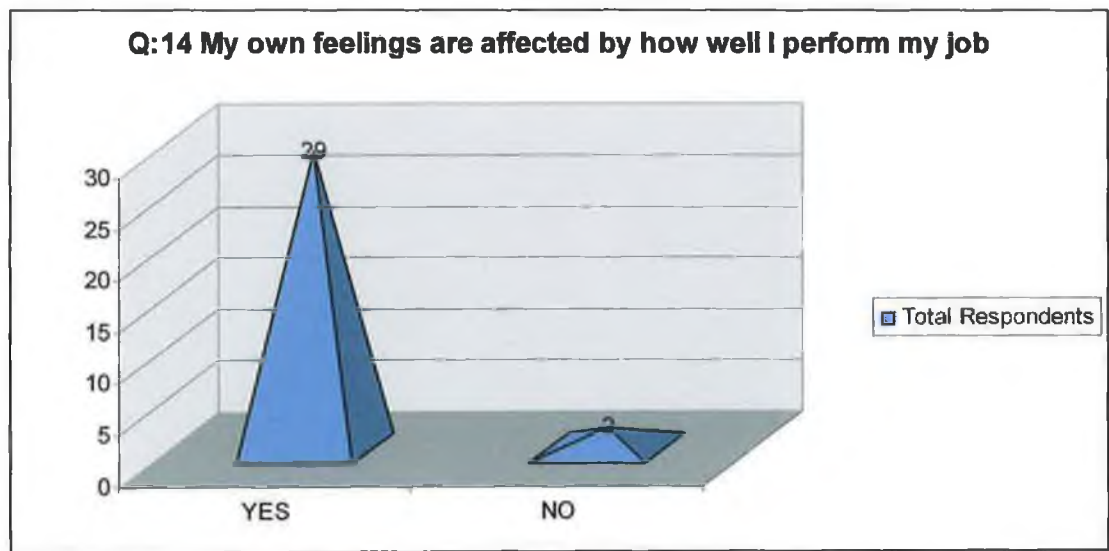
Physical Statement: I stay until the job is done.

Eighty one percent (25) answered 'No' and nineteen percent (6) of respondents said 'Yes'.

Q:15 I stay until my job is done

Section Three: (Part 1) Ranking Extrinsic and Intrinsic Rewards

1. **Opportunities for career development**:

Opportunities for career development was ranked number one in the overall survey results. This option was ranked number one by twenty nine percen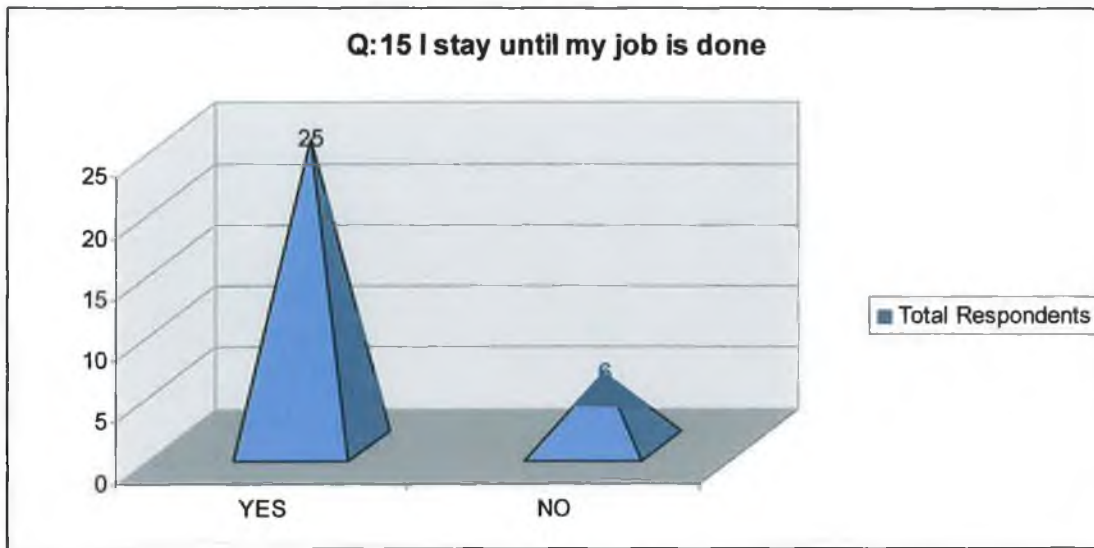t (9) of people. Sixty five percent of employees ranked this option in one of their top three choices. One (3%) respondent ranked it number eight.

2. **Salary**:

Salary was ranked second in the overall survey results. Twenty six (8) respondents ranked in number one position. Fifty five percent of respondents ranked this option in one of their top three important options. No employees ranked this option number eight.

3. **A flexible working environment**:

This ranking of this option fluctuated, with ten percent (3) ranking it first and twenty three percent (7) ranking it number eight on their list. Sixteen percent (5) of employees place it second on their list of choices.

4.   **Responsibility**:

No employees ranked this option as number one. Nineteen percent (6) ranked it number five and number seven on their list.

5.   **Bonus scheme**:

No employees ranked a bonus scheme as number one. Forty five percent (14) ranked it number eight. Twenty three percent (7) ranked it number six.

6.   **Praise and recognition:**

Three percent (1) employee ranked this as number one. Thirteen percent (4) of employees ranked it number two. Twenty nine percent (9) ranked it as number seven on the list of importance.

7.   **Trust**

Thirty two percent of employees ranked Trust as one of their top three choices. No respondent ranked it number eight. Twenty three percent (7) employees ranked it in fourth and fifth place.

8.   **A meaningful role**:

Twenty six percent (8) of employees ranked a meaningful role in first place. Fifty five percent (17) ranked it in their top three choices.

Top Three Choices:

1.   Opportunity for career development

2.   Salary

3.   A meaningful role

Top three options	Percentage of respondents ranking First:	Percentage of respondents ranking Second:	Percentage of respondents ranking Third:
Opportunity for career development	29%	16%	19%
Salary	26%	19%	13%
Meaningful role	26%	6%	23%

Section Three: (Part 2)

Question seventeen: How many employers do you expect to work for over your career?

Fifty eight percent (18) of respondents believed they will work for five or more employers over the duration of their career.

Number of Employers	Number of Respondents	Percentage of Respondents
1-3 employers	8	26%
4-5 employers	5	16%
5 + employers	18	58%
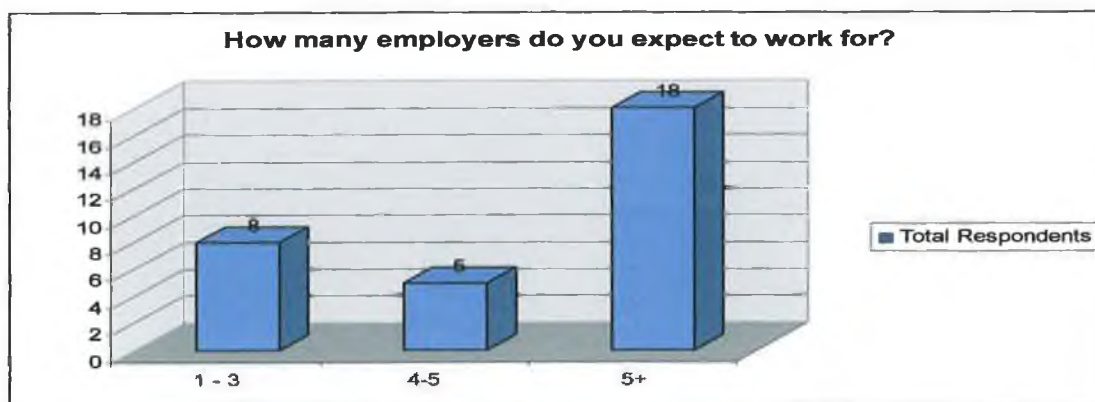
Section Four: Manager and employee relationship (Likert Scale)

Question eighteen: my manager considers the opinion of others before making important decisions.

Fifty eight percent (18) of respondents agreed with this statement and twenty nine percent (9) strongly agreed. Thirteen percent (4) disagreed with the statement.
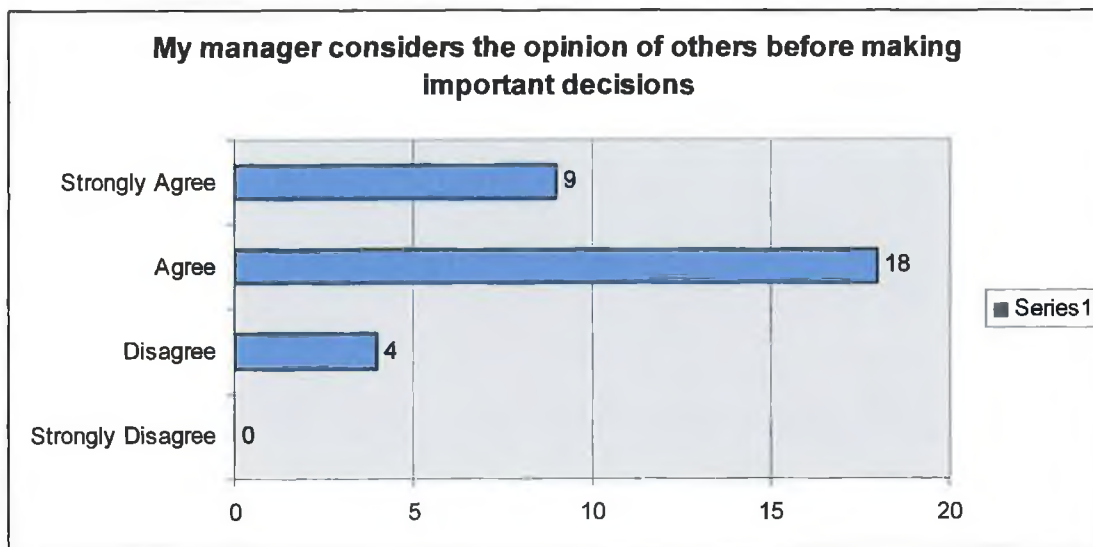
Question nineteen: Employees and management regularly exchange information and ideas.

Forty five percent (14) agreed and twenty nine percent (9) strongly agreed with this statement. Three percent (1) strongly disagreed and twenty three percent (7) disagreed.
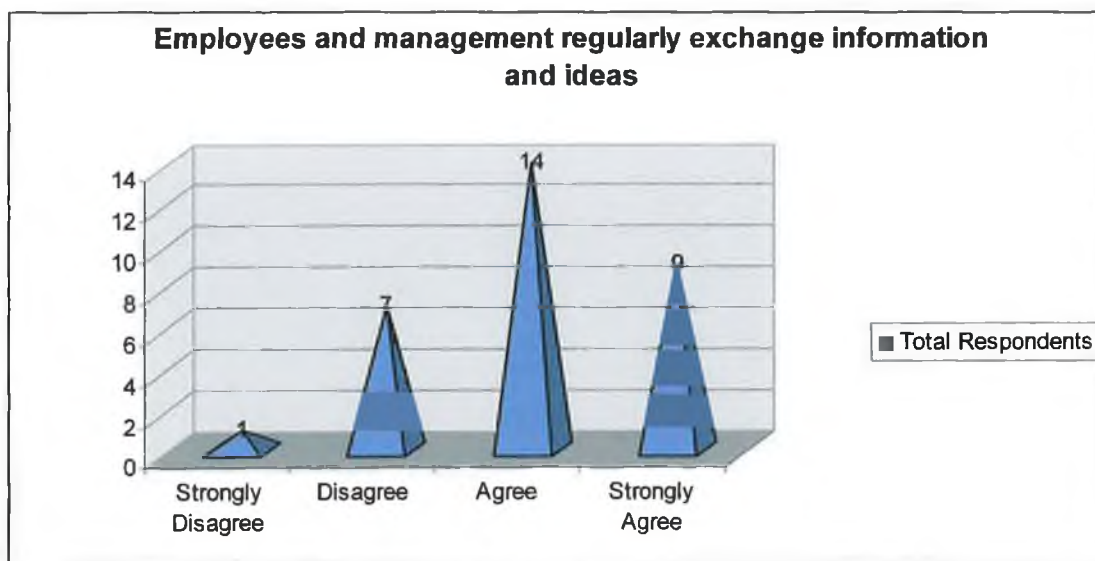
Question twenty: I receive the support I need to perform my job to the best of my ability.

Forty two percent (13) strongly agreed and forty five percent (14) agreed with this statement. Ten percent (3) disagreed, while three percent (1) strongly disagreed.

I receive the support I need to perform my job to the best of my ability

Strongly Disagree
3%

Disagree
10%

Strongly Agree
42%

Agree
45%

- ▪ Strongly Disagree
- ▣ Disagree
- ▢ Agree
- ▢ Strongly Agree
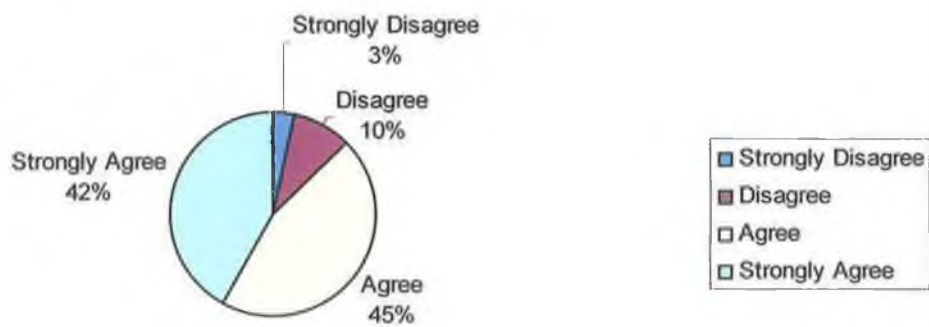
Question twenty one: A 'two-way' relationship exists between my manager and me.

Sixty one percent (19) of respondent agreed and thirty two percent (10) strongly agreed with the statement. Six percent (2) disagreed.

A 'two-way' relationship exists between my manager and me

Strongly Agree — 10

Agree — 19

Disagree — 2

Strongly Disagree — 0

▣ Total Respondents
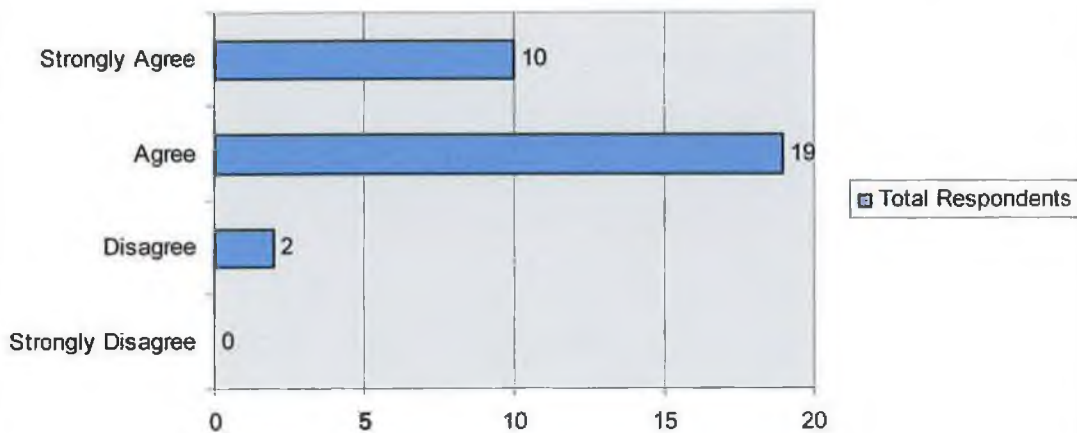
Question twenty two: I receive useful and constructive feedback from my manager. Forty eight percent (15) of employees agreed and forty two percent (13) strongly agreed with the statement. Ten percent (3) disagreed with the statement.

I receive useful and constructive feedback from my manager

	Total Respondents
Strongly Agree	13
Agree	15
Disagree	3
Strongly Disagree	0
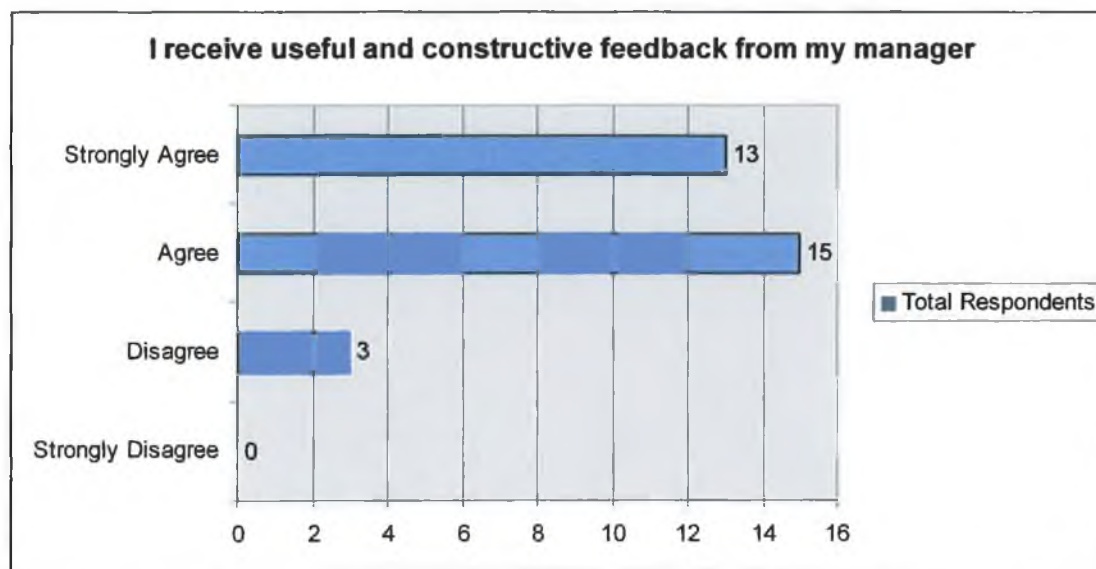
Section Five: Respondent Profile

Gender	Number of Respondents	Percentage of Respondents
Male	4	13%
Female	27	87%

In Company A, the organisation's gender profile is 85% female to 15% male. The sample of respondents is a close representation of this profile.

Gender Profile of Respondents

13%

87%

■ Male
■ Female
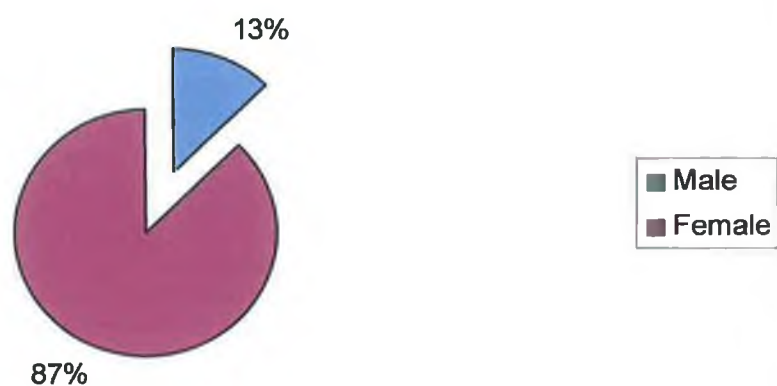
Age	Number of Respondents	Percentage of Respondents
18-24 years	11	35%
25-34 years	14	45%
35-44 years	6	19%
45-54 years	0	0
55 + years	0	0

Semi-Structured Interview Schedule

Division: Location:	
Length of service:	
Gender:	

1. Do you feel there is an issue of retention in Premier/sales industry?

2. What is your opinion on the causes of low retention in Premier/sales industry?

3. In your opinion what is the cost and effect of employee turnover to Premier/a company?

4. Do you believe low levels of retention impact on:
    ➢ The team performance
    ➢ The team morale
    ➢ The organisation's image as an employer

5. What would you advise Premier to do to increase retention levels?

6. What are your aware of the concept of engagement in the workplace?

7. What does engagement mean to you in your role?

8. What do you believe are key ingredients for an engaged workforce?

9. Is the engagement on the management agenda in Premier?

10. How do you think an engaged employee's attitude and performance differs from a disengaged employee's attitude and performance?

11. Do you believe that retention levels would be improved with an investment in employee engagement?

Definitions from Wikipedia

Retention: Opposite side of the coin to recruitment. A retention strategy focuses on keeping the best people and reducing turnover.
Employee engagement is a concept that is generally viewed as managing discretionary effort, that is, when employees have choices, they will act in a way that furthers their organization's interests. An engaged employee is a person who is fully involved in, and enthusiastic about, his or her work.

Section One:

PLEASE READ THE FOLLOWING STATEMENTS AND DECIDE WHETHER YOU STRONGLY DISAGREE, DISAGREE, AGREE OR STRONGLY AGREE, **CIRCLE THE NUMBER BELOW YOUR CHOICE**:

(Scale included as researcher is seeking more detail than yes/no)

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. I know what is expected of me at work.	1	2	3	4
2. I have the right materials and equipment to do my work right.	1	2	3	4
3. At work, I have the opportunity to do what I do best every day.	1	2	3	4
4. In the last seven days, I have received recognition or praise for doing good work.	1	2	3	4
5. My supervisor, or someone at work, seems to care about me as a person.	1	2	3	4
6. There is someone at work who encourages my development.	1	2	3	4
7. At work, my opinions seem to count.	1	2	3	4
8. The mission of the company makes me feel my job is important.	1	2	3	4
9. My colleagues' are committed to doing quality work.	1	2	3	4
10. I have a close friend at work?	1	2	3	4

	Strongly Disagree	Disagree	Agree	Strongly Agree
11. In the last six months, someone at work has talked to me about my progress.	1	2	3	4
12. In the last year, I have had opportunities to learn and grow.	1	2	3	4

Section Two:

PLEASE READ THE FOLLOWING STATEMENTS AND ANSWER **YES OR NO**:

13. Time passes quickly when I perform my job   YES [ ]   NO [ ]

14. My own feelings are affected by how well I perform my job   YES [ ]   NO [ ]

15. I stay until the job is done   YES [ ]   NO [ ]

Section three:

16. PLEASE READ THE FOLLOWING OPTIONS AND **RANK THEM IN ORDER OF IMPORTANCE 1-8**, WHERE 1 IS THE MOST IMPORTANT:

Opportunity for career development	
Salary	
A flexible working environment: flexibility in working hours and location of work (can include home)	
Responsibility	
Bonus scheme: reward for performance, pay in addition to salary	
Praise and recognition	
Trust: creates a **relationship of reliance** with employer, employee feels confident that the employer will fulfill any promises made in the employment deal.	
A meaningful role: activity is **valued** by employee; role provides a **sense of purpose**	

17. How many employers do you expect to work for over your career?   1-3 [ ]   4-5 [ ]   5+ [ ]

IRISH BUSINESS
AND EMPLOYERS
CONFEDERATION

Research Unit

IBEC

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EMPLOYEE TURNOVER REPORT 2007

Table 1: Employee Turnover– by sector, main activity and size

Employee Turnover	Number of cases	Average	Median	Lower Quartile	Upper Quartile
			Percentage		
1. Employee turnover by sector					
Manufacturing	(170)	10.68	6.61	2.17	15.38
Distribution	(53)	11.48	9.09	3.45	17.86
Services	(156)	19.21	15.00	4.35	28.78
Retail	(29)	20.92	16.00	10.91	26.93
2. Employee turnover by industry					
Food/drink/tobacco	(20)	16.57	8.63	5.54	19.76
Healthcare/Medical Devices	(20)	14.00	9.59	1.83	21.83
Paper/printing/publishing	(10)	10.25	4.60	1.78	7.69
Chemical/pharmaceutical	(33)	9.39	8.57	2.82	15.60
Rubber/plastics	(9)	4.44	4.55	0.00	4.88
Metals/engineering	(40)	8.35	4.08	0.00	12.63
Electronics	(15)	10.24	8.54	0.00	15.38
Non-metallic mineral products/wood products	(8)	8.60	7.84	6.07	12.14
Other manufacturing	(15)	13.03	9.09	5.00	23.81
Wholesale distribution	(53)	11.48	9.09	3.45	17.86
Finance	(35)	21.28	19.26	9.60	30.77
Contact centres	(9)	41.37	40.68	28.78	53.35
Retail	(29)	20.92	16.00	10.91	26.93
Software development	(39)	15.34	11.01	7.41	18.35
Other services	(73)	17.48	11.11	0.00	25.00
3. Employee turnover by company size					
Less than 50 employees	(212)	13.87	9.09	0.00	20.00
50 – 99 employees	(61)	14.05	10.71	5.00	18.35
100 – 249 employees	(62)	15.79	10.83	4.20	19.51
250 – 499 employees	(39)	17.23	9.39	2.78	26.71
Greater than 500 employees	(34)	16.62	11.27	5.44	23.36
TOTAL RESPONSE	(408)	14.74	10.00	2.86	20.00

Table 1 (cont'd)

Employee Turnover	Number of cases	Average	Median	Lower Quartile	Upper Quartile
			Percentage		
4. Employee turnover by region					
Dublin	(186)	16.97	12.33	4.71	25.00
Cork	(33)	12.07	7.14	2.17	15.22
West	(34)	13.56	9.67	5.56	16.67
Mid-west	(46)	9.46	6.61	0.00	14.44
South-east	(34)	16.38	14.39	1.82	23.81
North-west	(13)	12.52	11.70	0.00	19.12
North-east	(19)	17.28	16.48	1.79	28.78
Wicklow	(11)	11.42	6.85	4.65	16.67
Kildare	(10)	7.85	3.42	0.00	11.54
Midlands	(22)	14.40	7.42	0.00	20.00
TOTAL RESPONSE	(408)	14.74	10.00	2.86	20.00

SFA
SMALL FIRMS
ASSOCIATION

340,000 Irish workers moved jobs in 2007, SFA exit poll shows.

icreasing wages simply to keep staff is like the arms race - expensive to play and impossible to win. Companies must ways pay the market rate but other factors are more important in attracting and retaining people in the modern orkplace.

102,000 were unhappy with people.
85,000 felt contribution was not recognised.
68,000 because of lack of advancement.
47,600 because of salary.
17,000 were bored with their job.
20,400 for other reasons.

ie Small Firms Association has today released details of the findings of a major worker mobility report, which it carried ut throughout 2007. The Report shows that mobility rates among Irish workers was strong in 2007, as the labour market :mained tight, despite a move to more moderate economic growth rates. 2007 saw an average Voluntary Turnover rate* * 17% apply, which means that some 340,000 people moved jobs. The SFA have also released the findings of 1,000 exit terviews carried out during the year on the reason why people are leaving their jobs. The results show that over 292,000 :ople left jobs last year for reasons other than money.

ccording to SFA Director, Patricia Callan, "these survey findings show that in many instances people leave people, not ibs. The role of management is now far more complex, with managers required to do far more than simply give structions. Managers need to provide training, coaching, support and managers themselves need to be reviewed on a 50-degree basis. Over 290,000 people voted with their feet last year, because of a failure to get on with fellow employees id the style of management."

ie survey also shows that the Irish workplace culture suffers badly from a lack of recognition for the contribution that :ople make. This was the main reason why over 85,000 (25%) people moved jobs. Increasingly people need to feel that ieir contribution is valued. Even though managers do value employees, they do not tell them often enough. If people do it feel important, they are not motivated to stay. No one wants to be a commodity, easily replaced by someone off the :reet. If they are regarded as expendable, they will leave for a position where they are appreciated.

3,000 people (20%) left jobs last year because of lack of advancement. According to Callan, "this highlights the need for intinual training programmes within every business. It is no longer enough to offer people jobs, employers must now fer people careers. Investment in training is crucial because this will create a skills increase, which in turn will increase itput, competitiveness, and sales."

ver 85% of employees left jobs last year for reasons other than salary. "While money remains a universal motivator, :her issues such as learning opportunities, personal growth, work variation, autonomy at work and intellectual stimulation ust feature highly on small business strategy to attract and retain staff."

owever, Callan cautioned, "companies which respond to employee retention solely by increasing wages are only buying ne, not loyalty. Companies which compete for scarce talent only on a cash basis are vulnerable to the next offer that the nployee receives. Increasing wages simply to keep staff is like the arms race - expensive to play and impossible to win. ompanies must always pay the market rate but other factors are more important in attracting and retaining people in the odern workplace."

kewise, in examining employment opportunities, prospective employees should look beyond basic rates of pay and camine the full remuneration package that includes many non-pay elements. They should see that small companies give :ople the opportunity to use all their talents, people are not pigeon-holed, are close to the decision-making process and iey will be paid at least as much, if not more, than working for a larger company."

nds

DITOR'S NOTE:
Voluntary Turnover is defined as the number of full time voluntary separations, excluding retirement, ivided by the number of full time employees.

or further information contact:
atricia Callan, Director, Small Firms Association at Tel: 087 6 999 345.

Worker Mobility - 12/23/2005

99,000 Irish workers moved jobs this year!
FA exit poll shows:

59,700 were unhappy with people;
49,750 felt contribution was not recognised;
39,800 because of lack of advancement;
27,860 because of salary;
9,950 were bored with their job;
11,940 for other reasons.

Increasing wages simply to keep staff is like the arms race - expensive to play and impossible to win.
ompanies must always pay the market rate but other factors are more important in attracting and retaining
eople in the modern workplace". Pat Delaney, Director, Small Firms Association.

obility rates among Irish workers are set to increase as economic growth continues. This year some **199,000** people
.0% of the national private sector workforce) moved jobs in what was a brilliant year for overall employment growth. The
=A have released the findings of 1000 exit interviews carried out on the reason why people are leaving their jobs. The
:sults show that over **170,000** people left jobs last year for reasons other than money.

:cording to SFA Director, Pat Delaney, "these survey findings show that in many instances people leave people, not jobs.
ie role of management is now far more complex, with managers required to do far more than simply give instructions.
anagers need to provide training, coaching, support and managers themselves need to be reviewed on a 360-degree
isis. **170,000** people voted with their feet last year, because of a failure to get on with fellow employees and the style of
anagement."

ie survey also shows that the Irish workplace culture suffers badly from a lack of recognition for the contribution which
:ople make. This was the main reason why almost **50,000 (25%)** of people moved jobs. Increasingly people need to
el that their contribution is valued. In many cases, the companies reported that while they recognise that people are the
ost important asset of the business, they forget to convey this to their staff because of pressure of work.

lmost 40,000 people **(20%)** left jobs last year because of lack of advancement. According to Delaney, "this highlights
ie need for continual training programmes within every business. It is no longer enough to offer people jobs, employers
ust now offer people careers. Investment in training is crucial because this will create a skills increase, which in turn will
crease output, competitiveness, and sales."

ver **85%** of employees left jobs last year for reasons other than salary. "While money remains a universal motivator,
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ids.

r further information contact: Pat Delaney, Director, Small Firms Association
:lephone: 01 605 1611 (office) 087 222 44 44 (Mobile).

26,000 Irish workers moved jobs last year! - 4/26/2004

6,000 Irish workers moved jobs last year!
A exit poll shows:

8,000 were unhappy with people
2,000 felt contribution was not recognised
5,000 because of lack of advancement
8,000 because of salary
,000 were bored with their job
',000 for other reasons

bility rates among Irish workers are set to increase as the economic upturn gathers pace. Last year over 126,000 (9%
the national private sector workforce) people moved jobs in what was a very difficult year for employment. The SFA
ve released the findings of 1000 exit interviews carried out on the reason why people are leaving their jobs. The results
ow that over 90,000 people left jobs last year for reasons other than money.

cording to SFA Director, Pat Delaney states "this survey findings show that in many instances people leave people, not
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ids.
r further information contact: Pat Delaney, Director, Small Firms Association
lephone: 01 605 1611 (office), 01 2750985 (home) 087 222 44 44 (Mobile).

SFA Absenteeism Report - 02/06/2008

|S|F|A|

**SMALL FIRMS
ASSOCIATION**

SFA National Absenteeism Report Reveals:

· **5.3 million days lost in small business in 2007.**

· **Absenteeism from work costs small business C793 million per annum**

· **National average is 8 days**
· **Small firm average is 6 days**
· **Medium firm average is 8 days**
· **Large firm average is 10 days**

· **Contact centres suffer most**
· **Cork and South-East show highest levels of absenteeism.**

· **Back pain and stress are the biggest contributors.**

A new report by the **Small Firms Association** has shown that small businesses in Ireland lose on average **€793 million per annum through absenteeism**. The report also shows that workers in small companies are less likely to miss work through illness than their counterparts in larger businesses.
The study conducted by the Small Firms Association took place throughout Ireland and covered all sectors of Irish Business.

According to **Avine McNally, Assistant Director of the Small Firms Association** "the results show marked differences across sectors and regions, and show that small firms with less than 50 employees, are less likely to have workers absent on sick leave than larger firms." **The national average for absenteeism is 3.5% or 8 working days. For large firms this rises to 4.6% or 10 working days. For small firms the average falls to 2.8% or 6 working days.**

In cash terms, absenteeism costs small businesses with sick pay schemes an estimated **€793 million** per annum, based on average earnings of **€149 per day / €37,400 per annum.** "This takes no account of other direct costs such as the requirement to replace absent staff with other workers or overtime payments, and the cost of medical referrals; or of the indirect costs such as the effect on productivity and quality, the increased work pressure on other colleagues, and the admin time in managing absence". **The overall cost in reality could be in excess of €1 billion**", commented McNally.

"Back pain/injury and stress are the most commonly cited problems on medical certs", stated McNally. "Employers should ensure that they are fulfilling their duty of care to their employees by including manual handling and stress when conducting risk assessments as part of their review of their Health & Safety Statements."

"A substantial portion of back injury can be prevented by an effective control program and ergonomic design of work tasks. Controls could include: correct training in regard to lifting techniques; reduction in the size or weight of objects being lifted; adjusting the height of pallets/shelving and the installation of mechanical aids or automated materials handling equipment."

McNally added, "It is a concern that stress remains one of the high reasons for absenteeism, as aside from the employees' absence, stress can lead to a less productive workforce, faulty decision-making, and ultimately the possibility of legal action being taken against the company for negligence or constructive dismissal". Firms should implement a specific policy on workplace stress. They should educate employees on stress management, while being receptive to the potential causes of stress and the early warning signs of stress. On a practical level, they should also ensure that their Employers Liability Insurance will protect them against any compensation awards that may arise from this area", commented McNally.

Minor illnesses are the most common cause for short-term, uncertified absences, while secondary causes are **home responsibilities** and **personal problems**. Companies who formally record absence are more likely to see their absence as *unsatisfactory or a serious problem,* It is essential that small firms be proactive in dealing with the issue of absenteeism and introduce policies and procedures to address the problem, companies who do this are more likely to see a decrease.

The survey also showed that **most** absenteeism occurred in **contact centres**, which averaged **14 days**

(6.1%), followed by the **metals/engineering** sector at **11 days** (5.1%). This may be explained by the repetitive nature of the work involved in these industries. In marked contrast, small firms generally have more flexible jobs, multiskilling, less pigeon holing and jobs are less boring. The industry with the **least amount** of absenteeism is the **wholesale distribution & transport sector** where there is a lot of interaction between people and services.

In term of regions, Cork and the South-East fair badly, with the average in the Cork region being **11 days** (4.9%) and the South-East being **9 days** (3.9%).

Detailed tabular analysis is given below:

National average absenteeism rate is 3.5% = 8 days

Small Firms average is 2.8% = 6 days

Medium Firms average is 3.7% = 8 days

Large Firms average is 4.6% = 10 days

Absenteeism By Region

Cork	4.9
South-East	3.9
West	3.9
Wicklow	3.9
Midlands	3.8
Kildare	3.6
North-East	3.4
Mid-West	3.3
North-West	3.0
Dublin	3.0

Absenteeism By Industry

Industry	Average Absence Rate (%)
Contact Centres	6.1
Metals/Engineering	5.1
Rubber/Plastics	4.2
Food/Drink/Tobacco	3.7
Non-Metallic Mineral/Wood Products	3.6
Other	3.6
Chemical/Pharmaceutical/Healthcare	3.2
Electronics	3.1
Paper/Printing/Publishing	2.8
Wholesale Distribution & Transport	2.3

McNally concluded, "there is an increasing need **for business to have an overall policy to deal with absenteeism**. There are issues for both employers and employees. Employers should be aware that there are a wide range of factors that can influence employees' attendance patterns and levels. These include good communication, training and development, working conditions, job design, team working and the creation and fostering of a culture and organisational morale, which encourages and recognises excellent attendance. Promoting employee health and welfare, tackling the issues surrounding stress in the workplace and management training for handling absenteeism, should assist in reducing absenteeism."

Ends

For further information contact: Avine McNally, Assistant Director, Small Firms Association, Tel: 01 605 1633 (Office) or 087-645 0205 (Mobile).

EDITOR'S NOTES:

Absenteeism is defined as the "unscheduled disruption of the work process due to days lost as a result of sickness or any other cause not excused through statutory entitlements or company approval." Absenteeism **excludes** statutory leave, e.g. annual leave & public holidays, maternity leave, parental leave, force majeure leave, carer's leave; days lost due to strikes and lay-off/short-time; and excused time off, e.g. bereavement leave, exam & study leave, marriage leave and paternity leave.

CSO Quarterly National Household Survey, November 2007, total employment = 2,138,900
Public Sector Employment & Earnings, CSO, September 2007 = 363,900
Implies private sector employment = **1,775,000**
Small Firms, i.e. those employing less than 50 employees account for approximately 50% of all private sector employment = **887,500.**
Average 6 days absence per employee per annum in small business = **5,325,000 days lost.**
Average industrial earnings = €748 per week (**daily rate approx €149**).
Total Cost = **€793 million.**

SFA Absenteeism Report 2007 - 09/04/2007

SFA

SMALL FIRMS ASSOCIATION

- **SFA National Absenteeism Report Reveals:**
- **6 million days lost in small business in 2006.**
- **Absenteeism from work costs small business €757 million per annum.**
- **National average is 9 days.**
- **Small firm average is 7 days.**
- **Medium firm average is 11 days.**
- **Large firm average is 10 days.**
- **Electronics and Metals/Engineering sectors suffer most.**
- **South-East and West show highest levels of absenteeism.**
- **Stress is the biggest contributor.**

A new report by the Small Firms Association has shown that small businesses in Ireland lose on average €757 million per annum through absenteeism. The report also shows that workers in small companies are less likely to miss work through illness than their counterparts in larger businesses.

The study conducted by the Small Firms Association took place throughout Ireland and covered all sectors of Irish Business.

According to Avine McNally, Assistant Director of the Small Firms Association "the results show marked differences across sectors and regions, and show that small firms with less than 50 employees, are less likely to have workers absent on sick leave than larger firms." The national average for absenteeism is 3.8% or 9 working days. For medium firms this rises to 4.9% or 11 working days. For small firms the average falls to 3.1% or 7 working days.

In cash terms, absenteeism costs small businesses with sick pay schemes an estimated €757 million per annum, based on average earnings of €120 per day / €30,800 per annum. "This takes no account of other direct costs such as the requirement to replace absent staff with other workers or overtime payments, and the cost of medical referrals; or of the indirect costs such as the effect on productivity and quality, the increased work pressure on other colleagues, and the admin time in managing absence". The overall cost in reality could be in excess of €1 billion", commented McNally.

"Stress has arisen as a key cause of absence from work, replacing back pain, as the most commonly cited problem on medical certs", stated McNally. "This is a particularly concerning development, as aside from absenteeism, stress can lead to a less productive workforce, faulty decision-making, and ultimately the possibility of legal action being taken against the company for negligence or constructive dismissal". "Employers should ensure that they are fulfilling their duty of care to their employees by conducting stress risk assessments as part of their review of their Health & Safety Statements, as well as implementing a specific policy on workplace stress. They should educate employees on stress management, while being receptive to the potential causes of stress and the early warning signs of stress. On a practical level, they should also ensure that their Employers Liability Insurance will protect them against any compensation awards that may arise from this area", commented McNally.

The increased incidence of stress is not a particularly Irish phenomenon - an ILO (International Labour Organisation) Survey from 2000 shows that in the EU overall, 4% of the gross national product goes to treat mentally-ill employees, whilst in the UK, three in ten employees suffer from mental health problems, resulting in an estimated 80 million lost working days a year and 14% of NHS in-patient costs and 25% of the cost of medication result from stress-related illnesses in workers. The World Federation for Mental Health has predicted that by 2020 the primary cause of lost working time will be stress. "This is not just a workplace issue", commented McNally. "It is a national problem that needs to be addressed with some urgency".

Over half of the companies partaking in the study indicated that they recorded the causes of short-term absence. Minor illnesses are the most common cause for short-term, uncertified absences, while secondary causes are home responsibilities and personal problems. Companies who formally record absence are more likely to see their absence as unsatisfactory or a serious problem. It is essential that small firms be proactive in dealing with the issue of absenteeism and introduce policies and procedures to address the problem, companies who formally record absenteeism are more likely to see a decrease.

The survey also showed that most absenteeism occurred in the electronics industry, which averaged 16 days (7.1%), followed by the metals/engineering sector at 11 days (4.7%). This may be explained by the repetitive nature of the work involved in these industries. In marked contrast, small firms generally have more flexible jobs, multiskilling, less pigeon holing and jobs are less boring. The industry with the least amount of

absenteeism is the wholesale distribution & transport sector where there is a lot of interaction between people and services.

In term of regions, the South-East and West fair badly, with the average in the South-East being 13 days (5.4%) and the West being 12 days (5.3%).

Detailed tabular analysis is given below:
National average absenteeism rate is 3.8% = 9 days.
Small Firms average is 3.1% = 7 days.
Medium Firms average is 4.9% = 11 days.
Large Firms average is 4.3% = 10 days.

ABSENTEEISM BY REGION	
Region	*Average Absence Rate (%)*
South–East	5.4
West	5.3
North-East	4.4
Kildare	4.4
Mildands	3.9
Mid-West	3.4
North-West	3.4
Wicklow	3.3
Cork	3.3
Dublin	3.2

ABSENTEEISM BY INDUSTRY	
Industry	*Average Absence Rate (%)*
Electronics	7.1
Metals/Engineering	4.7
Rubber/Plastics	4.6
Paper/Printing/Publishing	4.3
Other	4.0
Non-Metallic Mineral/Wood Products	3.6
Textiles/Clothing	3.3
Chemical/Pharmaceutical/Healthcare	3.3
Food/Drink/Tobacco	3.1
Wholesale Distribution & Transport	2.2

McNally concluded, "the results of this study highlight the need for business to have an overall policy to deal with absenteeism. There are issues for both employers and employees. Employers should be aware that there are a wide range of factors that can influence employees' attendance patterns and levels. These include good communication, training and development, working conditions, job design, team working and the creation and fostering of a culture and organisational morale, which encourages and recognises excellent attendance. Promoting employee health and welfare, tackling the issues surrounding stress in the workplace and management training for handling absenteeism, should assist in reducing absenteeism."

Ends.

For further information contact: Avine McNally, Assistant Director, Small Firms Association, Tel: 087-645 0205 (Mobile).

Deloitte.

# Generation Y

*Moving with
the times*

Job satisfaction

A. How important is a work/life balance when considering employment?

B. How important is it to you to feel fulfilled/challenged at work?

C. How important is it to you to be given a high degree of personal responsibility/autonomy by your employer?

D. How important do you perceive regular communication/interaction with superiors in the workplace to be?

Legend: Very important | Important | Indifferent | Not important | Not very important
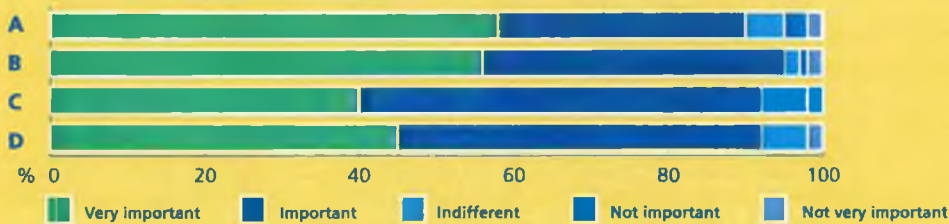
Our survey shows that work/life balance has become a key factor in the employer decision-making process. Over 50% also consider it as very important to be fulfilled and challenged at work. However, regular communication and interaction with superiors, and a high degree of personal responsibility are important to Generation Y.

Incentives

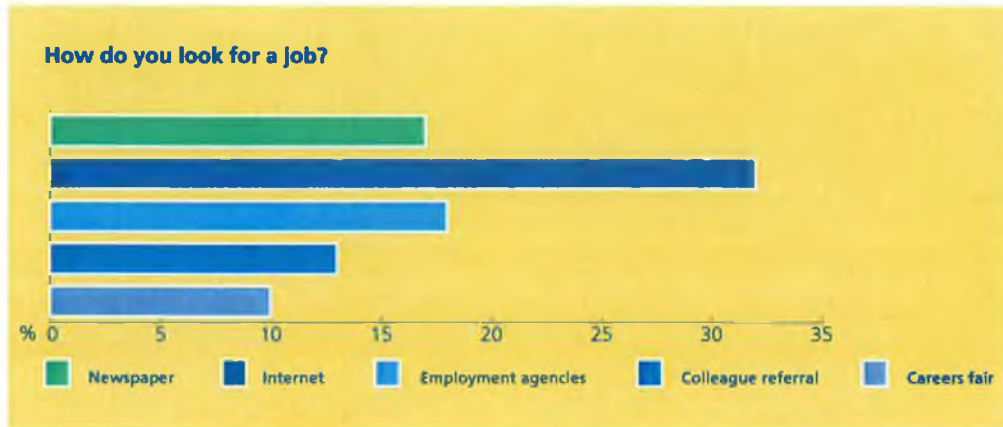**Rank the following incentives offered by a company/firm in order of importance**

Legend: Very important | Important | Indifferent | Not important | Not very important
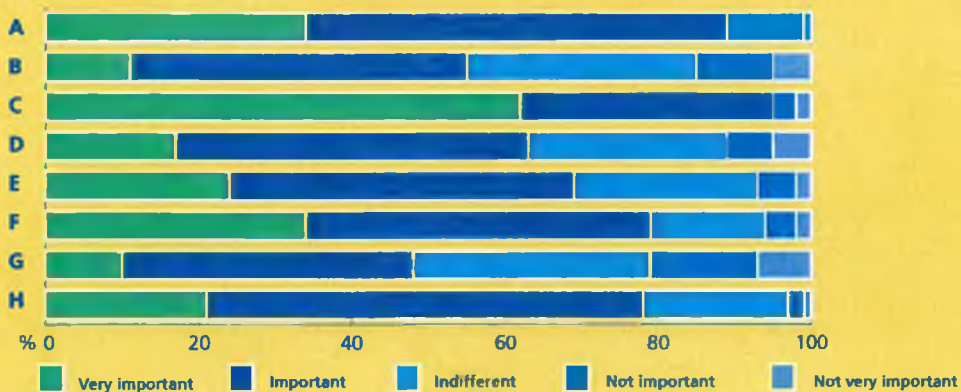
A. Salary
C. Opportunities for career development
E. A flexible work environment
G. The firm's reputation/size

B. Prestige
D. Location
F. Training
H. Responsibility

Incentives are a key consideration for employers looking to recruit Generation Y. The top incentive for Generation Y is the opportunity for career development, followed closely by salary. Training, a flexible work environment, responsibility, location and prestige also rank high on the list of incentives. It appears that a firm's reputation/size holds minimal importance.
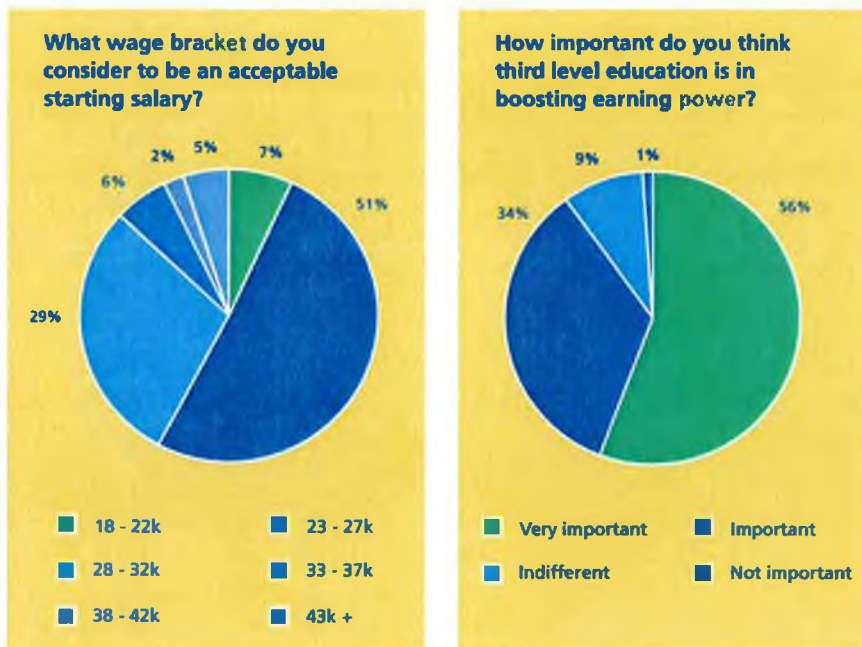
The job

The search

How do you look for a job?

| % | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 |

Legend: ■ Newspaper ■ Internet ■ Employment agencies ■ Colleague referral ■ Careers fair

There is no significant preferred means of looking for a job. While over 30% use the internet, searches are also done using newspapers, employment agencies, colleague referrals, career fairs and careers offices.

Money talks

What wage bracket do you consider to be an acceptable starting salary?

51%, 7%, 5%, 2%, 6%, 29%

Legend: ■ 18 - 22k ■ 23 - 27k ■ 28 - 32k ■ 33 - 37k ■ 38 - 42k ■ 43k +

How important do you think third level education is in boosting earning power?

56%, 1%, 9%, 34%

Legend: ■ Very important ■ Important ■ Indifferent ■ Not important

According to this survey, acceptable starting salaries range between €23 and €32k. However, respondents feel that €18 - €22k is not acceptable.
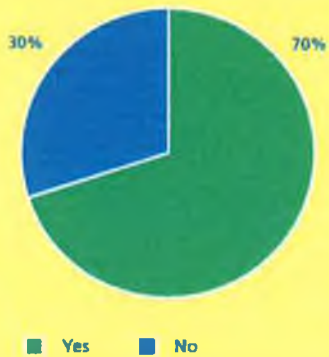
The majority of this generation are of the opinion that third level education is important in boosting earning power.
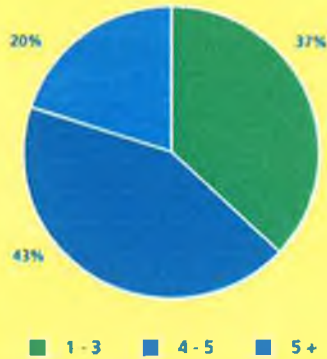
Stay or go?

## How long do you envisage staying at your first professional job?

% 0   10   20   30   40   50   60

■ Less than 1 year   ■ 1 - 2 years   ■ 3 - 5 years   ■ 6 years +
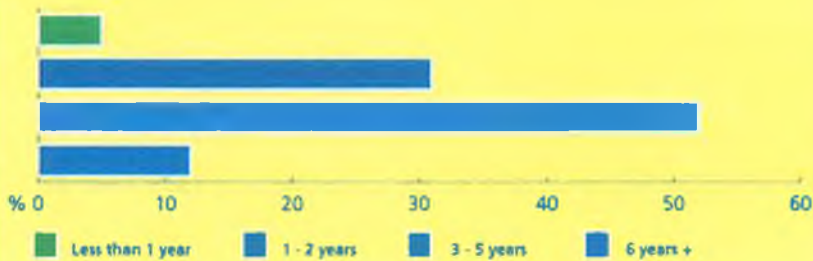
Is taking a career break (of 6 months or more) from your first job to travel something that you have either done/intend to do?

30%   70%

■ Yes   ■ No

How many employers do you expect to work for over your career?

20%   37%

43%

■ 1 - 3   ■ 4 - 5   ■ 5 +

Is job security a concern for you?

45%   55%

■ Yes   ■ No
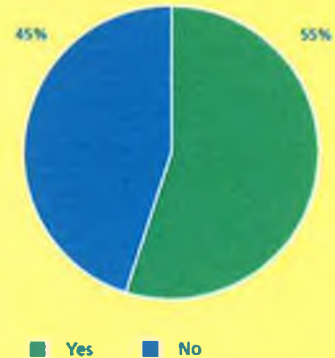
Over 50% of respondents envisage staying in their first job between 3 and 5 years, with 70% expecting to take a career break. Job security does not appear to be of great concern for Generation Y and almost half of the respondents would expect to have 4 - 5 employers throughout their career.
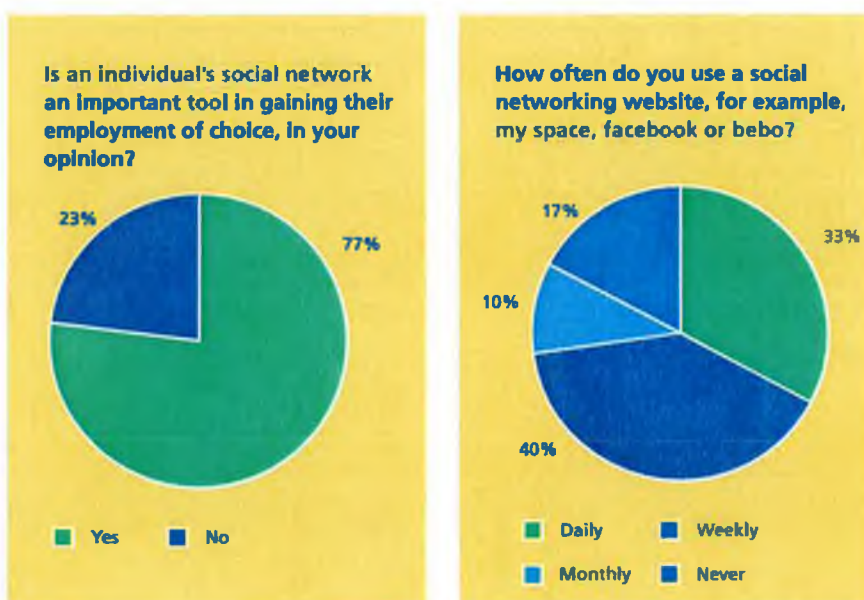
The career

High achievers

How confident are you of achieving your career goals?

2%
14%
27%
57%

■ Very confident ■ Confident
■ Indifferent ■ Not confident

Would you describe yourself as being an ambitious person?

3%
97%

■ Yes ■ No

Do you have a detailed career plan?

68%
32%

■ Yes ■ No

In relation to achieving career goals, there is a high level of confidence - only 2% do not feel confident.

With such confidence in achieving career goals and an overwhelming 97% describing themselves as ambitious, it is interesting to note that 68% do not have a detailed career plan.

Social networking

Is an individual's social network an important tool in gaining their employment of choice, in your opinion?

23%
77%

■ Yes ■ No

How often do you use a social networking website, for example, my space, facebook or bebo?

17%
33%
10%
40%

■ Daily ■ Weekly
■ Monthly ■ Never

77% of respondents consider their individual social network to be an important tool in gaining their employment of choice. With online networking a popular method of choice, 33% use these sites on a daily basis and a further 40% use them on a weekly basis. A mere 17% of this generation surveyed never use social networking websites.

The differentiators

Communicating with Generation Y

What method of communication with your employer would you prefer?

| % 0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 |

■ Email   ■ Personal interaction   ■ Both email and personal interaction   ■ Telephone

The importance placed on interaction with superiors in the workplace is further emphasised by the preferred method of communication identified by this generation. Over 70% of respondents indicate that a combination of both email and personal interaction would be their preferred method of communication with their employer. A further 25% highlighted personal interaction alone as their preferred method.

Generation green

A. How important is it for you to work in an ethical organisation?

B. How important is it for you that the organisation your join is environmentally conscious?

| % 0 | 20 | 40 | 60 | 80 | 100 |

■ Very important   ■ Important   ■ Indifferent   ■ Not important   ■ Not very important

It is perhaps unsurprising that working for an ethical and environmentally conscious employer is a key factor for this generation. However, it is interesting to note that ethics is of more importance than the environment to Generation Y.

The future

It is interesting to see that almost half of respondents see themselves retiring between 51 and 60 years of age however, over 70% do not contribute to a pension scheme.

Over 50% do not consider debt as a driver for acquiring a job and 94% do not envisage following in their parents footsteps. Interestingly, 64% would consider setting up their own business.
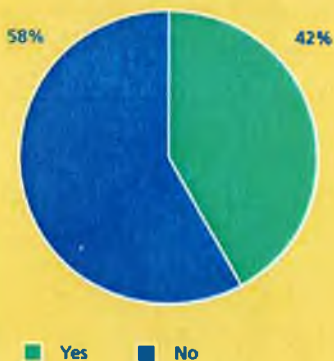
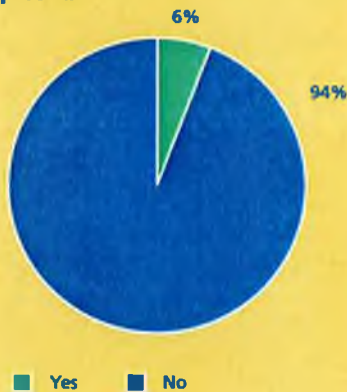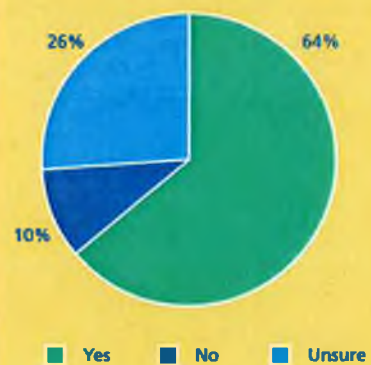**What age do you envisage yourself retiring at?**

1%
9%
42%
48%

- 30 - 40
- 41 - 50
- 51 - 60
- 60 +
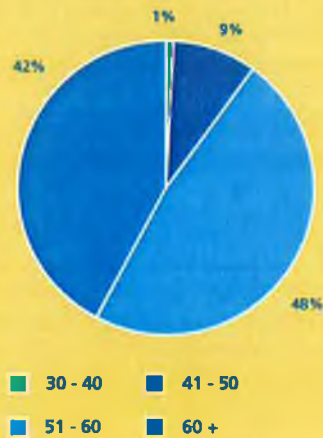
Do you contribute to a pension?

71%
29%

- Yes
- No
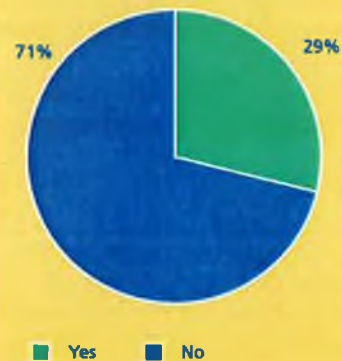
Do you consider having debt as a major catalyst for acquiring a job?

58%
42%

- Yes
- No

Are you currently or do you plan to pursue the same career as your parents?

6%
94%

- Yes
- No

Would you consider setting up your own business?

26%
64%
10%

- Yes
- No
- Unsure

Profile of participants

Gender

Gender of participants

39% 61%

■ Female ■ Male

Age

Age of participants

11%
22%
15%
31%
21%

■ 21 ■ 22
■ 23 ■ 24
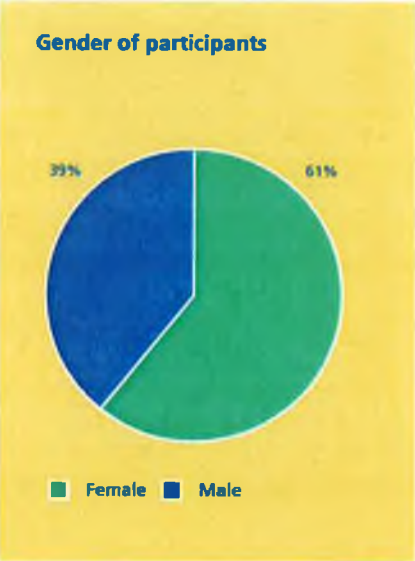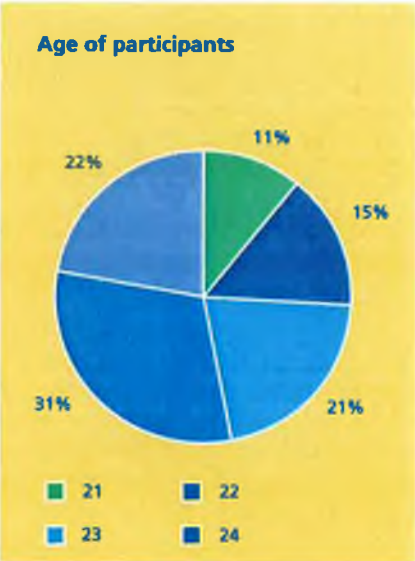
Research was conducted with both males and females between the ages of 21 and 25. Full time workers, full time students and unemployed members of this generation participated in the survey.

Employment

What industry do you work in?

22%
53%
6%
1%
2%
10%
6%

■ Financial Services ■ IT
■ Marketing & HR ■ Retail
■ Education ■ Health
■ Other

Are you currently in full time employment?

24% 76%

■ Yes ■ No

Full time education

If you are not currently in full-time employment, are you enrolled in full time education?

26% 74%

■ Yes ■ No