

Reward to engage >

rewards, benefits and
employee engagement in
today's organisations

Contents

Introduction: The quest for employee engagement	3
Key findings	4-5
Section 1: What is employee engagement?	6
Defining engagement	7
What are the benefits of employee engagement?	8-9
What drives engagement?	10-11
How should engagement be measured?	12
The role of rewards and benefits	13
Section 2: Employee engagement today	14
How engaged are we?	14-17
Why are we less engaged?	18-19
Will the 'credit crunch' affect engagement?	20-21
Section 3: The role of rewards and benefits	22
Rewards and benefits matter	22
Understanding employee needs	23-25
Communicating reward	26-28
Section 4: An engagement action plan	29
Take action to improve engagement	29-33
Methodology	34
References	34
About us	35

The quest for employee engagement

It is only natural that an organisation should want its staff to give their best, but in the drive for high performance, maximising the contribution of every individual employee has become a Holy Grail for employers. The result is a push to secure the intellectual, emotional and physical commitment of individuals to the organisation – commonly referred to as employee engagement.

It's a relatively new term – having sprung up over the past decade – that has captured the hearts and minds of businesses operating in an increasingly competitive, global economy where skill needs are evolving and talent shortages are rife. Nonetheless, there is still a lot of confusion about what engagement means, what an engaged workforce looks like and precisely how organisations can use engagement to enhance commercial performance.

There are clearly a raft of factors organisations can employ to drive employee engagement, but what is often missing from the growing corpus of theory is the role that rewards, benefits and incentives play. While it's true that employers cannot buy workers' loyalty or commitment, it's equally true that they must reward – and be seen to reward – the high performance that results from engagement.

To help organisations gain a deeper understanding of what drives employee engagement, Accor Services set out to establish just how engaged the UK workforce is. To this end, we undertook two major pieces of research.

With the help of Ipsos Mori, our first research study surveyed more than 1200 employees. We asked them about their job satisfaction, sense of involvement and pride in the business, linking these to the reward and recognition they receive from their employers. The 2008 research findings have been benchmarked against 2005 employee research, enabling Accor Services to measure changes in employee attitudes here.

The second research study surveyed more than 430 UK employers, covering a range of sizes and sectors, about the role employee engagement plays in their business success and the factors that enable them to build an engaged workforce. This report presents this data alongside information from a range of public and private sector organisations about their approach to engagement.

It is clear from our own and others' research that there is no single driver for employee engagement. Rather it requires a whole organisation approach that taps into its specific strategic need to be successful. What's equally clear is that while many employers instinctively understand that reward and recognition are a crucial factor in building this engagement, many have yet to fully integrate it into an engagement strategy.

Key research findings

Employee engagement

- 42% of employers confirmed they regularly measure levels of employee engagement.
- Of this group, 50% survey employees about benefits, 45% about rewards and incentives.
- 74% of employers think employee engagement is 'on the radar' of their senior managers.
- Only one quarter of organisations have a documented employee engagement action plan. Of those who have such a plan, it is generally owned by the HR team.
- 33% of employers think their senior management team recognises employee engagement as a key driver of business success. 10% do not see it as a driver of business success at all.
- Over half (51%) of employees surveyed are active advocates of their employer and would speak highly of the organisation. This has dropped significantly since 2005 when 63% of employees were advocates of their employer.
- In the 2008 study 14% of employees confirmed they were detractors, rather than advocates, of their company's products and services and reported they would be critical of them.
- 49% of employers do not expect the 'credit crunch' to have an impact on levels of employee engagement within their organisation. Only 23% expect engagement levels to increase in this instance and 28% think engagement levels will decrease as a result of the 'credit crunch'.
- Levels of advocacy are higher in smaller organisations. Among companies employing up to 100 people, 62% reported they would speak highly of their organisation compared with only 45% in organisations employing over 5000 people. Advocacy levels are also different between managers and non-managers; 71% of managers would speak highly of their organisation compared with only 43% of non-managers.

Involvement, pride and fulfilment

- Levels of employee involvement with the organisation are in decline; in 2008 50% of employees report they feel involved in their work compared with 57% in 2005.
- Almost half of employees (45%) express no great desire for involvement in their organisation and 26% would like to become more involved.
- 38% of respondents report they are often proud of their work compared with 10% who never achieve this. When surveyed by Accor Services in 2005 employees' pride in their work was much higher at 47%.
- Jobs are also less fulfilling than in 2005. Only 29% of employees report often finding fulfilment in their job (compared with 40% in 2005) and 18% report they never find fulfilment in their job (compared with 6% in 2005).

Rewards and benefits

- The most commonly offered benefits are flexible work options (47%), healthcare (27%), childcare vouchers (21%) and lifestyle discounts (18%).
- When it comes to benefits that employees would like to be offered, respondents listed their top five preferences as flexible work options (37%), healthcare (34%), flexible benefits programme (26%), support for travel to work (24%) and lifestyle discounts (17%).
- Only one fifth of employees fully understand the value of their benefits and one third do not.
- Few employees regard their pay, benefits and incentives packages as competitive when compared with others doing a similar job in similar organisations. Only 35% of employees felt their company was competitive on pay, 25% when it came to benefits and 17% when asked about incentives.
- In contrast, over half (51%) of employers think their organisation's pay is competitive when compared to other organisations in their industry sector. Only 11% felt their pay offering was uncompetitive. 44% said they thought their benefits package is competitive and 25% thought their incentives programme was, too. Interestingly, 33% of employers thought their incentives programme was uncompetitive.
- Employees in organisations employing less than 100 people believe they have more influence over the choice of benefits and incentives (22%) compared with employees in larger organisations (11% in companies employing over 5000 people).

Job satisfaction

- 33% of employees are happy in their job, compared to 13% who report they are never happy in their employment.
- 46% of employees admitted they had thought about leaving their company. This compares to 54% who admitted the same thing in 2005 and is despite 9% saying their motivation is increasing (compared to 37% of respondents saying their motivation levels at work are decreasing).
- When asked what comes to their mind when they think about their work, employees reported a mix of emotions including routine (43%), security (15%), pleasure (14%), pride (13%), and constraint (7%).
- Salary presents the greatest concern for UK employees (46%) followed by job security (28%) and time spent working (26%).
- When asked about levels of satisfaction with specific aspects of their work, UK employees ranked working conditions (73%), working atmosphere (71%) and working hours (66%) as their top three factors that they were very or rather satisfied with. Salary (44%), benefits packages (45%) and recognition (52%) were ranked much lower by employees in terms of satisfaction.
- 55% of employees do not think their company pays enough attention to levels of stress in the workplace and 42% do not think their employer pays enough attention to the development of employees' skills.

Work/life balance

- More than three-quarters of employees say they spend too much time at work. Of this group 25% think they often spend too much time at work and 51% report they sometimes spend too much time at work. 23% claim they never do this.
- 12% of respondents report they are not able to manage the balance between their private and professional lives. 56% report they are sometimes able to do this and only 29% of respondents report they are able to do this.
- 24% of employees find managing their work/life balance difficult compared to 73% of employees find managing their work/life balance easy.

Section 1: What is employee engagement?

Introduction

Ideas around employee engagement have their roots in the 1980s. Massive restructuring of the UK economy, the continued shift from manufacturing to services and the reduction of trade union influence over many workplaces helped to shift the nature and culture of work. The realisation in the 1990s that few, if any, organisations could still offer life-long careers challenged traditional views of loyalty to the firm. Gradually employers began to rethink their relationship with the workforce.

Massive skill shortages starting in the late 1990s and continuing well into this century have added further pressure on traditional command and control management styles that emphasise the transactional nature of the employer/employee relationship. This has been made more complex by the fact that businesses function with far fewer people than 15 years ago. There is little or no space for dead wood; high performance has become dependent on maximising the effort of every individual in the workforce.

Alistair Denton, Managing Director of Motivano witnessed some of these changes first hand as an HR director in the railway and IT industries. 'Twenty years ago we went to work to work and little else. The chances were that when we started with an organisation we would be there for many years. But the opportunities in the market today are such that employees are less keen to confine their careers to one or two organisations. They might move for more money or a promotion or to acquire new skills – or simply because they fancy a change.

'Motivation used to be the key word but employee engagement is about much more than that. The fact that employers are concentrating on ideas of engagement shows they are becoming more sophisticated in understanding employees.'

Central to ideas around employee engagement are new styles of leadership – in its broadest sense. Engagement signals a move away from old-fashioned them and us, bosses and workers towards recognition that a successful working culture must involve two-way relationships between colleagues.

'It would be a mistake to equate loyalty with engagement – they are not the same. Engagement to us is about ownership, accountability and responsibility. We are a very traditional business and we have plenty of long-serving, loyal and committed people who want to do a good job. But as soon as something happens they turn to look at the rule book. That's not the way forward for us.'

Employee Engagement Manager,
engineering business.

Section 1: What is employee engagement?

Defining engagement

A recent article in Harvard Business Review describes engagement as the energy, effort and initiative employees bring to their jobs. The bank, HSBC, reportedly puts it even more succinctly describing the engaged employee as one 'with the skills to leave but the desire to stay'

Other theorists talk about engagement as an individual's alignment with the organisation and commitment to its values and aims. As a result there is much talk about finding a line of sight between an employee and the organisation to leverage that employee's extra, or discretionary, effort. The aim here is to raise that individual's performance and ultimately the performance of the organisation.

The danger of talking about engaged employees is that the term also suggests some are disengaged. This may be the case but employee engagement is a relative term and in between engaged and disengaged there will be various levels of engagement.

This is a point that Andy Philpott, Marketing Director of Accor Services, makes. He sets out a hierarchy of engagement moving from an employee's engagement with the immediate job through to their engagement with the team, other teams, the business and customers and other stakeholders. 'Engagement can operate at a number of different levels. But it is not realistic to expect everyone to be fully engaged at all levels,' Philpott says.

'It's the challenge of the job, not the money that keeps people with us. As scientists they get to do the fun stuff they always wanted to do – all the time. The engagement challenge for us, as we grow, is keeping them challenged.'

Operations and Personnel Co-ordinator,
not-for-profit technology firm

Such a hierarchy of engagement means employees can, for example, be engaged in their job but not necessarily engaged with the organisation. The opposite is also true and it is realistic to expect some individuals to be engaged with their organisation, but not their role. This is an important group to identify quickly, argues Philpott. He suggests that good management skills and supporting processes are important here to ensure engagement levels are observed and evaluated and appropriate change and action taken to address any potential engagement issues.

Market researchers Ipsos MORI specialise in measuring engagement and conducted this study on Accor Services' behalf. Research Director, Peter Meyler, also warns against being too prescriptive in defining engagement. To work for an organisation ideas around employee engagement need to be specific to that business. 'What defines employee engagement in one organisational culture – how it's managed, what it does, the type of people it employs – will be different in another,' he says.

Section 1: What is employee engagement?

What are the benefits of employee engagement?

For the most part, businesses invest in engagement strategies to improve individual and organisational performance. Nonetheless, different organisations will have different views on why they want an employee engagement strategy and what they want to get out of it.

Royal Bank of Scotland is convinced that employee engagement brings the business a competitive advantage; as a result it is wary about how much of its engagement strategy it is willing to share with the outside world. There is a growing body of evidence to support RBS's conviction.

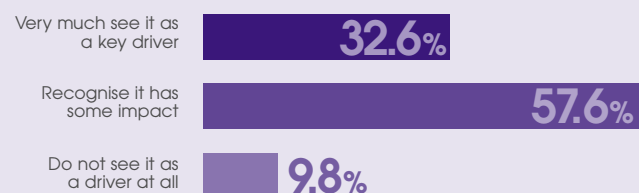
As far back as 1994 James Heskett identified the service profit chain linking employee satisfaction with customer loyalty and profit. That same year, Jim Collins and Jerry I Porras published a study of high performing firms, showing a correlation between employee involvement and the ability of a business to outperform its competitors.

More recently, the Chartered Institute of Personnel and Development (CIPD) has found that engaged employees 'perform better than others, are more likely to recommend their organisation to others, take less sick leave, are less likely to quit'. In return they experience 'enhanced job satisfaction and a more positive attitude to work'.

The Corporate Leadership Council's (CLC) (2004) study of 50,000 global employees supports the link between engagement and performance. The study found that employees who are most committed perform 20% better – which infers that increasing levels of engagement will encourage an increase in employee performance – and are 87% less likely to leave the organisation.

Our business survey also emphasises the link between engagement and performance. As many as one in three employers acknowledged their senior management team recognises employee engagement as a key driver of business success.

How much do you think your senior management team recognises employee engagement as a key driver of business success?



However, while research has shown a correlation between engagement measures and business success, it has yet to establish any causal link or set out precisely why employee engagement leads to higher performance. Graeme Cohen and Nicholas J Higgins do suggest the interaction between engagement and high performance is more complex than mere cause and effect, but it is just as likely that improvements in organisational performance increase engagement – and vice versa.

A study by Towers Perrin (2003) indicates employee retention as a key benefit of employee engagement. They demonstrate how a highly engaged workforce is a more stable workforce and in their survey two-thirds of highly engaged employees reported no plans to leave their job compared with 12% of those classified as disengaged.

Whilst engagement does not guarantee retention, according to Towers Perrin, it does increase the chances of retaining the talent who are likely to be most attractive in the labour market. However the study also highlights the risk to organisations of disengaged employees who are not actively looking for employment and continue in their current employment but are disaffected and unproductive. They argue that retaining the disengaged can affect performance as seriously as losing those who are highly engaged.

As with all people measures, there is still a big element of faith involved in employee engagement, which could explain why, as our research shows, some organisations are further down the road to conversion than others.

'We see employee engagement in our business as becoming an Employer of Choice and will measure our success against our position in the top 100 best companies to work for. Succeeding as an Employer of Choice is central to the firm's overall business strategy. Senior managers believe they cannot achieve their vision to become a market leader by 2010 if our people aren't 100% committed to the firm.'

OD Consultant, insurance firm

Section 1: What is employee engagement?

What drives engagement?

Working out why employee engagement is important to the business is just the first step. A far more complex operation is working out how to get there. The Institute of Employment Studies (2004) believes the key driver for engagement is employees feeling valued and involved, while the CIPD (2007) suggests it is the quality of management that counts.

Leadership counts

More than half of private firms rated people – including senior leaders and managers – as the key driver of employee engagement, while in the public sector leadership shares equal weight with communications.

Public sector employers appear to put more emphasis on employee engagement generally. More than half (52%) measure engagement compared with one in three private businesses (34%) and nearly one in three (29%) public bodies have a documented employee engagement action plan, compared with 23% of private organisations. Despite this, the public sector appears to have less of a handle on engagement than the private sector with 86% of public bodies guessing engagement levels compared with 80% of private firms.

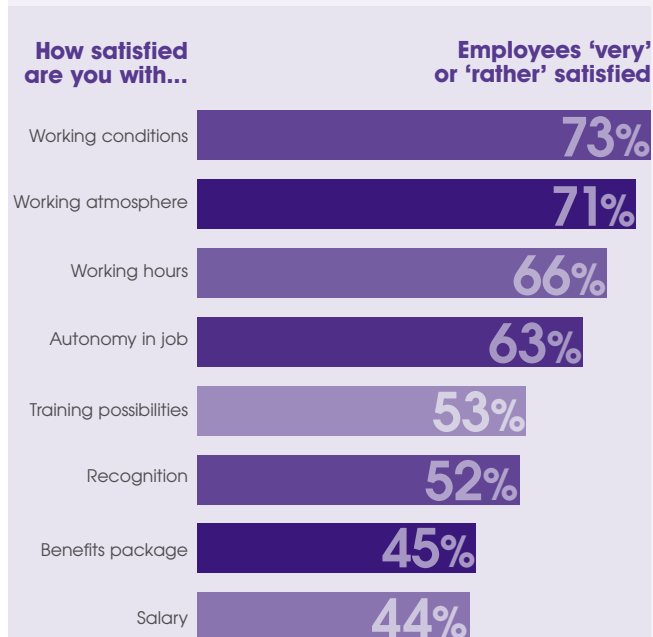
Accor Services' employer survey suggests it is a mix of all these things plus more, and the way in which these factors interact that contributes to driving engagement. Respondents listed the two most important drivers as being the quality of people – senior leaders, line managers and colleagues – and the level of two-way communication in the business. But they aren't the only factors driving engagement. Respondents also rated the importance of the nature of the work and the resources available to do the job, career and development opportunities, the work environment and the rewards and benefits on offer.

The CIPD defines employee engagement as having employees who are positive about their job, and who are prepared to go the extra mile to make sure they do their job to the best of their ability.

What do you think are the main drivers in achieving this? (1= not at all important, 10= extremely important) in terms of how important you feel they are to employee engagement:



Similar themes were identified by employees when they were asked about their level of satisfaction with key elements of their jobs and organisations.



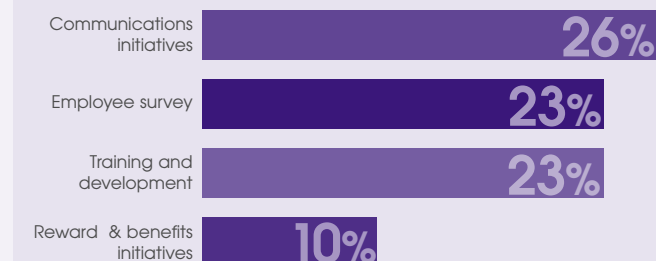
These findings suggest organisations need to take a holistic, whole organisation approach to engagement, looking at all aspects of their people strategy. For example, why offer great career development or training opportunities if the communications systems are such that no one knows quite how to access it?

The engagement picture is made yet more complex by the fact that different groups of workers will be engaged in different ways depending on what they do, where they are in their careers plus a range of other personal factors. So while pay and reward might drive some staff, others might be driven by career development, and others a sense of contribution.

As a result, keeping a 21-year-old graduate engaged and giving his or her best, will be very different from securing engagement from a 40-year-old mother of three. Similarly, engagement in a money-oriented finance business might look rather different from engagement in the health service.

Employers need to be more sophisticated when it comes to segmenting their employees and consider what engagement means to different groups of people in their business, while at the same time keeping a firm hold on why it is they want their staff to become more engaged in the business.

What key actions is your organisation taking to improve employee engagement? (Top 4 responses)



Section 1: What is employee engagement?

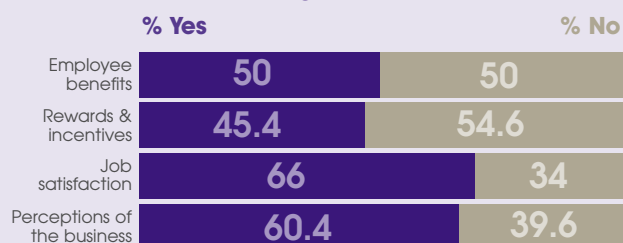
How should engagement be measured?

It makes good commercial sense for organisations to measure levels of engagement and take positive action to promote and protect it.

The CIPD notes the importance of measuring employee attitudes as the first step towards building an engaged workforce, advocating regular employee surveys as a tool with which to identify areas in need of improvement.

Yet when asked by Accor Services what they consider to be the current level of employee engagement in their organisation, only one fifth of employers (20%) made this declaration based on any research and only 40% admitted to regularly measuring levels of employee engagement.

Do you survey employees about their needs and views on the following?



To gauge engagement levels within the business, a range of different factors need to be included in employee surveys. These should include the level of employee pride in the business and its products or services and their advocacy in the organisation as a place to work and in relation to their offerings.

Employers should try to understand how involved employees feel and the degree to which they would like greater levels of involvement. Employers should also seek to measure the extent to which they can motivate and inspire their people to put in extra effort that's above and beyond the call of duty.

The CIPD (2006) further recommends the measurement of different types of engagement at three distinct levels, although they do not place a particular emphasis on any one component:

- 1. Cognitive engagement** – employees focus very hard on work, are rarely distracted and think about very little else during the working day.
- 2. Emotional engagement** – employees are emotionally engaged with their work, put their heart into their job and are excited when they perform well.
- 3. Physical engagement** – employees are willing to 'go the extra mile' for their employer and work over and beyond contract, staying until the job is done and exerting energy to perform.

'Regardless of the structure or focus of employee surveying tools, however, unless the results are assessed and an appropriate plan of action developed and implemented, limited value will be derived from the process' notes Accor Services' Philpott.

'Organisations underestimate the role of line and local managers in evaluating and measuring employee engagement. Given their proximity to employees on a day-to-day basis, managers are better placed to evaluate changes in engagement levels at a local level, particularly employees engagement levels with their individual role and the wider organisation. This research can prove to be more insightful and accurate. The organisational challenge is to ensure managers have the appropriate skills and motivation, with supporting processes in place to capture the intelligence.'

Section 1: What is employee engagement?

The role of rewards and benefits

Rewards and benefits can only help build employee engagement in the context of a broader strategy that takes account of the many other factors driving the agenda. Nonetheless, one in four employers in our survey rated it as a key driver in engaging workers in their organisations. It is important to understand where it fits in.

Many commentators still refer to pay and reward as a hygiene factor in engagement – get it right and no one notices, get it wrong and the best people up sticks and move on. This argument suggests that reward is fundamental in recruiting people but not much else.

However, this argument fails to look at reward in its broadest sense. A first-class reward strategy is about managing high performance and valuing people's extra effort. As such it encompasses far more than base pay, involving every effort a business makes to show that it values all staff. It can include the obvious things such as bonuses, pension, health insurance and gym membership. But it can also include employee of the month incentives, suggestion schemes and even training and development opportunities.

Mark Carman, Marketing Director of Motivano, stresses the fundamental link organisations need to make between their rewards and benefits offerings and the people they are targeted at. 'The role of rewards and benefits in engagement centres around total reward and communicating with employees about the value of the benefits and incentives that are available to them. It's critical that employees know what is available to them and why they need to take an interest in products such as private medical insurance, personal accident cover or childcare vouchers.'

Of the employees surveyed by Accor Services, only 20% reported they fully understood the value of the benefits offered by their employer and one-third had no understanding of their value. This is surely a missed opportunity for many organisations and when this lack of understanding is compared with employees' satisfaction with benefits (see table below), the pivotal role of rewards and benefits in driving employee engagement becomes clearer.

Few employees think their employer's rewards and benefits strategy is competitive:

- Only 35% think their employer is competitive when it comes to pay. 32% of employees do not think their pay is competitive when compared to others doing a similar job in similar organisations.
- Only 25% think their benefits are competitive and 36% thought they were uncompetitive.
- Only 17% think their company's incentives programme is competitive, compared with 40% who think it is not.

This makes an interesting comparison with employers' perception of the same issue:

- 51% of employers think their organisation's pay is competitive when compared with other organisations in their sector. Only 11% felt their pay offering was uncompetitive.
- 44% of employers think their organisation's benefits package is competitive and 20% think it is uncompetitive.
- 25% of employers think their incentives programme is competitive. 33% regard it as uncompetitive in their sector.

Section 2: Employee engagement today

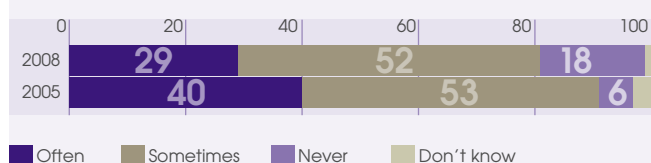
How engaged are we?

Employers like to talk about their need to recruit and develop a workforce that is passionate – passionate about the job, about the customer, about the business. But for all the effort they have been making to engender this sense of passion and engagement among staff over the past five years, they still have a long way to go.

Looking at a range of engagement measures in the Accor Services' survey of employees and comparing them with data from three years ago, it's hard to escape the fact that employee engagement in many organisations is on the way down.

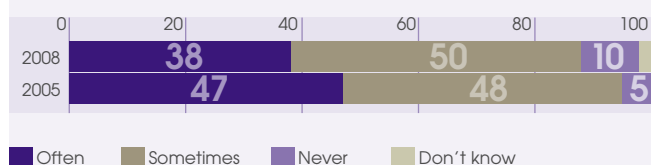
For starters, work appears to be less fulfilling than three years ago. Only 29% of respondents say their jobs are often fulfilling compared with 40% in 2005; while the number who say their work is never fulfilling has gone up threefold from 6% to 18%

Do you often, sometimes, or never think that you find fulfilment in your job?



Pride in the job has also taken a dip. Three years ago nearly half of all UK workers (47%) said they were often proud of their work, but this year that has gone down to just over one in three (38%). At the same time as many as one in 10 workers (10%) say they are never proud of their work compared with one in 20 (5%) three years ago.

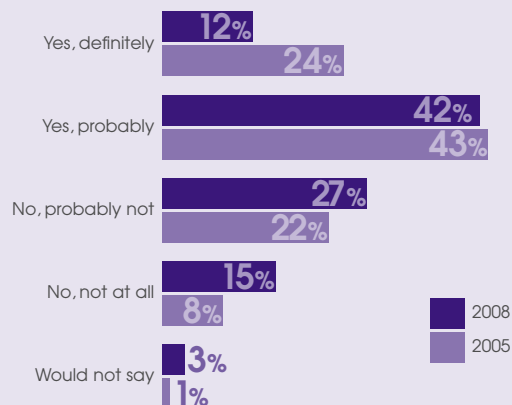
Do you often, sometimes, or never think that you are proud of your work?



Data relating to employee involvement also paints an unsettling picture for organisations looking to maximise employees' discretionary effort. For example, while 50% of respondents feel very involved with the organisation, as many as 45% say they don't much want to be involved.

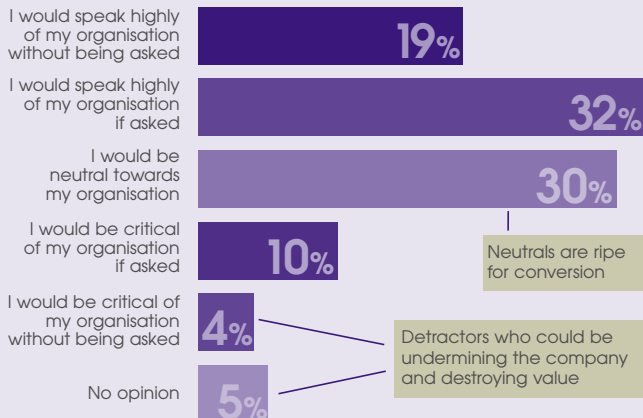
Questions looking at employees' willingness to be advocates for the organisation – both as a place to work and a provider of products and services – further emphasise the engagement gap. Only 12% would recommend their company as an employer compared with 24% in 2005. And as many as 42% would not recommend it compared with 30% three years ago.

Would you recommend your company as an employer to a family member or friend?



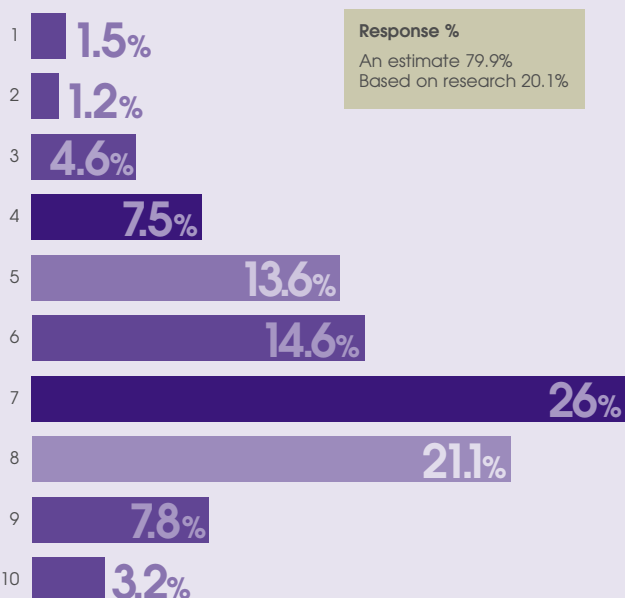
Meanwhile, although just over half would speak highly of their company's products and services, nearly one in three (30%) are neutral about the business and 14% are critical.

Which phrase best describes the way you would speak of your company's products/services to people outside the company?



These findings are highly significant, says Peter Meyler, Research Director at Ipsos MORI. 'Advocacy is a positive indicator and outcome of employee engagement. Essentially it means that somebody enjoys the experience of working for an organisation and feels part of what is going on to the extent that they will talk to others about it.'

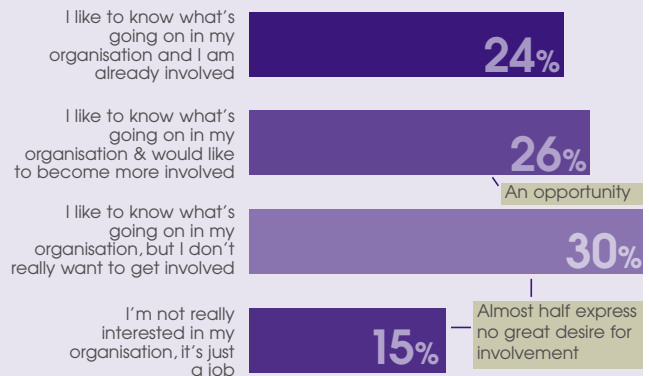
A good indication of employee engagement is the degree to which employees would recommend their organisation to friends, family and others (advocacy), their commitment to stay with their organisation, and motivation to go the extra mile. What do you consider to be the current level of employee engagement within your organisation? (Rated from 1 [very low] to 10 [very high])



Meyler believes that the 14% who are critical of the business are a serious threat but it is the floating voters – or neutrals – on whom organisations should be concentrating their efforts. 'It takes an incredible amount of energy and organisational change to alter the minds of employees once they have become dissatisfied and disengaged. But these neutral employees are saying that while they are not quite engaged, they have yet to disengage. By ignoring this group, which makes up a third of the workforce, employers could be encouraging it to slip over onto the wrong side of the fence.'

If employee engagement strategies are not working for some employers, as the Accor Services' research suggests, perhaps some employers have got it wrong? It seems that organisations need to think more carefully about what they are looking for from employee engagement and focus their efforts accordingly.

How involved would employees like to be where they work?



These responses highlight the opportunity for organisations to tackle the 'floating voters' and engage them positively with the business. Interestingly, of those who reported they are already involved or want to become more involved, 75% are managers compared with 41% of non-managers who shared this sentiment.

Section 2: Employee engagement today

How engaged are we?

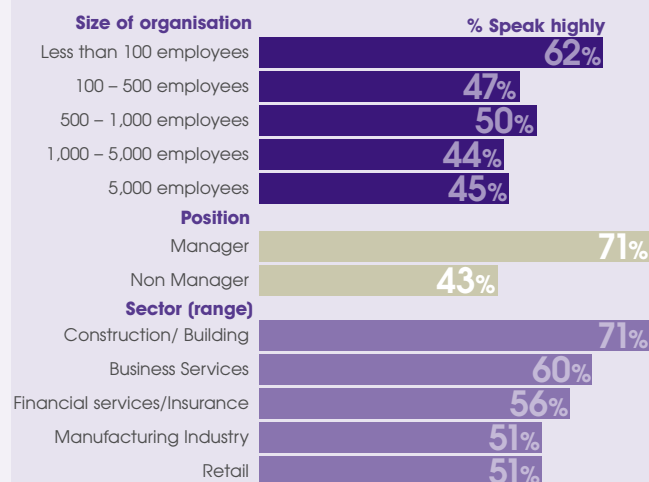
The power of the advocate

In three short years the number of staff willing to be advocates for the organisations they work for has plummeted. Employers can now only rely on around half the workforce, or less, to recommend the organisation either as a place of work or a business partner.

When it comes to praising the company's products and services as many as 14% say they would be critical of the business while 30% – nearly one in three – feel neutral about the organisation. The situation is even worse when it comes to recommending the organisation as an employer to friends and family with as many as 42% refusing to recommend it.

There are some differences according to size of organisation, industry and level of job. For example construction workers are far more enthusiastic about the companies they work for with 67% recommending their firm as an employer, compared with only 47% of IT and transport workers. However, it's worth noting that these figures predate the recent, rapid decline in the construction industry.

A breakdown of those employees that would speak highly of their organisation.



'We celebrate professional and personal successes through a variety of rewards and award schemes and we celebrate landmark achievements such as employees who have been with us for 20, 30, 40 years or more. As a result, eight out of ten of our staff say they are proud to work for the business and three in four say they would recommend us as a good place to work.'

Head of Communications, construction firm

Managers are also more enthusiastic about their firm, perhaps reflecting the greater investment the business has in them and vice versa. Nearly two in three managers (63%) would recommend their organisations as places to work compared with just over half (51%) of non-managers. Meanwhile nearly three in four (71%) would recommend their employer's products and services compared with only 43% of non-managers.

However, the truly significant statistic is the overall decline in levels of advocacy across the board over the past three years. For example, in 2005 67% of all workers said they would recommend their employer to a friend or family member compared with just 54% now.

Does size make a difference?

Smaller organisations may not talk about employee engagement in a formal sense, but the data suggests they are engaging the workforce more successfully than their bigger corporate competitors.

It could be that employees in small organisations are still close enough to the business to feel a direct link between their effort and organisational success. Whatever the case, nearly half (45%) of respondents working for organisations with fewer than 100 employees say they feel involved in the organisation, compared with less than one in four (24%) of UK employees overall.

Workers in small firms are also more likely to be advocates for their organisations. Nearly two in three (62%) say they would speak positively about their employer's products and services compared with 46% of the workforce overall.

Figures around pay and benefits also suggest a more engaged workforce within smaller firms. Although only 15% of people working for small firms regard their reward packages as competitive, 22% believe they have some influence over their benefits compared with just 11% of people working for the largest organisations. This is despite the fact that smaller firms tend to offer a narrower range of benefits with fewer small business workers receiving healthcare support, flexible working or childcare vouchers.

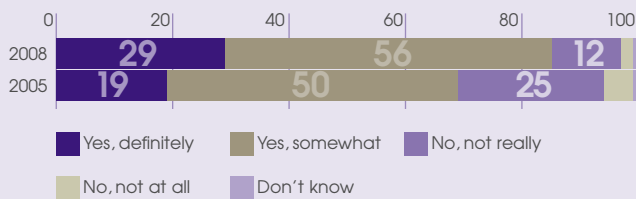
But it's not all good news for small firms. There has been a massive drop in the number of small business employees willing to recommend their firms as places to work – down from 74% in 2005 to 52% now.

Section 2: Employee engagement today

Why are we less engaged?

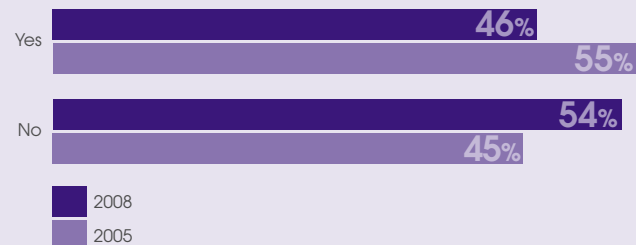
In contrast to what many experts and theorists insist, the decline in engagement has little or nothing to do with excess pressure at work resulting in a long-hours culture and poor work/life balance. The indicators here are positive with a slight drop in the number of employees who feel overworked and a significant improvement in work/life balance. In 2005 69% of workers said they managed the balance between work and home; this year that has risen to 85%.

Generally speaking, do you feel you can manage the balance between your private and professional lives?



Not surprisingly, therefore, there also seems to be no great willingness to move to pastures new. While 46% of employees in the UK have considered leaving their company, this is a significant reduction on the 55% who were thinking about moving three years ago.

Have you already thought about leaving your company?



It's not that employees feel anti the organisation. They just don't seem to feel much at all. Employers must shoulder some of the blame for employee apathy. Figures coming out of the Accor Services' employer engagement survey show that the majority of employers, for all their concern for employee engagement, are somewhat half-hearted about putting it into practice.

Although nearly three in four rate their engagement as above average, it appears that the vast majority of them (80%) are guessing and in fact only 41% regularly measure engagement. Furthermore, 75% have no employee engagement action plan or strategy, even though 90% say engagement impacts business success.

Does your organisation regularly measure levels of employee engagement?



There is a sense that while employers recognise the importance of engagement, they don't quite know what to do about it. The issue seems to lie in their unwillingness to talk the talk and truly relinquish command and control styles of leadership in favour of a relationship based on mutuality.

As a result many organisations have tapped into what they want from employees as a result of employee engagement – that is high performance – but they haven't tapped into what's in it for the individual who goes that extra mile. What impact will it have on their career, how will their effort be recognised, how will it impact on basic job satisfaction?

Peter Meyler takes an even bleaker view. 'A lot of organisations focus their employee engagement on how to squeeze the sponge dry rather than how do we get the best out of people. It's about volume rather than quality.'

'But to be successful, engagement strategies have to focus on creating a meaningful relationship between employer and employee – adult to adult, rather than parent to child. Good employee engagement is about creating an organisational culture that stimulates that relationship.'

One way forward is to see employee engagement as a marketing as well as an HR job. If employees are an organisation's internal customers then it stands to reason that what they want and what they think matters. It's an approach that communications business O2 has taken by locating its employee engagement – which it calls employee branding – across both the HR and marketing functions.

'Trust is a key part of our engagement model. We cannot micro manage staff as other consultancies would because that would scare them away. But everyone has to come into the office on Friday having been with clients the rest of the week. This is how we keep our creativity alive and the network working.'

Operations and Personnel Co-ordinator, not-for-profit, technology firm

Section 2: Employee engagement today

Will the credit crunch affect engagement?

As recession looms in the UK all organisations, public and private sector, are likely to face the squeeze and jobs will probably go. The general pattern in a downturn is for organisations to cut back on all aspects of employee investment – graduate recruitment, training and development, pay and reward – only to find a few years later that they lack the talent and motivation to take the business forward when conditions improve.

Nearly one in three organisations (28%) responding to our business survey expect employee engagement to go down as a result of the economic downturn. But it's when things are bad that employers really need to make employee engagement strategies work for them and to be sure that their investment in the workforce brings a return in performance.

If jobs do go, organisations need to be sure that the people who stay in their business remain fully engaged. It's time to rekindle the passion that so many businesses claim is what distinguishes them from the competition.

What impact do you expect the economic downturn to have on levels of employee engagement in your organisation in the next twelve months?



Does engagement come with age?

Older workers are less likely to be neutral about the organisation, compared with younger colleagues. So while over 50s appear to be almost twice as likely to speak highly of the organisation's products and services without prompting (26% compared with 14% of under-30s), they are also nearly twice as likely to be critical (10% compared with 6% of under 30s).

At the same time older workers tend to be more fulfilled at work and feel pride in the job they do. For example, 39% of over-50s say they are fulfilled in their job compared with 22% of under-30s. And 45% say they are proud of their work compared with 32% of under-30s.

Accor Services' findings are supported by those of Vodafone's Working Nation report (2008) which asked employees about career expectations and fulfilment. Employees aged 30 to 35 years old were ranked highest in every single negative category of this study as respondents reported they felt trapped (39%), dissatisfied (44%) and lacking in control (36%) compared to any other age cohort questioned. This contrasts starkly with the findings from respondents in their 40s, 50s and 60s who report they are becoming more relaxed and satisfied in their work.

If employers are to use benefits and incentives to build engagement levels among older workers they need to take note of their needs compared with those of younger workers. For example, the under-30s are more likely to want lifestyle discounts, gym membership and support with travel to work than older workers. However, young and old seem equally keen on buying and selling holiday, and accessing healthcare support at work.

Perhaps one way forward for employers looking to tailor benefits to different age groups would be to look at how their work-related concerns differ. For example, 30% of over-50s rate time spent working as a major worry compared with 19% of under-30s. Meanwhile, 59% of the under-30s list salary levels as a major worry compared with only 37% of over-50s.

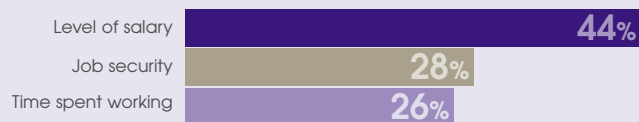
The news that engagement levels among employees are falling – and are set to be further squeezed by ongoing tough economic conditions – will be disturbing for many employers. However, as indicated by the Accor Services' research, the picture is not entirely gloomy. There is a significant group of employees who want to be engaged and who organisations should quickly target to ensure this opportunity is not missed.

Section 3: The role of rewards and benefits

Rewards and benefits matter

It's probably no great surprise to employers to find that just under half the workforce are dissatisfied with their pay and benefits while a third believe their package is uncompetitive. In addition, pay is the biggest work worry among UK workers with nearly half (46%) citing it as their biggest job-related concern compared with just one in four who are worried about job security (28%) or long working hours (26%).

Today, what is your main job-related concern?



It would be wrong to see pay concerns in isolation given that employees often feel they are badly paid and insufficiently rewarded. The fact that two in three (65%) are happy with working conditions suggests that employers are not so wide of the mark when it comes to salaries.

This doesn't mean employers should ignore the role of reward and recognition when it comes to developing employee engagement. Indeed there are several issues around reward that Accor Services' research highlights.

'We ask staff about their benefits every year and we use this information to tailor a raft of benefits and incentives including discounted theatre tickets, funded nursery and play scheme places, holiday offers, gym membership, bike to work scheme and store discounts. People are starting to feel the credit crunch and our staff discounts do mean more to them now. But it's the little things, like free tea and coffee, that really matter.'

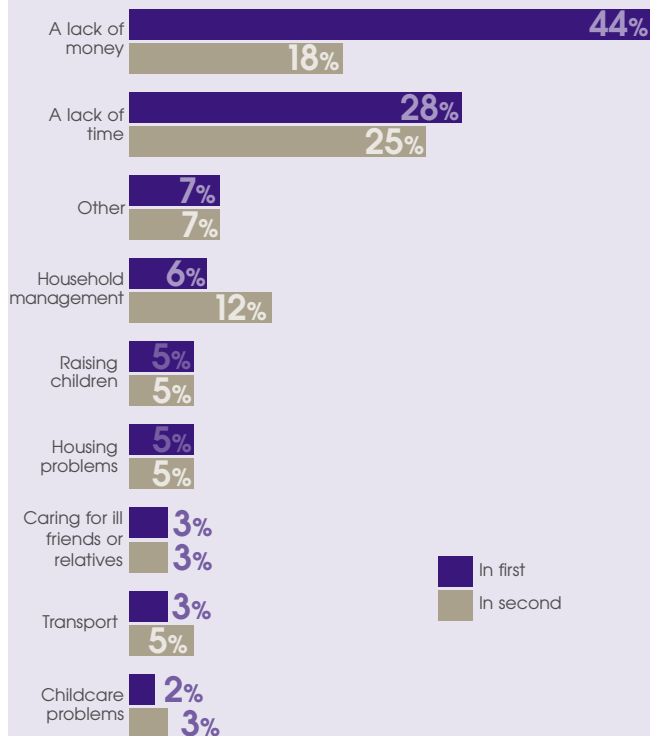
Benefits Manager, primary care trust

Section 3: The role of rewards and benefits

Understanding employee needs

The two main constraints that employees perceive in their daily lives are lack of time and lack of money. Nearly half (44%) cite lack of money as their biggest constraint and 28% cite lack of time.

What are the two biggest constraints in your daily life (apart from work) ?



Few employers can automatically raise wages or reduce hours but this doesn't mean they can't use their benefits and reward packages to relieve the burden on their staff. On a very simplistic level it could be as little as a cash or voucher award to an employee idea of the month. Alternatively, a team that exceeds targets might be rewarded with an extra day's holiday.

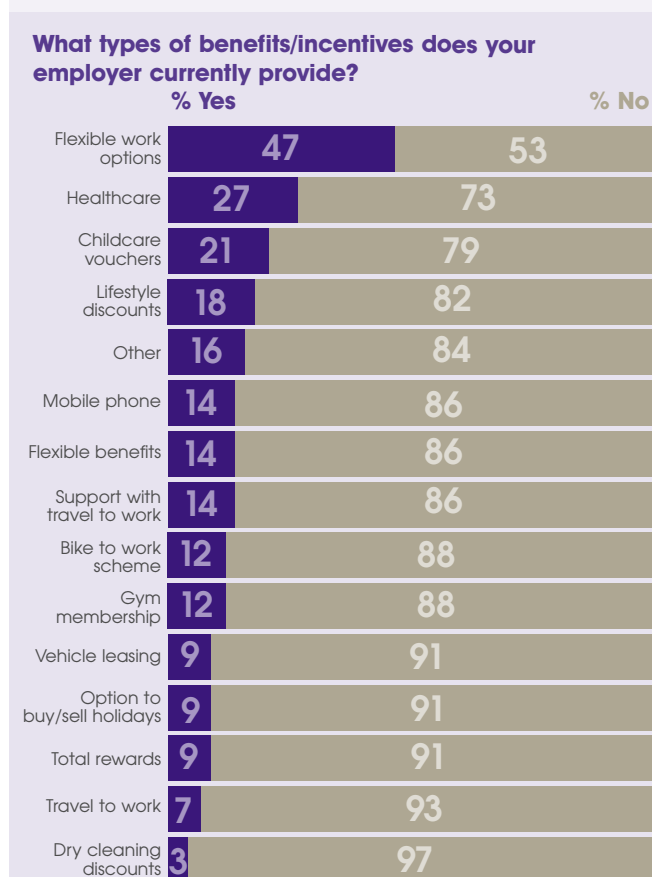
An easy cash incentive to offer parents is childcare vouchers. These bring significant tax advantages to the employee and employer. Support for childcare can have a knock on effect in helping staff manage their time constraints. A growing number of employers do understand this, says Kate Brooks, Head of Client Account Management for childcare vouchers at Accor Services.

'Obviously there's a tax incentive but a lot of employers get involved to show that they are family friendly, that they take their employees' personal responsibilities seriously and they don't want them to worry,' Brooks says many employers want to take this a step further and are looking seriously at how they can help employees with the burden of elder care. Some employers are ready to go should the government introduce tax incentives here.

Section 3: The role of rewards and benefits

Understanding employee needs

The obvious answer to freeing up time for staff is to introduce flexible working. It doesn't necessarily reduce their hours at work but it does enable them to juggle other commitments more effectively. Currently 47% of workers say this is available to them, leaving 53% of the workforce apparently without access to flexible working.



Flexible working is not suitable for all job roles but there are other means of reducing time constraints, such as enabling workers to buy and sell a certain amount of extra holiday each year. However, less than one in ten employees (9%) claim to have access to this benefit.

Brooks agrees there is untapped scope for employers to use rewards and benefits more creatively to leverage engagement in ways that won't incur massive costs. However, she is adamant that whatever employers decide to do, they have to ensure benefits reflect a broader engagement strategy.

'They have to be aligned with what an organisation is trying to do with its people and with the business as a whole,' she says. If the business wants to convey that it is a caring company, then childcare support and wellbeing initiatives are the right route to take. If its environmental strategy is important to the business then a bike-to-work scheme or interest-free loans to cover train fares are an obvious way of using benefits to reinforce the message.

'A firm can have the most amazing pay and benefit structure but if it isn't reinforcing an existing strategy or culture, it will get nowhere in terms of building employee engagement,' Brooks says.

Who works flexibly?

Larger employers offer far more opportunities for flexible working than their small and medium-sized competitors. More than half of people working in businesses with between 500 and 5,000 on the payroll offer flexible working compared with just over a third (37%) working in organisations with 100-500 staff. Large public sector bodies are even more likely to offer flexibility with more than two in three (69%) of civil servants working flexibly compared with one in four (26%) of manufacturing workers.

Generating a buzz around reward and recognition

Siemens – the world's leading provider of open communications – implemented an employee reward and recognition scheme following the results of their first employee engagement survey which pointed to recognition within the business as the lowest scoring question.

Applause, the employee engagement programme designed to address the issue of recognition within the business, was structured to recognise all employees for their extra effort in achieving the company's objective, as well as empowering managers to reward members of their team.

In order to earn awards participants are required to excel in any of five key business drivers: enhancing customer satisfaction, driving financial performance, supporting people engagement, process improvement and innovation and excellence in teamwork.

If employees excel in one or more of these fields their manager can make an award in points to them from a fixed budget – 100 points equal £1. Alongside the individual awards, participants also have the opportunity to receive quarterly and annual awards for top performers within each category.

Applause uses web-centric, an online points banking system from Capital Incentives & Motivation – that offers participants an extensive choice of rewards ranging from merchandise, store-specific vouchers and a selection of activity and leisure days. Once their manager makes an award, the recipient is notified by email and is invited to visit their online account to review their personalised points statement and reward catalogue.

The positive impact of Applause on levels of recognition within Siemens can already be seen. The results of the 2008 employee engagement survey have seen responses to questions about recognition moving from the 14th percentile to the 40th percentile. In addition, employee feedback on the system has been positive and a real buzz about recognition has been generated.

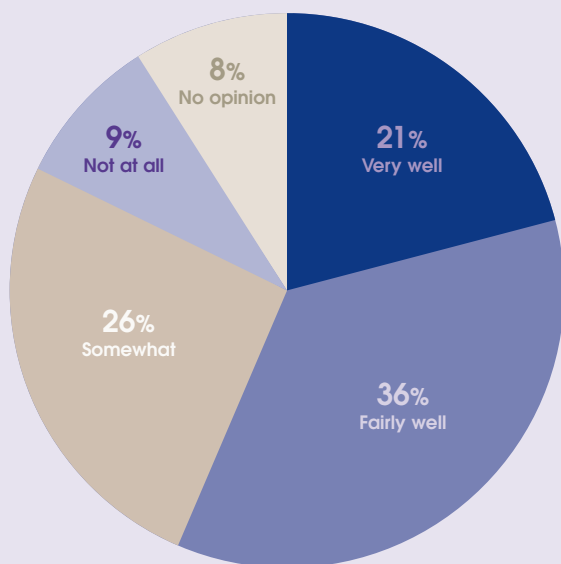
Section 3: The role of rewards and benefits

Communicating reward

To build engagement, employers have to be sure they are communicating their reward and benefit packages effectively. It is clear from both the employee and employer research that this is not the case.

Only one in three employers (33%) believe staff understand what benefits are on offer. Nor does the workforce appear to understand the value of the rewards on offer. Only one in five (21%) claim to have a good understanding of the value of the benefits available while nearly one in ten (9%) admits to having no clue about the value of these benefits. Employers will be unsurprised by these figures given that a mere 15% of them believe staff understand the value of their benefits.

How well do you understand the true value of the benefits available to you from your employer?



'Do staff understand the value of the benefits they receive? Probably not. The majority have been here since Adam so it's probably a cultural thing. Perhaps we sent out too much information and people have become complacent. They don't take time to look at what we are offering them.'

Senior HR Adviser, NHS hospital trust

Motivano's Mark Carman says it is clear that employers are not maximising the impact of the rewards and benefits they offer staff. 'We estimate that most benefit packages are only 30% effective in most organisations. If employers were to spend a bit more on communicating them to staff they could have twice the impact. But to do this they have to take the view that reward is more than a recruitment tool.'

Does seniority encourage engagement?

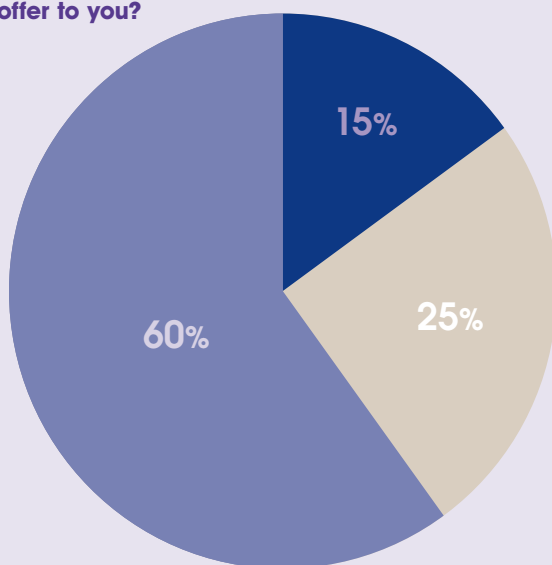
Seniority may or may not offer greater benefits but it certainly brings about a greater understanding of their true worth. Three in four managers (76%) say they understand the value of their benefits compared with less than half (49%) of non-managers. As a result they tend to think their reward packages compare well. Nearly half of managers (48%) say their pay is competitive compared with less than one in three (31%) of non-managers. This could be because they tend to feel that they have more influence over benefits and incentives. Only 9% of non-managers say they can influence the benefits they receive compared with 32% of managers.

One way of increasing employees' understanding of their benefits is to introduce personalised total reward statements advising staff of the financial value of their rewards and incentives. Currently less than one in ten employees (9%) say they receive this and only one in eight (12%) employers say they offer it.

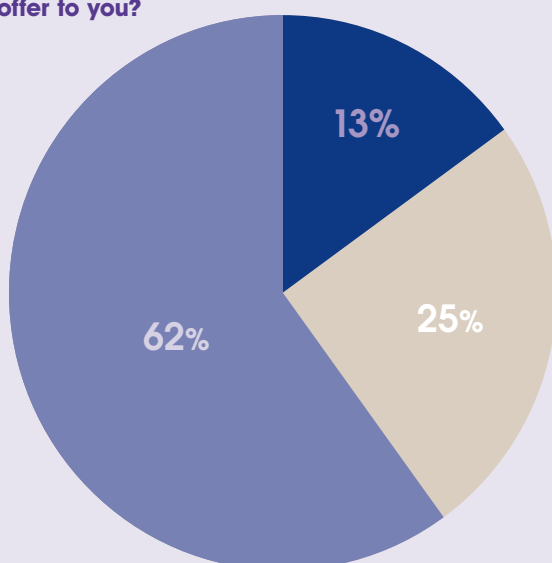
Another means of improving communications around benefits and leveraging employee engagement would be to involve the workforce more in developing reward and incentives packages. Employee data suggests that employers tend to impose benefits on staff with only 15% feeling they can influence the benefits on offer to them and 13% feeling they have any influence over workplace incentives. Within the public sector this drops to 9% and 7% respectively.

How much influence do you feel you have over the...

...choice of benefits
on offer to you?



...choice of incentive
on offer to you?



A great deal / some influence
 Neutral / no opinion
 Not much / no influence

Flexible benefits schemes are a means of offering employees choice and a stronger element of control. Once again, there is an opportunity for employers to grasp. While 25% of employers say they offer flexible benefits, only 14% of employees have access to them, and a further 26% would like access to flexible benefits.

'We are setting up a flexible benefits programme and it's important that we get the right benefits into the package available to employees. People at different stages in their careers want different things. Our younger staff are more likely to want money towards their holidays rather than a pension payment.'

OD Consultant, insurance firm

In many ways, data relating to benefits demonstrates the broader problems employers are having with engaging staff. Employee engagement is about developing new ways of working and new relationships between organisations and their staff. But it requires employers to treat their people as individuals and to reward them accordingly. This doesn't mean offering massive pay hikes – few businesses can do that. But it does mean understanding what drives individuals to work for you and using reward to show that you understand and that you recognise their extra effort.

Newcastle scores with childcare voucher communications

Newcastle City Council used football-related communications with male staff to promote their childcare voucher scheme. Accor Services, in partnership with the HR team has developed a range of communications featuring a father and son at a football match with the numbers 1195 written across their t-shirts to illustrate the number of pounds that could be saved by fathers each year if they use the benefit.

'A range of posters were designed and the one we chose had a picture of a father and son in football shirts to target male employees. A lot of our male staff didn't realise they were eligible for the childcare voucher scheme,' says Jill Hunton, Human Resources Adviser at the Council.

Since the football related images have been used to promote the scheme, interest in childcare vouchers from employees has increased. Additional communication tools have included awareness days with Accor Services, the childcare voucher provider, as well as emails and personalised letters on the available benefits.

Section 3: The role of rewards and benefits

Communicating reward

Total reward statements on a global stage

Arup – the global firm of designers, engineers and business consultants – has over 7000 employees based in 32 countries. The firm's employees enjoy excellent pay and benefits, but the company wanted each of them to better understand the value of each item and increase their appreciation of their overall benefits package. To achieve this the business adopted Motivano's online Total Reward Statements solution.

To use the system each employee has a unique username and password. The online Total Reward Statement lists each employee's reward items, such as salary, profit sharing plans, car allowance, pension, health insurance, life cover, accident insurance and income protection. It also includes items that have not been assigned a monetary value, like season ticket loans and flu vaccinations, in order to draw these less obvious perks to the attention of their employees.

By having a personalised statement listing all their benefits, employees gain a deeper understanding and appreciation of the investment Arup has made in them.

Because packages vary both by country and by type of employee, each Total Reward Statement is unique. There are a few global reward items so packages are tailored to local markets. Some countries have unique benefits, for example employees in China receive a New Year bonus and some expatriate employees on international assignments have tailored packages reflecting personal circumstances. Each variation within the organisation is accommodated by the Total Reward Statements solution.

The feedback from staff following the rollout of Total Reward Statements has been very positive and because they can be accessed via the company intranet, usage of the system has been high. Managers in the business report they value the clear presentation of the rewards and benefits in this way and in the UK the number of people leaving the business for reward-related reasons has halved since Total Reward Statements went live.

Section 4: An engagement action plan

Take action to improve engagement

It's clear from our research that organisations acknowledge the importance of engagement – as many as 74% of employers questioned think it is 'on the radar' of their senior managers. Nonetheless, many seem unaware of how to improve levels of engagement and the specific role that rewards and benefits can take in this. Here we outline the steps organisations can take to drive engagement among their people.

1. Find out where you are with employee engagement

Don't guess how engaged your employees are, find out. Only one in five employers (20%) use employee research to determine levels of engagement in the organisation and only two in five measure employee engagement at all (42%). This is despite the fact that 66% measure employee job satisfaction and 60% measure their perceptions of the business.

It doesn't take a lot more to quiz them on their motivation levels, how valued they feel and whether or not they would recommend the business to others. Understanding employees' perception of all these issues will help draw a picture of engagement levels and identify gaps.

However, to use this data to successfully establish an engagement strategy, it is important to understand the different levels of engagement within their business. Make the effort to segment groups within your organisations – along the lines of age, seniority or whether they are working parents or carers, for example – and seek to understand how engaged they are with the business.

2. Get managers on board

Managers are the cornerstone of any engagement strategy. If managers feel engaged it's likely that their team members will too. Conversely, if they feel disengaged from the business it will be hard for their team members to feel differently.

Managers need to be equipped with the right skills to evaluate engagement within their teams, understand what staff really want and respond to feedback from employees on this issue. They need a range of skills to understand the key factors that affect engagement and identify them within their teams. They also need communication skills to enable them to discuss engagement initiatives, the opportunities for career development within the business and the range of available and planned rewards and benefits, for example, as well as the ability to listen and respond appropriately to employee feedback.

Managers need to participate in training to develop a consistent portfolio of skills across the business to analyse engagement and trends in employee attitudes. Organisations should take the opportunity to review how this training can link with existing management development strategies.

The opportunity for managers to become ambassadors for engagement is perhaps best seen in the context of rewards and benefits. Our research shows that managers have a better understanding of the true value of their benefits. As such they can demonstrate their support for these programmes, explain the value of specific rewards and benefits and outline how employees can make the most of what's on offer.

Section 4: An engagement action plan

Take action to improve engagement

3. Be prepared to take positive action

To drive engagement within an organisation it needs to be positioned at the heart of the business and placed high on the senior leadership agenda. Senior managers should be encouraged to recognise the link between engagement, customer service, commercial performance and stakeholder value; it will not be possible to secure employees' backing without the vocal and visible support of their leaders.

Taking positive action also requires organisations to invest time in and develop processes to analyse and act on the findings of employee research, surveys and response mechanisms. Failure to take action on what your people are telling you is worse than not even asking them what they think. Doing this will impact negatively on your reputation and employer brand, so before you begin asking questions have a strategy in place for analysing your findings and putting an action plan in place.

4. Recognise the opportunity for HR

The HR function is key to supporting managers in their assessment of engagement and the delivery of an engagement strategy across the business. Their role extends beyond the provision of training and extends to monitoring and updating managers' skills and offering ongoing support to enable them to regularly assess their employees' attitudes and take appropriate action.

Engagement is a vehicle through which HR can become an effective business partner across all teams and departments. The opportunity to play a strategic role across a range of business functions and drive engagement throughout the business should not be underestimated.

Communication is the key to engagement

Andy Philpott, Marketing Director, Accor Services outlines some key areas for focus

- Have the management structure and supporting processes in place for listening and communicating with employees.
- Check managers have the right skills and attitudes to enable listening and communication with employees.
- Build communication programmes to drive engagement that are 'above and below the line'. Think about broad online & offline internal media, but reinforce this through managers and their local, one-to-one communications with employees. Online technology developments will also allow more intelligent one-to-one communication.
- Segment your audiences and build communication programmes for each group; this is a real opportunity for HR to work in partnership with marketing teams. It is applying customer marketing techniques to employees.
- Make research a regular event on your and the organisation's calendar. This should be formal and informal activity to listen to and understand employees' views, needs and preferences on a range of issues that impact engagement. And use the findings to inform future communication programmes.

5. Make communication a two-way process

To be successful, communication has to be two-way and organisations need to recognise it as a driver as well as an enabler of engagement. Engaged employees feel involved in an organisation and believe they do and can contribute. They want to be able to communicate their ideas and suggestions and raise any questions or concerns.

In relation to rewards and benefits, employers should revisit communication systems to ensure they keep staff up-to-date with available products and schemes. Employees need to know what's available and when, what it is worth to them but also how it fits the organisation's broader business aims. For example, health and wellbeing measures could be linked to reductions in absenteeism.

It is also worth dividing benefits into categories that mean something to staff rather than simply offering a massive, but perhaps confusing, suite of benefits and incentives. Categories might include, for example, enhancing wellbeing, meeting life's essentials and improving performance.

6. Fix benefits as part of your wider engagement strategy

Too often rewards and incentives are designed to recruit new people or tie in existing staff without enough thought being given to how they secure engagement. A reward strategy is just one of several engagement drivers that include good leadership and communication, well-designed work and opportunities for career progression. They must be mutually reinforcing.

While rewards and incentives should be introduced with the needs of the business in mind, they are useless as an engagement tool if staff feel disconnected from what's on offer.

It is important to get the right mix of benefits for your workforce. People at different stages in their careers want different things, for example, at a simplistic level, new graduates might want money towards their holidays rather than a pension contribution.

Ask staff what benefits they want to see – although you should anticipate that some requests will be impossible to offer! For larger organisations staff surveys are an obvious way of finding out if existing benefits meet their needs and what other benefits they would like to see. But smaller organisations can also undertake effective research, for example, via an incentive forum for 25 employees over a sandwich lunch.

Of course, any sort of employee research or review of your reward and benefits offering should not be considered a one-off event. It's crucial employers keep up to date with changing staff preferences, needs and wants.

'We have been running an engagement survey for five years. We are starting to get the basics right and getting better generally. We ask our people every year what they would like to see. Many, such as free travel, we can't possibly do anything about.'

Employee Engagement Manager,
engineering business

Section 4: An engagement action plan

Take action to improve engagement

7. Take a flexible approach to benefits

Flexible benefits are an option that give staff some control over the benefits they receive and are a positive solution if employers want to involve staff in benefits selection. The cost of operating flexible benefits is comparatively low once the scheme has been introduced; a small investment in flexible benefits would probably double the impact of your benefits spend.

However, employers need to be ready for an increase in the uptake of benefits following the introduction of a flexible benefits scheme and the resulting extra outlay. Many employees will not have realised what was on offer and will want to take advantage of it.

Developing a benefit strategy that fosters engagement will take time, so it's worth looking for what you can do now to show that you understand and value your staff. The obvious ones are tax free benefits such as childcare vouchers and the government's bike to work scheme, both of which can be introduced almost overnight and cost little or nothing to implement.

8. Express the total value of benefits

Enabling employees to understand the value of benefits is a key factor in promoting and supporting engagement. Total reward statements are an ideal way of showing workers what their benefits are worth. The best total reward systems also take account of the less obvious financial benefits such as training and development spend. Employers can use total reward to build engagement further by explaining to staff why they might want to take a benefit such as pension or health insurance, rather than cash.

9. Keep your advocates engaged

One in three staff is neither engaged nor disengaged and form a key audience for your engagement strategy. These 'floating voters' should be targeted as a priority to ensure they do not make the transition to disengagement, although it should be acknowledged that reward and benefit solutions alone will not increase their engagement levels.

Consideration should be given to concrete and immediate tactics to reacquaint them with why they joined the organisation in the first place, for example. With this group in particular it's the little things that show you care – suggestion schemes that value their ideas or store discounts that show you are willing to make the effort for them too.

Acknowledge the role of incentives

An incentive to reward good work is a tried and tested way of boosting staff morale and enhancing engagement. According to Derrick Hardman, Managing Director of Capital Incentives & Motivation, there are a range of tactics you can employ to ensure your incentive scheme hits the mark with your workforce.

- Set realistic targets. Nothing is more likely to switch people off an incentive programme than a seemingly impossible target. They must be realistic and fair – a good way of doing this is asking individuals to set their own. Also be wary of introducing across the board objectives; remember you're dealing with individuals.
- Select the right rewards for your incentive programme. Conduct research to establish what motivates people now (rather than offering the same reward as last year) or give recipients the chance to work towards a gift of their own choice, for example, vouchers or gift cards.
- Communicate effectively and frequently about the scheme. Launch it with a bang to excite and engage the audience and ensure the rules are easily understood. Transparency is important so the scheme is seen to be fair.
- Have lots of winners and reward all achievers. Recognising and rewarding all those who achieve promotes a more positive environment than one with lots of losers. Consider frequent awards with lots of categories so everyone has an equal opportunity to be successful.
- Encourage sustained effort. Nothing demotivates the average employee than seeing others streaking ahead from the start, leaving them with no chance of catching up. If everyone starts afresh each month, everyone has a chance to compete on equal terms.
- Present awards publicly. Recognise efforts and achievements at company meetings and encourage presentations by senior managers.
- Evaluate the incentive scheme regularly. This will ensure objectives are being met and enable you to refine and enhance the programme before its next launch.

10. Review, revise and plan ahead

Even in good times, employees' needs change and employers need to keep up to speed and be ready with resources and plans to respond to this change. For example, the past 10 years has seen a hike in the number of mothers returning to work and the result has been a massive focus on childcare needs.

Looking ahead, all employers face two major challenges over the next five years. An ageing workforce may well put a higher premium on health and wellbeing benefits than straight pay rises. But older workers will also be looking for pensions that pay. More immediately, economic downturn and rising prices are already putting the squeeze on household budgets and the best places to work will be looking at how their rewards and benefits can relieve the stress on employees.

In response to the changing business and operating environment organisations need to pay even greater attention to engagement issues and ensure their workforce is and remains engaged. Benefits and rewards are one way of doing this and, if planned and reviewed in response to the changing views and preferences of the workforce, will enable organisations to meet the challenge of engagement.

Methodology

The employee survey

The employee survey was conducted on behalf of Accor Services by Ipsos Mori throughout 2008 and over 1200 employees took part.

This online survey was conducted in April 2008 with representative samples of employees aged over 18 years. 54% of employee respondents were male and 46% female. 33% of respondents have one or more children. Employees participating in this study work across a range of sectors, including the public sector (37%), retail (21%), industry (15%), business services (6%), banking and financial services (5%), transportation (5%), IT (4%) and telecommunications (2%).

30% of respondents work for organisations employing less than 100 people and 31% work for an organisation employing over 5000 people. 15% of the sample operate at director / senior management level within their organisation and 19% are classified as 'service and sales' workers. 15% of respondents are aged 18-24 years, 33% are aged 25-40 and 52% are aged 40+ years.

The employer survey

434 employers responded to an email invitation to complete Accor Services' online engagement survey in July 2008.

Respondents work across a range of industry sectors, including the public sector (17%), business services (14%), manufacturing (10%), banking and financial services (8%), IT (7%) and retail (5%). These organisations ranged in size from employing less than 100 staff (41%), between 101 and 1000 people (35%) and over 1001 people (24%).

References

- Chartered Institute of Personnel and Development (2007) Employee engagement
- Chartered Institute of Personnel and Development (2006) How Engaged are British Employees
- Corporate Leadership Council (2004) Driving performance and retention through employee engagement
- Graeme Cohen and Nicholas J Higgins (2007) Employee Engagement (Journal of Applied Human Capital Management, Vol 1 No 1 2007)
- Jim Collins and Jerry I Porras (1994) Built to Last (Random House).
- D Robinson, S Perryman & S Hayday (2004) The drivers of employee engagement (Institute for Employment Studies)
- Towers Perrin (2003) Working today: understanding what drives employee engagement
- Vodafone (2008) Working Nation: the nature of work

Accor Services



Many of the companies in the Sunday Times 'Great Places to Work' survey work with Accor Services.

The key to boosting performance is striking a balance between work and home life, and we believe that harmony breeds success. Businesses that look after their employees attract the best people, keep the best people and get the best out of them at work.

We believe incentive and reward programmes and the continual development of employee benefits have an important part to play in increasing employee engagement with a business and enhancing performance as a result.

Our products are all created with this philosophy in mind and each year thousands of private and public companies entrust us to arrange and oversee motivation, loyalty and benefits programmes, organise events and communications and distribute awards, all with the aim of making life work better for employees, channel partners and customers.

With operations in 40 countries and a team of 4900 legal, technology and marketing experts, Accor Services can support your employee engagement objectives with local, European and global reach.

www.accorservices.co.uk

Motivano



Motivano are the UK's leading HR technology provider and are recognised as the UK's most innovative benefits consultants. Their award winning benefits, Total Reward solutions and advice have revolutionised the management and communication of employee benefits around the world, helping improve employee engagement for many large and small organisations including Coca Cola, Gucci, Microsoft, Rugby Football Union, Pfizer and QinetiQ.

Motivano's web based HR tools include Flexible Benefits, Voluntary Benefits, Total Reward Statements and Leave & Absence Management. The technologically advanced modules are affordable and easy to implement, helping organisations to reduce their benefits administration costs whilst improving productivity in the workplace.

www.motivano.co.uk

Capital Incentives & Motivation



Incentive schemes and reward and recognition programmes which are well conceived, communicated and managed have the power to deliver the motivation, engagement and performance returns to increase business growth.

Recognising a great idea, acknowledging long service and commitment, rewarding sales performance, employee or team achievement or a simple thank you at Christmas – there are unlimited ways incentives and rewards can make a real performance difference.

Capital Incentives & Motivation, part of Accor Services, are performance improvement specialists who have been helping organisations of all sizes for over twenty years do just this with the widest choice of reward and loyalty services.

www.capital-incentives.co.uk

Accor Services
50 Vauxhall Bridge Road,
London SW1V 2RS
tel: 0845 330 4411
fax: 0845 330 4410
www.accorservices.co.uk

