

BEST EMPLOYERS 2011

{ ENGAGEMENT IS THE KEY }

Striving to keep the best pays off

Savvy firms adopt the ideal people practices

MARGOT SHAVE

AUSTRALIAN and New Zealand employees have emerged from the global financial crisis expecting more from their employers, and are becoming harder to please.

The results from Aon Hewitt's Best Employer Australia and New Zealand survey were released this week and trends show that overall employee engagement is continuing to fall across these workforces.

"I think expectations and choices have increased, we talk about reduced unemployment and a tighter labour market, and those people asking questions of their employers are not necessarily getting the answers, and are less forgiving of these shortfalls," says Tim Powell, Aon Hewitt's chief executive officer for Southeast Asia and the Pacific.

Of the 124,000 employees interviewed across 200 organisations in these two countries, the results show the overall engagement fell by 3.6 per cent this year to 53 per cent.

While some of the surveyed companies point to the lag effect from the GFC, believing the workforce is more challenging to engage now than during the crisis, Aon Hewitt researchers found employees were asking three key questions: Is there a compelling reason to continue working here? Is it worth putting in the extra effort? And am I supported to be successful in my role?

"I think we're in uncharted waters; when you look back to 2005 to 2007, there were equal levels of skills shortages, but what's interesting is that engagement of the workforce has dropped [by] four percentage points from this period," Powell says.

"If you throw into the mix the multi-speed economy, you really start to find employers in positions where they haven't been before," Powell says. "Some organisations and sectors are doing very well financially and others are not so strong, and they're competing for a similar workforce."

The 200 organisations surveyed are divided among 15 industries, with strong industry representation from consumer

goods, financial services, pharmaceuticals, professional services and property, and construction and engineering.

The 11 accredited Best Employers span many of these sectors, including representatives from hospitality, telecommunications, media and marketing and logistics.

"What's interesting about this year's study is the diversity of the accredited Best Employers, they are not from any single sector and are quite differentiated in size, with some smaller companies and some very substantial organisations, which means that it is clear these organisations have made a choice to focus on people practice," Powell says.

The connection between high levels of employee engagement and profit growth was made clear by this year's Best Employers Highlights Report by Aon Hewitt, as researchers found that Best Employers achieved, on average, profit growth almost four times that of other organisations over the past two years.

Two of the areas where the Best Employers stood out from the other organisations surveyed were related to employee responses to questions about how well their organisation inspires them to do their best work and motivates them to contribute more than normally required.

In contrast, only 50 per cent of employees from non-accredited organisations spoke positively about their organisation to others, intended to stay with the company or said they put in additional effort to achieve results.

Crucial to creating this sense of inspiration for employees was for companies to have an authenticity of leadership, and highly capable people managers who engender a level of trust with their workforce, according to James Rutherford, senior consultant, talent and rewards, for Aon Hewitt.

"I think instinctively we know there's a difference between great leadership and the rest," Rutherford says.

"For us the theme of authenticity is around meeting expectations, being transparent and



Tim Powell (right) and James Rutherford of Aon Hewitt believe a few key areas make a big difference in business performance

'While the senior executives design the strategies, it is the middle managers who implement and deliver them.'

TIM POWELL
AON HEWITT

talking openly about personal successes and sometimes personal failings."

The results of the survey support this, with 72 per cent of Best Employer organisation reporting they saw strong evidence of effective leadership within their organisation, whereas only 49 per cent of employees from other organisations saw evidence of this.

Specifically, middle managers were identified as being crucial to engagement levels within an organisation as the degree of their own engagement levels was obvious to the people they managed.

"The stock phrase we would use is the level of manager engagement caps the engagement for the entire organisation," Rutherford says.

"Very simply, if you have a boss [who] doesn't say great things, doesn't indicate in their behaviour that they are connected with the

organisation and doesn't display discretionary effort, firstly you notice, and then you are likely to start mirroring that behaviour."

"The reality is that right back from 2007 we really started to notice that middle management group coming under increased pressure, as they were expected to do more with less," Powell says. "While the senior executives design the strategies, it is the middle managers who implement and deliver them."

For companies trying to plan ahead to raise their levels of employee engagement for the coming year, Powell and Rutherford believe there are a few key areas that make a big difference.

"It's about manager capability, delivering through — rather than to — a workforce," Powell says. "Career development is one of the things that we think is a perennial challenge for organisations.

"Overall, I think you've got to keep it simple and focus on delivering what you promised. If you can put ticks against those boxes, I think you're well on your way to becoming a Best Employer," Powell says.

Rutherford stresses that organisations have a choice about what they focus on in their people practices. "I don't think any of the Best Employer accredited organisations faced any different economic or market circumstances to their peers, but they made a choice about what they focus on with their people strategy and they believe that pays dividends."

"In the market today, increasingly employees are facing an increasing choice and asking the question, 'Is this really the best place for me?'"

"For those Best Employers it's probably now a great opportunity to attract people out there."

Winners of 2011 – and what they say

Best of the Best

Hilti Australia

"A Best Employer is made up of people who realise their full potential and who are motivated to perform beyond just their usual duties. When people are developing and growing, it benefits the organisation and this is a win-win situation for both the organisation and individual." Jan Pacas, general manager, Hilti Australia.

Accredited and Special Commendation

FedEx New Zealand

"A Best Employer must be committed to fostering a strong people culture and making its employees feel valued in the workplace." Kim Garner, managing director, FedEx Australia and New Zealand

Accredited

Aegis

"The Best Employers are those organisations that put employee engagement at the forefront of their thinking. Without employee engagement no organisation can expect to exceed their customers' needs and drive sustainable shareholder value." Denise Pitt, president Australia and New Zealand Aegis

Boehringer Ingelheim Australia and New Zealand

"The health of the organisation will be sustained if we can change faster than our environment changes. Being a Best Employer means we can take our company and employees to where we want to go together, not where others may want to position us." John Dixon, managing director, Boehringer Ingelheim Australia and New Zealand

Flexirent Capital

"We could never have achieved the results we have without having an engaged workforce. It is no coincidence that our growth began to accelerate on a continuous basis only since we made a concerted effort to improve our employee engagement — from an unacceptable 31 per cent in 2004

to Best Employer in 2011."

John De Lano, CEO Flexigroup

Frucor Beverages (Australia)

"It's now a given that our leaders need to be authentic, but our people are looking for leaders to 'walk the talk' and be able to connect with them, rather than simply being visible." Jonathan Moss, CEO, Frucor Beverages (Australia)

Frucor Beverages (New Zealand)

"I have a pretty simple strategy for the business — we hire the best people we can find, and then create an environment where they are highly motivated to grow and contribute." Carl Bergstrom, CEO, Frucor Beverages (New Zealand)

InterContinental Hotels Group

"Our people are the difference between 'like' and 'love'. Guests like our beds, our towels, our restaurants and our check-ins, but they love our people. Our people pull together to bring our brands to life and give our guests a reason to choose us again." Bruce McKenzie, chief operating officer, InterContinental Hotels Group

Johnson & Johnson Medical

"Walk the talk; live the credo; establish honest relationships across the organisation and build trust through transparency." Anthony Bishop, area vice-president for Australia and New Zealand, Johnson & Johnson Medical

Merck Serono Australia

"If you have high employee commitment and motivation, then employees are better prepared to ride through difficult times. A lot of HR initiatives are not expensive — ie, listening and giving people choices. It is false economy to mess with people." David Garmon-Jones, managing director of Merck Serono Australia

Millward Brown Australia

"Ensure your senior leadership team is aligned and committed to the business direction. The leaders need to have a strong people focus and consistency." Ben Dixon, managing director, Millward Brown Australia



Hilti's Jan Pacas, right, with Aon Hewitt's Tim Powell at the awards ceremony this week



Want to be a *Best Employer* in 2012?

Benchmark against the best and position your company for improvement.

Call the *Best Employers* team on 02 9253 7100 or visit aonhewitt.com/bestemployersanz