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Employee Engagement and Talent Management

The evolution of Employee Engagement

1990

Employee
Satisfaction

Are employees
happy?

2000

Employee
Commitment

Are employees
motivated?

2007

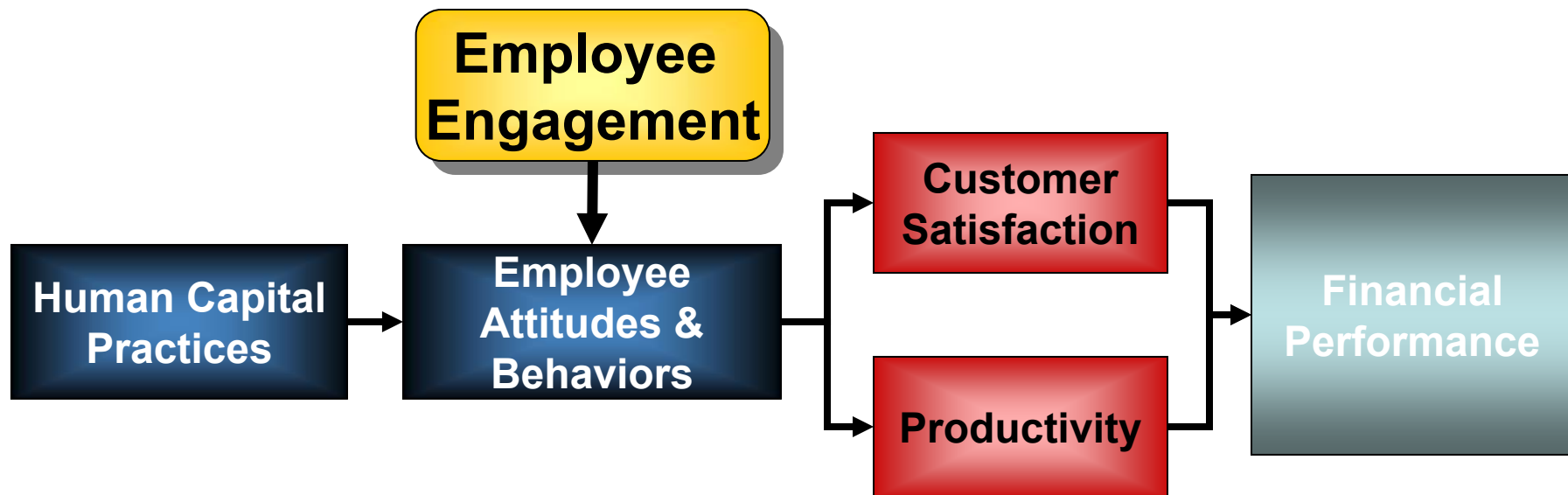
Employee
Engagement

Are employees
motivated?

Do they **know**
what to do?

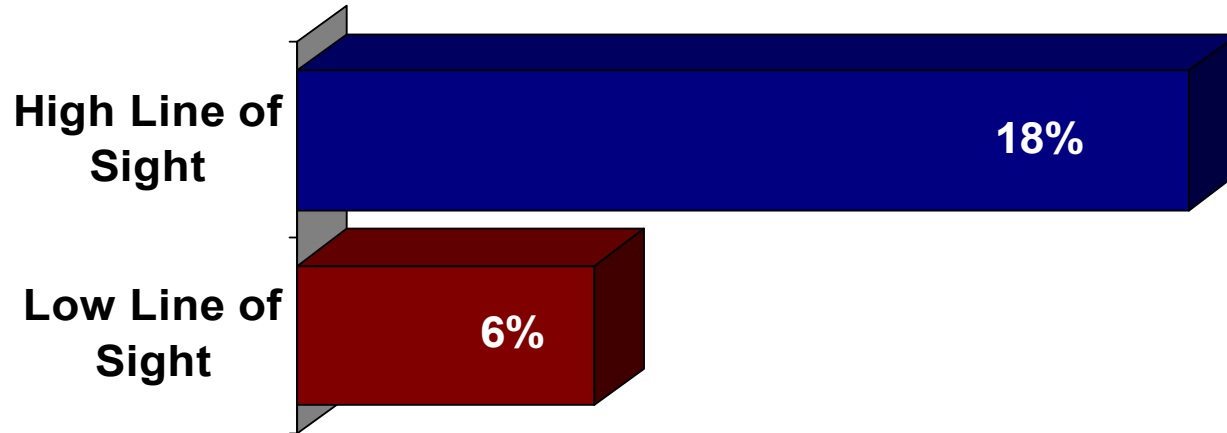
Why should we be interested in Engagement?

- Proven relationship to bottom-line
- HR now requires more sophisticated metrics



Higher Line of Sight creates higher financial returns

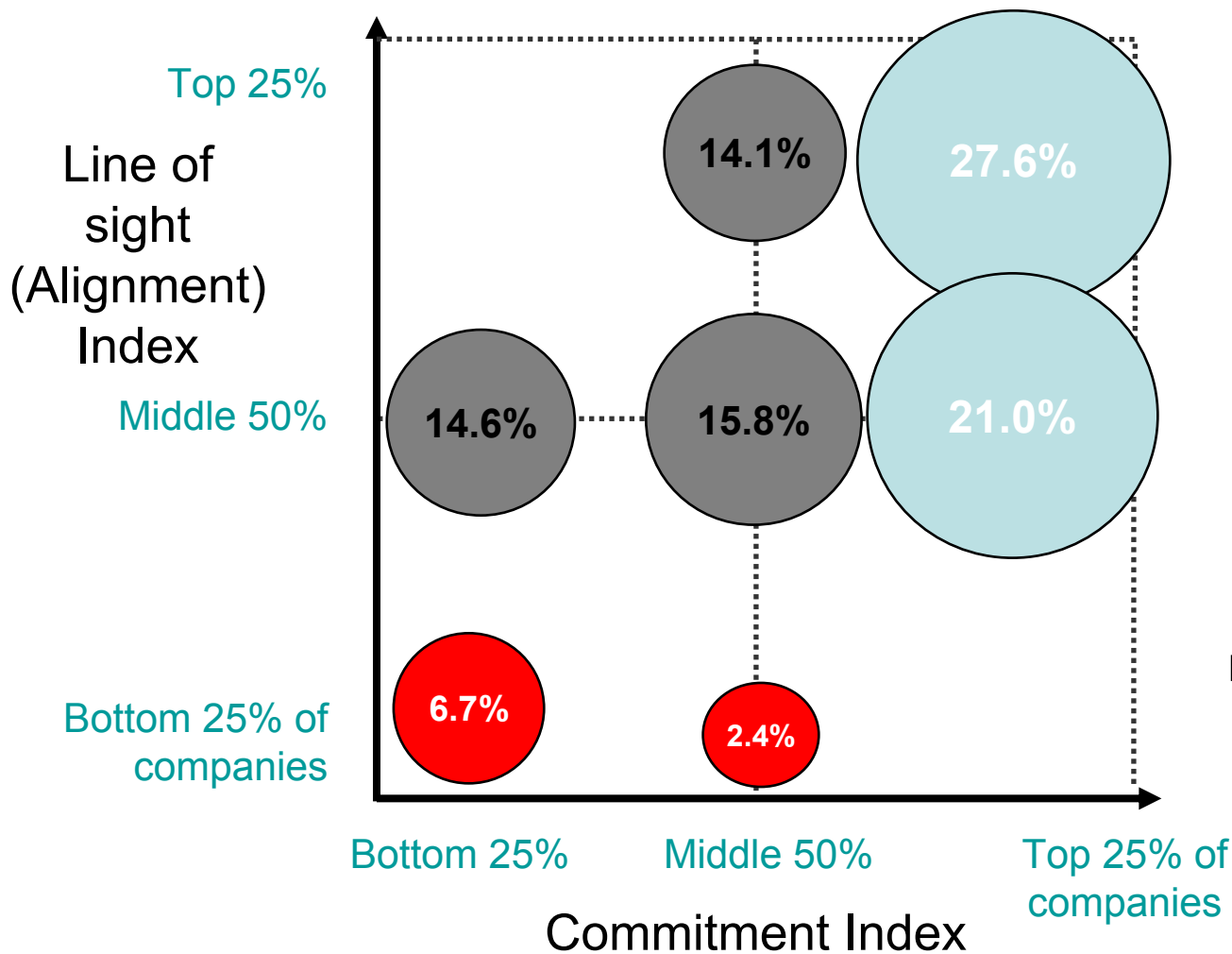
- Line of sight: when employees know what to do to make their organizations successful.



Scores are for “Economic Surplus Value”
WorkUSA 2004-2005

Surplus Value is measured by Tobin’s Q, an economists’ ratio.
A score of 18% means the firm would expect to earn 18% more profits than would be required to replace its assets.

Employee engagement is linked to business



Three year Total Return to Shareholders from companies with each predominant cluster type (eg 21% for those with high commitment and medium alignment)

Source: Watson Wyatt's Work database

Companies are now focusing on engaging their top-performing employees

What high-performing organisations are doing

Is

What top-performing employees are asking for

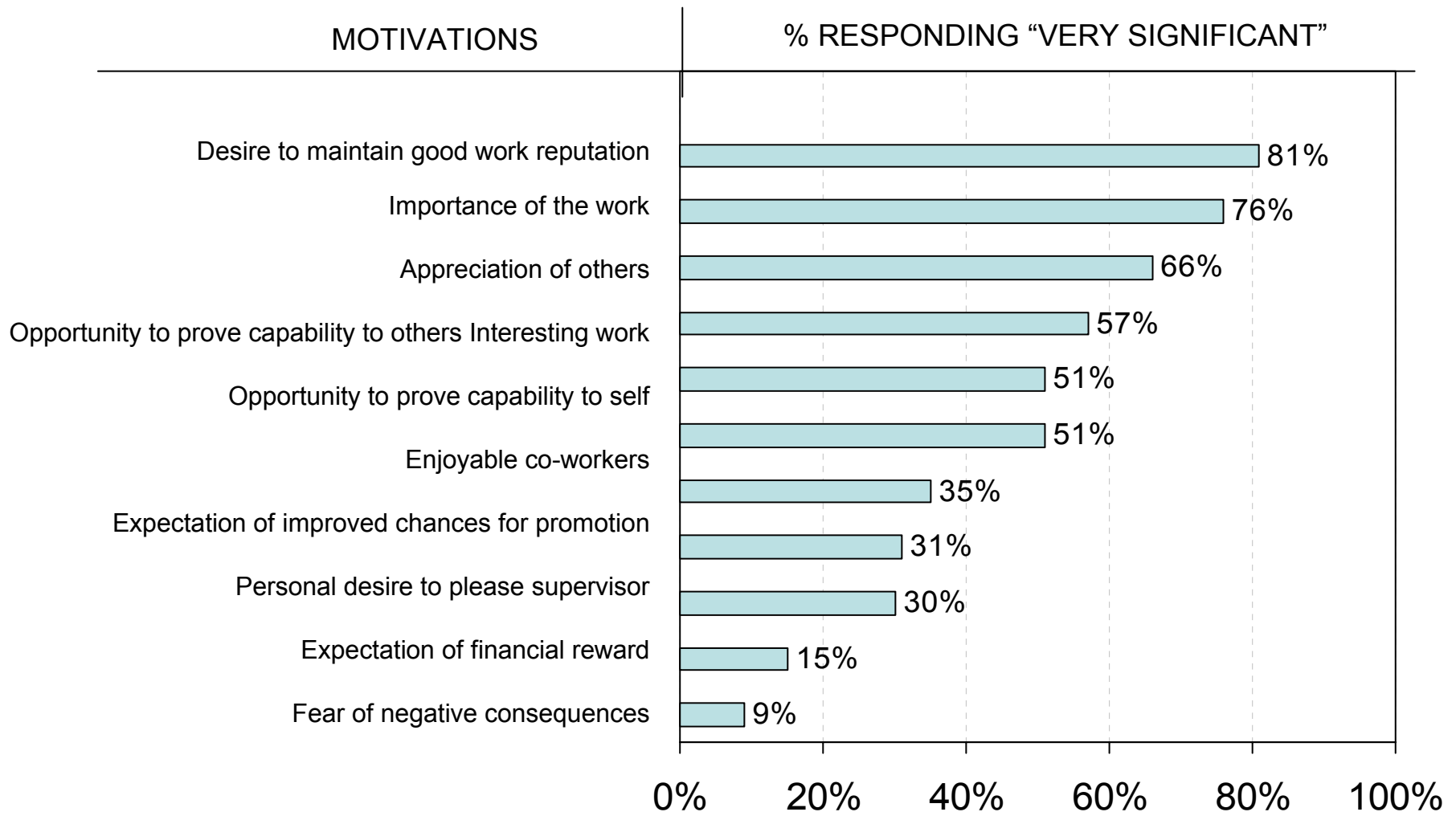
And it

Helps reduce turnover of top performers

And this

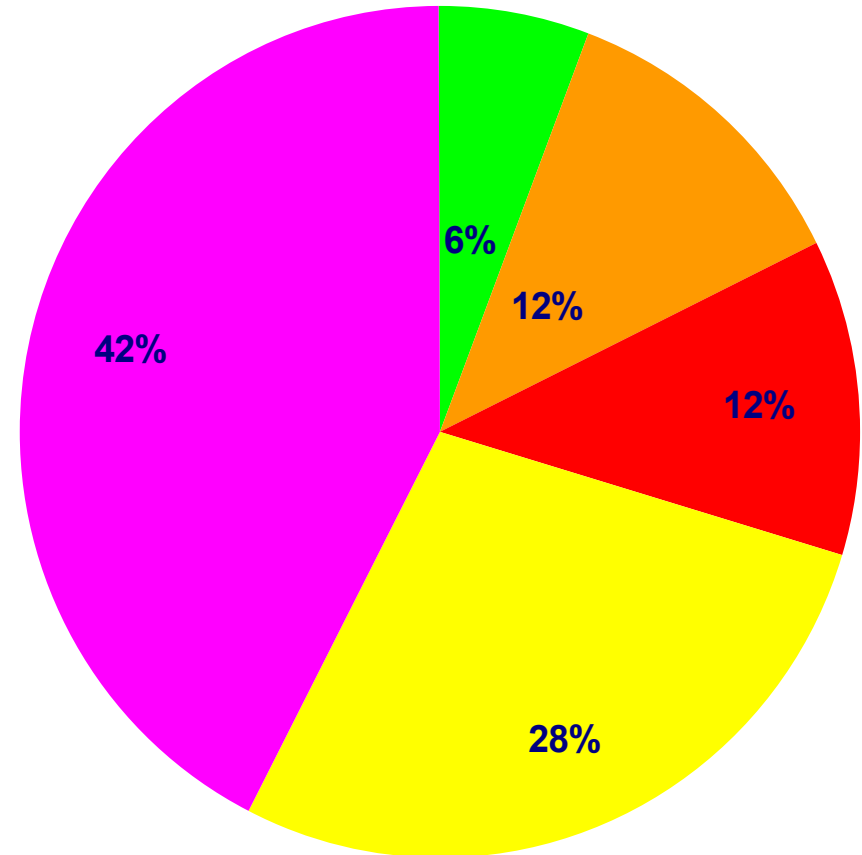
Leads to better performance

What motivates top performers?



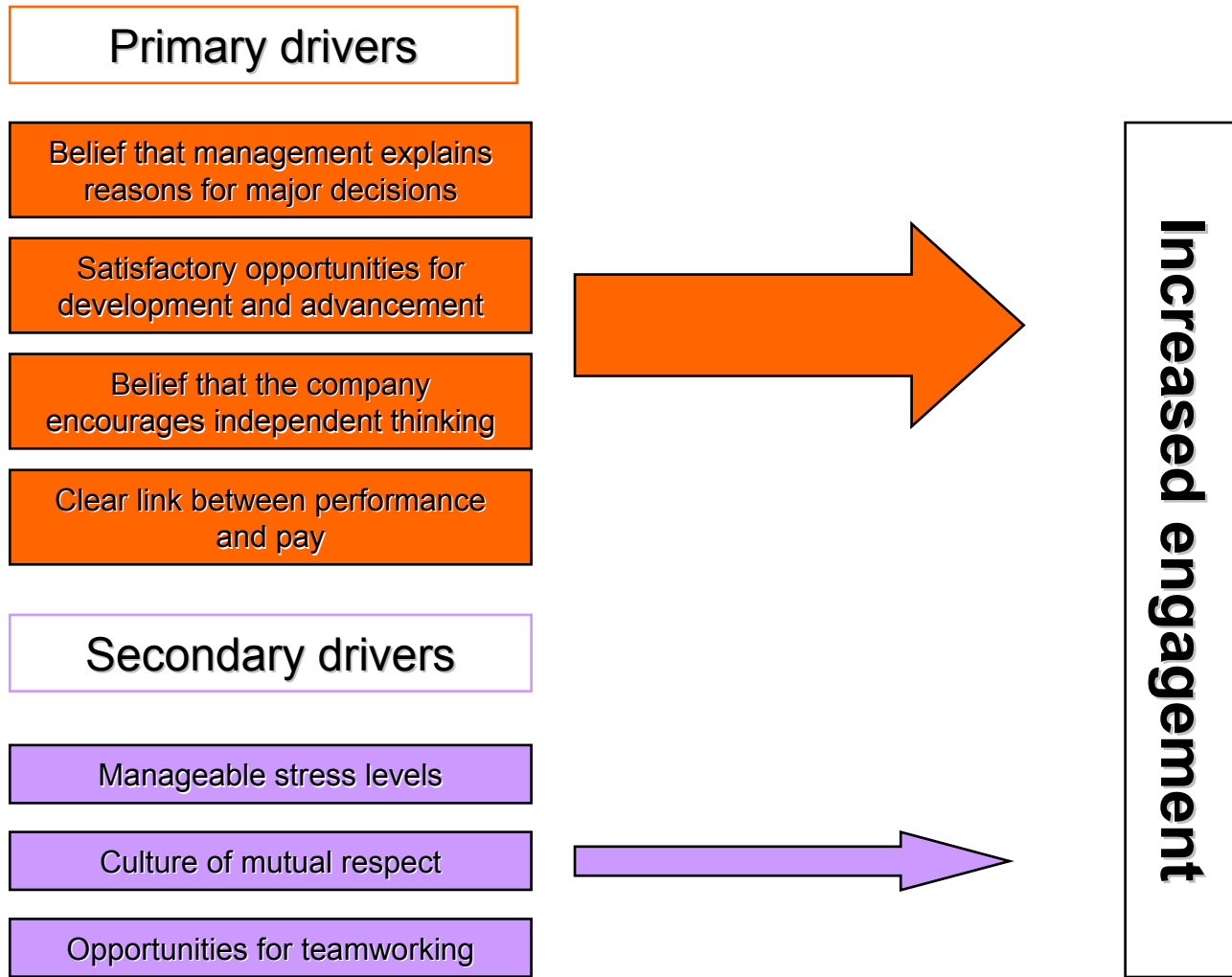
The organisation's talent strategy needs to be incorporated in individuals' career

- Free Agent** — Moving quickly between/within companies where your skills are in highest demand
- Experimenter** — Trying many things, building a portfolio of skills
- Fast Tracker** — High involvement, high reward, quick advancement
- Company Dedicated Careerist** — Long-term skill development
- Balanced Careerist** — Work/life balance is a priority

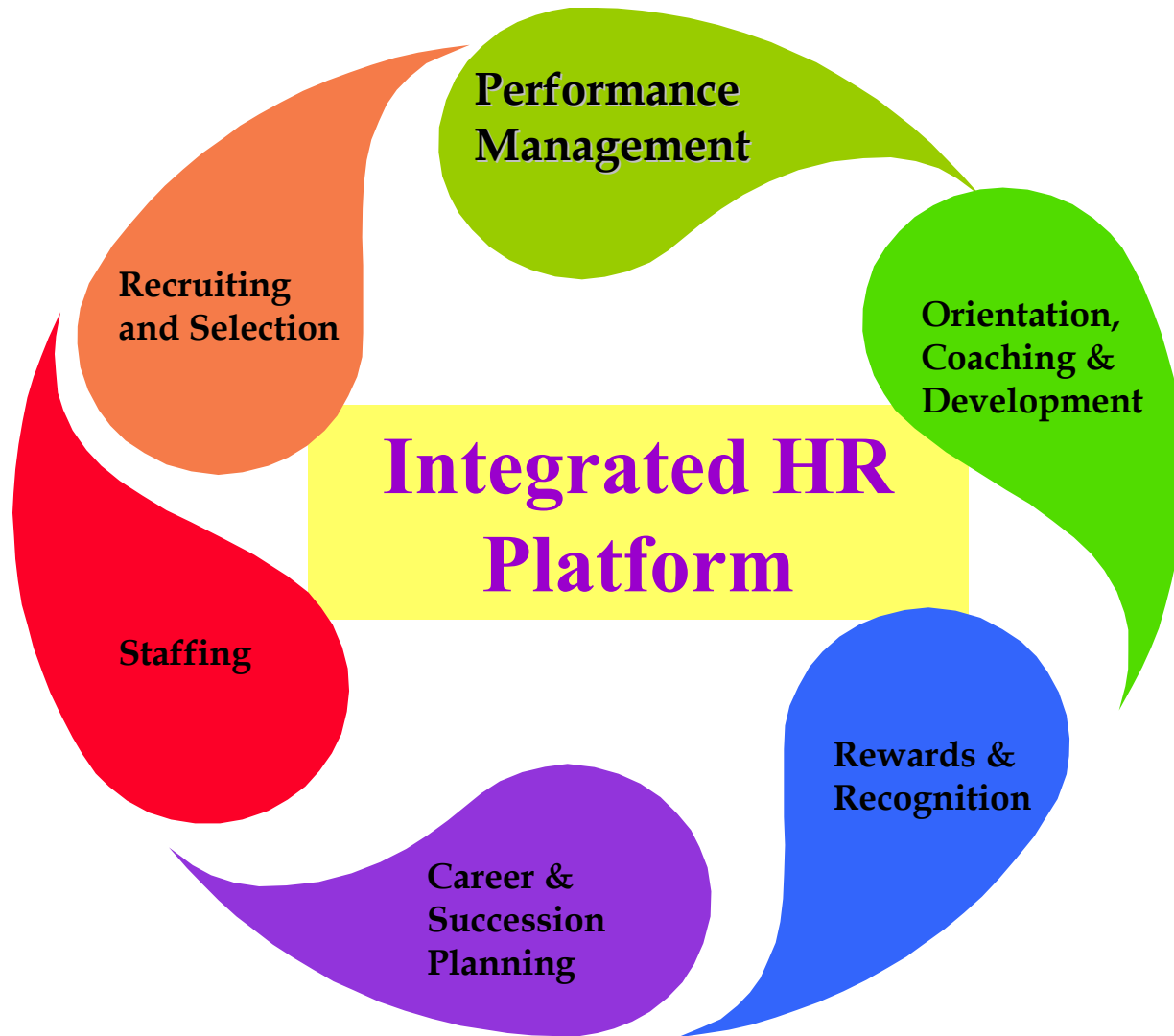


Source: *Talent Management Study (Manpower 21)*

What can be done to increase Engagement levels?



Performance Management Most Effective When Integrated with Other HR Systems



Performance management overview

