

Inside Employees' Minds

Navigating the new rules of engagement

Canada survey summary – June 2011



About What's Working™

*Mercer's proprietary What's Working™ survey, which examines employee views on work, was conducted over the past two quarters among nearly 30,000 workers in 17 countries, including more than 2,000 workers in Canada. The survey, results from which were last released in Canada in 2006, includes more than 100 questions on a range of work-related topics and reflects the overall demographics of the Canadian workforce in terms of age, gender, job level and industry.**

* The survey sample does not include workers from the public sector.

Mercer research confirms: Employees are increasingly disengaged

One in three is seriously considering leaving his or her organization; one in five is indifferent

New Mercer research shows that Canadian employees are less committed to their employers and less satisfied with many aspects of the work experience compared to the previous survey, and they have one of the highest levels of disengagement among the countries surveyed, with a total of 58% “checked out” on some level. Slightly more than one-third of Canadian workers say they are seriously considering leaving their organization at the present time; another one-fifth is ambivalent about whether to stay or go.

Two factors are behind this shift: an evolving employment deal that employees view as a series of takeaways, plus responses to the economic downturn, such as pay freezes, smaller merit increases, and cuts in training, promotions and jobs. From the employee viewpoint, not only has the deal been redefined, in many cases, it is also not being delivered as promised.

The potential business consequences of this erosion in employee sentiment are significant. As the economy continues to improve and additional job opportunities emerge, employers want to hang on to valued talent and minimize any productivity or morale issues among workers who remain. Adding to the complexity are differing expectations, work styles and financial considerations among the multiple generations that comprise today’s workforce.

Mercer’s *What’s Working*™ survey validates what employers have sensed or even seen in their own employee survey data: Employees are not happy. It also confirms that the employment relationship currently resides at a critical inflection point. An engaged workforce is more necessary than ever, but

at the same time, more difficult to achieve, due in part to ongoing financial pressures that limit organizations’ investments in potential solutions.

Among those employees who are more fully engaged, the ability to do a good job at a successful, respectable organization and having the flexibility to provide high-quality products and services are key to their commitment.

A clear understanding of “what’s inside employees’ minds” represents an important step in developing a blueprint that skillfully combines existing approaches with innovative, new ideas to improve engagement, performance and productivity.

Following are highlights of Mercer’s new *What’s Working* survey findings for Canada, organized into seven content areas that represent the way employees view the employment relationship.



Engagement by the numbers

Overall, 36% of Canadian workers are seriously considering leaving their organization at the present time (up from 26% in 2006), with another 22% uncertain about whether they'll stay or go – together representing well over half a workforce that is disaffected on some level. The number seriously considering leaving is even higher among younger workers: 43% of employees age 25–34, along with 45% age 24 and younger, say they are contemplating their departure. Slightly more men (37%) than women (34%) are considering leaving. And more managers (43%) than senior managers (34%) or nonmanagers (33%) are considering leaving.

Survey scores among Canadian workers dropped in varying degrees on most other engagement-related questions as well, with the greatest decline seen in the number of employees who say their work provides a sense of personal accomplishment – down from 80% in 2006 to 68% in 2010. (See Exhibit 1.)

Exhibit 1: Engagement scores decline in varying degrees



Engagement gap runs deep and wide

Employees who are seriously considering leaving their organization at the present time hold very different views of work than employees who are planning to stay. Their perspective permeates their survey responses. Following are the 10 largest gaps in their scores.

Survey question	Percentage who agree among		Gap
	Those seriously considering leaving	Those not considering leaving	
I believe that I have a long-term future with my organization	52%	78%	26%
I would recommend my organization to others as a good place to work	59%	83%	24%
I am proud to work for my organization	59%	82%	23%
I feel a strong sense of commitment to my organization	55%	76%	21%
I am confident that my organization will be successful in the future	65%	85%	20%
Personally, I feel that I am treated fairly in my organization	61%	79%	18%
Overall, I am confident that I can achieve my long-term career objectives in my organization	51%	67%	16%
My organization has established a good reputation for customer service	67%	83%	16%
Employees in my organization are treated with dignity and respect, regardless of their position or background	59%	75%	16%
I am given good opportunities for continuous learning to improve my skills	57%	72%	15%

My Pay

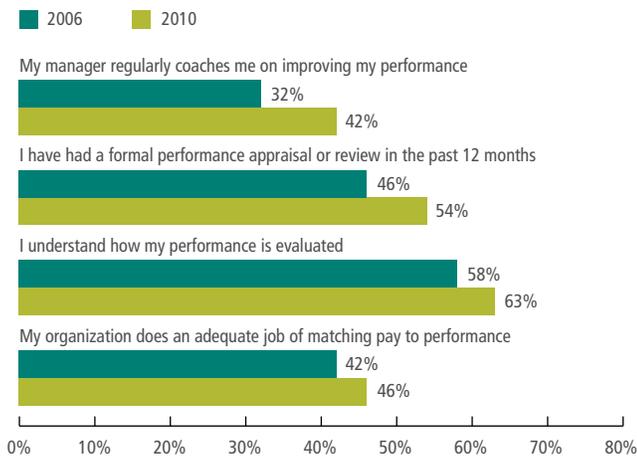
Contrary to what has been written previously, this year Canadians indicated that pay is the most important part of their employment deal – by a wide margin. Yet only a little more than half (53%) say they are satisfied with their base pay, and slightly more (58%) feel they are paid fairly given their performance and contributions to the organization.

At the same time, significantly fewer employees today understand how their pay is determined (74% now, compared to 82% in 2006), which may contribute to their sense of dissatisfaction. And fewer believe that the pay in their organization is as good as or better than the pay offered by other organizations in their geographic area (52% compared to 60% in 2006).

Although still a minority, more employees participate in bonus plans today (39%) than in 2006 (29%). Of those who participate, 70% say they are personally motivated by their organization’s incentive compensation plan. Those who participate also report a greater sense of recognition and reward. For example, 65% of bonus-plan participants say their performance for a good job is recognized, compared to 47% among nonparticipants.

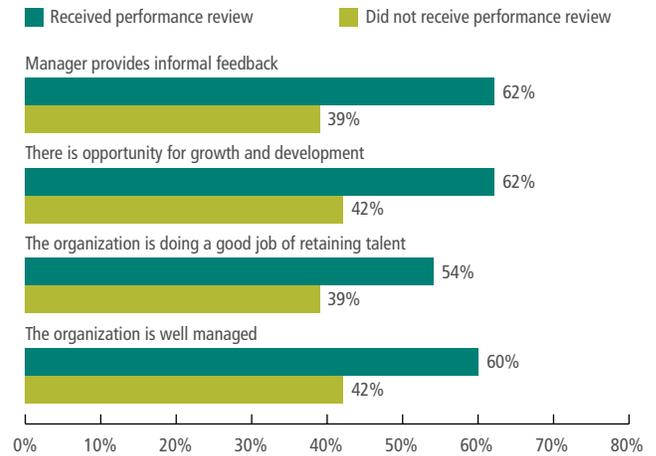
Today’s employees also credit their employers for improvements on a variety of performance-related issues. (See Exhibit 2.)

Exhibit 2: Employees cite improvements in performance management



However, new data go beyond the link between performance feedback and employee satisfaction, showing those who have had a performance review in the last year are also significantly more positive about their organization and its ability to manage talent. (See Exhibit 3.)

Exhibit 3: Employees who receive performance reviews view their employer more positively



My Retirement

A good retirement savings or pension plan is the second most important element of the employee value proposition for Canadian respondents, behind only base pay and ahead of other key elements, including type of work, bonus or incentive plan, flexible work schedule and career advancement. Overall, 62% say they are satisfied with their current retirement savings/pension plan.

However, nearly one-third lack confidence in being ready for retirement:

- 29% believe they personally are not doing enough to financially prepare for their retirement
- 31% believe their organization is not doing enough to help prepare them

The importance of having a pension plan dramatically increases among respondents age 45 and older, with employees 55–64 or those having 15 or more years of service placing particularly high importance on this element. And somewhat unexpectedly, having a company-provided retirement plan rivals or is more important to younger respondents than having a flexible work schedule.

 **My Benefits**

Today, 66% of Canadian employees rate their overall benefits program as good or very good, and 58% say they are satisfied with their health care benefits. About 48% agree that benefits play a significant role in their decision to continue to work for an organization.

While 57% say their benefits choices meet their needs, 53% say their benefits are as good as or better than those offered by other organizations in their industry, down significantly from 65% in 2006.

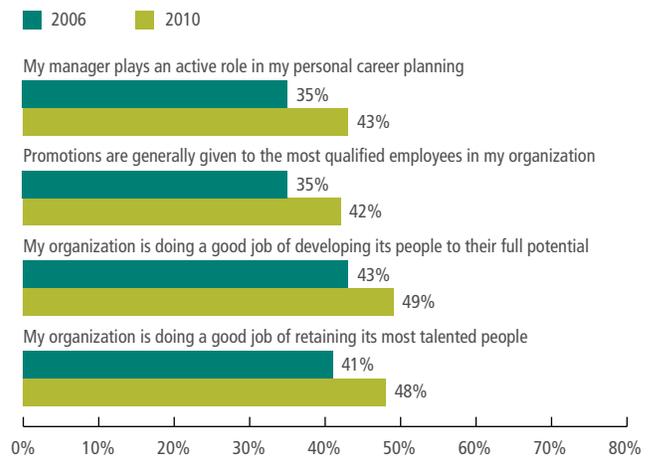
Forty-three percent of employees want more choice and control to reduce the value of some benefits in order to increase the value of others to better fit their needs. About the same number (41%) say they would be willing to use some of their own money to pay for improved or new benefits that are important to them.

In general, employees indicate that benefits are less important to them in their overall employment deal relative to such elements as pay, retirement plans and type of work. That may be because, for better or worse, employers have done little in the way of dramatically modifying their benefits programs as a result of the economic downturn. Acknowledging the continuation of the status quo, it appears employees simply did not have benefits as high on their radar this time relative to other components of the employee value proposition.

 **My Career**

Career development is another area where Canadian employees noted improvements in recent years, although overall scores remain relatively low. (See Exhibit 4.)

Exhibit 4: Career development scores show improvement



Despite these positive changes (along with career advancement ranking second in importance for employees under age 35), only 54% of respondents are confident they will be able to achieve their long-term career objectives in their organization, and 61% (down from 64% in 2006) believe that they have a long-term future with their organization.

Such scores do not bode well for organizations that increasingly are emphasizing “building” talent, rather than “buying” talent, in order to gain control over their talent pipelines.



My Company

Canadians are more engaged when they have a positive view of their company. In fact, of the top six survey questions most correlated to employee engagement, four focus on respectability, commitment to quality and future success of the organization.

Slightly more than half (53%) believe that their organization as a whole is well managed, down from 56% in 2006, and 71% are confident that their organization will be successful in the future, about the same as in 2006 (70%). The most notable decline: 57% say the level of job security offered by their organization is as good as or better than the security offered by other organizations in their industry, down from 66% in 2006.



My Job

Several job-related items rank among the highest scores in the Canadian survey. Eighty-two percent of respondents say they are provided with the equipment or tools they need to do their job, while 81% say they can clearly see how their work contributes to the organization's overall goals, and 80% say their job makes good use of their skills and abilities.

The most significant changes from 2006 reflect employees' lack of what is needed to function autonomously and do their jobs well, such as having the flexibility to provide good service to customers (down 10 points to 70%), ready access to necessary information (down 10 points to 72%) and sufficient authority to be effective (down eight points to 71%).

"The type of work I do" is the third most important element of the employee value proposition. More than three-quarters (78%) of all Canadian employees are satisfied with the type of work they do, and 77% are satisfied with their co-workers.



My Life

Two-thirds of Canadian employees say they are able to maintain a healthy balance between their work and personal lives, and nearly the same number (65%) say the amount of work they are asked to do is reasonable. In addition, 54% say their organization provides them with the opportunity to work flexibly – something that is valued slightly more by female and younger workers.

For more information, or to see *What's Working* survey findings for other countries, visit www.mercer.com/insideemployeesminds.

Mercer contacts

Mercer – Calgary
222 3rd Avenue SW, Suite 1200
Calgary, Alberta
T2P 0B4
Tel: +1 403 269 4945

Mercer – Edmonton
10180 – 101st Street, Suite 2260
Edmonton, Alberta
T5J 3S4
Tel: +1 780 483 5288

Mercer – Halifax
1801 Hollis Street, Suite 1300
Halifax, Nova Scotia
B3J 3N4
Tel: +1 902 429 7050

Mercer – London
255 Queens Avenue, Suite 2400
London, Ontario
N6A 5R8
Tel: +1 519 672 9310

Mercer – Montréal
1981 McGill College Avenue,
Suite 800
Montréal, Québec
H3A 3T5
Tel: +1 514 285 1802

Mercer – Ottawa
360 Albert Street, Suite 701
Ottawa, Ontario
K1R 7X7
Tel: +1 613 230 9348

Mercer – Québec City
2954 Laurier Boulevard,
Bureau 690
Québec City, Québec
G1V 4T2
Tel: +1 418 658 3435

Mercer – Regina
1801 Hamilton Street, Suite 760
Regina, Saskatchewan
S4P 4B4
Tel: +1 306 791 4558

Mercer – Saskatoon
122 – 1st Avenue South, Suite 301
Saskatoon, Saskatchewan
S7K 7E5
Tel: +1 306 683 6950

Mercer – Toronto
161 Bay Street
Toronto, Ontario
M5J 2S5
Tel: +1 416 868 2000

Mercer – Vancouver
550 Burrard Street, Suite 900
Vancouver, British Columbia
V6C 3S8
Tel: +1 604 683 6761

Mercer – Winnipeg
One Lombard Place, Suite 1410
Winnipeg, Manitoba
R3B 0X5
Tel: +1 204 947 0055

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MERCER

For further information, please
contact your local Mercer office
or the firm's headquarters at:

161 Bay Street, PO Box 501
Toronto, ON M5J 2S5
+1 416 868 2000

Or visit our website at:
www.mercer.ca

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