Leadership Role in Driving Employee Engagement
The Multiplier Effect

Dubai – June 27, 2013

AON Hewitt

Setting the context: significance of the public sector

"The competence, integrity, and sensitivity of those who work in public service will determine the quality of life for all of us." – Bill Bradley, Former U.S Senator
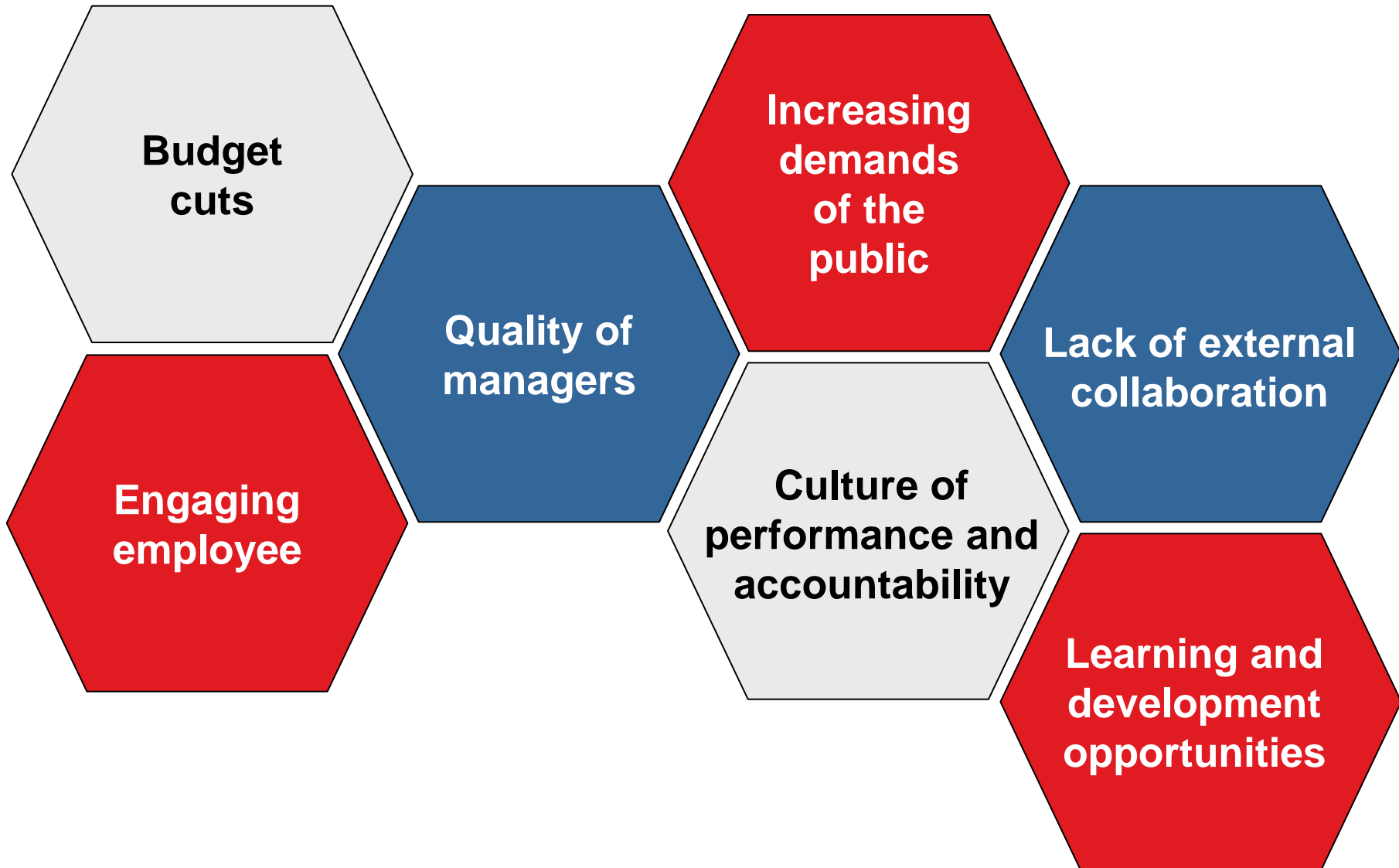
A number of factors can help improve the economic growth of a country within a local, regional, national and global framework. A majority of these factors are linked to the efforts made by the Government in improving the standards of living of the public.

Thus, Public sector plays a very crucial role in enabling, reinforcing and advancing the economic growth of a country and positively impacting billions of people across the world. Public Sector needs to find ways of improving the efficiency and effectiveness of the services being delivered.

Having an effective, cost-efficient and accountable Government that delivers high quality services, the overall economy of a country can be significantly improved.

AON Hewitt

Unique challenges for the middle east public sector

Budget cuts

Quality of managers

Increasing demands of the public

Lack of external collaboration

Engaging employee

Culture of performance and accountability

Learning and development opportunities

AON Hewitt

Qudurat - pioneering research study

Qudurat^{TM} is the first and largest research project of its kind. Voice of 20,500 employees, across the GCC and Egypt and over 130 organizations over the past 3 years

Nationals: 58% n=7,754
Expats: 42% n=5,709

Public: 20% n=2,694
Private: 49% n=6,546
Semi Government: 30% n=4,024

AON Hewitt
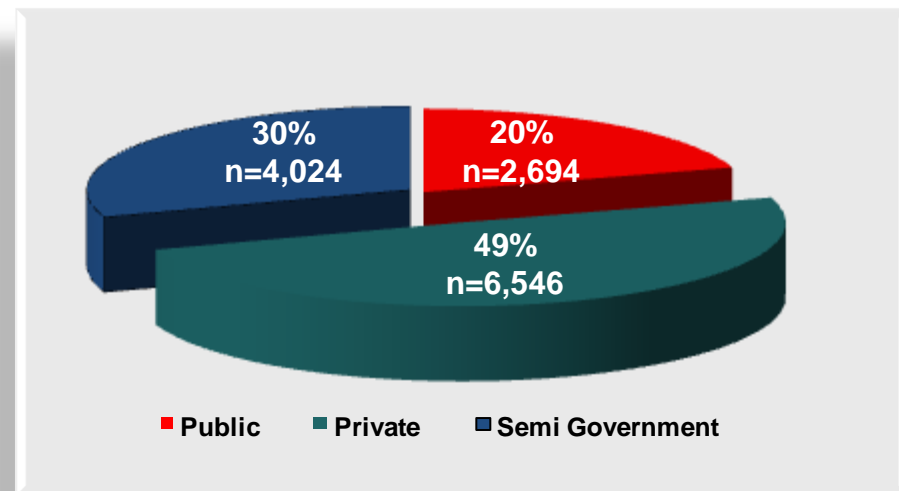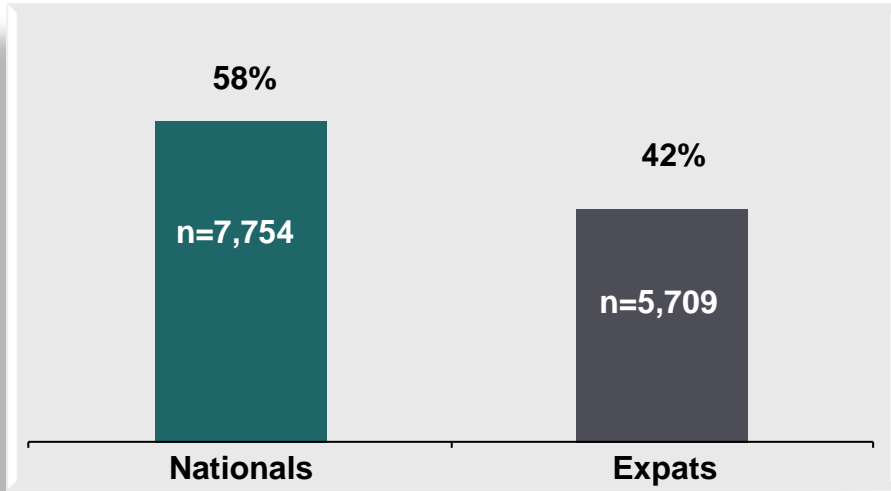
Consider this

Our study shows that there is a compelling need to revitalize the GCC workplace and workforce.

49% of employees have confidence in their senior leadership
(*they trust their colleagues and managers more!*)

1 of 2 employees fear getting penalized for making mistakes
(*as compared to using them as learning opportunities)*

19% of employees are at high risk of attrition

59.7% of employees feel recognized and valued within their organization

44.5% of employees believe they receive adequate level of support from their Managers

40.5% of employees believe that they have received adequate coaching and mentoring at work in the last 6 months

Where do we go from here?

How do we **build trust** in senior leadership and manage **change** and **communication** within the organization?

Only 50% of employees trust their senior leadership in making the right decisions to run their organizations. This is lower than the global norm of 53% and the Best Employer norm of 74%.

- Why is confidence in leadership in this part of the world so low?

- What best defines the employee-leader relationship in the region?

- What are the formal and informal ways in which organizations provide transparent and effective communication from leaders within the organization?

The Cascade Effect: Engagement Starts at the Top
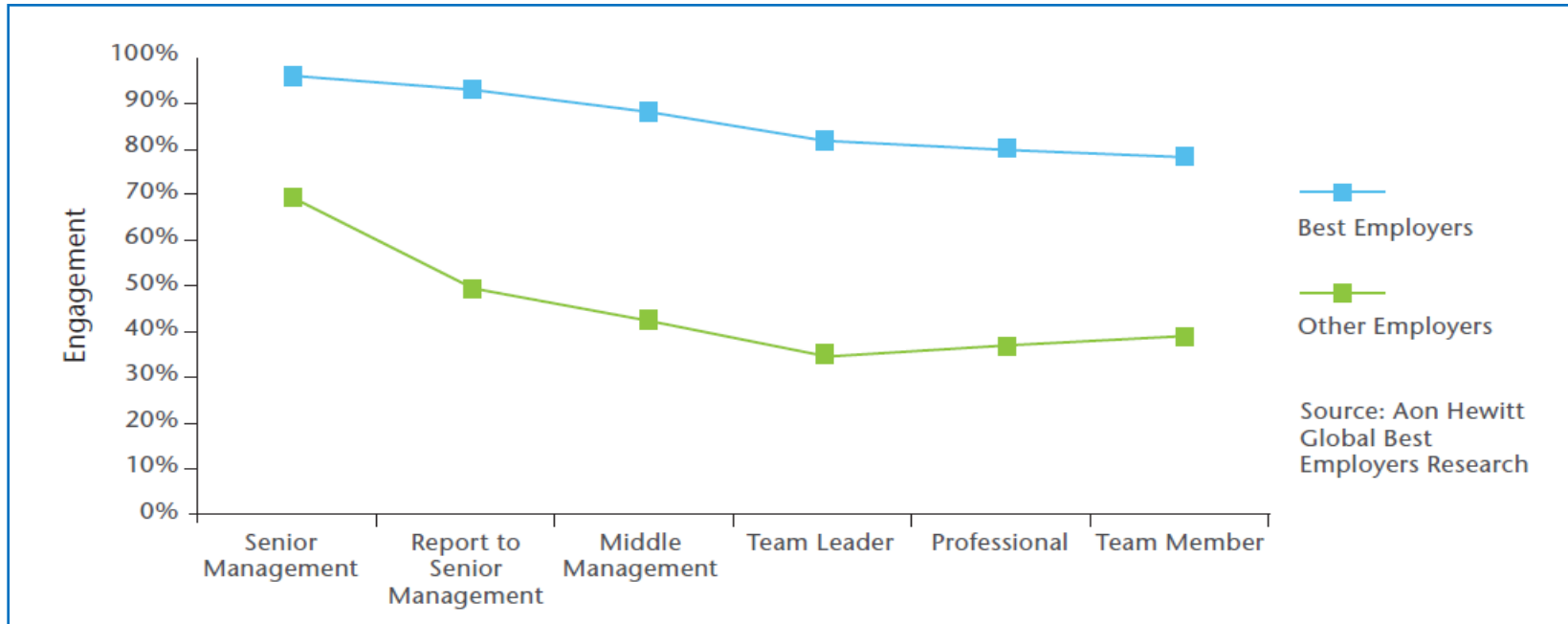
Quality of senior management has a strong impact on driving high financials of the organization.

The direct effect: building trust and honest communication

Communication is key for building the perception of leadership effectiveness as well as for maintaining and driving employee engagement at current levels

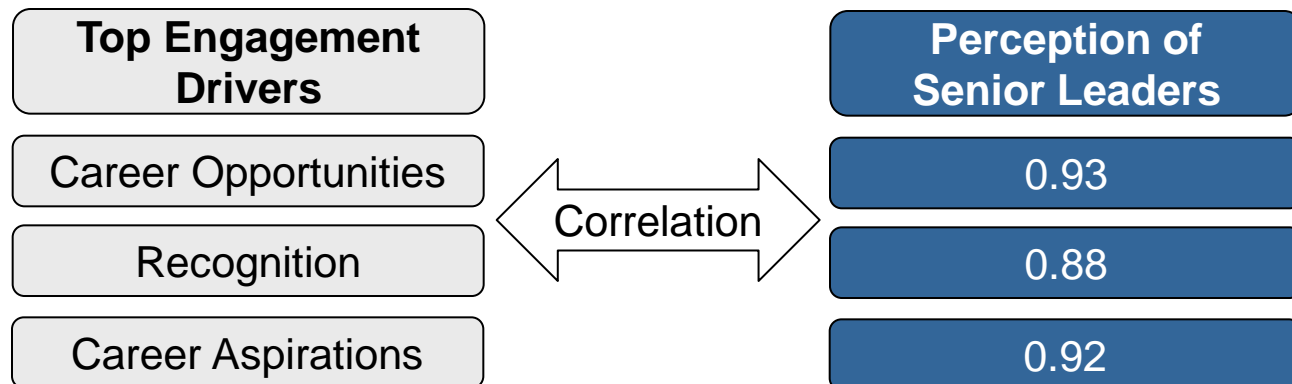Employees appreciate their concerns being heard

In highly engaged organizations, leaders are :
- More connected with employees
- Very performance focused
- Future and development oriented

The multiplier effect

Aon Hewitt's ongoing Best Employers™ research reports a high correlation (over 0.9) between <u>senior leadership</u> and many drivers of engagement. This leads us to a phenomenon that we often call the Multiplier Effect which states that *improving perceptions of senior leaders will have a positive, indirect impact on the drivers of engagement*. Some of these drivers are:

Top Engagement Drivers		**Perception of Senior Leaders**
Career Opportunities	⟵ Correlation ⟶	0.93
Recognition		0.88
Career Aspirations		0.92

AON Hewitt
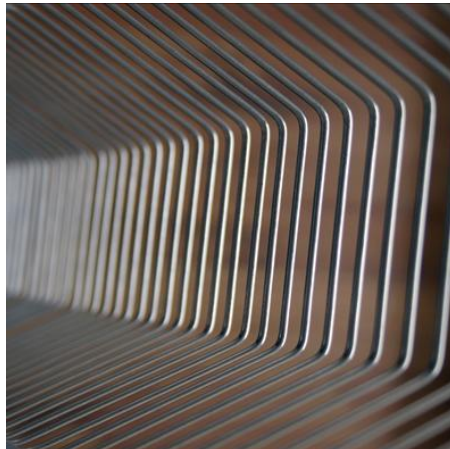
Manager's role in building employee engagement

Is it possible that within the same organization
one department may have 29%
and the other 60% engagement score?

AON Hewitt

Manager's role in building employee engagement

> It is possible!
>
> ... and this is sometimes a place where leaders can make a difference

Process

Behaviors

AON Hewitt

Some key findings

Managers are more likely to act on engagement when:

They themselves are engaged!	**They have seen The impact for themselves**
They are clear about what is expected of them	**They get support and encouragement**

AON Hewitt

What's needed to engage managers today?

2008
1. Career opportunities
2. Recognition
3. Effective work practices
4. Inspiring leadership
5. Fair pay

2010
1. People/HR practices
2. Career opportunities
3. Organisation reputation
4. Innovation is supported
5. Communication

2012
1. Career opportunities
2. Organisation reputation
3. Pay
4. Recognition
5. Communication

2008 **2009** **2010** **2011** **2012**

2009
1. Career opportunities
2. Fair pay
3. Inspiring leadership
4. Effective work practices
5. Recognition

2011
1. Delivery on promises
2. Effective work practices
3. Innovation is supported
4. Fair pay
5. Career opportunities

AON Hewitt

What "engaging managers" do differently!

Engaging managers:

1 Are effective performance coaches

2 Empower their people to grow

3 Are tuned-in to people

4 Are assignment-assignee match-makers

5 Promote open two-way communication

6 Walk the talk

7 Build team spirit

8 Are hands-on with their teams

AON Hewitt

What differentiates the top company for leaders?

Leaders
Lead the Way

1

Senior leaders have a passionate and visible commitment to developing leaders

Practical and Aligned Programs and Practices

3

Leadership strategy clearly reflects the overall business strategy

Unrelenting Focus on Talent

2

An intense focus on talent permeates every level of the organization

When Leadership Becomes a Way of Life

4

The development of leaders is an institutionalized practice and mindset

AON Hewitt

Top companies understand the linkage between investing in leaders and financial results

Articulates a clear business case for investing in leadership as a strategic imperative: Top Companies for Leaders 100%, Other organizations 81%

Stakeholders understand how our leadership strategy creates value: Top Companies for Leaders 92%, Other organizations 78%

Leadership investments are not impacted by financial performance: Top Companies for Leaders 92%, Other organizations 66%

Leaders can explain how leadership investments affect financial performance (e.g. ROI): Top Companies for Leaders 84%, Other organizations 54%

■ Top Companies for Leaders

□ Other organizations

AON Hewitt

Top companies have formal leadership strategies for…

Bar chart comparing Top Companies for Leaders with Other organizations

Category	Top Companies for Leaders	Other organizations
Assessing Leaders	100%	85%
Developing Leaders	100%	85%
Rewarding Leaders	100%	85%
Identifying High Potential/Critical Talent	100%	87%

Legend:
- ■ Top Companies for Leaders
- □ Other organizations

AON Hewitt
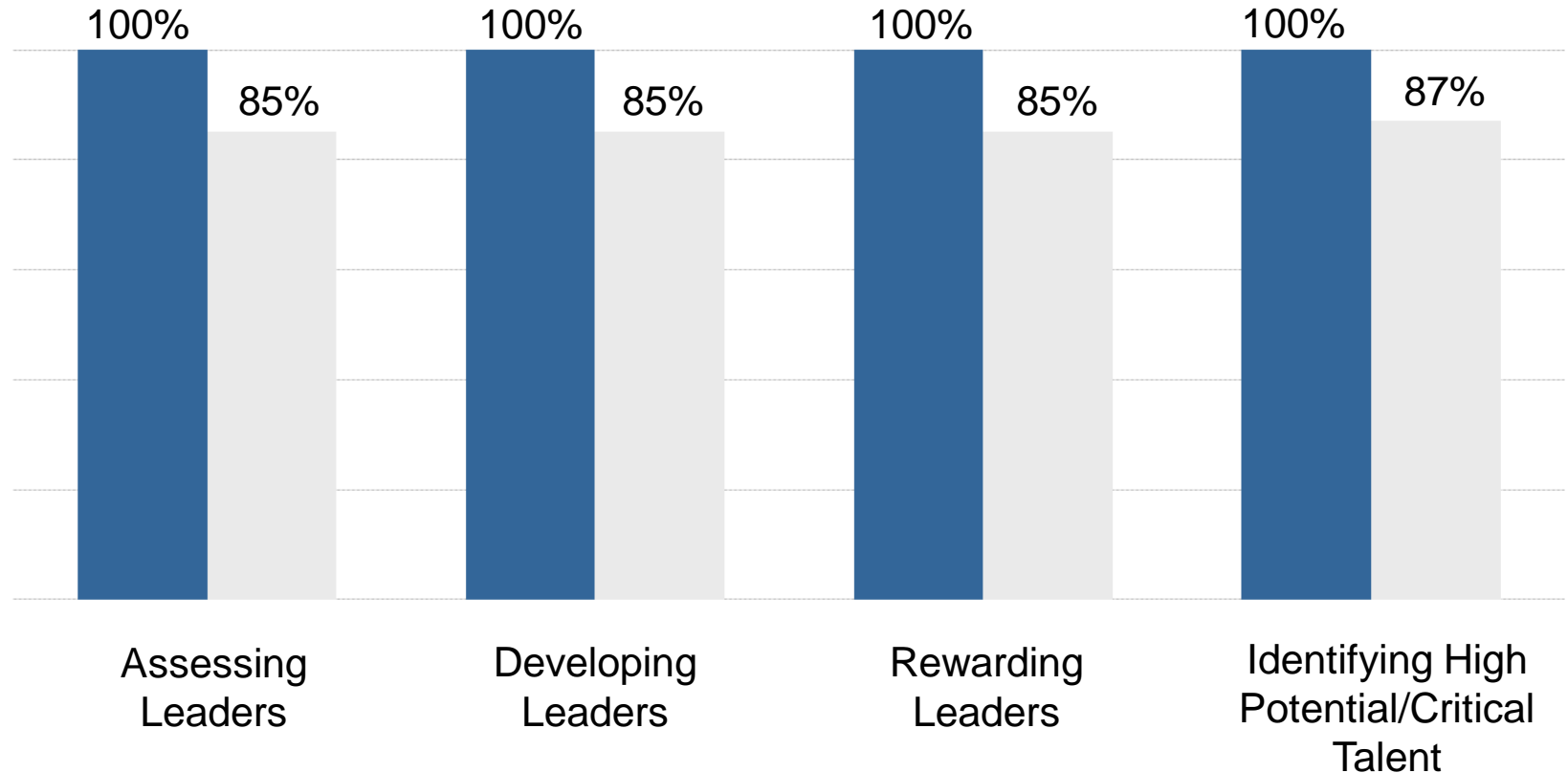
The board and executive teams at top companies are actively involved in leadership practices

Reviewing talent and succession planning
- BOD: 96% / 77%
- CEO: 100% / 87%
- Senior Management: 100% / 76%

Leading/participating in company programs
- BOD: 60% / 27%
- CEO: 100% / 62%
- Senior Management: 100% / 79%

Coaching/Mentoring
- BOD: 56% / 30%
- CEO: 92% / 61%
- Senior Management: 100% / 79%

Legend:
- Top Companies for Leaders
- Other organizations

AON Hewitt
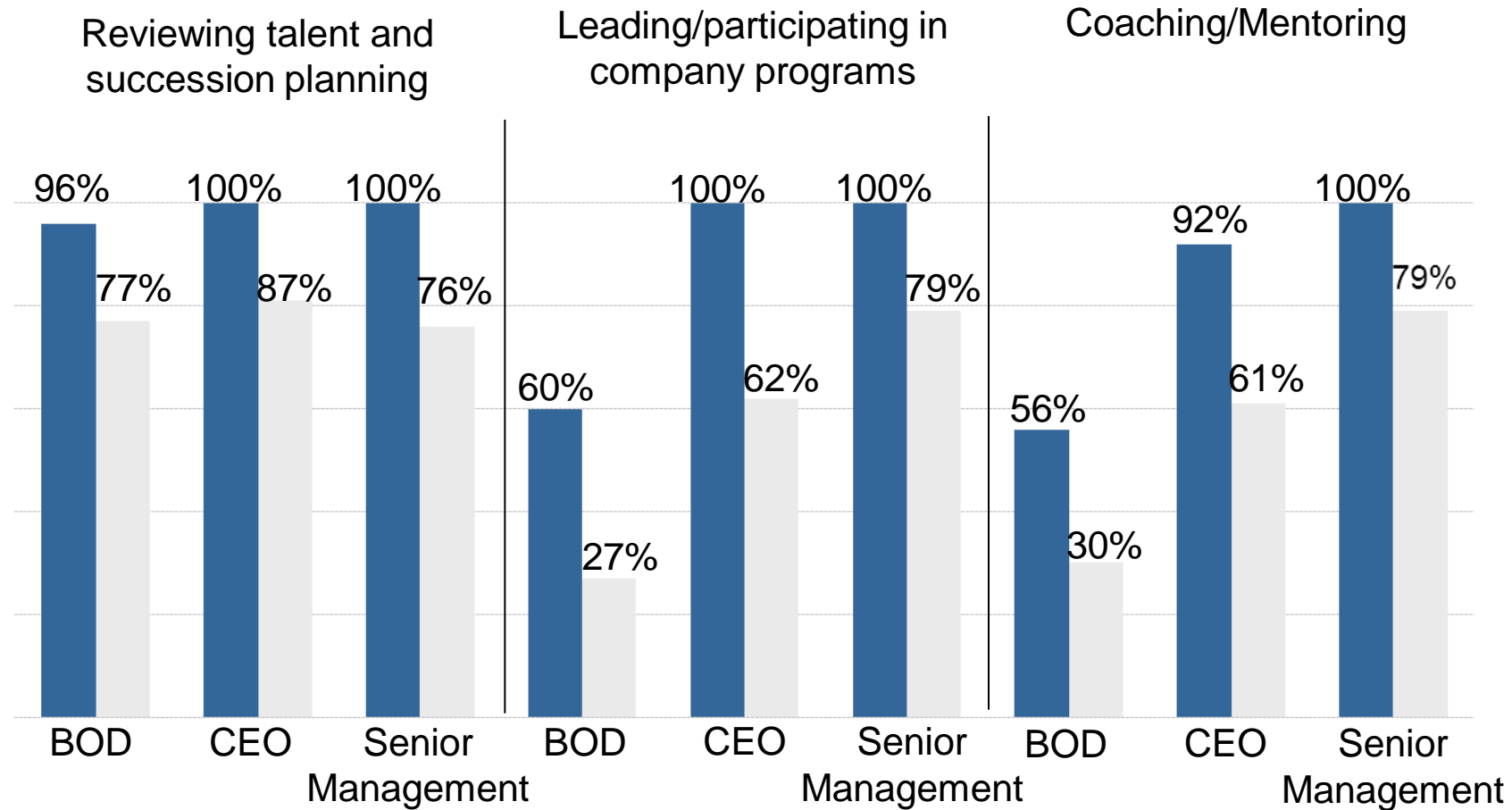
Critical success factors

Leadership as an organizational process is a key differentiator! To ensure maximum returns from the investment, these critical success factors must be looked at and put up front and centre!

1 Sponsorship from the top Leaders

2 Regular and honest communication to the participants and all stakeholders

3 Clarity of capability and role requirements for leaders

4 Selection of the right capability assessment methodologies

5 Objective conduct of capability assessments

6 Feedback to senior leaders on capability assessment results

7 Implementation of development planning, and talent management deployment

8 Superior project management and delivery

AON Hewitt

For enquiries, please contact:

Elias Dib
Principal Consultant
Aon Hewitt Middle East Limited
DIFC, Currency House Tower 2
P. O. Box 10764, Dubai, UAE

t +971.4.3896339
m +971.50.6591089
e elias.dib@aonhewitt.com