BENEFIT
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Engagement Levels Remain Stable, Work Experience Deteriorates

While global employee engagement levels have plateaued, employees report declining levels of satisfaction with their overall work experience, and with the resources and programs that enable them to grow and perform on the job, according to a recent study on engagement trends published by human resource consultancy Aon Hewitt.

The results of the study are based on an analysis of data from the firm's global employee research database, which contains over eight million employee records from 2010 to 2014 across 164 countries, as well as additional data and interviews from a 2014 leadership study. The findings indicate that global employee engagement levels reached 62% in 2014, up just one percentage point from 2013; and that employee engagement across the countries with the world's 20 largest economies and labor pools remained flat, at 61%. But even though engagement levels barely changed, the analysis showed that employees' net satisfaction with their work experience fell sharply between 2013 and 2014, by 28 percentage points.

To gain a better understanding of the sources of dissatisfaction, researchers looked at employees' levels of satisfaction with the drivers of engagement in 2014. The results showed that satisfaction with career opportunities, which was found to be the top driver of engagement, declined three percentage points from 2013. The findings further indicated that around half of the global population were dissatisfied with a number of other leading drivers of engagement, including reputation, pay, employee value proposition, and innovation.

The analysis of employees' perceptions of their work experience showed that the declines in satisfaction levels between 2013 and 2014 were greatest in the areas of enabling tools, resources, and people programs (-7%); employees feeling valued (-6%); and customer focus and responsiveness to customer needs (-5%). Over the same period, however, the study found that employees had increasingly favorable views on senior leaders (+5%), and that employees' perceptions of brand

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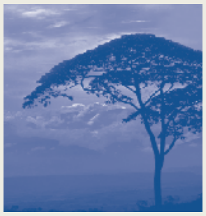


When asked to identify the top negotiation sticking points in the recruitment process, 51% cited salary, 33% said flexibility, 11% mentioned title, and 4% said vacation.

alignment (+3%) and managers (+2%) also improved.

The results further indicated that engagement levels in 2014 varied by region. In North America the average engagement level was 66%, or close to pre-recession values. In the Asia Pacific region the average engagement level was 64%, or 9% higher than five years previously, largely due to improvements in economic opportunities across many markets in the region. In Europe, by contrast, the average engagement level remained flat at 57%, as many markets continued to struggle with stalled economic growth.

In addition, the analysis uncovered varying levels of engagement by job function in 2014. Across the globe, the average engagement level among executives and senior leaders was 76%, up 10% from 2012. Over the same period, the average engagement level among middle managers rose two percentage points to 67%, while the average engagement levels among front-line and professional employees remained flat, at 61% and 54%, respectively.

Focus on Culture and Branding In Recruitment

Having a positive organizational culture and a strong employer brand are the most important advantages when recruiting top talent, according to the results of a survey of business leaders conducted by Futurestep, a company of executive search firm Korn Ferry.

The global survey, which was conducted in May 2015, included 1,000 responses from executives. Nearly two-thirds (61%) of respondents cited organizational culture as the most important recruiting advantage for global organizations, followed by having a leading employer brand (26%). By contrast, very few respondents cited offering higher salaries (6%) or rapid promotion (5%) as the most important recruitment advantage.

However, the survey also confirmed that compensation continues to be an important element of recruitment. When asked to identify the top negotiation sticking points in the recruitment process, 51% cited salary, 33% said flexibility, 11% mentioned title, and 4% said vacation.

The survey results also suggested that the search for talent is getting more difficult, with 61% of respondents saying it is harder to find qualified candidates than it was a year ago, and 39% saying it is easier. When asked if they have an onboarding program in place to alleviate turnover, 55% of the employers responded in the affirmative, while 45% reported that they have yet to implement such a program.

Automatic Features Boost Participation and Deferral Rates

Defined contribution (DC) retirement plan sponsors that use automatic plan features have better participation rates and higher deferral rates among employees, the results of a study by the Defined Contribution Institutional Investment Association (DCIIA) indicate.

The DCIIA's third biennial Plan Sponsor Survey, which was conducted December 2014-February 2015, included responses from 471 DC sponsors of varying sizes and across a range of industries. The focus of the survey was on plan sponsors' use of automatic plan features, such as automatic enrollment, automatic contribution escalation, and re-enrollment. The results showed that while there has been an increase in the use of automatic plan features, some obstacles still remain that limit increased participant savings rates.

According to the survey, the share of larger plans (more than $200 million) with automatic enrollment is continuing to grow, with 62% of the 2014 respondents in this size category indicating that they use this feature, up from 44% in 2010. However, the survey also found that the adoption of automatic enrollment remains low among the smallest employers (less than $5 million), at just 24% in 2014. Researchers speculated that automatic enrollment is far less important for small plans than for large plans because small plan sponsors are able to communicate more effectively the importance of participating in retirement plans.

The results of the 2014 survey further indicated that the share of all of the DC plan sponsors surveyed who said they use automatic contribution escalation was unchanged from the last survey conducted in 2012, at 48%. The findings also showed that of the plan sponsors that use this tool, 35% do so on an opt-in basis, rather than setting it as the default.

In addition, the survey found the use of plan re-enrollment, in which participants' assets are invested into the plan's default investment option unless the participant opts out, has increased to 19% in 2014 from 6% in 2010. Researchers noted that this tool, designed to improve participant asset allocation, remains underused, most likely because many employers are not familiar with this strategy.

According to the survey, 82% of plan sponsors recommend an optimal savings rate (plan sponsor and participant contributions combined) of 10% of wages or more. However, the plan sponsors that offer automatic enrollment reported higher participant savings levels than the plan sponsors that do not have this feature: 30% of sponsors with automatic enrollment reported actual savings rates of at least 10%, compared with 18% of sponsors without automatic enrollment. Similarly, 31% of plan sponsors with automatic contribution escalation reported actual savings rates higher than 10%, while sponsors without automatic contribution escalation reported that only 20% of participants have savings rates over 10%.

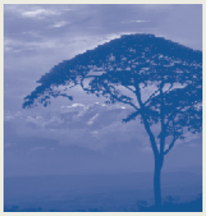
In addition, the results indicated that plan sponsors that offer both automatic enrollment and automatic contribution escalation have over twice as many participants with retirement savings rates over 15% (14% of respondents) as sponsors that do not offer both (6% of respondents).

Researchers also noted that the barriers to implementation are similar for both automatic enrollment and automatic contribution escalation, and that these barriers are not limited to cost. Of the large plan sponsors (more than $200 million) surveyed that do not have automatic enrollment, 30% reported that the cost of matching is an obstacle to adoption, while 22% said the DC plan is less important in their organization because it is supplemental to a defined benefit (DB) plan. Of the large plan sponsors that do not have automatic contribution escalation, 21% said they have chosen not to implement the feature because they consider it too paternalistic.

Of the smaller plan sponsors (less than $50 million) surveyed that do not have automatic enrollment, 30% said they have not introduced the feature because participation is already high, 27% indicated they are concerned that employees would complain, and 23% said they have not really considered using it. Of the small plan sponsors surveyed that do not have automatic contribution escalation, 31% said they have not really considered using it, 28% said they are concerned that employees would complain, and 18% said they consider it too paternalistic.

Workplace Well-Being Programs Become More Comprehensive

Employers are increasingly taking a holistic approach to their workplace well-being programs, using these initiatives not just to reduce health care costs, but to raise employee productivity and engagement levels by supporting workers in a wide range of areas, including financial and stress management, according



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to the results of a survey conducted by employee engagement consultancy Virgin Pulse and Workforce magazine.

The survey of 1,123 employers and 15,589 employees released in June 2015 examined how employees are engaging with well-being programs, and the impact these programs have on workplace culture. The annual survey was conducted as part of a month-long employer-supported initiative designed to showcase how workplace culture plays a critical role in creating healthy employees, driving employee productivity and engagement, and, ultimately, building a stronger business.

The survey found that employers are taking a more comprehensive approach to their workplace well-being programs than in the past: 78% of the employers polled in 2015 said they are expanding beyond physical wellness to include broader well-being areas, like financial wellness and mental health, up from 72% last year. When asked about specific programs, the survey showed that 45% of employers offer financial management programs, compared with 38% in 2014; 44% offer health coaching, up from 39% last year; and 45% offer stress management, up from 40% in 2014.

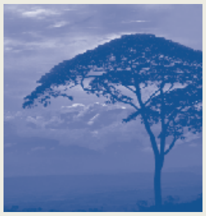
The results further indicated that employers are shifting how they position wellness incentives to be more positive than negative, with 72% of the employers surveyed saying they are positioning their well-being programs as rewards instead of punishments. In addition, 54% of the employers polled reported that they will increase spending on employee well-being programs in the next three years, while just 4% said they anticipate cutting spending.

The survey also showed that workplace well-being programs have a significant impact on company culture. When asked how the health and well-being programs offered by their employer make them feel, 88% of the employees polled said they feel more positive about their work culture, 75% said they feel more energetic and productive, 60% said they feel more appreciated, and 58% said they feel more engaged and loyal to the company. When employees were asked what they consider to be the most important benefits of health and well-being programs, the leading responses were improving health (96%), increasing energy (92.5%), earning incentives (90.7%), and managing stress levels (80%).

The poll also asked employers about their motivations for sponsoring well-being programs. The results showed that the top three drivers for organizations are keeping health care costs in check (51.8%), increasing employee engagement (39.9%), and positively impacting the work culture (33.6%).

In addition, the survey found that organizations are increasingly tracking the outcome of their well-being programs in an effort to isolate their impact and make the business case for these programs to company leaders. When asked if they measure the outcomes of well-being programs relative to the goal of reducing health care costs, just 27% of the employers surveyed said they don't measure outcomes, down from 35% in 2013; while 24% said they have made the business case for health and well-being programs, up from 19% in 2015. The remainder of the respondents said they have been tracking the information, but have not yet fully succeeded in linking health and well-being programs to outcomes.

The survey findings further indicated that while the main methods employers use to communicate with workers about well-being programs are email (88%), the intranet (72%), and company newsletters (58%), significant shares of employers are broadening their communication strategies in an effort to increase employee participation in employee well-being programs.



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