



2018 Trends in Global Employee Engagement

Global Employee Engagement Rebounds to Match Its All-Time High

Executive Summary

Global Employee Engagement Returns to All-Time High

After last year's dip – the first since 2012 – employee engagement matched its all-time high. This rebound is driven largely from the biggest markets in Asia and a major surge in engagement in Africa.

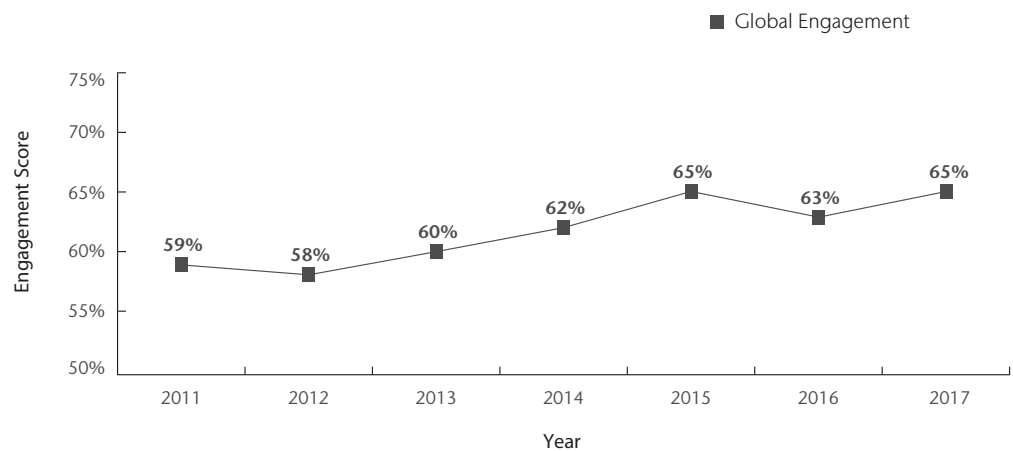
Continental Europe also saw improvements in engagement, while the United Kingdom represented the biggest decline among the 29 largest markets examined in this study. That seems to signal a drop in stability in the U.K., while many markets across Europe have a better understanding of what Brexit means to their economies and workforces.

Like a year ago, the Rewards & Recognition dimension was the strongest driver of engagement globally, followed by Senior Leadership, Career & Development, Employee Value Proposition and Enabling Infrastructure.

The biggest surprise in this year's report is the overwhelming importance of "the future." Employees want more exposure to senior leadership and strategy. Strengthening of skills and gaining relevant knowledge that can be applied later in their tenure are also in high demand among employees.

Global Trends in Employee Engagement

Employee engagement reached its apex in 2015, dropped in 2016 and matched the previous peak in 2017.



Employee Engagement Defined

The concept of employee engagement is often confused with satisfaction or happiness, but the true definition is deeper in meaning. Employee engagement is defined as “the level of an employee’s psychological investment in their organization.” The Trends in Global Employee Engagement Study measures employee engagement with a “Say, Stay, Strive” model. Employees are asked:

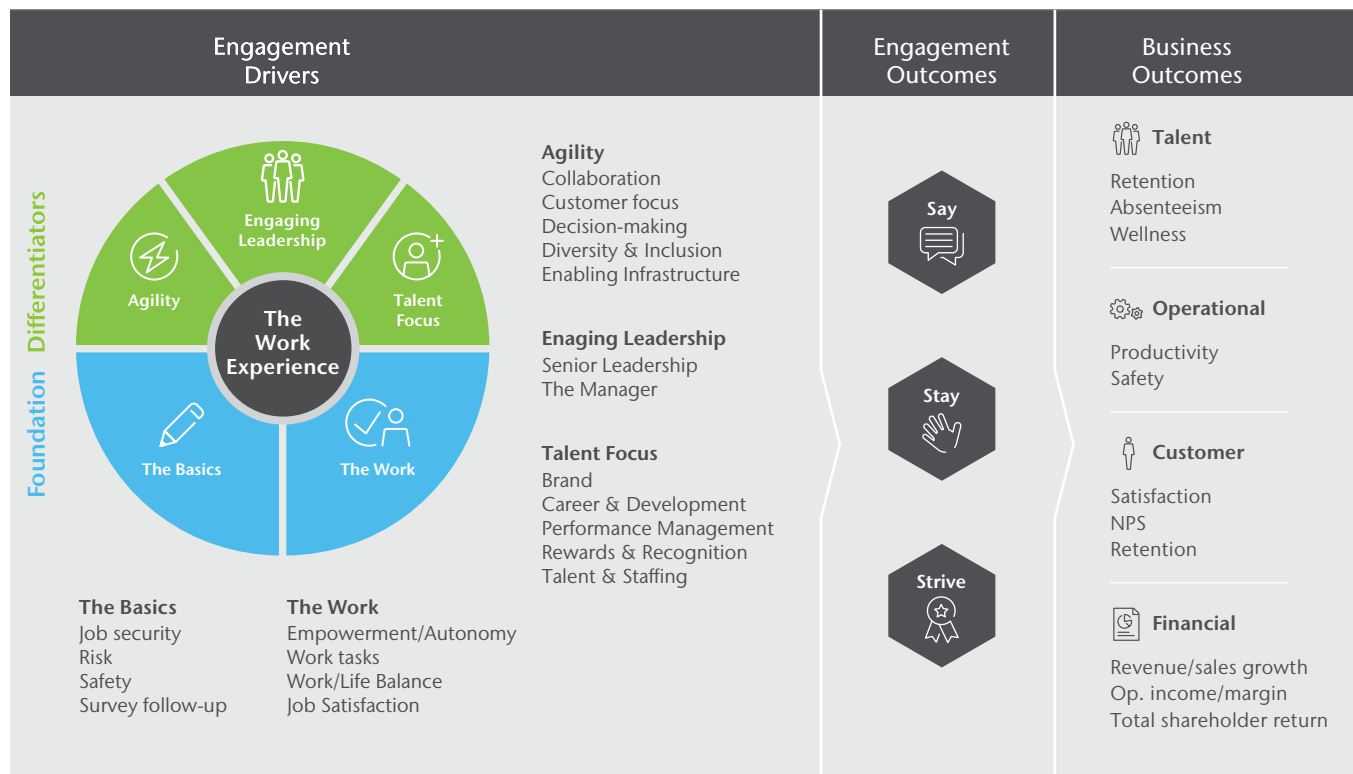
- If they Say positive things about their organization and act as advocates.
- If they intend to Stay at their organization for a long time.
- If they are motivated to Strive to give their best efforts to help the organization succeed.

The Aon Engagement Model

The Aon Employee Engagement model below provides a complete picture of the business impact of engagement, employee engagement itself and the factors of the work experience that lead to higher engagement.

In addition to measuring employee engagement, this study also measures 16 work-experience dimensions: Career & Development, Collaboration, Customer Focus, Decision-making, Diversity & Inclusion, Empowerment/Autonomy, Enabling Infrastructure, Employee Value Proposition (EVP), Manager, Mission/Values, Performance Management, Rewards & Recognition, Senior Leadership, Talent & Staffing, Work Tasks and Work/Life Balance.

The Aon Engagement Model



About the Study

Every year Aon measures employee engagement for more than 1,000 companies around the globe. This study has been conducted using data from more than 8 million employee responses in 2016 and 2017. The responses come from organizations with as few as 100 employees to the most complex organizations with hundreds of thousands of employees. More than 60 industries are represented in the study.

Aon Measures Engagement Comprehensively



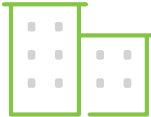
8m

employee responses



1,000

companies globally



60+

industries

Key Findings

Global Engagement Trends

Global

65% ↑ 2pts

Top Engagement Opportunities

Rewards & Recognition	↑ +3
Senior Leadership	↑ +2
Career & Development	↑ +2
EVP	↑ +3
Enabling Infrastructure	↑ +2

Largest Positive Dimension Increases

Talent & Staffing	↑ +3
EVP	↑ +3
Rewards & Recognition	↑ +3
Enabling Infrastructure	↑ +2
Career & Development	↑ +2

North America

64% ↔ 0pts

Top Engagement Opportunities

Enabling Infrastructure	↓ -1
Senior Leadership	↔ 0
Rewards & Recognition	↑ +1
Career & Development	↑ +1
EVP	↔ 0

Largest Positive Dimension Increases

Mission/Values	↑ +5
Customer Focus	↑ +3
Diversity & Inclusion	↑ +2
Rewards & Recognition	↑ +1
Talent & Staffing	↑ +1

Latin America

75% ↔ 0pts

Top Engagement Opportunities

Senior Leadership	↓ -1
Career & Development	↓ -1
Rewards & Recognition	↔ 0
Talent & Staffing	↑ +2
Enabling Infrastructure	↔ 0

Largest Positive Dimension Increases

Talent & Staffing	↑ +2
Mission/Values	↑ +2
Work Tasks	↑ +1
EVP	↑ +1

Africa

66% ↑ 5pts

Top Engagement Opportunities

Rewards & Recognition	↑ +4
EVP	↑ +6
Career & Development	↑ +4
Talent & Staffing	↑ +5
Enabling Infrastructure	↑ +4

Largest Positive Dimension Increases

Mission/Values	↑ +7
EVP	↑ +6
Talent & Staffing	↑ +5
Work Tasks	↑ +5
Enabling Infrastructure	↑ +4

Europe

60% ↑ 2pts

Top Engagement Opportunities

Senior Leadership	↓ -1
Rewards & Recognition	↑ +3
Career & Development	↑ +3
EVP	↑ +4
Enabling Infrastructure	↑ +4

Largest Positive Dimension Increases

Talent & Staffing	↑ +6
EVP	↑ +4
Enabling Infrastructure	↑ +4
Career & Development	↑ +3
Rewards & Recognition	↑ +3

Asia Pacific

65% ↑ 3pts

Top Engagement Opportunities

Rewards & Recognition	↑ +3
Senior Leadership	↑ +4
Career & Development	↑ +3
EVP	↑ +3
Enabling Infrastructure	↑ +3

Largest Positive Dimension Increases

Senior Leadership	↑ +4
Talent & Staffing	↑ +3
Enabling Infrastructure	↑ +3
EVP	↑ +3
Rewards & Recognition	↑ +3

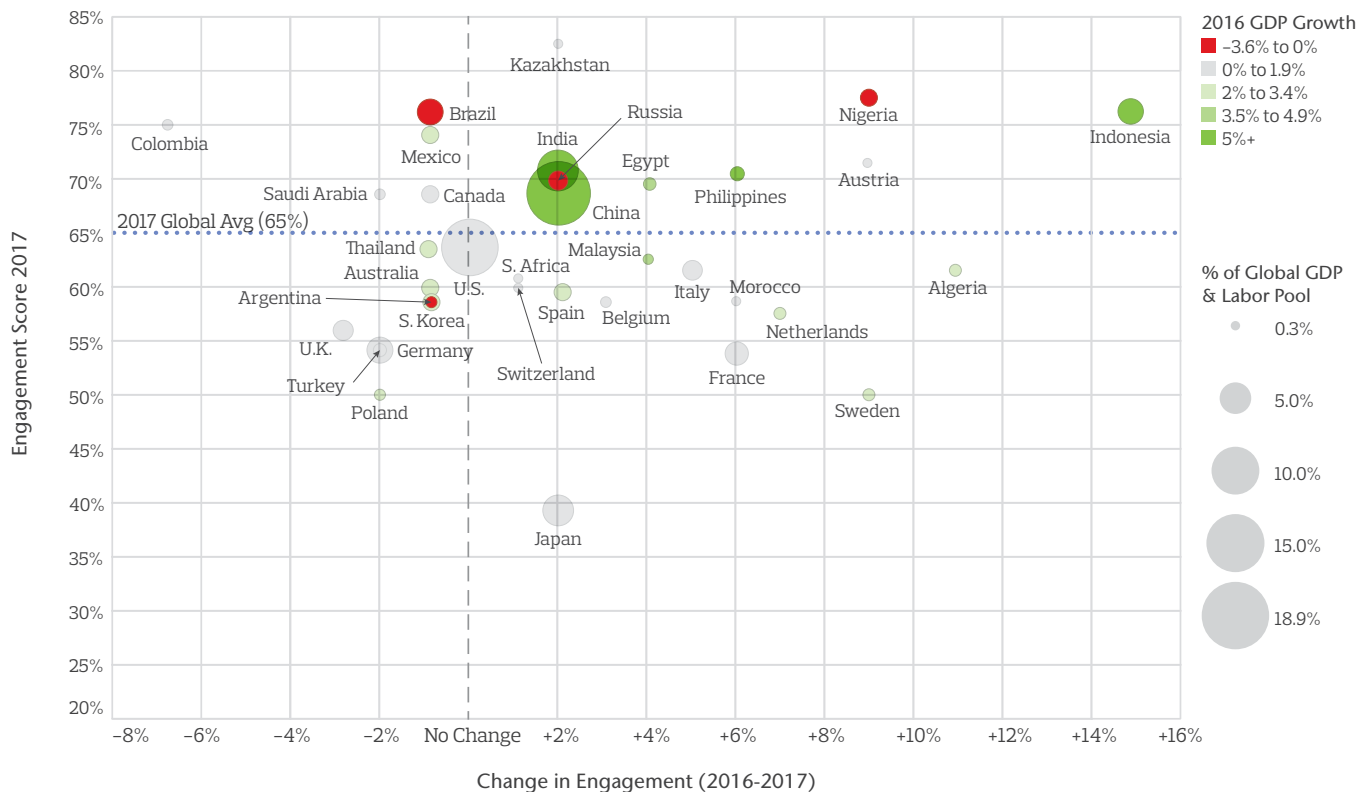
Engagement by Country

As this report shows, global employee engagement has rebounded after 2016's drop. To better understand what's behind the global trend we need to examine engagement levels and year-over-year changes by region and market. There is a great deal of variability in both 2017 engagement as well as the engagement trend from the prior year across the globe. Some of the engagement-level variability is due to cultural differences.

Other factors — like political or economic stability — can influence engagement. The graph below shows how the majority of markets had some positive movement in 2017, with many of the biggest countries and economies pulling global engagement to its two-point improvement. We also see that there are far more “outliers” for improving markets than there are for declining markets.

Markets by Engagement Levels and Engagement Trends

Each circle represents a different country. The size of the circle represents the country's percentage of the global workforce plus the percentage of the country's global GDP. The color of the circle represent the country's GDP growth. Dark red means a large GDP drop for the country, while dark green means a large GDP improvement.



Global Employee Engagement

"In the last year there has been economic stability in more mature regions and continued expansion in regions like Asia and Africa. Although most companies are continuing to face disruption and uncertainty, a robust, expanding economy means companies typically are investing more in people, and that makes the work experience much better for most employees."

– Ken Oehler, Aon’s Global Culture & Engagement Practice Leader

Engagement around the world rebounded to its all-time high of 65 percent of employees. The two-point increase from 2016 made up for the drop experienced the year before. Most notable is the increase in Highly Engaged employees from 24 percent to 27 percent, which is even higher than the previous high in 2015. This suggests that now, more than ever, employees are ready to bring their whole self to work.

Each of the three elements composing the engagement index improved. “Say,” which measures employee advocacy, went from 68 percent of employees a year ago to 70 percent this year. “Stay,” which measures the likelihood that employees will remain at their current employer, rose one point to 61 percent of employees. “Strive,” which assesses willingness to give extra effort, improved by two points to 64 percent.

The two-point improvement in engagement globally can be largely attributed to the overall improvement in the Asia Pacific (APAC) region and its largest economies of India and China. APAC improved by three points to 65 percent. Africa and Europe both saw improvements – by five points and two points respectively. Both Latin America and North America stayed flat – at 75 percent and 64 percent.

‘Say, Stay, Strive’ Scores—Global

70%
Say



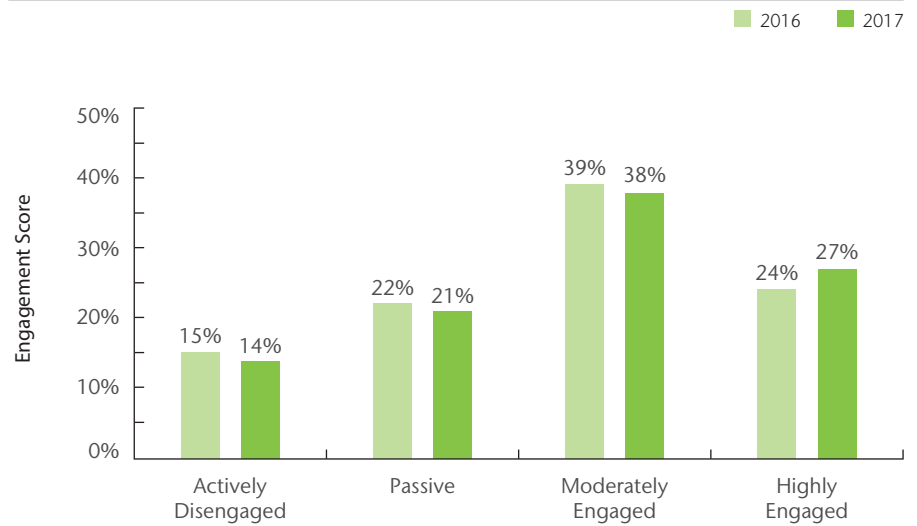
61%
Stay



64%
Strive



Engagement Profiles: 2016 vs. 2017



APAC's Big Rebound

"Executives and shareholders should be pleased to see that employee engagement has increased across APAC by three points. Right across our region, having a highly engaged workforce has never been more important. Many organizations are undertaking transformational change programs as they manage their way through digital disruption, macroeconomic challenges and needing to meet the ever-changing needs of their customers. A highly engaged workforce delivers the innovation, agility and performance that organizations across APAC require."

– Stephen Hickey, Partner,
Aon's Head of Employee
Engagement & Culture, Asia
Pacific and the Middle East

'Say, Stay, Strive' Scores— APAC

68%
Say  1 pt

62%
Stay  2 pts

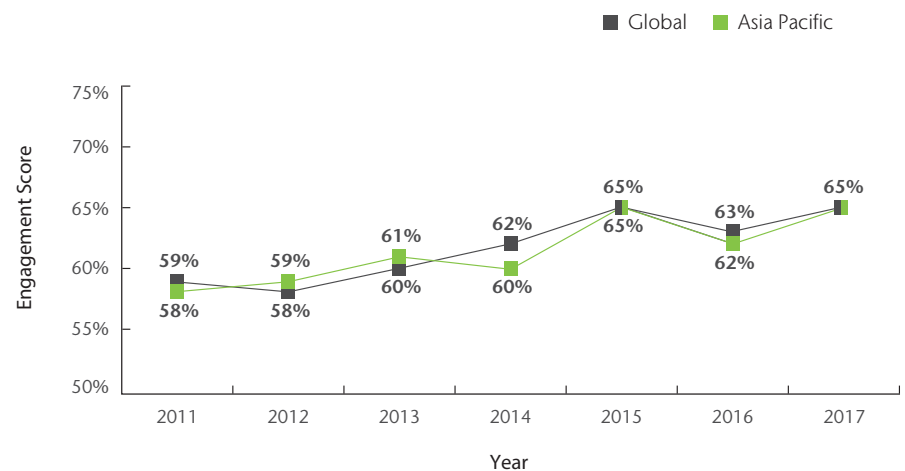
66%
Strive  2 pts

After experiencing a three-point drop in engagement for 2016, the APAC region bounced back to its highest engagement level at 65 percent of all employees last year. Markets that fell a year ago surged back, led by the region's largest countries – China (+2 points), India (+2 points) and Japan (+2 points). Not only did engagement rise in these countries, but the economies in India and China continued to grow significantly in both 2016 and 2017. Three of the smaller markets also contributed to APAC's rebound. Malaysia (+4 points) and the Philippines (+6 points) achieved outlier status, while Indonesia improved an incredible 15 points over the previous year.

Only three of the region's largest markets saw engagement fail. Thailand, Australia and South Korea each declined by a single point, while Singapore and Hong Kong stayed flat.

Of the 16 dimensions measured, only two declined in APAC: Customer Focus declined two points and Mission/Values fell four points. The region's engagement improvements are not a surprise when considering the top drivers of engagement also rose significantly. The Senior Leadership dimension (the region's No. 2 driver) improved four points, Rewards & Recognition (the No. 1 driver) rose three points and Career Development (the No. 3 driver) climbed three points.

Employee Engagement: APAC vs. The World



A Softening in Latin America?

The narrative in Latin America is not that engagement stayed flat; it's that engagement declined in some key markets. Mexico, Brazil, Colombia, Argentina, Peru and Chile all experienced drops in engagement. However, these drops were largely offset by strong gains in Costa Rica, the Dominican Republic and Venezuela.

Mexico, the region's second-largest economy, saw engagement fall slightly, from 75 percent to 74 percent. This marks the second consecutive year of engagement decline in the country. Brazil, which had a remarkable eight-point gain last year, effectively sustained that gain with a one-point decline this year. The region's next two largest economies, Argentina and Colombia, had drops of one point and seven points, respectively. While the Colombia drop is quite large, it is important to keep in mind that it experienced a six-point increase last year, so this drop leaves engagement in Colombia roughly where it was in 2015.

Engagement is not the only dimension that stayed stable in Latin America. Across the 16 dimensions measured, five did not change, five declined and four increased. Of the declines and increases, none moved by more than two points. This represents a significant level of consistency for a region with so many different markets.

The region's top drivers of engagement are Senior Leadership (-1 point), Career & Development (-1 point), Rewards & Recognition (no change), Talent & Staffing (+2 points) and Enabling Infrastructure (no change). Latin America and Europe are the only two regions that have Senior Leadership as their strongest driver of engagement. Surprisingly, Latin America was the only region in the study to have the Manager dimension appear in the top 10 focus areas. When you couple this with Senior Leadership being the top driver, it provides a strong indication that employees require communication and interaction with leaders at all levels of the company to elevate their own engagement.

"While engagement has stayed flat across the region, what leaders need to pay attention to is that engagement in the larger markets is declining. Both Brazil and Colombia have regressed to near their 2015 levels. Additionally, the top drivers of engagement have stagnated or declined, with the exception of Talent & Staffing."

– Maria del Pilar Manzanera Diaz,
Aon's Latin America Compensation,
Talent & Retirement Practice
Leader

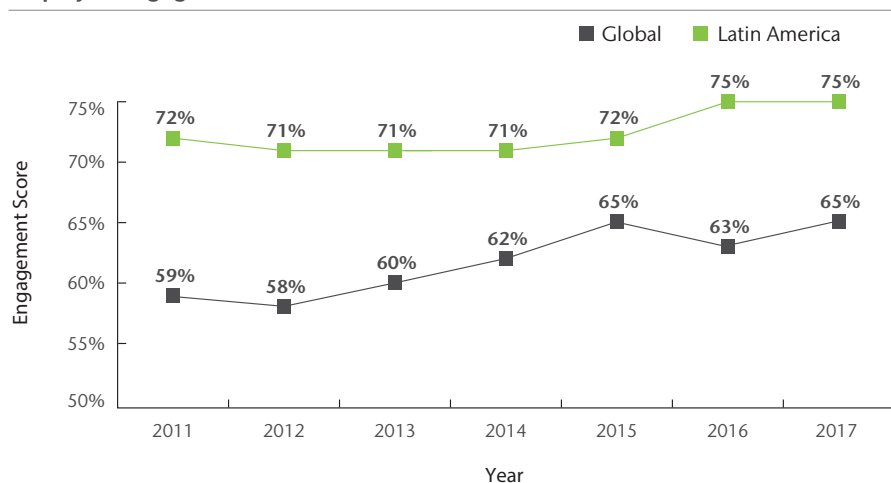
'Say, Stay, Strive' Scores— Latin America

80% Say 0 pts

68% Stay 0 pts

70% Strive 0 pts

Employee Engagement: Latin America vs. The World



North America: Economic Growth Neutralizes Political/Social Anxiety

"2017 was an intense year for many people in the U.S. Dialogues on political and social issues have spilled into the workplace and many organizations are paying closer attention on defining their stance and taking action on these issues. The country is also facing low unemployment rates, which makes attracting and engaging talent to fuel their growth agenda a top priority."

– Teryluz Andreu, Aon's North America Culture and Engagement Practice Leader

'Say, Stay, Strive' Scores—North America

69%
Say



59%
Stay



64%
Strive



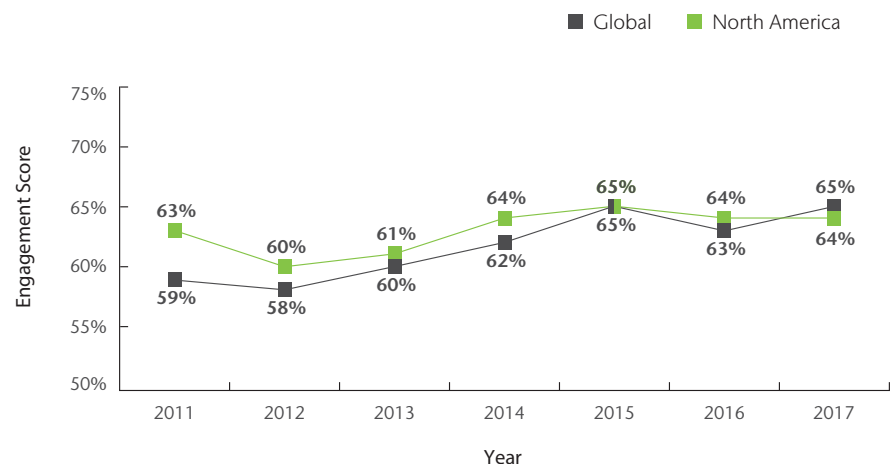
Employee engagement in North America stayed flat at 64 percent. In Canada, engagement dropped by one point to 69 percent of all employees. In the United States, a politically divided country could not stop the economy from growing and the stock market from flourishing. Engagement in the U.S. remained at 64 percent.

While engagement in Canada declined slightly, there is a greater sign of potential trouble. Eleven of the 16 dimensions measured fell. The Enabling Infrastructure dimension dropped six points, Work/Life Balance dipped five points, and Diversity & Inclusion, Collaboration, and Performance Management all declined by four points. Of the three dimensions that improved, only Mission/Values increased by more than a single point.

The United States also saw the Mission/Values dimension improve significantly – by five points. Unlike Canada, however, the U.S. had twice as many dimensions improve (eight) as it had decline (four). Customer Focus (+3 points), Diversity & Inclusion (+2 points), and Rewards & Recognition (+2 points) were the other dimensions to improve by more than a point.

A year ago, there were significant fears about disruptive actions that could hurt the competitiveness of the North American region. Despite these fears, both the U.S. and Canadian economy had solid growth in 2017. As a result, the region appears to be an attractive place to do business. But volatility still abounds (both political and economic), and it will be paramount for organizations to be agile and able to successfully manage change in order to grow and succeed moving forward.

Employee Engagement: North America vs. The World



A Clearer Path in Europe

Engagement in Europe has been bouncing back and forth between 58 percent to 60 percent since 2014, and has generally improved since 2011. Once again it's the lowest-scoring region in the world, but it has seen some dramatic improvements among a handful of countries.

Of the 15 largest economies tracked in this study, 10 had engagement improvements and five had declines. Among the top improving countries globally, Europe was home to four of them. France saw engagement increase by six points. The Netherlands improved by seven points. Both Austria and Sweden rose by a robust nine points.

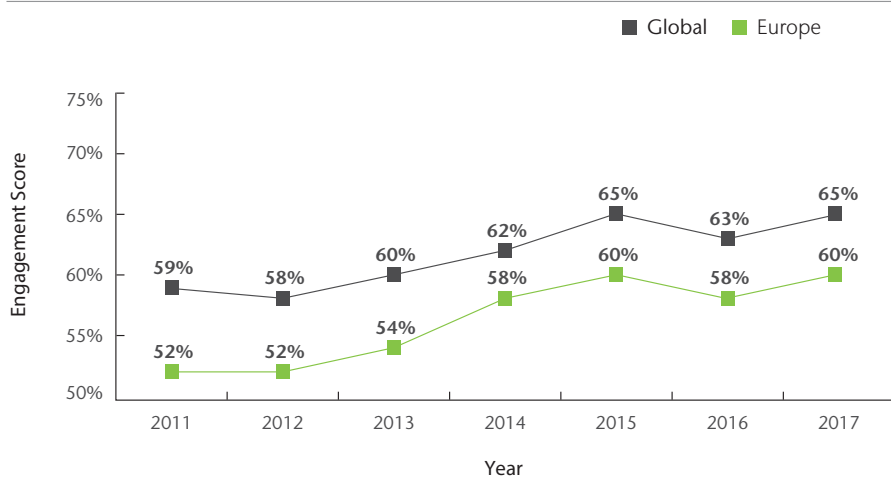
Improved engagement in the region may be partially attributable to the economic rebound in several previously struggling European markets. Portugal, Italy, and Greece's growth all rebounded in 2017. Greece, in particular, went from -0.2% growth in 2016 to 2.6% growth in 2017. This growth gives a positive sign for 2018, although there are still plenty of sources of economic and political uncertainty in the region.

Among those markets that showed a decline, the United Kingdom offers an interesting example. Engagement fell three points, representing the largest decrease among the 29 biggest global economies. The murky path of Brexit is likely a contributing factor to this decline. Based on Aon's research into [Engagement During Times of Change](#), we know that engagement may take several years to recover after large scale changes, and that employees are keen to have a two-way dialogue with leadership to understand what these changes mean. Regardless of whether employees have a positive or negative perception of Brexit, it represents a significant change that U.K. leaders will have to address head on in order to win back their workforce.

"Europe experienced economic growth and political stability last year. Employee engagement in the U.K. dropped significantly as they still are trying to find their way after the 2016 Brexit vote. Meanwhile, Europe returned to its highest engagement level, powered by huge improvements in Austria, the Netherlands, France and Italy."

– Dan Riley, Aon's European Talent Practice Market Leader

Employee Engagement: Europe vs. The World



'Say, Stay, Strive' Scores—Europe

65% Say 

57% Stay 

56% Strive 

Africa Surges Forward

"Africa's improved employee engagement across many engagement drivers puts the region's organizations in a great position for business growth. Africa's recent economic struggle resulted in leaders placing an increased emphasis on creating growth-driven business environments through more engaged employees by actively listening to them. Driving engagement has become a much larger focus for the regions' companies over the past few years which is clear in the improved results. Now, leadership will need to provide clear direction and strategy for the future in order to position their organizations for long-term success."

– Khalid Youssef, Aon Employee Engagement Solution Leader

'Say, Stay, Strive' Scores—Africa

76%
Say  4 pts

57%
Stay  2 pts

68%
Strive  6 pts

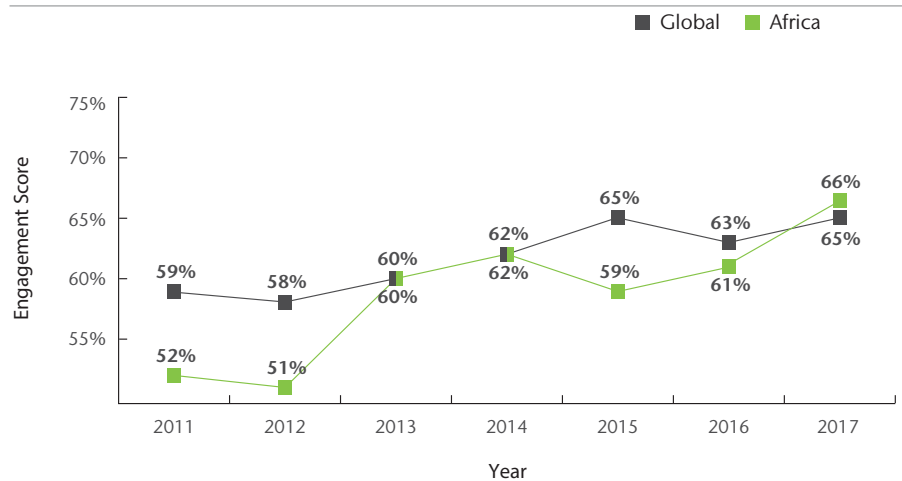
The largest increase for a region belongs to Africa, where engagement shot up from 61 percent of employees to 66 percent. That is remarkable by itself, but even more so when looking at how engagement has changed over the past five years. Only about half (51%) of all employees were engaged in 2012, whereas now nearly two-thirds of employees are engaged. It is by far the greatest ascent of the five regions in this study.

Each of Africa's five largest economies experienced increases in engagement. Nigeria followed a nine-point increase in last year's report with yet another nine-point increase in 2017. Egypt saw a four-point gain. South Africa had a modest one-point improvement. Algeria and Morocco improved by eleven points and six points.

With the lone exception being Collaboration (which declined by three points), all of the other 14 dimensions improved in Africa. Mission/Vision improved by seven points, EVP increased by six points and Talent & Staffing rose by five points.

The Talent & Staffing improvement is noteworthy for two reasons. That dimension increased by an incredible 17 points last year, which makes the degree of difficulty for a five-point improvement this year much higher. The other reason it is noteworthy is that Talent & Staffing was the top engagement driver last year for Africa and is the fourth-strongest driver this year. This is a clear indication that companies in the region, compared with a few years ago, have significantly improved their capabilities for attracting, promoting and retaining the right talent.

Employee Engagement: Africa vs. The World



What Is the Employee Experience That Will Really Drive Engagement?

It’s not enough to just know regional and market engagement levels, nor is it sufficient to know how the different aspects of the employee experience have shifted in the past year. To really accelerate engagement, we need to identify the focus areas that have the greatest opportunity to impact employees’ desire to Say, Stay and Strive.

The table below shows how the top five focus areas globally have remained the same, just slightly re-ordered compared with last year. For the second year in a row the Rewards & Recognition dimension is the strongest driver of engagement. As we pointed out last year, this runs contrary to the conventional wisdom that pay is a “hygiene” factor, not important for driving engagement. However, there’s an important nuance this year compared with last year. Previously we identified “fair pay” as the main factor behind Rewards & Recognition’s appearance as the top driver.

Top Engagement Opportunities Globally

This Year		Last Year
1	Rewards & Recognition	1
2	Senior Leadership	3
3	Career Opportunities	4
4	Employee Value Proposition (EVP)	2
5	Enabling Infrastructure	5

This year, “recognition for contributions (beyond pay and benefits)” was the key factor in putting Rewards & Recognition to the top, with “fair pay” providing a support role. While managers certainly play a role in their employees’ engagement, we see that Senior Leadership has a continued presence as a top focus area. This speaks to the importance of agility and direction from leaders, especially in the current state of ever-present change in which many organizations find themselves.

What Is the Employee Experience That Will Really Drive Engagement? (continued)

We also see some compelling stories when examining the drivers of engagement by region. Most notably, North America's top driver is Enabling Infrastructure, while it is the fifth-ranked driver for all other regions. Employees in North America are sending a clear message that they need to be equipped with the tools, technology and processes to handle increasingly complex jobs. Africa offers another good example. Talent & Staffing (Africa's top driver of engagement last year) improved by 17 points in 2016, and was up another five points in 2017. The result was a five-point rise in engagement.

If a company focused on improving these drivers – even just one or two them – it would probably experience a boost in employee engagement, but that strategy wouldn't yield the greatest return on effort and resources. There is a more nuanced approach that is required.

In Aon's article "[The Engagement Outliers](#)"; we found that in order for companies with below-average engagement to experience double-digit engagement improvement, they need to focus on improving the Enabling Infrastructure, Talent & Staffing, and EVP dimensions. Companies with average engagement need to improve the Talent & Staffing, Empowerment & Autonomy, and Senior Leadership dimensions. Companies with extraordinary engagement levels need to improve Talent & Staffing, Enabling Infrastructure, and Career Opportunities.

The lesson is that engagement drivers can vary – our summary here highlights what we have seen normatively over the past year, but that can certainly differ from what any one organization's drivers are. In order to maximize action-planning effectiveness, your company needs to clearly understand your top engagement focus areas and identify the best interventions to elevate the employee experience around those areas. This is where working with an experienced consultant like those in Aon's Global Culture & Engagement Practice, can guide your company to "outlier" status.

Final Thoughts

People create business value; that is indisputable. This is illustrated by the fact that a software company with 1,000 employees and few physical assets can be worth billions of dollars. People are the intangibles.

People are also emotional and fickle. They want to be won over. That is why employee engagement can be an organization's great differentiator in times of stability or in times of rapid change. When you have a Culture of Engagement, your competitors had better take notice.

To discuss how you can create a Culture of Engagement at your organization, please reach out to one of the contacts on the following page. We are passionate about optimizing the employee experience!

—Aon's Global Culture & Engagement Team

About Aon's Employee Engagement Practice

Aon's Global Culture & Engagement Practice offers an unmatched combination of global consulting and benchmarks, integrated HR measurement technology and tools that include assessments, selection and talent analytics. With millions of employee survey responses, this report contains only a very-high-level set of information about employee engagement and the employee experience. To learn more about how Aon can help accelerate your employees to the extraordinary, talk with one of our experts by reaching out to:

humancapitalconsulting@aon.com

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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