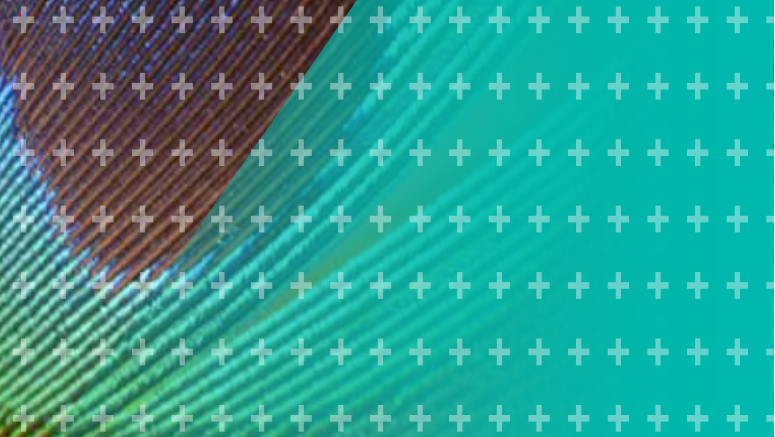


2014

Global Workforce Study

Australia - At a Glance



Overview

The Towers Watson 2014 Global Workforce Study (GWS) shows that employees in Australia are a tough crowd with high expectations particularly of our leaders.

The emerging story:

- Employees are on the lookout for new opportunities
- Australian workforce continues to be more disengaged than the global average
- Employees' perception of an effective leader is unique to Australia.

Employees are on the lookout for new opportunities

Globally the fluidity of the labour market suggests employees are unsettled and looking for better offers. This is even more so in Australia with almost one third (31%) of employees saying they are likely to leave their organisation in the next two years. The increasing retention risk begs the question – what can we do to encourage employees to stay in 2014?

The fundamentals are still the key. Base pay, career advancement opportunities and job security have the biggest influence on an employee's decision to remain loyal, while trust in senior leadership and lifestyle factors also play an important role.

Are we underestimating the importance of senior leaders in retaining talent?

The well-known rhetoric 'people don't leave companies; they leave bosses' may no longer be a reality. Employees have sent a strong message by saying that one of the top five reasons they would leave is the level of trust and confidence they have in their senior leaders.

Having shouldered the majority of the burden for retaining staff, direct supervisors can breathe a sigh of relief as employees have shifted their focus. The ability of top leaders to inspire confidence that they can motivate and guide the organisation in today's dynamic business environment, is critical in encouraging employees to stay. With only 44% of employees having confidence in the job senior leaders are doing, organisations have some work to do to mitigate the imposing retention risk.

Figure 1. Top retention drivers — 2014 vs 2012

	Employee view — Global Workforce Study 2014	Employee view — Global Workforce Study 2012
1	Base pay/Salary	Base pay/Salary
2	Career advancement opportunities	Career advancement opportunities
3	Job security	Trust/Confidence in senior leadership
4	Trust/Confidence in senior leadership	Job security
5	Length of commute	Manager relationship



With more talent considering their options, organisations seeking human capital can maximise their appeal by offering the incentives that employees find most attractive. Again, the fundamentals cannot be overlooked with job security, salary and career advancement also being among the top attraction drivers.

The crossover of these elements with the retention drivers reinforces their significance and suggests that organisations can 'kill two birds with one stone' by focusing energy on these areas. When deciding to join a company, employees will also be assessing the potential for professional growth that the role offers through learning and development opportunities and challenging work tasks.

Engagement in jeopardy — Are our leaders stepping up to the plate?

Towers Watson research has shown that there are three measurable elements essential to sustainable engagement:

- Traditional engagement – employees' willingness to expend discretionary effort on their job
- Enablement – having the tools, resources and support (typically through direct-line supervisors) to do their job effectively
- Energy – having a work environment that actively supports physical, emotional and interpersonal well-being

Based on employee responses to questions pertaining to each element, we have identified four distinct engagement segments globally (Figure 3).

Compared to global results, the workforce in Australia contains fewer highly engaged employees with only three in 10 people (32%) scoring highly on all three elements of sustainable engagement.

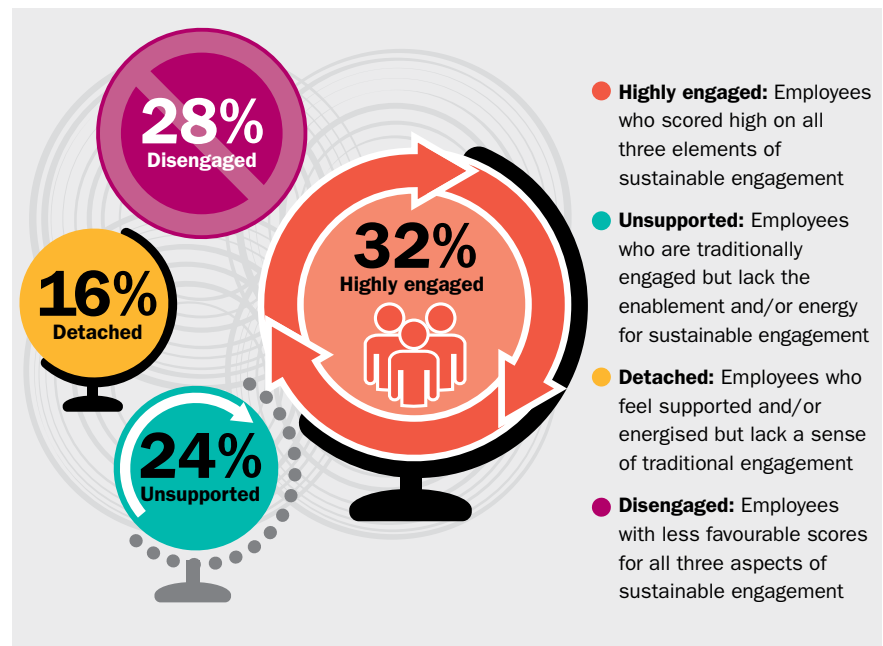
Of concern is the other almost one third (28%) that are disengaged indicating they are unlikely to put in discretionary effort to ensure organisational success and a further 40% that are either unsupported or detached.

Figure 2. Top attraction drivers — 2014 versus 2012

	Employee view Global Workforce Study 2014	Employee view Global Workforce Study 2012
1	Job security	Job security
2	Base pay/Salary	Base pay/Salary
3	Learning and development opportunities	Learning and development opportunities
4	Career advancement opportunities	Convenience of work location
5	Challenging work	Career advancement opportunities

A combined total of 68% of employees lack the elements required to be highly engaged painting a grim picture of Australian workplaces particularly when considered in relation to mobility risk. Understanding the factors that drive sustainable engagement is essential for companies wanting to turn this picture around and maximise the benefits that can be achieved from a highly engaged workforce.

Figure 3. Australia engagement segments



For the first time, leadership is the biggest driver of sustainable engagement. While it has always been a significant contributor, leadership is now more important than ever before. This is true for both leaders and managers with employee perception of their effectiveness having a significant effect on levels of sustainable engagement.

For employees lucky enough to perceive both their leader and manager as being effective, 72% are highly engaged and just 3% are disengaged. This stands in contrast to those that perceive both their leader and manager as being ineffective with just 8% of these employees being highly engaged while the majority (56%) are disengaged.

What makes an effective leader in Australia?

The Australian workforce has high expectations of their leaders and in general leaders are not meeting the mark – Only 44% of employees say that senior leaders are effective compared with 52% globally.

Immediate managers fare slightly better with 57% of respondents saying they are effective compared to 61% globally. This gap may be due to the different expectations that employees in Australia have of their leaders.

Using the Towers Watson Leadership Effectiveness Model as a framework, we are able to see that at

a global level, substantial emphasis is placed on a leader’s ability to adapt to changing internal and external circumstances with three of the top seven global drivers of effective leadership coming from this category.

In Australia, the picture is quite different with no reference to the behaviours underpinning adaptability, instead four of the top seven drivers of leadership effectiveness relate to a leader’s ability to envision the future by determining direction and clarify priorities. This comparison highlights the unique expectations of employees in Australia. With only 35% of employees feeling their organisation does a good job of developing future leaders, organisations now have the opportunity to up skill their managers and leaders to meet the challenge.

Figure 4. Sustainable engagement impact on mobility
Would you leave your organisation in the next two years?

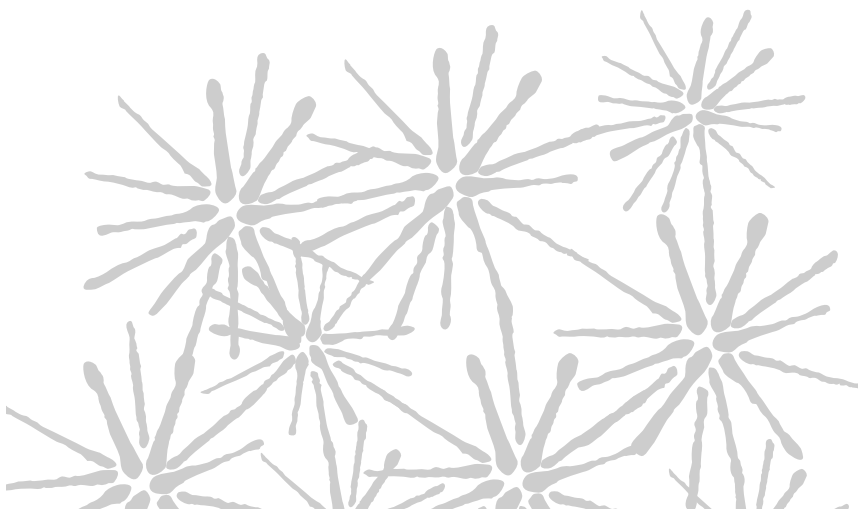
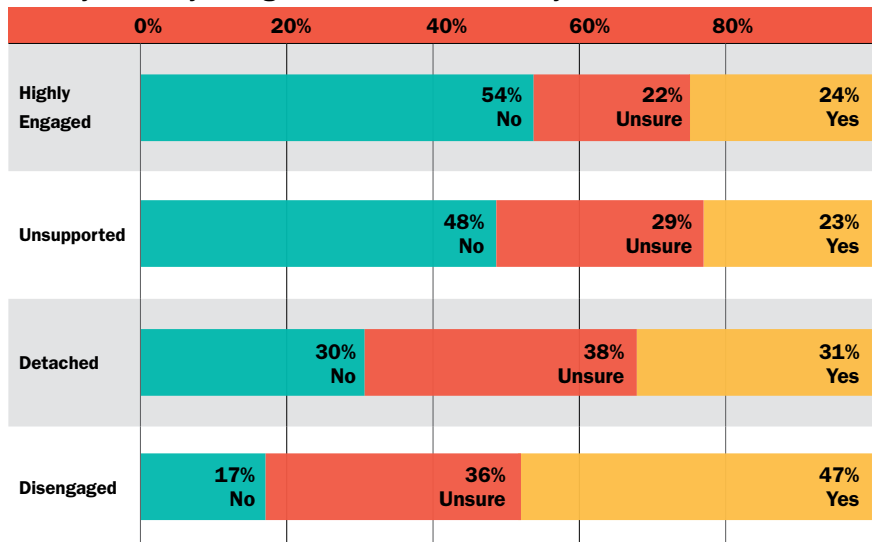
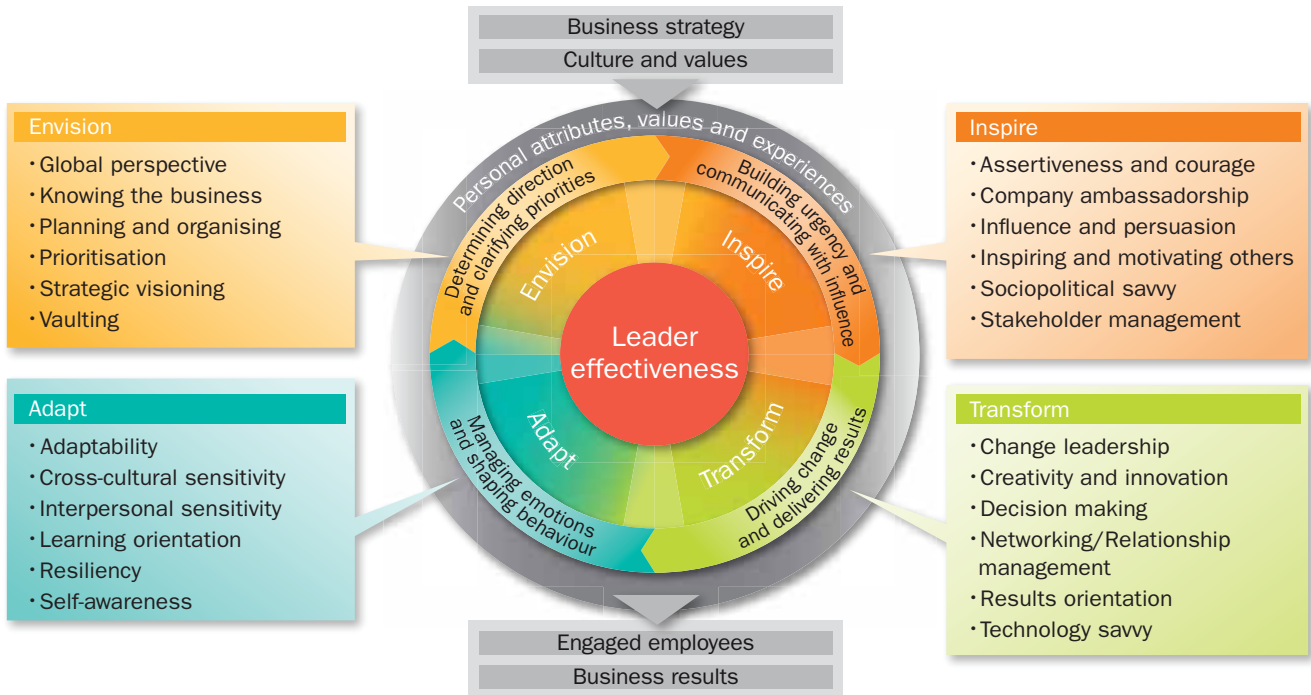


Figure 5. Towers Watson leadership effectiveness model



We have some work to do but we are making progress....

- Employees feel they have a much better understanding of their organisation’s business goals than in 2012. They have more clarity about how their role contributes to achieving these objectives as well as significantly more awareness across the business with 64% saying they understand the steps that are being taken by the organisation to achieve business success (up from 49% in 2012).
- There is a perception that organisations are doing a better job of educating employees about the company’s culture and values in 2014. This may explain the improvement in employee opinions of

their company’s image with 69% of the workforce in Australia feeling their organisation acts with honesty and integrity compared with 55% in 2012.

- The resources that organisations are investing in the employee well-being space are starting to pay off. A dramatic improvement in the number of employees that acknowledge that their organisation promotes a healthy work environment is very encouraging (54% up from 33% in 2012). 31% of respondents feel that workplace health and wellness initiatives have encouraged them to live a healthier lifestyle (up from 24% in 2012).

About the study

The Towers Watson Global Workforce Study covers more than 32,000 employees selected from research panels that represent the populations of full-time employees working in large and midsize organisations across a range of industries in 26 markets around the world. It was fielded online during April and May 2014. The study is designed to help companies better understand their diverse employee segments and the factors that influence employee performance on the job by gauging changing attitudes that affect attraction, retention, engagement and productivity.

The Towers Watson Global Talent Management and Rewards Study was conducted from April to June 2014 in 31 markets around the world and includes responses from 1,637 organisations. The participants represent a wide range of industries and geographic regions. For more information, please visit:

<http://www.towerswatson.com/en/Insights/IC-Types-Survey-Research-Results/2014/07/balancingemployer-and-employee-priorities>

Participating markets for the study

Asia Pacific

Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan

Europe and the Middle East

Belgium, France, Germany, Ireland, Italy, Netherlands, Russia, Spain, Sweden, Switzerland, Turkey, United Arab Emirates, United Kingdom

Latin America

Argentina, Brazil, Mexico

North America

Canada, United States

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Towers Watson is a leading global professional services company that helps organisations improve performance through effective people, risk and financial management. With more than 15,000 associates around the world, we offer consulting, technology and solutions in the areas of benefits, talent management, rewards, and risk and capital management.

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