STATE OF THE GLOBAL WORKPLACE

EMPLOYEE ENGAGEMENT INSIGHTS FOR BUSINESS LEADERS WORLDWIDE



GALLUP®

To win customers — and a bigger share of the marketplace — companies must first win the hearts and minds of their employees. If you are a business leader serious about implementing proven engagement strategies for growth at your organization, contact Stephanie Holgado at +1-202-715-3101 or Stephanie_Holgado@gallup.com.

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ABOUT THIS REPORT

The *State of the Global Workplace: Employee Engagement Insights for Business Leaders Worldwide* report highlights findings from Gallup's ongoing study of workplaces in more than 140 countries from 2011 through 2012. This is a continuation of Gallup's previous report on employee engagement worldwide, which covered data from 2009 through 2010. This latest report provides insights into what leaders can do to improve employee engagement and performance in their companies. It includes regional analyses of employee engagement data, country-level insights from Gallup consultants around the globe, a look at the impact of engagement on organizational and individual performance, and information about how companies can accelerate employee engagement.



FROM THE CEO

Leaders,

The world economy isn't growing fast enough, and this is starting to cause some serious problems. One issue in particular that comes to mind is revolution. Any number of countries suffering from low economic growth and high unemployment could explode in the next few years.

So how can a business leader help save the world — or at least his or her country? The answer starts right in his or her own workplace. Business leaders can save their countries by building stronger companies. That means helping their businesses get new customers — or building out the current ones they have.

And there will be plenty of new potential customers in the coming decades. Right now, the world's GDP is US$60 trillion, and that figure will grow to US$200 trillion in the next 30 years. Simply put, the global economy will have US$140 trillion worth of new customers. Competing for those customers will be the "World Cup" for world economic dominance. The winners will enjoy thriving economies and workplaces. The losers will face unrest and revolution.

Countries that double the number of engaged employees in every company will be best positioned to win the lion's share of the US$140 trillion in new customers.

Doing so starts with you in your company. And it spreads around the country from there. When and if your company, and then country, doubles its workforce engagement, only great things will follow: an economic boom, an explosion of innovative ideas, and a surge in entrepreneurship. No country can ramp up ideas and entrepreneurship high enough right now. There are literally trillions in customer revenue waiting to be won.

Hiring and developing great managers and building up and leveraging the strengths of every employee are the two keys to doubling employee engagement. How employees feel about their jobs starts and ends with their direct supervisor. If employees feel, among other things, that their

supervisor takes a real interest in their development, or offers frequent praise and recognition, they are very likely to be engaged. Hiring the right managers is absolutely essential to building an engaged workforce. If companies throughout your country hire the right people to lead and actively encourage the engagement of their workforces, economic dominance will be sure to follow.

And great managers already know what decades of Gallup research has revealed: Trying to get employees to fix their weaknesses doesn't work. Weaknesses can't be developed much at all — but employees' strengths can be developed infinitely. The problem is, too many companies focus on fixing weaknesses, and this only breeds non-engagement or, worse, active disengagement. No company or country will win the economic World Cup with this approach.

Great managers build development plans around every employee's strengths. When employees work from strengths, nothing motivates them to achieve more — not money, not love, not vacations, not good benefits, not company volleyball games, not motivational speakers. And employees working from their strengths do win new customers.

Only great business leaders can hardwire strengths-based thinking throughout the organization to ensure that their business hires the right people to be managers. Do your job right, and you'll save not only your company, but also help your country to thrive — and win the competition for US$140 trillion in new customers.



Jim Clifton
Chairman and CEO

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- United Arab Emirates

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- South Korea

South Asia
- India

Southeast Asia
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EXECUTIVE SUMMARY

Currently, 13% of employees across 142 countries worldwide are engaged in their jobs — that is, they are emotionally invested in and focused on creating value for their organizations every day. As in Gallup's 2009-2010 global study of employee engagement, actively disengaged workers — i.e., those who are negative and potentially hostile to their organizations — continue to outnumber engaged employees at a rate of nearly 2-1.

Employee engagement will become an increasingly important concern for countries and organizations seeking to boost labor productivity as the global economy continues its rapid pace of change. Even as unemployment rates remain high in many developed-world countries five years after the onset of the global economic crisis, growth rates in China and other large developing countries have been falling. Around the world, demographic trends are having substantial economic consequences. In several regions — including southern Europe, South Asia, and the Middle East — a "youth bulge" continues to produce record unemployment among young people. Meanwhile, many large economies — including China, Japan, and the U.S. — face talent shortages as their workforces age and shrink.

One common factor among organizations worldwide is the need to more effectively understand and use their people's talents, skills, and energy. In many countries, raising workers' productivity levels is critical to business growth and badly needed job creation. In countries that face talent shortages, companies that meet their employees' needs are most likely to win in the competition for top talent. In each case, companies around the world will need to improve their ability to ensure that workers are in the right roles and are emotionally invested in their jobs.

In other words, the need to build highly engaged workplaces will become more important than ever. Through decades of research with hundreds of organizations and more than 25 million employees, Gallup has developed an unparalleled understanding of what the world's strongest organizations do differently and how engagement affects productivity and employee well-being in any workplace.

SOME OF GALLUP'S MOST IMPORTANT FINDINGS INCLUDE:

Engagement Makes a Difference to the Bottom Line

- Engaged workers are the lifeblood of their organizations. Work units in the top 25% of Gallup's Q12 Client Database have significantly higher productivity, profitability, and customer ratings, less turnover and absenteeism, and fewer safety incidents than those in the bottom 25%.
- Organizations in Gallup's Q12 Client Database with an average of 9.3 engaged employees for every actively disengaged employee in 2010-2011 experienced 147% higher earnings per share (EPS) compared with their competition in 2011-2012. In contrast, those with an average of 2.6 engaged employees for every actively disengaged employee experienced 2% lower EPS compared with their competition during that same time period.
- Active disengagement is an immense drain on economies throughout the world. Gallup estimates, for example, that for the U.S., active disengagement costs US$450 billion to $550 billion per year. In Germany, that figure ranges from €112 billion to €138 billion per year (US$151 billion to $186 billion). In the United Kingdom, actively disengaged employees cost the country between £52 billion and £70 billion (US$83 billion and $112 billion) per year.

Engagement Levels Vary Widely From Region to Region

- Overall, among the 142 countries included in the current Gallup study, 13% of employees are engaged in their jobs, while 63% are not engaged and 24% are actively disengaged. However, these results vary substantially among different global regions.
- East Asia has the lowest proportion of engaged employees in the world, at 6%, which is less than half of the global mean of 13%. The regional finding is driven predominantly by results from China, where 6% of employees are engaged in their jobs — one of the lowest figures worldwide. China's low engagement level may increasingly pose a barrier to its continued growth as the country makes the transition to a more consumer-based economy and businesses come to rely more on front-line employees to attract and retain customers.
- In Australia and New Zealand, 24% of employees are engaged, while 60% are not engaged and 16% are actively disengaged. The resulting ratio of engaged to actively disengaged employees — 1.5-to-1 — is one of the highest among all global regions and similar to results from the U.S. and Canada (1.6-to-1).
- Gallup found the highest levels of active disengagement in the world in the Middle East and North Africa (MENA) region, particularly in Tunisia (54%), Algeria (53%), and Syria (45%). The region's high unemployment rates may be a factor in these results, causing many disengaged workers to remain in their jobs despite their unhappiness at work.
- Despite the country's strong economic growth, only 8% of Indonesian employees are engaged in their jobs, while 15% are actively disengaged. By contrast, employees in the Philippines — another fast-growing economy in Southeast Asia — had the highest level of engagement in the region at 29%, with only 8% actively disengaged.

In the Wake of the Global Recession, Engaged Employees Are More Likely to Report Job Growth in Their Organizations

- Organizations worldwide that maximize employees' motivation and enthusiasm for their work are in turn helping to stimulate job creation. Globally, 44% of engaged employees say their employers are hiring people and expanding the size of their workforces vs. 34% of those who are not engaged and 25% of actively disengaged employees who say the same. This relationship is consistent across all global regions.
- Perceptions of job creation are lowest globally among employees living in the Commonwealth of Independent

States and neighboring countries. Overall, 24% of employees living in this group report that their employers are hiring new people, the lowest figure among all regional groups. Nearly four in 10 engaged workers say their employers are expanding the size of their workforces, compared with about two in 10 not engaged or actively disengaged employees.

- One-third of employees in the MENA region (33%) say their employers are hiring new people — a figure that will need to rise in the coming years to meet the region's increasing need for new jobs to accommodate its burgeoning youth population. Across the MENA region, about half of engaged employees say their organizations are hiring vs. slightly more than one-fourth of actively disengaged employees who say the same.
- Job creation is nowhere more important than in South Asia, where it is estimated that more than a million people will enter the labor force every month in coming years. Currently, employees working in South Asia are about as likely to say their organizations are letting people go (25%) as they are to say their employers are hiring (28%). Among engaged employees, however, more than four in 10 (42%) say their companies are hiring, while 12% say they are letting people go.
- Many countries in Western Europe, including France, Ireland, Italy, and Spain, continue to suffer from severe employment crises. Residents in these countries are among the least likely in the world to say it is a good time to find a job in their communities. However, engaged employees are twice as likely to report their workplaces are hiring (34%) as they are to say they are letting people go (16%). Among actively disengaged employees, these figures are reversed, with 34% saying their organizations are letting people go, while 18% say they are hiring.

Poor Hiring and Management Practices Hinder Companies' Growth and Engagement Levels

- In the MENA region, the concept of "wasta" (similar to the Western concept of "who you know") can be used to gain employment and advantage in the workplace, as a result of personal relationships, and potentially undermine workplace engagement. Not only does this system create poor fit for roles among improperly hired employees, but it also spreads negative perceptions among otherwise engaged colleagues.
- In fast-growing Southeast Asian economies like Indonesia and the Philippines, where demand for labor is high, companies will need a strong talent strategy to thwart talent poaching. Important to the success of such strategies will be managers' willingness to eschew the old "command-and-control" mentality in favor of a more collaborative approach, particularly with younger workers.
- In East Asian societies, the cultural value of deference to authority may make businesses less likely to focus on management structures that allow employees to feel capable of taking initiative. Only about one in six employees in East Asia strongly agree that their opinions count, the lowest proportion of any global region.
- The positive momentum in the Latin American job market has heightened the competition for talented workers among businesses in the region. The momentum has also increased the importance of building loyalty among employees by ensuring that they have what they need to be fully engaged in their jobs.
- In Australia and New Zealand, only 19% of employees in leadership positions are engaged in their jobs. Low engagement among managers is troubling for businesses, as Gallup has found that they play the most significant role in influencing engagement among their direct reports.

Worldwide, Engaged Employees Regard Their Lives More Highly and Experience More Positive Emotions

- Around the globe, engaged employees are more likely to be "thriving" — i.e., to rate their overall lives highly on a zero-to-10 scale — than those who are not engaged or actively disengaged. Among all global regions, engaged workers are at least 1.6 times as likely as actively disengaged workers to be thriving. The ratio

is highest in South Asia, where engaged employees are 5.5 times as likely to be thriving as those who are actively disengaged.

- In East Asia, engaged workers are about half as likely to have experienced stress the previous day as their actively disengaged peers. Prior research offers some evidence that those in East Asian societies are less likely to draw on social support in stressful situations. Consequently, workplace factors — and good managers in particular — may make more of a difference in helping to ensure that employees feel free to ask for help to manage stress more effectively.
- Latin America has the highest percentage (55%) of thriving employees in any developing region. The relationship with workplace engagement is also particularly strong there: Two-thirds of engaged employees (66%) are thriving, compared with less than half (42%) of actively disengaged workers.
- About one-third of MENA residents (34%) say they experienced anger for much of the day before the survey, easily the highest proportion among any global region. However, this number falls to 19% for engaged employees in the region, compared with 35% of their actively disengaged counterparts. Likewise, 75% of engaged employees versus 48% of actively disengaged employees experienced enjoyment "yesterday."
- Similarly, in sub-Saharan Africa, engaged employees are significantly more likely than actively disengaged employees to say they experienced enjoyment for much of the day "yesterday" and about half as likely to have experienced anger.
- The severity of Western Europe's debt crisis and the accompanying austerity measures in many countries may help explain why life evaluations in most of the region tend to be lower than those in other developed regions. Half of employees in Western Europe (50%) are thriving in their overall lives, compared with 59% in the U.S. and Canada and 66% in Australia and New Zealand. Among engaged employees in Western Europe, the thriving percentage rises somewhat to 59%.

Education Is Often Associated With Higher Engagement Levels — If Employees Can Find Jobs That Make Use of Their Knowledge and Talents

- In many developing and transitional economies where the demand for high-skilled labor exceeds the supply of more highly educated residents, better-educated employees are more likely to be engaged at work. However, this is not necessarily true in developed economies, many of which are suffering an extended period of high unemployment. In the U.S. and Canada, for example, engagement trends downward slightly with employees' education level. College-educated workers in both countries are less likely than those with only a high school education to strongly agree that they have the opportunity to do what they do best at work each day.
- Likely reflecting the mismatch between educational curricula and the needs of employers in the region, one in four MENA employees with a college-level education (25%) are actively disengaged. This is the highest proportion among highly educated workers in any global region.
- Among employees in Southeast Asia, there is a particularly strong relationship between employees' educational attainment and their engagement levels: Those with an elementary education or less are almost four times as likely as those with a college education to be actively disengaged at work. Those in jobs less likely to require higher levels of formal education are also least likely to be engaged at work, demonstrating a need for businesses in industrial sectors to improve communication and recognition systems that help motivate and empower individual workers.
- Similarly, engagement rates increase with Latin American employees' educational attainment levels. The engaged-actively disengaged ratio is most favorable in job types that tend to require higher levels of education and provide a more autonomous working environment such as professional workers and those in management or leadership roles.

WHAT COMPANIES CAN DO TO IMPROVE ENGAGEMENT:

Bring engagement into the company's everyday language. The companies most successful at engaging their employees bring the conversation of engagement into the workplace *every day*. It is important before organizations begin measuring engagement to communicate the reasons behind this strategic goal and the advantages for the company *and* the employees themselves. Regular communication from the company's leaders and informal communication between employees will begin to breed a culture of engagement, leading participation rates of employee engagement metrics and other interventions to be more successful.

Use the right employee engagement survey. The employee engagement metrics companies use can affect their ability to create changes in performance. Often, organizations make the mistake of using employee surveys to collect data that are irrelevant or impossible to act on. When a company asks its employees for their opinions, they expect action to follow. Gallup's Q^{12} employee engagement metric was designed with this expectation in mind — the data the Q^{12} survey collects are specific, relevant, and actionable for any team at any organizational level, and they are proven to affect key performance metrics. Why? Because the Q^{12} measures employees' *emotional* engagement, which ties directly to their level of discretionary effort — their willingness to go the extra mile for their company.

Focus on engagement at the enterprise and local levels. Transformation occurs at the local level, but it only happens when the tone is set from the top down. Companies realize the most benefit from engagement initiatives when leaders weave employee engagement into performance expectations for managers and enable them to execute on those expectations. Managers and employees must feel empowered by leadership to make a significant difference in their immediate environment.

Select the right managers. Whether hiring from the outside or promoting from within, organizations that scientifically select managers for the unique talents it takes to effectively manage people greatly increase the odds of engaging their employees. Instead of using management jobs as promotional prizes for all career paths, companies should treat these roles as unique, with distinct functional demands that require a specific talent set. They should select managers with the right talents for supporting, positioning, empowering, and engaging their staff.

Coach managers and hold them accountable for their employees' engagement. Gallup's research has found that managers are primarily responsible for their employees' engagement levels. Organizations should coach managers to take an active role in building engagement plans with their employees, hold managers accountable, track their progress, and ensure they continuously focus on emotionally engaging their employees. The top performers in Gallup's Q^{12} Client Database consistently make employee engagement part of their formal review process, and most use these improvements as a criterion for promotions.

Define engagement goals in realistic, everyday terms. While the overall organization may set lofty goals for engagement, leaders must make these objectives meaningful to employees' day-to-day experiences to bring engagement to life. Ensure that managers discuss employee engagement elements at weekly meetings and in one-on-one sessions with employees to weave engagement into daily interactions and activities related to their performance objectives.

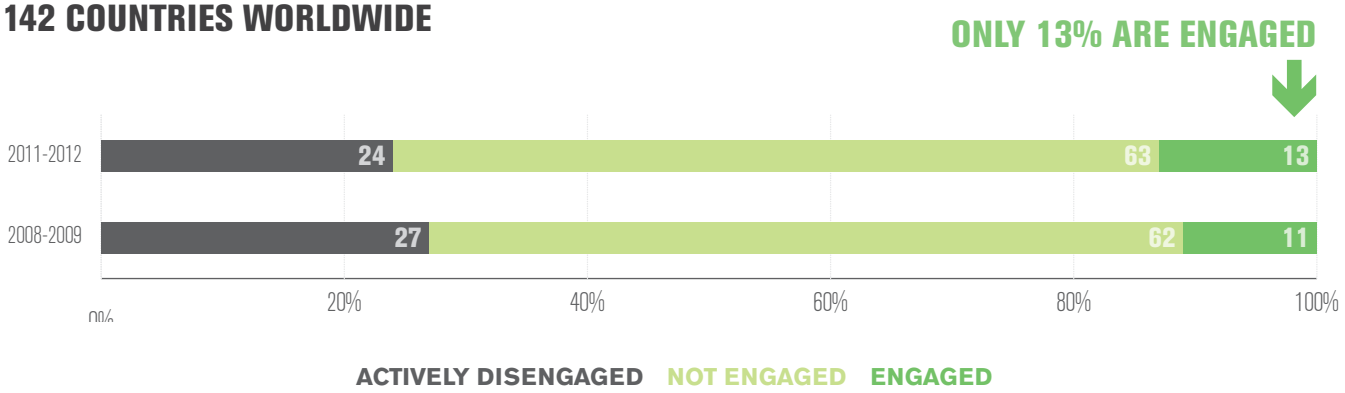
Find ways to meet employees where they are. As this report demonstrates, employees worldwide have different needs and expectations that influence their engagement levels. Local cultural influences and economic conditions, as well as more specific variables such as respondents' job type and education level, all play roles in shaping their workplace experience. Managers should be aware of the factors most relevant to engagement among their workers. They should also understand that every interaction with an employee has the potential to influence his or her engagement and inspire discretionary effort.



WORLDWIDE, ONLY 13% OF EMPLOYEES ARE ENGAGED AT WORK

The current global economic environment presents unprecedented challenges and unique opportunities for business leaders. Most of the developed world continues a slow, arduous recovery from the global recession. Developed- and emerging-market countries, however, are recovering faster from the crisis, many benefiting from free market reforms that have attracted foreign investment and unlocked entrepreneurial potential among their populations. Still, as organizations — from multinational corporations to small-business startups — seek to benefit from ongoing development in these rapidly changing markets, they must learn how to maintain adaptive, high-productivity workplaces and grow their customer bases in widely varying social, cultural, and economic environments.

OVERALL ENGAGEMENT AMONG THE EMPLOYED POPULATION IN 142 COUNTRIES WORLDWIDE



Vital to maintaining high-productivity workplaces is organizations' ability to engage their employees. Gallup's extensive research shows that employee engagement is strongly connected to business outcomes — such as productivity, profitability, and customer satisfaction — that are essential to an organization's financial success.

To provide an outlook on employee engagement and why it matters for global organizations, for the first time in 2009 and 2010, Gallup gathered engagement results from employed workers worldwide for its 2010 *State of the Global Workplace* report. This current report provides an update of the previous results using data gathered in 2011 and 2012 from nearly 230,000 full-time and part-time employees in 142 countries. Gallup finds that the proportion of employees worldwide who are "engaged" in their jobs has ticked upward from 11% to 13%, while the proportion who are "actively disengaged" has fallen slightly from 27% to 24%. This slight improvement notwithstanding, low levels of engagement among global workers continue to hinder gains in economic productivity and life quality in much of the world.

Engaged employees are those who are involved in, enthusiastic about, and committed to their work and who contribute to their organization in a positive manner. Engaged employees are the ones who are most likely to drive innovation, growth, and revenue that their companies desperately need. These engaged workers build new products and services, generate new ideas, create new customers, and ultimately help spur the economy — generating more good jobs.

According to Gallup's latest findings, 87% of workers are "not engaged" or "actively disengaged" and are emotionally disconnected from their workplaces and less likely to be productive. The proportion of actively disengaged employees has decreased from 27% to 24%. But, actively disengaged employees continue to outnumber engaged employees by nearly 2-to-1 — implying that at the global level, work is more often a source of frustration than one of fulfillment. It also means countless workplaces worldwide are less productive and less safe than they could be and are less likely to create badly needed new jobs.

Raise the Bar on Employee Engagement

As in 2009 and 2010, the current results point to substantial variation in engagement levels among employees in different global regions and among countries within those regions. The findings also reveal differences among employees with different job types and at different education levels within countries. Recognizing these differences can help managers understand how societal factors could affect workplace characteristics and help them identify specific barriers they must overcome to build more engaged workforces.

The good news for global business leaders is that decades of Gallup research has established certain basic workplace conditions that managers worldwide can focus on to help employees feel emotionally connected to their workplaces. The criteria on which Gallup based its employee engagement (Q^{12}) measure are universally applicable because they address fundamentally *human* emotional needs such as the need for respect, positive relationships, and a sense of personal development.

People spend a substantial part of their lives making a living, whether in a high-tech startup in Singapore, a financial institution in Australia, or a garment factory in the Dominican Republic. As a result, the quality of their workplace experience inevitably reflects the quality of their lives. With the vast majority of employees worldwide reporting an overall negative experience at work — and slightly more than one in 10 indicating that they are involved in and enthusiastic about their jobs and committed to their organization's success — it is no wonder that the global recovery remains sluggish, while social unrest abounds.

Business leaders worldwide must raise the bar on employee engagement. Increasing workplace engagement is vital to achieving sustainable growth for companies, communities, *and* countries — and for putting the global economy back on track to a more prosperous and peaceful future.

ACTIVELY DISENGAGED EMPLOYEES CONTINUE TO OUTNUMBER ENGAGED EMPLOYEES BY NEARLY **2-TO-1.**



HOW GALLUP MEASURES EMPLOYEE ENGAGEMENT

Gallup measures employee engagement based on workers' responses to its Q^{12} survey, which consists of 12 actionable workplace elements with proven links to performance outcomes. To identify these elements, Gallup spent years conducting thousands of interviews at every level of various organizations, in most industries, and in several countries. Since Gallup finalized the Q^{12} question wording in the late 1990s, the survey has been administered to more than 25 million employees in 189 different countries and 69 languages. The following items are the ones that emerged from Gallup's pioneering research as the best predictors of employee and workgroup performance.

GALLUP'S Q12®

01 I know what is expected of me at work.

02 I have the materials and equipment I need to do my work right.

03 At work, I have the opportunity to do what I do best every day.

04 In the last seven days, I have received recognition or praise for doing good work.

05 My supervisor, or someone at work, seems to care about me as a person.

06 There is someone at work who encourages my development.

07 At work, my opinions seem to count.

08 The mission or purpose of my company makes me feel my job is important.

09 My associates or fellow employees are committed to doing quality work.

10 I have a best friend at work.

11 In the last six months, someone at work has talked to me about my progress.

12 This last year, I have had opportunities at work to learn and grow.

SINCE THE LATE 1990s, GALLUP HAS ADMINISTERED THE Q[12] SURVEY TO MORE THAN

25 MILLION EMPLOYEES IN 189 DIFFERENT COUNTRIES AND 69 LANGUAGES

Four Stages of Employee Engagement

In addition to discovering the 12 items, Gallup also found that the order of the items is important. The 12 items represent the four stages of a hierarchy that an employee goes through on the path to complete engagement. Items 1 and 2 represent employees' primary needs. When employees start a new role, their needs are basic. They ask, "What do I get from this role?"

In the second stage, encompassing items 3 through 6, employees think about their own individual contributions and consider how others view and value their efforts. Manager support is most important here because managers typically define perceptions of value.

Once employees advance through the first two stages of the hierarchy, their perspective begins to widen and they evaluate their connection to the team and the organization. In the third stage, encompassing items 7 through 10, employees ask themselves, "Do I belong?" Then, during the fourth and most advanced stage, composed of items 11 and 12, employees want to make improvements, learn, grow, innovate, and apply their new ideas.

The four stages help managers evaluate workgroup performance and concentrate their efforts on areas most relevant to where their team is on the journey to complete engagement.

GALLUP EMPLOYEE ENGAGEMENT CATEGORIES

1 **Engaged** employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

2 **Not Engaged** employees are essentially "checked out." They're sleepwalking through their workday, putting time — but not energy or passion — into their work.

3 **Actively Disengaged** employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.

Three Types of Employees

Based on employees' responses to the 12 items, Gallup groups them into one of three categories: engaged, not engaged, and actively disengaged.

Not engaged workers can be difficult to spot: They are not hostile or disruptive. They show up and kill time with little or no concern about customers, productivity, profitability, waste, safety, mission and purpose of the teams, or developing customers. They are thinking about lunch or their next break. They are essentially "checked out." Surprisingly, these people are not only a part of your support staff or sales team, but they are also sitting on your executive committee.

Actively disengaged employees are more or less out to damage their company. They monopolize managers' time; have more on-the-job accidents; account for more quality defects; contribute to "shrinkage," as theft is called; are sicker; miss more days; and quit at a higher rate than engaged employees do. Whatever the engaged do — such as solving problems, innovating, and creating new customers — the actively disengaged try to undo.

On the other hand, engaged employees are the best colleagues. They cooperate to build an organization, institution, or agency, and they are behind everything good that happens there. These employees are involved in, enthusiastic about, and committed to their work. They know the scope of their jobs and look for new and better ways to achieve outcomes. They are 100% psychologically committed to their work. And, they are the only people in an organization who create new customers.

By consistently tracking Q12 results from year to year and developing the right data-based interventions to promote growth, employers will ensure that their workforce is meeting its potential and maximizing its performance outcomes.

Taking Employee Engagement to the Next Level

After a baseline reading of an organization's employee engagement level following the first companywide Q12 administration, Gallup provides customized tools and analysis to help leaders take the necessary next steps. After all, measurement without targeted action is useless. Moreover, if employers do not follow up on engagement results, employees' disengagement may actually increase. By consistently tracking Q12 results from year to year and developing the right data-based interventions to promote growth, employers will ensure that their workforce is meeting its potential and maximizing its performance outcomes.

Additionally, Gallup developed empirical indexes to help companies strategically pinpoint and improve specific focus areas relevant to their current situation. For example, Gallup has found that the companies that increase employee engagement the most are those that hold all employees accountable for taking action on their Q12 results. By adding the Accountability Index to the Q12 survey, companies can track each workgroup's efforts toward making progress on engagement goals.

The Brand Ambassador Index offers a valuable opportunity to measure the strength of employees' connection to their organization's brand. Gallup's research shows that employees who know what their organization stands for and what differentiates it from its competitors tend to be more engaged, and they more actively support and endorse their company's products and services.

By using one or more of these 18 indexes in conjunction with the Q12 metric, leaders have another tool with which to capture more of their organization's story. Gallup's empirical indexes offer companies actionable insights on a range of important topics, including change management, communication, customer orientation, innovation, and supervisor effectiveness.

The Power of Engagement

Leaders often say that their organization's greatest asset is its people — but in reality, this is only true when those employees are fully engaged in their jobs. Engaged workers stand apart from their not engaged and actively disengaged counterparts because of the discretionary effort they consistently bring to their roles day after day. These employees willingly go the extra mile because of their strong emotional connection to their organization. Reaching this unique state goes beyond having a merely satisfactory experience at work to one of 100% psychological commitment. Any employee can achieve this state in an engaging workplace, but leaders can be sure they are creating and maintaining this type of environment only if they actively measure and manage the true drivers of engagement. Gallup created and continues to test the Q^{12} metric to help organizations harness the power of engaged employees in the most efficient and actionable way possible.



MEASUREMENT WITHOUT TARGETED ACTION IS USELESS.



HOW EMPLOYEE ENGAGEMENT DRIVES GROWTH

Although measuring employee engagement is an increasingly common practice in the business world, Gallup's Q^{12} employee engagement metric is distinct in that it is backed by rigorous science linking it to nine integral performance outcomes. Gallup administers the Q^{12} to workers in various companies, nonprofits, and other organizations worldwide in an effort to help its clients improve their employee engagement. Meanwhile, Gallup researchers continually study findings from research on the Q^{12} to learn more about employee engagement's impact on organizational and team performance.

The 2012 meta-analysis once again verified that employee engagement relates to each of the nine performance outcomes studied. Additionally, Gallup continues to find that the strong correlations between engagement and the nine outcomes studied are highly consistent across different organizations from diverse industries and regions of the world.

The Q¹² Predicts Key Performance Outcomes

Every two to four years Gallup completes meta-analysis research — a statistical technique that pools multiple studies — on the Q¹². By conducting this research regularly over time and increasing the number of business units analyzed, Gallup stays on the cutting edge of how well employee engagement predicts key performance outcomes. When sample sizes allow, Gallup establishes links to new outcomes that companies can measure and manage to drive organizational performance through employee engagement. Gallup knows of no other company that backs its employee engagement survey with such extensive research.

In 2012, Gallup conducted its eighth meta-analysis on the Q¹² using 263 research studies across 192 organizations in 49 industries and 34 countries. Within each study, Gallup researchers statistically calculated the business/work-unit-level relationship between employee engagement and performance outcomes that the organization supplied. Researchers studied 49,928 business/work units, including nearly 1.4 million employees. This eighth iteration of the meta-analysis further confirmed the well-established connection between employee engagement and nine performance outcomes:

- customer ratings
- profitability
- productivity
- turnover (for high- and low-turnover organizations)
- safety incidents
- shrinkage (theft)
- absenteeism
- patient safety incidents
- quality (defects)

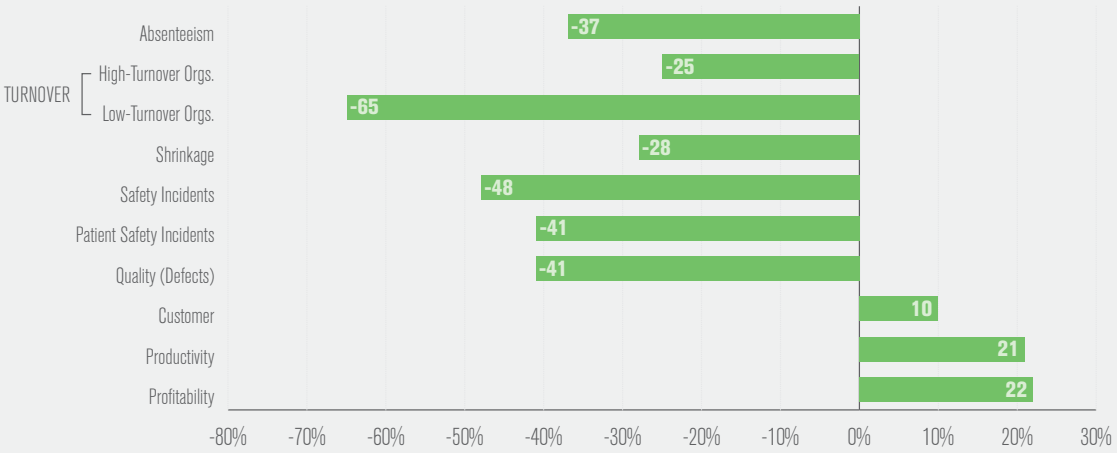
Given the timing of the eighth iteration of this study, it also confirmed that employee engagement continues to be an important predictor of organizational performance even in a challenging economy. Gallup researchers studied the differences in performance between engaged and actively disengaged business/work units and found that those scoring in the top half on employee engagement nearly doubled their odds of success compared with those in the bottom half. Those at the 99th percentile had four times the success rate of those at the first percentile.

Median differences between top-quartile and bottom-quartile units were 10% in customer ratings, 22% in profitability, 21% in productivity, 25% in turnover (high-turnover organizations), 65% in turnover (low-turnover organizations), 48% in safety incidents, 28% in shrinkage, 37% in absenteeism, 41% in patient safety incidents, and 41% in quality (defects).

In short, the 2012 meta-analysis once again verified that employee engagement relates to each of the nine performance outcomes studied. Additionally, Gallup continues to find that the strong correlations between engagement and the nine outcomes studied are highly consistent across different organizations from diverse industries and regions of the world.

ENGAGEMENT'S EFFECT ON KEY PERFORMANCE INDICATORS

Median differences between top- and bottom-quartile teams



INCREASED ENGAGEMENT LEADS TO HIGHER EARNINGS PER SHARE

Gallup's research also shows that companies with engaged workforces have higher earnings per share (EPS) and seem to have recovered from the recession at a faster rate. In a recent study, Gallup examined 49 publicly traded companies with EPS data available from 2008-2012 and Q^{12} data available from 2010 and/or 2011 in its database and found that organizations with a critical mass of engaged employees outperformed their competition, compared with those that did not maximize their employees' potential.

In fact, researchers discovered that as the economy began to rebound after 2009, having an engaged workforce became a strong differentiator in EPS. Companies with engaged workforces seemed to have an advantage in regaining and growing EPS at a faster rate than their industry equivalents. Conversely, those organizations with average engagement levels saw no increased advantage over their competitors in the economic recovery.

Organizations with an average of 9.3 engaged employees for every actively disengaged employee in 2010-2011 experienced 147% higher EPS compared with their competition in 2011-2012. In contrast, those with an average of 2.6 engaged employees for every actively disengaged employee experienced 2% lower EPS compared with their competition during that same time period.

MEASURING WHAT MATTERS

Joseph Juran, a noted management expert, said, "Without a standard there is no logical basis for making a decision or taking action." Most organizations understand this to some degree; however, many persist in measuring performance by the *wrong* standard — using unsubstantiated or ineffective metrics that ultimately lead nowhere. When leaders work with Gallup to measure and manage employee engagement at their companies, they can be confident that the Q^{12} is backed by years of empirical research and used by some of the world's leading organizations.

Factors such as EPS, profitability, productivity, and customer ratings are all key indicators in determining an organization's health and its potential for growth. For leaders who are responsible for these outcomes, the research plainly shows that the Q^{12} is more than just another human resources initiative; it is the best measurement tool for initiating companywide transformation to create sustainable growth. By intentionally focusing on measuring and managing employee engagement using Gallup's Q^{12} metric, companies gain a competitive advantage that keeps them moving forward. Research shows concentrating on employee engagement can help them withstand — and possibly even thrive in — challenging economic times.

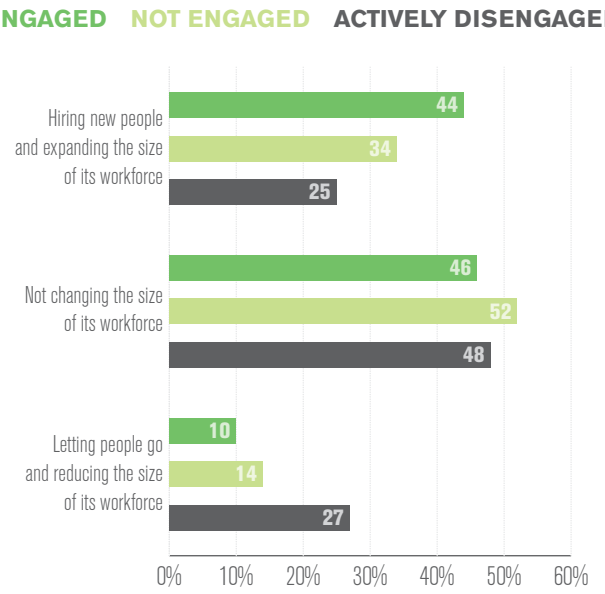


WHAT THE WORLD WANTS IS A GOOD JOB

Gallup research finds that good jobs are what the world needs most. Global surveys consistently demonstrate that people with "good jobs" — defined as those that offer steady work averaging 30 or more hours per week and a paycheck from an employer — are more likely than those in other employment categories to rate their present and future lives positively. Thus, job creation is essential to a community's capacity to meet its residents' needs, and leaders worldwide must learn how to attract or retain talented people who can create new businesses or help existing ones expand.

Communities striving to find sources of sustainable growth need a "critical mass" of high-energy businesses and organizations that bolster job creation and economic opportunity. That energy is more likely to be found in workplaces where employees are engaged in their jobs. Engaged employees are almost two times as likely as those who are actively disengaged to report that their companies are hiring new people or expanding. By contrast, actively disengaged employees report that their companies are reducing workforces at rates almost three times that of the engaged population.

BASED ON WHAT YOU KNOW OR HAVE SEEN, WOULD YOU SAY THAT, IN GENERAL, YOUR COMPANY OR EMPLOYER IS ... ?



Engaged Employees Are More Optimistic About the Economy

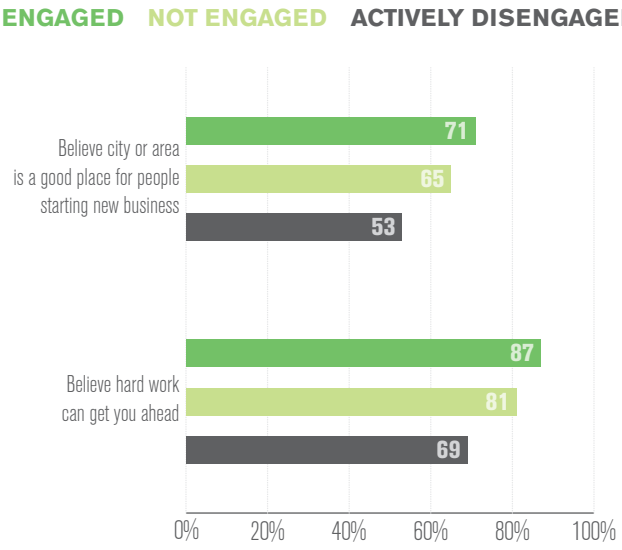
Gallup data suggest that engaged employees help foster entrepreneurship in their communities. Job creation depends on the confidence of a city's inhabitants to start up new ventures. Engaged employees are more likely than their less engaged peers to have confidence in their communities' business environment: 71% of engaged employees report that their city is a good place to start a business, compared with 53% of those who are actively disengaged. Engaged employees are also more likely to agree that hard work gets you ahead.

Engaged Employees Rate Their Lives Better

When employees feel engaged and productive at work, it positively affects their lives at work and beyond the workplace as well. Engaged employees assess their overall lives more highly than not engaged or actively disengaged employees. They also report more positive day-to-day emotional states and interactions with others than their less engaged peers.

Each year in more than 140 countries and territories, Gallup's World Poll tracks two types of measures important for assessing the subjective quality of people's lives: 1) their overall life evaluations, which are used to categorize them as "thriving," "struggling," or "suffering," and 2) their specific emotional states, measured by asking whether or not they experienced a series of positive and negative emotions — including enjoyment, stress, and anger — the day before the survey.

OPTIMISM ABOUT THE LOCAL ECONOMY RISES WITH ENGAGEMENT LEVEL

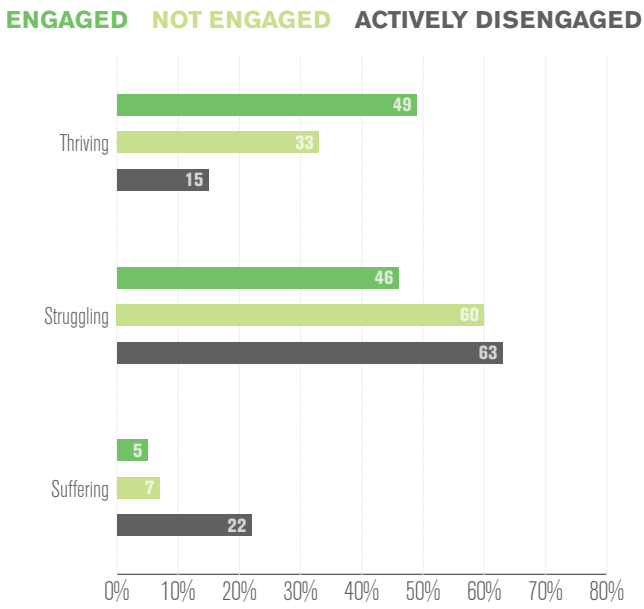


Life evaluations are based on the Cantril Self-Anchoring Striving Scale, with steps numbered from zero to 10. Thriving respondents rate their present lives at 7 or higher, and predict their lives in five years will be at 8 or higher. Suffering respondents rate both their present and future lives at 4 or lower. The remainder — those with midlevel ratings — are classified as struggling.

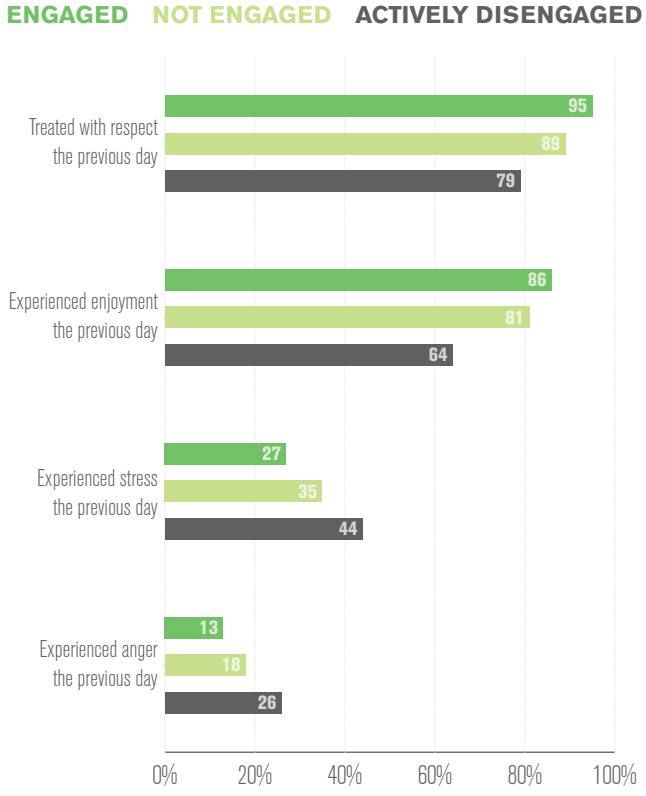
Worldwide in 2012, 31% of employees rated their lives highly enough to be considered thriving, while the majority, 59%, were struggling and 10% were suffering. But these results varied dramatically according to whether or not those employees were engaged in their jobs. Engaged employees were more than three times as likely to be thriving in their overall lives as those who were actively disengaged. This relationship is meaningful because employees who are both engaged in their jobs and thriving in their overall lives are less likely to be thrown off course by organizational changes or disruptions in their personal lives.

ENGAGED EMPLOYEES ARE FOUR TIMES AS LIKELY AS THOSE WHO ARE ACTIVELY DISENGAGED TO SAY THEY LIKE WHAT THEY DO EACH DAY.

ENGAGED EMPLOYEES ARE MORE THAN THREE TIMES AS LIKELY TO BE "THRIVING" AS ACTIVELY DISENGAGED EMPLOYEES



ENGAGED EMPLOYEES HAVE MORE POSITIVE DAILY INTERACTIONS



Engaged employees also exhibit more positive day-to-day emotions and experiences than not engaged or actively disengaged employees. Almost all engaged employees (95%) report being treated with respect the previous day. Engaged employees also experience higher rates of enjoyment and lower rates of anger and stress than their not engaged or actively disengaged counterparts. Perhaps most tellingly, engaged employees are four times as likely as those who are actively disengaged to say they like what they do each day.

As the pressure increases for community leaders to provide good jobs and increase economic opportunities, engaging employees has never been more relevant. Engaged workforces create external benefits to the entire community through increased economic optimism among residents and improved performance outcomes among businesses. As Gallup CEO Jim Clifton notes in his 2011 book, *The Coming Jobs War*, "Successful local companies are not just engines for job creation but also engines for local social and community improvement." Through their effect on business outcomes, efforts to improve employee engagement have the potential to create the economic energy necessary to build stronger communities.

PAYROLL TO POPULATION: A NEW MEASURE OF ECONOMIC ENERGY

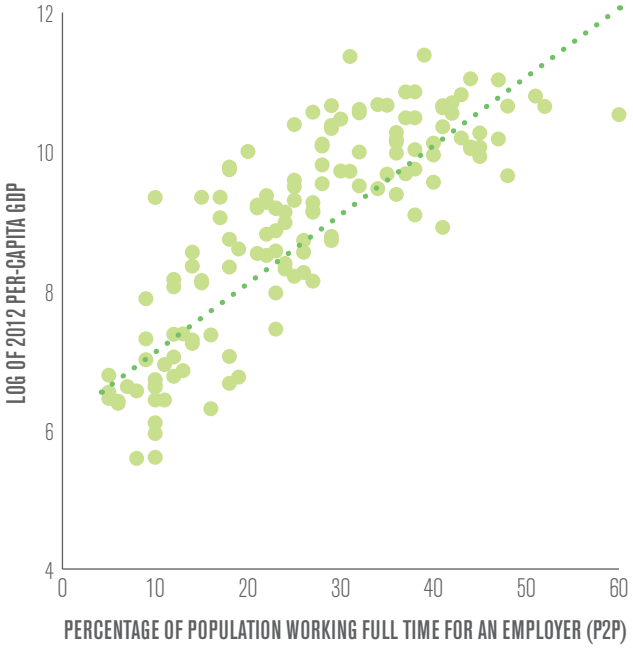
Traditional employment metrics are imperfect indicators of a country's true economic situation. As it is generally defined, a country's unemployment rate — the measure tracked most often worldwide — is not affected by changes in the workforce participation rate. When jobs are scarce, people may drop out of the workforce or become "self-employed" in menial labor or subsistence-level work such as small-scale farming. Such changes can actually lead to an *improvement* in unemployment rates, even though fewer people are contributing significantly to a country's economic output.

In 2012, Gallup developed a new employment indicator intended to gauge the prevalence of "good jobs" in a country's economy. This metric, called Payroll to Population (P2P), estimates the percentage of the entire adult population aged 15 and older — not just those currently in the workforce — who are employed full time for an employer for at least 30 hours per week. Unlike the traditional unemployment rate, P2P decreases when fewer people are working and increases when more people find full-time work.

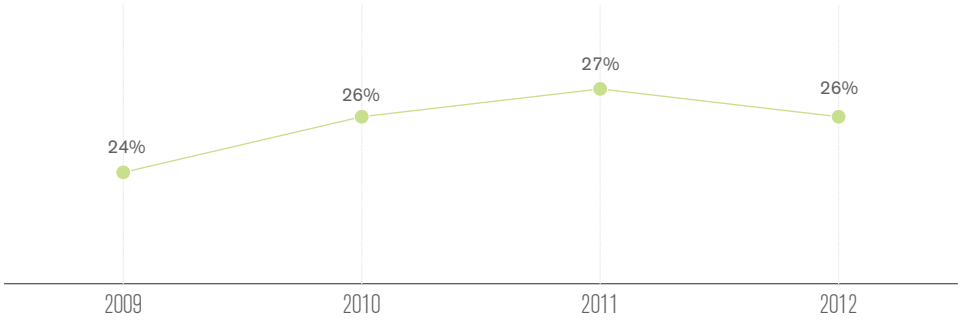
Gallup finds this new measure of employment to be more strongly related to GDP per capita than any other employment metric — including unemployment, which shows little correlation with GDP. The strength of the relationship between P2P and GDP per capita demonstrates how P2P provides a more accurate measure of the percentage of people who are contributing to a country's economic energy.

Gallup does not count adults who are self-employed, working part time, unemployed, or out of the workforce as payroll-employed in the P2P metric. The exclusion of self-employed workers may seem counterintuitive given the importance placed on entrepreneurship for creating jobs. However, while self-employment is typically thought of as providing economic energy and fueling growth in the developed world, in developing countries, it tends to consist of subsistence work that contributes little to a country's economic well-being. On a global basis, self-employment has a negative relationship with GDP per capita.

2012 P2P RATE VS. 2012 GDP PER CAPITA, WORLDWIDE



EMPLOYED FULL TIME FOR AN EMPLOYER



2012 based on surveys in 140 countries

P2P Rate at 26% in 2012

In 2012, the global P2P figure was at 26%, down slightly from 27% in 2011. This decline reverses the upward trend in P2P since the height of the global recession in 2009.

On a regional basis, Northern America, consisting of the U.S. and Canada, has the highest P2P rate (42%) of all regions in 2012, followed by the group of European countries and areas not in the European Union (40%), which includes Switzerland, Norway, Iceland, and North Cyprus. At the other end of the spectrum, sub-Saharan Africa has the lowest P2P rate (11%) followed by the Middle East and North Africa region (MENA) at 18%, which was the only other region to have a P2P rate below 20%.

In 2012, the global P2P figure was at 26%, down slightly from 27% in 2011. This decline reverses the upward trend in P2P since the height of the global recession in 2009.

The small and medium-sized enterprises (SMEs) that provide the bulk of employment in most of the developed world are far less common in developing economies. This helps explain why the percentage working for an employer is so low in regions like sub-Saharan Africa and South Asia. MENA's relatively low P2P rate is largely attributable to the high proportion of residents (56% in 2012) who do not participate in the workforce. Many people in the MENA region, especially women, voluntarily choose not to work. Young people also tend to be more likely to be out of the workforce than their counterparts in other regions, underscoring the job creation challenge facing many MENA leaders.

GLOBAL PAYROLL TO POPULATION EMPLOYMENT RATES, BY REGION

% OF THE POPULATION EMPLOYED FULL TIME FOR AN EMPLOYER

	2012
GLOBAL	**26%**
Northern America	42%
Europe — Other	40%
Commonwealth of Independent States	38%
European Union	33%
Latin America and the Caribbean	31%
Balkans	29%
East Asia	28%
South Asia	23%
Southeast Asia	21%
Middle East and North Africa	18%
Sub-Saharan Africa	11%

Among adults aged 15 and older; non-Arab expats were excluded from the sample in Arab Gulf countries

Though a county's P2P employment rate bears a strong relationship to its overall economic output (GDP), P2P is far less predictive of workers' life quality ratings, particularly in developing regions. Among sub-Saharan Africans participating in their countries' labor force, for example, 15% of those who work full time for an employer give life ratings high enough to consider them "thriving," vs. 11% of those who do not work full time for an employer. Employees' engagement levels are much more highly related to life evaluations and other indicators of life quality; across sub-Saharan Africa, 29% of engaged workers are thriving vs. 8% of actively disengaged workers.

Bottom Line

As many countries are still struggling to recover from the global recession, the decline in P2P in 2012 is an unfortunate reversal of the growth seen in 2010 and 2011. Developing countries must strive to create formal job opportunities with desirable working conditions, which will in turn reduce the need for informal subsistence jobs. Developed countries must maintain or grow P2P rates to guarantee residents decent work opportunities and continued economic prosperity and social programs. Further, as more residents come to work full time for employers, an understanding of workplace conditions that promote their productivity and well-being — i.e., that engage them in their jobs — will become increasingly important to economic development. G



EMERGING MARKETS NEED ENGAGED EMPLOYEES TO GROW

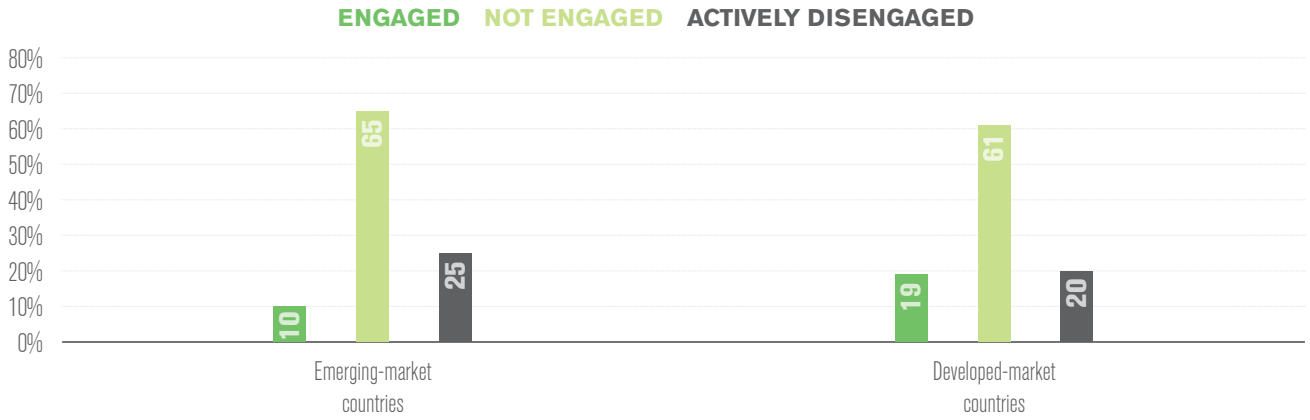
Rapid growth and development in emerging-market countries has dramatically changed the world's economic landscape over the past decade. The term "emerging market" has long been applied to the so-called BRIC countries of Brazil, Russia, India, and China. However, economists have more recently highlighted emerging-market conditions in numerous other countries, including Mexico, Indonesia, Turkey, and South Africa.

In many cases, fast-paced changes have come with growing pains for these emerging-market countries. For instance, some social sectors benefit more than others do from economic growth in these countries, resulting in widening income inequality. Gallup's surveys from several emerging-market countries highlight another factor that could be just as threatening to the pace of growth: low levels of employee engagement. Aggregated results for employees in 23 emerging markets reveal that about one in 10 employees are engaged at work — nearly half the proportion found across 23 developed-market countries. (Countries are classified as emerging markets and developed markets according to their current placement in the MSCI Developed-Market and Emerging-Market indices.)

A lack of employee engagement among businesses in emerging-market countries is likely to become an increasingly significant problem. To sustain their growth levels, these countries must rely less on commodity production and exports, and focus more on developing their domestic consumer markets. Economists have noted that the slowing pace of growth in many emerging markets is a testament to this need to rebalance their economies.

Growing consumer markets means that businesses must know how to attract and retain customers to maintain a competitive edge in the marketplace. Inevitably, these organizations will be those that understand and operate according to a basic principle supported by decades of Gallup research: Engaged employees are the only ones who create engaged, loyal customers.

ENGAGEMENT MORE COMMON IN DEVELOPED-MARKET COUNTRIES THAN IN EMERGING-MARKET COUNTRIES



INDIA: Labor Unrest Reflects Widespread Disengagement

Engaged employees are relatively rare in one of the world's most populous emerging markets, India. Gallup's 2012 data indicate that among Indians who work for an employer, 9% are engaged, while 31% are actively disengaged.

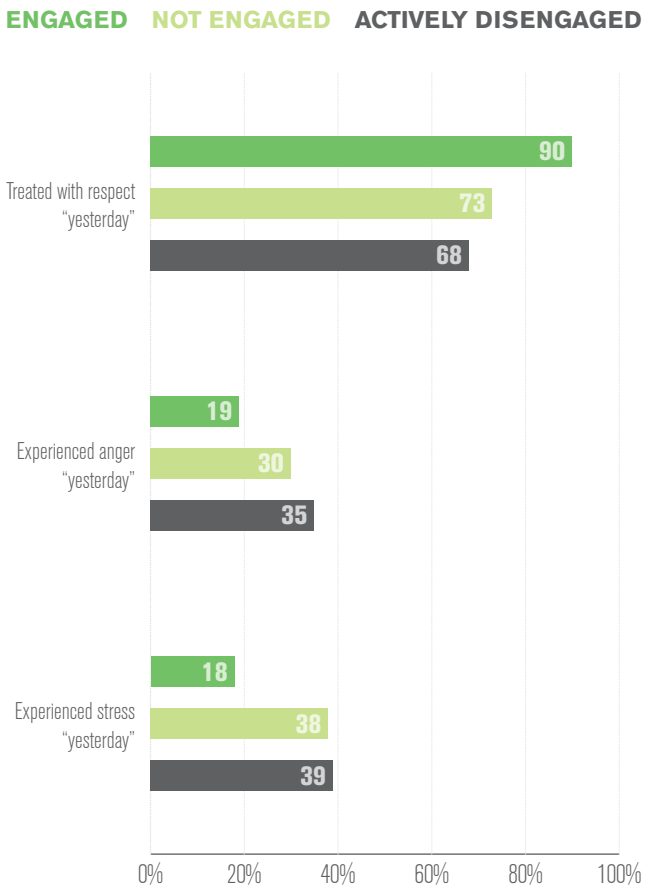
However, there is considerable variation in engagement levels in India by education level and job type. Among professional, managerial, sales, service, and administrative job types, engagement rates were all above 10%, while they fell below that threshold among job types that more often involve physical work such as installation/repair, construction/mining, and manufacturing/production.

The last two of these job types contain extremely high proportions of actively disengaged employees in India: 44% of construction and mining workers are actively disengaged, as are 32% of manufacturing and production workers. Employee engagement tends to be somewhat lower across countries among these industries because the traditional management mentality tends to put process ahead of people. However, the differences appear to be particularly sharp in India, a country that has long struggled with entrenched social divisions.

Recent labor unrest in India reflects the widespread frustration in these job sectors. Such incidents have led to concerns about the social instability and lost productivity created by resentment and unhappiness among workers. As Gallup data show, disengaged Indian workers are more likely to have experienced anger and stress the day before the survey and less likely to say they were treated with respect.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	7%	58%	35%
Secondary education	12%	69%	19%
Tertiary education	22%	70%	8%
Managers/Executives/Officials	18%	72%	10%
Professional workers	17%	71%	12%
Sales workers	15%	62%	23%
Clerical/Office workers	14%	74%	12%
Service workers	11%	62%	27%
Construction/Mining workers	7%	49%	44%
Transportation workers	7%	63%	30%
Farming/Fishing/Forestry workers	7%	56%	37%
Manufacturing/Production workers	4%	64%	32%
Installation/Repair workers	4%	74%	22%

MORE THAN ONE-THIRD OF INDIA'S ACTIVELY DISENGAGED EMPLOYEES EXPERIENCED ANGER AND STRESS THE PREVIOUS DAY



Improving industrial workers' outlook is critical for India's economic future. Economists note that the country's manufacturing base must grow for India to experience more broad-based development and provide enough jobs for the 250 million young people who will soon enter the workforce.

Expanding its manufacturing base means making India's regulatory environment more hospitable to manufacturers and tackling structural problems such as discrepancies between the salaries of permanent workers and the large number of temporary contract workers in these industries. Further, though the U.S. Bureau of Labor Statistics estimates that two-thirds of India's manufacturing output is produced in the formal economic sector, most of the manufacturing jobs are in the informal sector — i.e., small-scale enterprises primarily operated by family members and unregulated by any agency or state government. One of the challenges facing India's manufacturing sector is to move more informal-sector employees to larger formal-sector businesses, which tend to be more efficient because they reap economies of scale and have greater access to credit from formal financial institutions.

Larger manufacturing firms to seek to retain the dynamism and entrepreneurial spirit of employees in smaller businesses during this transition. That means helping employees in these workplaces feel respected by their managers and engaged in their jobs. In this sense, Gallup's employee engagement research offers good news, showing that the same management and workplace factors that define engagement predict improved performance outcomes across industries and job types. Managers in these manufacturing companies can do a lot to close the communication gap with employees and give them a greater sense of psychological commitment to their work.

ENGAGING INDUSTRIAL EMPLOYEES

Considering the high degree of routine that typically characterizes jobs in manufacturing and construction, managers in India may need to work hard to establish individualized feedback and recognition practices among workers. Managers in India's industrial sectors may also need to go to greater lengths to guarantee that all employees have regular opportunities to express their opinions about working conditions and their ideas for improvement. In manufacturing and construction workplaces, where safety issues are often a concern, such communication is essential not only for helping employees feel respected, but also for reducing their risk of injury on the job. As noted in Gallup's 2012 Q^{12} meta-analysis of 192 organizations in 34 countries, workgroups in the top quartile of employee engagement scores had 48% fewer safety incidents than workgroups in the bottom quartile.

Improving communication among managers and workers may help improve the desirability of manufacturing jobs among Indian youth. Experts note that to sustain its economic development, India must expand job opportunities in all economic sectors. Realizing the

country's manufacturing potential will be particularly important in this respect. Leading the way will be those companies that have learned to promote workplace harmony and boost productivity by harnessing the energy and initiative of engaged employees.

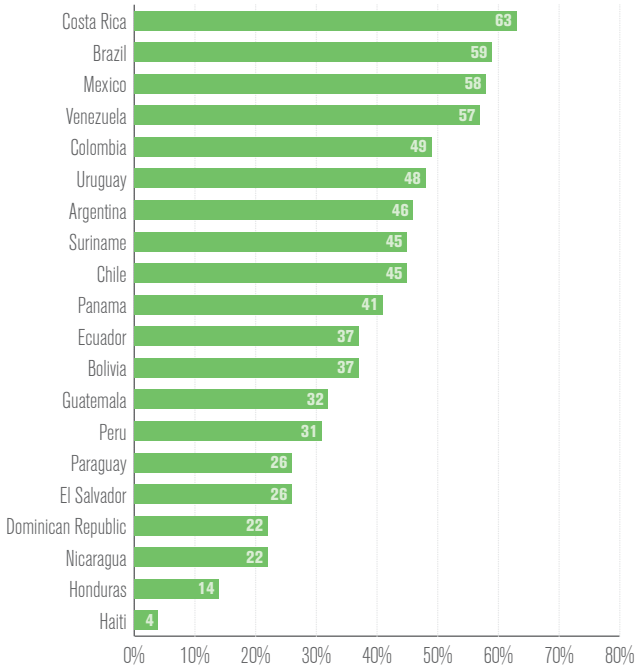
BRAZIL: High Engagement at Risk

Not all emerging-market countries' workforces post employee engagement results as low as those in India. In Brazil, another of the world's largest emerging economies, Gallup's 2011-2012 study finds that engaged employees outnumber those who are actively disengaged by more than 2-to-1 — 27% vs. 12%, respectively. Though these results leave room for improvement, this ratio is one of the most favorable among 19 Latin American countries for which individual results are available.

For most of the past decade, Brazil's economy saw remarkable growth. Tens of millions of Brazilians escaped poverty during that time as the country's middle class expanded. Gallup's surveys indicate that the proportion of Brazilians satisfied with their standard of living climbed from 66% in 2006 to 77% in 2010 before leveling off. Brazilians' overall life evaluations reflect their economic optimism; in 2012, 59% gave life ratings high enough to classify them as "thriving," among the highest figures in the region.

LIFE EVALUATIONS AMONG LATIN AMERICAN POPULATIONS

PERCENTAGE "THRIVING" IN 2012



FUTURE LESS CERTAIN FOR BRAZIL'S WORKFORCE

Whether Brazilians' positive views are sustainable over the next decade, however, remains to be seen. Brazil's economic boom has stalled since 2011, and the country's unemployment rate has begun to rise. More Brazilians are looking for jobs, and the quality of the jobs they can find will relate to how they view their lives. Gallup's 2011-2012 employee study reveals that among employed Brazilians, 48% of those who are actively disengaged at work are thriving in their overall lives vs. 77% of those who are engaged in their jobs. In fact, actively disengaged employees are somewhat less likely to be thriving than Brazilians who are unemployed (54%).

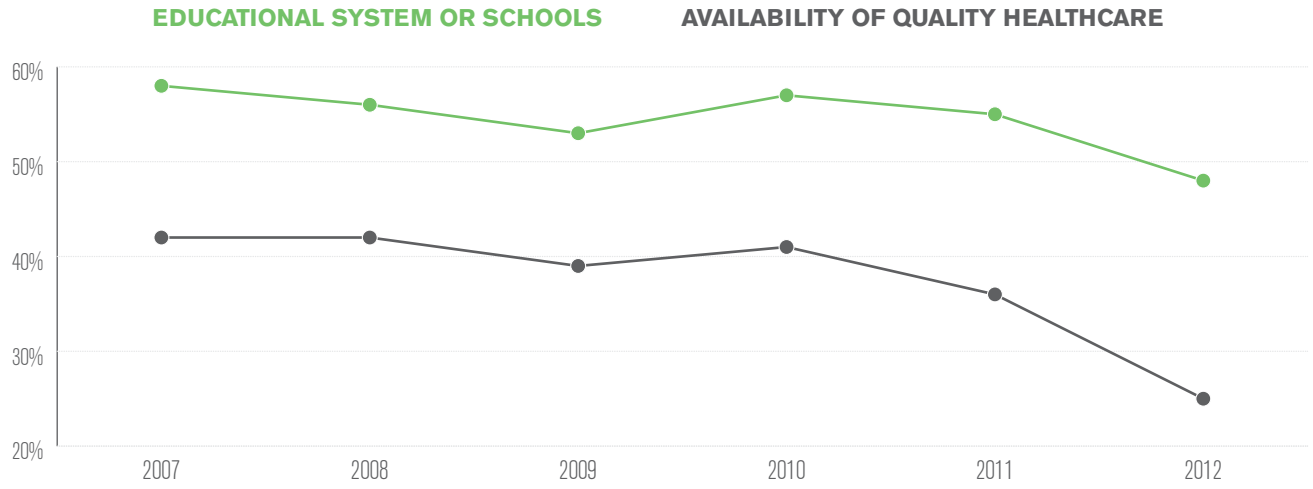
The economic slowdown has been accompanied by frustration among Brazilians who feel the government has failed to increase access to economic opportunities. In 2013, widespread protests erupted over various grievances, including lack of improvements to infrastructure and public services. Gallup's tracking polls suggest the protests reflect broader public sentiment; Brazilians' satisfaction with education and healthcare services in the city or area where they live has declined significantly in recent years.

Protestors have pointed to the money being spent on preparations to host the FIFA World Cup in 2014 and the 2016 Summer Olympics as examples of misspent resources. However, the events are centerpieces of the Brazilian government's effort to promote the country as an international tourist destination. The contribution of Brazil's travel and tourism industry to the country's GDP grew by 7.8% in 2012, and the industry currently supports about 7.7 million jobs in the country.

The hope is that dynamism in the labor-intensive tourism industry will lead to significant long-term job growth in Brazil's service sector. The country's relatively strong employee engagement results bode well for the success

IN THE CITY OR AREA WHERE YOU LIVE, ARE YOU SATISFIED OR DISSATISFIED WITH THE ... ?

AMONG BRAZILIANS AGED 15 AND OLDER



of such a strategy, which will rely largely on front-line employees' ability to satisfy customers — a key performance outcome of engaged workplaces.

Among Brazilian workers in service-oriented jobs, 28% are engaged, while 13% are actively disengaged. The resulting ratio of 2.2-to-1 is similar to the results among the country's workforce overall. However, there is much room for improvement.

As an example of improvement, one Brazilian service company has embraced employee engagement as an important part of its business strategy, expanding geographically and moving to the leadership position in its market. Measuring engagement every six months and training managers on how to devise and implement action plans based on the results, the company has seen its ratio of engaged to actively disengaged employees rise from 2.8-1 in 2009 to 11.8-1 in 2013. More importantly, the company's employee-focused management strategy has laid the groundwork for high productivity and service excellence.

As Brazil grapples with growth challenges over the coming years, it will be important for all businesses operating in Brazil — from multinational corporations to small-business startups — to focus on management practices that help employees stay engaged in their work and confident in their economic future.

Emerging Markets: Bottom Line

Gallup's 2011-2012 data indicate that employee engagement results vary significantly at the national level among emerging economies and within countries among different social sectors and job types. However, employee engagement is fundamentally a local phenomenon driven by managerial talent and other conditions unique to each workplace.

That said, in many countries undergoing rapid growth and development, most workplaces are failing to realize the productivity and well-being gains associated with high levels of employee engagement. Actively disengaged employees significantly outnumber engaged employees in Mexico, South Africa, Hungary, and Turkey, to name a few. An important part of the ongoing development of these countries will be a shift toward workplace conditions that use employees' individual strengths to empower them to make positive change in their organizations. This in turn will help employees provide better services to their customers.



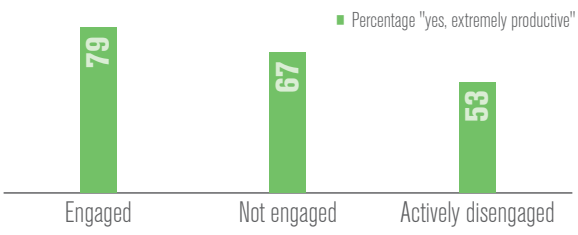
SPOTLIGHT: CHINA

Economists and policymakers have said for years that China's investment- and export-driven growth is increasingly unsustainable and that Chinese consumers need to spend more money to support the country's expanding economy. In recent years, the Chinese government has implemented stimulus programs that offer, for example, rebates for rural Chinese who buy home appliances and subsidies for upgrading their vehicles.

Ultimately, however, the task of engaging Chinese consumers is in the hands of thousands of businesses working to build strong brand reputations and harnessing the energy and initiative of highly motivated employees to better fulfill customers' needs. Those efforts will largely come from engaged workers who are more likely than those who are not engaged or actively disengaged to say they are "extremely productive" in their current jobs.

IN YOUR CURRENT JOB, DO YOU FEEL YOU ARE EXTREMELY PRODUCTIVE, OR NOT?

ASKED OF CHINESE ADULTS, AGED 18 AND OLDER, WHO WORK FOR AN EMPLOYER



Engagement Low Across Education Levels, Job Types

Unfortunately, however, China still has one of the lowest rates of employee engagement in the world. Just 6% of Chinese workers overall are engaged in their jobs, while 68% are biding their time in the "not engaged" category and 26% are actively disengaged and likely to be disrupting the efforts of their coworkers.

What's more, low engagement is pervasive across Chinese workers with different job types and education levels. The 7% engagement rate among college-educated workers is not meaningfully different from the 5% rate among those with an elementary education or less. And even among professional workers and managers, job types often characterized by high levels of status and autonomy, engagement is relatively rare at 8%. More worryingly, 4% of sales and service workers — on which Chinese companies will rely to attract new customers in an increasingly consumer-based economy — are engaged.

LOW ENGAGEMENT LEVELS ARE PERVASIVE ACROSS CHINESE WORKERS WITH DIFFERENT JOB TYPES AND EDUCATION LEVELS.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	5%	64%	30%
Secondary education	5%	71%	24%
Tertiary education	7%	72%	21%
Professional workers and managers/ executives/officials	8%	71%	20%
Construction/mining workers and manufacturing/production workers	6%	67%	26%
Sales workers and service workers	4%	69%	27%
Clerical/office workers	3%	68%	29%

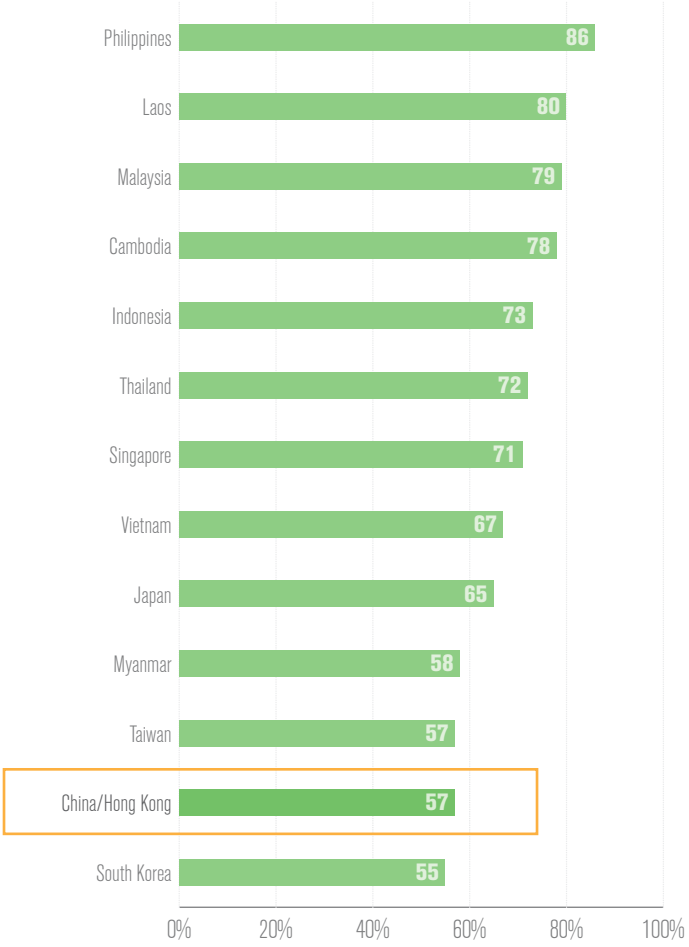
Chinese Employees Don't Feel They Have a Voice at Work

What will it take to engage more Chinese workers in their jobs? In many cases, employers need to examine their management practices and criteria for selecting managers. Gallup CEO Jim Clifton has noted that Chinese workplaces are often characterized by "command-and-control" hierarchical structures, and in many cases, people are not selected as managers for their ability to engage and develop employees.

This practice is particularly troubling as Gallup's research shows that managers have a critical impact on their employees' engagement levels. China's results are particularly low on item 7 ("At work, my opinions seem to count.") of Gallup's 12-item employee engagement (Q^{12}) survey. Only about one in eight Chinese employees strongly agree with this statement, compared with a median of more than one in four employees among all 142 countries included in the current study.

WOULD YOU SAY THAT YOUR JOB IS THE IDEAL JOB FOR YOU, OR NOT?

PERCENTAGE SAYING "YES, IT IS IDEAL"



DESPITE CHINA'S REMARKABLE ECONOMIC GROWTH, ITS RESIDENTS' LIFE RATINGS HAVE RISEN ONLY MODESTLY IN RECENT YEARS.

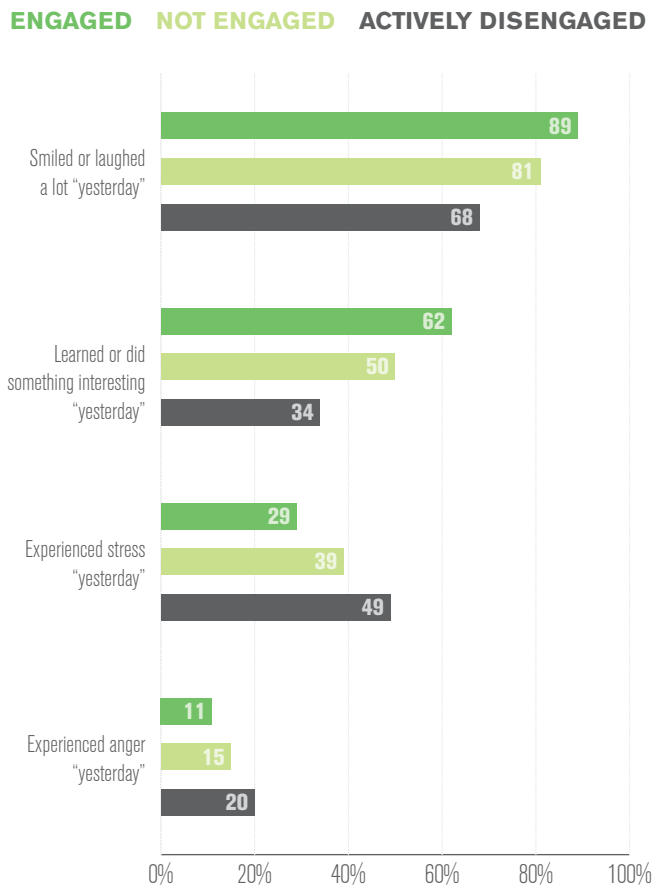
At the macroeconomic level, Chinese leaders seek to reform the country's economy from one based predominantly on manufacturing and dominated by large state-owned enterprises to one that better promotes innovation and entrepreneurship as key sources of indigenous growth. This diversification will require a greater focus on another critical aspect of employee engagement: ensuring that workers are in roles that best use their talents. Gallup's 2012 surveys reveal that 57% of Chinese workers say their job is ideal for them — among the lowest figures in East and Southeast Asia.

Workplace conditions are also important for improving the Chinese people's quality of life. Despite China's remarkable economic growth, its residents' life ratings have risen only modestly in recent years. In 2006, 13% of Chinese evaluated their present and future lives highly enough to be considered thriving; in 2012, that figure was at 20%. Among Chinese employees, however, perceptions of life overall are strongly linked to their level of engagement at work. Engaged workers are four times as likely as actively disengaged workers to be thriving — 32% vs. 8%, respectively.

Further, engaged workers in China are more positive about their day-to-day experiences on a broad range of measures. For example, they are more likely than actively disengaged workers to say that they smiled or laughed a lot the previous day. Engaged workers in China are also more likely to say they learned or did something interesting that day and less likely to have experienced stress or anger.

The powerful relationship between Chinese employees' workplace experience and their overall outlook on life has important implications for stability in a country whose leaders have made social harmony a top priority. As more Chinese organizations come to adopt modern, employee-focused management styles, those that retain restrictive, controlling management structures reminiscent of the country's once-dominant "danwei" work units are increasingly likely to become breeding grounds for worker dissatisfaction.

ENGAGED EMPLOYEES IN CHINA REPORT MORE POSITIVE DAILY EXPERIENCES



The next 20 years will be a time of rapid change for the Chinese economy as government and business leaders focus on the transition to more sustainable sources of development and job growth. Along the way, policymakers will be concerned with improving the way Chinese people view their lives and avoiding social instability. Changing workplace conditions so that Chinese employees are more likely to feel motivated and empowered will speed the country's transition to a more consumer-focused economy, as well as boost their quality of life.



3 WAYS TO ACCELERATE EMPLOYEE ENGAGEMENT

INVESTING IN EMPLOYEE SELECTION, STRENGTHS, AND WELL-BEING CAN BOOST ENGAGEMENT RESULTS.

After decades of research into human behavior in the workplace, Gallup discovered unique insights and strategies to help companies worldwide transform the way they do business. To accelerate engagement and optimize growth within organizations, Gallup established important approaches that leaders in any country or region can adopt to maximize the role human behavior plays in the workplace.

Finding the right employees and managers is essential to an organization's financial outcomes. Gallup helps companies scientifically select people who have the potential to be top performers and supports organizations in hiring and promoting employees with the talent to boost employee engagement.

It is not enough to put the right people in the right jobs. Companies must invest in their employees' greatest talents to optimize their performance. Gallup helps organizations discover what is naturally right with their employees by identifying employees' unique strengths and then building on them to help employees achieve their full potential.

When used with an employee engagement initiative, Gallup's research has proven that investing in employee selection, strengths, and well-being has the power to boost the results companies would receive from increasing engagement alone.



SELECT THE RIGHT PEOPLE

Though many organizations focus on strengthening their current employees' engagement, few have realized the potential effect the selection of managers and leaders can have on engagement and organizational performance. Ultimately, people engage people. Gallup helps organizations ensure they select the right people to increase their overall engagement.

Boosting Engagement Through Manager Selection

Whom companies name as manager is one of the most important decisions they make, given that managers play a critical role in driving engagement in any organization. Whether hiring from the outside or promoting from within, organizations that scientifically select managers for the unique talents it takes to effectively manage people greatly increase the odds of employee engagement. Instead of using management jobs as promotional prizes for all career paths, companies should treat them as unique roles with distinct functional demands that require a specific talent set. The reality is that many people who are the best performers in their current roles do not have the talents necessary to effectively manage people.

Gallup researchers have spent decades studying great managers' talents — naturally recurring patterns of thought, feeling, and behavior that are productively applied in the role — and have discovered that talents are powerful predictors of organizational engagement and performance. While there are many factors to consider when hiring or promoting, the most fundamental is how a person is likely to behave in the role and whether he or she can fulfill the role's responsibilities to excel.

Great managers engage their teams on several levels. First, they display genuine care and concern for their people. By building strong, trusting relationships with their staff, they can engender an open and positive work atmosphere in which employees feel supported and engaged. Second,

With each new hire or promotion, employers have the opportunity to maximize employee engagement in the workplace.

great managers care just as much about performance as they do about their people as individuals. They set the stage for performance by determining those metrics that matter most and finding ways to individually motivate employees to work and strive harder. Finally, great managers value and invest in talent. With an eye for what individuals around them do well, they perfectly position people in areas or tasks that will use their greatest strengths, resulting in an increased ability for individuals to say that they have an opportunity to do what they do best.

The bottom line is that great managers have great talent for supporting, positioning, empowering, and engaging their staff. Choosing the right managers in an organization has an immediate effect on employees' engagement.

Boosting Engagement Through Employee Selection

Gallup has found that, generally speaking, employees' perceptions of their primary manager influence about 70% of their engagement, while coworkers' attitudes and other factors account for the remaining 30%. Thus, once an organization puts the right managers in place, the next step to strategically boosting overall engagement is to select the right employees.

In most organizations, a few key employees stand out for their ability to foster workplace engagement. They energize and influence others with their commitment to achieving organizational and team objectives. The best managers know who their standout employees are, and they would hire more like them if they knew how.

Gallup developed the Engagement Creation Index (ECI) — an innovative tool designed to identify and measure the talent for engaging others — to help organizations transform their engagement dynamic by adjusting their hiring practices. The ECI does more than measure a candidate's own likelihood to be engaged, which can fluctuate over time. Most importantly, it captures a candidate's ability to act as a catalyst to build engaged work teams.

Gallup rigorously tested the ECI and has scientifically proven its ability to predict which job candidates are most likely to elevate engagement levels among their coworkers. These individuals naturally generate energy and commitment wherever they go, accelerating an organization's journey toward higher levels of engagement. In fact, when combining the ECI with more rigorous selection criteria, engagement scores improve even more. The bottom line is that the ECI offers employers a powerful tool to ensure that they are making the most of each selection opportunity.

At the end of the day, engagement is all about people. Therefore, it is imperative for leaders to devise selection strategies with the goal of accelerating employee engagement. This starts with using objective selection criteria to ensure that companies hire and promote managers with the talent to lead and engage their workgroups.

In addition, Gallup's selection tools, such as the ECI, can help organizations hire more employees like their best, including those with a talent for helping to engage others. With each new hire or promotion, employers have the opportunity to maximize employee engagement in the workplace. People want to feel supported, have a sense of belonging, and understand the contribution they can make toward organizational goals. Making sure that they get these things from their interactions with managers and team members is key to driving their engagement.



DEVELOP EMPLOYEES' STRENGTHS

PEOPLE WHO USE THEIR STRENGTHS EVERY DAY ARE SIX TIMES MORE LIKELY TO BE ENGAGED ON THE JOB.

Gallup researchers studied human behaviors and strengths for decades and established a compelling connection between strengths and employee engagement in the workplace — one that has the power to accelerate performance when companies work on enhancing both simultaneously. The research shows that people who use their strengths every day are six times more likely to be engaged on the job.

All employees have strengths — the unique combination of talents, knowledge, and skills that help them do what they do best every day. These strengths do more than make them unique individuals; they also serve as employees' — and the organization's — greatest opportunities for success. What leaders do or do not do with this workforce potential has considerable implications for their organization's future.

EMPLOYEES WHO RECEIVED STRENGTHS-BASED COACHING SAW THEIR ENGAGEMENT SCORES IMPROVE SUBSTANTIALLY.

The Power of Strengths in the Workplace

The best opportunity for employees to grow and develop is to identify the ways in which they most naturally think, feel, and behave, and then build on those talents to create strengths, or the ability to consistently provide near-perfect performance in a role. To help people identify what they do best, Gallup developed the Clifton StrengthsFinder, an online assessment of personal talent that reveals areas of greatest potential for developing strengths. Since its launch in 1998, more than 9 million people have taken the assessment in 50 countries and in 24 languages.

Gallup works with organizations worldwide to help their employees discover their innate talents and apply them productively to achieve business objectives. The Clifton StrengthsFinder provides a starting point in Gallup strengths-based development programs and interventions for helping individuals build on their talents, skills, and knowledge to improve performance. In its extensive research, Gallup has found that developing employees' strengths is a far more effective approach than trying to improve their weaknesses.

Improving Engagement and Business Outcomes Through a Strengths-Based Approach

Gallup conducts ongoing research using its Q^{12} Client Database to explore the benefits of its strengths-based interventions on employee engagement and other business outcomes. Recently, Gallup studied 11 client companies with a combined 90,000 employees in 900 business units. While most individuals in the study were located in companies in North America, at least one of the companies studied had a sizable international workforce scattered across South America, Europe, and Asia. In this study, Gallup found that business units in which the manager or the employees received a Gallup strengths intervention, such as a strengths coaching feedback session, performed better on important measures than business units that received no such coaching.

Business units with managers who received a strengths-based intervention showed significant improvement on their employee engagement GrandMean scores compared with units whose managers received no intervention. Further, employees who received strengths-based coaching saw their engagement scores improve substantially compared with others who did not receive strengths-based coaching.

Beyond boosting engagement scores, Gallup found that strengths-based interventions affect retention, productivity, and profitability. Employees who received strengths feedback had turnover rates 14.9% lower than those of their counterparts. Also, business units whose managers received strengths coaching had 12.5% greater productivity than other units. When employees had the opportunity to receive strengths feedback, they outperformed their peers who did not receive the strengths intervention by 7.8% in productivity. Additionally, units whose managers received strengths coaching were 8.9% more profitable than other units.

Engagement Increases When Managers Focus on Employees' Strengths

It is not surprising to see gains on engagement scores and other outcomes when every employee on the team receives an opportunity to develop his or her strengths. However, Gallup still found substantial increases in teams' business outcomes when only the manager underwent strengths-based development. How is it that the entire team benefits when only one person — the manager — receives the strengths intervention?

Employees who feel engaged at work and who can use their strengths in their jobs are more productive and profitable, stay longer, have happier customers, and produce higher quality work.

Gallup has found that a manager's approach to strengths has a profound effect on employees' engagement and performance because he or she plays an important, direct role in maximizing employees' chances to use their strengths every day. One Gallup study found that when employees felt their managers ignored them, 40% were actively disengaged. By contrast, 22% of employees who said their managers focused on their weaknesses were actively disengaged, proving that even negative attention is better than no attention at all in employees' eyes. However, of the employees who said their manager focused on their strengths, only 1% were actively disengaged.

Managers have unique opportunities in their daily interactions with employees to empower them to discover and develop their strengths, and they have the responsibility to position employees in roles where they can do what they do best every day. When managers succeed in these endeavors, their teams become more engaged. And Gallup has found that employees who feel engaged at work and who can use their strengths in their jobs are more productive and profitable, stay longer, have happier customers, and produce higher-quality work. Based on findings like these, Gallup concluded that a strengths-based management approach is the best way to improve the employee-manager relationship.

Boosting Employees' Strengths Builds More Engaging Organizations

Gallup scientists believe that the one workplace phenomenon with the greatest potential to change the world would be for every employee to have the chance to do what he or she does best at work each day. People can achieve their full potential only when they are in positions where they can consistently use their greatest talents. Using one's strengths every day is a powerful source of motivation for workers and offers life-changing possibilities.

Further, companies that invest time and effort into helping employees understand their strengths and apply them in the workplace see greater profitability, productivity, and engagement. Yet Gallup found that only about 33% of workers worldwide in their initial employee engagement measurement strongly agreed that their job provides them with the opportunity to do what they do best daily.

What is behind this low score is that too many companies mistakenly believe they can best achieve success by trying to help managers and employees overcome their weaknesses. On the contrary, Gallup has found that while weaknesses cannot be developed much at all, talent can be developed extensively — making employees' strengths a powerful untapped resource for most organizations.

To create a work environment where employees can universally agree that they can use their strengths each day, Gallup recommends that managers and leaders focus on these steps:

- Help employees discover their strengths. People often take their most powerful talents for granted or may not be aware of them. Gallup's Clifton StrengthsFinder assessment helps people identify their greatest strengths, and organizations can easily use this tool as a starting point for building a strengths-based orientation in the workplace.
- Align employees' greatest talents with the expectations and demands of their roles. A manager's primary responsibility is to position each employee to use his or her strengths each day.
- Find ways to apply strengths in a team setting to achieve common goals. Help coworkers learn and understand one another's strengths and how their talents complement those of others on the team. Consider posting employees' top Clifton StrengthsFinder themes of talent in their offices or cubicles.
- Use team meetings to help team members deepen their understanding of the strengths approach, and assign team projects based on employees' strengths.
- Incorporate strengths into performance conversations and reviews, and help employees set goals based on their strengths.
- Create a community of strengths advocates and champions as internal experts to help everyone in the organization use his or her strengths. These people will help with initial launch efforts and sustain those efforts through the entire company's strengths journey.

STRENGTHS ARE A POWERFUL UNTAPPED RESOURCE.



ENHANCE EMPLOYEES' WELL-BEING

From a global perspective, the American healthcare system stands out as an example of out-of-control spending. However, a recent study from the Organisation for Economic Co-operation and Development (OECD) predicts that public spending on health and long-term care in some industrialized and developing nations may soon rise at an even faster pace than that of the U.S. Projections in the OECD report suggest that Korea, Chile, Turkey, and Mexico, in particular, will see above-average increases in public health spending over the next 50 years. Further, costs in emerging economies such as Brazil, Russia, India, Indonesia, China, and South Africa are forecast to rise at an even sharper pace than that of the 34 OECD countries.

Rising public health and long-term care expenditures are bad news for countries still struggling to rebound from the effects of the worldwide recession because they inhibit economic growth by consuming a substantial portion of a nation's gross domestic product. This leaves countries with fewer funds to invest in business, education, research, and development — all vital components to jump-starting sluggish economic engines and stemming unemployment. Consequently, unchecked healthcare costs could potentially stall the global economic recovery.

EMPLOYEES WHO ARE ENGAGED IN THEIR JOBS ARE GENERALLY IN BETTER HEALTH AND HAVE HEALTHIER HABITS THAN EMPLOYEES WHO ARE NOT ENGAGED OR ARE ACTIVELY DISENGAGED.

Worldwide, Preventable Chronic Diseases on the Rise

While various factors can influence rising healthcare prices — including aging populations, increased urbanization, uncontrolled medical inflation, and expensive technological advances — the rise of preventable chronic diseases such as obesity, Type 2 diabetes, and cardiovascular disease also contribute to the problem. The number of those who are obese has doubled worldwide since 1980 according to the World Health Organization (WHO), and it is increasing rapidly in low- and middle-income countries.

Mounting evidence suggests that leaders stand the greatest chance of containing runaway healthcare spending by focusing on helping individuals avoid poor health choices that lead to costly chronic conditions. Gallup's studies have shown that by investing in programs designed to improve employees' overall well-being, companies can boost workers' engagement levels and gain a distinct competitive advantage in the global marketplace.

Engaged Workers Lead Healthier Lives

While studying engagement outcomes worldwide, Gallup discovered a correlation between employees' engagement levels at work and their physical health. Gallup found that employees who are engaged in their jobs are generally in better health and have healthier habits than employees who are not engaged or are actively disengaged. Engaged employees have lower incidences of chronic health problems such as high blood pressure, high cholesterol, diabetes, obesity, diagnosed depression, and heart attacks than actively disengaged employees. They also eat healthier, exercise more frequently, and consume more fruits and vegetables than their not engaged or actively disengaged counterparts. Further, these engaged employees are more likely to participate in employer-sponsored wellness programs.

These findings suggest that organizations that make an effort to improve their employees' engagement levels will also help their workers improve the quality of their lives, minimizing the costs of decreased productivity resulting from chronic illnesses.

"Thriving" Employees Have Lower Healthcare Costs

In addition to measuring workers' engagement levels, Gallup categorizes them as "thriving," "struggling," or "suffering" according to how they rate their current and future lives on a ladder scale with steps numbered from zero to 10, based on the Cantril Self-Anchoring Striving Scale, where zero represents the worst possible life and 10 represents the best possible life. Gallup discovered dramatic differences in actual healthcare costs employers pay each year on employees' behalf based on each category. In one U.S. study, employees who are thriving had 41% lower health-related costs compared with employees who are struggling and 62% lower costs compared with employees who are suffering. These findings suggest that if employers made an intentional effort to raise well-being levels for all workers, they would realize significant savings in their medical costs.

In countries where employers are not directly involved in subsidizing employees' medical costs, organizations still benefit greatly from employee well-being initiatives. Gallup has found that poor physical and mental health contributes to a host of issues that are bad for business, including increased absenteeism, lower performance, and lower productivity.

The highest-performing managers find ways to improve employees' lives.

Engaged and Thriving Employees Are Resilient and Agile

Beyond the advantages companies realize when they either engage their employees or increase their well-being, Gallup researchers discovered that attending to both simultaneously accelerates employee engagement levels. Gallup found that employees who are thriving in their lives overall are more than twice as likely as those who are struggling to be engaged in their jobs, and thriving employees are nearly six times as likely to be engaged as those who are suffering. However, more than half of employees worldwide are struggling or suffering in aspects of their overall lives, highlighting an important opportunity for managers.

When employees are engaged *and* thriving, they are more likely to be agile and resilient. These employees have their workplace lives *and* their overall lives operating smoothly, so major organizational changes or disruptions in their personal lives are unlikely to throw them off course. They are physically healthy, have strong relationships, are active in their communities, and are in control of their finances. They also enjoy their work and are more likely to report excellent performance and stay with their company than those who are engaged but are struggling or suffering in their overall lives.

Likewise, engaged, thriving employees have fewer health problems. Compared with their engaged but struggling/suffering counterparts, they have fewer unhealthy days as a result of physical or mental illness, are less likely to be diagnosed with a new disease in the next year, and are less likely to be newly diagnosed with anxiety and depression. These numbers add up to big savings for companies' bottom line in terms of productivity and performance.

The Manager's Role in Improving Employee Engagement and Well-Being

Regardless of regional or cultural differences, managers around the world significantly influence their direct reports' engagement and well-being, which in turn affects their organization's bottom line. Managers can limit active disengagement and poor well-being on their teams by focusing on specific Q^{12} elements such as connecting their work to the organization's mission and purpose (Q08) and focusing more on employees' strengths (Q03). More broadly, Gallup found that the highest-performing managers find ways to improve employees' lives while helping them improve their work performance. Although some supervisors might expect employees to compartmentalize their work lives and their personal lives, great managers know that the whole person comes to work and that each employee's well-being influences individual and organizational performance. These managers inspire team engagement and performance in part because they invest in their employees' overall lives and well-being.

Business leaders and managers can play a major role in developing an approach to improve the workplace environment and potentially their workers' health and well-being. Leaders should consider the following insights when creating a plan that addresses their workplace's specific needs, keeping in mind that Gallup found that actions that affect employees' lives on a personal level are the most likely to succeed:

- **Make well-being an organizational strategy — much like other organizational outcomes.** Healthy behaviors are contagious. Employees in teams affect the well-being of others in the workgroup, so any strategy should seek to capitalize on this powerful chain of influence. Also, leaders who are thriving in their own well-being are more likely to have thriving employees. Organizations should expect that employees and those in management have high well-being, and leaders and managers should reinforce this expectation.

- **Communicate a commitment to well-being consistently in all of the programs the company offers.** Companies can help employees be more conscious of their well-being and understand how to improve it through various corporate programs and benefits. These benefits could include many offerings such as retirement savings programs, social or community activities, health-risk assessments, exercise machines, employee assistance programs, and nutrition information programs.
- **Hold leaders accountable for well-being programs available to employees.** Leaders should constantly evaluate programs they use for well-being improvement. Hold the organization accountable by measuring well-being and tracking improvements. Evaluate the effectiveness of existing programs to ensure that they are motivational and connect to the right outcomes.
- **Consider how to embed activities to increase well-being in individual development plans and goals.** Encourage well-being goal setting with individuals by having them share what feels comfortable about their goal with at least one person. Encourage employees to document their goals and track their individual well-being. Create activities and sessions that bring opportunities for peer discussions on well-being topics.
- **Set positive defaults for making healthy choices.** Employees face several choices and decisions throughout their workday. When it comes to well-being, make it easy to pick the right choices. Make it simple to participate in retirement savings programs, contribute to savings accounts, or take part in health programs. In vending machines and cafeterias, ensure that healthy snacks and drinks are the most accessible. Offer plenty of opportunities to join physical or social activities throughout the day. Look for other easy ways to incorporate well-being activities into the day-to-day routine at work.

When leaders follow these guiding principles, their companies will make substantial inroads to improving employee well-being. Given the existing teams, structure, departments, and social networks they can use to help effect change, organizations are in a unique position to make a real difference in the lives of employees, their families, and their communities. Gallup found that higher well-being among employees accelerates employee engagement, with engaged, thriving employees having the most positive effect in their workplaces. Organizations that find ways to engage their employees *and* increase their well-being will reap the financial benefits of higher engagement and find enormous savings in increased productivity and performance and fewer missed workdays, while enhancing employees' overall quality of life.

Bottom Line

Chronic, preventable disease is a significant barrier to economic growth and recovery. In many of the world's poorest countries, cheap preventative measures like bed nets to block the spread of malaria and chlorine tablets to purify drinking water are underutilized. Further, as more countries become industrialized and urbanized, the evidence suggests that they will likely adopt the sedentary lifestyle linked to the health problems plaguing developed nations. To date, governments and health organizations have been ineffective in developing successful strategies for either chronic disease prevention or healthcare cost containment.

Gallup's research suggests that businesses and organizations might be uniquely positioned to help solve this burgeoning international crisis. Gallup has found that employers have an immense influence on their workers' emotional and physical health — for better or for worse. By taking steps to improve employees' engagement and well-being, companies have the power to make an impact on escalating healthcare costs and disease burden in their countries, one workplace at a time.



LINKING EMPLOYEE ENGAGEMENT TO CUSTOMER GROWTH

As organizations transform their workplaces through employee engagement, leaders must remember the process is not an end in itself. They need to use their engaged workforce in a productive, purposeful way to get the most from every employee. A critical place to start is with the customer. Great leaders know that the best way to get their customers engaged and spending more is to ensure that their employees are engaged and aligned with their brand promise.

Optimizing the emotional connection between employees and customers must be central to what leaders and managers think about every day. If they do not focus on this connection, missed opportunities to maximize employees' efforts quickly result in missed opportunities with their customers or prospects, inhibiting organizational growth. Despite what companies stand to gain, Gallup often finds that they struggle to connect engaged employees' actions into an engaging experience for their customers, and the issue is usually that employee behaviors are not aligned with the company's brand.

All employees need to understand how their individual contribution relates to the company's mission and purpose, whether that mission is to make a profit and increase earnings per share (EPS), to raise funds to keep a nonprofit operation running, or to provide healthcare to those in need. Front-line employees represent a particularly important opportunity to fulfill this mission and purpose in direct interactions with existing and potential customers.

The Power of the Employee-Customer Encounter

The moment an employee connects emotionally with a customer is a source of untapped power that has profound implications for a company's productivity and profitability. When organizations know how to prepare front-line employees to make the most of these moments, they engage customers — who in turn spend more, visit more often, resist competitive overtures, promote their brand to others, and forgive the occasional service blunder. Companies drive real growth by empowering employees to do what is right in their customers' eyes.

Gallup's HumanSigma approach is a framework companies can use to align employee engagement and customer engagement to optimize business outcomes. Based on research conducted with 10 million employees and 10 million customers worldwide, the HumanSigma approach combines a proven method for assessing the employee-customer encounter with an actionable process for improving it.

The HumanSigma framework consists of Gallup's Q^{12} employee engagement and CE^{11} customer engagement items. The CE^{11}, like the Q^{12}, consistently demonstrates a powerful link to key business outcomes. Integrating them amplifies their revenue-producing results by aligning an engaged workforce with customers' emotional needs.

When Gallup researchers studied the effects of combining customer and employee engagement, they found that in workgroups with engaged employees serving engaged customers, the result was more than the sum of its parts. When organizations successfully engage their customers and their employees, they experience a 240% boost in performance-related business outcomes compared with an organization with neither engaged employees nor engaged customers. Organizations that only maximize one or the other can experience growth in the short run, but they will not be able to sustain it over the medium- to long-term horizons unless they align engagement with their employees and customers.

Every Employee Plays a Role

Not every employee is on the front lines with the customer, but every employee is still responsible for customer engagement. It is common for employees in supporting or behind-the-scenes roles — such as administration, billing, IT, and research and design, to name a few — to feel like their positions are not essential when it comes to engaging customers. But they could not be more wrong. Even if they spend day after day performing their duties without ever seeing a customer, their work is still vital to the customer experience, or else they would not be there.

Great managers help employees understand how every role in the organization connects to the customer through the company's mission and purpose. Every direct or indirect point of contact between a company and a customer — even through a bill, a letter or email, an ATM transaction, an online interface, or a product or service — has the potential to make a customer feel more engaged or less engaged with the company. Such experiences are rarely neutral. Great managers recognize this, and they help motivate all employees, accelerate their development, and unleash their innovation and productivity to ultimately engage the emotions of the customers they serve at every possible touchpoint.

When organizations successfully engage their customers and their employees, they experience a

240%

boost in performance-related business outcomes.

Building Brand Ambassadors

The notion that a company's employees represent the "face" of its brand is not new. But as companies seek to win in today's marketplace, many executives have begun to see the potential that their engaged employees hold as ambassadors for the organization's brand. To maximize the power of their engaged workers, companies must give them the knowledge and resources they need to be effective. Employees must:

- know what the organization stands for and what makes it different from others in the marketplace
- understand the company's brand promise and be able to explain the most important elements of the brand identity
- be empowered to deliver on the brand promise

Engaged employees are well-qualified to serve as a company's brand ambassadors. In fact, a recent study of shop employees in a Swiss telecommunications company found that the company's most highly engaged workgroups, those at the 50th percentile or above of Gallup's Q^{12} Client Database, scored considerably higher on their response to "I know what my company stands for" than did workgroups in the lower half of the database — a mean score difference of 4.52 vs. 4.08, respectively. When asked if they know how to make the company's brand promise "come to life," the workgroups had a mean score of 4.05, significantly higher than the 3.27 mean score for the teams below the 50th percentile.

When employees make contact with existing or potential customers, they give meaning and dimension to a company's brand promise. The best employee brand ambassadors don't stop doing this at the end of the workday. They continue to extol the virtues and values of their company's brand even when they are off the clock — in conversations with friends, family, neighbors, and on social media. Unfortunately, most companies do not groom employees for the role of brand ambassador, making it harder for customers to differentiate their products and services from the competition. This could be costing companies millions of dollars in lost opportunities.

For instance, in a banking study, Gallup found that 56% of Australian bank customers, 49% of German customers, and 44% of New Zealander customers felt that all banks and financial services institutions are the same. By contrast, 7% of customers in New Zealand, 6% in Australia, and 4% in Germany felt that one bank was the best in the entire industry. This is not unique to these countries; Gallup has discovered similar findings from banking customers in other parts of the world.

Even so, this small percentage of customers who believe that one bank is best is a particularly valuable segment. For example, Gallup discovered that customers in Australia who agreed that one bank is the best are four times as likely to be fully engaged with their bank as those who believe that all banks and financial institutions are the same. Similarly, those customers are nearly two times as likely to be extremely satisfied with the bank's products and services and to be extremely likely to recommend the bank to their friends and family, compared with those who perceive no differentiation.

Brand ambassadors are essential to forging these types of customer relationships. Yet a U.S. study showed that 41% of employees strongly agree that they know what their company stands for and what makes its brand different from its competitors. In Germany, 31% strongly agree. Companies rely on these brand ambassadors to represent the company's brand every day in the marketplace. If employees do not understand their company's identity and know what sets it apart, it is unlikely that customers will either. And that is a big miss — one with substantial performance implications.

> A U.S. study shows that 41% of employees strongly agree that they know what their company stands for. In Germany, just 31% strongly agree.

Equip Employees to Win Customers

When workers are engaged but are not aligned with their organization's brand, it limits their power to create an engaging customer experience that will actually drive EPS. Great companies understand that employee engagement in itself is not a destination — it is a platform to even higher performance, greater productivity, and increased revenue. In fact, fully engaged customers represent a 23% premium in terms of share of wallet, profitability, revenue, and relationship growth over the average customer.

To maximize employee and customer interactions and win in the marketplace, organizations need engaged employees deployed in every facet of their operation, not just in customer-facing roles. At the same time, they must understand that engaged employees are essential on the front lines. Each employee needs to understand the importance of his or her role to the company's mission and purpose, and each must be empowered to do what is right for the customer. Additionally, leaders must align each employee to the company's brand promise and ensure that he or she is prepared and equipped to be a positive brand ambassador for the organization, both on and off the clock. Once organizations master these areas, they are well on their way to a truly optimized workforce.

10 Ways to Improve the Customer Experience

Gallup's research shows that few employees are aligned with or empowered to deliver the core elements of their company's brand identity and promise. Executives must start by engaging their employees and then taking these steps to help their workers become effective brand ambassadors.

1. **Acknowledge that all employees play a key role in bringing the brand to life.** Successful branding is not just a marketing or sales function; it is an essential activity for human resources, management, and leadership.
2. **Audit your internal communications** to ensure that they are consistent with your brand identity and promise. Invest in making employees aware of your brand promise, and empower them to act on it.
3. **Articulate what your brand represents and what you promise to your customers.** Inject the core elements of your identity into the workplace constantly and consistently across time, locations, and channels. Use these elements to define not only how you treat your customers but also how you manage, coach, and treat your employees.
4. **Deploy simple processes** to ensure that you highlight and discuss the core elements of your company's brand identity every day. Use minute meetings, lineups, or staff gatherings to provide specific examples of how to deliver the brand promise.
5. **Use simple tools** such as wallet cards as ready references to the brand, and require employees to memorize the key brand elements.
6. **Regularly assess how well your employees know and understand your brand promise.** All employees — especially those in customer-facing roles — should believe in and feel they have the resources and permission to deliver your brand promise. Provide additional support in areas that fall short.
7. **Ensure that new employees understand your brand identity and promise.** All new employees should be able to articulate what your company stands for and what makes you different within their first 30 days of employment, and your managers should reinforce this message every day.

8. **Make sure that every employee understands how his or her job affects the customer experience.** This is particularly important for roles that are not customer-facing. Constantly connect the dots between what employees are paid to do and what your organization stands for.

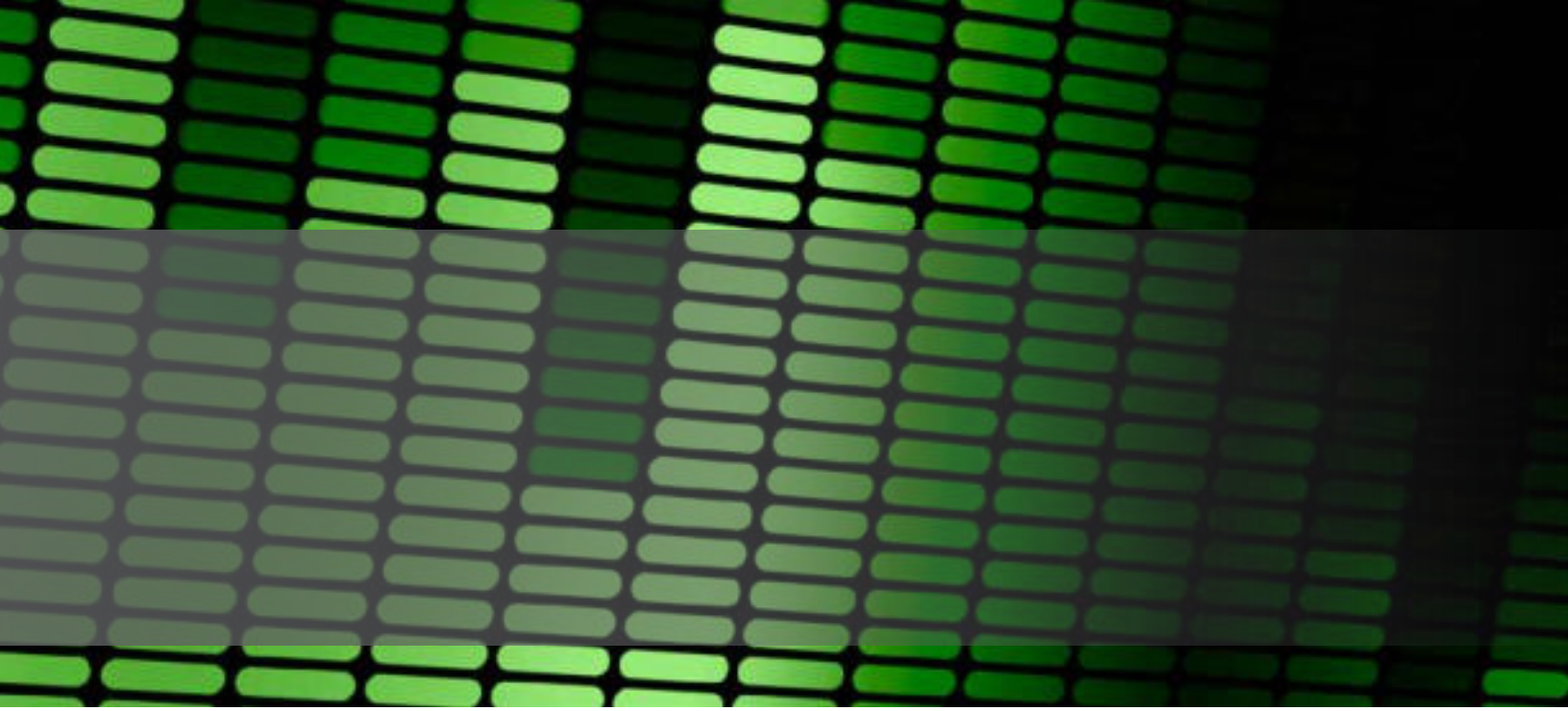
9. **Recognize employees who deliver your brand promise to your customers.** Recognition is an important psychological need. Employees who know they will receive recognition for acting on the brand promise will have a strong incentive to do so.

10. **Regularly solicit opinions from your employees on new and better ways to deliver your brand promise.** Convene town hall meetings that allow employees to share their ideas and receive feedback. Demonstrating an authentic commitment to alignment is the best way to embed it in your company's culture.

EXECUTIVES MUST START BY ENGAGING THEIR EMPLOYEES AND THEN TAKING THESE STEPS TO HELP THEIR WORKERS BECOME EFFECTIVE BRAND AMBASSADORS.

EMPLOYEE ENGAGEMENT VARIES GREATLY BY REGION AND COUNTRY

While Gallup has found that 13% of employees are engaged worldwide, there is considerable variation in engagement levels across different regions of the world, countries, companies, and even among workgroups. This section provides a closer look at the results from Gallup's worldwide employee engagement study by region, and in many cases by country. The data reveal that the outcomes associated with employee engagement are consistent worldwide. Across regions with broadly varying cultural backgrounds and socioeconomic levels, employees who are psychologically invested in their workplaces are more likely to report job growth at their organizations, rate their lives higher on average, and experience more positive emotions on a daily basis.



Gallup's extensive studies and analysis show that variables such as an employee's educational attainment level and type of industry and occupation can account for many differences in engagement levels. The following analyses demonstrate how these differences play out in regions with different cultural characteristics and at different socioeconomic levels.

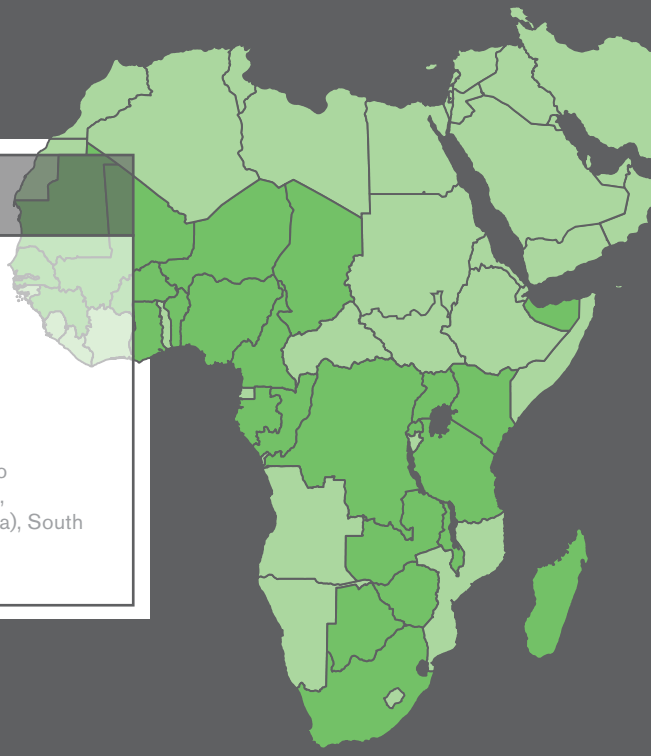
In each country, Gallup included in the study residents only who indicated that they work for an employer. In developing countries where many people work at informal individual or family-based endeavors, including subsistence-based activities such as farming, fewer residents answered the employee engagement survey items. Consequently, if fewer than 300 people answered the employee engagement survey items, Gallup did not report results at the country level. For example, this report provides country-level results for four of the 32 sub-Saharan African countries surveyed, while in Western Europe, the report lists results for all 19 countries Gallup surveyed.

Whatever challenges businesses face in a given country or region — be they social, economic, institutional, or otherwise — their leaders should recognize the importance of employee engagement as a factor that can help them maintain the optimism and perseverance necessary for long-term success. Leaders who understand the importance of empowering and motivating their workers in any type of workplace environment will be poised to outperform their competitors and help provide the critical economic growth the world needs.

Leaders should recognize the importance of employee engagement as a factor that can help them maintain the optimism and perseverance necessary for long-term success.

REGION

SUB-SAHARAN AFRICA



Countries included: Benin, Botswana, Burkina Faso, Cameroon, Chad, Comoros, Congo (Brazzaville), Congo (Kinshasa), Gabon, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mauritania, Niger, Nigeria, Rwanda, Senegal, Somaliland (an autonomous region of Somalia), South Africa, Tanzania, Uganda, Zambia, and Zimbabwe

In most sub-Saharan African countries, formal employment for an employer is still relatively rare; many residents work at subsistence farming or in some other form of small-scale self-employment. Among 26 countries and territories in sub-Saharan Africa included in Gallup's 2011 to 2012 employee study, 19% of respondents overall indicate they work for an employer, the lowest proportion among all global regions. Among employees, 10% are engaged, while 57% are not engaged and 33% are actively disengaged. The last figure is on par with the Middle East and North Africa region for the highest in the world.

In only three countries — Botswana, Nigeria, and South Africa — did the surveys capture enough respondents who worked for an employer to report country-level engagement results. South Africa has one of the highest percentages of actively disengaged employees in the world. The mining industry, an important source of employment in South Africa, has been plagued by violent and destabilizing labor unrest in recent years.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Nigeria	12%	65%	23%
Botswana	10%	52%	38%
South Africa	9%	46%	45%

For results listed in this table, the margin of sampling error ranges from ±3 to ±8 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

Only among the most highly educated Africans and those in professional job categories is the proportion of engaged employees similar to the proportion of actively disengaged employees. In most other cases, actively disengaged employees — those who are the most negative about their jobs and liable to spread that negativity to coworkers — outnumber engaged employees by at least 3-to-1.

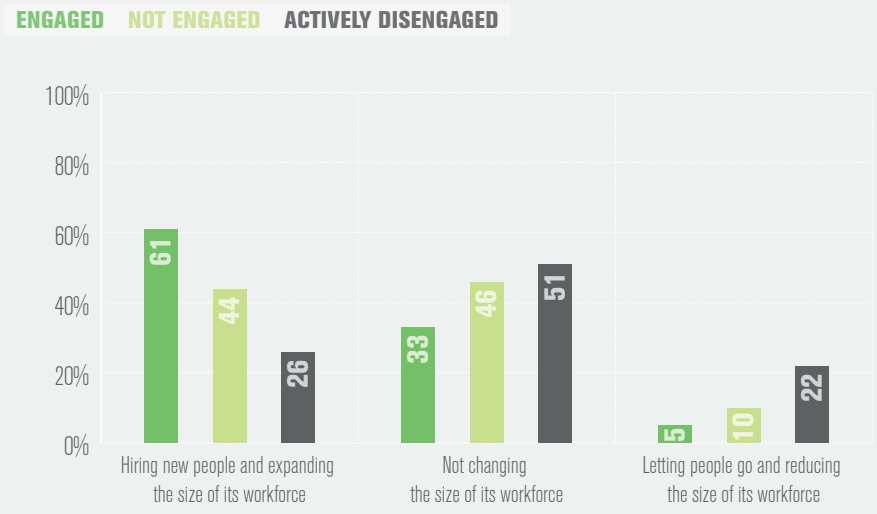
	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	8%	50%	42%
Secondary education	10%	60%	30%
Tertiary education	16%	66%	18%
Professional workers	19%	63%	18%
Clerical/Office workers	12%	65%	23%
Construction/Mining workers	11%	51%	38%
Managers/Executives/Officials	10%	61%	29%
Transportation workers	8%	61%	31%
Manufacturing/Production workers	8%	54%	38%
Service workers	7%	54%	39%
Installation/Repair workers	6%	56%	38%
Farming/Fishing/Forestry workers	6%	47%	47%
Sales workers	5%	61%	34%

Six in 10 Engaged Employees Report Job Creation at Their Workplaces

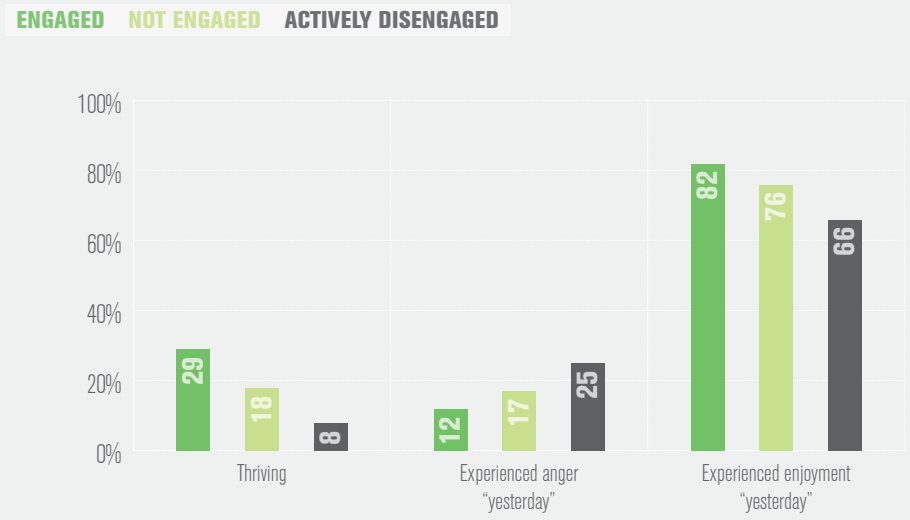
A 2013 report from the African Development Bank states that Africa's economy is experiencing faster growth than any other continent. Experts note that job creation should be the focus of all African countries' development policies to ensure that growth is inclusive and that more of the continent's vast youth population can participate in their countries' formal economies. Many Africans themselves agree: When presented in 2012 with a list of issues their governments could address in the next 12 months, a median of 33% across 24 African countries chose job creation as the most important, making it by far the most common response.

Gallup's 2011 and 2012 employee data offer hopeful news for job growth: 40% of employees in the region overall say their employers are hiring new people, while 13% say their employers are letting people go. However, nowhere in the world are employees' engagement levels more closely associated with their perceptions of job creation than in sub-Saharan Africa; well over half of engaged workers (61%) say

EMPLOYERS ARE HIRING NEW PEOPLE IN SUB-SAHARAN AFRICA



ENGAGED EMPLOYEES IN SUB-SAHARAN AFRICA ARE MORE THAN THREE TIMES AS LIKELY AS THE ACTIVELY DISENGAGED TO BE THRIVING



their employers are hiring, while 5% say they are letting people go. Actively disengaged employees, by contrast, are almost as likely to say their organizations are reducing the size of their workforce (22%) as they are to say their workplaces are hiring new people (26%).

29% of Engaged Employees Are "Thriving" vs. 16% of All Employees

Despite the significant economic gains many sub-Saharan African countries have made in recent years, poverty, disease, and political instability remain prevalent across most of the continent. So it likely comes as no surprise that Gallup's surveys in 2011 and 2012 found that sub-Saharan Africans give among the lowest life evaluations in the world; 13% overall are considered "thriving," on par with South Asia for the lowest figure among all global regions. Nor are ratings much higher among employed residents of sub-Saharan Africa, 16% of whom are thriving. However, that figure nearly doubles to 29% among workers who are engaged in their jobs, while 8% of actively disengaged workers are thriving.

As among most other populations, sub-Saharan Africans who are engaged in their jobs also report more positive daily emotional states than other employees do. Engaged employees are significantly more likely than actively disengaged employees to say they experienced enjoyment for much of the day before the survey and about half as likely to have experienced anger.



ENGAGED WORKPLACES WILL LEAD SOUTH AFRICA'S NEXT ERA OF GROWTH

By Kolawole Mudele, Gallup Senior Consultant

The past two years have been among the most economically tumultuous in South Africa's recent history, as labor unrest slashed production in the country's critical mining sector and the recession hammered many of the country's major trading partners in Europe. In July 2013, the International Monetary Fund revised South Africa's forecast growth for the year to 2%, marking a fall of 0.8 percentage points from the IMF's April forecast. The country's projected economic growth in 2014 was also revised downward by 0.4 points to 2.9%. Meanwhile, consumer confidence is at a nine-year low, unemployment is above 25%, and the value of the South African rand continues to decline sharply.

In addition to mining, labor unrest has lowered productivity in the metalworking, construction, and transportation industries, among others. As of September 2013, strike actions in South Africa were projected to affect as many as 335,000 workers in various sectors. The crisis is mirrored in the country's employee engagement data, which indicate that 9% of its workforce is engaged, while 45% is actively disengaged. The latter figure is among the highest in the world.

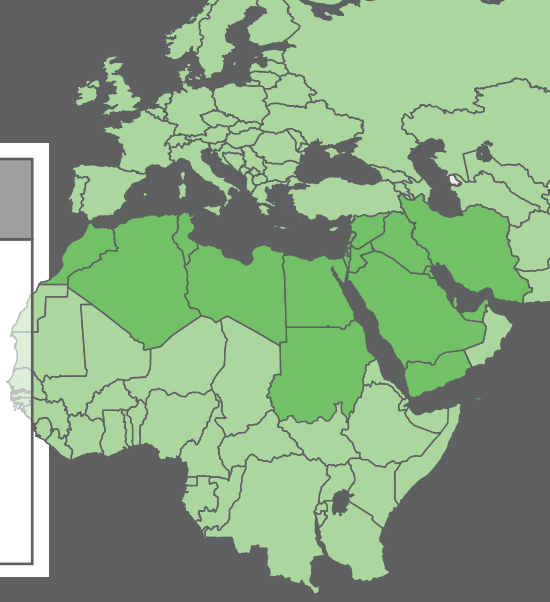
South Africa's polarized job market poses key challenges for the country's workplaces and, by extension, its overall economy. There is a sharp division between socially protected formal-sector workers and marginalized informal-sector or unemployed workers. As *The Economist* noted on June 1, 2013, business regulations in South Africa are relatively burdensome, making it difficult for job-creating small and medium-sized enterprises (SMEs) to emerge. Wage deals between big firms and big unions pose another barrier to start-ups by putting small companies at a disadvantage; *The Economist* estimates that such pay deals reduce the number of jobs in some industries by 8% to 13%.

While the South African economy faces many structural challenges, there are nevertheless opportunities for savvy businesses to reap the dividends of positive employee-management relations. Gallup's assessment of many South African workplaces finds a fundamental breakdown of trust between employees and organizational leadership. Fewer than one in five South African employees strongly agree that their opinions count at work or that their supervisors encourage their development. Trust and transparent communication are essential for talent management and retention; particularly in the midst of a turbulent economy, organizational leaders should not overlook their impact.

South African organizations that successfully create values-based work environments in which information flows freely and employees feel their opinions are taken seriously will increase the potential for positive workplace relationships and will change the way workers think about their jobs. Employees' perceptions of their own empowerment will in turn increase their motivation and productivity, and their businesses' overall effectiveness. These are the companies that will lead the next epoch of growth in the South African economy.

REGION

MIDDLE EAST AND NORTH AFRICA



Countries included: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Palestinian Territories, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, the United Arab Emirates, and Yemen

Among residents across the Middle East and North Africa (MENA) region who work for an employer, 10% are engaged in their jobs, while 55% are not engaged and 35% are actively disengaged. The last figure is among the highest percentages of actively disengaged workers in any global region, statistically tied with workers in sub-Saharan Africa, at 33%.

The 2011-2012 employee engagement study includes results from 19 countries in the MENA region, and country-level results are reportable for 17 of the 19 countries. The 17 countries are divided into two groups to reflect differences in sampling procedures. In five Arab Gulf countries — Qatar, the United Arab Emirates, Bahrain, Kuwait, and Saudi Arabia — Gallup interviewed country nationals and Arab expatriates only, excluding the sizable non-Arab expatriate populations in each country.

Among nationals and Arab expats in most of these Arab Gulf countries, many employees work in the public sector and enjoy high living standards. Engagement levels in most Arab Gulf states are high by global standards; only in Saudi Arabia — easily the most populous country in the Arab Gulf region — are significantly less than 20% of employees engaged in their jobs.

The relatively high percentage of actively disengaged workers in Bahrain is also noteworthy and may be explained in part by relative economic conditions. Bahrain controls far less oil than most other Arab Gulf countries, which may clarify why its employees report a lower average household income than other countries in the region. Further, Bahrain's employees are far less likely than those in most other Arab Gulf countries to say it is a good time to find a job in their area.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Qatar	28%	62%	10%
United Arab Emirates	26%	60%	14%
Bahrain	19%	52%	29%
Kuwait	19%	64%	17%
Saudi Arabia	9%	80%	11%

For results listed in this table, the margin of sampling error ranges from ±3 to ±7 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Morocco	19%	51%	31%
Libya	17%	54%	29%
Lebanon	15%	55%	30%
Egypt	13%	55%	32%
Jordan	13%	63%	25%
Algeria	12%	35%	53%
Palestinian Territories	11%	64%	26%
Iran	7%	56%	38%
Iraq	6%	63%	31%
Israel	5%	73%	22%
Tunisia	5%	41%	54%
Syria	0%	55%	45%

For results listed in this table, the margin of sampling error ranges from ±0 to ±6 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	8%	44%	48%
Secondary education	11%	60%	29%
Tertiary education	13%	62%	25%
Professional workers	15%	63%	22%
Managers/Executives/Officials	12%	60%	28%
Clerical/Office workers	11%	63%	26%
Sales workers	11%	57%	32%
Service workers	10%	47%	43%
Transportation workers	9%	44%	47%
Installation/Repair workers	8%	58%	34%
Manufacturing/Production workers	7%	46%	47%
Construction/Mining workers	6%	46%	48%
Farming/Fishing/Forestry workers	6%	41%	53%

In the remaining 12 MENA states in which Gallup data represent employees in each country, actively disengaged workers make up more than a fourth of the employed population. In fact, this group includes countries — Tunisia (54%), Algeria (53%), and Syria (45%) — with the highest percentages of actively disengaged employees in the world.

The MENA region currently has the highest youth unemployment rate in the world; Gallup's 2011 and 2012 data indicate that about one-fourth of the region's 18- to 29-year-olds in the workforce are unemployed, while about one-third are underemployed. One part of the problem is that many organizations in the region select candidates based on personal connections or "wasta," rather than talent and fit for the role. Another is the region's education system, which experts commonly cite as one of the factors leading to high jobless rates among MENA youth. A 2012 World Economic Forum report reiterates the concern that schools in the MENA region need to more closely align with labor force requirements to better prepare young people with the skills and knowledge they need to help meet their country's economic demands.

One in four MENA employees with a college-level education (25%) are actively disengaged — the highest proportion among highly educated workers in all global regions — while about half as many (13%) are engaged in their jobs. One implication is that even among those with access to higher learning, education often fails to help them find jobs that keep them highly motivated and productive.

Engaged Employees in the MENA Region Are Twice as Likely as the Actively Disengaged to Report Job Creation in Their Workplaces

One-third of employees in the MENA region (33%) say their employers are hiring new people and expanding the size of their workforces — a figure that will need to rise in the coming years to meet the region's increasing need for new jobs to accommodate its burgeoning youth population. Gallup research has consistently shown that employee engagement helps drive organizational growth through its relationship with key performance outcomes. Among MENA employees who are engaged at work, about half (49%) report job creation at their organizations, while 7% say their employers are letting people go. Actively disengaged employees, by contrast, are almost as likely to report staff reductions at their organizations (22%) as they are to say their employers are hiring new people (27%).

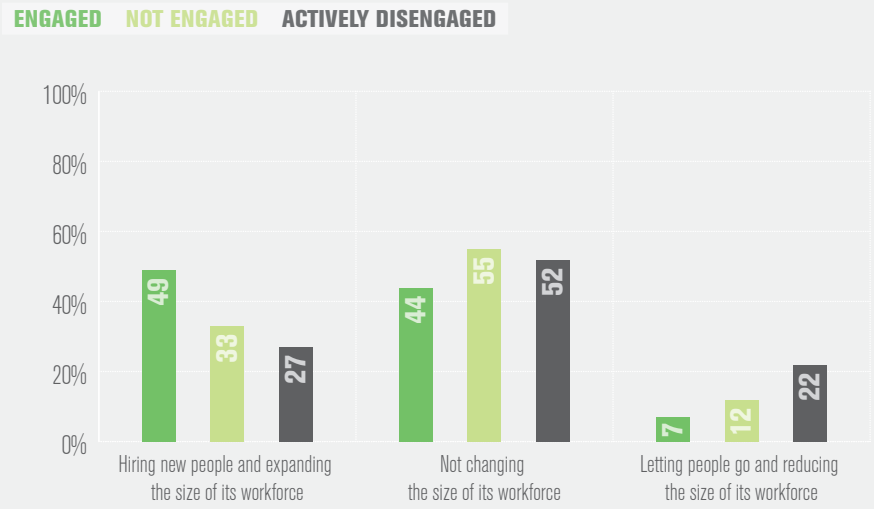
More Than One in Three Actively Disengaged Employees Feel Anger

Overall, 20% of MENA employees give life ratings high enough to be considered thriving in their overall lives. This figure, however, varies dramatically across countries in the region — from less than 10% in Syria to about half in Qatar (50%) and Saudi Arabia (46%) and 56% in Israel. No matter the level of political instability or economic development, in virtually all MENA countries surveyed, employees rate their lives differently according to their level of engagement at work. Regionwide, one-third of engaged employees (34%) are thriving, but that figure falls to 10% among those who are actively disengaged.

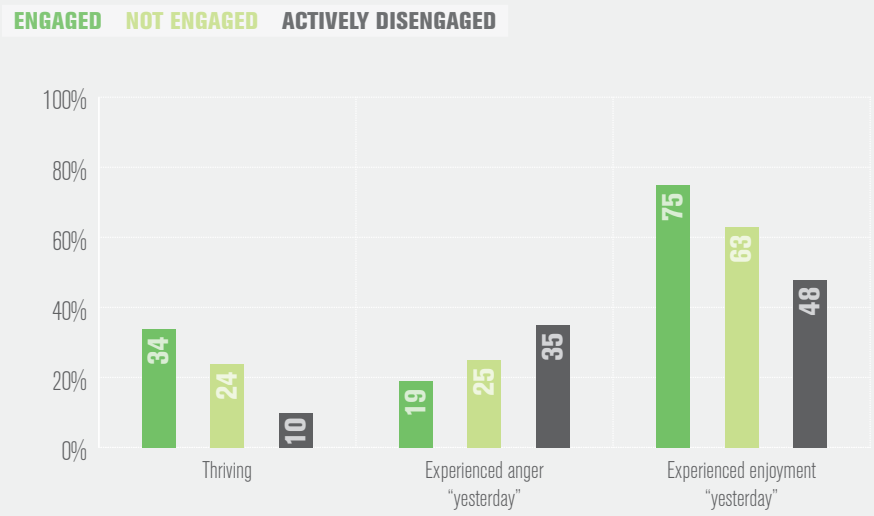
The massive public protests that took place in Egypt, Libya, Tunisia, and Yemen in 2011 revealed an undercurrent of frustration among several MENA populations, much of it stemming from poor economic conditions and widespread joblessness. Gallup's 2011 and 2012 data reveal that one-third of MENA residents overall (34%) say they experienced anger for much of the day before the survey, easily the highest proportion among any global region. Among unemployed MENA residents, that figure rises to 44%, while it falls to 28% among those working for an employer.

Again, workplace quality makes a considerable difference in workers' emotional state. About one in five engaged employees (19%) in the MENA region felt angry for much of the previous day, while 75% said they experienced enjoyment that day. By contrast, more than one-third of actively disengaged employees (35%) felt angry, and slightly less than half (48%) experienced enjoyment.

HALF OF ENGAGED EMPLOYEES IN THE MENA REGION SAY THEIR EMPLOYERS ARE HIRING



10% OF ACTIVELY DISENGAGED EMPLOYEES IN THE MENA REGION ARE "THRIVING"





ENGAGED WORKPLACES ARE ESSENTIAL TO RETAINING EMIRATIS IN PRIVATE-SECTOR JOBS

By Ghassan Khoury, Gallup Senior Managing Consultant, and Johnathan Tozer, Gallup Senior Consultant

Employed Emiratis[1] are among the most likely in the Arab Gulf region to be engaged, at 26%. However, that leaves almost three in four such workers not engaged or actively disengaged at work. The United Arab Emirates is seeking to diversify its economy through continued foreign investment and expansion of the private sector (to reduce oil-revenue dependency by 2030) and to stem rising unemployment among Emiratis by increasing their involvement in the private sector. Government and industry leaders must now focus on engaging more Emiratis in their work to assist in these key societal objectives and promote long-term growth and global competitiveness.

Understand Emiratis Beyond Emiratization

One recent analysis estimates that if the public sector (UAE nationals' preferred employer) continues its current course of absorbing young Emirati workers, government spending will increase by more than US$10 billion per year. Government Emiratization initiatives seeking to promote a minimum proportion of Emirati nationals in several private-sector industries can successfully engage and retain Emiratis only if their individual talents and fit for each role are considered. Instead, organizations are often engaging in "ghost Emiratization" by employing Emiratis on the "sidelines" of their businesses.

Private-sector organizations must implement a strengths-based approach to selection and development to ensure that employees are right for their roles, and sustainable engagement strategies to ensure they are emotionally connected to their workplaces. The insights produced by such systems will also assist private-sector leaders in engaging Emirati employees over the long term through career and progression planning. These systems should also help decrease employers' risk that their workers will eventually defect to often more lucrative public-sector jobs or to other private-sector organizations looking to fulfill their Emiratization goals.

Managers Need Support in Engaging a Multicultural Workforce

Similar to Qatar and Saudi Arabia, the UAE has a multicultural workforce, consisting of Emiratis, Arab expats, and a sizable non-Arab expat population. Strategies and tools for engagement must be culturally adapted to this unique situation.

Gallup studied 3,477 managers from Gulf-area organizations in the oil and gas, banking and finance, property development, tourism, automotive, and telecommunications sectors. The results show that too many managers in the region are unable to consistently clarify what they expect from their employees. They struggle when setting goals and objectives, defining employees' roles, and linking employee performance to the organization's growth. This lack of clarity about expectations makes it difficult to empower employees and create a robust performance-based organizational culture; the result has been a deficit of accountability across the region's organizations.

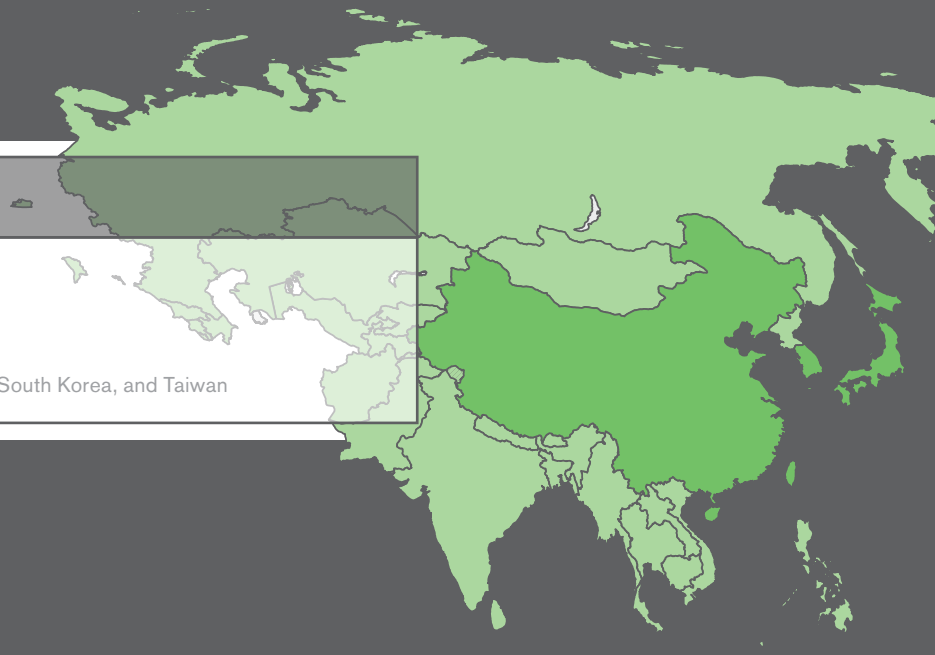
In addition, business and government leaders must ensure that they are hiring managers with real leadership talent rather than promoting employees to management positions based solely on tenure, as is the practice in many well-established UAE-based companies. Organizations must look for a more sustainable, culturally adapted, talent-based approach to leadership and employee development. Only then can they hope to optimize the individual and collective talents of their employees — their "human capital."

1 In the UAE, as in the other Arab Gulf countries surveyed by Gallup, only country nationals and Arab expats are included in the sample; non-Arab expats are not interviewed, hence, the results do not represent these segments of the population.

REGION

EAST ASIA

Countries included: China (includes Hong Kong), Japan, South Korea, and Taiwan



At 6%, the percentage of engaged employees living in East Asia is the lowest among all global regions. About two-thirds of employees (68%) are not engaged, while 26% are actively disengaged. The percentage of engaged employees does not reach the global average of 13% in any of the four countries included in the region. What's more, actively disengaged employees far outnumber those who are engaged in all four countries.

Engaging employees means empowering them to do what they do best and letting them make their voices heard on issues that affect their jobs. Among Asian countries culturally influenced by Confucianism, deference to authority is a deeply entrenched social value. Because of this predisposition, businesses may be less likely to focus on workplace conditions that allow all employees to feel capable of taking initiative — or to hire managers who encourage them to do so. In 2012, 16% of employees in East Asia strongly agreed that their opinions seem to count at work, the lowest proportion of any global region.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
South Korea	11%	67%	23%
Taiwan	9%	60%	32%
Japan	7%	69%	24%
China (incl. Hong Kong)	6%	68%	26%

For results listed in this table, the margin of sampling error ranges from ±1 to ±6 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

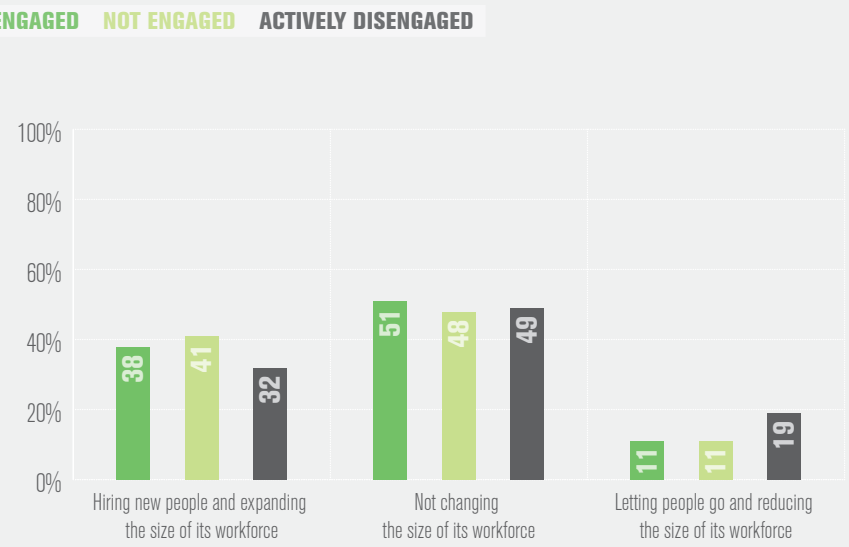
Engagement levels are low among workers in East Asia at all education levels and in all job categories. However, employees who are most likely to hold positions of authority — managers, executives, or officials and professional workers — are the least likely to be actively disengaged.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	5%	64%	31%
Secondary education	6%	70%	24%
Tertiary education	7%	73%	20%
Transportation workers	11%	62%	27%
Managers/Executives/Officials	10%	71%	19%
Professional workers	8%	73%	19%
Construction/Mining workers	7%	69%	24%
Service workers	7%	66%	27%
Manufacturing/Production workers	6%	63%	31%
Farming/Fishing/Forestry workers	4%	60%	36%
Sales workers	3%	73%	24%
Clerical/Office workers	3%	68%	29%
Installation/Repair workers	2%	73%	25%

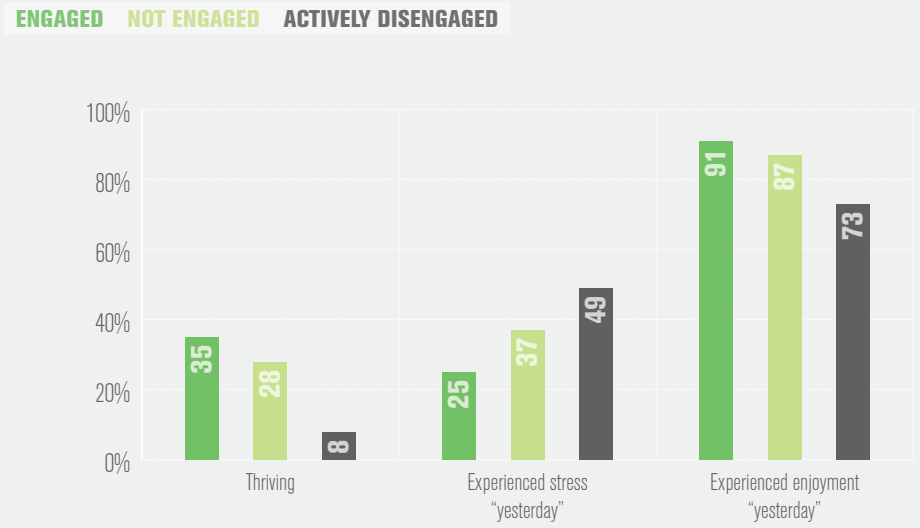
Perceptions of Job Creation Are Prevalent Among Employees in East Asia

Overall, employees living in East Asia are nearly three times as likely to say their employers are hiring new people as to say their employers are letting people go — 38% vs. 13%, respectively. Though engaged and not engaged employees tend to respond similarly to this question, actively disengaged workers are more likely to report people being let go at their workplaces.

ACTIVELY DISENGAGED WORKERS IN EAST ASIA MOST LIKELY TO SAY THEIR EMPLOYER IS LETTING PEOPLE GO



IN EAST ASIA, ENGAGED EMPLOYEES HALF AS LIKELY AS ACTIVELY DISENGAGED TO EXPERIENCE STRESS



Stress Drops as Engagement Rises Among Workers in East Asia

In East Asia, nearly one in four employees overall (24%) give life evaluation scores high enough to be considered "thriving." Among the four countries included in the region, only in South Korea are more than three in 10 employees (36%) thriving in their overall lives. Life ratings differ substantially by engagement level, with slightly more than one-third of engaged employees (35%) thriving regionwide, compared with 9% of those who are actively disengaged.

One of the strongest relationships in the data from East Asia is between employees' level of engagement and their likelihood to say they experienced stress for much of the day before the survey. A 2008 study revealed that people from East Asian cultures are more reluctant than those from other cultural backgrounds to draw on social support. Gallup finds that engaged workers in the countries in East Asia are about half as likely to have experienced stress the previous day as their actively disengaged peers. This may speak to the role that workplace factors — and managers in particular — play in helping employees overcome the hesitation to seek support from others to attain what they need to manage stressful situations more effectively.



SOUTH KOREA'S MISSED ECONOMIC OPPORTUNITY

By Taek Lee, Gallup Senior Consultant; Danny Lee, Gallup Advanced Consultant; and Cheong Im, Gallup Consultant

Despite South Korea's status as one of Asia's economic powerhouses, the country's workforce has twice as many actively disengaged as engaged employees — 23% vs. 11%, respectively — while two-thirds of the country's workers (67%) are "not engaged." Among the 34 members of the Organisation for Economic Co-operation and Development (OECD), a group of developed-world countries, South Korea's proportion of engaged employees falls into the bottom quartile; in several OECD countries, that figure is more than twice as high.

South Korea can reach much higher levels of workplace engagement, but must consider strategies that account for deeply ingrained cultural and traditional business practices.

Cultural and Business Norms Pose Challenges in Raising Engagement

Certain cultural components and traditional business practices prevalent in South Korea may represent challenges for leaders seeking to build more engaged workforces. To varying degrees, many companies still use a tenure-based promotion and pay system, called the "ho-bong" system. At a macro level, the system places employees with more experience or tenure in the promotion pipeline, rather than those who exhibit stronger performance. The practice also results in staffing managerial roles with tenured individuals rather than those with an innate aptitude for leadership or people management — talents that are critical to fostering engagement within teams and organizations.

Further, the so-called "group mentality" ingrained in Korean society — which produces an emphasis on the role of teams within organizations — fails to individualize the development of high-potential talent. Instead, talent development systems are often limited by the rigidity of standardized group training. The culture of vertical hierarchy and respect for seniority also prevalent in many Korean organizations tends to restrict open communication, limiting the potential for younger workers to contribute vital new ideas and innovations.

Though such cultural effects are difficult to change, many Korean organizations have already proven adept at building highly engaged workforces. A group of Korean organizations that have implemented strategies for improving engagement have, on average, employees that are 10 times as likely to be engaged as actively disengaged. Further, more than 60% of their workforces are engaged in their jobs. These findings demonstrate that cultural influences alone do not determine the way Korean businesses are organized or managed. Those that emphasize employee engagement through awareness efforts and targeted interventions are able to raise engagement levels far above the country average.

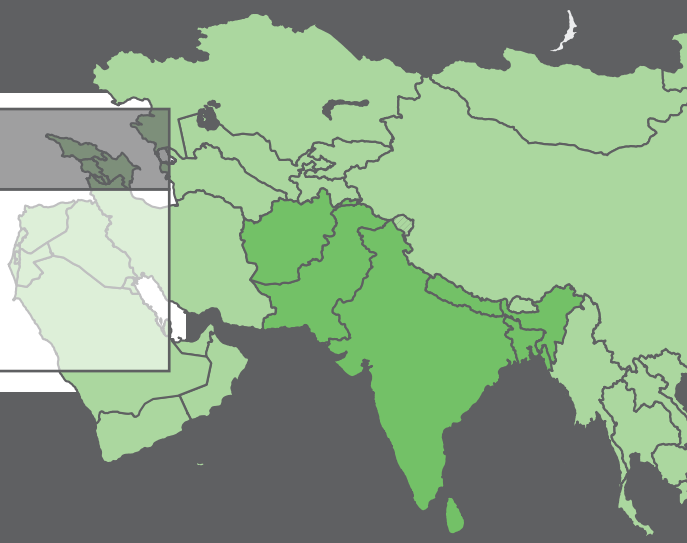
Engagement — The Missed Opportunity

Korean businesses invest trillions of won every year in process improvement, change management, research and development, and organizational transformation efforts. However, their return on investment is limited to the extent that projects are carried out by employees who lack psychological commitment to their organization's future. Increasing the number of engaged employees and managers driving organizational change initiatives will boost their likelihood of success. Korean companies are currently missing a huge opportunity by failing to establish conditions that maximize employees' talents, motivation, and productivity. It is up to the country's business leaders to change that, in turn improving the country's global competitiveness.

REGION

SOUTH ASIA

Countries included: Afghanistan, Bangladesh, India, Nepal, Pakistan, and Sri Lanka



Among six countries in South Asia included in Gallup's 2011 to 2012 study, 10% of employed residents are engaged in their jobs, while 61% are not engaged and 29% are actively disengaged. The percentage of engaged employees in the region is on par with those from the Middle East and North Africa (MENA) and sub-Saharan Africa regions, and only higher than the 6% figure from East Asia.

Individual results are available for three of the six countries in South Asia. Low employee engagement — and especially a high proportion of actively disengaged employees — is a particular problem for India.

Most countries in the South Asia region suffer from severe inequities in access to education and shortages of high-skilled labor. These factors can be barriers to economic development *and* workers' abilities to develop their natural talents. Gallup finds that workers in the South Asia region have the lowest average education level of any global region: 78% say they have an elementary education or less, while 8% have completed four years of education beyond high school.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Pakistan	15%	68%	16%
Sri Lanka	14%	62%	24%
India	9%	60%	31%

For results listed in this table, the margin of sampling error ranges from ±1 to ±6 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

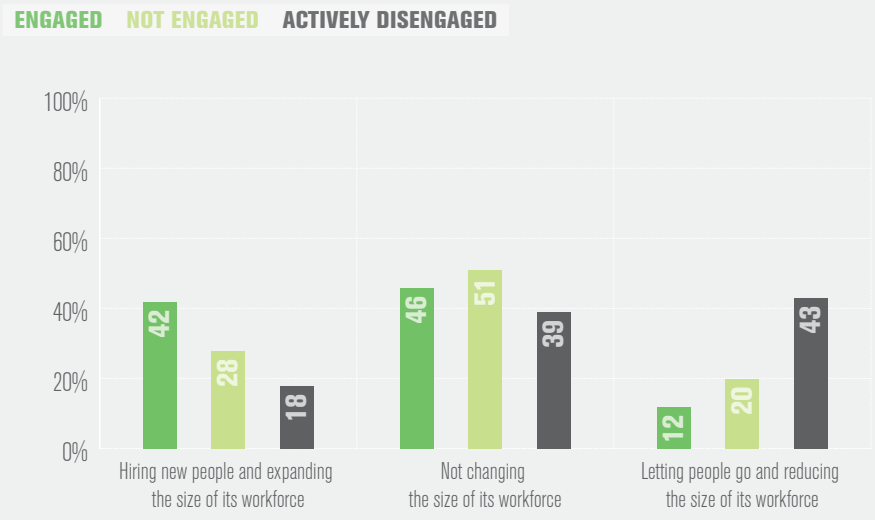
Reflecting the region's low average education levels, 5% of employees in South Asia classify themselves as professional workers — the lowest proportion among all global regions Gallup measured. Further, 3% say they are managers, executives, or officials — also among the lowest proportions worldwide. A plurality of employees in South Asia (44%) say they are farming, fishing, or forestry workers — reflecting the ongoing prevalence of low-productivity agricultural jobs in the region. Of employees in this category, 7% are engaged in their jobs.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	8%	59%	33%
Secondary education	15%	69%	16%
Tertiary education	23%	69%	8%
Professional workers	23%	67%	10%
Managers/Executives/Officials	17%	73%	10%
Clerical/Office workers	16%	72%	12%
Sales workers	13%	69%	18%
Service workers	13%	63%	24%
Transportation workers	9%	64%	27%
Construction/Mining workers	8%	52%	40%
Manufacturing/Production workers	7%	65%	28%
Farming/Fishing/Forestry workers	7%	57%	36%
Installation/Repair workers	4%	76%	20%

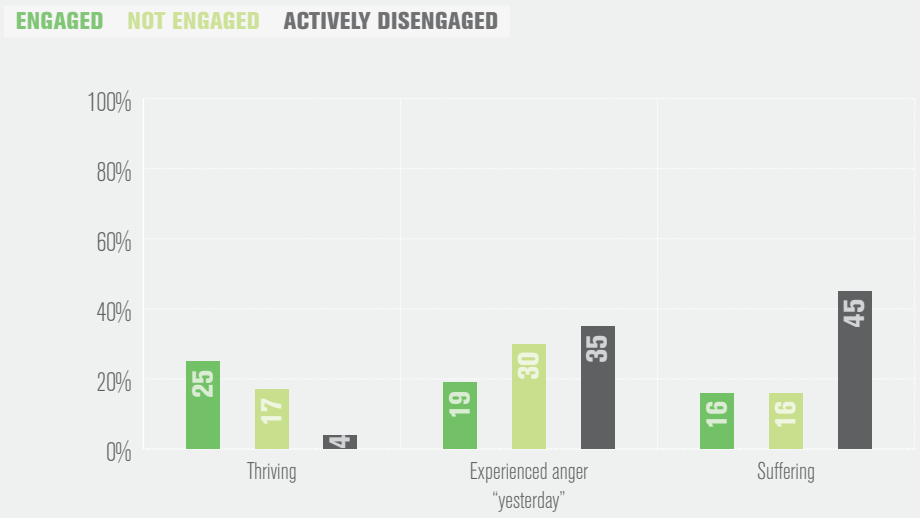
Engagement a Powerful Predictor of Vital Job Creation

Job creation is an important issue in virtually all global regions — but nowhere more so than in South Asia, where according to World Bank estimates, between 1 million and 1.2 million people will enter the labor force every month for the next few decades. Many structural constraints affect the growth of businesses in the region such as electricity, corruption, political instability, and access to finance. Even so, the workplace factors through which Gallup measures employee engagement remain a powerful predictor of whether workers say their employers are hiring people or letting them go. Overall, employees in South Asia are about as likely to say their organizations are letting people go (25%) as to say their employers are hiring (28%). However, more than four in 10 engaged employees (42%) say their organizations are hiring new people, compared with 18% of actively disengaged employees who say the same.

ENGAGED EMPLOYEES IN SOUTH ASIA MOST LIKELY TO REPORT JOB CREATION AT THEIR ORGANIZATIONS



ANGER MOST COMMON AMONG NOT ENGAGED AND ACTIVELY DISENGAGED WORKERS IN SOUTH ASIA



Almost Half of Actively Disengaged Employees Suffering

Gallup's 2011 to 2012 study found that in South Asia, employees' life evaluations are among the lowest in the world: 14% overall give ratings that place them in the "thriving" category, while 62% are "struggling" and 24% are "suffering." Workers' life ratings are closely related to engagement levels. Among employees who are actively disengaged, the thriving figure falls to 4%, while the proportion who are suffering shoots up to 45%.

Overall, 30% of employees in South Asia say they experienced anger the day before the survey — among the highest figures from any global region, and on par with those from Central and Eastern Europe (29%) and the MENA region (28%). Responses vary by country in South Asia, with workers in Pakistan (33%) and India (29%) more likely than those in Bangladesh (16%) or Nepal (17%) to say they experienced anger the previous day. Results also vary by engagement level, with 19% of engaged employees reporting anger, compared with 30% of not engaged and 35% of actively disengaged employees.



IMPROVING INDIA'S ECONOMY REQUIRES TAPPING WORKERS' POTENTIAL

By Paresh Rajgarhia, Gallup Senior Consultant, and Priyanka Kohli, Gallup Consultant

Ninety-one percent of employed Indians are not psychologically committed to their organizations or as productive as they could be — i.e., they are not engaged at work. Perhaps the most pressing issue for leaders in India is the high proportion of "disruptors" — the 31% of employees who are actively disengaged. These employees are not just unhappy, but busy acting out their unhappiness and undermining their engaged coworkers' accomplishments. With declining confidence in the job market — 34% of employed Indians in 2012 say it is a good time to find a job in their areas, down significantly from 41% in 2011 — and fewer job opportunities, many actively disengaged employees may feel they are currently unable to move on.

India's extremely low employee engagement levels not only affect productivity in today's workplaces, but also the potential for innovation in tomorrow's products and services. Companies in every sector are struggling to innovate to achieve competitive advantage against a slowing economic climate. The country's US$20 billion Business Process Outsourcing (BPO) industry is a significant example: research conducted in 2012 and 2013 suggests that over the past five years, Indian BPO organizations lost 10% of the global market to advancing rivals, including China and Brazil. India's National Association of Software and Service Companies rebranded the industry as Business Process Management (BPM) to help expand its reach outside of basic outsourcing. But to achieve real growth in the value chain, businesses must engage more of their employees, tapping the full extent of their talents, skills, and innovation.

Although numerous external factors influence the economic situation in India, the greatest asset that leaders can measure, monitor, and improve is the nation's "human capital." Leaders in India need to learn from what the best organizations around the world do differently, and start with three core strategic initiatives to begin spreading a culture of engagement throughout Indian organizations:

1. **Focus on the "People" Aspects of Your Performance Management System:** A Gallup analysis of more than 50,000 Indian employees working in 10 major industry sectors in 22 global companies revealed that more than half (54%) felt their company's performance management system was not effective. This perception is likely to demotivate employees, creating feelings of anguish or frustration that negatively affect their performance and engagement. The results make it clear that India's business leaders must not rely merely on "process" elements, such as job descriptions and ratings criteria, to increase workplace engagement. Systems that develop the right people according to their unique talents are essential for creating high-performance workplace cultures.

   Taj Hotels Resorts and Palaces, one of India's largest hospitality chains, offers an excellent example of such a culture. The company's 24,000 employees are committed to not just satisfying, but delighting, thousands of customers at more than 100 hotels and resorts every day. In order to sustain that commitment, the company's entire management structure is focused on action plans designed to keep its employees engaged and happy. "We see engagement as a requirement to survive — and to excel," says H.N. Shrinivas, Taj Hotels' Senior Vice President of Human Resources. "The dream is to be the most admired and respected hospitality company in the world for the sheer quality of service excellence. And that depends on our employees."

2. **Hire and Develop Good Midlevel Managers:** Midlevel managers make or break the leadership vision for Indian organizations. No amount of compensation or benefits can fix the ill effects of a bad manager on his or her immediate team members. Gallup's research shows that the direct supervisor or manager has maximum impact on an employee's engagement, and that not all people have the talent to lead others.

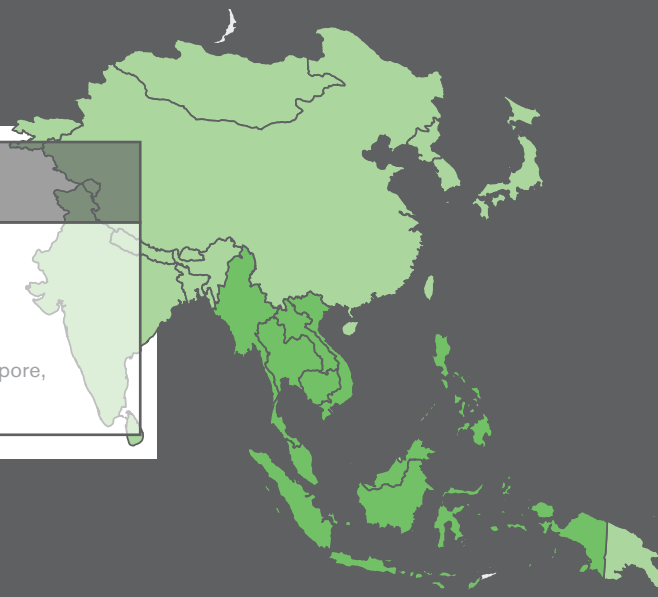
3. **Give Indian Employees the Opportunity to Perform at Their Best:** "At work, do you have the opportunity to do what you do best every day?" This is the single best question Indian organizations can ask their employees. Today, in spite of management teams' best intentions to create a beneficial learning climate, many training and development programs introduced by Indian organizations fail to produce the desired results. These efforts often fall short because they don't factor in employees' talents. Remedying this begins with improving companies' capacity to identify employees' talents, put employees in the right roles, and develop them according to their inherent strengths.

INDIA'S EXTREMELY LOW EMPLOYEE ENGAGEMENT LEVELS NOT ONLY AFFECT PRODUCTIVITY IN TODAY'S WORKPLACES, BUT ALSO THE POTENTIAL FOR INNOVATION IN TOMORROW'S PRODUCTS AND SERVICES.

REGION

SOUTHEAST ASIA

Countries included: Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam



Southeast Asia has seen significant change in recent years. Singapore has long been one of the world's most remarkable economic success stories, but rapid growth and rising middle classes in Indonesia, the Philippines, Malaysia, Thailand, and Vietnam have made the entire region central to any conversation about the global economy and a focus of international investors.

The economic growth in the region is also bringing about powerful political and economic changes in some countries. The Association of Southeast Asian Nations (ASEAN) is promoting further growth opportunities in the region by establishing greater regional economic integration by 2015, including freer movement of goods, services, investment, and skilled labor across member countries.

Businesses with highly engaged workforces will have an advantage in seizing these opportunities. Among employees in nine Southeast Asian countries surveyed in 2011 and 2012, 12% are engaged, 73% are not engaged, and 14% are actively disengaged. These aggregated figures put the percentage of engaged employees in the region close to the global results (13%), but they also indicate that Southeast Asia has a relatively low proportion of actively disengaged employees compared with the global figure of 24%.

In five of the nine countries in Southeast Asia surveyed in 2011 and 2012, the sample of residents working for an employer was large enough to break out their engagement results separately. The Philippines emerges as having the highest proportion of engaged employees in the region. Further, Thailand and the Philippines have among the highest ratios of engaged to actively disengaged employees among all countries worldwide for which individual results are reportable. Businesses in both countries enjoyed notable success in 2012, as indicated by stock market gains in these countries that significantly outperformed the rest of Asia.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Philippines	29%	63%	8%
Thailand	14%	84%	2%
Malaysia	11%	81%	8%
Singapore	9%	76%	15%
Indonesia	8%	77%	15%

For results listed in this table, the margin of sampling error ranges from ±2 to ±5 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

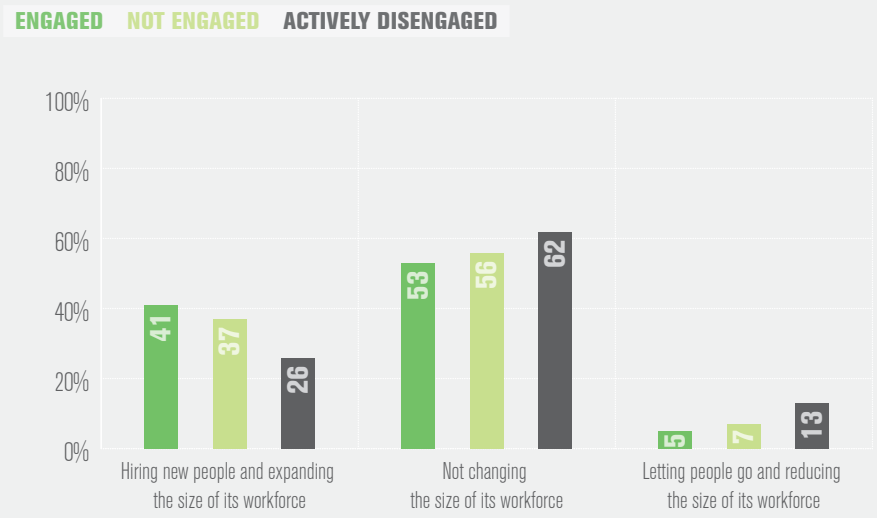
Thailand, Malaysia, Indonesia, and Singapore have among the highest proportions of "not engaged" employees in the world, suggesting an abundance of opportunities to fully engage many more employees through targeted workplace interventions and employee-focused management training. Helping employees connect their own work to the organization's larger purpose — and see how their developmental path fits into the organization's future — is particularly important in helping not engaged employees take more psychological ownership of their roles.

In Southeast Asia, Less Educated Are Less Engaged

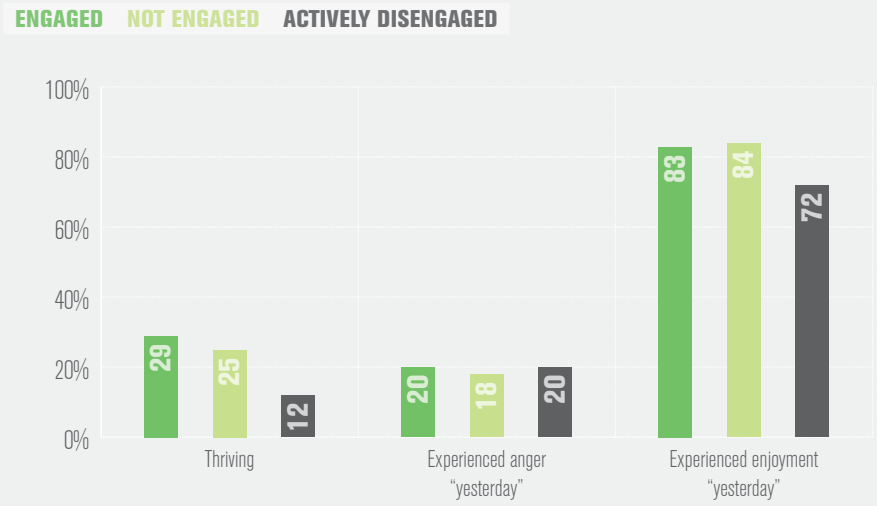
Among Southeast Asians, there is a strong relationship between employees' educational attainment and their engagement level. Those with an elementary education or less are more than four times as likely as those with a college-level education to be actively disengaged at work. Correspondingly, those working in industries less likely to require higher levels of formal education — including construction and manufacturing — are also least likely to be engaged in their jobs.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	9%	68%	23%
Secondary education	13%	77%	10%
Tertiary education	20%	75%	5%
Managers/Executives/Officials	22%	75%	3%
Professional workers	17%	78%	5%
Transportation workers	15%	79%	6%
Clerical/Office workers	14%	80%	6%
Service workers	14%	73%	13%
Sales workers	11%	76%	13%
Installation/Repair workers	10%	81%	9%
Farming/Fishing/Forestry workers	10%	58%	32%
Construction/Mining workers	8%	83%	9%
Manufacturing/Production workers	8%	78%	14%

FOUR IN 10 ENGAGED EMPLOYEES IN SOUTHEAST ASIA SAY THEIR EMPLOYERS ARE HIRING



ENGAGED EMPLOYEES IN SOUTHEAST ASIA MORE THAN TWICE AS LIKELY AS ACTIVELY DISENGAGED EMPLOYEES TO BE "THRIVING"



Reports of Job Creation Widespread, Especially Among Engaged Workers

Overall, more than a third of workers in Southeast Asia (36%) say their employers are hiring and expanding the size of their workforces, while 7% say the opposite. Among engaged employees in the region, the "hiring and expanding" number rises somewhat to 41%, while dropping to 26% among actively disengaged employees. It is a testament to the strong economic momentum in the region that even among employees who feel most negatively about their workplaces, twice as many say their employers are hiring as say they are letting people go. To sustain growth over the long term, however, businesses in the region must learn to maximize each employee's engagement and psychological commitment to the organization's success.

Engagement Linked to Southeast Asians' Life Ratings, if Not Their Emotional States

As in all global regions, employees' engagement levels correlate with overall life ratings, with engaged workers more than twice as likely to be "thriving" as those who are actively disengaged (29% vs. 12%, respectively). Further, less than half of actively disengaged employees in the region (46%) say their job is ideal for them vs. 76% of not engaged and 86% of engaged employees.

However, the relationship between employees' engagement levels in Southeast Asia and daily emotion measures is weaker than in most other global regions. Actively disengaged employees are only somewhat less likely than engaged or not engaged employees to say they experienced enjoyment the day before the survey. In addition, employees' likelihood to have experienced anger the previous day is relatively low across all engagement levels.



ENGAGING YOUNGER WORKERS IS KEY TO INDONESIA'S ECONOMIC RISE

By Vibhas Ratanjee, Gallup Senior Practice Expert, and Larry Emond, Gallup Managing Partner

Indonesia has sustained GDP growth of more than 6% in 2010, 2011, and 2012, even as the global recovery has sputtered and the two Asian powerhouses, China and India, each face an economic slowdown. Also heartening is recent Gallup research that shows improvements since 2006 in Indonesians' general state of well-being, life ratings, and satisfaction with local healthcare and education services — all harbingers of continued growth.

But is Indonesia in a position to make the most of this economic opportunity? The country faces some big domestic challenges, including an urgent need for infrastructure development, the slow pace of economic and social change that hinders an optimal business environment, and widespread corruption. These are linked to the complex nature of a multicultural society with tremendous geographic and linguistic diversity.

When one looks at external challenges, such as competition within the region, Indonesia has a major asset — its young, dynamic, and large workforce is a real vehicle for economic growth. However, other ASEAN players boast a similar asset, so relative economic success will inevitably be linked to who manages this asset better. Whatever the business, a more engaged and productive workforce is directly correlated with better business outcomes, which at a macro level are linked to GDP growth.

In this respect, Gallup's latest survey on employee engagement paints a rather grim picture. Only 8% of Indonesian employees are engaged at work, while 15% are actively disengaged — among the highest rates in the region. If organizations — private or state-owned — do not realize how important great workplaces are to economic development and job creation, the Indonesian economy might well run out of steam in the next few years.

The following key factors are particularly likely to have an impact on employee engagement in Indonesia:

- **The Rise of Gen Y and Changing Corporate Culture:** Fifty percent of Indonesia's population today is younger than 30. The concept of "engaging" younger employees is starkly different from the more traditional focus on "retaining" employees. Pay and promotion in a hierarchical setup are unlikely to jump-start the cultural change necessary to nurture a "learning organization" that Gen Y workers will want to be a part of. Organizations need a better understanding of younger employees' expectations — including opportunities to use their talents at work, and to develop those talents over the course of their careers. Younger employees also want their opinions to matter. Our advice to Indonesian leaders is to actively promote a culture of openness and dialogue, and to be serious about rewarding innovation and merit — an urgent need for Indonesia's stated goal of becoming a "creative economy."
- **The War for Indonesia's Talent:** As the economy grows, effective business leadership will be a critical success factor that supports the country's growth. Indonesian leaders who understand the challenges the local business environment presents, and are able to harness opportunities amid sometimes unexpected and evolving market conditions, will be immeasurably

valuable, and prone to poaching. Organizations will need a well-thought-out top talent strategy — one that manages and nurtures their "people" assets to stay competitive.

- **The Role of a Manager as Coach:** Traditionally, Indonesian managers have employed a fairly straightforward "command and control" method of managing. This style might not work with today's Indonesian workforce — particularly younger employees. Indonesian managers and leaders must become better coaches and mentors to their employees. Additionally, organizations that prioritize the ability to engage employees as a key criterion for managerial roles will make significant gains in engagement, performance, and productivity.

In the years to come, Indonesia looks poised to take its rightful place as a regional economic powerhouse — if it can effectively manage key challenges in navigating its growth phase. Some basic work culture issues and HR practices will need to be reformed before Indonesian organizations can take advantage of their mighty workforce. Organizations that put the right emphasis on the engagement and well-being of their employees will not only thrive and grow, but also help carry the country to a position of economic pre-eminence.

IF ORGANIZATIONS DO NOT REALIZE HOW IMPORTANT GREAT WORKPLACES ARE TO ECONOMIC DEVELOPMENT AND JOB CREATION, THE INDONESIAN ECONOMY MIGHT WELL RUN OUT OF STEAM IN THE NEXT FEW YEARS.

REGION

AUSTRALIA AND NEW ZEALAND

Countries included: Australia and New Zealand



In Australia and New Zealand, 24% of adults who work for an employer are engaged, while 60% are not engaged and 16% are actively disengaged. The resulting ratio of engaged to actively disengaged employees — 1.5-to-1 — is one of the highest among all global regions and similar to results from the U.S. and Canada (1.6-to-1).

The two countries show similar engagement results. In both, slightly less than one-fourth of the employed population is engaged, while the majority of workers fall into the not engaged category. Thus, workplaces in both countries have an opportunity to move large numbers of these workers who currently lack motivation or emotional investment in their jobs into the engaged category, helping organizations realize related improvements in performance outcomes.

The engagement rate in Australia and New Zealand is somewhat higher among those few employees (4% of those interviewed) with an elementary education or less than among those with higher levels of education. Similarly, the job types in which employees are most likely to be engaged tend to be those that do not typically require high levels of education, including farmers, installation/repair workers, and service workers. As in most developed countries, unemployment and underemployment have been at elevated levels since the onset of the global recession in 2007. One consequence of the recession could be that those with more education are struggling to find jobs that align with their education level, leading them to feel that they are not doing what they do best every day.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Australia	24%	60%	16%
New Zealand	23%	62%	15%

For results listed in this table, the margin of sampling error ranges from ±2 to ±4 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

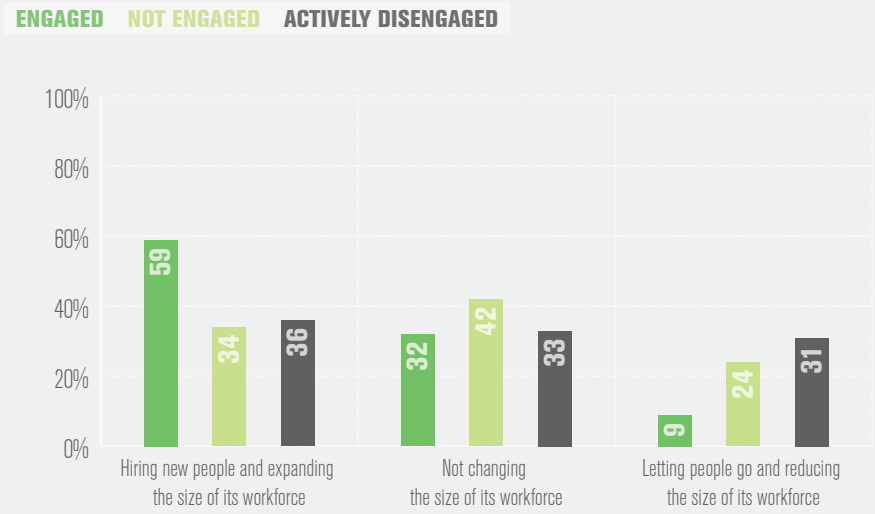
It is also notable that 19% of employees in leadership positions — including managers, executives, and officials — are engaged in their jobs. Low engagement among managers is a particularly troubling sign for businesses and organizations, as Gallup has consistently found that they play the most significant role in influencing engagement among workers who report to them.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	34%	57%	9%
Secondary education	23%	59%	18%
Tertiary education	24%	63%	13%
Farming/Fishing/Forestry workers	40%	47%	13%
Installation/Repair workers	30%	57%	13%
Service workers	29%	57%	14%
Professional workers	27%	59%	14%
Construction/Mining workers	26%	54%	20%
Clerical/Office workers	24%	62%	14%
Managers/Executives/Officials	19%	64%	17%
Sales workers	17%	66%	17%
Manufacturing/Production workers	11%	66%	23%
Transportation workers	9%	69%	22%

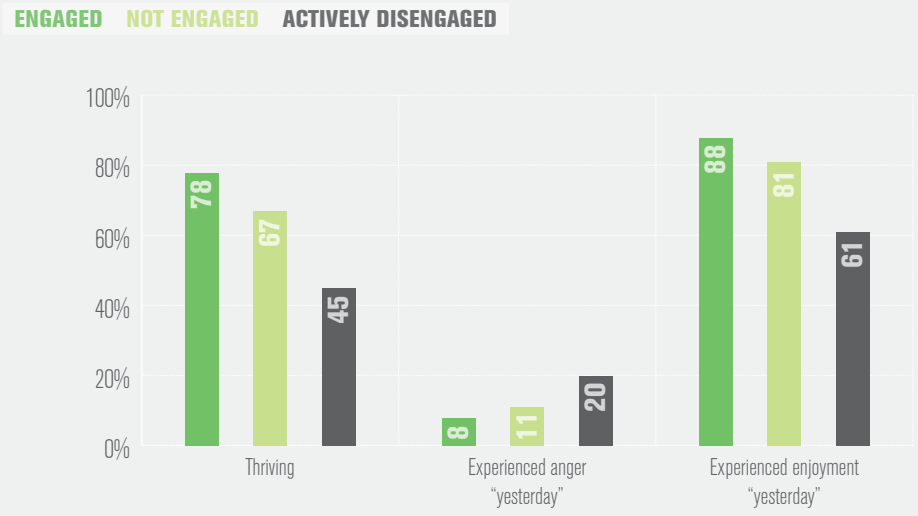
Six in 10 Engaged Workers Say Their Employers Are Hiring

Among all employees in Australia and New Zealand, 40% report that their employer is hiring new people and expanding the size of its workforce, while 22% report that their employer is letting people go and reducing the size of its workforce. Among engaged employees, however, the results are considerably more favorable — these workers are more than six times as likely to report that their organization is hiring (59%) as to report their organization is letting people go (9%). By contrast, the 36% of actively disengaged workers who say their organization is growing is similar to the 31% saying their organization is reducing in size.

ENGAGED EMPLOYEES IN AUSTRALIA AND NEW ZEALAND ARE THE MOST LIKELY TO SAY THEIR EMPLOYER IS EXPANDING THE SIZE OF ITS WORKFORCE



ENGAGED EMPLOYEES IN AUSTRALIA AND NEW ZEALAND ARE THE MOST LIKELY TO EXPERIENCE ENJOYMENT



Fewer Than Half of Actively Disengaged Employees Are "Thriving"

As in all global regions, there is considerable evidence that organizations in Australia and New Zealand that engage their employees play a significant role in improving these workers' quality of life. Overall, two-thirds of those who work for an employer give life evaluations high enough to be considered "thriving" in their overall lives. This is the highest thriving percentage among all global regions. Engaged employees in Australia and New Zealand, however, are thriving at even higher rates (78%) than is seen in the overall region, whereas less than half of those who are actively disengaged (45%) are thriving.

Additionally, engaged employees in Australia and New Zealand report being in a more positive emotional state the day before the survey than do actively disengaged workers. Compared with actively disengaged employees, engaged workers are more likely to say they experienced enjoyment for much of the previous day and are less likely to have experienced anger. Further, engaged employees are almost twice as likely as the overall population to strongly agree that they like what they do each day.

AUSTRALIA: ENGAGED EMPLOYEES ALIGN TO PROMOTE ORGANIZATIONAL SUCCESS

By Yvette Martin, Gallup Principal

Australia is among the global leaders in the ratio of motivated and productive — i.e., engaged — employees versus negative and disruptive — i.e., actively disengaged — ones within its workplaces. For every actively disengaged worker in Australian companies, 1.5 are engaged.

However, engagement results among Australian employees pale in comparison to the best companies in Gallup's expansive database, which have ratios of nine engaged employees to every actively disengaged employee. Most of the country's workers — 60% — fall into the "not engaged" category, meaning they lack the psychological commitment to maximize their efforts on behalf of their organizations. Moreover, the 16% of Australian employees who are actively disengaged at their workplaces cost the country around AU$54.8 billion (US$51.3 billion) per year.

Australian organizations need strong, authentic leadership to build on the workforce's current engagement levels. Such leaders know their own strengths and how to support and empower their people, so that Australian employees turn up to work every day with a motivated mindset. More specifically, Australia's current and future leaders must:

1. **Align Leadership Direction:** Leadership teams responsible for organizational success need to minimize infighting and political game-playing. All leaders must ensure they understand their own innate strengths, and how their roles relate to those of other leadership team members. A Top 100 ASX-listed company that introduced a strengths-based development approach to its C-Suite team reports feeling significantly more cohesive. One team member in particular whose contribution might otherwise have been downplayed was shown to have strong relationship-building talents, a quality lacking in this particular team.

2. **Create Alignment Between Employees' Roles and the Organization's Overall Mission:** In the Australian companies Gallup studied, we found that initially, two in 10 workers strongly agreed that the mission and purpose of their company makes them feel their job is important. Line managers can improve this metric by simply asking employees to articulate what they get paid to do, and what success looks like in their role. These two questions can open a dialogue to better align job expectations and how individual employees feel their contributions connect to the wider company mission and organizational goals.

3. **Monitor Their Employees' Psychological Safety:** Recent research by Safe Work Australia reveals that depression costs Australian employers approximately AU$8 billion per year and notes that "Work-related stress represents a 'huge cost' for worker health and productivity and is broadly regarded as an important social determinant of global health." From Gallup's 2011-2012 employee research, 47% of actively disengaged workers in Australia and New Zealand admitted to having experienced stress the day before, while 24% experienced sadness and 42% experienced worry. Each of these figures is close to double the percentage among engaged employees, demonstrating that the increasing prevalence of psychological injury claims is a risk that could be mitigated if leaders fostered a culture of empowerment, open communication, and care in their workplaces.





IN NEW ZEALAND'S COMPETITION FOR TALENT, ENGAGEMENT IS CRITICAL

By Robyn Reilly, Gallup Senior Consultant

For a small country competing in the global economy, New Zealand's current levels of employee engagement pose a barrier to global competitiveness and economic success. Gallup's 2011-2012 data indicate that less than a quarter of New Zealanders who work for an employer (23%) are engaged at work, while 62% are "not engaged," meaning they head to work each day uninspired and lacking motivation, and will likely do just enough to fulfill their job requirements. And 15% are "actively disengaged" — they are not only unhappy at work, but likely to act out that unhappiness. Actively disengaged workers account for more quality defects and safety incidents, and have higher absenteeism and lower retention rates, than other employees; they are estimated to cost the New Zealand economy NZ$7.5 billion annually, based on the New Zealand Bureau of Statistics' average New Zealand wage figure.

Employers that fail to foster employee engagement risk losing talented employees not only to other New Zealand-based companies, but also to businesses in neighboring Australia. Research by Deloitte in 2012 found that 65% of New Zealand's organizations are concerned about losing employees to other employers in the country, while 36% report concerns about losing employees to Australia.

Overcoming New Zealand's economic challenges will require a focus on productivity, process efficiencies, product quality, and innovation. In order to improve outcomes in these areas, organizational leaders need to turn their attention to creating workplaces that unlock the full potential of all New Zealand workers — currently an underutilized commodity.

Land Information New Zealand (LINZ) is an example of an employer that has made impressive strides toward that goal; the government agency has seen steady improvement in its employee engagement scores over the past several years. In 2012, LINZ's average engagement score was the highest in New Zealand's public sector, and in 2013 the agency won a prestigious award from the Institute of Public Administration New Zealand for "Improving Performance Through Leadership Excellence" by building a highly engaged workplace.

Following are among the most important considerations for LINZ and other organizations in pursuing that goal:

1. **Increase Collaboration:** Executives and managers should work closely with their employees to identify barriers to engagement and opportunities to effect positive change. Employees provide valuable insights into a company's processes, systems, products, and customers — and these are essential to leaders considering strategies to improve performance, foster business innovation, and create a more engaging workplace.

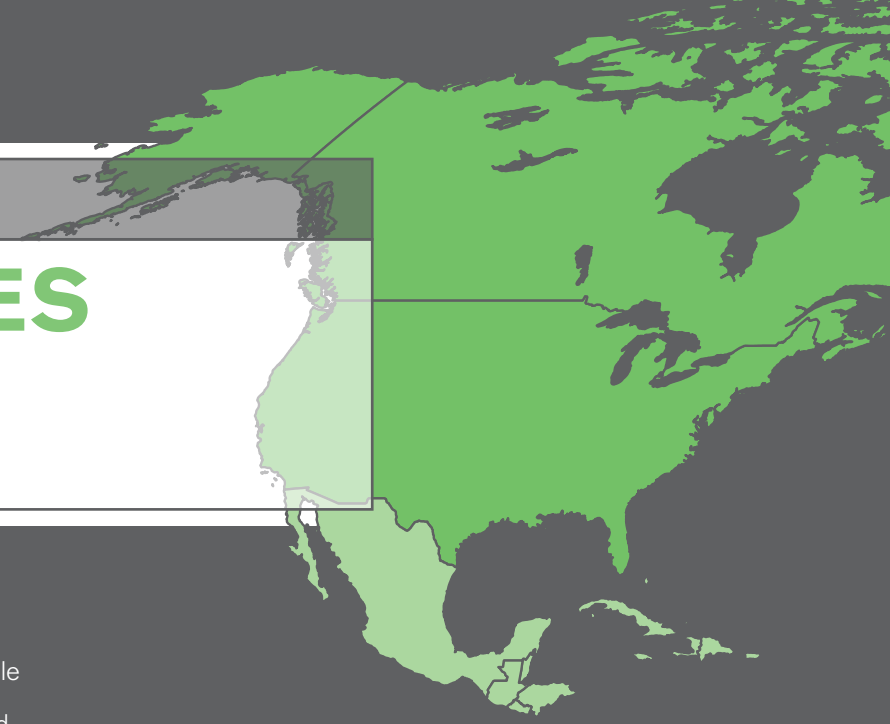
2. **Hire Great Managers:** The catalyst for collaboration is a great manager. The best managers understand that their success, and that of their organizations, relies on the success of their people. But not everyone can be a great manager. Great managers seek to understand each person's strengths and provide workers every opportunity to use these in their roles. It takes talent to be a great manager, and leaders in New Zealand need to be sure they are using tools and advice that have proven reliable in selecting those with true, innate management ability.

3. **Meet Your Employees Where They Are as People:** Employees are people, and they don't check their personalities at the door when they come to work. The sense that they are respected as individuals at work can have a significant impact on how they view their overall lives. Each individual's potential extends well beyond his or her job description, but tapping that potential means recognizing how employees' unique set of beliefs, talents, goals, and life experiences drive their performance, personal success, and well-being.

REGION

UNITED STATES AND CANADA

Countries included: Canada and the United States



Among those who work for an employer in the United States and Canada, 29% are engaged in their jobs, while 54% are not engaged and 18% are actively disengaged. The ratio of engaged to actively disengaged employees is 1.6-to-1 — the highest among all regions worldwide, though the ratio among employees in Australia and New Zealand is close, at 1.5-to-1.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
United States	30%	52%	18%
Canada	16%	70%	14%

For results listed in this table, the margin of sampling error ranges from ±<1 to ±3 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

The U.S. and Canada continue to show signs of recovery from the global recession of 2007-2009. In the U.S., however, some economists regard the economic upturn as a "jobless recovery" and agree that job creation should remain a top priority. Canada's economy came through the recession better than many developed economies; its unemployment rate remains slightly above 7%. Labor market conditions in each country may have an effect on employee engagement rates, as employees could be more likely to remain in jobs for which they are overqualified if they perceive a lack of sufficient employment opportunities elsewhere.

Employee engagement results differ significantly between the U.S. and Canada, with employees in Canada about half as likely as those in the U.S. to be fully engaged at work — 16% vs. 30%, respectively. However, a strong majority (70%) of Canadian employees are simply not engaged, with 14% falling into the actively disengaged category. The high proportion of employees in the middle engagement category represents an opportunity for employers in Canada to focus on workplace conditions and management techniques to help increase these workers' psychological commitment to their work and move more of them into the engaged column.

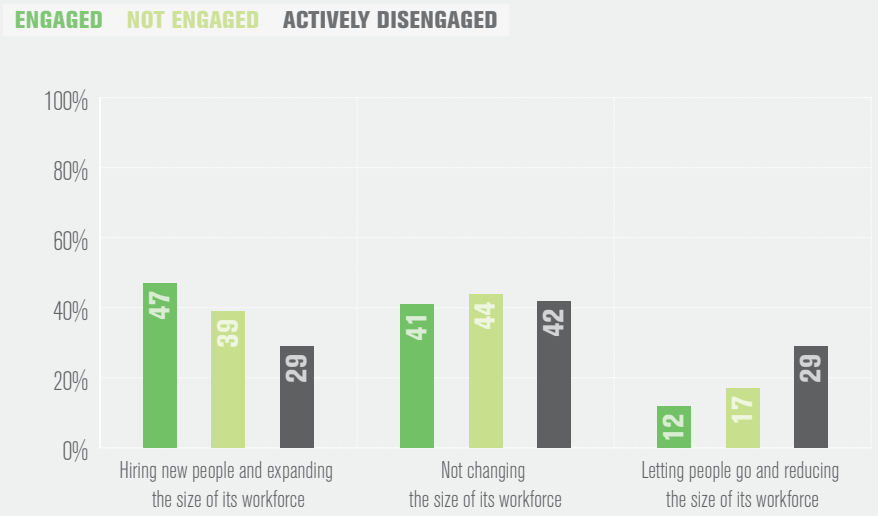
In the U.S. and Canada, engagement rates trend downward slightly with employees' higher levels of educational attainment. However, the ratio of engaged to actively disengaged workers is highest among those in jobs that tend to require more education such as professionals and those in leadership roles. As noted, the recession has led many educated workers to settle for jobs that do not fully use their talents, leaving them unfulfilled. In both countries, college-educated workers are less likely than those with a high school education only to strongly agree with the statement "at work, I have the opportunity to do what I do best every day."

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	32%	52%	17%
Secondary education	29%	52%	19%
Tertiary education	28%	57%	15%
Managers/Executives/Officials	34%	53%	13%
Professional workers	30%	56%	14%
Farming/Fishing/Forestry workers	28%	56%	16%
Construction/Mining workers	28%	55%	17%
Service workers	28%	52%	20%
Clerical/Office workers	27%	53%	20%
Sales workers	26%	54%	20%
Installation/Repair workers	25%	54%	21%
Transportation workers	24%	51%	25%
Manufacturing/Production workers	23%	54%	23%

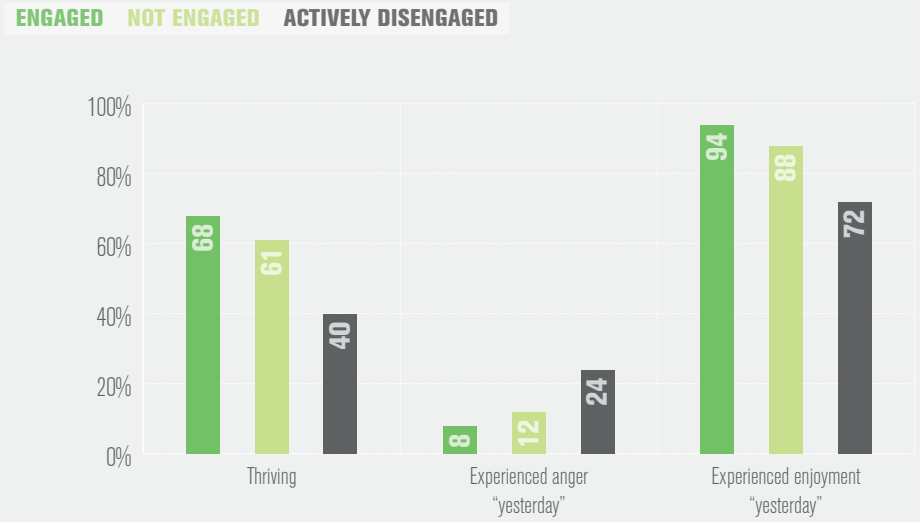
Perceptions of Job Growth Strong, Except Among Actively Disengaged Employees

A 2013 Organisation for Economic Co-operation and Development report predicts unemployment rates in the U.S. and Canada will decline modestly through the end of 2014. Overall, perceptions of job growth among employees in the two countries seem to support that prediction: According to Gallup data collected in 2011 and 2012, 40% report that their employer is currently hiring new people, while 17% report that their employer is letting people go. However, while engaged employees in the two countries are nearly four times as likely to report that their employers are hiring as they are to say they are letting people go, actively disengaged workers are as likely to report job losses at their organizations as they are to report job growth.

ACTIVELY DISENGAGED WORKERS IN THE U.S. AND CANADA MORE THAN TWICE AS LIKELY AS ENGAGED WORKERS TO SAY THEIR COMPANIES ARE LETTING PEOPLE GO



ALMOST ALL ENGAGED EMPLOYEES IN THE U.S. AND CANADA EXPERIENCED ENJOYMENT THE PREVIOUS DAY



Nearly Seven in 10 Engaged Employees "Thriving" vs. Four in 10 Actively Disengaged Workers

Employees' overall life evaluations in Canada and the U.S. are among the highest in the world, with 59% classified as "thriving." However, employees who are least happy at work — i.e., those who are actively disengaged — are far less likely than engaged or not engaged workers to view their lives that positively.

Employees' day-to-day emotional states also reflect these differences. Almost all engaged employees in the two countries (94%) and the vast majority of not engaged workers (88%) say they experienced enjoyment for much of the previous day, but that number falls considerably to 72% among actively disengaged employees. Similarly, actively disengaged employees are more likely than other workers to say they felt angry the previous day. Perhaps most tellingly, while slightly less than one-third of employees overall in the U.S. strongly agree that they like what they do each day, this number doubles to about two-thirds among engaged workers.



ENGAGED WORKPLACES HAVE A PRODUCTIVITY EDGE IN CANADA'S BOOMING FINANCE AND ENERGY SECTORS

By Jason Cowles, Gallup Managing Consultant

The number of employees in Canada who are engaged — i.e., who feel emotionally connected to their workplaces and have the resources and support they require to succeed — has dropped from 20% in Gallup's 2009 analysis to 16% in the current 2011-2012 study. In an economy that did not feel the full brunt of the 2009 financial crisis and is on a positive trajectory to a full recovery, significant opportunities exist for organizations and leaders who can improve engagement levels in their workforces to capitalize on this growth.

Two rapidly growing industries have become the catalyst for this recovery: the banking and energy sectors. Canada is widely considered to have the most efficient and safest banking system in the world. With only five major banks controlling the majority of the Canadian market, competition is intense for top talent. However, talented employees are often not identified, fully utilized, or given the development opportunities necessary for future leadership positions. This results in high turnover levels throughout the banks and a largely disengaged workforce.

In the financial services industry, the quality of employee-customer interactions is of paramount importance and is one of the leading indicators of growth in banks' customer base. With more than 290,000 employees spread across these five institutions, there is tremendous opportunity for institutions that grasp the connection between employee engagement and customer loyalty, put actionable plans in place to improve engagement, and fully use their human capital to drive increases in productivity and profitability.

In the energy services sector, based largely in western Canada, wages for skilled labor have skyrocketed in recent years as demand for qualified workers has far exceeded supply. This has serious ramifications for the industry as a whole, because not engaged or actively disengaged employees have significantly higher safety incidents, levels of absenteeism, and turnover. Thus, organizations that have focused on engaging their employees will benefit tremendously from lower business costs as well as improved performance outcomes such as higher overall productivity figures.

Canada is uniquely positioned to lead the developed world on the path to recovery. Given that just 16% of its workers are engaged, 70% are not engaged, and 14% are actively disengaged, leaders and managers across all organizations have the opportunity to shift the pendulum back toward engaging their human capital. They can do this by working continuously to incorporate the fundamentals of engagement into their teams and by creating actionable plans that can be measured and executed at every level of the organization.

Additionally, Canadian organizations traditionally have focused largely on employee satisfaction as the predominant factor in determining an employee's engagement level, and have failed to capture the emotional attachment component that characterizes engaged employees and teams. With 84% of employees in the country not falling into the engaged category and therefore not giving their full discretionary effort (in world-class organizations, as many as 60% or more of workers are engaged), organizations that place a true emphasis on creating a culture of engagement will emerge as industry leaders and capitalize on the opportunities a recovering economy provides.

REGION

LATIN AMERICA

Countries included: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela



Among the 22 Latin American countries Gallup surveyed in 2011 and 2012, 21% of employees are engaged, while 60% are not engaged and 19% are actively disengaged. The resulting ratio of engaged to actively disengaged employees is 1.1-to-1 — the highest figure among regions in the developing world and falling only behind the U.S. and Canada (1.6-to-1) and Australia and New Zealand (1.5-to-1) globally.

With increased foreign direct investment and moderate GDP growth, the economic environment in Latin America has improved considerably in the past decade. Further, unemployment has reached near historic lows for the region. The positive momentum in the Latin American job market has heightened the competition for talented workers among businesses in the region and increased the importance of building loyalty among employees by ensuring that they have what they need to be fully engaged in their jobs.

Individual results available for 18 of the 22 countries in Latin America vary significantly. In Panama and Costa Rica, at least one-third of employees are engaged, outnumbering actively disengaged workers by more than 2-to-1. Conversely, fewer than 15% of employees in Paraguay and Mexico are engaged and more than a quarter fall into the actively disengaged category.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Panama	37%	51%	12%
Costa Rica	33%	53%	14%
Brazil	27%	62%	12%
Guatemala	26%	55%	19%
Colombia	26%	61%	13%
El Salvador	24%	56%	20%
Chile	24%	58%	18%
Dominican Republic	23%	59%	18%
Bolivia	23%	58%	20%
Nicaragua	22%	53%	25%
Uruguay	22%	54%	24%
Honduras	19%	55%	26%
Venezuela	18%	60%	22%
Peru	17%	62%	21%
Argentina	16%	56%	28%
Ecuador	16%	70%	14%
Paraguay	14%	59%	27%
Mexico	12%	60%	28%

For results listed in this table, the margin of sampling error ranges from ±2 to ±5 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

Engagement rates increase somewhat with Latin American employees' educational attainment levels. Among those with no more than an elementary education, actively disengaged workers significantly outnumber engaged employees, while the opposite is true among college-educated employees.

Correspondingly, the engaged-actively disengaged ratio is most favorable in job types that tend to require higher levels of education and provide a more autonomous working environment such as professional workers and those in management or leadership roles.

Notably, the engaged-actively disengaged ratio is lowest among sales workers in Latin America: 16% are engaged, while 21% are actively disengaged. This finding is troubling from a job creation perspective, as it implies many front-line sales employees in the region may not be in the right role or have the support they need to generate brand loyalty through their interactions with customers. As Gallup's data show, improved customer ratings are among the key performance outcomes associated with higher levels of employee engagement.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	17%	58%	25%
Secondary education	22%	61%	17%
Tertiary education	25%	60%	14%
Professional workers	25%	63%	12%
Managers/Executives/Officials	24%	67%	9%
Service workers	23%	60%	17%
Installation/Repair workers	22%	57%	21%
Construction/Mining workers	21%	51%	28%
Manufacturing/Production workers	21%	63%	16%
Farming/Fishing/Forestry workers	21%	57%	22%
Clerical/Office workers	21%	65%	15%
Transportation workers	18%	64%	19%
Sales workers	16%	63%	21%

Employee Engagement More Strongly Associated With Job Creation in Latin America Than in Most Regions

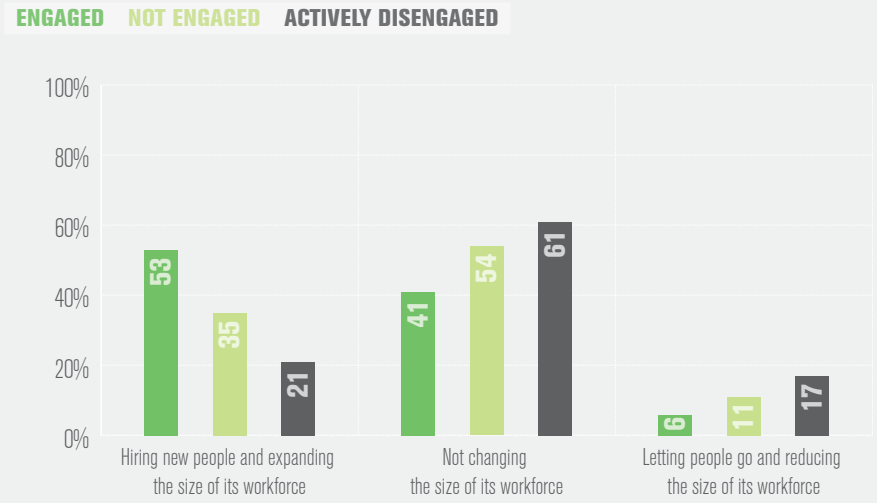
Slightly more than one-third of Latin Americans who work for an employer (37%) say those employers are hiring new people, while 11% say the opposite. These numbers vary more broadly by engagement level than in any other global region except sub-Saharan Africa. A majority of employees in Latin America who are engaged in their jobs (53%) say their organizations are expanding the size of their workforces, while about one-third of not engaged and one-fifth of actively disengaged employees say the same. Conversely, actively disengaged employees are almost three times as likely as engaged employees to report that their organizations are letting people go (17% vs. 6%, respectively).

Life Evaluations, Daily Emotions Most Positive Among Engaged Employees

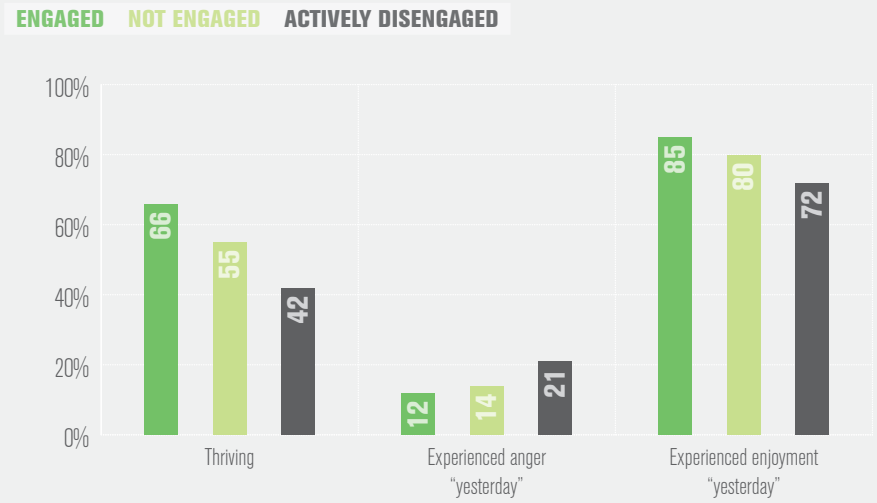
Latin Americans tend to respond more positively to quality-of-life questions than most populations Gallup surveyed worldwide. Slightly more than half of employees regionwide (55%) rate their overall lives highly enough to be considered "thriving" — a far higher proportion than in any other developing region. As in other regions, however, employees in Latin America view their lives differently according to their level of engagement at work. Among engaged employees, two-thirds (66%) are thriving, compared with less than half (42%) of actively disengaged workers.

While about half of employees in Latin America overall strongly agree that they like what they do each day, that figure rises to slightly more than four in five among engaged employees. Further, as in most regions, Latin America's engaged workers are the ones most likely to say they experienced enjoyment for much of the day before the survey, while actively disengaged employees are those most likely to say they experienced anger the previous day.

MOST OF ENGAGED LATIN AMERICAN EMPLOYEES SAY THEIR EMPLOYERS ARE HIRING, COMPARED WITH ONE-FIFTH OF ACTIVELY DISENGAGED EMPLOYEES



TWO-THIRDS OF ENGAGED EMPLOYEES IN LATIN AMERICA "THRIVING" IN LIFE VS. LESS THAN HALF OF ACTIVELY DISENGAGED EMPLOYEES



AN ENGAGED POLICE FORCE MAKES COMMUNITIES SAFER

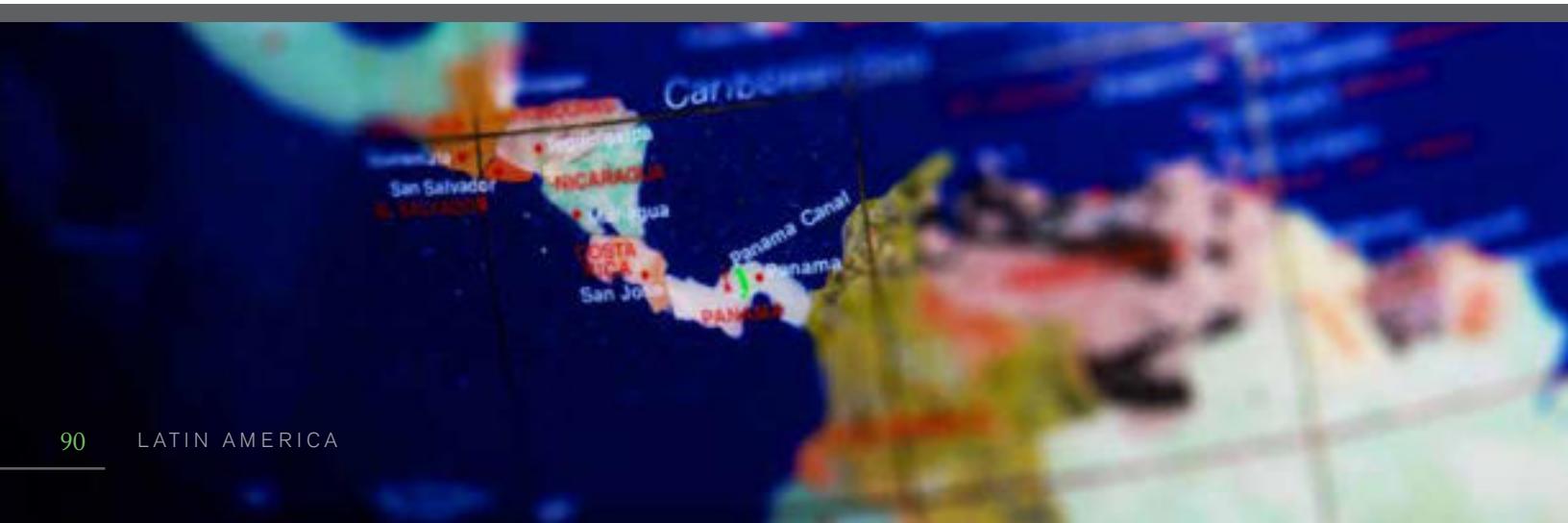
By Jesus Rios, Gallup Regional Director

In 2010, a national police corps in Latin America initiated a strategy aimed at creating a more humane, trust-based relationship between police officers and the citizens they serve. Senior leaders in this institution were convinced that it needed to overcome the legacy of a militaristic, "results at any cost" mindset that often led to undue pressure in the workplace, frequent personnel relocations, and lack of regard for officer work-life balance. Further, such excessive operational focus often led to behaviors that hurt the corps' relationship with local communities and damaged its reputation, both nationally and in the international human rights community.

Because the foundation of this program is great relationships in the workplace, senior leaders of this corps enlisted Gallup to help them improve the engagement of their police force. In the first wave of this initiative, 1,633 senior officers took the Q^{12} survey and participated in action-planning sessions. Gallup demonstrated in this first wave that operational units led by highly engaged senior officers had the best reduction in high-impact crime rate, were involved in fewer disciplinary investigations, and achieved better citizen satisfaction scores than operational units led by less engaged senior officers.

In the second and third waves, approximately 5,000 officers in 151 substations took part in the Q^{12} employee engagement survey and an accompanying change initiative. A Business Impact Analysis revealed that substations in which Q^{12} overall mean scores improved by at least 0.2 percentage points outperformed all other substations at increasing the number of captures and narcotics seizures, as well as reducing household break-ins, personal thefts, and business thefts. Moreover, substations with large Q^{12} mean score improvements (0.5 points or more) experienced twice the improvement in total captures seen by substations with no Q^{12} gains (72% vs. 36%, respectively).

This important initiative demonstrates that Gallup's employee engagement science is not only effective in improving business-related outcomes like profitability, but can also help public-sector institutions address important governance issues such as crime reduction and community vigilance.



REGION

WESTERN EUROPE

Countries included: Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom



Among the 19 Western European countries Gallup measured in 2011 and 2012, 14% of employees are engaged, while 66% are not engaged and 20% are actively disengaged. The resulting ratio of engaged to actively disengaged employees is 0.7-to-1 — a low figure compared with other parts of the developed world such as the U.S. and Canada (1.6-to-1) and Australia and New Zealand (1.5-to-1).

Many countries in Western Europe — including France, Ireland, Italy, and Spain — continue to suffer from severe employment crises, particularly among young people. Residents of these countries are among the least likely in the world to say it is a good time to find a job in their communities. Low levels of confidence in local job markets may lead many workers to remain in workplaces that fail to engage them, rather than seeking employment elsewhere.

Though employee engagement results vary significantly among Western European countries, in no country do engaged employees make up more than about one-fifth of the employed population. What's more, in only seven of the 19 countries surveyed do engaged employees outnumber those who are actively disengaged.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Denmark	21%	69%	10%
Malta	19%	61%	20%
Portugal	19%	65%	16%
Spain	18%	62%	20%
United Kingdom	17%	57%	26%
Iceland	16%	75%	10%
Ireland	16%	65%	20%
Norway	16%	77%	7%
Sweden	16%	73%	12%
Switzerland	16%	76%	8%
Germany	15%	61%	24%
Slovenia	15%	70%	16%
Austria	14%	74%	12%
Italy	14%	68%	18%
Luxembourg	14%	72%	14%
Belgium	12%	66%	22%
Finland	11%	76%	14%
France	9%	65%	26%
Netherlands	9%	80%	11%

For results listed in this table, the margin of sampling error ranges from ±1 to ±6 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

Engagement rates are slightly higher among Western Europeans with an elementary education or less than among those with a college education. Further, those in job types that tend to require more education — such as professionals and managers, executives, and officials — are no more likely to be engaged than those in more routinized job types like manufacturing and construction. In the region's generally weak job markets, many highly educated workers may be forced to settle for jobs that fail to use their education — and thus are less likely than their less-educated peers to feel that they have the chance to do what they do best every day.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	17%	62%	21%
Secondary education	15%	65%	20%
Tertiary education	12%	69%	19%
Farming/Fishing/Forestry workers	22%	63%	15%
Construction/Mining workers	17%	64%	19%
Managers/Executives/Officials	15%	69%	16%
Professional workers	14%	69%	17%
Sales workers	14%	65%	21%
Service workers	14%	65%	21%
Transportation workers	14%	61%	25%
Clerical/Office workers	13%	63%	24%
Manufacturing/Production workers	13%	63%	24%
Installation/Repair workers	9%	68%	23%

Engaged, Actively Disengaged Workers Have Opposing Views of Job Creation in Their Workplaces

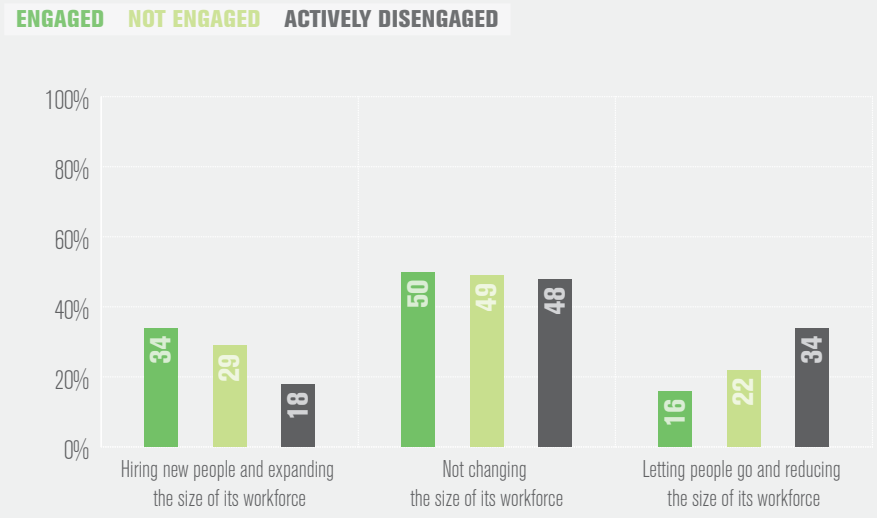
Overall, 28% of employees living in Western Europe say their employer is hiring new people and expanding the size of its workforce, while somewhat fewer — 23% — say the opposite. Engaged employees in the region, however, are twice as likely to report their workplaces are hiring (34%) as they are to say they are letting people go (16%). Among actively disengaged employees, those figures are reversed: 34% say their organizations are letting people go, while 18% say they are hiring.

Six in 10 Engaged Workers Are "Thriving"

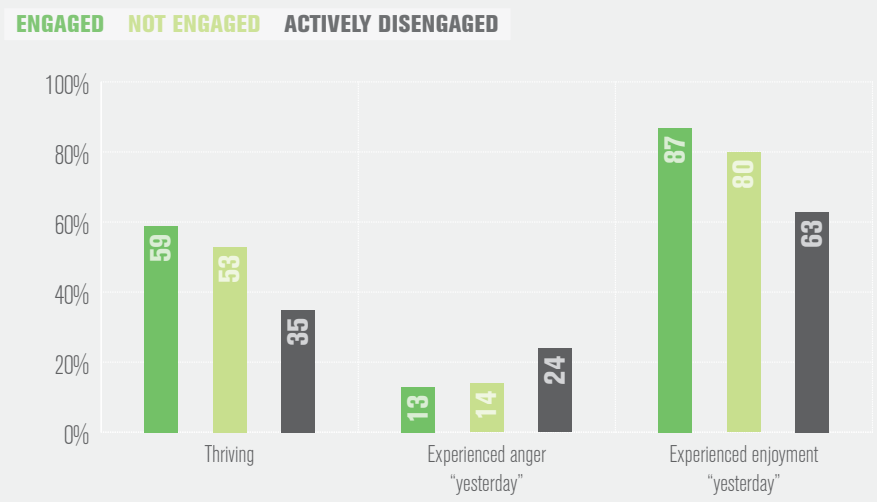
The severity of Western Europe's debt crisis and the accompanying austerity measures in many countries may help explain why life evaluations in most of the region tend to be lower than those in other economically developed regions. In November 2012, workers in Spain, Portugal, Greece, Italy, France, and Belgium protested against cuts that lowered wages and reduced social protection programs. Regionwide, 50% of Western Europeans who work for an employer are "thriving" in their overall lives, compared with 59% in the U.S. and Canada and 66% in Australia and New Zealand.

However, as in virtually all regions, engaged employees in Western Europe are more likely to rate their lives highly enough to be considered thriving and more likely to have been in a positive emotional state the day before the survey. These results demonstrate Gallup's consistent finding that when it comes to one's job, pay and benefits are not the only factors that contribute to life quality. Nor are they the most important, given that employees' feelings of empowerment and emotional connection to their workplaces are significantly related to the way they evaluate and experience their lives overall.

ENGAGED EMPLOYEES IN WESTERN EUROPE ABOUT TWICE AS LIKELY AS ACTIVELY DISENGAGED TO SAY THEIR EMPLOYER IS HIRING



ACTIVELY DISENGAGED EMPLOYEES IN WESTERN EUROPE ABOUT TWICE AS LIKELY AS ENGAGED EMPLOYEES TO FEEL ANGER



GERMANY HAS A SERIOUS MANAGEMENT PROBLEM

By Marco Nink, Gallup Senior Practice Consultant

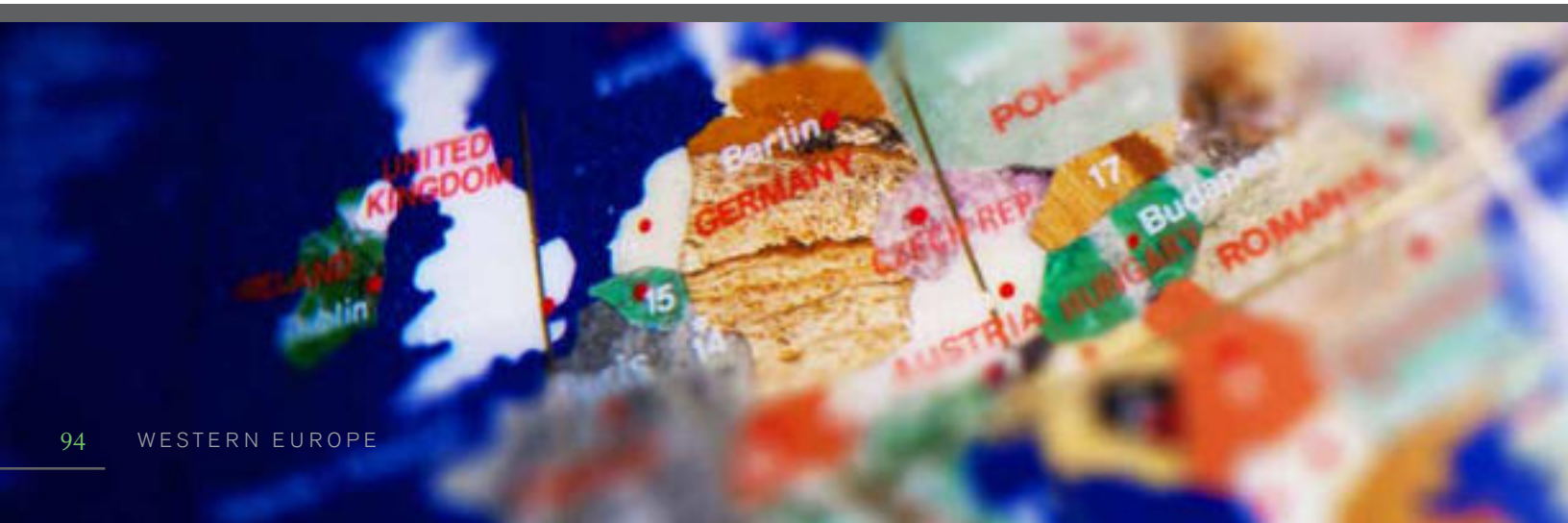
The specter of employee disengagement is haunting the German economy. Just 15% of workers in Germany are engaged with their jobs, while 61% are not engaged and 24% are actively disengaged, according to Gallup Daily tracking. This doesn't bode well for the health of the German economy. Gallup estimates that actively disengaged employees cost the economy over 100 billion euros per year in lost productivity.

German companies must get a handle on this negative development. If more and more employees fail to bring their best effort to work every day — regardless of what generation they belong to — it's because companies are failing to create a culture that meets employees' needs and expectations.

In particular, companies should investigate the criteria they use to promote people in their organization and closely evaluate how effectively their managers motivate and inspire people. Companies also must recognize that building employee engagement takes talent, and promoting people who lack the talent to manage hurts workers, companies, and profits.

A key problem is that German management education pays little attention to actually managing people. The M.B.A. degree reflects that the educational emphasis is on managing finances and administering processes. But good management also requires a focus on people, something that German companies currently lack. In far too many businesses, employees with the longest tenure or the greatest subject-matter expertise are moved into management, regardless of whether they have an aptitude for managing people.

As a result, the talent for managing people is more of an accidental dividend than a desired characteristic among German managers. Managers who can engage their workers will build better, more profitable teams — but companies that don't understand this talent and don't look for it won't successfully recruit engaging managers. By ignoring the benefits of engagement and the managerial talent to support it, German companies will continue to leave their financial well-being to chance.





UNITED KINGDOM: GREAT COMPANIES STRENGTHEN EMPLOYEE FOCUS DURING DIFFICULT TIMES

By Peter Flade, Gallup Managing Partner

In 2012, the number of people in the United Kingdom who felt involved and enthused at work remained static at slightly fewer than one in five — but there is, paradoxically, good news. As leaders across the U.K. face the harsh realities of the Great Recession, the country's employees are more likely to be engaged at work than are employees in other key European economies, including Germany and France.

Employee engagement has not decreased significantly in the U.K. despite the ongoing European financial crisis and the widespread uncertainty it has created. It could be that employees have lowered their workplace expectations amid the crisis and their own fear of losing their jobs — but this is unlikely because people experience engagement in the moment, and it is primarily an emotional rather than a rational state. A multiyear Gallup study released in 2013, which examined why some companies are able to buck the global trend of miserable workplaces, reveals that exemplar companies never use macroeconomic conditions as an excuse for not creating an engaged workforce. Quite the opposite — difficult times spur them on toward greater efforts to keep their employees loyal and optimistic about the organization's future.

Thus, a more plausible explanation may be that U.K. leaders are more focused on the spirit and outlook of their employees during difficult times, when followers need that kind of leadership the most. My advice to leaders facing this challenging economic climate is to seize the opportunities to implement strategies to increase employee engagement:

1. Engaged employees are outnumbered by actively disengaged workers in U.K. workplaces. In other words, for every enthusiastic employee in the U.K.'s labor force, there is more than one who is actively disengaged. This compares with ratios of two engaged employees for every actively disengaged employee in Denmark and Norway. It is revealing that the most engaged workplaces Gallup has studied — a handful of which are in the U.K. — have on average nine engaged employees for every actively disengaged one.

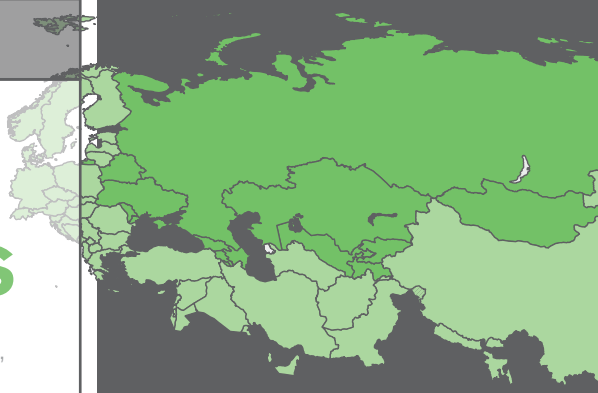
2. Eliminating active disengagement would add more than £50 billion to the U.K. economy. Gallup research reveals that eliminating active disengagement from the workforce would result in a significant increase in output per worker. This increase, applied against the current average output per U.K. worker, would amount to between £52 billion and £70 billion (approximately US$83 billion to $112 billion) in productivity gains nationwide per year.

3. Most employees are "not engaged," representing prime opportunities to increase productivity. Fifty-seven percent of employees in the U.K. fall into the gray area of just being not engaged at work. These people feel no meaningful attachment to their job and/or company. Sadly, it probably wouldn't take a great deal to get them engaged; replacing or retraining their current manager would probably do the trick.

4. Engagement bolsters emotional well-being in stressful times. Work is the primary activity for many people during their waking hours, so their engagement level affects the extent to which they enjoy their lives. Ninety-one percent of U.K. employees who are engaged at work say they experienced enjoyment "yesterday," versus 72% of those who are actively disengaged. More worrying, actively disengaged workers are at least twice as likely as those who are engaged to say they experienced anger or stress yesterday. In other words, jobs to which people give their full involvement and enthusiasm act as a bulwark to other pressures, probably including those emanating from the ongoing economic stress.

REGION

COMMONWEALTH OF INDEPENDENT STATES AND NEARBY COUNTRIES



Countries included: Armenia, Azerbaijan, Belarus, Georgia[1], Kazakhstan, Kyrgyzstan, Moldova, Mongolia[2], Russia, Tajikistan, Ukraine, and Uzbekistan

Gallup measured employee engagement levels in 2011 and 2012 in nine former Soviet republics in the Commonwealth of Independent States (CIS) and participating CIS member Ukraine, former CIS member Georgia, and former Soviet satellite state Mongolia. Among these countries, 18% of employees are engaged, while 62% are not engaged and 21% are actively disengaged. The resulting ratio of engaged to actively disengaged employees is 0.86-to-1, which compares favorably with other transitional economies in Central and Eastern Europe (0.4-to-1).

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Kazakhstan	23%	50%	28%
Moldova	22%	62%	16%
Russia	19%	63%	19%
Ukraine	10%	67%	23%
Belarus	9%	58%	33%
Azerbaijan	5%	63%	32%

For results listed in this table, the margin of sampling error ranges from ±3 to ±6 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

Though employee engagement results vary significantly among these CIS and nearby countries, engaged employees do not make up more than one-quarter of the working population for any of them. In Ukraine, Belarus, and Azerbaijan, engaged employees make up one-tenth or less of all residents who work for an employer. Further, in five of the six reportable countries, the percentage of engaged employees is equal to or less than the percentage who are actively disengaged.

Having a college education is associated with higher engagement levels among employees living in countries in this group. Relatedly, employees in leadership roles — including managers, executives, and officials — post the strongest engagement results among job types in these countries. This is a positive sign for workplaces in the region, as Gallup research has consistently demonstrated that the quality of workers' managers is vital to employees' engagement.

1 Although included in this group of countries, Georgia withdrew from the CIS in 2009.

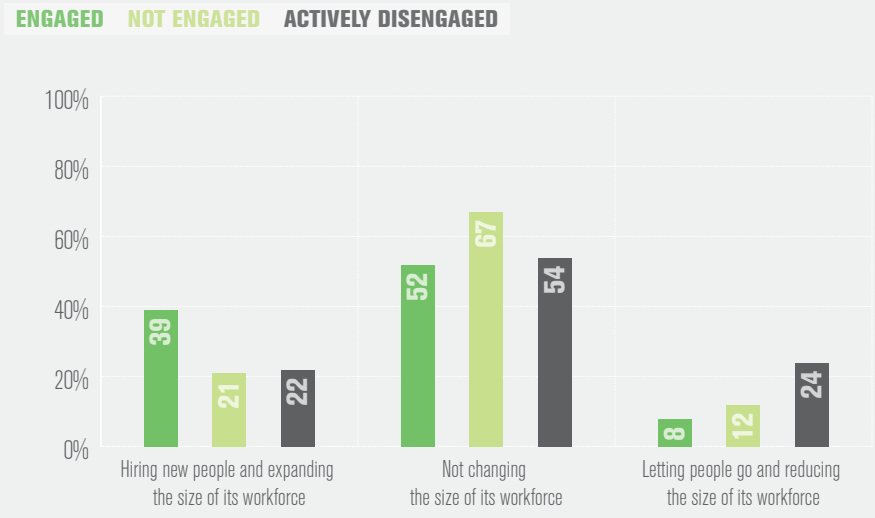
2 Mongolia is included because of its proximity to other countries in the group.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	15%	52%	33%
Secondary education	16%	63%	21%
Tertiary education	23%	61%	16%
Managers/Executives/Officials	34%	53%	13%
Professional workers	23%	65%	12%
Construction/Mining workers	23%	52%	25%
Installation/Repair workers	19%	57%	24%
Clerical/Office workers	18%	66%	16%
Service workers	14%	58%	28%
Transportation workers	13%	65%	22%
Sales workers	13%	67%	20%
Farming/Fishing/Forestry workers	12%	61%	27%
Manufacturing/Production workers	12%	63%	25%

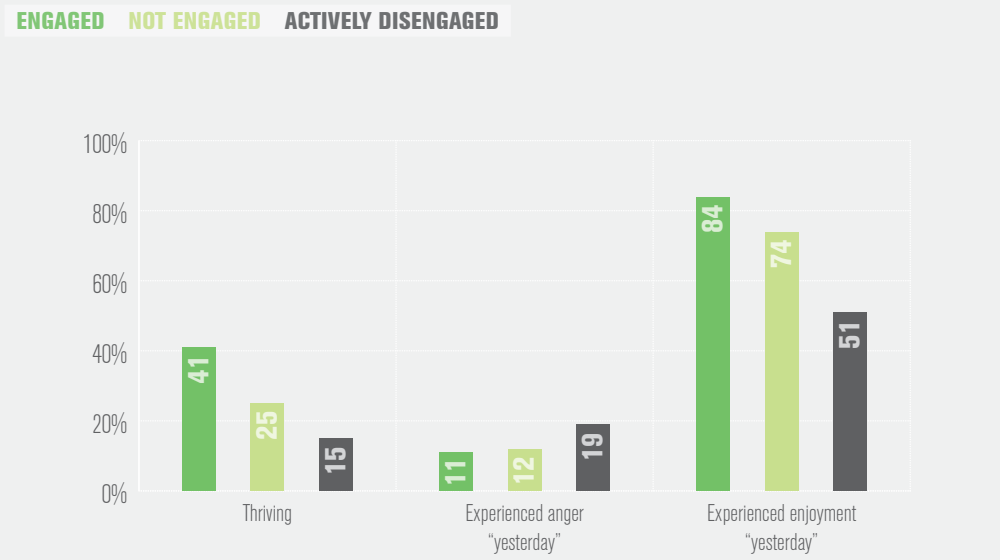
Reports of Job Creation Among the Lowest Worldwide, Except Among Engaged Employees

Perceptions of job creation are lowest in the world among employees living in CIS and neighboring countries. Overall, 24% report that their employers are hiring new people, the lowest figure among all regional groups; however, the 26% figure for Central and Eastern Europe is statistically similar. Nearly four in 10 engaged workers say their employers are expanding the size of their workforces, compared with about two in 10 not engaged or actively disengaged employees.

ENGAGED EMPLOYEES IN THE CIS AND NEARBY COUNTRIES ARE ALMOST TWICE AS LIKELY AS OTHER WORKERS TO SAY THEIR EMPLOYER IS HIRING NEW PEOPLE



ABOUT HALF OF ACTIVELY DISENGAGED EMPLOYEES IN THE CIS AND NEARBY COUNTRIES FELT ENJOYMENT THE PREVIOUS DAY



Engaged Employees Significantly More Likely Than Other Workers to Be "Thriving"

Regionwide, 26% of those living in the CIS and nearby countries who work for an employer give overall life ratings that put them in the "thriving" category, similar to the thriving figure among employees in Central and Eastern Europe. Among engaged workers living in the CIS and neighboring countries, four in 10 are thriving in their overall lives, compared with 15% of actively disengaged employees.

Similarly, engaged employees have more positive daily emotional experiences than not engaged or actively disengaged workers. They are almost five times as likely as actively disengaged employees to strongly agree that they like what they do each day. The benefits of liking what they do are reflected in higher rates of enjoyment and the lower rates of anger among engaged employees when compared with those who are actively disengaged.



RUSSIA'S OPPORTUNITY TO BOOST ECONOMIC PRODUCTIVITY AND GROWTH

By Izabella Khazagerova, Gallup Associate Principal

Modern Russia has a number of workforce advantages, including high literacy and labor participation rates, and a high proportion of people with post-secondary education. Yet Gallup's 2012 data show that more than 80% of the country's employees are less than engaged at work — i.e., they lack an emotional connection to their workplaces and are not enthusiastic about their jobs. Further, almost one-fifth of all Russian workers are actively disengaged, meaning they harbor negativity about their jobs that prevents them from creating value for their organizations. Instead, they often do more harm than good and hinder Russia's overall economic performance.

Fostering employee engagement thus represents a huge untapped potential to increase labor productivity in Russia. The country's GDP per hour worked is about 40% that of the U.S., where employees are more likely to be engaged at work. If Russian employers could move Russia's actively disengaged workers (currently 19% of all employees) into the neutral — i.e., "not engaged" — group, they could increase their output per worker by 3.86%. This increase, applied to the US$42,635 average output per worker in Russia, amounts to US$1,646 per person, or over US$116 billion overall.

Russia is rightly investing in projects to increase productivity through innovation and technology, as represented by the Skolkovo Innovation Center near Moscow. But attempts to create a more innovative culture will do little to increase the average productivity of Russian employees unless they are accompanied by organizational changes designed to win the hearts and minds of those employees. The following are among the most important considerations in pursuing that goal:

1. **Improve the Quality of Management and Leadership.** Gallup research has demonstrated that a team's immediate manager is responsible for the lion's share of its members' engagement. A great manager can create the motivation and energy a team needs to perform well, while a bad one can destroy that motivation and spread discontent among employees. This has huge implications for business outcomes; for example, highly engaged teams have 48% fewer workplace accidents and 41% fewer defects than those with low engagement levels. Organizational leaders must remove managers who consistently fail to engage their employees, must hire and promote for leadership talent, and must provide more opportunities to develop and reward people management skills.
2. **Promote a Culture of Trust and Integrity:** Seventy-seven percent of Russians surveyed in 2012 said corruption is widespread within the country's businesses. Leading organizations committed to change should implement sound corporate governance and a zero-tolerance policy for unethical behavior to assist in creating empowered and productive workforces. These can include methods for reporting such behavior anonymously and be promoted organizationwide to help promote a culture of trust and integrity.
3. **Give More Opportunities to Older Generations.** Workers in Russia aged 50 and older are 1.4 percentage points less likely than those aged 25 to 34 to strongly agree that their opinions count. Many Russian organizations fail to maximize the potential of

older employees, instead providing more opportunities to younger, less experienced workers. This mindset originated in the 1990s, when the transition from a planned to a market-based economy depended on workers' flexibility and agility. In 21st century Russia, however, there is a greater demand for seasoned "people managers" and specialists with extensive experience. Employees from older generations are best positioned to satisfy this demand.

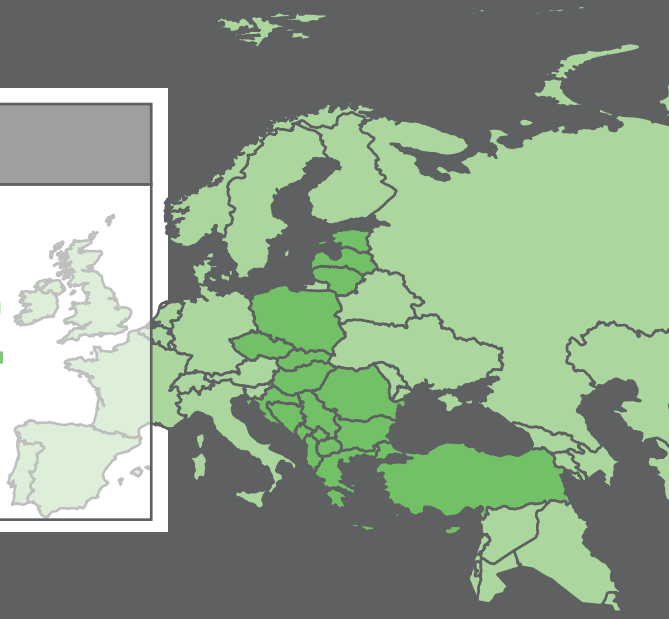
4. **Continuously Strive to Eliminate Disengagement and Measure Progress**. Workplaces in Russia that implement engagement strategies achieve a ratio of five engaged employees for every actively disengaged employee, compared with the overall Russian working population ratio of 1-to-1. These examples show that it is possible to foster an engaging workplace culture in Russia and use it as a strong competitive advantage. Organizations can achieve this through strategic initiatives aimed at overcoming barriers to engagement (e.g., a command-and-control culture, fear of speaking out, or a silo mentality) and fostering engagement enablers (e.g., empowerment and accountability, a culture of open and honest dialogue, and frequent collaboration).

Focusing on the key strategies outlined above — and continuously tracking progress on those strategies — will make a significant contribution to Russian employees' productivity, in turn fueling organizational growth and strengthening Russia's economy.

FOSTERING EMPLOYEE ENGAGEMENT REPRESENTS A HUGE UNTAPPED POTENTIAL TO INCREASE LABOR PRODUCTIVITY IN RUSSIA.

REGION

CENTRAL AND EASTERN EUROPE



Countries included: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, North Cyprus, Poland, Romania, Serbia, Slovakia, and Turkey

Among the 20 Central and Eastern European countries Gallup surveyed in 2011 and 2012, 11% of employees are engaged, while 63% are not engaged and 26% are actively disengaged. The ratio of engaged to actively disengaged employees is 0.42-to-1 — a low figure even when compared with other transitional economies such as those in the Commonwealth of Independent States and nearby countries (0.86-to-1).

Residents of the Central and Eastern European countries Gallup surveyed are among the least likely in the world to say it is a good time to find a job in their communities. Regionwide, 24% of employees say they are satisfied with the availability of good jobs. Low levels of confidence in the labor market could lead workers to remain in workplaces where they feel no emotional connection rather than seek more engaging employment elsewhere.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Poland	17%	68%	15%
Estonia	16%	64%	20%
Latvia	13%	72%	15%
Bulgaria	12%	68%	21%
Macedonia	12%	57%	32%
Albania	11%	69%	20%
Montenegro	11%	58%	31%
Slovakia	11%	69%	20%
Hungary	11%	56%	33%
Lithuania	10%	62%	28%
Bosnia and Herzegovina	9%	58%	33%
Czech Republic	8%	62%	30%
Turkey	7%	60%	33%
Croatia	3%	65%	32%

For results listed in this table, the margin of sampling error ranges from ±2 to ±8 percentage points. See the appendix for a full listing of margin-of-error estimates by country.

Though employee engagement results vary significantly among workers in Central and Eastern European countries, engaged employees do not make up more than one-fifth of the working population in any of them. In seven of the 14 reportable countries, the percentage of actively disengaged employees is close to one-third. Further, in 13 of the 14 countries measured, actively disengaged workers outnumber engaged employees. And in eight of the 14 countries, there are more than twice as many actively disengaged employees as engaged employees.

Engagement rates increase among employees living in Central and Eastern Europe who have a college education. Conversely, those with an elementary education or less are more than twice as likely to be actively disengaged as employees with a college degree. Similarly, engagement is higher among occupations that typically require more education and tend to be characterized by more autonomy and influence such as managers and professional workers. Engagement among more labor-intensive occupations is low, with, for example, 2% of farming/fishing/forestry workers engaged at work.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Elementary education or less	11%	57%	32%
Secondary education	10%	63%	27%
Tertiary education	17%	68%	15%
Managers/Executives/Officials	26%	63%	11%
Professional workers	18%	69%	13%
Clerical/Office workers	13%	68%	19%
Installation/Repair workers	11%	67%	22%
Service workers	11%	59%	30%
Construction/Mining workers	10%	63%	27%
Manufacturing/Production workers	8%	59%	33%
Sales workers	7%	65%	28%
Transportation workers	6%	69%	25%
Farming/Fishing/Forestry workers	2%	58%	40%

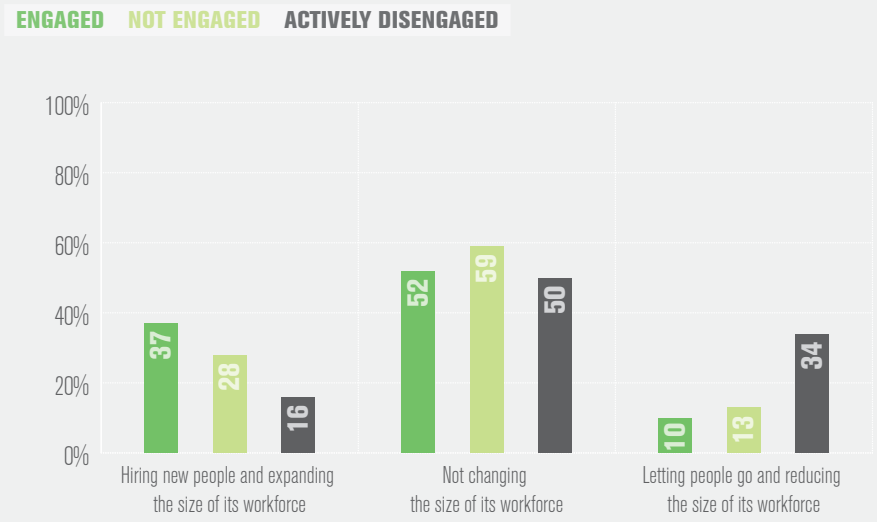
Engaged Employees Most Likely to Report Badly Needed Job Creation

Unemployment remains very high among most Central and Eastern European countries — particularly the Balkan states, where the World Bank recently reported the unemployment rate is at more than 20% and continues to rise. In Central and Eastern Europe, 26% of the employed population overall reports that their employer is hiring new people, which is one of the lowest figures in all regions where Gallup surveyed worldwide. As among most countries in Central and Eastern Europe, however, responses vary widely by employees' level of workplace engagement. The engaged population is more than two times as likely to report that their organization is expanding (37%) as the actively disengaged population is (16%). Conversely, actively disengaged employees are more than three times as likely to say their employer is letting people go (34%) as are engaged employees (10%).

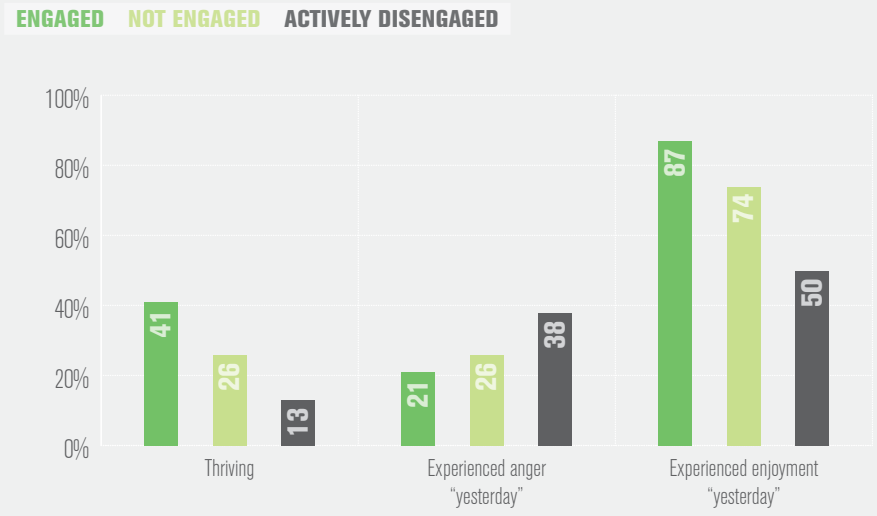
Among employees in Central and Eastern Europe, 24% rate their lives highly enough to be considered "thriving" overall, which is slightly below the global figure of 28% among employees Gallup interviewed worldwide. Engaged employees are thriving at a much higher rate (41%) than the overall population, while the actively disengaged are thriving at a much lower rate (13%).

Similarly, engaged employees are more likely to report positive emotional states the day before the survey, experiencing higher rates of enjoyment and lower rates of anger than those who are not engaged or actively disengaged. Engaged employees in Central and Eastern Europe are more than two times as likely as the region's employed population overall to strongly agree that they like what they do each day.

ENGAGED EMPLOYEES IN CENTRAL AND EASTERN EUROPE MORE LIKELY TO SAY THEIR EMPLOYER IS EXPANDING



ENGAGED EMPLOYEES IN CENTRAL AND EASTERN EUROPE ARE THREE TIMES AS LIKELY AS ACTIVELY DISENGAGED TO BE "THRIVING"





ENERGY IN ENGAGED WORKPLACES WILL HELP FUEL POLAND'S RETURN TO HIGH GROWTH

By Anna Manchin, Gallup Regional Director, and Sathya Srinivasan, Gallup Managing Consultant

The Polish economy is outside of the eurozone and, aided by the country's fiscal policies and large internal market, was among the European economies least affected by the global downturn. Poland's 2011-2012 employee engagement results reflect similar percentages of engaged (17%) and actively disengaged (15%) workers; as in most countries, however, the bulk of Polish employees (68%) fall into the middle "not engaged" category.

About one in three Polish employees strongly agree that their job allows them to do what they do best each day, and one in four strongly agree that their opinions seem to count at work. Perhaps most notably, only one in five strongly agree that their supervisor encourages their development.

As in virtually all countries, Poland could reap economic benefits from a more engaged workforce — particularly in areas where Eastern European workforces tend to score lower than Western European ones, such as individual attention to employee development. In this regard, employees' immediate managers can make all the difference by talking to individual team members about their progress and supporting their development, as well as clarifying how their jobs support the company's overall mission and purpose.

The Polish operations of one multinational insurance company offer a good example of the momentum boost that an increase in engagement can bring, even in a short time. As a result of action plans focused on improving workplace communication and employee recognition, as well as identifying poorly performing managers, RSA Poland's ratio of engaged to actively disengaged workers climbed from 5.33-to-1 in 2011 to 18.75-to-1 in 2012. Division leaders noted that there was a renewed energy in the workplace, and that even visitors to RSA Poland could tell the difference.

Moving forward, more Polish businesses will need to find ways to heighten employees' positivity and enthusiasm for their jobs. Over the past decade, the country has become one of Eastern Europe's economic success stories, thanks to its liberalization reforms of the 1990s and European Union membership since 2004. However, ongoing economic success is hardly a given: in the first quarter of 2013, Poland's GDP growth slowed to its lowest level since the early days of the global financial crisis. To help guarantee long-term economic gains, Polish leaders must consider how to boost the productivity of the country's workforce — a strategy that will require businesses to focus on maximizing employee engagement.



ENGAGEMENT AROUND THE WORLD: SUMMING UP

Although 13% of employed respondents worldwide are engaged in their jobs, regional results vary considerably according to economic and cultural conditions. The makeup of a given workforce is a major factor in these results, as Gallup consistently finds that average engagement levels vary by industry and job type. Generally, employees whose roles are more likely to require higher levels of autonomy and self-expression — such as professional workers and managers or executives — are more likely than those in less individualized roles to be engaged.

However, great managers work to ensure that employees in any role have enough latitude in how they do their jobs to develop a sense of ownership over and pride in their work. The best managers do this by clearly defining the outcomes for which employees are responsible, and then letting them find their own route toward those results. As the case study on the police force in Latin America demonstrates, employee engagement is associated with improved performance across job types — even in those for which the "workplace" may be an entire community.

Links Between Engagement and Perceptions of Job Creation, Life Quality Are Present Worldwide

The finding that engaged employees are most likely to report job growth in their organizations is consistent worldwide. To some extent, this relationship may result from a variation in engagement levels among job types for which

FOR MANY STUDENTS IN THE DEVELOPED WORLD, A FOUR-YEAR COLLEGE DEGREE MAY NOT BE THE BEST PATH TO A JOB THAT MAKES THE MOST OF THEIR INHERENT TALENTS.

there is more or less demand. For example, in sub-Saharan Africa, engagement is highest among professional workers; these workers are most likely to say their employers are hiring. However, differences tend to persist even within job categories: 61% of engaged professionals in sub-Saharan Africa say their employers are hiring, compared with 26% of actively disengaged professionals.

The links between employees' engagement and their life ratings are also present worldwide. Among all global regions, engaged workers are at least 1.6 times as likely as actively disengaged workers to be "thriving" in their overall lives. The ratio is highest in South Asia, where engaged employees are 5.5 times as likely to be thriving as those who are actively disengaged.

Engaged employees are almost universally more likely to describe a more positive emotional state the day before the interview. It is important to note that the causality in these relationships could run both ways — i.e., happier people who are more optimistic about their lives may also be more optimistic about their workplace conditions. The world's best managers take workplace engagement *and* well-being indicators into account when considering employees' needs, understanding that workers who are engaged at work *and* thriving in their overall lives tend to be at their healthiest and most productive.

Regional Differences Highlight Need to Align Education With Employers' Needs

The regional data indicate interesting patterns in the relationship between employees' educational attainment and their likelihood to be engaged at work. In developing regions where higher education is less common — such as sub-Saharan Africa, South Asia, and Southeast Asia — engagement trends upward with education. In such regions, university degrees are almost certain to lead to job types that make good use of their relatively rare levels of expertise. For most developing countries, increases in access to higher levels of education go hand in hand with economic diversification and development. However, in economically developed countries where higher education levels are commonplace, the opposite may be true, as well-educated people may be less able to find jobs that they feel allow them to do what they do best. Studies show that 50% of recent college graduates in the U.S. are unemployed or in jobs that don't require a college degree. Brandon Busteed, Executive Director of Gallup's Education Division notes that this implies a "big disconnect between degrees conferred and the jobs available today."

Gallup's data underline the importance of aligning education with labor market conditions to maximize employee engagement and productivity. For many students in the developed world, a four-year college degree may not be the best path to a job that makes the most of their inherent talents. Trade and technical schools may need more focus as alternatives to four-year colleges, particularly in developed countries that are currently seeking to restore their manufacturing bases.

The common thread in all countries is that expanding the types of educational opportunities available will help more students obtain a greater sense of where their talents lie. Employee engagement hinges on people's capacity to seek — and find — jobs that allow them to do what they do best and on managers giving employees the latitude they need to use their strengths in their daily work lives.

WHAT THE BEST DO DIFFERENTLY



It bears repeating that only 13% of the world's workers are engaged in their jobs. Given the proven links between employee engagement and financial outcomes, if organizations worldwide could find a way to double the number of engaged employees, it would dramatically improve their balance sheets and change the world's entire economic trajectory.

Doubling the number of engaged employees may seem unrealistic, but Gallup sees these sorts of substantial increases in employee engagement all the time — regardless of country or region. If the successes Gallup's clients achieve are any indication, doubling the number of engaged employees is not wishful thinking — many of our clients, both large and small, are already doing it or are well on their way. The median engagement level among all of Gallup's clients is 47%, and it is even higher among our best clients, the winners of the 2013 Gallup Great Workplace Award. These organizations have an average of 63% engaged employees and boast nine engaged employees for every actively disengaged employee — a ratio that is more than 16 times the global average.

The best organizations that Gallup has studied deeply integrate employee engagement into the following four areas:

1. **Strategy and Leadership Philosophy.** Although more organizations worldwide are beginning to recognize the central role employee engagement plays in driving profit and growth, leaders still fail to provide a clear vision to their people of how engagement connects to the company's mission and growth strategy. If leaders portray employee engagement simply as a survey or a human resources initiative — or worse, aren't involved at all — they will not realize the business results we've outlined in this report. The best leaders understand that there is an emotional undercurrent to everything they do, which affects how they conduct business every day. They take a strategic, top-down approach to engaging leadership teams and then cascade engagement through the ranks of managers to employees on the front lines.

2. **Accountability and Performance.** Highly engaged organizations hold managers accountable — not just for their team's engagement, but also for how it relates to their team's overall performance. They embed engagement into managers' balanced scorecards and use it as performance evaluation criteria. What's more, the most engaged organizations that Gallup works with infuse engagement into their culture through the tone their leadership sets and the way employees and managers do their work. Engagement permeates every conversation, whether it's a one-on-one meeting, a team huddle, or a regional assessment.

3. **Communication and Knowledge Management.** Leaders in the best organizations take a strategic approach to aligning their employee engagement communication efforts. They find ways to communicate engagement's impact throughout the year and share engagement tools and best practices within the organization. They use every opportunity, touchpoint, and available communication channel to reinforce and recognize the organization's commitment to employee engagement. Employee engagement is fully integrated into the organization's lexicon.

4. **Development and Ongoing Learning Opportunities.** The world's top-performing organizations start engaging employees from the minute they show up on the first day. These organizations have well-defined and comprehensive leader and manager development programs, but they also go one step further — they fully integrate employee engagement into these programs. They take leaders' and managers' development seriously and focus on the development of individuals *and* teams. Employee engagement is a fundamental consideration in their people strategy.

The most highly engaged organizations do not get that way by accident; it takes proper execution, hard work, and perseverance to master the integration of each of these four critical components. These top-performing organizations are outcomes-focused. They define and rigorously measure success at every level in the organization in a way that focuses every person, team, department, and business unit on driving performance and results.

Transformation is not easy — it takes a lot of energy and effort to initiate change, and even more to build on that momentum — but it is possible. As our research shows, the benefits are tremendous for organizations that get it right. They are more productive and profitable. They are more likely to retain top talent and attract new talent because their engaged culture differentiates them from other workplaces. They get the most from their employees by tapping into their passion, potential, and discretionary efforts. And they get the most from their customers when employees become brand ambassadors for the company and learn to maximize each customer interaction.

These organizations consistently outperform their competitors, and they consistently grow and thrive — even in challenging economic times.

Right now, the bleak reality is that 63% of the world's employees have essentially checked out, and an additional 24% are acting out their unhappiness and undermining the accomplishments of the 13% who are committed to innovation and organizational progress.

We hope this report will serve as a wake-up call to business leaders worldwide who are serious about putting their companies — and their countries — back on the path to real, sustainable growth.





ED O'BOYLE
Global Practice Leader





JIM HARTER, PH.D.
Chief Scientist, Workplace Management and Well-Being

APPENDIX: METHODOLOGY NOTES AND REFERENCES

METHODOLOGY

In general, the data in this report came from Gallup's Q^{12} Client Database, the Gallup World Poll, and Gallup Daily tracking studies. Some findings came from Gallup's 2012 meta-analysis. Please see the following pages for details.

GALLUP'S Q^{12} CLIENT DATABASE

Gallup's historical client database contains information from clients who took the Q^{12} survey between 1996 and 2012. It holds data from 25 million respondents from 2.8 million workgroups and 1,110 clients in 195 countries and 16 major industries.

Gallup updates its database annually. Findings used to conduct research and set benchmarks are based on three-year rolling periods. Gallup's 2013 Q^{12} Client Database includes data from 2010, 2011, and 2012, with data from 7.8 million respondents, 1,024,000 workgroups, and 352 clients in 179 countries and 13 major industries.

Gallup's 2012 Q^{12} Client Database includes data from 2009, 2010, and 2011, with data from 7.5 million respondents, 965,000 workgroups, and 401 clients in 177 countries and 16 major industries.

Gallup's 2011 Q^{12} Client Database includes data from 2008, 2009, and 2010, with data from 7.4 million respondents, 955,000 workgroups, and 491 clients in 180 countries and 16 major industries.

THE GALLUP WORLD POLL

Gallup is entirely responsible for the management, design, and control of the Gallup World Poll, which continually surveys residents in more than 160 countries, representing more than 98% of the world's adult population, using randomly selected, nationally representative samples. Gallup typically surveys 1,000 individuals in each country, using a standard set of core questions that has been translated into the major languages of the respective country. In some regions, supplemental questions are asked in addition to core questions. Face-to-face interviews are approximately one hour, while telephone interviews are about 30 minutes. In many countries, the survey is conducted once per year, and fieldwork is generally completed in two to four weeks. A full description of each country's sample size, month/year of data collection, mode of interviewing, languages employed, design effect, margin of error, and details about sample coverage is available on Gallup.com.

Question Design

Many World Poll questions are items that Gallup has used for years. When developing additional questions, Gallup employs its worldwide network of research and political scientists to better understand key issues with regard to question development and construction and data gathering. Hundreds of items were developed, tested, piloted, and finalized. The best questions were retained for the core questionnaire and organized into indexes. Most items have a simple dichotomous ("yes or no") response set to minimize contamination of data because of cultural differences in response styles and to facilitate cross-cultural comparisons.

Translation

The questionnaire is translated into the major conversational languages of each country. The translation process starts with an English, French, or Spanish version, depending on the region. One of two translation methods may be used: 1) Two independent translations are completed. An independent third party, with some knowledge of survey research methods, adjudicates the differences. A professional translator translates the final version back into the source language. 2) A translator translates into the target language, and an independent translator back-translates to the source language. An independent third party with knowledge of survey methods reviews and revises the translation as necessary.

Training and Field Quality Control

Gallup selects vendors based on experience in nationwide survey research studies and conducts in-depth training sessions with local field staff prior to the start of data collection. To assist the fieldwork team with training and to ensure consistency and structure, Gallup provides a standardized training manual.

Gallup follows European Society for Opinion and Market Research standards for quality control that at minimum includes 30% quality control. The supervisor accompanies each interviewer for one full interview within the first two days of interviewing. The supervisor accompanies interviewers on a minimum of 5% of subsequent interviews. Interviewers re-contact a minimum of 15% of households to ensure correct execution of random route procedures and within household selection.

Sampling and Data Collection Methodology

With some exceptions, all samples are probability-based and nationally representative of the resident population aged 15 and older. The coverage area is the entire country including rural areas. The sampling frame represents the entire civilian, non-institutionalized, and aged 15 and older population of the entire country. Exceptions include areas where the safety of interviewing staff is threatened, scarcely populated islands in some countries, and areas that interviewers can reach only by foot, animal, or small boat. Telephone surveys are used in countries where telephone coverage represents at least 80% of the population or is the customary survey methodology.

In countries where face-to-face surveys are conducted, a three-stage sampling methodology is used. The first stage is the identification of 100 to 135 ultimate clusters (primary sampling units), consisting of clusters of households. Where population information is available, sample selection is based on probabilities proportional to population size; otherwise, simple random sampling is used. In the second stage, random route procedures are used to select sampled households. Unless an outright refusal occurs, interviewers make up to three attempts to survey the sampled household. In the third stage, respondents are randomly selected within the selected households by means of the Kish grid.

Data Preparation

Each Gallup World Poll data set goes through a rigorous quality assurance process before being publicly released. Gallup's regional directors of survey research review the data for consistency and stability by interviewer and region. If the regional director suspects a problem, it may be necessary to collect new data. After review by the regional directors, Gallup scientists perform additional validity reviews. The data are centrally aggregated and cleaned, ensuring correct variable codes and labels are applied. The data are then reviewed in detail for logical consistency and trends over time. Once the data are cleaned, weighted, and vetted, the final step is to calculate approximate study design effect and margin of error.

GALLUP DAILY TRACKING

The methodology for the Gallup Daily tracking survey in the U.S. relies on live interviewers and dual-frame telephone sampling (which includes listed landline and RDD cellular phone sampling to reach those in cellphone-only households) and uses a multi-call design to reach respondents not contacted on the initial attempt. Gallup interviewers employ a "most recent birthday" selection method for choosing adult respondents within a landline household. Gallup Daily tracking includes Spanish-language interviews for Spanish-speaking respondents, and interviews in Alaska and Hawaii.

Gallup weights the data daily by number of adults in the landline household to adjust for any disproportion in selection probabilities and by the respondents' reliance on cellphones. Next, Gallup weights the data to compensate for nonrandom nonresponse, using targets from the U.S. Census Bureau for age, region, gender, education, ethnicity, and race. The resulting sample represents an estimated 95% of all U.S. households.

Gallup weights data summarized at the state, congressional district, and Metropolitan Statistical Area (MSA) level twice per year (for states) or once per year (for congressional districts and MSAs) to ensure that samples are representative of these areas.

ENDNOTES

WORLDWIDE, ONLY 13% OF EMPLOYEES ARE ENGAGED at WORK

Employee Engagement Among the Global Population, 2009-2012: Gallup has conducted two waves of worldwide employee engagement research, the first based on data collected in 2009 and 2010 and the second, on which this report is based, from data collected in 2011 and 2012. For the more recent study, engagement results were collected among 73,752 respondents in 141 non-U.S. countries via the Gallup World Poll and 151,335 U.S. respondents using Gallup Daily tracking. Employee engagement questions were asked only of those respondents who indicated they were employed for an employer, either full time or part time. Only among countries for which at least 300 employed respondents were sampled are country-level engagement data reported.

Engagement Among Employees, Country by Country: This information comes from Gallup World Poll data gathered in 2011 and 2012, except in the U.S. where it is based on Gallup Daily tracking surveys from January-December 2012. The table lists employee engagement results for each country in which at least 300 employed respondents were sampled, along with the percentage-point margin of sampling error associated with each figure.

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Albania	11% ±4	69% ±6	20% ±5
Algeria	12% ±4	35% ±5	53% ±6
Argentina	16% ±3	56% ±4	28% ±4
Australia	24% ±3	60% ±4	16% ±3

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Austria	14% ±4	74% ±5	12% ±4
Azerbaijan	5% ±3	63% ±6	32% ±6
Bahrain	19% ±5	52% ±7	29% ±6
Belarus	9% ±3	58% ±5	33% ±4

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Belgium	12% ±4	66% ±6	22% ±5
Bolivia	23% ±4	58% ±5	20% ±4
Bosnia and Herzegovina	9% ±4	58% ±7	33% ±6
Botswana	10% ±5	52% ±8	38% ±8
Brazil	27% ±3	62% ±3	12% ±2
Bulgaria	12% ±4	68% ±5	21% ±5
Canada	16% ±3	70% ±3	14% ±3
Chile	24% ±3	58% ±4	18% ±3
China	6% ±1	68% ±3	26% ±2
Colombia	26% ±4	61% ±4	13% ±3
Costa Rica	33% ±4	53% ±5	14% ±3
Croatia	3% ±2	65% ±4	32% ±4
Czech Republic	8% ±3	62% ±5	30% ±5
Denmark	21% ±5	69% ±5	10% ±4
Dominican Republic	23% ±5	59% ±5	18% ±4
Ecuador	16% ±3	70% ±4	14% ±3
Egypt	13% ±3	55% ±4	32% ±4
El Salvador	24% ±4	56% ±5	20% ±4
Estonia	16% ±4	64% ±5	20% ±4
Finland	11% ±3	76% ±4	14% ±4
France	9% ±2	65% ±4	26% ±4
Germany	15% ±2	61% ±3	24% ±2
Guatemala	26% ±4	55% ±5	19% ±4
Honduras	19% ±4	55% ±5	26% ±5
Hungary	11% ±4	56% ±6	33% ±5
Iceland	16% ±3	75% ±4	10% ±3
India	9% ±1	60% ±2	31% ±2
Indonesia	8% ±2	77% ±3	15% ±3
Iran	7% ±3	56% ±6	38% ±6
Iraq	6% ±3	63% ±6	31% ±6
Ireland	16% ±4	65% ±6	20% ±5
Israel	5% ±2	73% ±4	22% ±4
Italy	14% ±3	68% ±5	18% ±4
Japan	7% ±2	69% ±4	24% ±3
Jordan	13% ±3	63% ±5	25% ±4
Kazakhstan	23% ±5	50% ±6	28% ±5
Kuwait	19% ±4	64% ±5	17% ±4
Latvia	13% ±4	72% ±5	15% ±4

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Lebanon	15% ±3	55% ±5	30% ±4
Libya	17% ±5	54% ±6	29% ±5
Lithuania	10% ±3	62% ±5	28% ±5
Luxembourg	14% ±4	72% ±5	14% ±4
Macedonia	12% ±5	57% ±8	32% ±7
Malaysia	11% ±4	81% ±4	8% ±3
Malta	19% ±5	61% ±6	20% ±5
Mexico	12% ±2	60% ±3	28% ±3
Moldova	22% ±5	62% ±6	16% ±4
Montenegro	11% ±4	58% ±6	31% ±5
Morocco	19% ±5	51% ±6	31% ±5
Netherlands	9% ±3	80% ±4	11% ±3
New Zealand	23% ±3	62% ±3	15% ±2
Nicaragua	22% ±4	53% ±5	25% ±4
Nigeria	12% ±4	65% ±6	23% ±6
Norway	16% ±4	77% ±4	7% ±3
Pakistan	15% ±3	68% ±4	16% ±3
Palestinian Territories	11% ±4	64% ±6	26% ±6
Panama	37% ±4	51% ±4	12% ±3
Paraguay	14% ±3	59% ±5	27% ±4
Peru	17% ±4	62% ±5	21% ±4
Philippines	29% ±4	63% ±5	8% ±3
Poland	17% ±5	68% ±6	15% ±4
Portugal	19% ±5	65% ±6	16% ±5
Qatar	28% ±6	62% ±7	10% ±4
Russia	19% ±3	63% ±3	19% ±3
Saudi Arabia	9% ±3	80% ±3	11% ±3
Singapore	9% ±3	76% ±4	15% ±3
Slovakia	11% ±3	69% ±5	20% ±4
Slovenia	15% ±4	70% ±5	16% ±4
South Africa	9% ±3	46% ±5	45% ±5
South Korea	11% ±3	67% ±4	23% ±4
Spain	18% ±4	62% ±4	20% ±4
Sri Lanka	14% ±4	62% ±6	24% ±5
Sweden	16% ±3	73% ±4	12% ±3
Switzerland	16% ±4	76% ±4	8% ±3
Syria	0% ±0	55% ±5	45% ±5
Taiwan	9% ±4	60% ±6	32% ±6
Thailand	14% ±4	84% ±4	2% ±2

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
Tunisia	5% ±2	41% ±5	54% ±5
Turkey	7% ±3	60% ±6	33% ±6
Ukraine	10% ±3	67% ±5	23% ±5
United Arab Emirates	26% ±3	60% ±4	14% ±3

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	ENGAGED	NOT ENGAGED	ACTIVELY DISENGAGED
United Kingdom	17% ±1	57% ±2	26% ±1
United States	30% ±0	52% ±0	18% ±0
Uruguay	22% ±3	54% ±4	24% ±4
Venezuela	18% ±4	60% ±5	22% ±4

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

HOW EMPLOYEE ENGAGEMENT DRIVES GROWTH

2012 Employee Engagement Meta-Analysis: Gallup's most recent meta-analysis on employee engagement accumulated 263 research studies across 192 organizations in 49 industries and 34 countries. Within each study, Gallup researchers statistically calculated the business/work unit-level relationship between employee engagement and performance outcomes that the organizations supplied. In total, Gallup studied 49,928 business/work units including 1,390,941 employees. Gallup examined nine outcomes: customer loyalty/engagement, profitability, productivity, turnover, safety incidents, shrinkage, absenteeism, patient safety incidents, and quality (defects).

Individual studies often contain small sample sizes and idiosyncrasies that distort the interpretation of results. Meta-analysis is a statistical technique that is useful in combining results of studies with seemingly disparate findings, correcting for sampling, measurement error, and other study artifacts to understand the true relationship with greater precision. Gallup applied Hunter-Schmidt meta-analysis methods to 263 research studies to estimate the true relationship between engagement and each performance measure and to test for generalizability. After conducting the meta-analysis, Gallup researchers conducted utility analysis to examine the practical meaning of the relationships.

Increased Engagement Leads to Higher Earnings per Share: Of 111 publicly traded organizations in Gallup's 2012 Q^{12} Client Database, the study included 49 organizations that met the following inclusion criteria: Gallup surveyed the majority of the organization (vs. partial organization or subsidiary), 2008-2012 earnings per share (EPS) data were available, Q^{12} data in 2010 and/or 2011 were available, and the organization had a high Q^{12} response rate (mean of 90%). Comparing each organization's engagement level with Gallup's 2012 Q^{12} Client Database (2009, 2010, and 2011), Gallup ranked 12 of these 49 organizations in the top decile (top 10%), 17 in the top quartile (top 25%), and 32 below the top quartile. (The top-quartile grouping includes the top-decile organizations.) Gallup compared difference in EPS for each of the three groups with their industry equivalents (top competitors who were not Gallup clients).

WHAT THE WORLD WANTS IS A GOOD JOB

See *The Coming Jobs War* by Jim Clifton, published in 2011 by Gallup Press.

See also "Global Migration Patterns and Job Creation" by Jim Clifton, PDF available for download on Gallup.com.

Life Evaluations Among Employees, Country by Country: This information comes from Gallup World Poll data gathered in 2011 and 2012, except in the U.S. where it is based on Gallup Daily tracking surveys from January-December 2012. Gallup classifies respondents as thriving, struggling, or suffering according to how they rate their current and future lives on a ladder scale with steps numbered from zero to 10 based on the Cantril Self-Anchoring Striving Scale. Those who rate their present life a 7 or higher and their life in five years an 8 or higher are classified as thriving, while those who rate both dimensions a 4 or lower are considered suffering. Respondents whose ratings fall in between are considered struggling.

The following table lists the percentage of employed respondents in each country who are thriving, struggling, and suffering, along with the percentage-point margin of sampling error associated with each figure. Results are listed for each country in which at least 300 employed respondents were sampled.

	THRIVING	STRUGGLING	SUFFERING
Albania	33% ±6	59% ±6	8% ±4
Algeria	27% ±5	67% ±5	6% ±3
Argentina	55% ±4	42% ±4	3% ±1
Australia	67% ±4	33% ±4	1% ±1
Austria	72% ±5	26% ±5	2% ±2
Azerbaijan	10% ±4	75% ±5	15% ±5
Bahrain	22% ±5	67% ±6	11% ±4
Belarus	38% ±5	51% ±5	10% ±3
Belgium	63% ±6	36% ±6	1% ±1
Bolivia	34% ±5	63% ±5	3% ±2
Bosnia and Herzegovina	18% ±5	67% ±6	15% ±5
Botswana	16% ±6	77% ±7	7% ±4
Brazil	63% ±3	36% ±3	2% ±1
Bulgaria	14% ±4	60% ±6	25% ±5
Canada	70% ±3	29% ±3	1% ±1
Chile	48% ±4	49% ±4	4% ±2
China	23% ±2	68% ±3	9% ±1
Colombia	59% ±5	39% ±4	2% ±1
Costa Rica	62% ±4	35% ±4	3% ±1
Croatia	35% ±4	57% ±4	8% ±2
Czech Republic	29% ±5	63% ±5	8% ±3
Denmark	81% ±5	19% ±5	0% ±1
Dominican Republic	30% ±5	59% ±5	11% ±3
Ecuador	33% ±5	63% ±5	5% ±2
Egypt	9% ±2	70% ±4	20% ±3
El Salvador	21% ±4	58% ±5	21% ±4
Estonia	25% ±4	64% ±5	12% ±3
Finland	74% ±4	24% ±4	1% ±1
France	44% ±4	53% ±4	3% ±1
Germany	47% ±3	48% ±3	5% ±1
Guatemala	36% ±5	53% ±5	11% ±3
Honduras	24% ±4	63% ±5	13% ±3
Hungary	13% ±4	65% ±5	22% ±5
Iceland	81% ±4	19% ±3	1% ±1
India	15% ±1	59% ±2	25% ±2

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	THRIVING	STRUGGLING	SUFFERING
Indonesia	24% ±3	72% ±3	3% ±1
Iran	15% ±4	55% ±6	30% ±6
Iraq	28% ±6	59% ±6	13% ±4
Ireland	51% ±6	47% ±6	2% ±2
Israel	56% ±5	41% ±5	3% ±2
Italy	31% ±4	64% ±5	5% ±2
Japan	24% ±3	61% ±4	15% ±3
Jordan	15% ±4	69% ±5	16% ±4
Kazakhstan	38% ±5	59% ±6	3% ±2
Kuwait	34% ±5	64% ±5	2% ±1
Latvia	21% ±4	63% ±5	16% ±4
Lebanon	12% ±3	62% ±4	26% ±4
Libya	26% ±5	71% ±5	3% ±2
Lithuania	29% ±5	61% ±5	10% ±3
Luxembourg	49% ±5	48% ±5	3% ±2
Macedonia	19% ±6	59% ±8	22% ±7
Malaysia	30% ±5	67% ±5	3% ±2
Malta	35% ±5	58% ±6	6% ±3
Mexico	58% ±3	38% ±3	3% ±1
Moldova	29% ±5	60% ±6	11% ±4
Montenegro	25% ±5	57% ±6	18% ±4
Morocco	18% ±5	68% ±6	14% ±4
Netherlands	68% ±5	32% ±5	0% ±0
New Zealand	63% ±3	35% ±3	1% ±1
Nicaragua	33% ±4	57% ±5	10% ±3
Nigeria	28% ±6	70% ±6	1% ±1
Norway	79% ±4	21% ±4	0% ±0
Pakistan	14% ±3	63% ±4	23% ±4
Palestinian Territories	9% ±4	68% ±6	23% ±6
Panama	54% ±4	45% ±4	1% ±1
Paraguay	31% ±4	67% ±5	2% ±1
Peru	34% ±5	62% ±5	5% ±2
Philippines	18% ±4	69% ±4	13% ±3
Poland	28% ±6	65% ±6	7% ±3
Portugal	25% ±5	61% ±6	14% ±4

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	THRIVING	STRUGGLING	SUFFERING
Qatar	50% ±7	48% ±7	2% ±2
Russia	26% ±3	63% ±3	11% ±2
Saudi Arabia	46% ±4	52% ±4	2% ±1
Singapore	33% ±5	64% ±5	4% ±2
Slovakia	31% ±5	59% ±5	10% ±3
Slovenia	35% ±5	55% ±6	9% ±3
South Africa	15% ±4	82% ±4	3% ±2
South Korea	36% ±4	57% ±4	8% ±2
Spain	37% ±4	58% ±5	5% ±2
Sri Lanka	4% ±2	78% ±5	19% ±5
Sweden	74% ±4	25% ±4	1% ±1
Switzerland	72% ±5	27% ±5	1% ±1

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

	THRIVING	STRUGGLING	SUFFERING
Syria	3% ±2	68% ±5	29% ±5
Taiwan	29% ±6	61% ±6	10% ±4
Thailand	39% ±6	59% ±6	3% ±2
Tunisia	10% ±3	66% ±5	24% ±4
Turkey	20% ±5	66% ±6	14% ±4
Ukraine	21% ±5	60% ±5	19% ±5
United Arab Emirates	57% ±4	42% ±4	1% ±1
United Kingdom	55% ±2	43% ±2	2% ±0
United States	58% ±0	40% ±0	2% ±0
Uruguay	50% ±4	46% ±4	4% ±2
Venezuela	58% ±5	39% ±5	4% ±2

Superscripted numbers represent the percentage-point margin of sampling error for each figure. Margin-of-error estimates incorporate the influence of data weighting.

Country-level figures may not add to 100% as a result of rounding

PAYROLL TO POPULATION: A NEW MEASURE OF ECONOMIC ENERGY

See "Global Payroll to Population Rate Drops to 26% in 2012" by Jenny Marlar, Aug. 5, 2013, on Gallup.com.

Gallup's 2012 employment data are based on telephone and face-to-face interviews with 224,975 adults, aged 15 and older, conducted in 140 countries and areas. For results based on the total global sample, one can say with 95% confidence that the margin of sampling error is less than ±1 percentage point. For results based on the regional samples, the margin of error ranges from a low of less than ±1 point in Europe to a high of ±2.2 percentage points in the non-European Union Europe region. For results based on country-level samples, the margin of error ranges from a low of ±1.7 points to a high of ±4.2 points.

EMERGING MARKETS need engaged employees to grow

INDIA: Labor Unrest Reflects Widespread Disengagement: See "Preventing Economic and Societal Meltdown in India" by Jim Clifton, Oct. 26, 2012, on "The Chairman's Blog."

BRAZIL: High Engagement at Risk: See "Opinion Briefing: Brazilians' Growing Discontent" by Jan Sonnenschein, June 26, 2013, on Gallup.com.

SPOTLIGHT: CHINA

See "China's Puzzling Flat Line" by Steve Crabtree and Tao Wu, in the *Gallup Business Journal*, Aug. 10, 2011.

See "Employee Engagement Increases in China, but Still Very Low" by Daniela Yu and Rajesh Srinivasan, Feb. 20, 2013, on Gallup.com.

See "China Has a Serious Workplace Problem" by Jim Clifton, March 6, 2013, on "The Chairman's Blog."

SELECTION AND ENGAGEMENT

See the "Development and Validation of a Selection Tool That Predicts Engagement" by Yongwei Yang, Nikki Blacksmith, Joe Streur, Sangeeta Badal, Jim Harter, and Paula Walker; paper presented at the 25th Annual Society for Industrial and Organizational Psychology conference, April 2010.

STRENGTHS AND ENGAGEMENT

See "How Strengths Boost Engagement" by Jim Asplund and Nikki Blacksmith, in the *Gallup Business Journal*, April 7, 2011.

See "Driving Engagement by Focusing on Strengths" by Brian Brim and Jim Asplund, in the *Gallup Business Journal*, Nov. 12, 2009.

See *The Clifton StrengthsFinder 2.0 Technical Report: Development and Validation* by Jim Asplund, Shane J. Lopez, Tim Hodges, and Jim Harter, available for download on Gallup.com.

Findings from Gallup's global client engagement database are from 2010-2012, first administration-only clients in 142 unique companies with 967,085 respondents.

WELL-BEING AND ENGAGEMENT

Engaged Workers Lead Healthier Lives: See "In U.S., Engaged Employees Exercise More, Eat Healthier" by Daniela Yu and Jim Harter, Jan. 16, 2013, and "Actively Disengaged Workers and Jobless in Equally Poor Health" by Jim Harter and Sangeeta Agrawal, April 20, 2011, on Gallup.com.

"Thriving" Employees Have Lower Healthcare Costs: See "Unhealthy, Stressed Employees Are Hurting Your Business," a Q&A with Tom Rath and Jim Harter in the *Gallup Business Journal*, May 22, 2012.

Engaged and Thriving Employees Are Resilient and Agile: Gallup researchers merged two independent Gallup Panel surveys to form a longitudinal sample of 8,494 adults, aged 18 and older. Gallup administered these two Health Experience surveys March/April 2011 and February/March 2012.

Gallup researchers used generalized linear model (GLM) estimation methods to study the predictive relationships of well-being and engagement on multiple outcome variables. Researchers also included a well-being and engagement interaction term in the model to study if the effects were additive or multiplicative beyond just engagement or well-being. Gallup researchers controlled for the following demographic characteristics in each of the GLM estimations: age, gender, race, marital status, income (log), and education.

LINKING EMPLOYEE ENGAGEMENT TO CUSTOMER GROWTH

See "The Business Impact of Human Emotions," a Q&A with Ed O'Boyle, in the *Gallup Business Journal*, Nov. 1, 2012.

See "The Power of the Employee-Customer Encounter," a Q&A with Ed O'Boyle, in the *Gallup Business Journal*, Nov. 15, 2012.

See "When Engaged Employees Meet Engaged Customers," a Q&A with John Fleming and Jim Asplund, in the *Gallup Business Journal*, Feb. 14, 2008.

See "Your Employees Don't 'Get' Your Brand" by John Fleming and Dan Witters, in the *Gallup Business Journal*, July 26, 2012.

See "Think Your Bank Is Different? You're Wrong" by Jai Gill and David Helvadjian, in the *Gallup Business Journal*, July 5, 2012.

See "Creating Impact in B2B Relationships" by Ed O'Boyle and Craig Kamins, in the *Gallup Business Journal*, March 27, 2012.

Gallup conducted the Swiss telecommunications company study over the Web in 2013 with 421 employees in 55 shops across Switzerland.

Gallup conducted the retail banking study in 2009 in Germany with 3,836 banking customers over the telephone. In Australia, Gallup interviewed 3,300 banking customers by phone in 2012. In New Zealand, Gallup interviewed 2,584 customers by phone in 2011.

Gallup conducted the brand ambassador study in the U.S. with 3,000 randomly selected workers. In Germany, Gallup interviewed 2,198 employees over the phone in 2012.

REGIONAL BREAKOUTS

East Asia: See "A Positive Approach to Workplace Stress," a Q&A with Shelley E. Taylor, Ph.D., Professor of Psychology at UCLA, in the *Gallup Business Journal*, June 14, 2007.

South Asia

India: See "How 24,000 Employees Worldwide Keep One Brand Promise," a Q&A with H.N. Shrinivas, Senior Vice President of Human Resources at Taj Hotels, in the *Gallup Business Journal*, Sept. 24, 2013.

See "Gallup Reveals the Formula for Innovation" in the *Gallup Business Journal*, May 10, 2007.

See "What Your Performance Management System Needs Most" by Megha Oberoi and Paresh Ragjarhia, in the *Gallup Business Journal*, April 4, 2013.

Southeast Asia

Indonesia: See "Opinion Briefing: Indonesia's Economic Emergence" by Steve Crabtree, May 31, 2013, on Gallup.com.

See "Why Indonesia Needs Authentic Leaders" by Vibhas Ratanjee and Meiliany Wu in the *Gallup Business Journal*, Sept. 17, 2013.

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