



Best Employers in Canada 2004
Study Findings

Human Resources Professionals of York Region

May 26, 2004

Hewitt

What organizations have?

Greater Share Value?

Less Turnover?

Fewer Lost-Time Accidents?

Less Absenteeism?

Greater Customer Satisfaction?

Fewer Sick Days?

Higher Employee Morale?

Greater Employee Productivity?

More Applications for Employment?

Canada's 50 Best Employers have

- **65% greater Share Price Increase,**
- **26% less Turnover,**
- **100% more Unsolicited Applications for Employment,**
- **20% less Absenteeism,**
- **45% less Lost-Time Accidents,**
- **5% less Sick Time,**
- **5% to 15% greater Employee Productivity,**
- **up to 30% greater Customer Satisfaction, and**
- **28% higher Employee Morale**

than the 79 other Employers who participated in the Best Employers 2004 study

Today's Presentation

- **Introduction and Background**
- **Employee Engagement**
- **Characteristics of a Best Employer**
- **Charting a Course for Action**
- **Employee Well Being**
- **2005 Best Employer Study**

Best Employers Study

Study Sponsors: The Globe and Mail's Report on Business magazine and Hewitt Associates

Study Partner: Human Resources Professionals Association of Ontario

330 Employers have participated in 5 Best Employer Studies

- 8 employers participated in all 5 Studies
- 13 employers participated in 4 studies,
- 55 employers participated in 3 studies,
- 67 employers participated in 2 studies, and
- 187 employers participated in only one study

Best Employers Study

120 Employers have made the list of Best Employers

- 2 employers have made the list in all five years
 - Eli Lilly and Maritime Life Assurance have been Best Employers 5 times
 - BC Biomedical Laboratories has been #1 for past two years
- 5 employers have made the list four times
- 22 employers have made the list three times
- 33 employers have made the list twice, and
- 58 employers have made the list once

Best Employers 2004 Study

Participation in Best Employers 2004 Study:

- 194 employers registered to participate
- 142 employers participated
- 129 eligible to be on the list

Best Employers 2004 Study represents:

- 28 sectors of economy
- Employers with 300 to 50,000 employees
- All Regions of Canada:
 - 16 from West (9 - BC, 4 - Alberta, 2 - Saskatchewan, and 1- Manitoba)
 - 28 from Ontario
 - 4 from Quebec
 - 2 from Atlantic

Best Employers 2004 Study

Criteria of Participation:

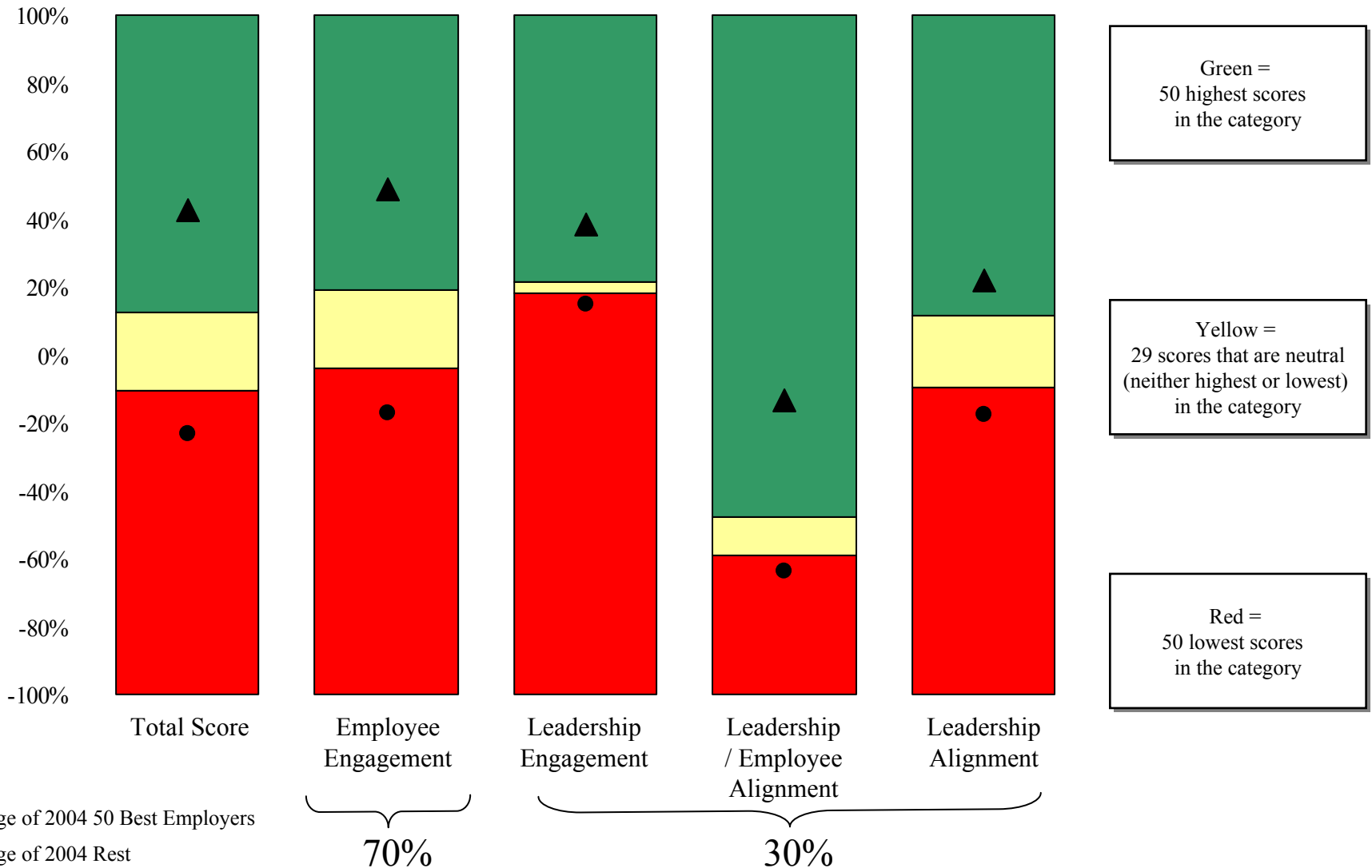
- Minimum of 300 employers
- Minimum of 3 years in business
- Completion of three survey instruments:
 - Employee Opinion Survey completed by a minimum randomly selected sample of all full- and part-time employees
 - Leadership Team Survey completed by all members of leadership team
 - HR survey completed by Human Resources department

Determining the Best Employer?

- Experts or Employees?

Best Employers 2004 Study

How Employers are Ranked:



Best Employers 2004 Study—Top 50 Employers

1. BC Biomedical Laboratories Ltd., Surrey BC (3)
2. Flight Centre North America, Vancouver BC (3)
3. Rothmans, Benson & Hedges Inc., Toronto ON (3)
4. Cintas Canada Ltd., Mississauga ON
5. Hoffmann-La Roche Ltd., Mississauga ON (2)
6. EllisDon Corp., London ON (3)
7. PCL Construction Group Inc., Edmonton AB (4)
8. Chubb Insurance Company of Canada, Toronto ON (4)
9. Mercedes-Benz Canada Inc., Toronto ON (3)
10. L'Union Canadienne, Sillery QC
11. Microsoft Canada Co., Mississauga ON (2)
12. Edward Jones Canada, Mississauga ON (2)
13. Crystal Decisions Corp., Vancouver BC (2)
14. Wal-Mart Canada Corp., Mississauga ON (2)
15. JTI-Macdonald Corp., Toronto ON (4)
16. Enterprise Rent-A-Car, Markham ON (2)
17. Golder Associates Ltd., Burnaby BC (3)
18. Merck Frosst Canada Ltd., Kirkland QC (3)
19. Creo Inc., Burnaby BC
20. Maritime Travel Inc., Halifax NS
21. Novartis Pharmaceuticals Canada Inc., Dorval QC (3)
22. Pfizer Global Pharmaceuticals Canada, Kirkland QC (2)
23. Envision Financial, Langley BC (2)
24. GlaxoSmithKline Inc., Mississauga ON (3)
25. Maritime Life Assurance Company, Halifax NS (5)
26. Bennett Jones LLP, Calgary AB (3)
27. Dofasco Inc., Hamilton ON (3)
28. HEPSCO Credit Union Ltd., Toronto ON
29. QLT Inc., Vancouver BC (3)
30. Whirlpool Canada Inc., Mississauga ON
31. Starwood Hotels & Resorts Worldwide Inc., Toronto ON (3)
32. Husky Injection Molding Systems Ltd., Bolton ON (3)
33. ACNielsen Company of Canada, Markham ON (3)
34. Keg Restaurants Ltd., Richmond BC (2)
35. S. C. Johnson & Son, Ltd., Brantford ON (4)
36. Eli Lilly Canada Inc., Toronto ON (5)
37. Nexen Inc., Calgary AB (3)
38. Shell Canada Ltd., Calgary AB (2)
39. Ceridian Canada Ltd., Winnipeg MB (2)
40. AstraZeneca Canada Inc., Mississauga ON (3)
41. DaimlerChrysler Services Canada Inc., Windsor ON
42. Carswell, a Division of Thomson Canada Ltd., Toronto ON
43. Unilever Canada Inc., Toronto ON (2)
44. Xerox Canada Inc., Toronto ON (2)
45. The Co-operators, Guelph ON
46. Ernst & Young LLP, Toronto ON
47. SaskTel, Regina SK (2)
48. BTI Canada Inc., Toronto ON
49. R.C. Purdy Chocolates Ltd., Vancouver BC (2)
50. Farm Credit Canada, Regina SK

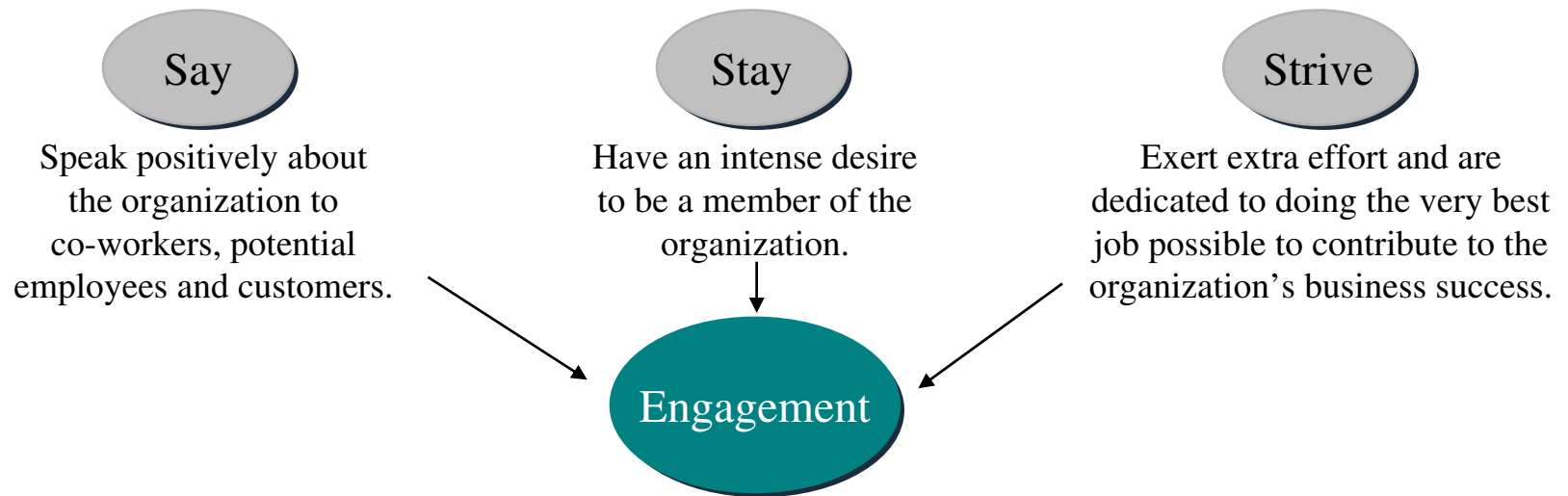
Note: The number following an organization's name indicates the number of years that the organization has made it onto the *Best Employers in Canada* list.

Employee Engagement

Employee Engagement: An Overview

What is Engagement?

- Engagement is defined as the state of intellectual and emotional involvement employees have in an organization.
- We might say it is a measure of energy or passion that employees have for the organization, or the extent to which the organization has captured the hearts and minds of its employees.



Employee Engagement: An Overview

Calculating the Engagement Score

- The following six questions are used to calculate the engagement score

—I would, without hesitation, highly recommend this organization to a friend seeking employment.

—Given the opportunity, I tell others great things about working here.

Say

—It would take a lot to get me to leave this organization.

—I hardly ever think about leaving this organization to work somewhere else.

Stay

—This organization inspires me to do my best work every day.

—This organization motivates me to do more than is normally required to complete my work.

Strive

Engagement: An Overview

Engagement Score Calculation Steps

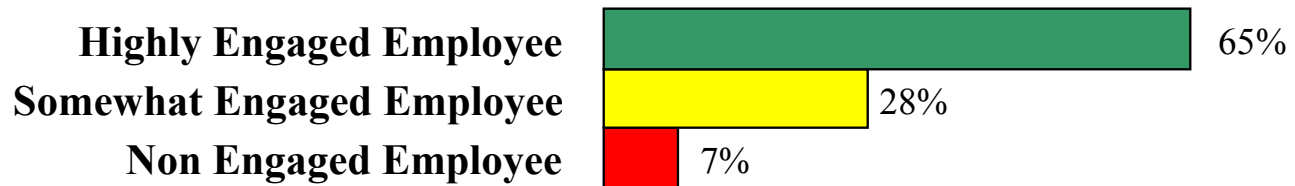
1. Each survey respondent is assigned a score that is their average score on the six engagement questions.
 2. An average score of 4.5 or greater (out of 6) identifies an **engaged employee**.
 3. An average score between 2.6 and 4.4 (out of 6) identifies a **somewhat engaged employee**.
 4. An average score of 2.5 or less (out of 6) identifies a **not engaged employee**.
3. The percentage of respondents with a score of 4.5 or greater is the ‘Engagement Score’.

<i>For Example:</i>	Q1	Q2	Q3	Q4	Q5	Q6
Respondent A	5	4	5	6	4	5
Respondent B	2	2	1	3	3	2

Respondent A Score = $(5 + 4 + 5 + 6 + 4 + 5) \div 6 = 4.8$ (Engaged)

Respondent B Score = $(2 + 2 + 1 + 3 + 3 + 2) \div 6 = 2.2$ (Not Engaged)

Levels of Employee Engagement

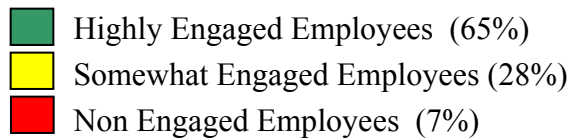
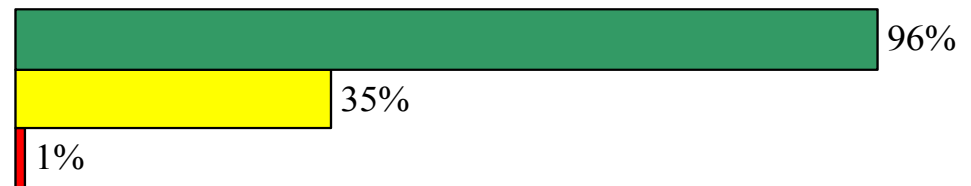


Say Items

Given the opportunity, I tell others great things about working here.



I would, without hesitation, highly recommend this organization to a friend seeking employment.

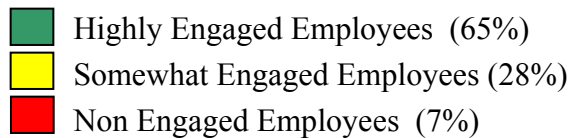


Stay Items

It would take a lot to get me to leave this organization.



I hardly ever think about leaving this organization to work somewhere else.

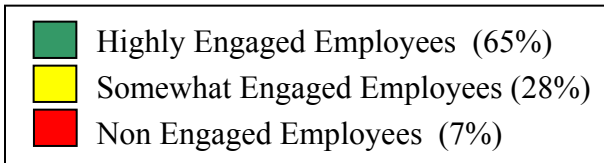


Strive Items

This organization motivates me to do more than is normally required to complete my work

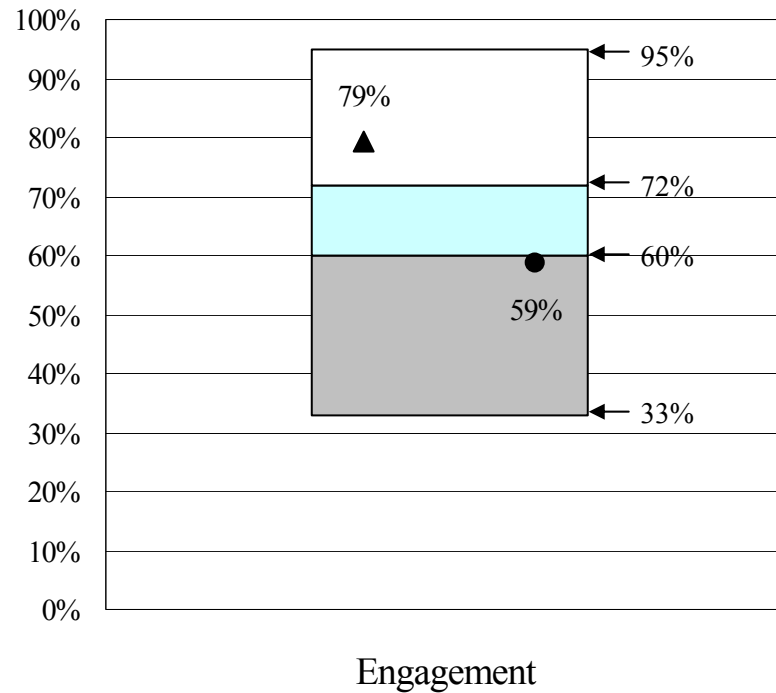


This organization inspires me to do my best work every day.



Engagement Scores for 2004

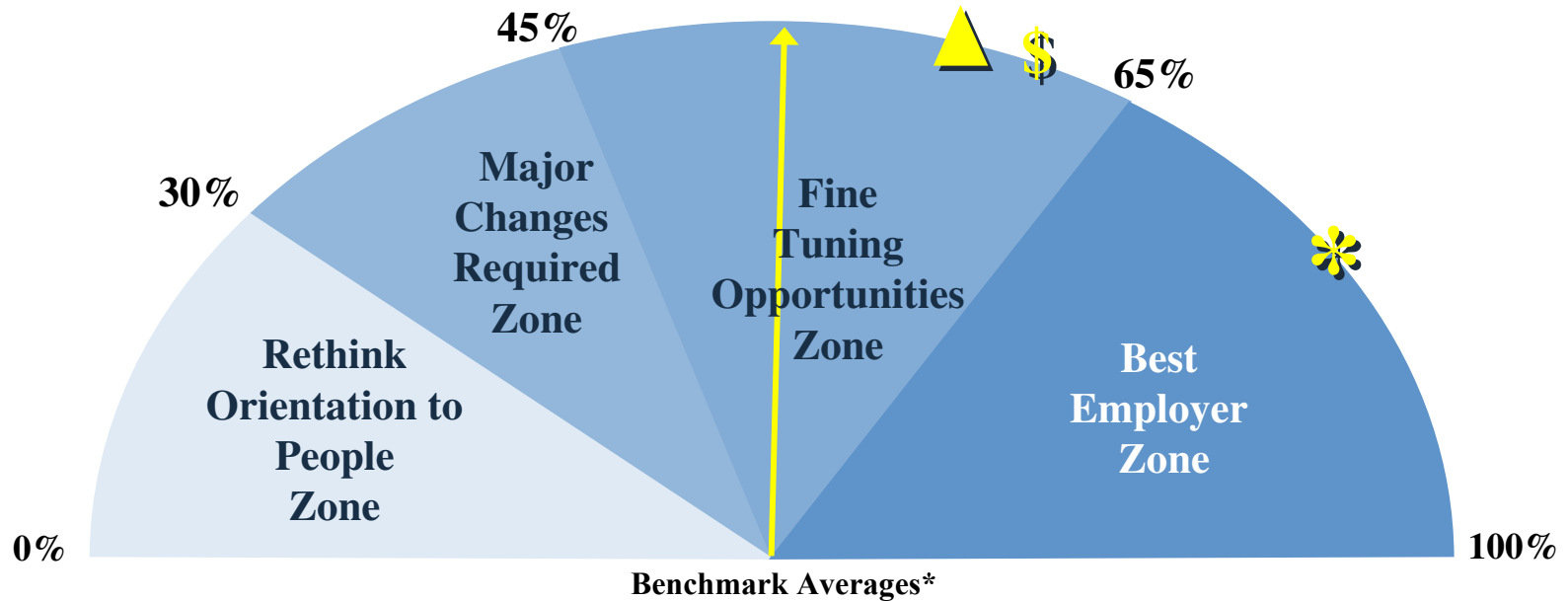
- Range of engagement scores among the participants of the 2004 study



▲ Average of 2004 50 Best Employers 79%
● Average of the Rest 59%

□ 66th to 100th percentile
■ 33rd to 66th percentile
■ 0 to 33rd percentile

Employee Engagement—How High is Enough?



✱ Best Employers (79%)
 ↑ Average for North America (52%)
 \$ High Performers (61%) Total Shareholder Return (TSR ≥ 20% from 1999-2002)

▲ The Rest (59%)

*Source: Hewitt Associates Employee Engagement and Best Employer Database of approximately 1,500 companies (1999-2003)

Employee Engagement—The Best Compared to The Rest

By Type of Job:

GAP

Administration / Support



16%

**Team Member / Production /
Service / Front-line Employee**



23%

**Professional / Specialist /
Technician**



18%

**Middle Management /
Supervisor / Team Leader**





18%

Senior Management



11%

 The Best
 The Rest

Employee Engagement—The Best Compared to The Rest

By Union Status:

GAP

Union



26%

Non-Union



20%

By Employment Status:

Full-time Employee

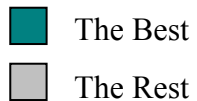


20%

Part-time Employee



20%



Employee Engagement—The Best Compared to The Rest

By Gender:

GAP

Male



21%

Female



20%

By Work Location:

Corporate / Head Office

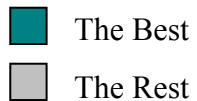


18%

Branch / Regional Office / Plant



22%



Employee Engagement—The Best Compared to The Rest

By Year of Birth:

GAP

Before 1946



10%

1946-1956



16%

1957-1966



19%

1967-1979





22%

1980 or later



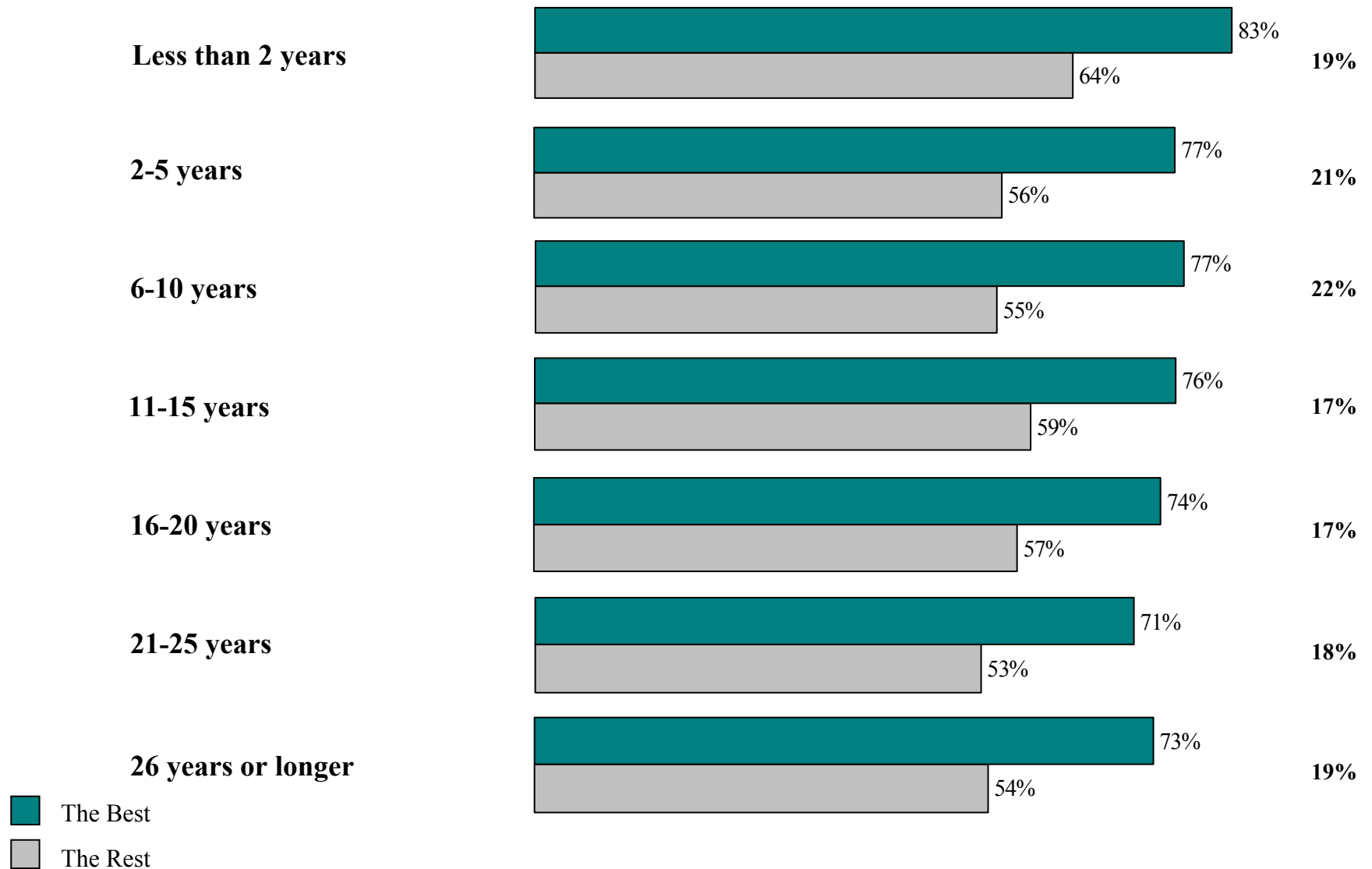
23%

 The Best
 The Rest

Employee Engagement—The Best Compared to The Rest

By Years of Service With This Organization:

GAP



Characteristics of a Best Employer

Five Characteristics of a Best Employer

Best Employer research in Canada confirms that the very best employers have the following five characteristics:

- **Superior leaders** with a commonly held vision of the organization's beliefs, values and behaviours
- **The Basics are delivered well** - people policies, programs and practices
- **Inspired Employees** - the right people doing the right things
- **Employees who are connected to the organization** - getting your employees “into the game”
- **People Practices** are designed and executed to drive employee engagement and organization success

Characteristics of a Best Employer—Leadership

GAP

(EOS) Senior leadership provides clear direction for the future.



21%

(EOS) Senior leadership is open and honest in communication.



20%

(EOS) Senior leadership makes me feel excited about the future of our organization.





23%

(LTS) I believe that the Senior Leadership Team (in Canada) makes employees feel excited about the future of our organization.



13%

 The Best
 The Rest

Characteristics of a Best Employer—Leadership

Hypothesis:

- **The more aligned the leadership team members are on their beliefs and values about employees contribution to organization success**
 - the more aligned the leaders and employees are (the smaller the gap)
 - the higher employee trust and confidence in organization leadership
 - the higher employee engagement

Characteristics of a Best Employer—Leadership

Average variability among Leadership Team members - Best vs. Rest

GAP



.16

Average gap between leaders, managers, and employees - Best vs. Rest

GAP



Average satisfaction (top 2 box) of Employee satisfaction with leaders Best vs. Rest

GAP



21%

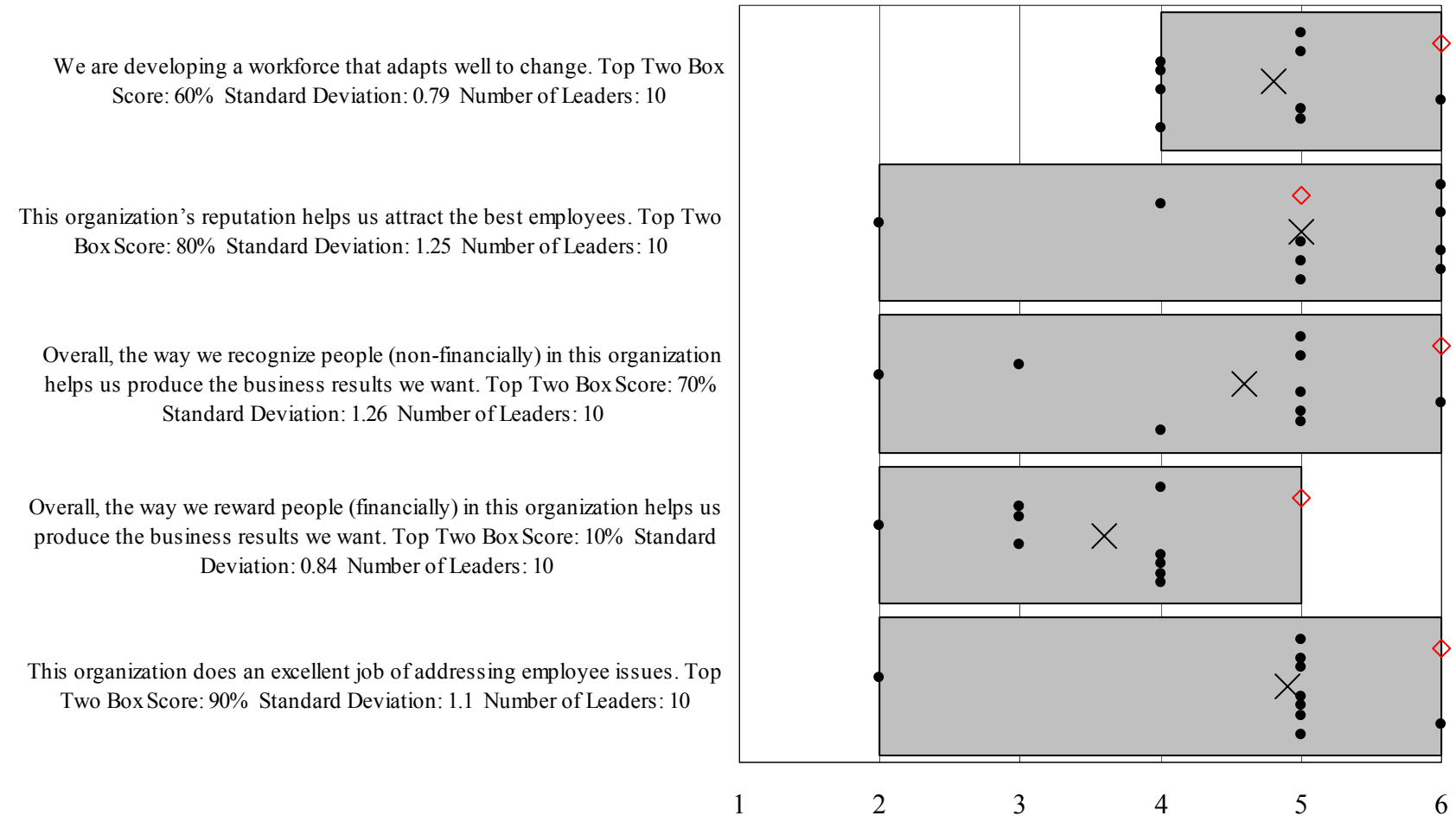
Employee engagement score of the Best vs. the Rest



20%

■ The Best
■ The Rest

Example of Variability Among Leaders



X - Average score for the question

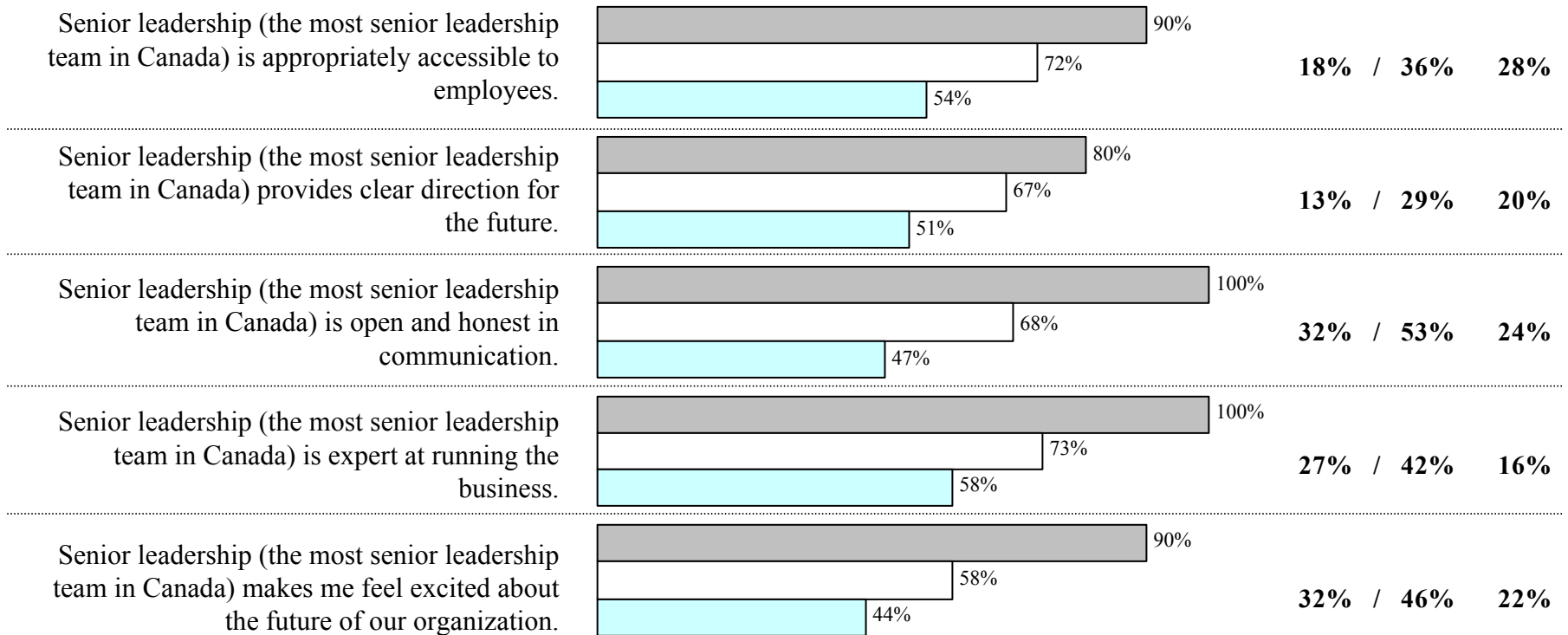
◇ - Score for the most senior leader in Canada

Answer scale: 1 = Strongly Disagree, 6 = Strongly Agree

Example of Gap Between Leaders and Employees

Leader—Employee Gap

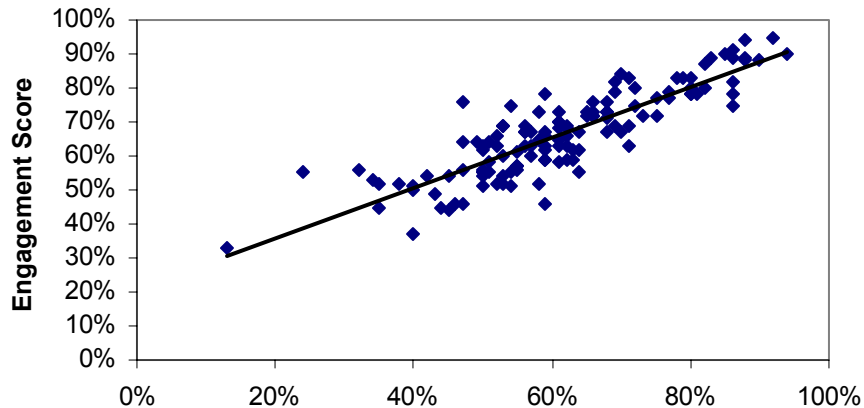
■ - □ / ■ - □ 2004
50 Best*



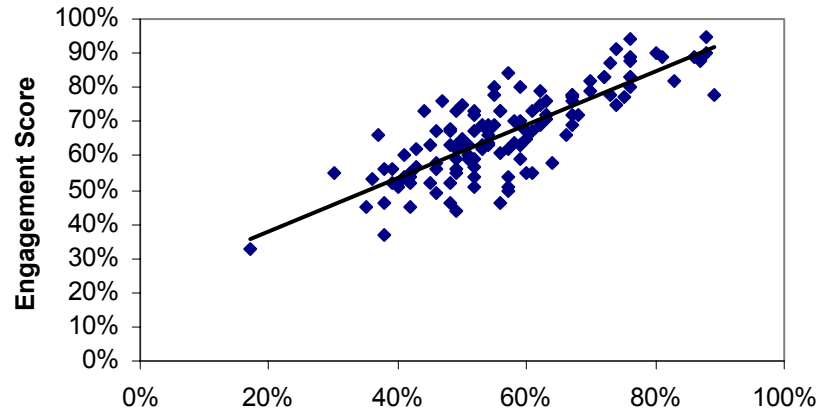
■ Leaders (N=10)
 □ Middle Mgmt/Supervisor/Tm Ldr & Sr Mgmt (N=115)
 ■ Admin/Support, tm Mbr/Prod/Svc/Fr-line Ee & Prof/Spec/Tech (N=392)

*Gap between Leaders and all Employees

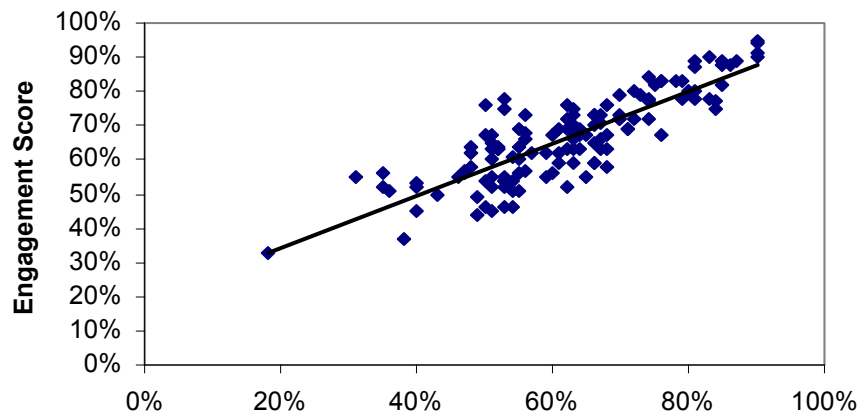
Superior Leadership is a Prerequisite for Employee Engagement



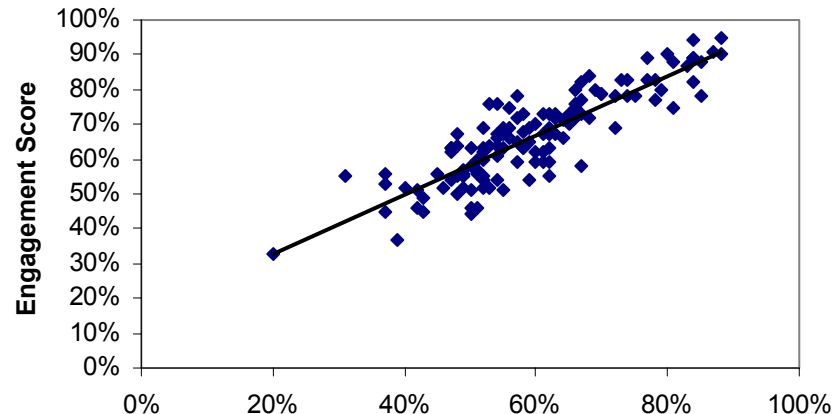
Average Positive Perception Score
"I see strong evidence of effective leadership from the leadership/senior management team in Canada. "



Average Positive Perception Score
"Senior Leadership is appropriately accessible to employees."



Average Positive Perception Score
"Senior Leadership provides clear direction for the future."





Average Positive Perception Score
"Senior Leadership is open and honest in communication. "

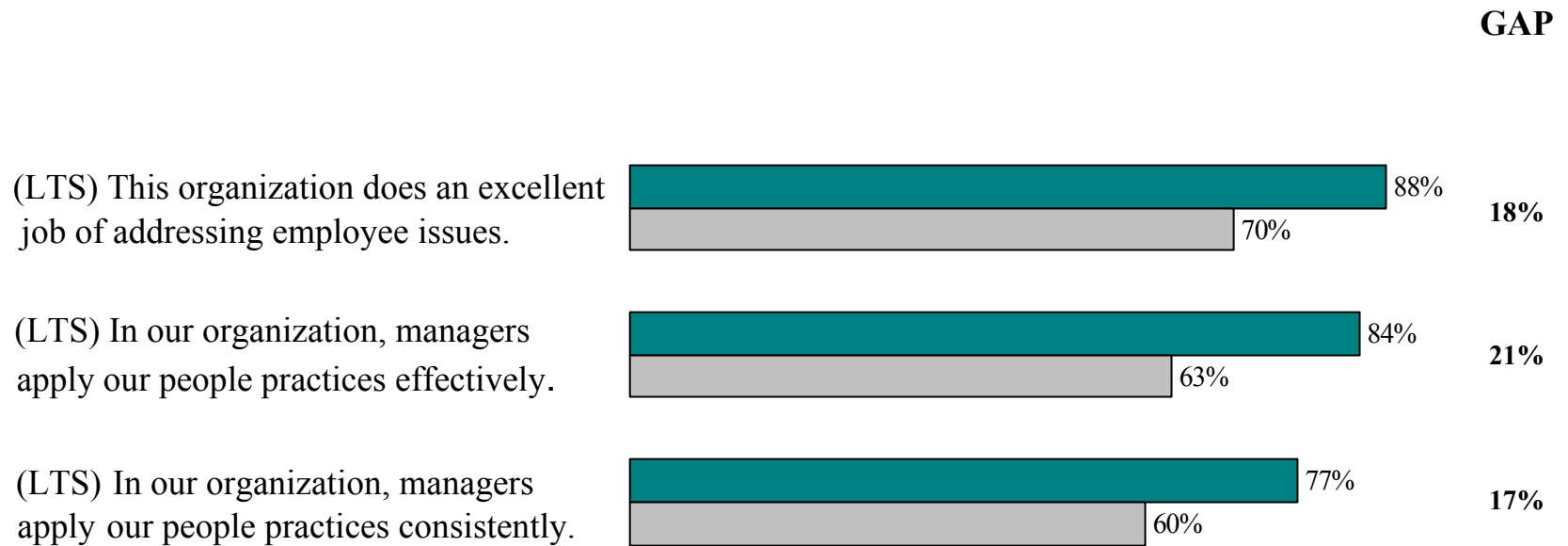
Characteristics of a Best Employer—Inspired Employees



GAP



 The Best
 The Rest

Characteristics of a Best Employer—Do the Basics Well

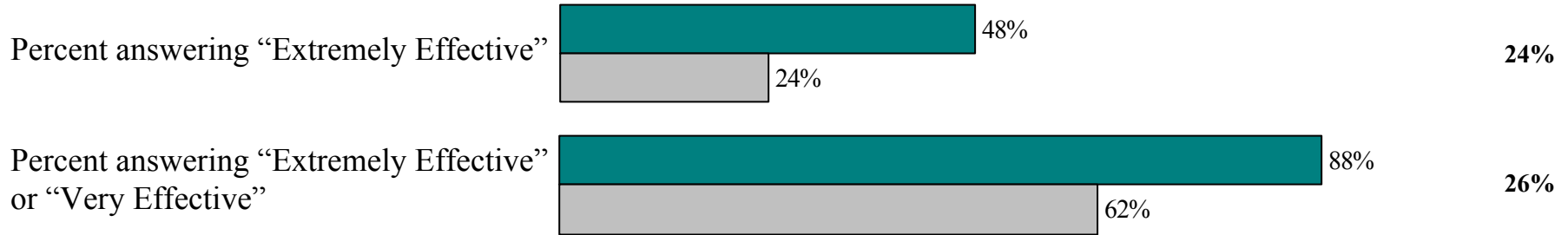


 The Best
 The Rest

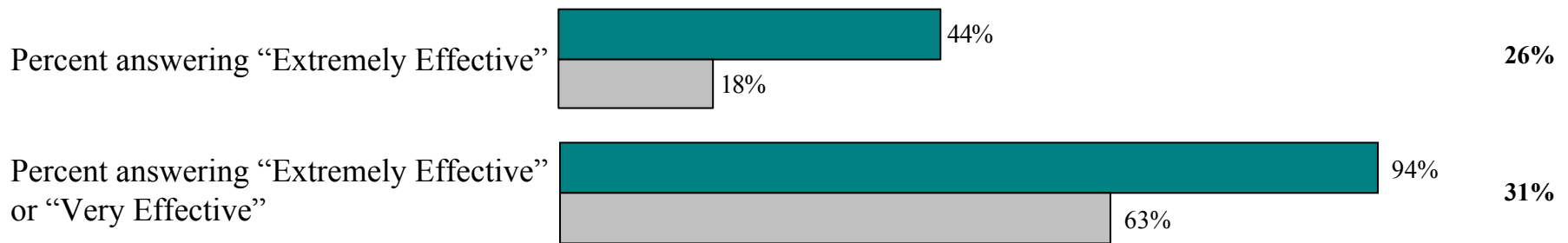
Characteristics of a Best Employer—Do the Basics Well

(HRS) HR ensures that managers have the tools and resources they need to distinguish and reward high performers.

GAP



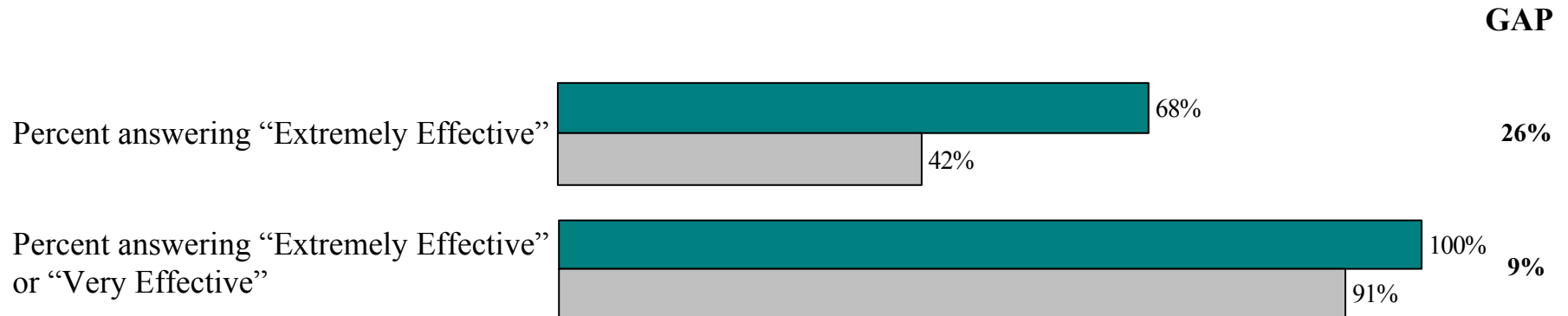
(HRS) HR ensures that managers have the tools and resources they need to compensate and reward employees for their contributions.



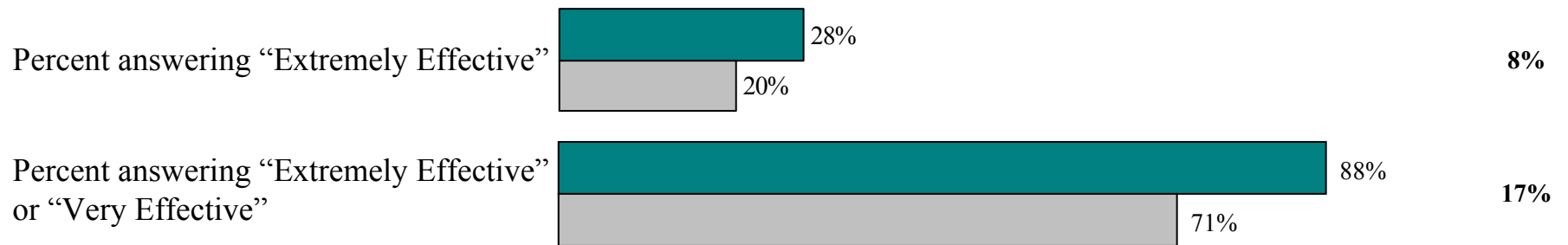
■ The Best
■ The Rest



Characteristics of a Best Employer—Do the Basics Well

(HRS) HR ensures that our employees have access to benefits that meet their needs.



(HRS) HR provides easy-to-use processes.



 The Best
 The Rest

Characteristics of a Best Employer— Connecting Employees to the Organization

GAP

(EOS) I get the information I need to understand our business goals and objectives.



19%

(EOS) I get the information I need to understand our business results and performance.



19%

(EOS) I have the authority to make the decisions necessary to do my job well.



14%

(EOS) At work my opinion counts.



17%

(EOS) I am truly appreciated for the contribution I make to the organization.



17%

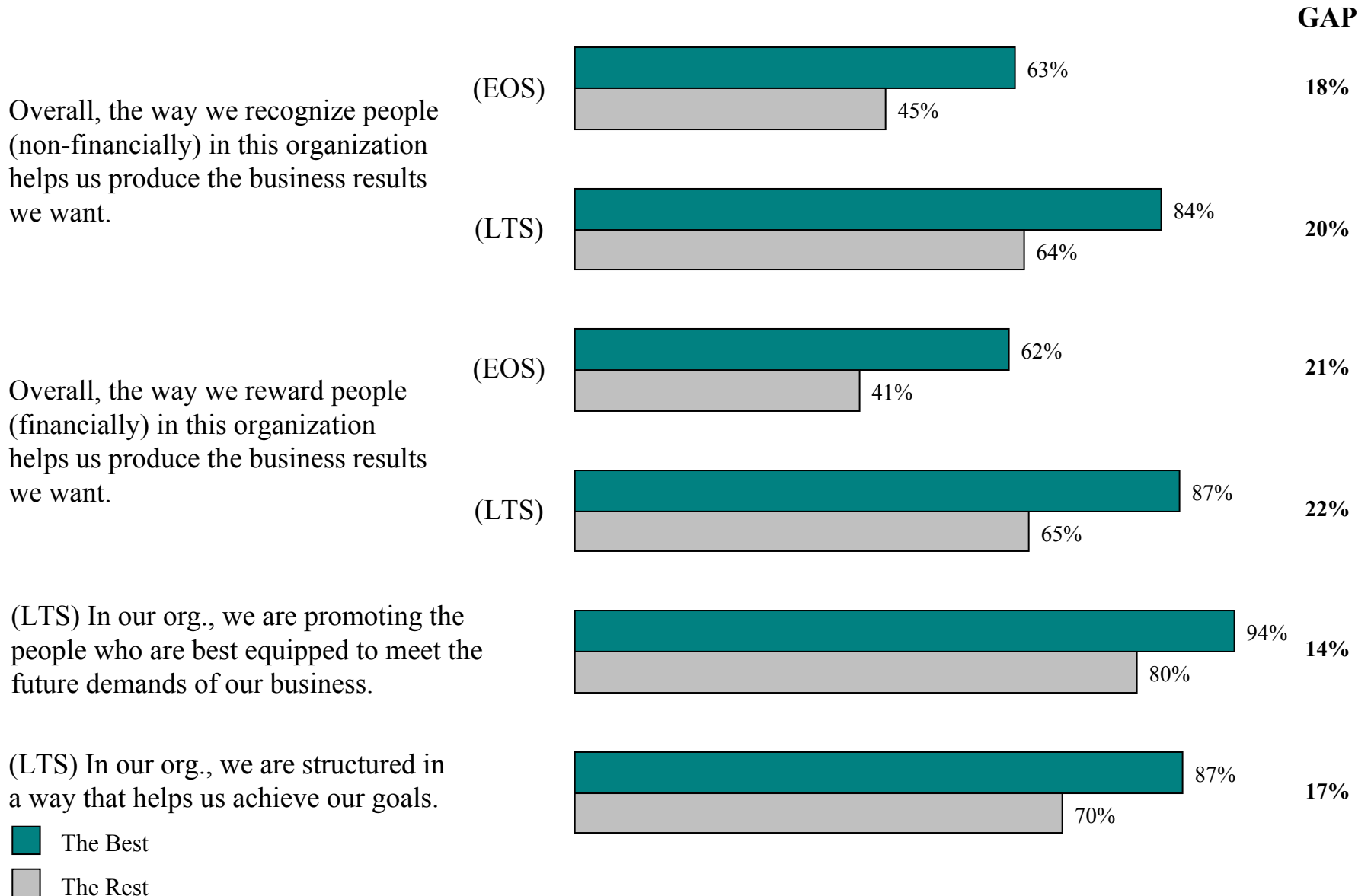
(EOS) My performance has a significant impact on my pay.



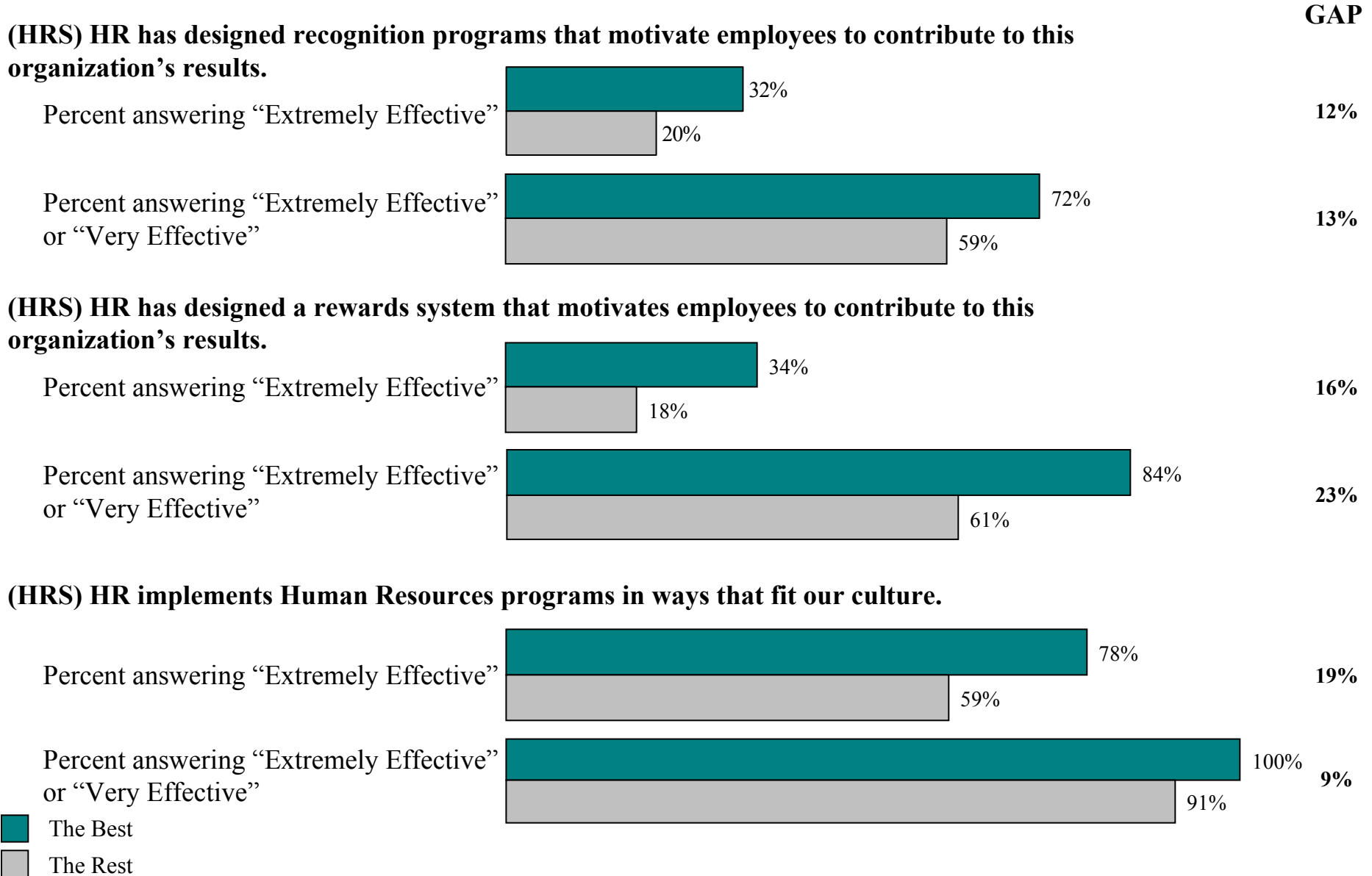
19%

The Best
 The Rest

Characteristics of a Best Employer—Alignment



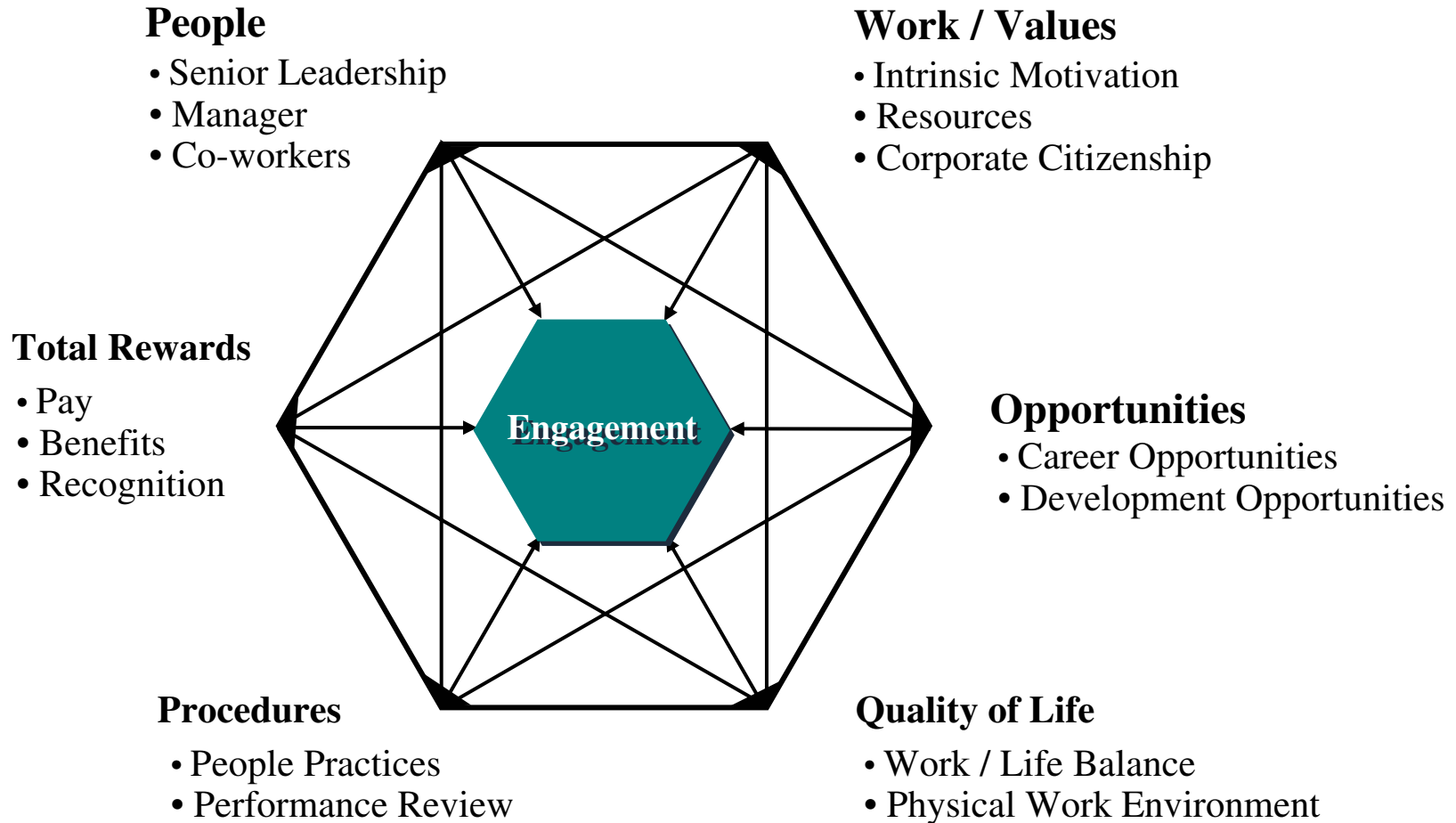
Characteristics of a Best Employer—Alignment



Charting a Course for Action: Driving Employee Engagement

Drivers of Employee Engagement

Hewitt's Engagement Model™



Scores for the 15 Drivers of Engagement

- The following diagram shows the engagement score and the scores for each of the 15 drivers of engagement. Scores are provided for engaged, partially-engaged and not-engaged employees

65% Engaged, 28% Somewhat Engaged, 7% Not Engaged

People

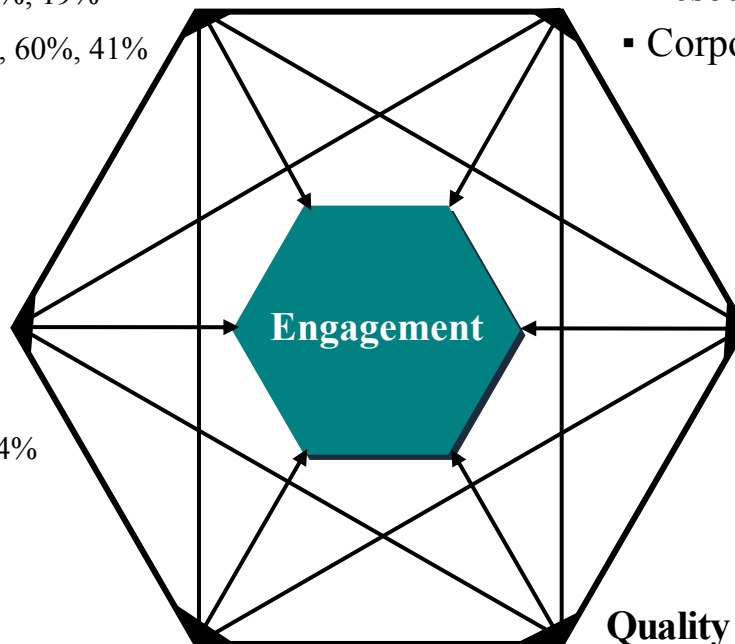
- Senior Leadership: 78%, 30%, 8%
- Manager: 84%, 45%, 19%
- Co-workers: 89%, 60%, 41%

Work / Values

- Intrinsic Motivation: 90%, 46%, 19%
- Resources: 76%, 30%, 10%
- Corporate Citizenship: 92%, 67%, 38%

Total Rewards

- Pay: 61%, 28%, 17%
- Benefits: 77%, 48%, 35%
- Recognition: 65%, 18%, 4%



Opportunities

- Career Opportunities: 72%, 20%, 4%
- Development Opportunities: 83%, 34%, 9%

Procedures

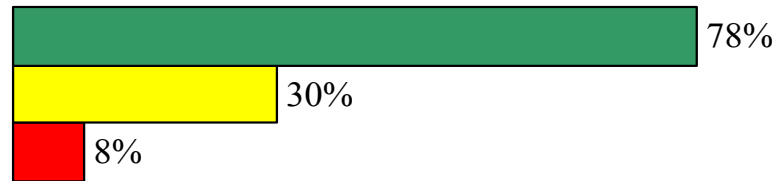
- People Practices: 82%, 28%, 5%
- Performance Review: 73%, 27%, 7%

Quality of Life

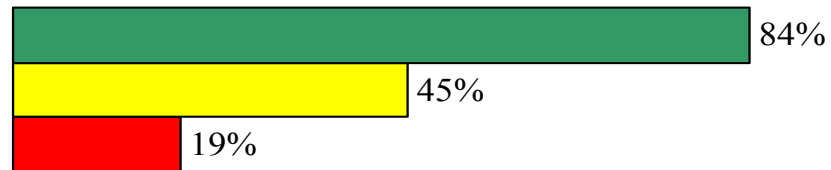
- Work / Life Balance: 76%, 46%, 28%
- Physical Work Environment: 89%, 64%, 43%

Engagement Drivers—People

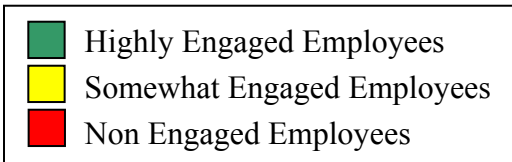
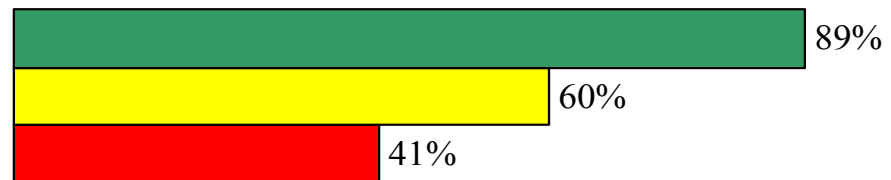
I see strong evidence of effective leadership from the leadership/senior management team in Canada.



My Manager provides the support I need to succeed

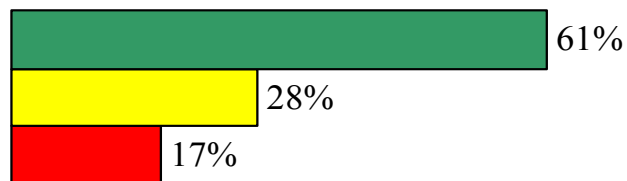


My co-workers respect my thought and feelings.

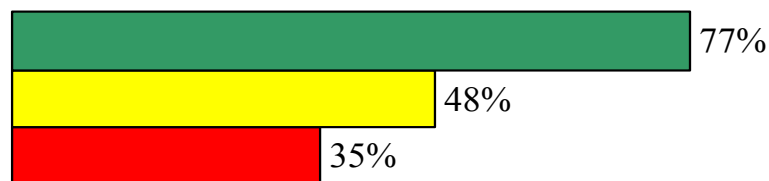


Engagement Drivers—Total Rewards

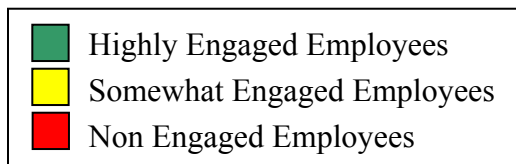
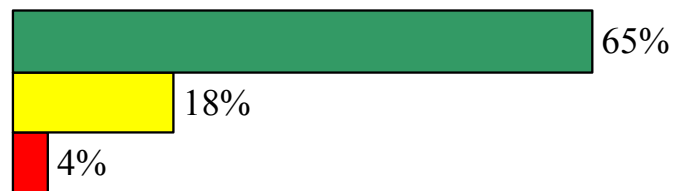
My pay is appropriate for the role I have in this organization.



My benefits meet my (and my family's) needs well.

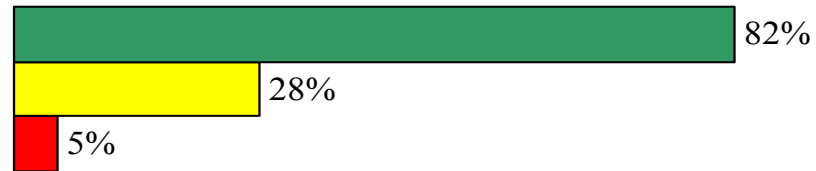


I receive adequate recognition (beyond compensation) for my contributions and/or accomplishments.

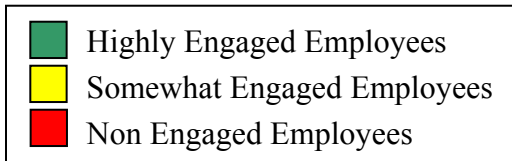
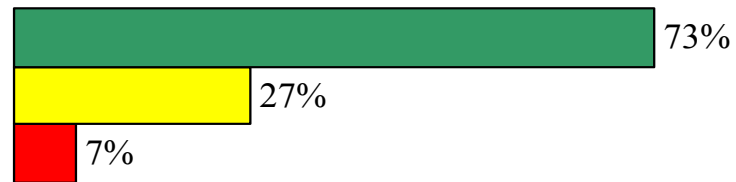


Engagement Drivers—Procedures

Our people practices create a positive work environment for me.

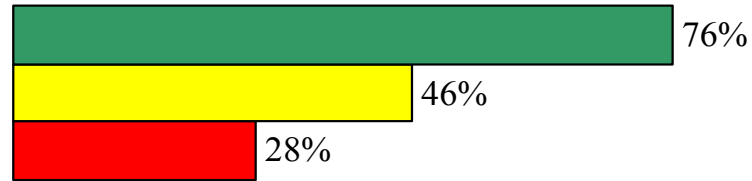


The performance review processes helps me focus my work effort to help this organization achieve its goals.

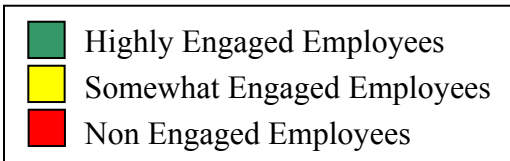
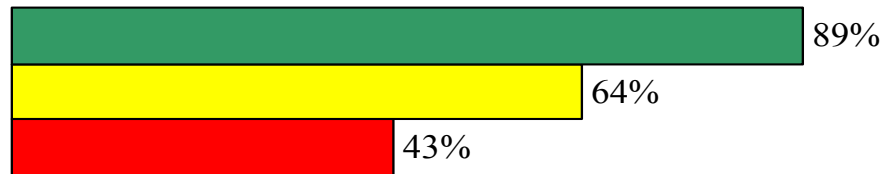


Engagement Drivers—Quality of Life

The balance between my work and personal commitments is right for me.



The physical work environment is appropriate for the kind of work I do.

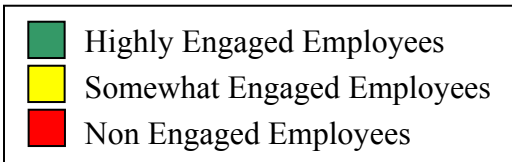
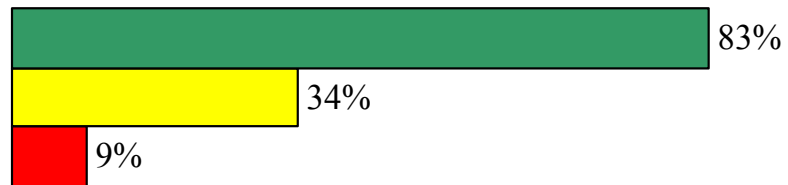


Engagement Drivers—Opportunities

My future career opportunities here look good.

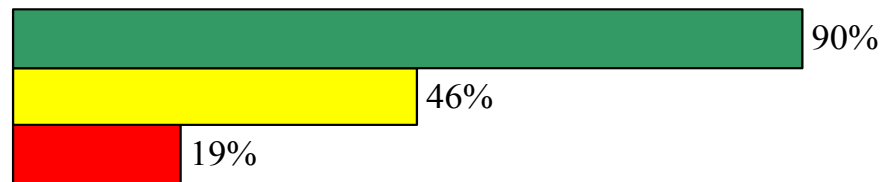


This organization supports the growth and development of its employees.

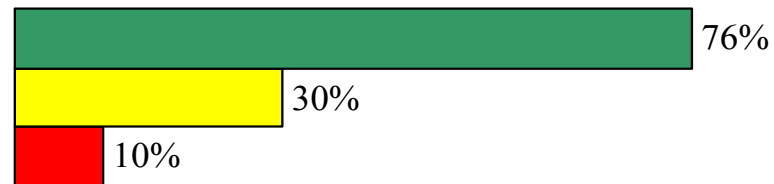


Engagement Drivers—Work Values

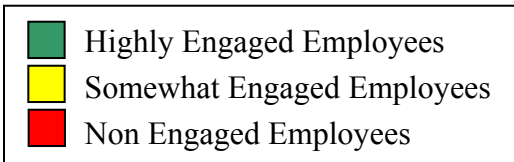
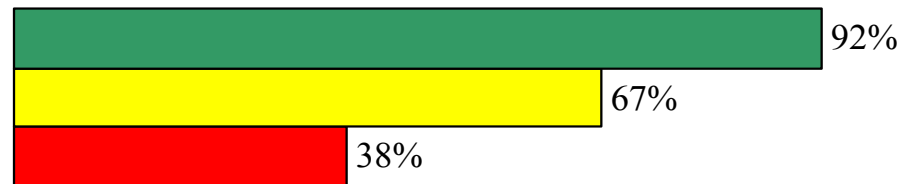
I get a sense of accomplishment from my work.



The work processes we have in place allow me to be as productive as possible.

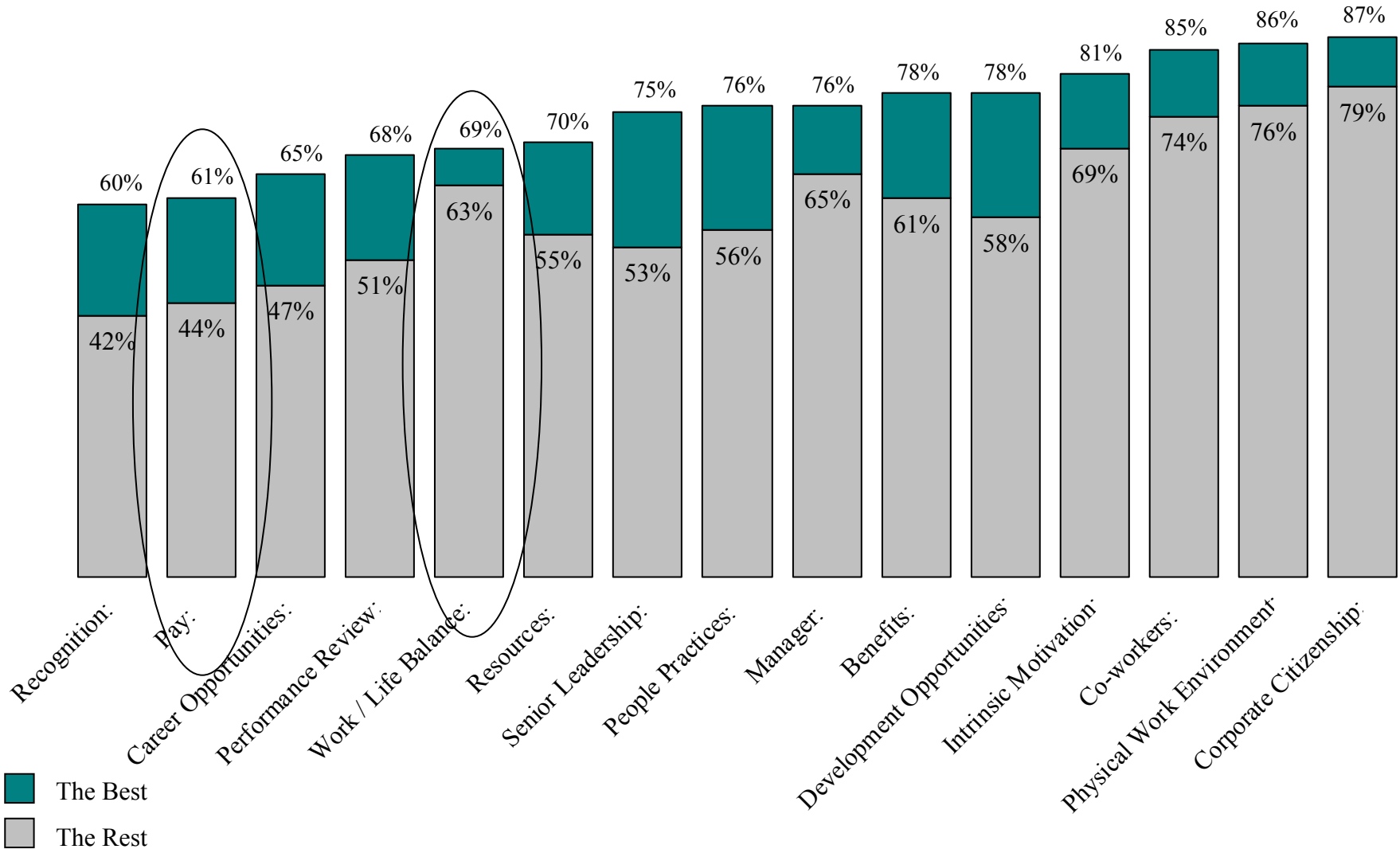


I am certain that our businesses creates something that adds value to our community.



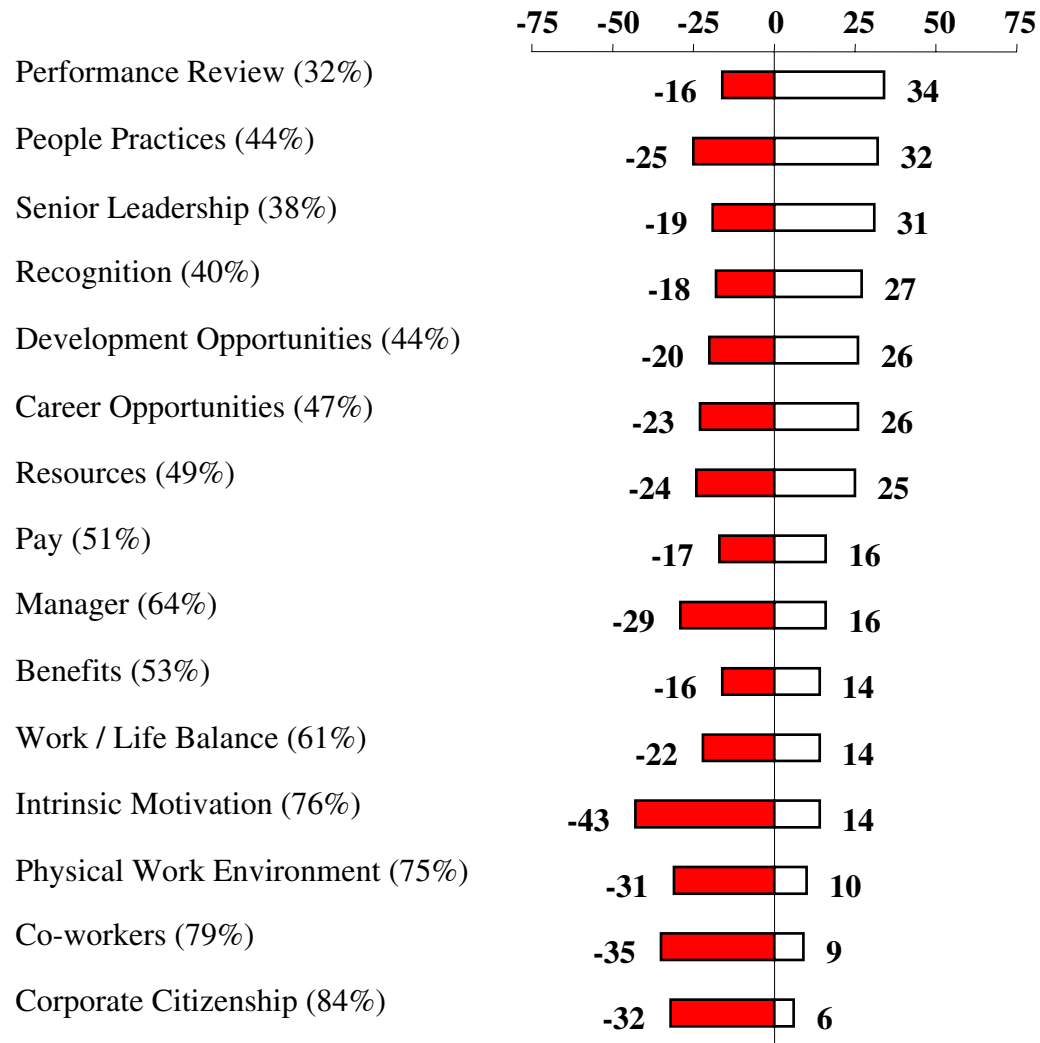
Drivers of Employee Engagement

Percentage of employees who agree or strongly agree (top 2 box score)

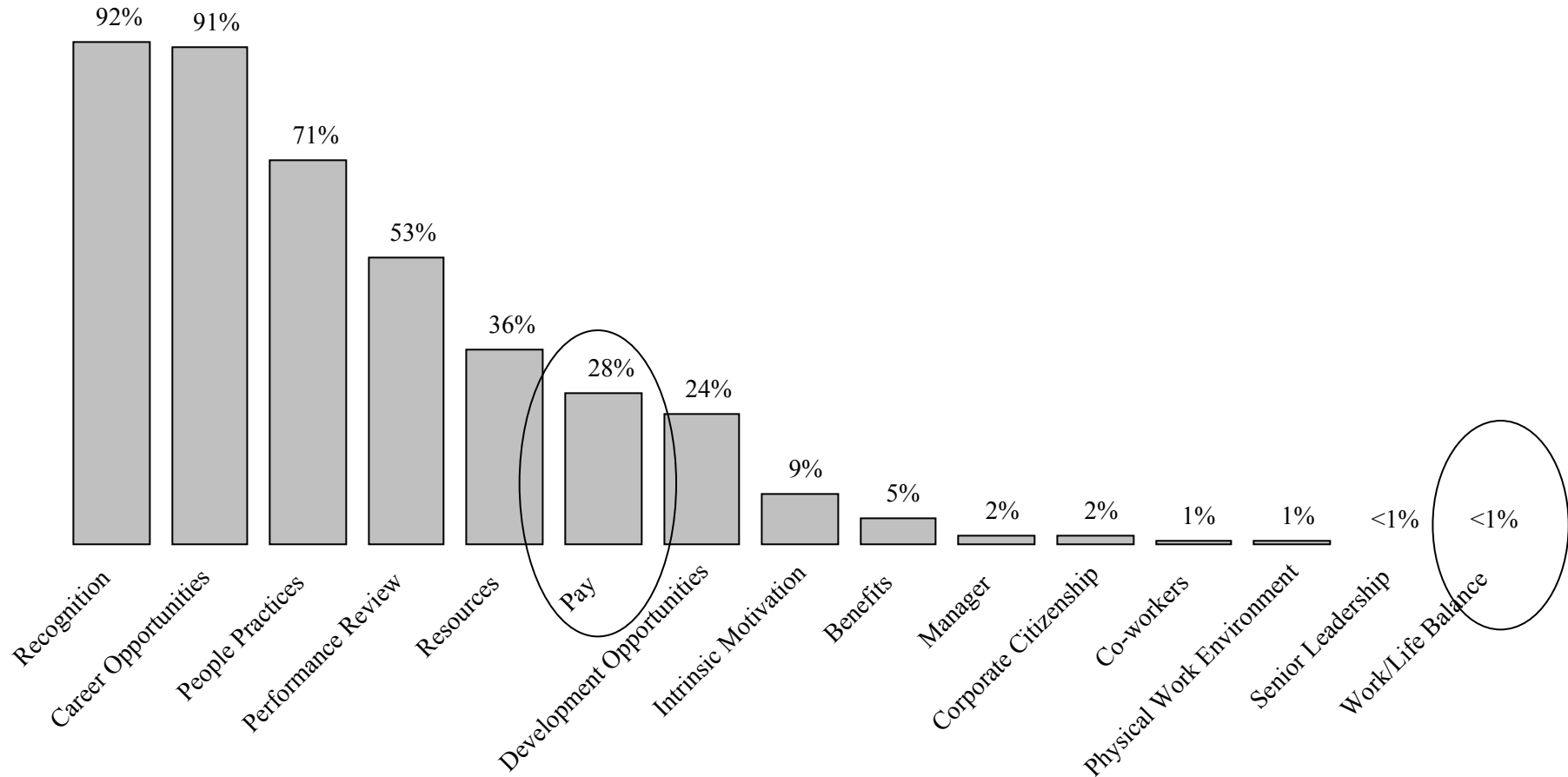


XYZ Company – Engagement Drivers

Engagement Score: 52%

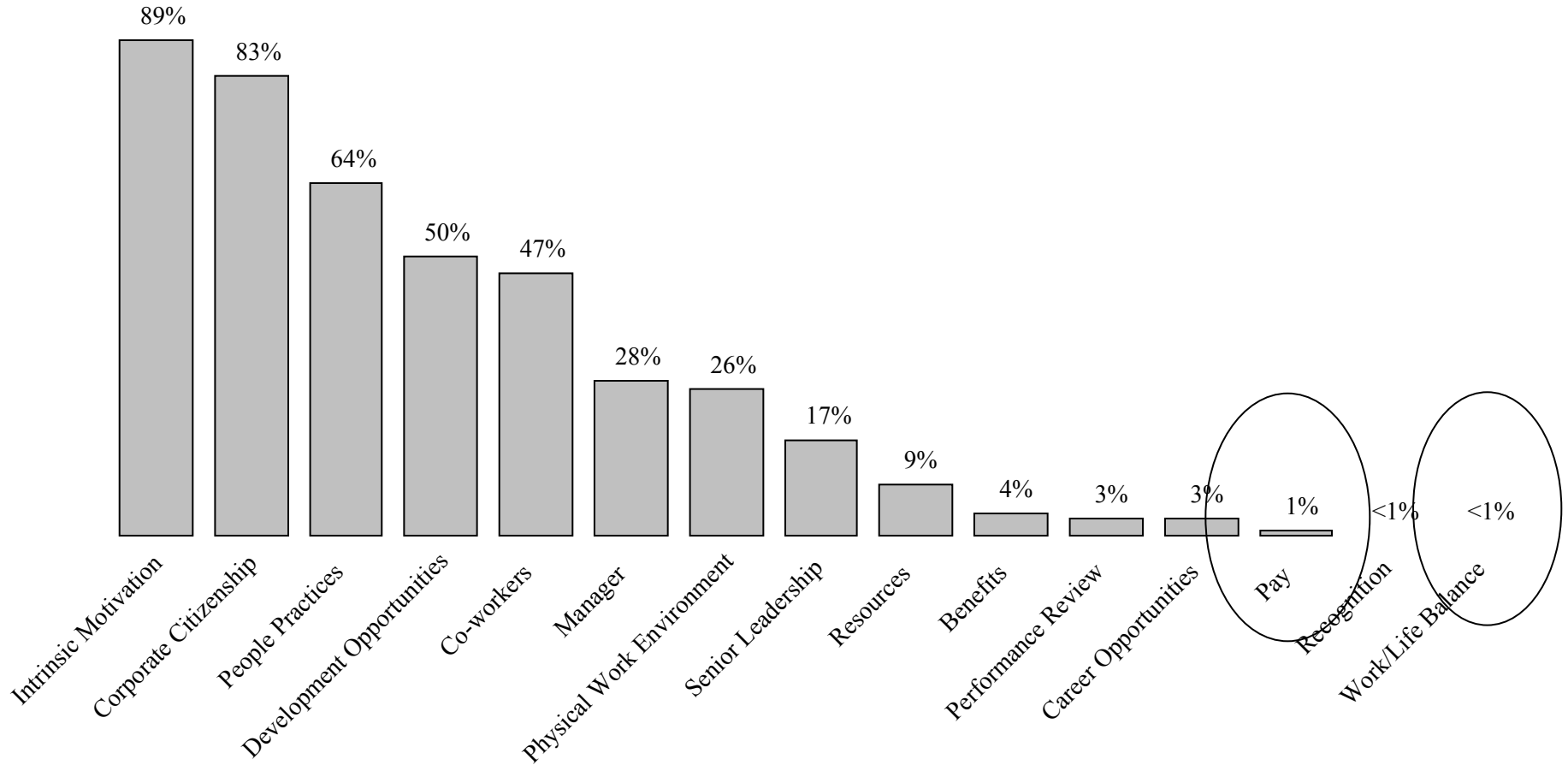


Positive Drivers of Employee Engagement



Note: Chart shows the percent of organizations who have each driver as one of the top 4 drivers of employee engagement.

Negative Drivers of Employee Engagement



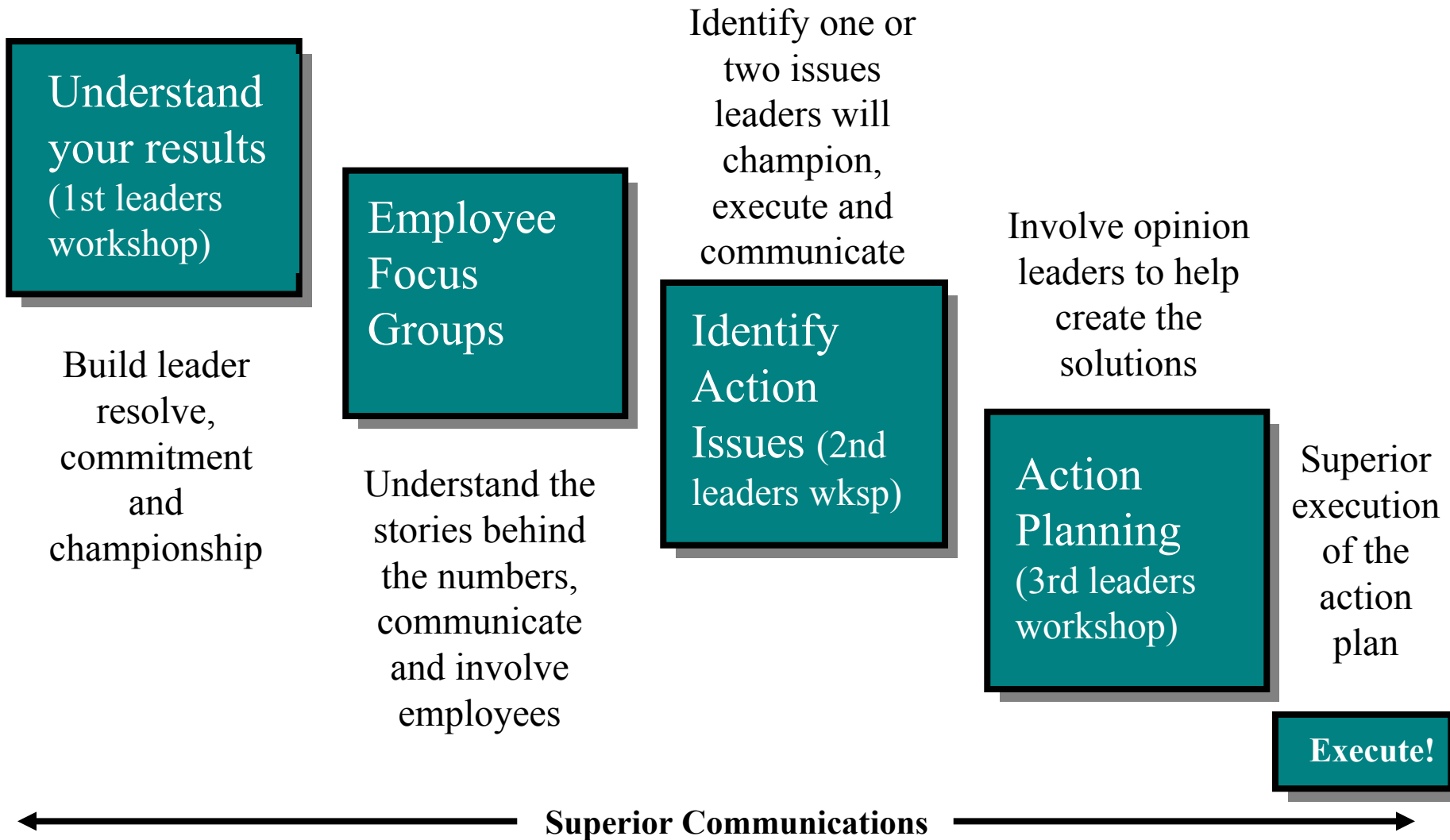
Note: Chart shows the percent of organizations who have each driver as one of the top 4 risks to employee engagement.

Charting a Course for Action

Experience from 5 Best Employers Studies shows that improving employee engagement is successful when:

- **Your leadership team champions change** and ensures it is executed in a superior manner.
 - Becoming a best employer is a business strategy not an HR initiative.
- **You focus on one or two change initiatives**
 - A multitude of small efforts does not result in a change in employees' engagement.
- **You broadcast your intent to become an employer of choice**
 - If you do not advertise you will not change perceptions

Charting a Course for Action



Work-Related Employee Well-Being

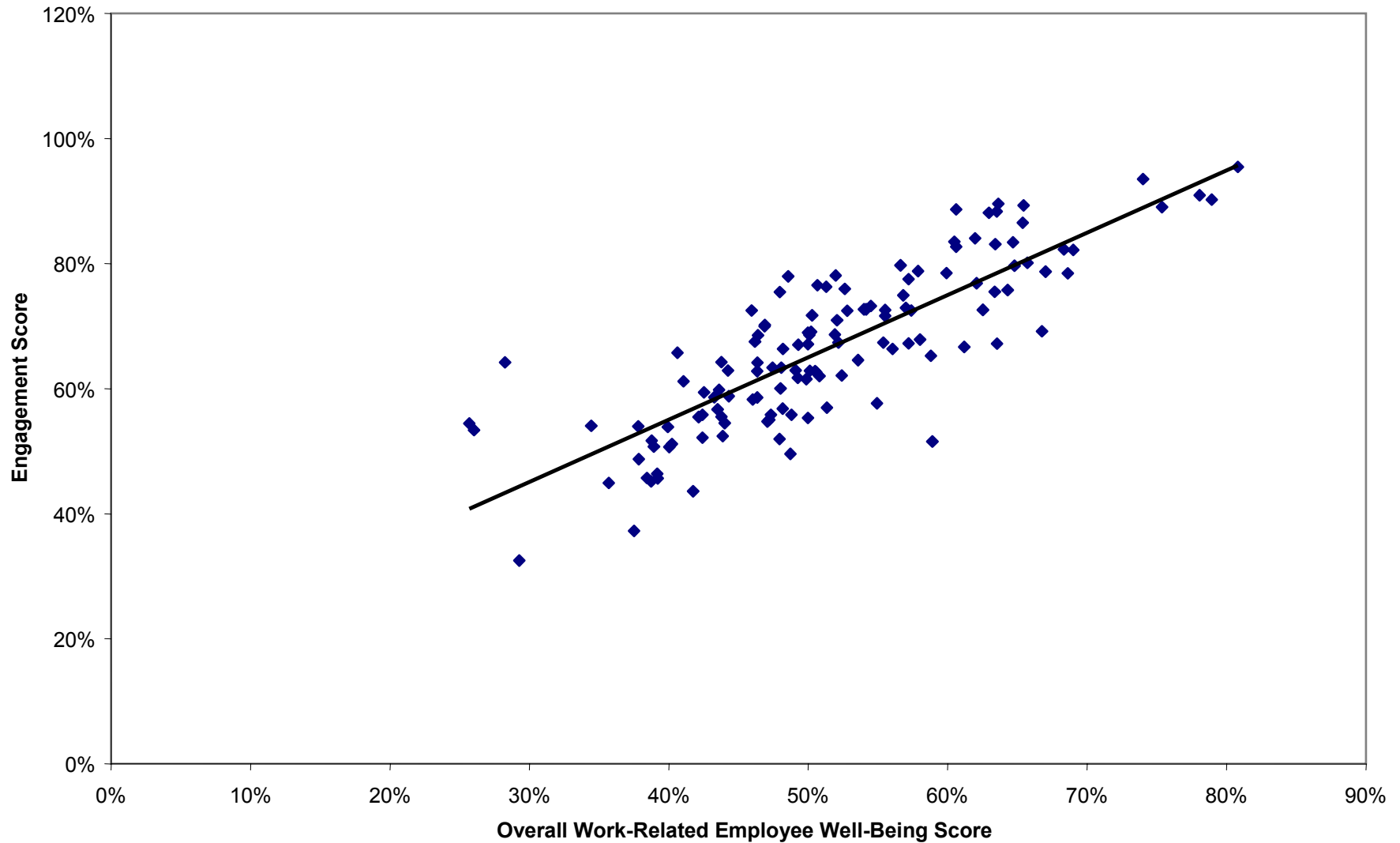
Best Employers Study and Work-Related Employee Well-Being

Your Job

		Never	Hardly Ever	Occasionally	Some of the time	Most of the time	All of the time
1.	Over the last few weeks, how often has your job made you feel:						
a.	Tense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	Comfortable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c.	Anxious	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d.	Depressed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e.	Motivated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f.	Calm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g.	Relaxed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h.	Miserable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i.	Gloomy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j.	Optimistic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k.	Worried	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l.	Enthusiastic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Warr Scale, Peter B. Warr, University of Sheffield, Psychology At Work, Penguin, 2002

Correlation Between Engagement and Well-Being (0.83 correlation)



Questions and Discussion

What's New for the Best Employers 2005 Study

Best Employer 2005 Study

The Best Employers 2005 Study (300+ employees)

- Online registration is now available www.hewitt.com/bestemployerscanada
- Registrations accepted until May 31, data accepted until June 30
- Special study of the effectiveness of HR in delivering the basics well
- Opportunity to measure opinion of employees by division, department, etc.
- Opportunity to include custom-tailored questions for selected participants
- Early and in-depth reporting available as of September 15, 2004
- Canadian and Regional lists of Best Employers published January 2005

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