

HEALTH WEALTH CAREER

SINGAPORE EMPLOYEE ENGAGEMENT INDEX

INSIGHTS TO ENHANCE
WORKFORCE PRODUCTIVITY



MAKE TOMORROW, TODAY





FOREWORD

Most business leaders implicitly understand that employee engagement is an important driver of performance and productivity. They know that, without it, organizations fail to reach their full potential. Those that get the formula for engagement right find more people come to work with the energy they need — **captivated** by the organization’s vision, **committed** to its goals and **contributing** to its success.

For Singapore, improving employee engagement continues to represent a significant opportunity — not just for businesses but also for the economy as a whole. This is widely acknowledged. As then Finance Minister Tharman Shanmugaratnam noted in his 2014 budget speech, “Raising productivity is at the center of our economic agenda.” And this has indeed been a multiyear, multipronged undertaking. With the impact of capital investments fading, policymakers have shifted to focusing on more progressive areas, such as digitization and the development of stronger human capital.

Engagement, then, represents the best opportunity for Singapore to optimize the human capital it has. If performance and productivity are a combination of individual talent and engagement, the best way to optimize talent is to ensure it’s engaged. Although this seems obvious, many organizations still struggle to build the work environment they need to fully realize engagement in the workplace.

In recent years, Mercer | Sirota has studied more than 40,000 employees in Singapore, representing various industries and jobs. Our mission was to find out what makes people engaged at work. As proud advisers to policymakers on the SkillsFuture initiative, we felt a strong desire to dive deeper into these employee perspectives to find ways to move the needle around employee engagement and productivity in Singapore. Within this paper, you will find evidence for three key messages:

- First, Singapore continues to struggle with engagement, showing a consistent decline over the last three years.
- Second, the priority for addressing the decline is to innovate more effectively and develop more compelling career pathways.
- Last, although there are many challenges, Singaporeans tell us they see a meritocracy at work, feel involved in decisions that impact them and see leaders with clear strategic intent.

We hope you find these insights as useful and compelling as we do.



Kulshaan Singh
CEO, Mercer Singapore



Lewis Garrad
Growth Markets Practice Leader, Mercer | Sirota

WHAT IS ENGAGEMENT?

At Mercer | Sirota, we assess employee engagement by measuring the level of pride, motivation and commitment employees have toward the organizations they work for. In essence, engagement is a measure of how much energy people feel at work and the extent to which they feel passionate about what the organization stands for. Our definition covers three dimensions:



COMMITTED

Wanting to stay with the organization and feeling passionate about its mission



CONTRIBUTING

Motivated to help the organization succeed



CAPTIVATED

Feeling energized and looking forward to coming to work

The following analysis is derived from the Mercer | Sirota database of responses from employees based in Singapore. We surveyed more than 42,000 employees in Singapore working for a variety of global and local multinationals. These responses are collected as part of employee census programs that measure employee engagement along with other strategic areas that impact overall business performance.

WHAT THE DATA TELLS US

For Singapore's workforce in 2017, we discovered:

81%

ARE PROUD TO WORK FOR THEIR COMPANIES.

80%

ARE WILLING TO GO THE EXTRA MILE.

73%

ARE SATISFIED WITH THE COMPANIES THEY WORK FOR.

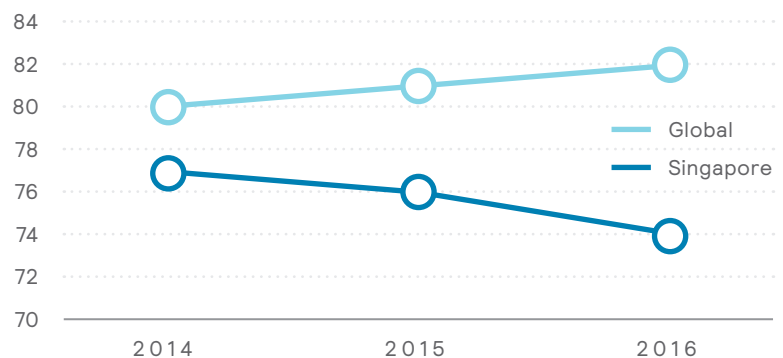
68%

WOULD RECOMMEND THEIR COMPANIES AS GOOD PLACES TO WORK.

Although some of these statistics are encouraging, the longer-term trend is worrying. Our findings suggest that employee engagement in Singapore has declined consistently over the last three years – this is in stark contrast to the upward trend observed in employee engagement across the globe.

A closer review reveals that the decline is primarily due to lower feelings of pride in and satisfaction with organizations. Digging in, our analysis shows that concerns about innovation and career development are the biggest drivers.

FIGURE 1. ENGAGEMENT TRENDS OVER THE LAST THREE YEARS



Source: Mercer's 2017 Global Talent Trends survey

Many organizations strive to provide a culture and environment that continually improves the way work is done and cultivates new ideas to set the pace for future success. They understand that people want to contribute their ideas and opinions and feel listened to. However, leaders struggle with this. As a result, employees feel disenfranchised and left out, leading to frustration and disappointment.

1 in 3
feel uncomfortable expressing their ideas/ views for fear of negative consequences.

20%

OF EMPLOYEES IN THE WORKFORCE SAY THEY ARE NOT RECEIVING NECESSARY FEEDBACK FROM THEIR IMMEDIATE MANAGERS.

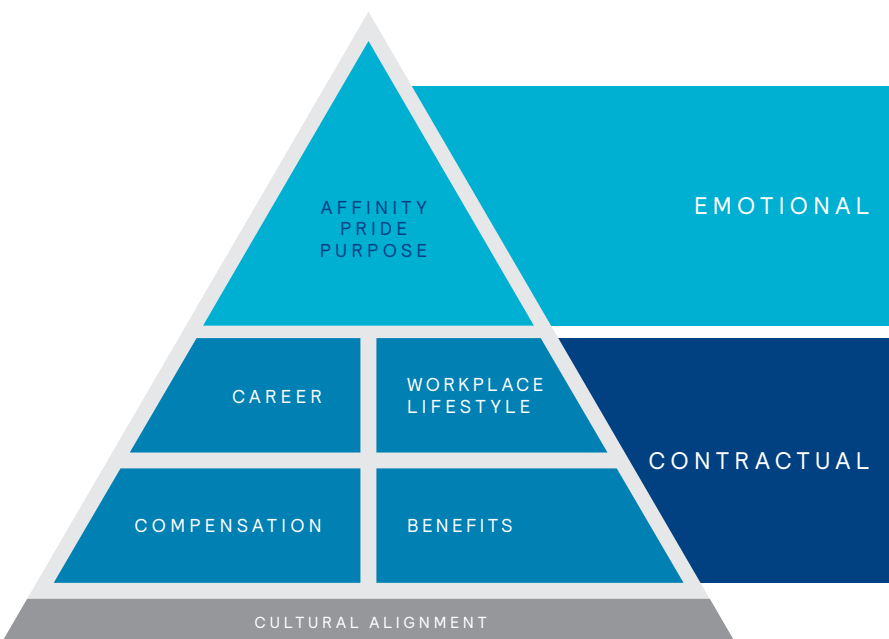
Our data also tells us that an increasing number of employees are not getting the right opportunities to learn and grow. Twenty percent of employees in the workforce say they are not receiving the necessary feedback from their immediate managers to improve themselves. Even more worrying is that one in three feels that personal career goals are difficult to meet in his or her organization.¹

95%

OF EMPLOYEES IN SINGAPORE WANT TO BE RECOGNIZED AND REWARDED FOR A WIDER RANGE OF CONTRIBUTIONS.

As we note in our 2017 *Global Talent Trends* survey,² we are in the middle of a fundamental shift in what employees value. This is mostly a function of shifting demographics, like the aging working population and the arrival of digital-native millennials to the workforce. Indeed, according to that survey, 95% of employees in Singapore want to be recognized and rewarded for a wider range of contributions not necessarily within the scope of their job descriptions.

FIGURE 2. WHAT EMPLOYEES VALUE



WHAT WOULD MAKE A POSITIVE IMPACT ON YOUR WORK SITUATION?

1. Compensation that is fair and market competitive
2. Leaders who set clear direction
3. Opportunity to get promoted
4. Career path information
5. More flexible work options
6. Working with the best and brightest
7. Transparency on pay calculations

Source: Mercer's 2017 *Global Talent Trends* survey

¹ Mercer | Sirota research.

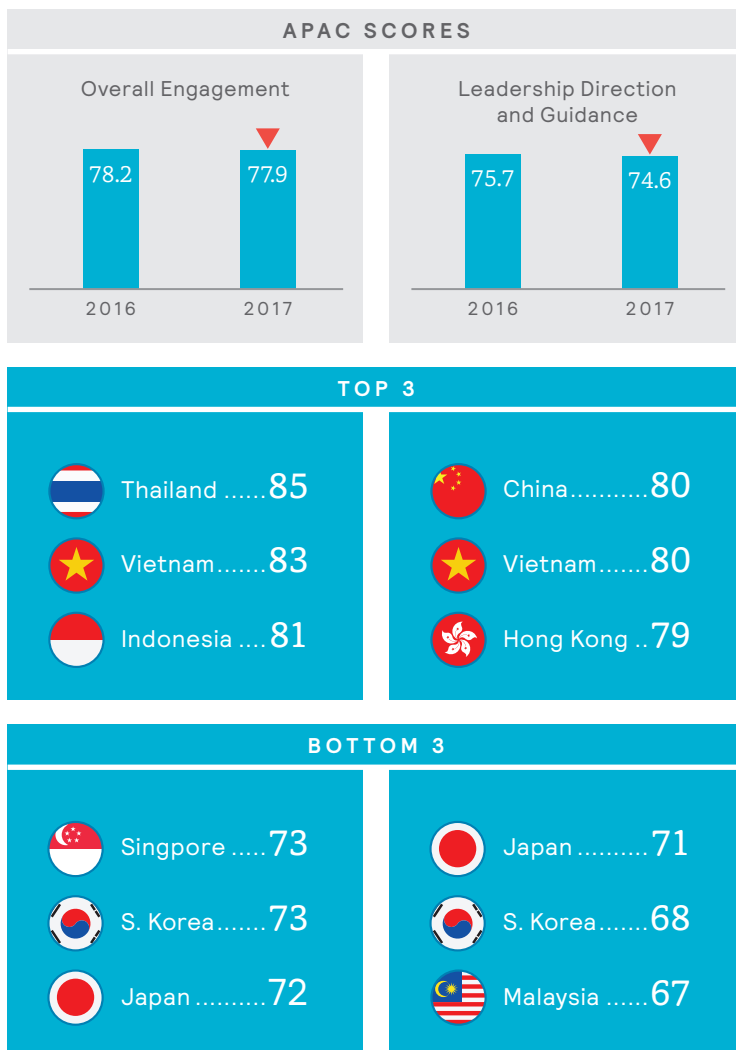
² Mercer. 2017 *Global Talent Trends* survey, 2017.

76%

OF EMPLOYEES IN APAC WOULD ADVOCATE FOR THEIR COMPANIES AS GOOD PLACES TO WORK, COMPARED TO JUST 68% IN SINGAPORE.

As we take a closer look at countries in the APAC region, Singapore ranks low when it comes to engagement. The biggest contributor to the disparity is that Singaporeans are less likely to recommend their organizations as good places to work – 76% of employees in APAC would advocate for their companies as good places to work, compared to just 68% of employees willing to do so in Singapore.

FIGURE 3. ENGAGEMENT IN APAC



Source: Mercer's 2017 Global Talent Trends survey

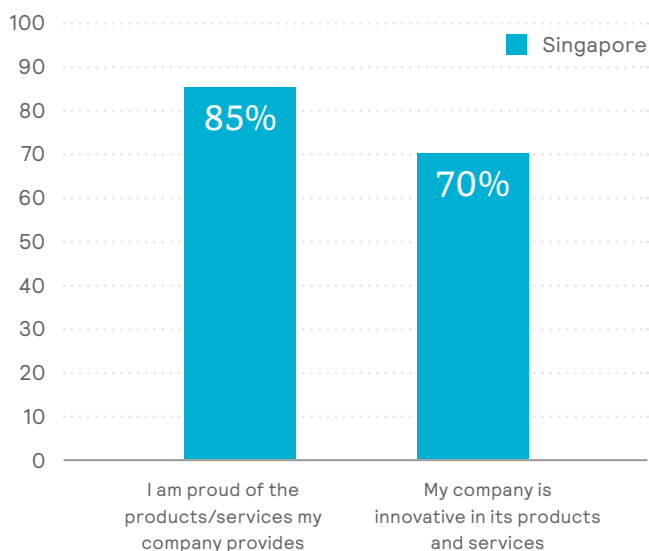


EMPOWERING EMPLOYEES MAY HOLD THE KEY

Relative to the rest of the world, our data indicates that employees in Singapore are more critical about innovation, efficiency and customer culture in the workplace.

30% of employees don't feel their organizations are continually innovating.

FIGURE 4. WHAT EMPOWERS EMPLOYEES



Although 85% of employees are proud of the products and services they currently offer, 30% don't feel their organizations are continually innovating these products and services. Apart from more innovative products, employees also feel more can be done to improve innovation internally. Notably, one out of every three employees feels that the company doesn't support the development of new ideas. This is in contrast to the strong government commitment and support around driving innovation.

Efficiency at work is also a challenge for many. Organizational structure and access to resources and information are two areas Singaporean employees feel less positive about compared to their peers globally.

Source: Mercer's 2017 Global Talent Trends survey



Indeed, one out of every three employees reports a lack of access to the right information or resources to get work done. As for the structure of an organization, nearly half of employees surveyed in Singapore feel their companies aren't organized in a way that helps employees work effectively together. Historically, as global multinationals expanded their footprints into emerging markets, most resorted to organizational structures that required local teams to report to their home offices. Though this may have been necessary in the beginning, the resulting matrix structures often require multiple approvals for decisions at the local level, leading to a perception of excessive bureaucracy among local employees.

Nearly half of employees surveyed in Singapore feel their companies aren't organized in a way that helps them work effectively together.

Our findings from Mercer's *2017 Global Talent Trends* survey align with these insights. Ninety-three percent of senior executives worldwide report they are planning to redesign their organizational structures in the next two years to adjust to the rapid pace of change in the business. As a preferred destination for multinationals to establish their global and regional headquarters, Singapore prides itself on being one of the best places to do business globally. Organizations now recognize the need to further empower their local management teams and to be able to respond to changes faster by decentralizing and simplifying structures. This intent and resulting actions could have a strong positive influence on how employees feel about the effectiveness of their organizations.

The challenge in efficiency and innovation also explains the disparity we see when examining how people in Singapore feel about servicing their customers. Singaporeans are much more critical of their organizations' customer focus compared to employees in other countries. One of the main challenges highlighted by employees is the speed and effectiveness of processes and procedures enabling them to meet their customers' needs.

53%
say processes and procedures allow them to effectively meet customers' needs.

69%
say they're able to respond quickly to the needs of their customers.



WHERE DOES SINGAPORE DO WELL?



Although there are challenges, it's important to understand that Singapore would never have become a success without some key strengths. To that end, we find that, compared to the rest of the world, employees in Singapore are more positive about three specific areas:



CONFIDENCE IN SENIOR LEADERSHIP

Singapore registers higher on the level of trust and confidence in the effectiveness of senior leadership. Notably, 79% say senior leaders are setting a clear strategic direction for the organization and are able to inspire employee confidence.

Nearly two out of three employees in the Singapore workforce believe that the better their performance, the more they will be rewarded. It's no secret that meritocracy is deeply rooted in the national ideology of Singaporean society.

Our research also suggests that employees in Singapore are clearer on what's being evaluated in terms of their performance – four in five employees say they understand what they are being evaluated on at work. In addition, 70% say they receive recognition from management for doing a good job. The clarity on the performance criteria and the higher prevalence of management behavior to reward good performance may explain the higher confidence on the performance-reward link observed in Singapore. This also correlates well with the findings of the *Global Talent Trends* survey, in which pay competitiveness, benefits and job security are even more important factors for people when deciding whether to stay and where to go.



CLARITY OF THE LINK BETWEEN REWARD AND PERFORMANCE

A WORKPLACE FOR ME

VOICE OF THE EMPLOYEE:

"Help me invest in myself."

CARING FOR MY HEALTH

56% of employees in Singapore want their companies to focus more on their health and wellness.

STEERING MY CAREER

Nearly 50% of employees in Singapore don't feel empowered to create their own career success at work.

Me, Inc.



BALANCING MY WORK/LIFE

54% want their companies to offer more flexible work options.

MANAGING MY MONEY

Mercer research shows that employees spend 13 hours per month worrying about money matters at work.



LEVEL OF INVOLVEMENT IN WORK DECISIONS

Finally, attitudes toward employee involvement are notably more positive in Singapore. Seven out of 10 employees feel they are sufficiently involved in the decision-making process on matters that may affect them as compared to 67% globally. Immediate managers play a critical role in this perception, with 80% of employees saying their immediate managers notify them of important information related to their work. Employees in Singapore are also more optimistic that feedback provided through the survey will be utilized by senior leadership.

Case study

We carried out a global study of a large Asian telecommunication company's workforce to help them unpack key issues in organizational effectiveness. The employees had seen a drop in engagement levels, and resulting performance had slipped. We saw a need for the leadership to speak to staff and reassure them about the future of the company and its direction. Following some introspection based on engagement-driven research into the company's culture, senior management was able to recognize the importance of reinvigorating the brand of the combined entity in both product and employer dimensions. Management also clearly explained what the brand meant not just for customers but for employees as well. Senior leaders instigated a campaign around brand from an employee perspective. Along with communicating brand and direction more clearly, work was done on improving efficiency in decision-making processes and helping teams work better.

The company had a significant population of workers who had been with the organization for two decades. They were working alongside much younger workers from the acquired entity, so new workforce practices were introduced to foster collaboration and trust in the two demographic segments. These focused interventions implemented over the course of one year led to an improvement of 20% in overall engagement scores and a 10% drop in employee turnover and resulted in improved levels of productivity across functions. As a result, some of the new policies were emulated across all offices, and the company was recently recognized by the industry for its progressive talent management practices.



IN CONCLUSION



Based on 40 years of research, we have found that employees have three core needs at work: achievement, camaraderie and fair treatment. Creating a culture of engagement requires a multi-stakeholder approach, which includes employees, their immediate managers and HR in addition to support from senior leadership. When these components work together, employee engagement in Singapore will increase along with staff productivity. So what do Singaporean companies need to do?

ENSURE LEADERS UNDERSTAND THEIR ROLES

One way to describe engagement is having a sense of a shared future. If leaders position the company as a “winning” one that has a positive future, they are more likely to breed engagement. Employees will feel they have a future (in terms of career and development opportunities) when they believe in the strategic direction of the company.

CREATE A POSITIVE DAY-TO-DAY EXPERIENCE FOR EMPLOYEES

This is especially important for local leaders to focus on, as it fosters a climate of partnership and trust. The feeling of “we’re in this together” can be a strong one in terms of employee engagement. In addition, a culture of high performance, openness and learning can help boost employees’ feelings of involvement and promote career development.

ADDRESS THE CORE NEEDS OF EMPLOYEES

The HR department is essential for facilitating policies and practices required to meet the needs of the workforce. At the heart of these policies are treating employees fairly, with respect and integrity, and giving them opportunities to achieve and be recognized for their efforts. Above all, employees must feel they are part of a team that values their contributions.

ENGAGEMENT IS NOT AN END IN ITSELF

Although engagement is a major part of performance, there are other elements that need to be considered, such as setting clear goals, structures and accountabilities. Flexible systems and resources that allow participation are also needed. On top of this, leaders and managers need to live the values and cultures they’re trying to create. Ultimately, engagement needs to be in the context of the organization’s strategic performance goals.

Specifically for employers in Singapore, there may be a significant opportunity to provide a sense of empowerment and belonging to the workplace as a way of fostering a stronger employer brand, one that truly resonates with the values of the workplace so that employees are proud and motivated to work with their employers. Organizations will need to simplify structures, provide more avenues for employees to voice their ideas for growth and further build upon a culture based on meritocracy and collaboration. Ultimately, though, that motivation needs to lead to efficiency and innovation gains that will enhance the productivity of the Singaporean worker as the nation prepares for its next leap into the future.

PARTICIPANT PROFILE

The following analysis was derived from the Mercer | Sirota database of responses from employees based in Singapore:

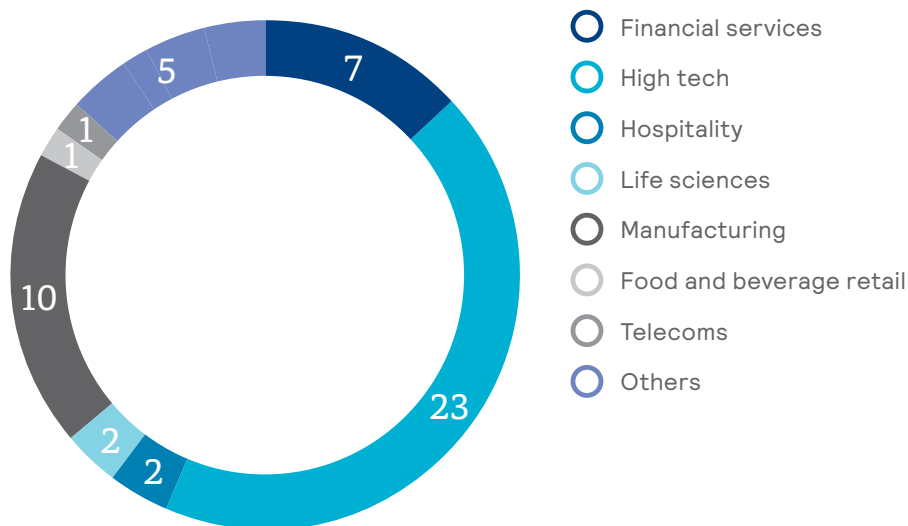
42,151
EMPLOYEES IN SINGAPORE

53
COMPANIES, RANGING FROM GLOBAL TO LOCAL MNCs

FIGURE 5. SURVEYED COMPANIES



FIGURE 6. INDUSTRIES REPRESENTED



These responses are collected as part of employee census programs that measure employee engagement as well as other strategic areas that impact overall business performance.

Note: The data presented here may only be representative of and limited to the universe of organizations that have worked with us to measure and improve employee engagement and thereby limited to organizations that are proactively looking to improve their employee experience and resulting performance.

For further information, please contact your local
Mercer office or visit our website at
www.mercer.com.

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