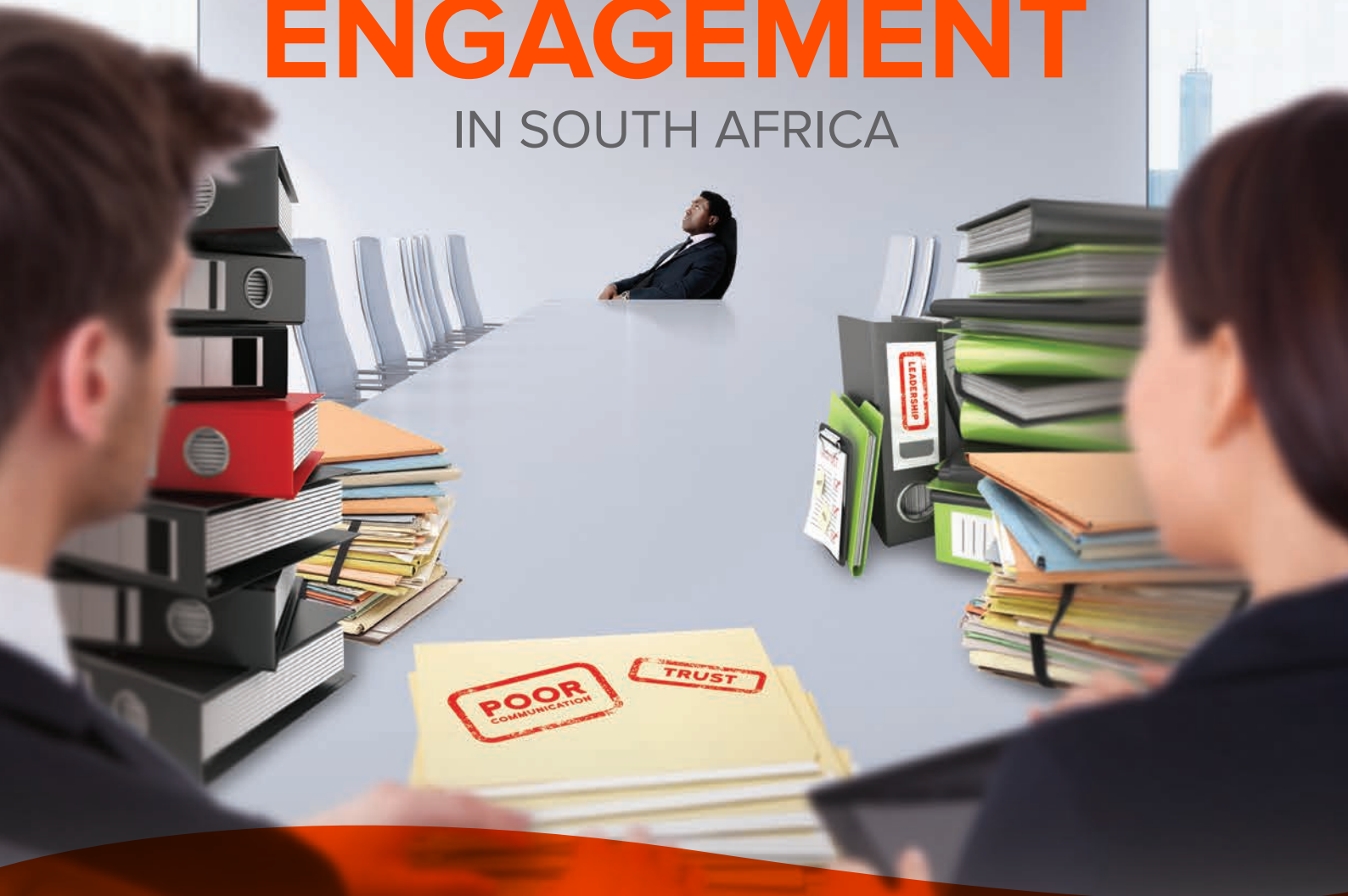



THE STATE OF
**EMPLOYEE
ENGAGEMENT**
IN SOUTH AFRICA





**...POINTS TO AN INCREASING DISCONNECT
BETWEEN MANAGEMENT AND STAFF.**


“ When employees are not engaged, they are indifferent toward their jobs -- or worse, outright hate their work, supervisor, and organisation -- and they will destroy a work unit and a business. ”

- Gallup

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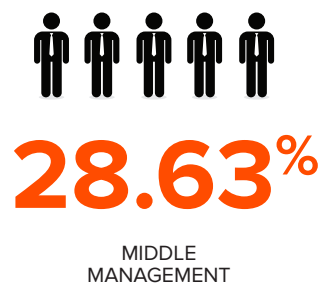
LEADERSHIP AND EMPLOYEE ENGAGEMENT ARE ESSENTIAL FOR ECONOMIC SUCCESS.

This (second) edition of PDTs report on the State of Employee Engagement in South Africa was conducted on Fin24 with over 1,100 survey participants – significantly, a large portion of those respondents (46%) listed themselves as Executive or Middle Management.

This is important data and forms the foundation of our report’s central theme.

There exists a growing disconnect between executives, middle managers and “ordinary” staff.

SURVEY PARTICIPANTS BREAKDOWN



Our findings are echoed by international research, with the Rands and Cents benefit of improved Employee Engagement supported by clear and credible data.

“A strong company culture and DNA is probably the most valuable asset overlooked by traditional accounting methods. It pays dividends that are incalculable and sets the tone for any organisation.”

- Vinny Lingham, CEO and co-founder – Gyft.

According to British multi-national, Aon¹, there exists consistent, statistically significant relationships between higher levels of employee engagement and financial performance, with a

5% INCREASE IN EMPLOYEE ENGAGEMENT = **3%** INCREASE IN REVENUE GROWTH IN THE SUBSEQUENT YEAR¹

Their research is supported by Gallup², stating that companies with highly engaged workforces **outperform their peers by 147% in earnings per share, realising:**

- 1 

FEWER QUALITY DEFECTS
- 2 

FEWER SAFETY INCIDENTS
- 3 

LESS STAFF TURNOVER
- 4 

LESS ABSENTEEISM

These are all factors that directly impact on company profit and productivity.

While, locally, the topic of Employee Engagement is still largely dismissed as the domain of HR managers, in developed states (our competitors on the global stage) it is seen as a key discipline of organisational leadership

In the 2015 State of Employee Engagement in RSA Report we highlight the widening chasm between companies' Executive Managers and their staff. In many instances we have split answers according to management level and, on each occasion, a clear pattern emerged.

We look forward to sharing this year's findings with you, drawing comparison with last year's statistics and delving into reasons for, what seems like, a general decline in levels of engagement year-on-year.

Employee Engagement is the difference between significant growth . . . and just drifting along.

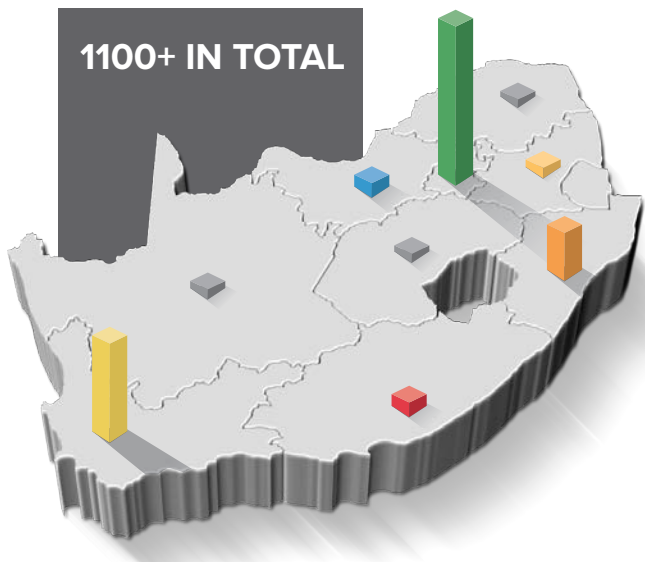
¹ Aon | 2015 Trends in Global Employee Engagement | <http://bit.ly/1MOYPXd>

² Gallup | Q12 employee engagement assessment | <http://bit.ly/1xpMvT>



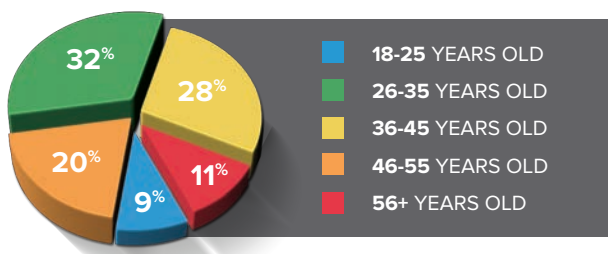
SURVEY PARTICIPANTS

DEMOGRAPHICS

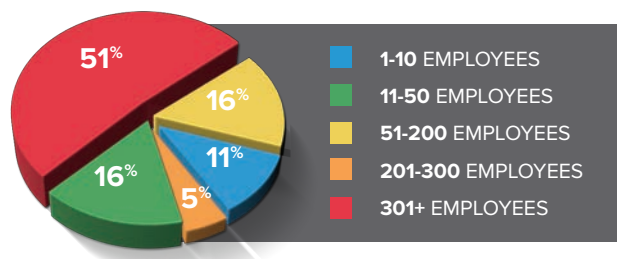


GAUTENG	57.27%
WESTERN CAPE	21.04%
KZN	7.36%
EASTERN CAPE	3.69%
NORTH WEST	3.25%
MPUMALANGA	2.82%
OTHER PROVINCES	4.57%

Q1 | PLEASE STATE YOUR AGE



Q2 | PLEASE STATE YOUR COMPANY SIZE



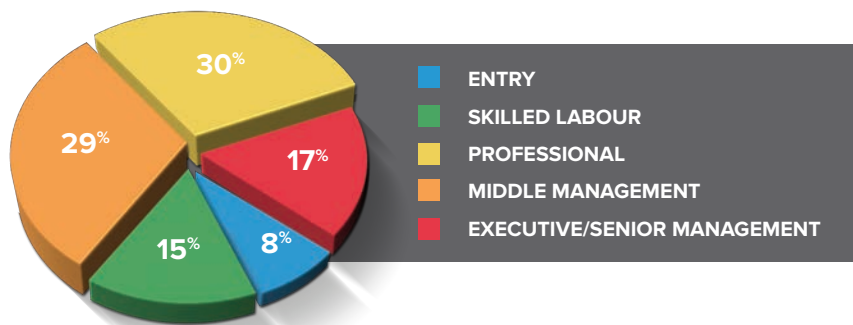
Nearly 6 in 10 (56.83%) of respondents are from companies with 200 or more employees, in fact only 27% work at companies with fewer than 50 employees . . .



80% OF THOSE SURVEYED WERE BETWEEN 26 AND 55,

representing the bulk of our productive labour force for the next decade and beyond – a poignant statistic when looking at the overall data trends presented in this survey report.

Q3 | WHAT IS YOUR MANAGEMENT LEVEL?



As already mentioned, nearly 46% of those surveyed indicated they held either Executive or Middle Management positions at their companies. Of the larger provinces, Gauteng delivered the highest percentage of executive respondents at 21%, with KZN at 17% and the Western Cape at 13%.

As far as Middle Management representation is considered, however, the Western Cape delivered a large contingent of respondents (33%) as opposed to KZN's 29% and Gauteng's 26%.

“Success in business is all about people, people, people. Whatever industry a company is in, its employees are its biggest competitive advantage.”

- Richard Branson



Most of the provinces' answers were closely matched on the majority of survey questions but there are a few where clear differences exist, as highlighted below – interestingly, it is residents from the province of KwaZulu-Natal that rank highest in 4 key questions:

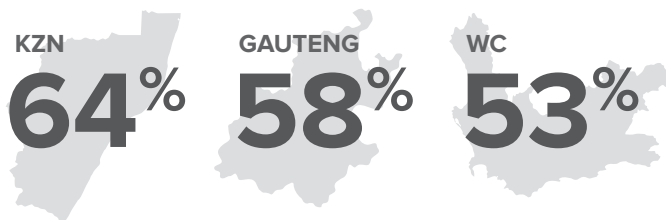
Q1 HOW DO YOU FEEL ABOUT COMING TO WORK IN THE MORNING?

Motivated to make a difference



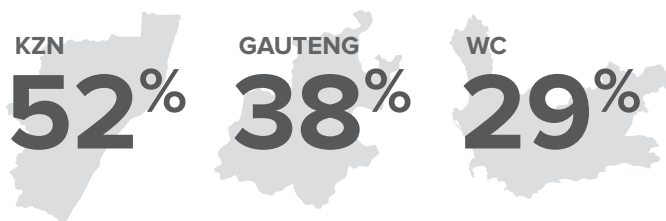
Q2 ARE YOU ENCOURAGED TO SHARE IDEAS AND THINKING WITH TEAM/MANAGEMENT

Yes, I am.



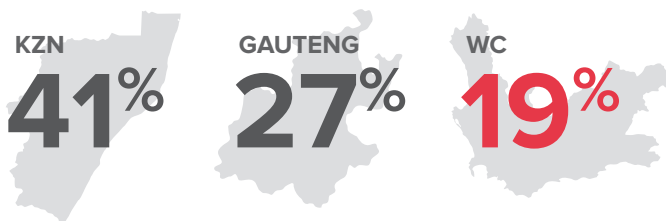
Q3 DOES YOUR MANAGER / SUPERVISOR / DIRECT SUPERIOR INSPIRE YOU?

Yes, he/she does.



Q4 DO YOU FEEL MANAGEMENT COMMUNICATES EFFECTIVELY WITH YOU?

Yes, I do.



8 OUT OF **10**

It is important to note that **8 out of 10 Western Cape** Respondents and **73% of those residing in Gauteng** want **more effective communication** from their managers, while **less than 1 in 3** in the Cape and just a touch over 33% in Gauteng feel **inspired by their managers**.

STATE OF MIND

When split between Executives, Middle Managers and General staff, a clear pattern emerges.



Question | HOW DO YOU FEEL ABOUT COMING TO WORK IN THE MORNING?

EXECUTIVES

89%

MOTIVATED



MIDDLE MANAGERS

61%

MOTIVATED



GENERAL STAFF

58%

MOTIVATED



4/10

EMPLOYEES ARE LARGELY DISENTRESTED

Only 58% of all respondents felt motivated to make a difference, while a staggering 4/10 were either largely disinterested, unsure of what they should be focusing on (over 18%) or did not provide an answer to the question.

If 42 out of every 100 staff members are not motivated to affect real change, what is the impact of that on **levels of production, service, innovation and workplace cohesion?**



WHAT IS THE IMPACT OF THAT ON COMPANY TURNOVER?

Question

DO YOU UNDERSTAND HOW YOUR ROLE CONTRIBUTES TO ACHIEVING BUSINESS OUTCOMES AND GOALS?



84% YES!

Overall **NO REAL DISCERNABLE DIFFERENCE** from 2014's 80 plus percent, with 84% answering to the positive.

However, here the data points to a major cause of disengagement, as there is a massive drop between knowing what their role is, and having the tools to do the job . . .

OVERALL only 57% feel they have the necessary tools to do their job effectively.

Question

DO YOU HAVE THE RIGHT TOOLS TO DO YOUR JOB?



EXECUTIVES

86%

MIDDLE MANAGERS

53%

GENERAL STAFF

55%



NATIONAL AVERAGE SHOWS
3% DROP

2014
60% say yes

2015
57% say yes

Question

DO YOU HAVE AN OPPORTUNITY TO CONTRIBUTE TO DECISIONS THAT IMPACT THE ROLE YOU PLAY IN THE ORGANISATION?

EXECUTIVES

13%
WANT MORE SAY

MIDDLE MANAGERS

65%
WANT MORE SAY

GENERAL STAFF

70%
WANT MORE SAY

Here the gulf between Executives and the rest of their staff becomes even clearer, while the overwhelming majority (8/10) know what is expected of them **only 5 in 10 say they have the tools** to execute according to expectation, with 6.2 out of every 10 wanting more say on decisions that impacts their role.



Opportunity to contribute to decisions?

NATIONAL AVERAGE SHOWS

3% DROP

2014

42% have say

2015

38.9% have say

CLEARLY IN TERMS OF COLLABORATION AND INCLUSION THERE IS A **GAP TO ADDRESS.**

WORKPLACE COHESION

SHARE, ADAPT, INNOVATE?

The gap in terms of collaboration is highlighted by the following questions set



Q1

ARE YOU ENCOURAGED TO SHARE IDEAS AND THINKING WITH YOUR TEAM/MANAGERS?

NON-MANAGERIAL STAFF

ONLY 50%

are encouraged to share ideas

EXECUTIVES

99%

Are encouraged to share ideas

OVERALL

6% DECLINE FROM 2014

Q2

IN MY ORGANISATION, EMPLOYEES ADAPT QUICKLY AND EMBRACE NECESSARY CHANGES.

NON-MANAGERIAL STAFF

ONLY 29%

Agree

EXECUTIVES

60%

Agree

OVERALL

4.7% DECLINE FROM 2014

Q3

IN OUR COMPANY,
EMPLOYEES
PROACTIVELY IDENTIFY
FUTURE CHALLENGES
AND OPPORTUNITIES

NON-MANAGERIAL STAFF

ONLY 28%
Agree

EXECUTIVES

63%
Agree

OVERALL

14% DECLINE FROM 2014



South African Companies have a serious problem with change management, with Year-on-Year comparisons showing a steady to strong decline across the board.



AGAIN IT IS INTERESTING TO NOTE THE
DIFFERENCE IN OPINION BETWEEN COMPANY
LEADERSHIP AND STAFF.

PERCEPTION

OF SENIOR MANAGEMENT: COMMUNICATION, LEADERSHIP, TRUST?



The 2014 Deloitte Human Capital Trends South Africa Report³ highlights trends that should be top of the agenda for HR and Company Executives with respect to people development, they are:



The following five questions further support the notion that regular employees perceive executive management as largely out of touch with their everyday reality.

Q1 | DOES YOUR MANAGER /SUPERVISOR / DIRECT SUPERIOR INSPIRE YOU?

ONLY 35% Of All Respondents Answered Yes, “My Manager Leads By Example And Communicates Goals Clearly”

company executives, in turn, were **MORE OPTOMISTIC** about their direct superiors,

77% YES!

NEARLY 1 IN 4 EXECUTIVES have little faith in their peers.

³Deloitte | South Africa Human Capital Trends 2014 | <http://bit.ly/1JmzJFJ>

Q2 | DO YOU FEEL THAT MANAGEMENT COMMUNICATES EFFECTIVELY WITH YOU?

In 2014, 67% of respondents highlighted the need for better communication from their managers . . . in 2015 that number has risen to 73%.

EXECUTIVES

0%

A staggering survey statistic is that **0%** of senior managers' surveyed believed improved management communication is required.



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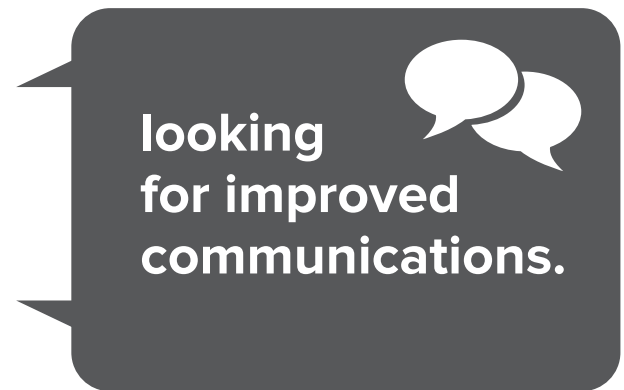


MIDDLE MANAGERS

75%

OTHER STAFF
(entry level, skilled labour, professional)

77%



looking for improved communications.

Overall **NEARLY 25%**

rated management communication in their company as **EXTREMELY POOR**

nearly **40%** of all those surveyed

WANT MORE MEANINGFUL COMMUNICATION between management and staff.

Q3 | IS COMPANY PERFORMANCE DISCUSSED OPENLY AND SHARED WITH STAFF?



ONLY

3/10

OF MIDDLE MANAGERS AND STAFF SAY THAT REGULAR FEEDBACK IS RECEIVED

MEANWHILE

7/10

OF EXECUTIVE MANAGEMENT RESPONDENTS SAY THAT REGULAR FEEDBACK IS GIVEN

Q4 | WHEN INFORMATION IS SHARED, DO YOU TRUST THE DATA AS SUPPLIED BY MANAGEMENT?



ONLY

3/10

STAFF HAVE NO REASON TO DOUBT THE ACCURACY OF DATA SHARED



MEANWHILE

8/10

EXECUTIVES HAVE NO REASON TO DOUBT THE ACCURACY OF DATA SHARED



Q5

CAN YOU RECITE
YOUR COMPANY'S
MISSION AND VISION
STATEMENTS?



EXECUTIVES

60%
YES!

MIDDLE MANAGERS

34%
YES!

GENERAL STAFF

32%
YES!

THE MESSAGE IS CLEARLY NOT
FILTERING THROUGH TO STAFF AS
EXECUTIVES ARE, PERHAPS, GUILTY OF
OPERATING IN AN ENVIRONMENT OF
“DO AS I SAY, NOT AS I DO”.



PDTs survey statistics show that company executives and staff are not singing from the same hymn sheet.

While this report places a lens on the extent of the problem on local soil, companies around the world all face **key challenges in dealing with employee engagement**⁴.



-  **Leadership quality** is one of the biggest obstacles to progress
-  A 21st century workforce that is different, **requiring new methods of engagement and retention**
-  **HR that is falling behind** in structure, skills, analytics and technology
-  Employees are **overwhelmed by data**
-  **Skills gaps** and need for next-generation learning

TAKING THE OVERALL REPORT TREND INTO CONSIDERATION IT **DOES** COME AS A SURPRISE TO FIND ONE QUESTION WHERE **EVERY RESPONDENT IS IN AGREEMENT.**

⁴ Deloitte | South Africa Human Capital Trends 2014 | <http://bit.ly/1JmzJFJ>

EMPLOYEE ENGAGEMENT

Question

DO YOU THINK YOUR PERFORMANCE / MOTIVATION WOULD BE BETTER IF YOUR COMPANY ENGAGED MORE EFFECTIVELY WITH YOU?

60%

EXECUTIVES

68%

MIDDLE MANAGERS

61%

GENERAL STAFF

BETTER ENGAGEMENT NOW!

GIVE US BETTER EMPLOYEE ENGAGEMENT!

YES!



In addition, another 24% of “regular staff” (and 20% of middle managers) feel that enhanced engagement could have a positive effect on their performance, although “a lot of things would need to change”.

84%

OF ALL STAFF WANT MORE EFFECTIVE EMPLOYEE ENGAGEMENT

CONCLUSION

WORLDWIDE, COMMUNICATION FAILURE BETWEEN MANAGEMENT AND EMPLOYEES IS ONE OF THE MAJOR REASONS FOR A DISENGAGED WORKFORCE.

Until recently the topic of Employee Engagement in South Africa was largely ignored, with this edition of PDTs annual report one of the most comprehensive in drilling down into the **differences in “state of mind” and “overall perceptions”** that exist between company leadership and their staff.

As stated in our Executive Summary, it has been a habit of local business executives to dismiss Employee Engagement as non-essential to company performance and, by and large, the responsibility of Human Resources to drive forward.

In strong contradiction to this belief, research by Gallup, Aon, Deloitte and other leading international contributors clearly point to **Employee Engagement as a key aspect of executive leadership.**

The economic impact of a disengaged workforce is estimated to cost economies billions in lost revenue, with 2013s “Engaged for Success”⁵ report calculating that, in the UK alone, the annual cost of a labour force that is

64% DISENGAGED
IS APPROXIMATELY

\$64.8
BILLION.

Taking into consideration data from our report, indicating that **over 80% of South African employees believe their work performance and motivation would be better if their companies engaged more effectively with them,** and we are faced with the reality that . . .

**POOR ENGAGEMENT COSTS OUR COMPANIES,
AND OUR COUNTRY, BILLIONS IN LOST
REVENUE EVERY YEAR.**

⁵ Engage for Success | The Macleod Report | <http://bit.ly/1ExRMRU>

The 2015 State of Employee Engagement Report points to a clear disconnect between company leadership and their staff.

At the heart of this disconnect are the old, dated and largely ineffective methods of communication that companies use to engage with a 21st century workforce



From CEO to secretary, a paradigm shift in thinking and execution is required to move our companies forward.



THE NEGATIVE SLIDE IN YEAR-ON-YEAR STATISTICS MAKES IT CLEAR THAT DECISIVE ACTION IS REQUIRED TO IMPROVE COMMUNICATION AND ENGAGEMENT.

About PDT and its Corporate Communications Suite – TV Republic (TVR).

Public Display Technologies (PDT) is a South African technology and communications company, focusing on the delivery of full-service business solutions to the Corporate, Retail, Mining and Industrial industries.

Founded in 2003, PDT was originally focused solely on digital display technologies and their application in verticals such as Corporate and Retail, as well as the Mining and Industrial sectors.

Since then, PDT has evolved into a diverse communications company that specialises in a variety of technologies, from Interactive “Self-Service” Kiosks, Digital Retail and Outdoor LED solutions to a full suite of cutting-edge hardware and software products that allow companies to create (and operate) their own communications network . . . also known as TV Republic (TVR®).

With TVR® you can create, distribute and monitor content efficacy in a simple and effective way – allowing you to engage with your staff on any device, anywhere in the world, within minutes.



tv republic
CORPORATE COMMUNICATIONS SIMPLIFIED



Developed by PDT to address a global engagement problem, the purpose of TVR® is to deliver clear and contextually accurate engagement to a 21st century workforce.

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Making Technology Useful

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