

**Strategic direction = engaged employees = competitive advantage
Watson Wyatt**

Companies with clear strategic direction are the most successful at engaging their employees. Engaged employees are not only highly committed but understand how they can make a positive contribution.

According to Watson Wyatt research, highly engaged employees work at organisations with superior financial performance measured by total shareholder return, market premium and employee productivity. Employee engagement combines commitment with focus and direction, so providing employees with a clear 'line of sight'.

While Watson Wyatt's latest WorkEurope survey found that the most important driver for ensuring employee engagement is strategic direction, other drivers of engagement include employer communication, the attention given to customer focus within the organisation, performance management, and pay and other rewards.

"Business leaders who articulate the business strategy give employees a clear 'line of sight' to how they can best contribute to the performance of their company," said Andrew Cocks, a senior consultant at Watson Wyatt. "But the benefit goes beyond this. It helps to build trust in the company and its management and creates a positive environment where all employees have well understood shared goals."

The research involved segmenting employees into five groups that reflect varying levels of commitment and line of sight:

Value creators (score highly for both commitment and line of sight, 13 per cent of employees in the survey)

Core contributors (medium to high commitment and/or medium to high line of sight, but not high for both, 51 per cent)

Aligned sceptics (medium to high for line of sight but low on commitment, 12 per cent)

Lost believers (medium to high on commitment but low on line of sight, 12 per cent)

Disengaged (low for both commitment and line of sight, 12 per cent)

"Segmenting employees in this way is important because considering the differences among segments when companies design employee programmes helps ensure that they retain the right people and get the best return on their investment," said Andrew Cocks. "The key to engaging employees comes from targeting the right employees with the right programmes. Companies that segment employees based on commitment and 'line of sight' can find the right drivers that will retain and motivate their most valuable employees. Programmes that increase trust, empowerment and customer focus increase engagement and therefore provide a competitive advantage."

Watson Wyatt's 2007 WorkEurope is one of the largest statistically representative surveys on the attitudes of workers in Europe. It involved nearly 14,000 full-time employees in medium and large private sector organisations. The survey covered all major employment sectors in Belgium, France, Germany, Ireland, Italy, the Netherlands, Russia, Spain, Sweden and the UK. It included some 60 questions focused on commitment, communication, compensation and benefits, customer focus, hiring and advancement, line of sight, performance management, strategic direction and leadership, training and development, trust and ethics, values, work environment and team, and work/life balance. The study is part of an ongoing series of studies by Watson Wyatt into employee attitudes around the globe.

Source: Watson Wyatt

Watson Wyatt Worldwide

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