

Leveraging Employee Confidence and Loyalty: A Leadership Imperative

A survey conducted by APCO Worldwide and Gagen MacDonald reveals surprisingly high levels of confidence among American employees in the overall direction and management of their respective companies, despite the current economic environment. The survey also uncovered unexpectedly high degrees of company loyalty and trust – although employees are much less certain how loyal their company is to them.

Employees also believe strongly that the company they work for is ethical and has well-defined values that are clearly aligned with business strategy. All this translates into high levels of job satisfaction and the desire to stay with their current employer. However, the survey indicates mixed sentiments regarding current employee morale with nearly one-third of the respondents believing morale is worse than it was one year ago.

Employees have slightly more confidence in their immediate supervisor's ability to effectively lead, and significantly more confidence in their immediate supervisor's job performance, when compared to their CEO. Despite the current controversy surrounding CEO compensation, less than one-third of the employee respondents believe their CEO is compensated too highly; significantly fewer believe their immediate supervisor is compensated too highly.

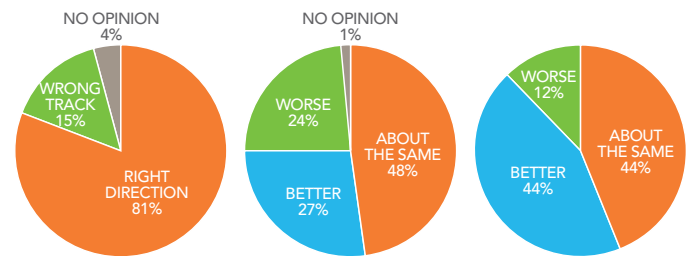
The survey reaffirms the important role effective communication, particularly from the CEO, plays in improving mutual trust and loyalty. Employees believe that both the quality and frequency of communication from their immediate supervisor is significantly better than from their CEO. Employees also feel their company falls far short in adequately explaining the company's future direction. Finally, employees say they prefer to receive information about their company via e-mail, face-to-face meetings and directly from management, as opposed to other modes of communication.

In summary, the survey results reveal a positive employee attitude that can and should be leveraged to a company's advantage. By engaging employees more strategically, companies can and must demonstrate their loyalty which will allow them to build higher performing cultures and organizations. As the survey reinforces, this begins with leadership's ability to articulate an inspiring vision for the company, build meaningful relationships with employees, and be transparent about decisions and their implications.

CONFIDENCE

Employees confident in company direction and management

Overall, employees are very confident about the current and future direction of their company. More than 80 percent of the respondents say their company is headed in the right direction, while only 15 percent say things are headed in the wrong direction. Compared to a year ago, 48 percent believe things are about the same, while one quarter believe things are worse and another quarter perceive things as better. Nearly nine in 10 employees believe conditions will be better or about the same a year from now; only 12 percent think they will be worse.



Do you feel your company is currently headed in the right direction or are things off on the wrong track?

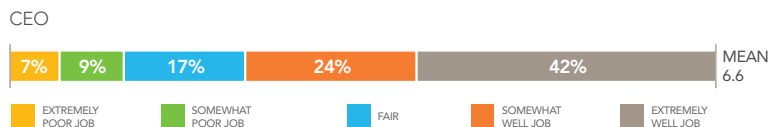
Compared to a year ago, do you feel things in your company are going better, worse or about the same?

Thinking ahead one year from now, do you expect things in your company to be better, worse or about the same?

JOB PERFORMANCE

More than two-thirds of the employee respondents believe their CEO is performing his or her job well or extremely well, compared to nearly three-quarters who believe their immediate supervisor is performing his or her job well or extremely well. Nearly 75 percent of the respondents are also highly confident in their CEO's and immediate supervisor's ability to effectively lead their organization. Unsurprisingly, those who believe their company is headed in the wrong direction rate the performance of their CEO significantly lower.

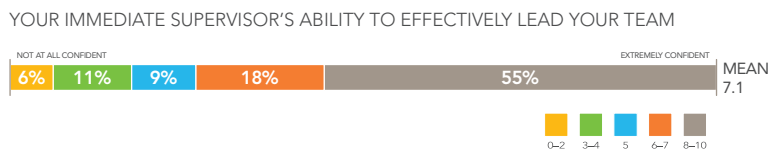
In your opinion, how well is the CEO of your company performing his or her job? Please use a scale from 0 to 10 where a 0 means he or she is doing an extremely poor job, a 5 is a fair and a 10 means he or she is doing extremely well. Of course, you can choose any number between 0 and 10. [n=491]



In your opinion, how well is your immediate supervisor performing his or her job? Please use the same 0 to 10 scale. [n=491]



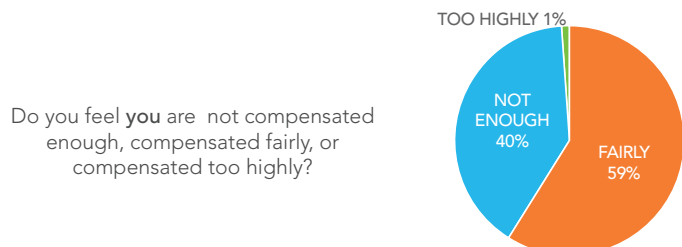
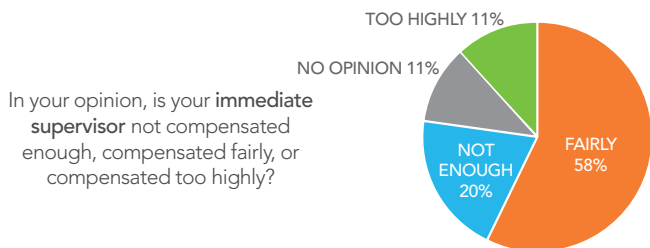
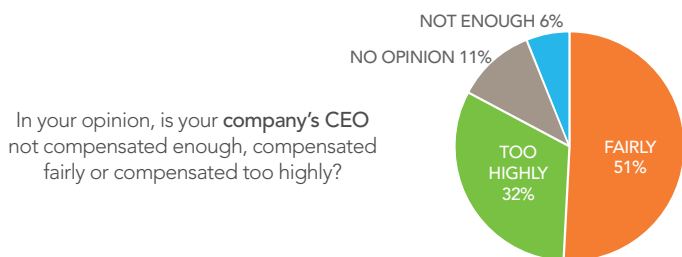
On a scale of 0 to 10 (0 being "not at all confident" and 10 being "extremely confident"), what is your level of confidence in...



Note: "Don't know" or "refused to answer" percentages are not included in charts.

COMPENSATION

Despite the current controversy surrounding CEO compensation, only 32 percent believe their CEO is compensated too highly. Just 11 percent believe their immediate supervisor is compensated too highly. These results vary significantly depending on the respondent's salary level. Employees are somewhat less positive about their own compensation; four in 10 respondents do not believe they are compensated sufficiently.



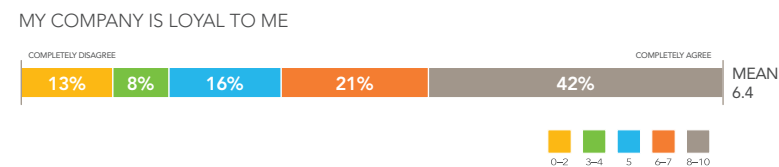
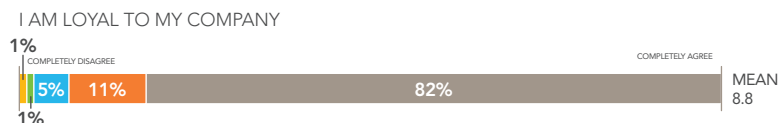
LOYALTY, TRUST, ETHICS AND VALUES

Loyalty and trust high, but not mutual

More than 80 percent of respondents say they are extremely loyal to their company and personally motivated to do all they can to help their company succeed. Fewer than half, however, say they completely agree with the statements "my company is loyal to me" and "my company values its employees."

There is significantly higher agreement on company reciprocity among younger, more highly compensated, non-union and less-tenured employees. Employees also have a significantly higher level of trust in their immediate supervisor than they do in their CEO.

For each statement, please tell me if you disagree or agree with it, using a 0 to 10 scale. On this scale a 0 means you completely disagree with the statement, a 5 means you neither disagree nor agree, and a 10 means you completely agree with it.



Note: "Don't know" or "refused to answer" percentages are not included in charts.

Nearly 70 percent of respondents believe their company is ethical, while nearly 60 percent believe their company has a set of clearly defined values that drive behavior, that those values are clearly aligned with the company's business strategy, and that the company CEO supports and lives those values.

For each statement, please tell me if you disagree or agree with it, using a 0 to 10 scale. On this scale a 0 means you completely disagree with the statement, a 5 means you neither disagree nor agree, and a 10 means you completely agree with it.

THE COMPANY I WORK FOR IS ETHICAL



MY COMPANY'S VALUES ARE CLEARLY ALIGNED WITH OUR BUSINESS STRATEGY



MY COMPANY HAS A SET OF CLEARLY DEFINED VALUES THAT DRIVES ALL OF OUR BEHAVIOR



MY COMPANY'S CEO SUPPORTS AND LIVES OUR VALUES



THE EXECUTIVE TEAM IN MY COMPANY COMMUNICATES REGULARLY ABOUT OUR COMPANY VALUES



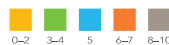
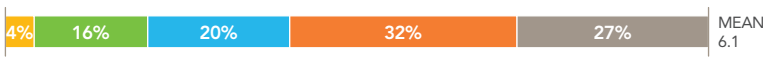
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MORALE

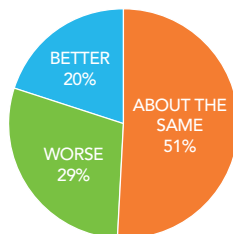
The respondents had varying views on employee morale. Only 27 percent of respondents believe morale in their organization is extremely positive, while 20 percent think it is extremely or somewhat negative. Only two in 10 employees believe morale is better compared to a year ago, while nearly one-third say it is worse. Morale declined with tenure and was lower among union employees.

How would you describe the morale in your company? Please use a scale from 0 to 10 where a 0 is extremely negative, a 5 is neither positive or negative, and a 10 is extremely positive.

CURRENT



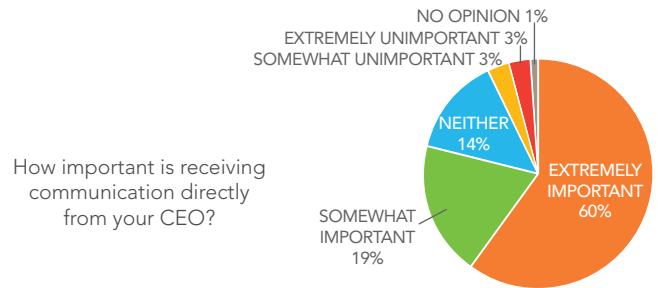
Compared to a year ago, do you feel morale in your company is better, worse or about the same?



COMMUNICATION

Engagement and effective communication are critical

The survey reaffirmed the important role effective communication plays in improving mutual loyalty and trust. Nearly eight in 10 respondents believe it is extremely or somewhat important to receive communication directly from their CEO, yet fewer than half consider the current quality and frequency of that communication as excellent. Employees are significantly more positive about the quality and frequency of the communication they receive from their immediate supervisor.



Using a scale of 0 to 10, where 0 means poor and 10 means excellent, how would you rate...

QUALITY OF COMMUNICATION FROM CEO



QUALITY OF COMMUNICATION FROM IMMEDIATE SUPERVISOR



FREQUENCY OF COMMUNICATION FROM CEO



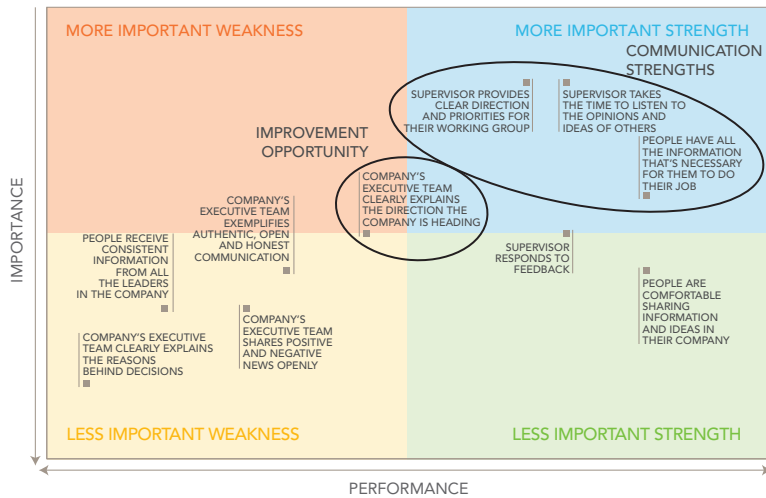
FREQUENCY OF COMMUNICATION FROM IMMEDIATE SUPERVISOR



Note: "Don't know" or "refused to answer" percentages are not included in charts.

COMMUNICATION EFFECTIVENESS

The survey also asked respondents to rate the importance of several important aspects of communication compared to how well they believe their company is performing against those dimensions. Overall, employees generally believe their company successfully communicates the information necessary for them to perform their job and that their supervisor takes the time to listen to the opinions and ideas of others, and provides clear direction and priorities for their work group. Employees, however, see their company's executives falling short on clearly explaining the future direction of the company.



This shortcoming is reinforced by the relatively lower levels of confidence the respondents have in the communication they receive from their CEO and immediate supervisor about the state of their companies.

On a scale from 0 to 10 (0 being "not at all" and 10 being "extremely confident"), what is your level of confidence in...

COMMUNICATION YOU RECEIVE FROM THE CEO ABOUT THE STATE OF YOUR COMPANY



COMMUNICATION YOU RECEIVE FROM YOUR IMMEDIATE SUPERVISOR ABOUT THE STATE OF YOUR COMPANY

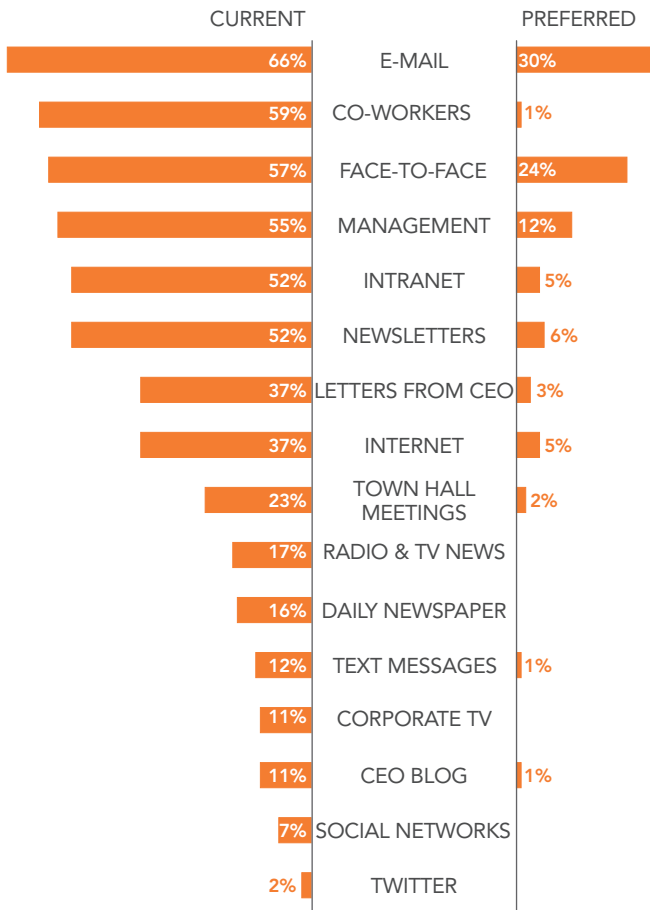


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COMMUNICATION VEHICLES

Finally, the respondents were asked to indicate the current sources of company information compared to their preferred sources. Clearly, employees prefer to receive information about their company via e-mail, face-to-face from management, newsletters and the Intranet/Internet. There is little expressed interest in receiving information from outside news reports, corporate videos, social media and CEO blogs.

In which of the following ways, if any, are you currently getting information about your company? How do you prefer to receive information about your company?



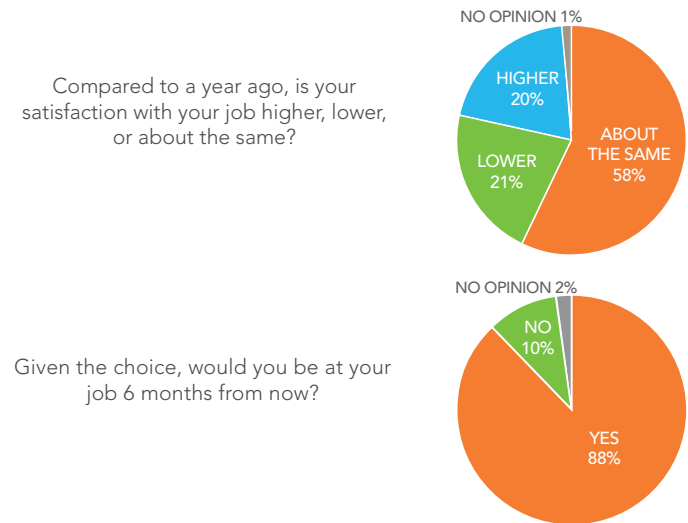
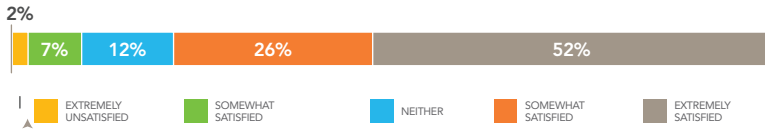
Note: Multiple responses allowed

Note: Single response allowed

JOB SATISFACTION

Respondents, however, report very high levels of job satisfaction. Nearly 80 percent say they are extremely or somewhat satisfied with their current job, while only 9 percent are extremely or somewhat unsatisfied. Given the choice, nearly 90 percent of the employees say they will be at the same job six months from now.

How satisfied are you with your current job?



Reasons for job dissatisfaction

Those employees who were most dissatisfied with their jobs said it was the poor quality of the communication and leadership they associated with their company's management and their supervisor that was responsible for their dissatisfaction. Dissatisfied employees also cited concerns about the stability of their company, the amount of work (either the fact they felt overwhelmed by how much they had to do or how little they expected there may be in the future), as well as being underpaid as key elements in their dissatisfaction.



Reasons for job satisfaction

When employees who were most satisfied with their jobs were asked for the reasons why, most cited the nature of their work or job as the primary reason for their satisfaction. Satisfied employees also said that liking the people they work with, job security, and their supervisor and senior management were important reasons for their satisfaction. Interestingly, pay and benefits fell lower on the list of overall reasons for job satisfaction.



Implications of the survey results

The Employee Confidence Survey provides valuable insights companies can use to improve their employee engagement, communication strategies and programs. The survey uncovered a reservoir of positive employee attitudes companies can capitalize on by employing several proven strategies, including:

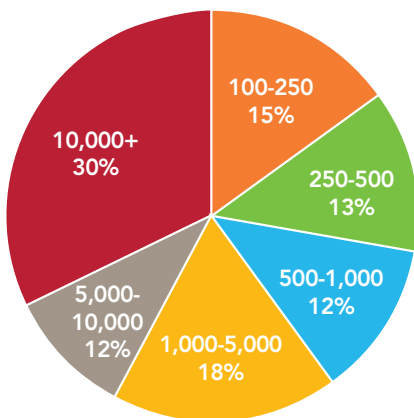
- **Helping leaders to articulate the vision.** Employees will be more engaged if they are enlisted in a common cause. Train leaders to tell a compelling strategic story in an authentic way. Use clarity, information and inspiration to tap into the rational and emotional levers that motivate employees.
- **Developing a consistent message platform to drive engagement.** An effective platform consists of concepts that leaders, and subsequently employees, will put into their own words. It is not a collection of phrases, tag lines, slogans or other sets of words that are memorized and automatically repeated. The message platform provides management, from the CEO to the front-line supervisor, with a means to talk to employees so they will listen. It organizes messages so they are concise, simple to remember and easy to deliver. It relates words to actions so they are connected and mutually supporting.
- **Improving recognition and rewards.** Support leaders in demonstrating through words and actions that people are fundamental to driving company performance. Develop programs to recognize team members who demonstrate exemplary performance in living the values.
- **Opening feedback channels.** Active listening and soliciting feedback is an important way to give employees a voice in the organization and engage them in the business. High performance organizations use feedback to give employees input into how work gets done and the business is run. More importantly, when an organization is open to employee ideas and feedback, it connects the workforce to the strategy and shows each person can contribute to achieving business objectives.
- **Establishing strategic communication competencies for leaders, managers and supervisors.** Work with leaders at all levels to build the fundamental competencies essential for open communication throughout the organization. In many companies, open communication is identified as a value but it has little connection to the day-to-day communication styles of senior leaders, managers and supervisors within a company. Embed core strategic communication competencies critical to building trust, credibility and respect.
- **Enabling managers and supervisors to become trusted advisors.** Counsel supervisors and managers to develop trusted advisor skills. Help them turn conversations into meaningful discussions that build relationships, engender trust and inspire employees to give their best efforts at work.

About the survey

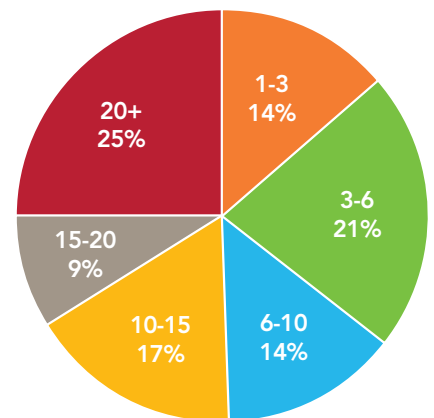
The survey was conducted by APCO Insight®, the opinion research group at APCO Worldwide, by telephone from September 28 to October 5, 2009. The respondents included 500 workers who were employed full time, had been employed at their company for at least one year and worked at a company that had more than 100 employees. The sampling error for the survey is ± 4.4 percent at the 95 percent confidence interval.

Demographics

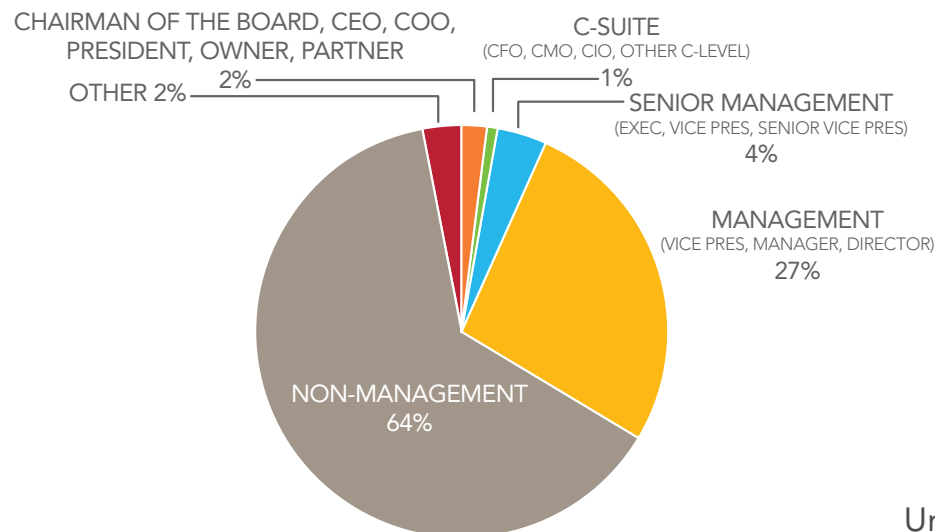
Size of Company
(number of employees)



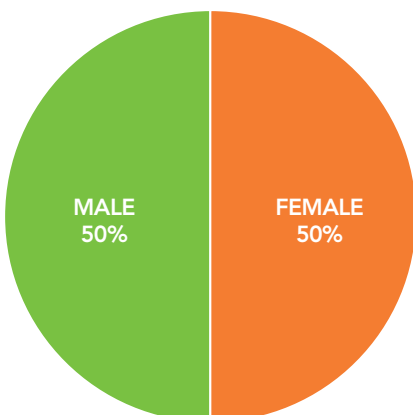
Length of Employment
(years)



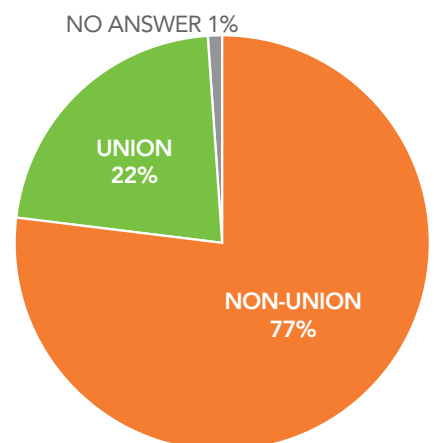
Responsibility Level



Gender



Union/Non-Union



About APCO Worldwide

Founded in 1984, APCO Worldwide is an award-winning, independently owned global communication consultancy located in 29 major cities throughout the Americas, Europe, the Middle East, Africa and Asia. Headquartered in Washington, D.C., APCO clients include corporations and governments; industry associations and nonprofit organizations; and seven of the top 100 companies on *Fortune's* Global 500. APCO offers services related to business, industry and finance; media, public opinion and society; and government and public policy. The firm is a majority women-owned business. For more information, please visit www.apcoworldwide.com.

About Gagen MacDonald

Gagen MacDonald, formed in 1998 and based in Chicago, is a strategy execution firm dedicated to helping companies navigate change and drive business performance. An independently owned, certified Women's Business Enterprise, the firm is an award-winning leader in its field, recognized among many of the *Fortune* 500 for its expertise in change leadership and alignment, employee engagement and communication, strategic planning, building organizational capability, and research and measurement. The firm counsels many of the world's largest corporations and global brands across a variety of industry segments. For more information please visit www.gagenmacdonald.com.

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