



The Kenexa® Research Institute Asks: Does an Organization's Leadership Team Really Affect Employee Satisfaction?

The Kenexa® Research Institute (KRI) evaluated workers' views of their organization's senior leadership team. According to the latest research, an organization's senior leadership team has a significant impact on its employees' overall opinions of the company and engagement levels, which have been linked to both earnings per share and total shareholder return. The data come from an analysis of the WorkTrends™ database, an annual survey of worker opinions conducted by KRI.

The latest results indicate that the global rating of senior leadership effectiveness is 51%. Employees in India (69%), Brazil (59%) and the United States (54%) report the highest ratings of leadership effectiveness followed by those in China (53%) and Canada (52%). Workers in Japan (33%) reported the lowest ratings. Employees' evaluations of their organization's leadership team are driven by the extent to which senior managers gain employees' confidence through their decisions, actions and communications, keep employees well informed regarding company direction, and are seen as having the ability to deal with the organization's challenges.

Employees in the United States believe their senior leadership teams are effective because leadership is viewed as trustworthy, employees are kept well-informed, leadership demonstrates that quality and improvement are important, the company strives to serve its multiple stakeholders, and employees have confidence in the future of the organization.

For all workers studied, a strong organizational leadership team has a significant impact on its employees' engagement

levels. Employee engagement is the extent to which employees are motivated to contribute to organizational success, and are willing to apply discretionary effort to accomplishing tasks important to the achievement of organizational goals. Engaged employees favorably rate their pride in their organization, willingness to recommend it as a place to work and their overall job satisfaction.

Additionally, employees with positive opinions of their leadership team state a much higher intention to stay with the organization versus those who are dissatisfied. Those who favorably rate their leadership teams are also much more likely to have confidence in the organization's future and feel that they have a promising future with the company.

"These findings reinforce the importance of senior management's communication with employees. Those teams that demonstrate a strong emphasis on gaining employees' confidence through their decisions and actions, keep employees well informed regarding company direction, and have the ability to deal with the organization's challenges are the teams that will build more highly engaged workforces and outperform their competitors," said Jack W. Wiley, Ph.D., executive director, Kenexa Research Institute.

Database Overview

The WorkTrends database is a comprehensive normative database of employee opinions on topics including leadership, employee engagement and customer orientation. In 2009, approximately 10,000 U.S. citizens, and 1,000 individuals in each of the following countries/regions took the WorkTrends

survey online: Brazil, Canada, China, France, Germany, India, Italy, Japan, Spain, and the United Kingdom, and 750 individuals in Russia. The Gulf Co-op Council (GCC) countries of the Middle East were also surveyed to a lesser extent due to surveying limitation in that region of the world. The GCC countries include the Saudi Arabia, United Arab Emirates, Qatar, Bahrain, Oman and Kuwait. Altogether, 21,920 employees were surveyed in 2009.

Study Details

The WorkTrends survey questions were designed specifically to evaluate how workers view their senior managers. The questions asked were:

- Senior management gives employees a clear picture of the direction the company is headed.
- I have confidence in my company's senior leaders.
- Senior management at my company has the ability to deal with the challenges we face.

Opinion items were rated using a 5-point Likert-like scale. The percentage favorable is the percentage of employees who chose either of the two most positive answers (typically "strongly agree" or "agree").

Survey Results

Employees' evaluations of their organization's leadership team are driven by the extent to which senior managers gain employees' confidence through their decisions, actions and communications, keep employees well informed regarding company direction, and are seen as having the ability to deal with the organization's challenges.

Figure 1: U.S. Leadership Effectiveness Index Score

| Leadership Effectiveness | U.S. Score |
|---|------------|
| Senior management gives employees a clear picture of the direction the company is headed. | 53 |
| I have confidence in my company's senior leaders. | 50 |
| Senior management at my company has the ability to deal with the challenges we face. | 59 |
| <i>Leadership Effectiveness Index Score</i> | <i>54</i> |

Note: Values represent percent favorable

Figure 2: Leadership Effectiveness Index by Country

| Country | Leadership Effectiveness Index |
|----------------------|--------------------------------|
| India | 69 |
| Brazil | 59 |
| United States | 54 |
| China | 53 |
| Canada | 52 |
| Russia | 51 |
| United Arab Emirates | 50 |
| Kuwait | 50 |
| Germany | 50 |
| Qatar | 48 |
| Oman | 47 |
| Bahrain | 47 |
| United Kingdom | 46 |
| France | 45 |
| Saudi Arabia | 44 |
| Spain | 41 |
| Italy | 38 |
| Japan | 33 |
| <i>Global</i> | <i>51</i> |

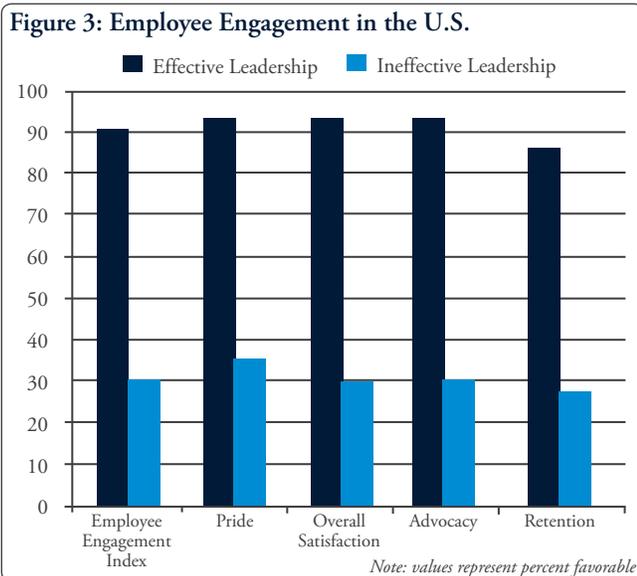
Note: Values represent percent favorable

Employee Engagement

Employee engagement is defined as the extent to which employees are motivated to contribute to organizational success, and are willing to apply discretionary effort to accomplishing tasks important to the achievement of organizational goals. An engaged employee has pride in, advocates for, is loyal to his/her employer and exerts discretionary effort toward achieving employer goals.

The Employee Engagement Index is the average level of agreement for:

- I am proud to tell people I work for my company.
- Overall, I am extremely satisfied with my company as a place to work.
- I would recommend this place to others as a good place to work.
- I rarely think about looking for a new job with another company.



About Kenexa

Kenexa provides business solutions for human resources. We help global organizations multiply business success by identifying the best individuals for every job and fostering optimal work environments for every organization. For more than 20 years, Kenexa has studied human behavior and team dynamics in the workplace, and has developed the software solutions, business processes and expert consulting that help organizations impact positive business outcomes through HR. Kenexa is the only company that offers a comprehensive suite of unified products and services that support the entire employee lifecycle from pre-hire to exit.

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