



Aims of research

It is perceived HR wisdom that happy employees are likely to be more motivated, engaged, committed, and loyal to their employers. They also tend to go the extra mile for customers and are favourable about their organisation – that is, they are advocates for their employer. All of which should have a positive effect on productivity and therefore profitability.

If this wisdom is borne out, then keeping employees happy while they are at work is a fundamental challenge for employers.

So this research, conducted for the Employee Benefits Exhibition & Conference by online research firm YouGov, sought to discover:

- How happy British employees are.
- The link between employee happiness and: employee engagement, motivation, loyalty, commitment, customer service, and being positive employer advocates.
- Which employers are getting enjoyment from employment.
- What impact reward and benefits have on happiness.
- How we can improve workplace happiness.

Methodology

This survey has been conducted using an online interview on members of the YouGov Plc GB panel of individuals who have agreed to take part in surveys.

The figures have been weighted and are representative of the working population in terms of industry (aged 18+).

Total sample size was 4,134 respondents. Fieldwork was undertaken between 31 July-7 August 2007.

THE ROLE OF REWARD IN HAPPINESS IN THE WORKPLACE

The five happiness categories

The survey found that **59%** are happy in their current job role, and **54%** are happy with their employer. By examining the combination of how happy an employee is with their job role and with their employer, a 'happiness index' has been constructed, which puts employees into one of five categories: Total Happy, Desk Happy, Corporate Happy, Misery Guts and Fence Sitters.

- **Total Happy** are super-happy employees, who are content with both their job role and their employer. Half (50%) of the British workforce are Total Happy.
- **Misery Guts** are at the other end of the scale and are neither happy with their job

role nor their employer. A quarter of British employees are Misery Guts.

- **Desk Happy** are so called because they are generally happy in their actual job role, but not so cheerful about working for their employer. Just under one-in-ten (9%) are considered to be Desk Happy.
- **Corporate Happy** are happy with their employer, but when it comes to their current job role they are less so. These account for 6% of the British workforce.
- **Fence Sitters** are neither happy nor decidedly unhappy; we find one-in-ten sitting on the fence.

YouGov Employee Happiness Index



**employee
benefits**
EXHIBITION & CONFERENCE 2007

This report was prepared by YouGov for the Employee Benefits Exhibition & Conference 2007

YouGov

The business case for employee happiness



The best organisations work hard to create a happy workforce and reap the benefits. The data shows there are startling extremes in the different working behaviours between the Total Happys and the Misery Guts.

The vast majority (87%) of Total Happys are committed to their organisations compared to just 10% of the Misery Guts; a staggering 77% gap. The Total Happys are much more motivated to perform, feel more engaged by their organisation and will go the extra mile for customers or clients.

Furthermore, happy employees are more likely to be favourable about their organisation – an

How happy workers behave

	Total Happy % positive	Misery Guts % positive
Committed to the organisation	87%	10%
Motivated to perform	88%	13%
Fully engaged by the organisation they work for	77%	3%
Advocates employer – favourable about their organisation	81%	10%
Advocates employer's products/services/brands	84%	27%
Will go extra mile for customers	89%	47%

advocate – both in terms of them being a good employer, and of products, services and brand. Such employee advocacy can be an important driver of talent attraction and customer retention.

Happy employees are also the key to staff retention; among the Total Happys 90% say they would want to be in their organisation in one year's time, and 78% say they plan to be there in three years' time.

In comparison, just 11% of the Misery Guts plan to be in the same job in a year's time, and a mere 7% plan to be there in three years. This clearly demonstrates both the short and longer term effects of an unhappy workplace. With the ever increasing war for talent and the costs involved in recruitment, it makes sense for employers to keep hold of their best people by keeping the smile on their face as they come to work.

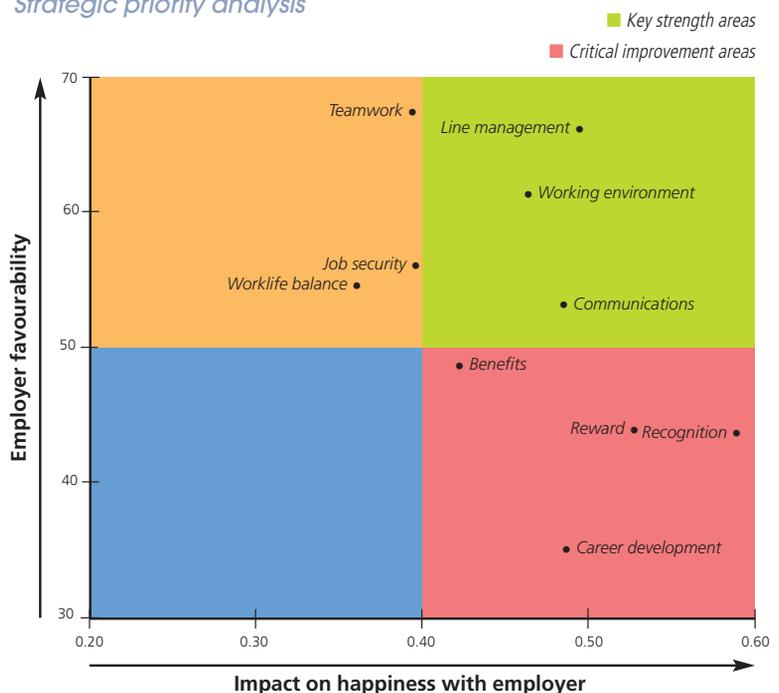
How to drive happiness in the workplace

The survey asked employees to rate how satisfied they are with specific aspects of their job; from benefits and communications to line management and work-life balance.

Percentages of employees expressing satisfaction with:

Team work	68%
Line management	65%
Working environment	60%
Job security	56%
Work-life balance	55%
Communications	53%
IT and systems	50%
Benefits	48%
Training	47%
Reward	43%
Recognition	42%
Career development	37%

Drivers of employer happiness Strategic priority analysis



Employee benefits that improve happiness

Benefits are a key part of the recognition and reward strategy to drive engagement. However, currently, only 48% of British employees are happy with their benefits package. Out of a possible list of 24 benefits, people receive an average of 3.6. But the happiest employees tend to get more – an average of 4.3 compared with just 2.8 among the Misery Guts.

Average number of benefits*

Total Happy	4.3
Corporate Happy	3.9
Desk Happy	3.6
Fence Sitters	3.2
Misery Guts	2.8
GB average	3.6

*Out of a possible list of 24 benefits

The important thing to note here is it's not just about throwing more and more benefits at

employees. The key to satisfaction with benefits, and subsequently employee happiness, is offering the right set of benefits. Analysis identified that the benefits which result in employees being most satisfied with their benefits package are: a bonus, private medical insurance and flexible working. In fact, the survey showed that 85% of employees who get all three of these benefits are satisfied with their benefits package, 37 points above the average. Other specific benefits which have a big impact on satisfaction are discounts on their own or other company's products and a pension (final salary or other occupational pension such as stakeholder or group personal pension).

Other benefits, such as free car parking, access to free counselling, employee share schemes, sports club membership and season ticket loans, are all 'nice to have's' but it is really the five high impact aforementioned benefits which lead to the most satisfied employees. Furthermore, there is a whole ream of benefits which, in overall comparison, have little effect on benefits package satisfaction (but may meet other HR objectives).

Impact on benefits satisfaction

High impact benefits

- Bonus*
- Personal medical insurance*
- Flexible working*
- Discounts on own or other companies' products
- Pension (final salary or other occupational)

'Nice to have' benefits

- Free car parking
- Access to free counselling
- Fuel for private use
- Employee share scheme
- Season ticket loan
- Sports/social club membership

Low impact benefits

- Life assurance cover
- Retail vouchers
- Healthcare cash plan
- Critical illness insurance
- Car allowance, company/lease/hire car
- Personal accident insurance
- Optical care/vouchers
- Luncheon vouchers
- Income protection
- Crèche/payment for childcare

* These three combined lead to an 85% satisfaction of benefits

YouGov identified which out of the 12 factors (see list, far left) have the biggest impact on happiness with the employer and then divided these into key strength areas and critical improvement areas for British business.

Key strength areas:

1. Line management
2. Working environment
3. Communications

These are the factors which were rated favourably by over 50% of employees and have a strong impact upon happiness.

Happy employees work in nice surroundings, under a supportive manager and feel that communication is effective. British organisations should focus on maintaining strong performance in these areas to ensure their employees remain happy with them as an employer.

Critical improvement areas:

1. Recognition

2. Reward
3. Career development
4. Benefits

These four critical improvement areas, identified because all have particular relevance to the HR community, have a strong impact upon happiness, but received low scores in the research. The study showed that the majority of British employees did not believe their employers were doing enough in these areas. Therefore, improvements of practice towards recognition, reward, career development and benefits is likely to result in large increases in staff happiness. Employees want to feel as if they have somewhere to go in terms of their career within their current organisation, and that they will be rewarded and recognised for their good work along the way.

Those employers which deliver will find they have a much happier, motivated and committed workforce on their hands and are more likely to reap productivity gains.



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Impact of annual leave on happiness

Interestingly, from our data the annual holiday entitlement does not appear to be a driver of happiness, and indeed, little difference in the actual number of holidays was observed between the happiest and most miserable. Respondents show that the average British employee currently gets 24 days per year (excluding bank holidays). The average for Misery Guts is the same, and is just one more (25) among the Total Happyys.

The situation will become even more uniform with the increase of statutory leave in the UK to 24 days a year (including bank holidays), after 1 October 2007.



Satisfaction with benefits

Groups most satisfied with benefits

High earners (more than £75k per year)	73%
Managers	58%
Those in organisations with 5,000+ staff	57%
ABC1s (professional and managerial)	53%
Those with less than 12 months' service	52%
Age group 25-34 years	52%
Residents in London region, UK	51%

Groups least satisfied with benefits

Residents in North region, UK	46%
Age group 35-54 years	46%
Administration and skilled manual workers	46%
Those in organisations with 2-99 staff	42%
Those with seven to eight years' service	40%
C2DEs (Skilled manual workers and below)	38%
Earners of £10k-£15k per year	34%

Conclusions

British employers still have a long way to go to create high happiness levels among their workforces. With only one in two employees happy with both their current role and their current employer, there is still a stiff, uphill struggle for many firms who want to create true enjoyment in employment.

In fact, British employers should be actively concerned about the significant minority of employees neither happy with their current job

role nor their current employer (namely one in four British employees).

Misery Guts status is, as we have seen from the data, likely to impact on levels of commitment, motivation, engagement, advocacy, loyalty and customer focus. So employers need to act to avoid a negative spiral of unhappiness and poor performance.

Employers should be focusing on critical improvement areas such as recognition and reward (including

benefits provision) as well as creating career development opportunities for employees in order to improve happiness levels at the workplace.

With regard to benefits specifically, getting employees the right package' seems to be the key to promoting workplace happiness. Our research has found that the combination of a bonus system, private medical insurance and flexible working are the most likely combination to create happier workers in Britain.

Information on the research authors

The research was conducted and compiled by YouGov, an online research and consultancy agency. The topic was devised by Employee Benefits, the UK's leading benefits magazine.

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