



# Performance, Compensation, and Talent Management Committee Agenda Item 6a

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**April 22, 2020**

**Item Name:** CalPERS Employee Engagement Survey

**Program:** Human Resources Division

**Item Type:** Information

## **Executive Summary**

The purpose of this agenda item is to provide an overview of the CalPERS Employee Engagement Survey. This will include a comparison of our results since the survey launched in 2017 and action plans following the 2019 survey results.

## **Strategic Plan**

The Employee Engagement Survey supports the CalPERS Strategic Plan. Specifically, the Talent Management goal to promote a high-performing and diverse workforce.

## **Background**

The concept of employee engagement has been around since the 1990s. Research and interest increased throughout the 2000s, and by 2013 there was one tweet per minute about employee engagement.<sup>1</sup> Engagement data is the foundation that guides data analysis for engagement efforts, with the aim to obtain insights that uncover an organization's full engagement picture. Most employers including other state agencies (California Department of Transportation, State Compensation Insurance Fund, California Department of Human Resources, etc.) use employee engagement as a driver for culture and performance. Now more than ever, organizations are developing talent management strategies based on employees' specific needs and want to understand their employees' attitude, feedback, motivation, and satisfaction.

CalPERS has measured employee feedback and implemented strategies to improve engagement for more than 20 years. In 2017, we introduced a new survey tool utilizing a third-party HR Research and Advisory firm, McLean & Company. The confidential annual survey is used to assess employee engagement and measures outcomes and practices that contribute to

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<sup>1</sup> Zinger, David. "The history of employee engagement." 30 May 2013. *TalentSpace Blog*. Web. 2016. <<https://bobmorris.biz/the-history-of-employee-engagement>>

CalPERS overall engagement score. Insights from the survey highlight what's engaging our team members so we can keep doing it and show us where we can do better. The results guide us in prioritizing initiatives at the organizational level and tailoring action items at the division or team level.

There are many benefits to a highly engaged workforce, but there are three that stand out: performance (effectiveness and efficiency), retention (commitment to the organization), and creativity (the ability to generate innovative and fresh ideas). Increased performance, retention, and creativity due to high employee engagement directly impacts the bottom line and allows organizations to better achieve their mission and goals.

The survey launches in mid-October every year. Team members receive an email from McLean & Company with a unique, individual link and are advised that their data and answers are kept confidential. The survey asks a series of questions that focus on employees' level of engagement in their day to day roles (such as team member empowerment, learning and development and manager relationships), the broader organization (such as senior and executive management relationships, culture and organizational potential), determine their interest in staying with the organization (such as work life balance and diversity and inclusion) and provide a lens through which employees view their surroundings (such as emotional outlook and state of mind). These are common themes in employee engagement surveys.

## **Analysis**

The results of the 2019 employee engagement survey showed improvement in overall engagement and participation rate from the previous year. It also showed impressive results compared to McLean & Company's benchmark, which is the mean score of all organizations that have taken the McLean & Company Employee Engagement Survey. Below are a few highlights:

- CalPERS scored 64 percent in overall engagement, which is a five percent increase over last year and nine percent higher than McLean & Company's benchmark of 55 percent.
- CalPERS scored 79 percent in participation, which is an eight percent increase over last year. While McLean & Company does not have a benchmark for participation rate, Forbes indicates the average benchmark is 30-40 percent.
- CalPERS showed improvement in the three drivers that are measured in the Strategic Plan, which are Accountability, Diversity and Inclusion and Senior and Executive Management Relationships. All three have a goal of 59 percent engagement rate, which is considered high performing according to McLean & Company standards.
  - Accountability scored 64 percent, exceeding its goal by five percent. Since this driver is specific to CalPERS, there is no benchmark.
  - Diversity and Inclusion scored 69 percent, exceeding its goal by 10 percent. Since this driver is specific to CalPERS, there is no benchmark.
  - Senior and Executive Management Relationships scored 56 percent and continues to be an area of focus for the organization. This driver is two percent higher than McLean & Company's benchmark of 54 percent.

- Other notable areas of improvement include:
  - Manager Relationships scored 76 percent, a three percent improvement over last year and nine percent higher than the benchmark of 67 percent.
  - Work Life Balance scored 69 percent, a three percent improvement over last year and seven percent higher than the benchmark of 62 percent.
  - Learning and Development scored 65 percent, a three percent improvement over last year and 14 percent higher than the benchmark of 51 percent.
  - Division Relationships scored 75 percent, a two percent improvement over last year and fifteen percent higher than the benchmark of 60 percent.

The results from the 2019 survey illustrate how CalPERS has evolved over the past three years. The organization is proactively responding to employee feedback and implementing action plans across the organization to address the lower scores. Our successes included senior leaders holding a series of brown bag sessions to address Accountability and Senior and Executive Management Relationships. This allowed team members to connect with senior leaders and hear about topics that are important to them. This year, the Executive and Senior Leaders will continue to focus on two of the drivers outlined in the Strategic Plan, Accountability and Senior and Executive Management Relationships. These two drivers also make a greater impact on the overall engagement of the organization. Divisions will also focus on an additional driver specific to their team scores.

Engagement results are generated by McLean & Company and provided to CalPERS at the branch, division and manager level. In order to protect anonymity, reports are only generated when four or more participants respond within a given manager, division or branch.

### **Budget and Fiscal Impacts**

The annual budget for the Enterprise Engagement Survey is \$53,500.

### **Attachments**

Attachment 1 – CalPERS Employee Engagement Survey Presentation

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