

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 19, 2013

Item 2, Report No. 4, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on March 19, 2013.

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EMPLOYEE ENGAGEMENT SURVEY

The Finance and Administration Committee recommends:

- 1) That the presentation by Ms. Sylvia Klarer, Senior Associate, AON Hewitt, Toronto, and the Acting Director of Human Resources, and C3, presentation material, entitled “*2012 Best Employers Employee Opinion Survey Results – City of Vaughan*”, dated March 4, 2013, be received; and**
- 2) That the recommendation contained in the following report of the Commissioner of Strategic & Corporate Services, dated March 4, 2013, be approved:**

Recommendation

The Commissioner of Strategic & Corporate Services, in consultation with the Acting Director of Human Resources, recommends:

1. That the following report on the results of the 2012 Employee Engagement Survey be received.

Economic Impact

There are no economic impacts associated with this report. The costs associated with the 2012 engagement survey were within the approved budget.

Communications Plan

The results of the survey have been communicated with the Senior Management Team, all Directors and a memorandum from the City Manager's office will be going out to all staff following the committee meeting. Further, approximately 4-6 information sessions will also be held at City Hall and off-site (e.g. Joint Operations Centre, select libraries, select community centres, etc.) to discuss the results and respond to any questions noted by staff.

Purpose

This report is to provide Council with an update on the results of the 2012 Employee Engagement Survey conducted by AON Hewitt.

Background

AON Hewitt is a human resources consulting and outsourcing firm that specializes in solving the most pressing and complex human capital challenges facing organizations.

Each year, AON Hewitt conducts the '*Best Employers in Canada*' study. The City participated in this survey in 2006, 2009 and most recently in 2012. The annual List of the Best Employers in Canada is published in The Globe and Mail's Report on Business magazine.

The value for the Corporation participating in this survey includes:

- The ability to benchmark against other Best Employers or Best Small & Medium Employers;
- The opportunity to get a current snapshot of our employees' engagement level, and a complete report of our results; and
- National exposure and the opportunity to showcase our organization as an "employer of choice".

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Through analyses of findings from its Best Employer studies and research, AON Hewitt has identified the following key benefits of having a highly engaged workforce:

- Lower turnover;
- Less absenteeism and fewer lost accident and sick days;
- Larger pool of talent from which to select employees;
- More innovative and productive workforce;
- Increased customer satisfaction;
- Higher revenue growth and economic returns; and
- Greater sustainability in the face of business challenges.

The most important component of the best employer study is the Employee Opinion Survey, which asks employees of their views regarding the organization.

The results of the City's employee engagement surveys in 2006 and 2009 guided the organization's Human Resources Strategy in an effort to address staff feedback and increase staff engagement scores.

Driving Employee Engagement

In late 2009, the Senior Management Team (SMT), led by the City Manager, identified through the 2006 and 2009 survey results that there was a need to enhance staff engagement across the entire Corporation and make employee engagement a focus for SMT with the understanding that an engaged workforce improves organizational performance.

Through these efforts the City Manager and SMT implemented a number of initiatives across the Corporation that began with creating a "Team" approach in its management and operations. Further to building a Team approach, which has removed many of the perceived 'silos' across departments, another initiative that Senior Management focused on was to better communicate the Corporation's vision, strategy and core values of Respect, Accountability and Dedication.

The results of the 2012 survey indicate, as noted in the chart below, that the work that began in 2009 by the City Manager and Senior Management team has moved employee engagement in a positive direction and that the senior leadership of the City is making a positive impact on staff.

What Drove Engagement Up?

| Improvement in Perceptions of Senior Leaders (Second Highest Impact Driver in 2009) | Change from 2009 |
|--|-----------------------------|
| I see strong evidence of effective leadership from senior leaders (top executives) | +17 |
| Senior leaders display integrity and ethical conduct at all times | +14 |
| Senior leaders provide clear direction for the future | +13 |
| Senior leaders make me feel positive about the future of our organization | +13 |
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| Senior leaders are open and honest in communication | +12 |
| Senior leaders treat employees as this organization's most valued asset | +12 |
| Senior leaders deliver on the promises they make to employees | +10 |

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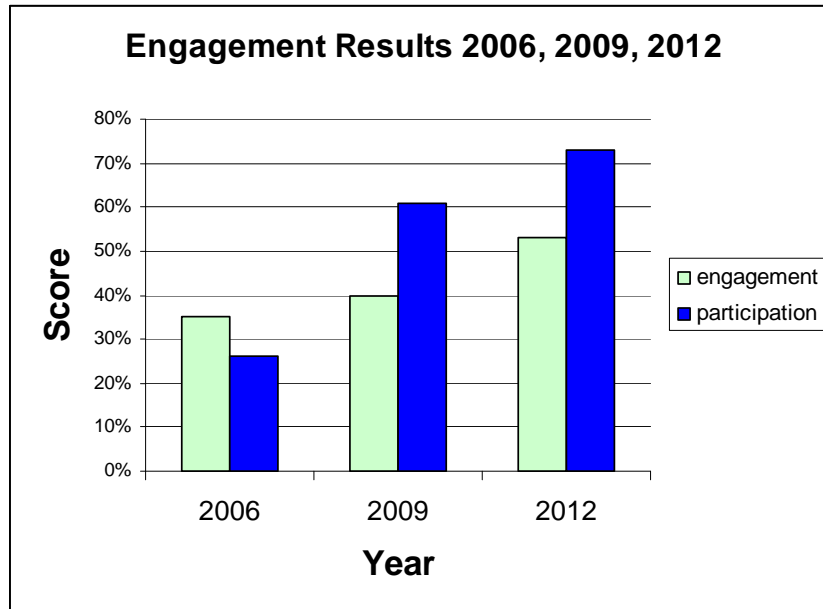
In May 2012 the City participated in another employee engagement survey to assess the Corporation's progress in comparison to the previous surveys of 2006 and 2009.

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The following chart provides an overview of the results in comparison to the previous surveys noting that engagement has increased from approximately 35% in 2006, to 40% in 2009, to 53% in 2012. In addition, response rate to the survey has significantly increased from less than 30% in 2006 to over 70% in 2012.



The 2012 survey results identified the Corporation has a highly committed workforce and the key drivers of engagement are:

- the physical work environment;
- sense of accomplishment;
- co-workers; and
- work tasks.

The survey also highlighted a few key opportunity areas for enhancement that include:

- managing performance;
- recognition; and
- career opportunities.

Relationship to Vaughan Vision 2020

This report is consistent with valuing and encouraging a highly motivated workforce and attracting, retaining and promoting skilled staff. This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not Applicable

Conclusion

The 2012 Employee Engagement Survey results demonstrate the City has made continuous and demonstrable progress in its staff engagement efforts and the focus moving forward should be on sustaining continuous improvement and addressing the key opportunity areas identified in the survey through an updated Corporate Human Resources Strategy.

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EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 19, 2013

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Report prepared by:

Demetre Rigakos, Acting Director of Human Resources



2012 Best Employers Employee Opinion Survey Results

City of Vaughan

Prepared by Aon Hewitt

March 4, 2013

Finance and Administration Committee

To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Aon Hewitt.

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| COMMUNICATION | |
| F&A - | MAR 4/13 |
| ITEM - | 2 |

Aon Hewitt

Today's Discussion

- Background and Methodology
- Vaughan's Engagement Scores
- Vaughan's Engagement Drivers
- Variations by Key Variables
- Taking Action on the Survey

Project Purpose and Objectives

Purpose:

- To assess the Corporation's effectiveness at enhancing its staff engagement since 2009.

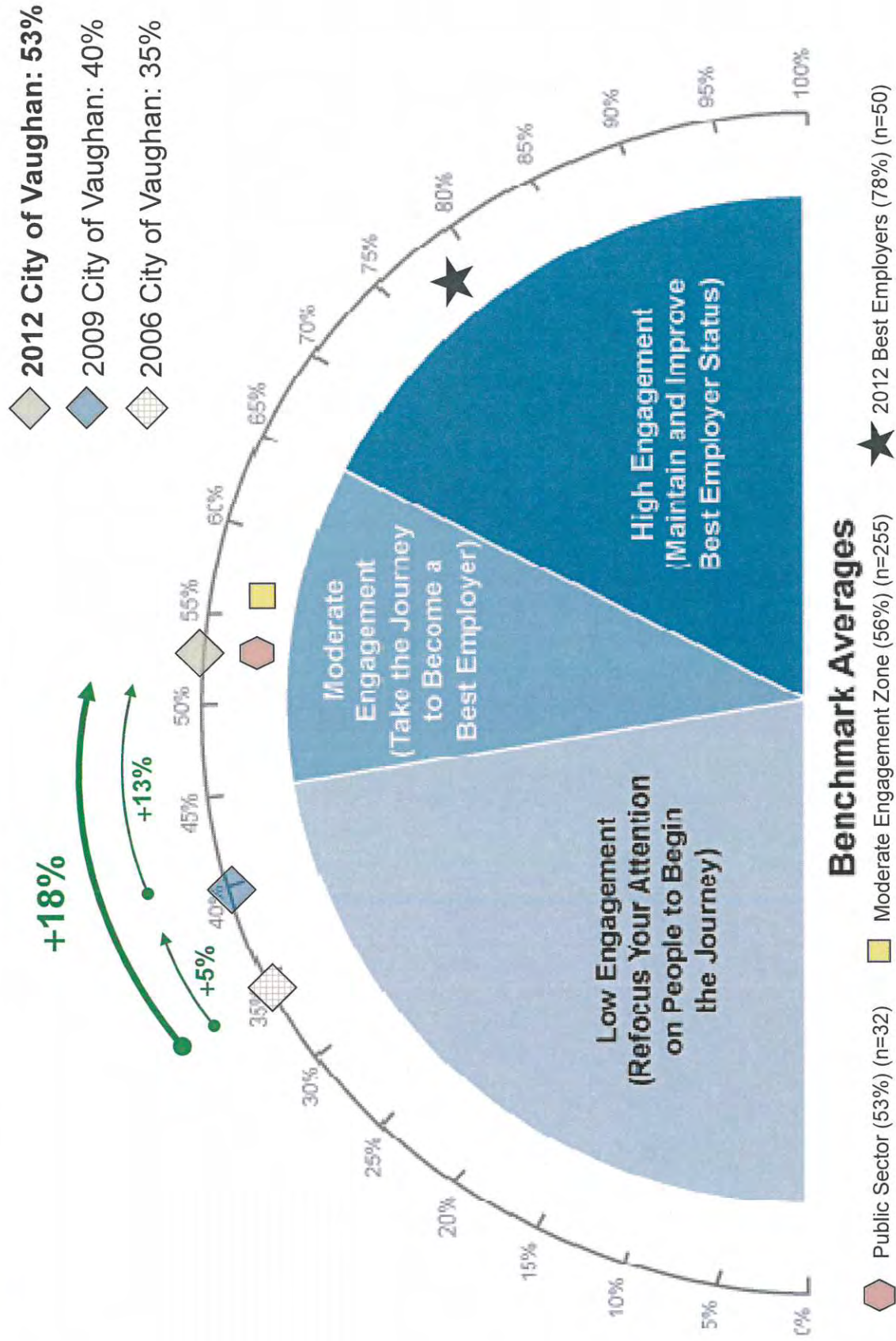
Objectives:

- Determine the level of engagement of our people (i.e., the percentage of employees who are passionate about working for the City of Vaughan).
- Identify areas where we can further improve engagement (i.e., determine specific priority areas for action).

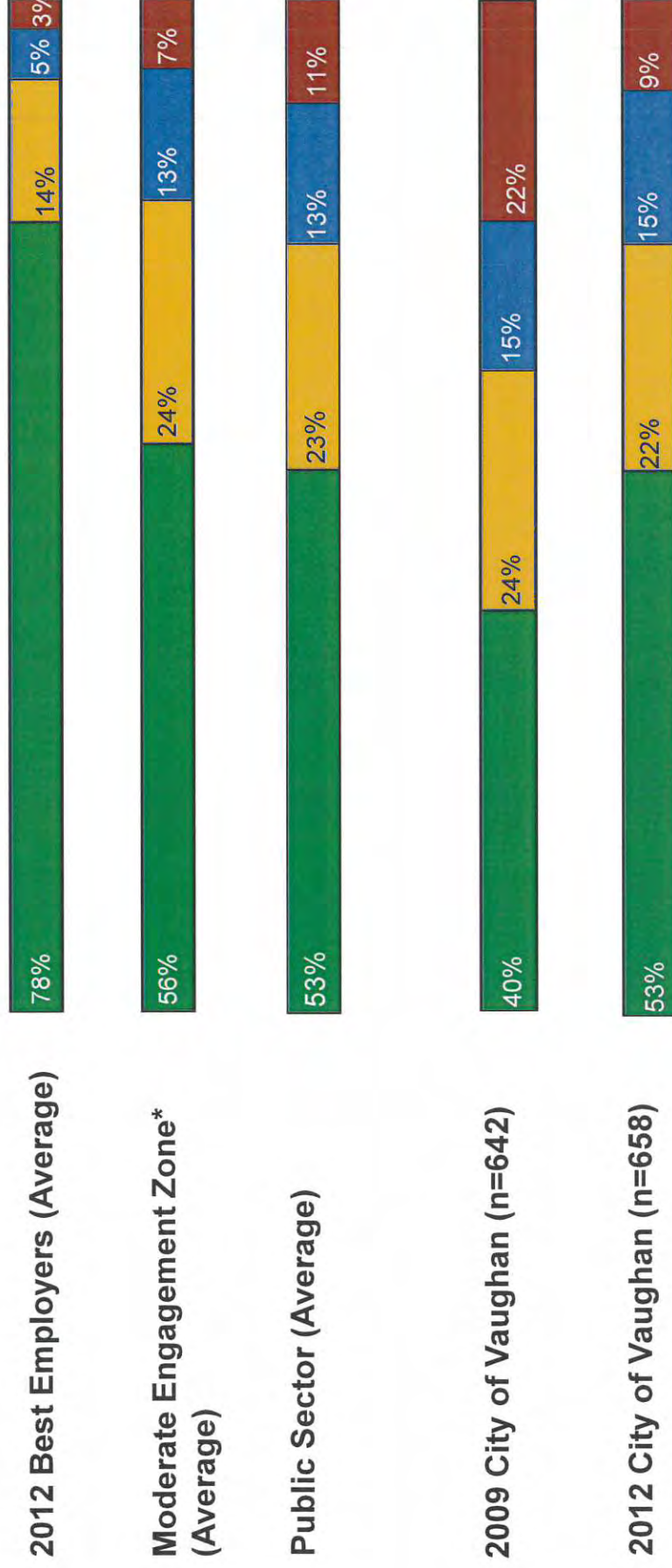
Methodology and Approach

- **Survey was administered during May & June 2012 :**
 - Measures were taken to protect confidentiality
 - Supported by communication strategy to encourage greater participation
- **Survey consists of about 140 questions:**
 - Standardized to allow for benchmarking across organizations
 - Engagement questions remain stable over time
 - Most driver questions also remain the same, though there are minor variations from year-to-year
- **Survey was offered on-line when possible; paper copies were provided to employees without on-line access (roughly 570 employees)**
 - 658 respondents (out of a possible 1133) – 58% response rate
 - Excluding VFRS, response rate was 72%
- **Margin of error is $\pm 2\%$ at a 95% confidence level**

City's Engagement Score



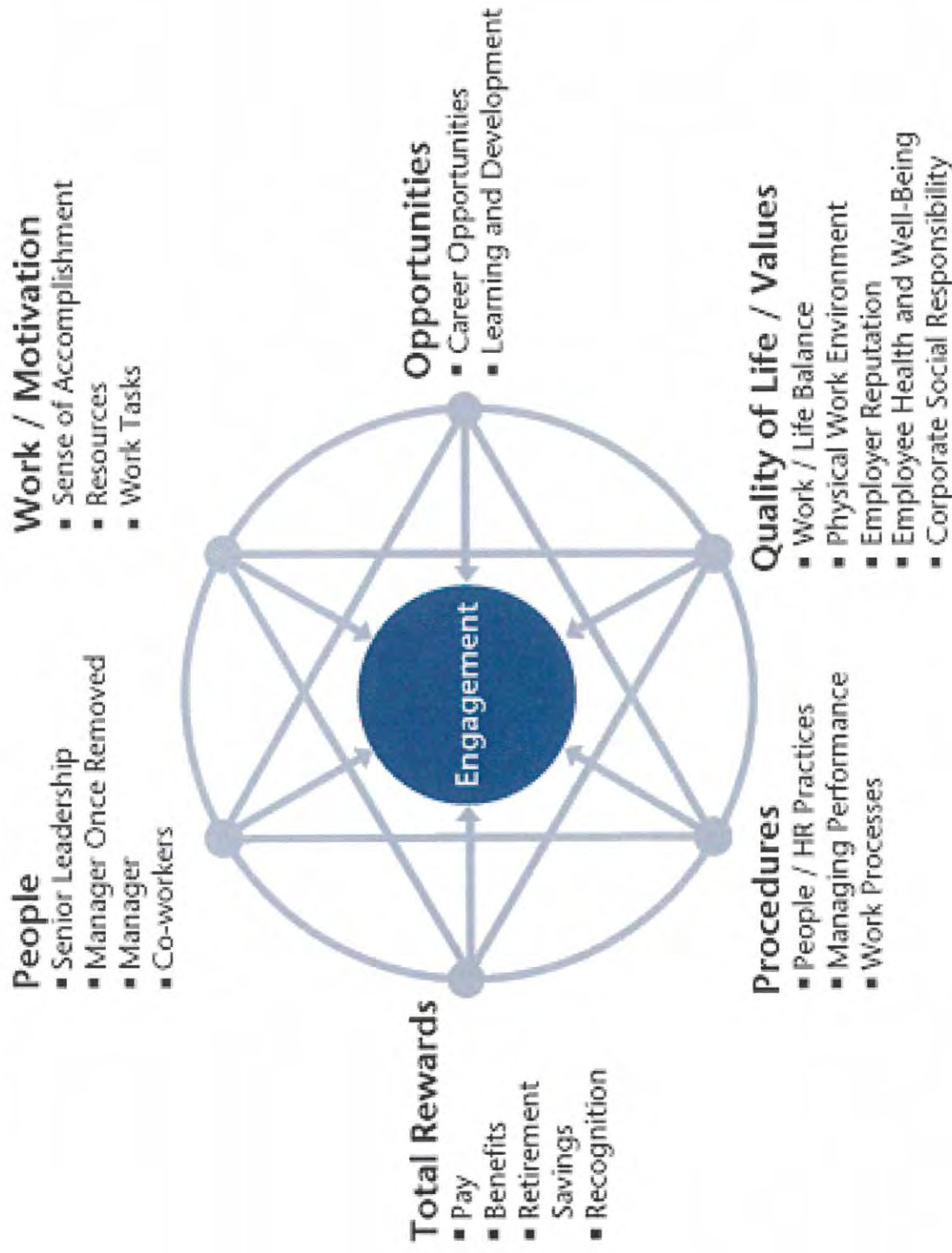
Distribution of Engagement



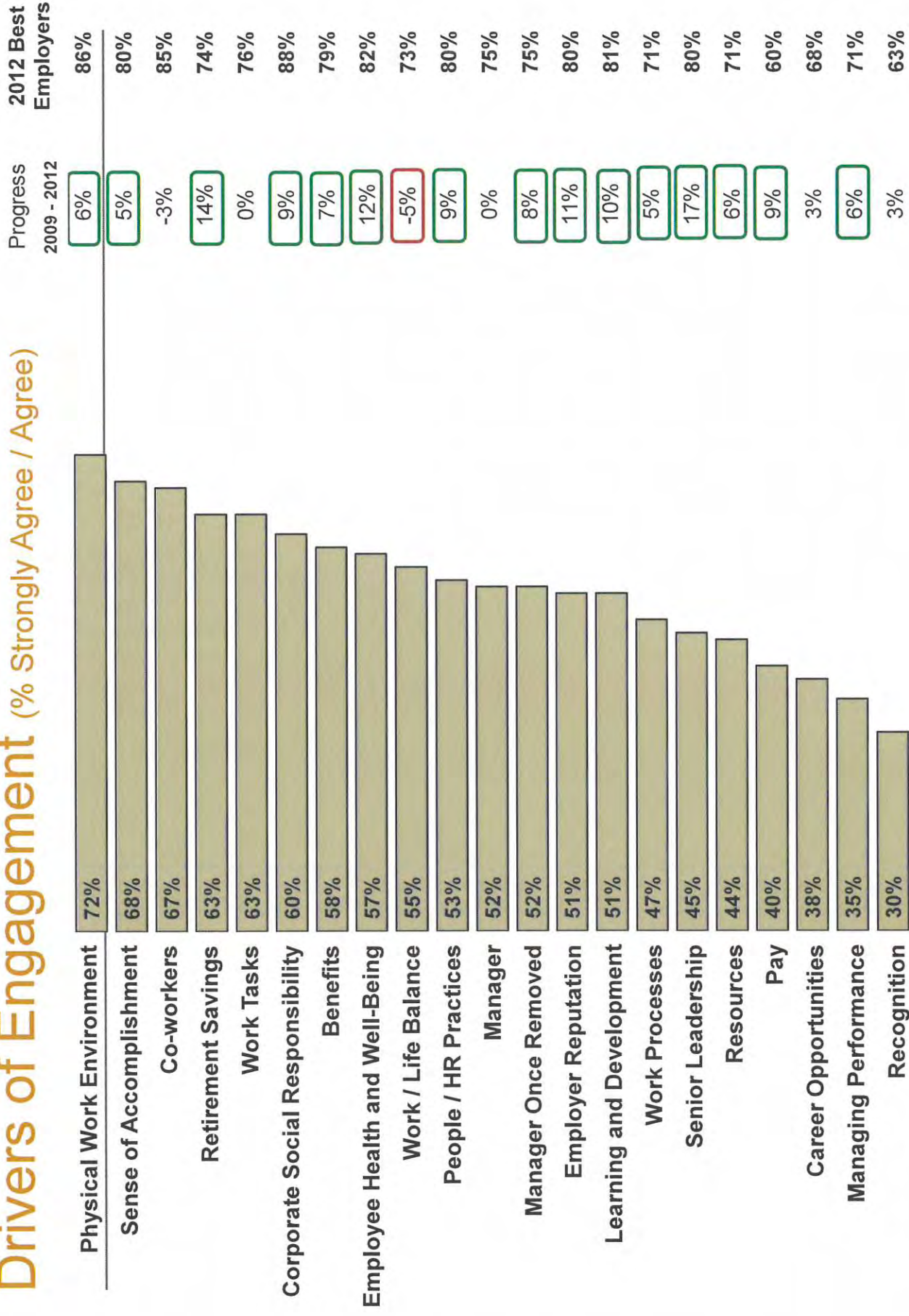
■ **Engaged** = on average, % responding 'Agree' and 'Strongly Agree'
■ **Nearly Engaged** = on average, % responding 'Slightly Agree'
■ **Slightly Disengaged** = on average, % responding 'Slightly Disagree'
■ **Disengaged** = on average, % responding 'Disagree' and 'Strongly Disagree'

Note: Due to rounding, percentages may not sum to 100.
 * Source: Aon Hewitt Canadian Database (2008-2012)

The 21 Key Drivers of Engagement



Drivers of Engagement (% Strongly Agree / Agree)



■ 2012 City of Vaughan

What Drove Engagement Up?

| Improvement in Perceptions of Senior Leaders | Change from 2009 |
|---|-------------------------|
| I see strong evidence of effective leadership from senior leaders (top executives) | +17 |
| Senior leaders display integrity and ethical conduct at all times | +14 |
| Senior leaders provide clear direction for the future | +13 |
| Senior leaders make me feel positive about the future of our organization | +13 |
| Senior leaders consistently demonstrate our organization's values through their behaviour and actions | +13 |
| Senior leaders are open and honest in communication | +12 |
| Senior leaders treat employees as this organization's most valued asset | +12 |
| Senior leaders deliver on the promises they make to employees | +10 |

Engagement Driver Rankings — Highest Impact

| 2009 Rank | | City of Vaughan | | Overall | |
|-----------|---|---------------------------------|--|---------|---|
| ↓ | | Number of Respondents | | 658 | |
| | | Engagement Score | | 53% | |
| 1 | ◆ | Managing Performance | | 1 | Drivers with greatest potential to improve engagement |
| ▲5 | ◆ | Recognition | | 2 | |
| ▲6 | ◆ | Career Opportunities | | 3 | |
| 2 | | Employer Reputation | | 4 | |
| ▲7 | ■ | Work Processes | | 4 | |
| 9 | | People / HR Practices | | 6 | |
| ▼2 | | Senior Leadership | | 6 | |
| ▼4 | ■ | Resources | | 8 | |
| 13 | | Corporate Social Responsibility | | 9 | |
| 7 | | Learning and Development | | 9 | |
| 10 | | Manager Once Removed | | 9 | |
| 16 | | Work Tasks | | 9 | |

◆ Manager Effectiveness ■ Work enablement

Engagement Driver Rankings — Lowest Impact

| 2009 Rank | City of Vaughan | |
|--------------|--------------------------------|------------|
| | Overall | |
| | Number of Respondents | 658 |
| | Engagement Score | 53% |
| 14 | Manager | 13 |
| 11 | Employee Health and Well-Being | 14 |
| 15 | Sense of Accomplishment | 14 |
| 17 | Work / Life Balance | 16 |
| 11 | Pay | 17 |
| 18 | Physical Work Environment | 18 |
| 18 | Benefits | 19 |
| 21 | Co-workers | 20 |
| 20 | Retirement Savings | 21 |

Focus Areas for Coming Years

Highest Impact Sub-Drivers for This Year's Key Drivers

| | % Agree / Strongly Agree |
|--|-----------------------------|
| Managing Performance | |
| The way we manage performance here does a good job of identifying my strengths and improvement areas | 35% |
| The way my performance is measured makes sense to me | 36% |
| Recognition | |
| Recognition is applied consistently throughout this organization | 26% |
| I feel valued and appreciated for my contributions to this organization | 36% |
| Our recognition programs recognize the right people for the right things | 30% |

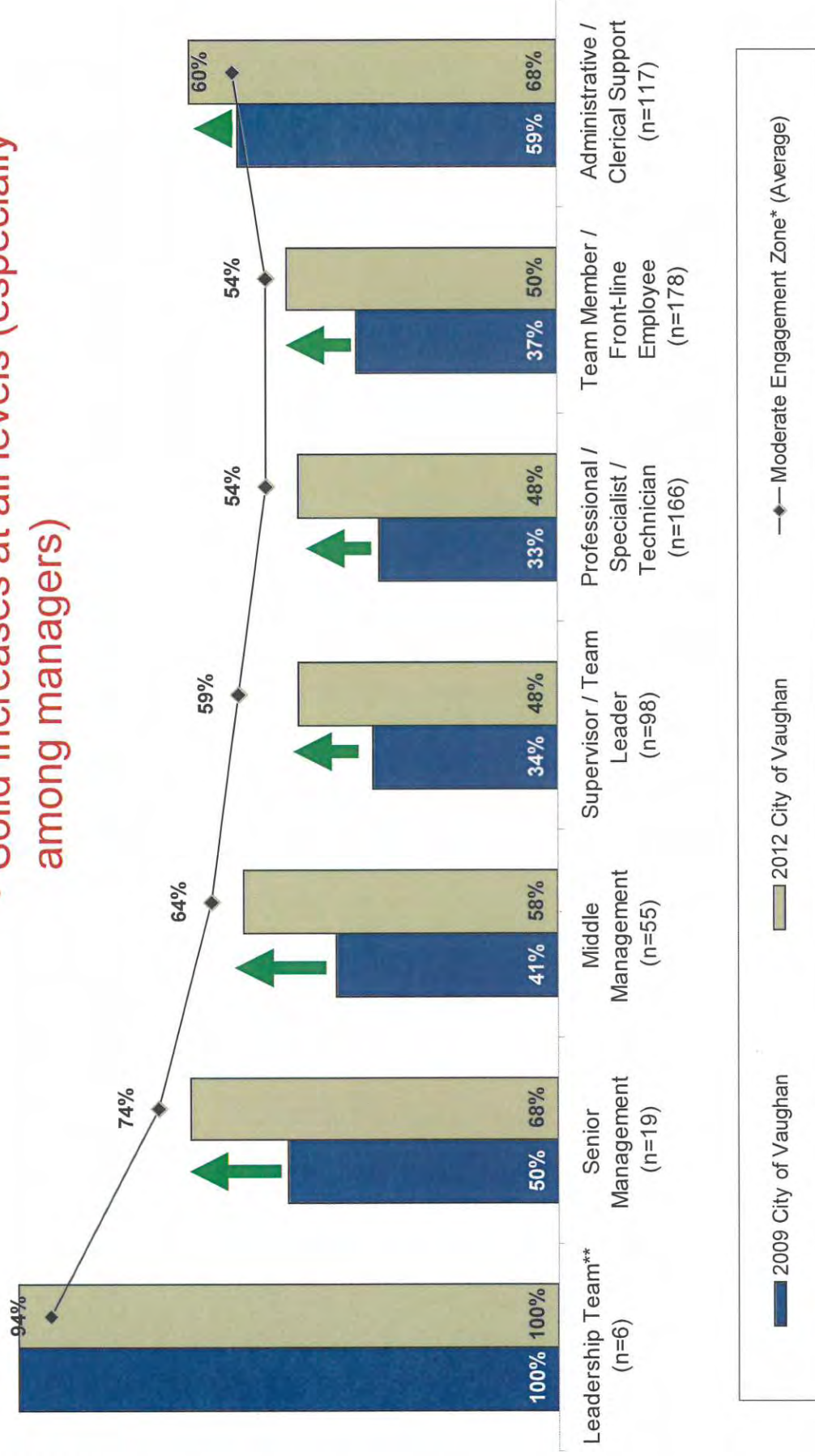
Focus Areas for Coming Years

Highest Impact Sub-Drivers for This Year's Key Drivers

| | % Agree / Strongly Agree |
|--|-----------------------------|
| Career Opportunities | |
| I am positive that I can achieve my personal career objectives here | 42% |
| I have access to valuable guidance and counseling about my career | 29% |
| In this organization, excellent career opportunities are available to employees who perform well | 31% |
| It is easy for employees to move to different roles in this organization | 22% |
| There are sufficient opportunities within this organization for me to advance my career | 37% |
| Career opportunities always go to the most qualified person | 27% |

Percent Engaged by Role

- Solid increases at all levels (especially among managers)



* Source: Aon Hewitt Canadian Database (2008-2012)

** From the separate Leadership Team Survey

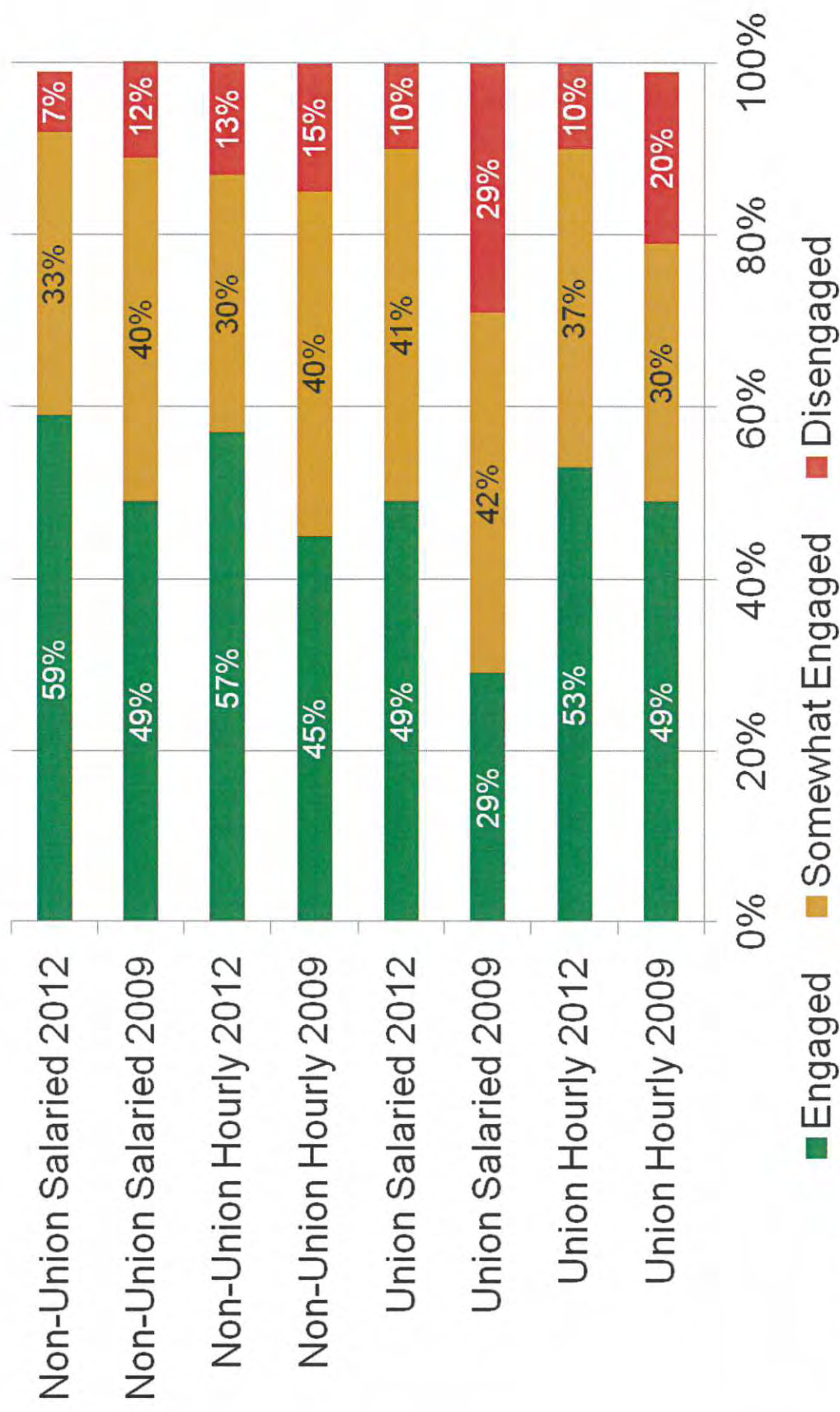
What Has Improved for People Manager Roles? Year over Year Comparison (2009 - 2012)

| (% Strongly Agree / Agree) | Engagement Score | Senior Mgmt. | Middle Mgmt. | Supervisor / Team Leader |
|----------------------------|------------------|-----------------|-----------------|--------------------------------|
| | | +18% | +17% | +14% |

| Sense of Fit | | | | |
|--|----------------------------------|------|------|------|
| My personal values are very similar to those of this organization | | +43% | +21% | +27% |
| | I feel like I "fit in" well here | +34% | +8% | +11% |
| Senior Leadership | | | | |
| Senior leaders deliver on the promises they make to employees | | +34% | +14% | +12% |
| Senior leaders consistently demonstrate our organization's values through their behaviour and actions | | +32% | +4% | +21% |
| Senior leaders make me feel positive about the future of our organization | | +31% | +23% | +10% |
| I see strong evidence of effective leadership from the person my manager reports to (my manager's manager) | | +36% | +19% | +7% |

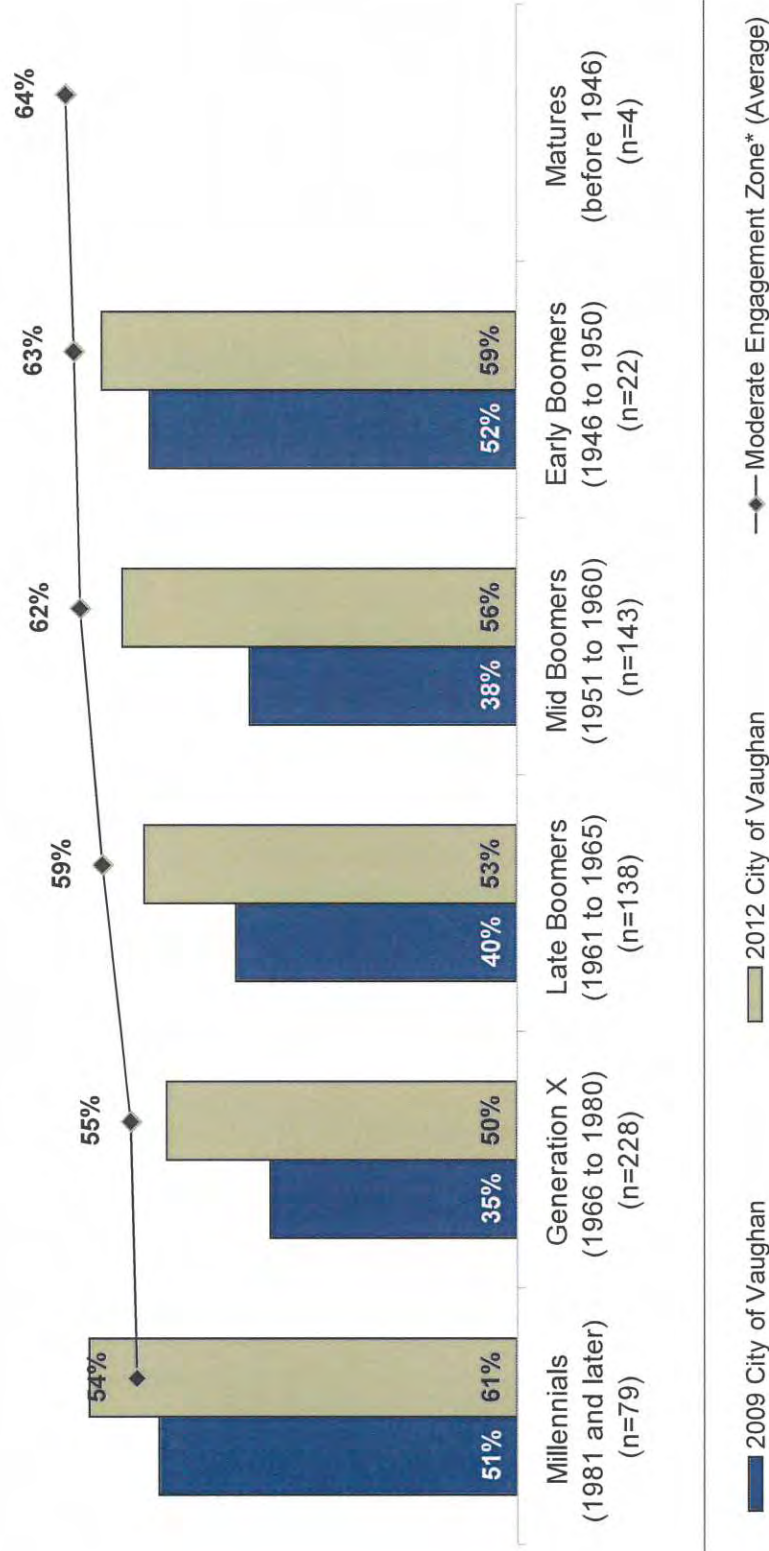
Note: Green boxes indicate 10 or more percentage point increase

Engagement by Union/Non-Union, Hourly/Salaried



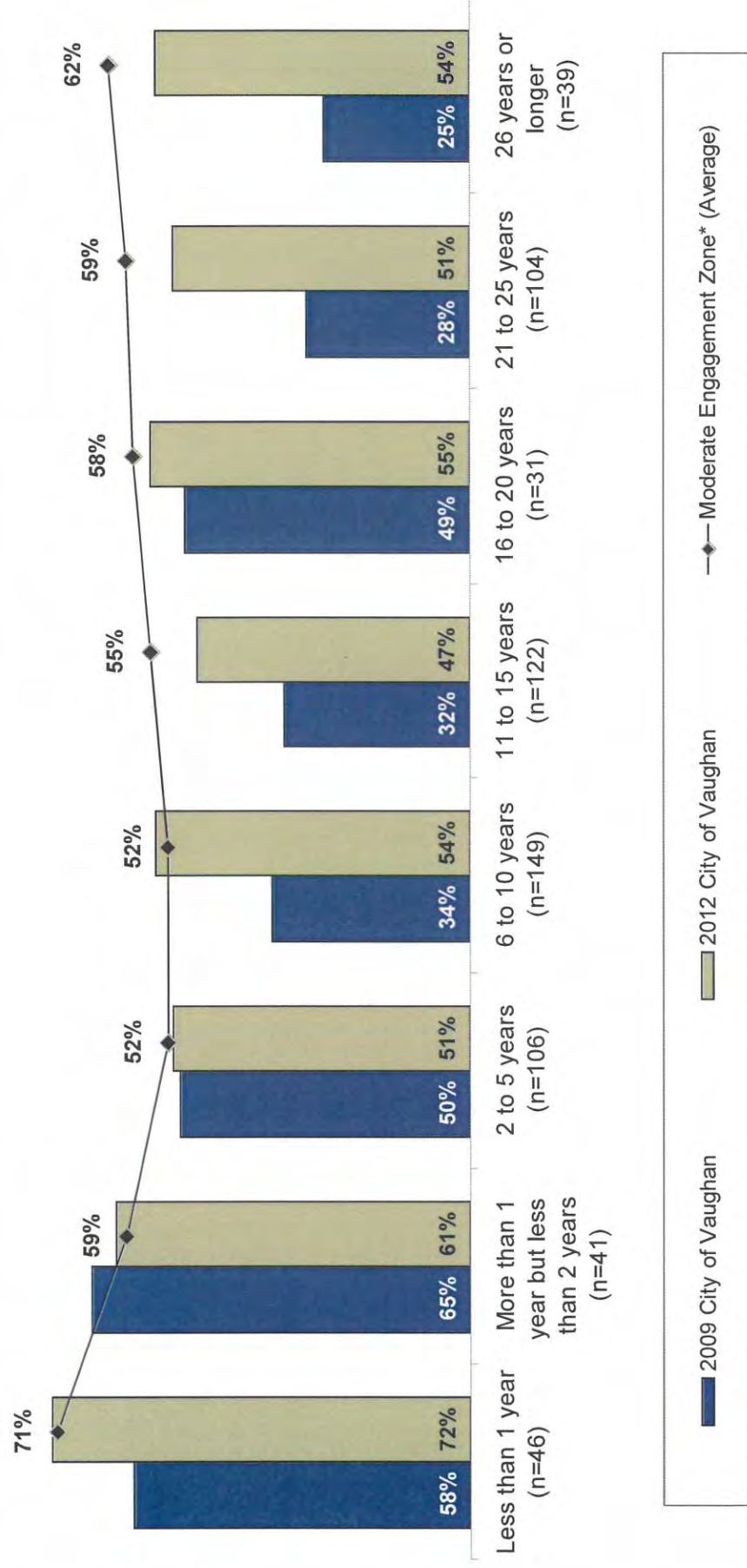
Note: Due to rounding, percentages may not sum to 100.

Percent Engaged by Generation



* Source: Aon Hewitt Canadian Database (2008-2012)

Percent Engaged by Years of Service



* Source: Aon Hewitt Canadian Database (2008-2012)

Recommendations

| Voice | Insight | Action |
|---|---|--|
| <ul style="list-style-type: none">▪ At 53% overall, engagement has improved by 13% from 2009.▪ Engagement score of all respondents excluding Fire & Rescue Service is 55%. | <ul style="list-style-type: none">▪ Represents a significant step on the path to high engagement – now firmly within Aon Hewitt's Moderate Engagement Zone. | <ul style="list-style-type: none">▪ Communicate survey results and commitment to improve further.▪ Continue practices that have resulted in upward engagement trending. |

Recommendations

| Voice | Insight | Action |
|--|---|--|
| <ul style="list-style-type: none"> ▪ Observed stronger engagement for all job roles since 2009; however, there is opportunity to improve (i.e. many remain below benchmark). ▪ Managing Performance, Recognition and Career Opportunities offer the greatest positive potential impact on overall engagement. ▪ Opportunities to improve manager effectiveness and support. | <ul style="list-style-type: none"> ▪ Engagement level of people managers is foundational to an engaged workforce. ▪ Satisfaction with these drivers is often influenced by perceptions of manager effectiveness. ▪ More effective managers typically lead to a more engaged workforce. | <ul style="list-style-type: none"> ▪ Conduct deeper analysis by manager role to better understand how to improve the engagement of managers (via focus groups). ▪ Continue with training efforts (internal and external). ▪ Revise staff appraisal form and leverage the process to better manage and engage staff. |

Recommendations

| Voice | Insight | Action |
|---|--|---|
| <ul style="list-style-type: none"> ▪ Job Enablement / Productivity areas (Work Processes, Resources) are also high impact. ▪ Some differences in engagement exist between business units, various demographics (e.g. Salaried / Hourly, Union / Non Union, etc.). | <ul style="list-style-type: none"> ▪ Need to better understand root causes underlying those drivers. ▪ Appear to be a larger concern among certain groups. ▪ The value proposition may be somewhat different for specific groups. | <ul style="list-style-type: none"> ▪ May require focus groups to explore root causes of these drivers and find solutions. ▪ Action plans may need to be designed with the various groups in mind (linked to further exploration with focus groups). |

Action taken and next steps

- Presented results to City Manager, SMT and Directors
- Met with City Manager and SMT members individually to provide additional details.
- Will be communicating results to all staff shortly.
- Will be meeting with departmental management/staff to further review results and identify opportunities for enhancement.
- We will arrange focus groups with front line managers / supervisors.
- Continue with training opportunities for all staff
- Use these results as an additional data source to inform the update of the Corporate HR Strategy

FINANCE & ADMINISTRATION COMMITTEE – MARCH 4, 2013

EMPLOYEE ENGAGEMENT SURVEY

Recommendation

The Commissioner of Strategic & Corporate Services, in consultation with the Acting Director of Human Resources, recommends:

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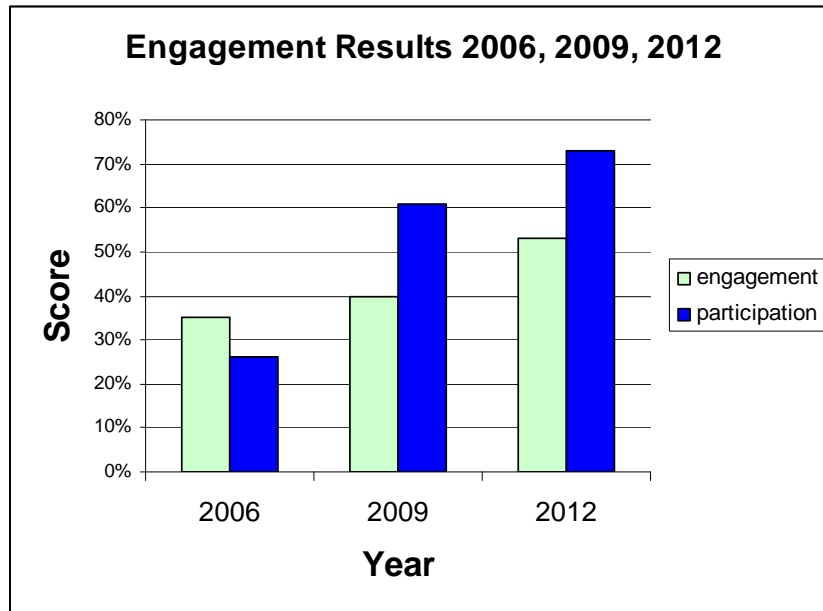
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Report prepared by:

Demetre Rigakos, Acting Director of Human Resources

Respectfully submitted,

Joseph Pittari
Commissioner of Strategic & Corporate Services

Demetre Rigakos
Acting Director of Human Resources