

What a difference three years can make

UK Executive Summary: 2010 Global Workforce Study

The world of 2010 is a very different place to 2007, when we last undertook the Global Workforce Study. The UK has since experienced financial turmoil not seen for over 60 years. It has only recently emerged from recession; unemployment is high; the pound has fallen against all major currencies; marginal tax rates are set to rise in 2011; government spending is set to fall. The vast majority of employees also expect the job market to remain tight, or become worse, over the next year.

However, some of the themes identified in our 2007 Study remain evident in the very different economic circumstances of today. Employee engagement remains important, especially in high-performing organisations, where we typically observe that engagement has been sustained during the downturn. But in many other areas our 2010 Study shows how the recession has dramatically altered the way employees view their work and leaders. Traditional notions of advancement have taken a back seat to a growing desire for workplace security and stability – and this is prevalent across all age groups. A startling eight out of 10 respondents want to settle

into a job, with roughly half of these saying they would prefer to work for a single company their entire career and the rest wanting to work for no more than three companies. Even among the under 25s, six in 10 would prefer a career model with few changes of employer through their working life.

We also find that over half of disengaged employees are not making plans to leave their current employer. These high levels of “retained but disengaged” staff poses a risk to UK businesses as the economy begins the long road to recovery. As if to underline the risk still further, the Study finds that key talent, such as high potential employees, are far more likely to move jobs if opportunities arise.

The Study also reveals a number of tensions that organisations face today. It finds a deep “disconnect” between what business leaders and employees think is important for the leadership role. It also addresses how the role of the line manager needs to develop to improve and sustain employee performance.

The 2010 Study reveals a number of key areas of focus for leaders, managers, HR and employees.

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Employees express a clear desire for security and stability

Job security is high on many peoples' agendas – a secure and stable position is regarded as important by 81% of employees.

However this desire to remain with an employer comes at a high price for many employees in terms of career advancement. Specifically, the Study found that:

- 53% of those polled said there are no career advancement opportunities in their current roles
- 41% believe they have to leave their organisation and join another in order to advance to a higher level job.

Employees still seek opportunities to develop their skills through a wide range of work experiences

59% of GWS respondents rate a wide range of work experiences as important to them in their workplace – this is second only to job security on their list of attributes for their preferred work situation. The proportion looking for opportunities to develop their skills and abilities is the same as those who seek substantially higher levels of compensation. The recession clearly hasn't watered down employees' desire for opportunities to develop their skills and abilities in their workplace.

A clear “disconnect” between what leaders and employees think is important for the leadership role has the potential to weaken employee engagement and performance

Recent tough times and a climate of uncertainty have sharpened the call for leaders to “connect” with the workforce. When asked what attributes they most wanted in senior leaders, respondents cited a range of “emotional” aspects of leadership:

- Trustworthiness – 71%
- Care about the well-being of others – 62%
- Is highly visible to employees – 56%
- Encourages the development of talent in the organisation – 50%

Employees attach low importance to the “business” aspects of the role that senior leaders would consider to be essential, such as:

- maintaining a high profile outside the organisation – only 13% of employees see this as an important characteristic of a senior leader
- promoting the brand/image of the organisation – 22%
- positioning the organisation to compete in the global business environment – 24%

Desired attributes of senior leaders



Source: Towers Watson 2010 Global Workforce Study – UK

These findings highlight the “disconnect” that employees feel from their senior leaders.

Line managers will need to step into the gap – demonstrating personal interest in their employees' well-being, and showing them the connections between their daily work and the overall goals of the business.

However senior leaders cannot simply delegate the “soft stuff” to the front line. The 2010 Study supports our previous findings that senior leaders play a key role in driving employee engagement. However employees may also need to be made aware that, only as leaders fulfil their “business” role well – by establishing a competitive, profitable business – can they create the workplace opportunities and support that employees seek. This is much more than simply creating a workplace that employees feel great about.

Are employees really looking for a “new deal”?

In some aspects employees have become surprisingly traditional in the “deal” that they want from their employer; a high emphasis on security and stability being an example. Other aspects of the “new deal” have nonetheless emerged unscathed through the downturn. For instance two thirds of employees are comfortable with pay levels being driven by their personal performance. The building blocks of the new deal must therefore reflect enduring needs and values, while also taking current realities into account and giving employees realistic expectations for the future.

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A redefinition of career advancement

The Study highlights how a redefinition of career advancement has become embedded in the UK workplace. It is clearly now more about acquisition of new skills, and less about a traditional progression through the ranks of the organisation. 53% of employees define career advancement as being about acquiring new skills to do their current job better, and to make them eligible for other jobs. This is higher than those who define it as being about moving up a defined career path (37%), or even about increased compensation (36%).

The findings challenge organisations to think more creatively about how to create career advancement opportunities for their people. It means placing higher emphasis on mentoring programmes, and on collaborative working that cuts across reporting lines and business units. It also highlights the value of providing employees with opportunities to network with more experienced colleagues.

The findings also reveal that high potential employees have somewhat different career expectations, for example, some 57% of high potential employees included “moving up a well defined career path” in their definition of career advancement, compared to 37% in the population as a whole.

Employees are aware they bear the responsibility for their financial future, but are not confident about how to manage this

An overwhelming majority (85%) of employees see themselves as primarily responsible for providing for their financial future, with only 11% seeing their employer as primarily responsible and 4% the government. However, only 43% are comfortable managing this critical aspect of their future, with those in the 45-54 age range feeling most exposed. Employees lack the understanding, education or tools to make the right decisions, and are clear about the two main types of support they would like to see from their employers:

- 66% would value more regular communication from their employers about reward and benefit programmes
- 65% would like greater simplification in how benefit and reward programmes are designed and administered

How do you define career advancement in your job?	Rank
Acquiring new skills that help me do my current job better	1
Acquiring new skills that make me eligible for other jobs	2
Achieving higher status or recognition	3
Moving up a well defined career path	4
Increasing my compensation	5
Obtaining a position in senior leadership	6
Moving laterally across the organisation to take on different but equivalent roles	7
Some other way	8

Surprisingly, the Study also showed that the majority of employees believe that they will need to continue to work, in some shape or form, after they've retired. 38% said they believe they will need to continue working in order to make ends meet, while 31% said they will want to continue working in order to feel involved and active. Overall, 47% of respondents believe their standard of living will decline in retirement.

Employers will have to build effective workforce management plans so that employees are not prolonging their working lives beyond the point where the relationship is mutually beneficial. With the decline of defined benefit pensions, and extended working careers, employers are likely to face a demand for more flexible working practices at older ages.

A “new deal” role for the line manager if employee potential is to be fully realised

The Study raised some important questions about the role of line managers in creating a high performance environment. Nearly 1 in 3 employees think there are substantial obstacles to doing their job well, and that conditions in their job are not conducive to achieving exceptional performance. The immediate manager role needs to be much more about enablement, removal of obstacles, creating opportunities for development, linking local objectives to the greater goals of the organisation, and helping teams adjust to change, and much less about oversight and control.

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So what does this mean for leaders, managers and employees in 2010 and beyond?

Implications for leaders

There seems to be a clear message to leaders – business imperatives mean you need to focus on maintaining a strong external profile and creating a competitive organisation, but you also need to better communicate these plans and activities (and their importance) internally to build employee trust and confidence. You cannot delegate your role in driving employee engagement, and you will need support from line managers, and HR in closing the “disconnect” between employees and their organisation.

Implications for managers

The manager role needs to be much less about oversight and control – and more about enablement, removal of obstacles, creating opportunities for development, linking local objectives to the greater goals of the organisation, and helping teams adjust to change

Implications for employees

Employee engagement is still critical to business success; the link between increased engagement and improved business performance is well established, particularly in high performing companies. Companies need to continue to understand what drives engagement in their business and to act on the factors that have the greatest impact on improved business performance.

Most employees realise that their retirement deal has changed significantly, and that they are now largely responsible for their own retirement decisions and outcomes. However, they are looking to their employer to provide more guidance and support.

Implications for HR

- HR's priorities and competency requirements may need to change to support these shifts – leaders and managers will need mentoring and developing if this shift in focus is to be successful.

- Companies will need to be agile in responding to the upturn – high performers will be even more at risk as new job opportunities arise.
- Career development should look and feel different for various workforce segments, with special emphasis on high-potentials and pivotal talent.
- Performance management may become more challenging as high performers seek to leave to maximise their career opportunities while underperformers have little cause or motivation to move on.
- Employers will have to build effective workforce management plans that ensure that underperforming and disengaged employees aren't prolonging their working lives beyond the point where the relationship is mutually beneficial.

Are employees' perceptions and views likely to change as the recession fades?

Although the recession has certainly had a major impact on employees' behaviour and perceptions, it isn't clear that either the “leadership disconnect” or employee views on the “traditional” versus “new” deal are going to change quickly when financial growth returns. For many employees this has been their first major recession, and it has given them a wake-up call to focus on the basics, and to reassert some more traditional views about the nature of the employment “deal”. Whether this is a short-term reaction, or a “new workforce world order” remains to be seen.

The aftershocks of the financial battering could endure for years to come. How much and how deeply employees have been affected, and the implications of this for employers, will surely be a key question for Towers Watson's next Global Workforce Study.

About Towers Watson

Towers Watson is a leading global professional services company that has been delivering expertise in the field of employee surveys since 1956. Our practice was further bolstered in March 2007 through the acquisition of International Survey Research (ISR). We now maintain the world's largest database of employee opinion norms by country, industry and job level, as well as global high-performing companies

For more information, visit: www.towerswatson.com/global-workforce-study

About the Study

Towers Watson's Global Workforce Study covers over 20,000 full-time employees in 22 markets around the world. Fielded via an online survey between November 2009 and January 2010, it is the most comprehensive analysis of the post-recession employee mindset available today.

Country Reports

Drawing on the comprehensive set of employee opinion data collected, Towers Watson is offering detailed, country-specific reports on workforce attitudes and perceptions. Each report presents the data and themes from that country's representative employee sample, and includes key demographic and attitudinal data cuts.

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