



Work

According to the results of research from global professional services firm Towers Watson, the economic downturn has fundamentally altered the way employees view their work, the organisations they work for and their business leaders, shifting the whole employer-employee relationship in the UK. Unsurprisingly, employees don't like what has happened compared to pre-recession times when jobs and career opportunities were plentiful and employees often held the balance of power in the employer-employee relationship.



Attitudes

The Towers Watson Global Workforce Study 2010, "a survey of employee attitudes and workplace trends", was based on more than 20,000 private sector employees in 22 countries, including over 1,000 in the UK, surveyed between November and December 2009. In stark contrast to earlier studies, the latest survey found that the recession has made employees more realistic, more likely to stay with the same company, more likely to work hard and to accept that their rewards should be judged on performance.

But the survey found that organisations have many frustrated employees who can see no opportunity for career advancement in the organisation. That suggests that while career development may be on the back burner, it's still an aspiration for many employees. However, some of the actions companies took during the economic downturn, such as organisational restructuring, fewer tiers and the cancellation of training and development programmes, are likely to have reduced the options available during the upturn.

Priorities

The downturn has changed employees' priorities. Job security and workplace stability are now more important to most employees than career advancement.

Only 12% are currently 'looking' for another job and only 4% have made active plans to do anything about it. However, the latest CIPD quarterly employment outlook report suggests 22% are looking, although this is slightly down from the previous three surveys (25%). For 18-24 year olds (the "lost generation") the figure rises dramatically to 43% of UK employees and, according to Towers Watson, this group are now more interested in career advancement opportunities, work life balance and flexible work hours. Enthusing the lost generation and giving them hope of a future at work through training, work placements, internships and apprenticeships should be a priority for all HR Directors and CEOs.

While public sector employees are least likely to be actively looking for a new job currently, they are the group that ideally would most like to change jobs in the next year (42%). It wasn't long ago that some surveys were predicting a mass exodus from the private to public sector. How times have changed!

Towers Watson reports that UK employees appear to be redefining "career advancement" – it's more about acquisition of new skills and less about a traditional progression through the hierarchy of the organisation. 53% of employees define career advancement as being about acquiring new skills to do

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their current job better and to make them eligible for other jobs. That's especially important for two employee groups: first, the lost generation; and, second, those who have been employed in the same job for many years, sometimes decades. For both groups, seeking work is unfamiliar territory and demands a high degree of drive and self-belief.

Mobility

There's been a big shift in employee mobility too. 50% of employees want to work for one company for life and most of the remainder no more than three. PriceWaterhouseCoopers' (PwC) 2009 survey of millennials at work (millennials are those who entered the workforce after 1st July 2000) has a similar finding – 75% believe they will have between two and five employers in a lifetime. However, millennials want the opportunity to experience overseas assignments – 80% would like to work abroad and 70% expect to use another language during their career. Maybe the expanding economies of Brazil, China, India and Russia will be their oyster.

At the opposite end of the age spectrum, older employees seek job security and better pensions even more now than they did pre-recession. As life expectancy increases and pension deficits continue, this is unlikely to change significantly.

Engagement

Unsurprisingly, employees are conscious of the need to help their companies survive the recession and to achieve this 62% are willing to put in effort beyond what is normally expected. Such discretionary behaviour and effort is at the heart of employee engagement, so it will be interesting to see if this translates into higher engagement levels in the upturn. But, what's been the impact of the downturn on employee engagement, about which so much has been written over the last 5 years? The latest CIPD quarterly employment outlook report provides some useful insights about "job satisfaction, attitudes towards management, and communication and advocacy". Overall, job satisfaction now runs at a net score of 35, although the figures differ markedly by age groups. There has been a dramatic drop in job satisfaction among 18-24 year olds, from a score of 28 last quarter to just 5 this quarter. In contrast, 55+ year olds scored 54. Satisfaction is highest among the charity/voluntary sector (55) and sole traders (60) and lowest in medium and large businesses (more than 250 employees).

Employee attitudes towards their immediate manager continue to be generally positive and have changed little over the last 12 months. Employees are most likely to feel that managers always/usually treat them fairly (68%), are supportive if

they have a problem (62%) and listen if they have suggestions (61%). On the other hand, employees are most likely to say their manager never/rarely coaches them on the job (45%), discusses training needs (40%) or gives feedback about their performance (28%). If managers are to reconnect with many demoralized and demotivated employees, the latter three perceptions need to improve rapidly. Performance management must ensure these are delivered.

Net satisfaction scores about employees' perceptions of senior managers are much less positive, especially over consultation about important decisions (-28), trust in them (-1) and confidence in them (2). Again, this has changed little over the last 12 months. Perhaps the recession has reinforced rather than changed perceptions.

Employer advocacy, an oft quoted important aspect of engagement, appears to be on the decline. Employees are less likely (27) to recommend their organisation as an employer than last quarter (33) and they are increasingly unhappy with their opportunities for feeding back their views to senior managers. Are perceptions of the latter the root cause of the decline in advocacy?

Building spirit and motivation

66% accept that their pay should be determined by personal performance. That's unsurprising, because most surveys which include a question about this issue find that. But that's not the point. The real issue is "how" should they be linked and that's when trust and fairness in performance assessment rise to the fore. This is why the Towers Watson study's finding about what employees want from their leaders is particularly important. Trustworthiness (71%), care about the well-being of others (62%), being highly visible to employees (56%) and encouraging the development of employees (50%) feature highly. For organisations that do a good job satisfying these "wants", the future looks promising; for organisations that don't, the future is less certain. When we look, in 2-3 years time, at organisations that win the "Employer of

Such potential scenarios pose some intriguing questions:

- How will organisations maintain the morale of a new breed of "company people" who have nowhere to go?
- What should organisations do to mitigate a potential brain-drain of talented employees who realize they are in short supply and want to / decide to jump ship for a better future when the economic recovery has been secured?
- To what extent will employees in new, expanding sectors for example, green energy, digital and bio-technology, still feel this way towards one employer when a brighter future beckons?
- What talent management strategies do organisations need to put in place to balance the globally-mobile few and the stay-put majority?
- Will the tarnished reputations of some organisations make more talented people want to run their own businesses?
- How should organisations respond to the aspirations of an aging workforce?





Choice" accolade, we will find that they have delivered on these top employee priorities and "done best what matters most to employees". It will be interesting to compare the lists of Best Companies to Work For in 2008 and 2012!

While we've seen and survived the worst of the economic crisis, there still remains one very real danger ahead, according to Scott Blanchard, Vice President of Client Relations for The Ken Blanchard Companies. That danger is complacency about meeting the motivational needs of employees. As Blanchard explains, "I think that there have been some organizations who felt that the recent lack of options for employees let them get away with less than great practices with their people. And so I think that people are at a pretty low level of trust and excitement with many of the organizations they are working for. So the challenge right now is for leaders to

build spirit and motivation, energy, commitment, and innovation in their organizations."

Changing the talent culture

According to the PwC 13th Annual Global CEO Survey of 1,198 business leaders from around the globe between September and November 2009, including 69 from the UK, the signs are encouraging. PwC believe success in 2010 will in part be dependent on how companies motivate, manage and reward their talent pool. They found that:

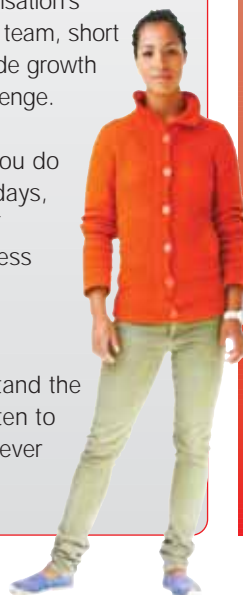
- 42% of UK CEOs expect headcount numbers to increase in the next 12 months
- 52% of CEOs plan to make significant changes to their staff morale/employee engagement programmes
- 65% plan to increase investment in leadership and talent management

· 78% plan to change their talent management strategies in the wake of the financial crisis

The PwC report goes on to say "The scale of anticipated change suggests that for whatever reason, existing HR practices did not support the businesses when the crisis hit. The past year has demonstrated that many reward models are broken, CEOs did not have sufficient flexibility to redeploy talent when the crisis hit and that different skills will be needed to compete in the new landscape." We will have to wait to see how the HR function in organisations responds to this challenge. **S**

Managing during the upturn: Top 5 tips

1. Communicate, positively, a picture of the future: tell all employees where the organisation is heading – its vision, goals and values – and the part employees can play in helping the organisation to succeed. Be open, send a compelling message and build trust.
2. Leadership development: define the behaviour and competencies that will help drive success in the new world. Develop leaders at all levels, from the top team to team managers. Give them the skills, tools, knowledge and confidence to manage a sceptical workforce that is seeking direction. Judge leaders by their behaviour and how it translates into business results.
3. Collaborative, energised, innovative culture: build a culture where teamwork and group cooperation counts and is recognised. Live by your organisation's values. Implement a new reward model that balances individual, team, short term and long term elements. Look at what you can do to provide growth opportunities and give people the opportunity to rise to the challenge.
4. Customer service excellence: deliver excellence in everything you do for customers. Never forget they pay the bills. Hold customer days, involve your employees in them and introduce smarter ways of working with customers. Celebrate customer satisfaction success stories – they are infectious.
5. Stay energised: maintain momentum during what looks like a prolonged rather than a quick recovery. Employees will understand the challenges the organization faces. Keep them informed and listen to their concerns/ideas – through for example, roundtables and never take them for granted. Treat them fairly at all times.



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