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Disengaged workers look to pastures new

- *Employees pull together – two thirds working unpaid overtime*
- *But half say that this work level is unsustainable*
- *And UK organisations risk brain drain as disgruntled staff plot upturn escape*

UK employees have stretched themselves to the limit to get their organisations through the recession, yet employee engagement is significantly below normal, new research by global management consultancy Hay Group reveals.

As the economy improves, some UK organisations will face a **talent exodus** of disengaged employees, overstretched and under-rewarded in the recession, the research warns.

The study, *The Loyalty Deficit*, of 1000 front line employees also reveals how some employers have broken an unwritten ‘contract’ with staff, jeopardising loyalty, commitment and ultimately firms’ ability to rebound out of recession.

Dunkirk Spirit

Two thirds (65%) of employees are currently working over and above contracted hours and over a third (36%) have increased the amount of overtime they put in over the past 12 months. The average amount of unpaid overtime workers are currently clocking up is six hours per week – almost an extra day.

For now, this extra time is being put in willingly as workers pull together. The vast majority (85%) of those working unpaid overtime are committed to helping their organisation survive the recession, while 84% say that people in their team are willing to go beyond their normal responsibilities to help each other out.

However, half (50%) of these employees warn that this level of work is unsustainable.

Seven out of ten (70%), claim that overwork is having a negative impact on their relationships and family life, whilst a similar proportion (76%) complain it is affecting their general health and wellbeing.

Artificial Engagement

Despite this apparent ‘Dunkirk spirit’ among frontline workers, employee engagement levels stand significantly below normal levels - 59% against normative levels of 72%*, whilst more than a third of employees (36%) are ‘**unhappy**’ in their current role.

Approaching a third (30%) rate their organisation as a worse place to work compared to 12 months ago.

Russell Hobby, Associate Director at Hay Group, explained: “Walking around the office, leaders may feel the warm glow of a ‘Dunkirk spirit’ among teams battling through the recession together.

“However, managers should beware of **superficial engagement**, where levels of effort and staff retention are artificially inflated by redundancy fears and a soft employment market, rather than genuine loyalty to the firm.

“Those companies solely focused on the bottom line during the recession could easily fail to notice the debt they have built up with employees for their loyalty during tough times. They risk falling behind those few organisations that have bucked the trend and successfully kept engagement high.”

Brain Drain

The Hay Group research shows that some workers are only staying with employers due to an uncertain jobs market, and warns of an imminent **talent exodus** from organisations that fail to re-engage their employees before the economy revives.

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The majority (53%) of employees describe working under a **'climate of fear'** for their jobs. One third (33%) of workers are actively looking for a new job, and nearly half (47%) plan to leave in the next two years.

Of those planning to stay in their role for at least another year, over four fifths (88%) attribute this to a lack of vacancies elsewhere, whilst 92% fear the risk of starting a new job in the current economic climate. However, approaching half (41%) say they are more likely to leave their employer with an improvement in the economic environment.

Russell Hobby commented: "If the 47% of employees planning to leave their jobs over the next two years carry out their intention, this would be a 16% increase in UK average employee turnover levels. With the average cost of replacing an employee said to be £6,125 this suggests that low employee engagement in the recession could cost the UK economy an additional £17.4 billion." **

"As the economy warms up, leaders will notice a trickle of talent draining from their organisations that could quickly turn into a torrent if they do not act now to re-establish trust, and provide a vision for the new business world."

Broken Deal

The study warns that some employers have broken their **psychological contract** with employees, by leaning too heavily on them for too long during the recession whilst giving little in return.

Around two fifths (39%) of workers feel their employers have broken an unspoken contract of loyalty with their staff over the past 12 months.

Nearly half (46%) no longer have faith in their employer, whilst approaching half (45%) are now less proud to work for their organisation compared to a year ago; 46% are less inclined to recommend it as a place to work to friends or family.

Consequently, the vast majority (91%) of workers claim they **"work to live"** rather than "live to work", 16% of which say this has changed in the last 12 months.

Russell Hobby commented: "Hay Group research shows that firms with an actively engaged workforce on average achieve two and a half times greater revenue growth than those with low employee engagement." ***

"This not only represents a huge missed opportunity to companies that don't engage their employees, but their ability to respond quickly and decisively to the upturn will also be greatly impeded without staff on side."

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Six Tips to Turnaround Engagement

According to Russell Hobby, it is not too late to turn this threat into an opportunity: "Organisations should take the lead from firms such as Nationwide, Serco and Reed Elsevier which have successfully maintained high levels of employee motivation and commitment throughout the recession."

He proposes the following six tips for improving employee engagement:

- **Don't stop communicating as things improve – this is the real danger point**
- **Refresh leadership development with a new focus on the role of trust – helping leaders move from simple honesty through transparency to integrity**

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- Support leaders with the emotional, political and creative space they need to admit uncertainties and communicate a new sense of direction
- Capitalise on changing attitudes to work and the psychological contract with a new employment proposition which meets workers' needs that your competitors do not
- Identify high risk individuals – those critical to the business who may be disaffected and target retention activities to these
- In the focus on engagement, do not forget enablement. Most workers say they could be more productive, talented workers want to do their job well and, at a time of cuts, waste and bureaucracy are amongst the biggest demotivators to the people you most want to keep

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The Regional Picture

The national average of two thirds (65%) of employees currently working over and above contracted hours rises to three quarters (75%) in **the capital**, and dips to just 57% of workers in **Wales**.

Proportion of employees currently working over and above contracted hours.	
Wales	57%
Northern Ireland	58%
North East	55%
North West	67%
East Midlands	60%
West Midlands	69%
London	75%
South East	63%
South West	69%

However, whilst nationally half (50%) of employees warn that their colleagues are working too hard and this is unsustainable, the proportion rises to 59% in the **South West** and 57% in the **South East**.

Proportion of employees warning that the current work levels are not sustainable.	
Wales	34%
Northern Ireland	44%
North East	42%
North West	54%
East Midlands	55%
West Midlands	47%
London	53%
South East	57%
South West	59%

Interestingly, employee engagement levels

Employee engagement levels.	
Wales	59%
Northern Ireland	60%
North East	60%
North West	59%
East Midlands	58%
West Midlands	57%

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London	56%
South East	59%
South West	60%

Whilst more than a third of employees (36%) are “**unhappy**” in their current role nationally, workers in the **North West** appear less disgruntled, with only 32% claiming the same. In the neighbouring **North East** however, the figure rises above the national average to 39%, and reaches a high of 41% in the **South West**.

Proportion of workers “unhappy” in their current role.	
Wales	38%
Northern Ireland	36%
North East	39%
North West	32%
East Midlands	34%
West Midlands	36%
London	35%
South East	37%
South West	41%

Consequently, the highest proportion of workers actively looking for new jobs or considering leaving their organisation arises in the **South West** (72%), whilst employees in the **West Midlands** are among the most settled, with only 56% looking to move on.

Proportion of workers actively look for new jobs or considering leaving their organisation.	
Wales	65%
Northern Ireland	58%
North East	56%
North West	53%
East Midlands	65%
West Midlands	56%
London	57%
South East	68%
South West	72%

Across the country, the number of employees claiming they “work to live” rather than “live to work” rises from the national average of 91% to 94% in the **West Midlands** and **London**, and falls to just 85% in **Northern Island** and 88% in the **East Midlands**.

Proportion of workers that “work to live” rather than “live to work”	
Wales	91%
Northern Ireland	85%
North East	93%
North West	90%
East Midlands	88%
West Midlands	94%
London	94%
South East	89%
South West	90%

Further Information

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Notes to Editors

Please note: this study should be credited to ‘global management consultancy Hay Group’, and not ‘Hay’ or ‘Hays’, which are separate and unrelated organisations.

About *The Loyalty Deficit*

Hay Group’s *The Loyalty Deficit* is based on an independent study of 1000 UK blue collar workers, secretarial/administrative employees, first line managers and professional technical staff across both the private and public sectors.

*This figure is calculated from Hay Group’s Insight database which contains data from 2 million employees from 400 organisations gained through organisation wide employee surveys undertaken over the past 5 years.

** Calculations were based on the following figures:

- Number of UK employees - 18,226,000: BERR, *Enterprise Directorate Analytical Unit*, 2007.
- UK average turnover rate over two years - 31.4%: CIPD, *Recruitment, retention and turnover survey*, 2009.
- Average cost to replace an employee - £6,125: CIPD, *Recruitment, retention and turnover survey*, 2009.

*** Hay Group studied data gathered through employee surveys over the five years preceding the recession and found that those organisations in the top quartile on engagement demonstrate revenue growth 2.5 times that of organisations in the bottom quartile.