

The Shape of the Emerging “Deal”:

Insights From Towers Watson’s 2010 Global Workforce Study

The 2010 Global Workforce Study pinpoints a watershed moment in the evolution of the employment relationship around the world. While that relationship is far from homogenous — subject as it is to local customs, culture, regulations and the like — it is affected by a surprisingly similar set of pressures and demands worldwide. From the global recession, to financial defaults, to changes in business models, both employers and employees are being forced to revisit some fundamental assumptions about their implicit and explicit “compact” with one another.

Although some of the pressures of the last two years are easing, the impact on the world’s workforce and employment itself appears to be deep and long lasting. Our study reveals a recession-battered workforce — one with lower expectations, increased anxiety and new priorities.

Among the key findings across the entire global sample:

- The desire for security and stability trumps everything else right now, in part because employees see security as a fast-disappearing part of the deal.
- Employees understand they are solely or chiefly responsible for ensuring their long-term financial and physical health and well-being as well as their career and performance — but have serious doubts about their ability to take on these roles.
- Mobility is at a decade-long low point — with significant numbers of employees sacrificing the prospect of career growth for a secure job right now.

Challenges for Employers

- Employees may be settling in, but are frustrated about advancement. What are the risks for keeping and engaging talent?
- Employees know they’re responsible for their futures, but worry about their ability to handle it. If cost shifting goes too far, what reactions are likely in terms of motivation and performance?
- Employees want leaders who are competent *and* inspiring, and question leaders’ current abilities in both areas. Are leadership development programs focusing on the right things?
- Employees want more freedom and flexibility in their work, but don’t feel they have the tools and support they need to succeed in today’s environment. What kind of programs and managerial support are required to enable people to self-manage effectively?

- Confidence in leaders and managers is disturbingly low — particularly in terms of the interpersonal aspects of their respective roles.

These and other findings from our research carry significant implications for employers and the decisions they need to make about the magnitude, nature and timing of their workforce investments. While some of the changes in employee attitudes may not endure, we are, nonetheless, at the earliest stages of a significant workplace transformation — one the recession has accelerated to different degrees around the world.



The trends and pressures in today's work environment will continue to alter how businesses operate and how people connect to their companies and work. At one end of the spectrum, few employers can sustain the kind of paternalistic employment proposition that has long held sway in the industrialized world. At the other end, it's clear that technology will continue to revolutionize not only how work gets done, but also how people "access" their work and each other. In short, **"business as usual" on the people front is not an option because there is no business as usual any more.**

Toward a New Employment Proposition

Drawing on the insights from our study, and the broad economic, social and business trends taking shape globally, we see a new employment relationship emerging that is grounded in three interrelated organizational dimensions:

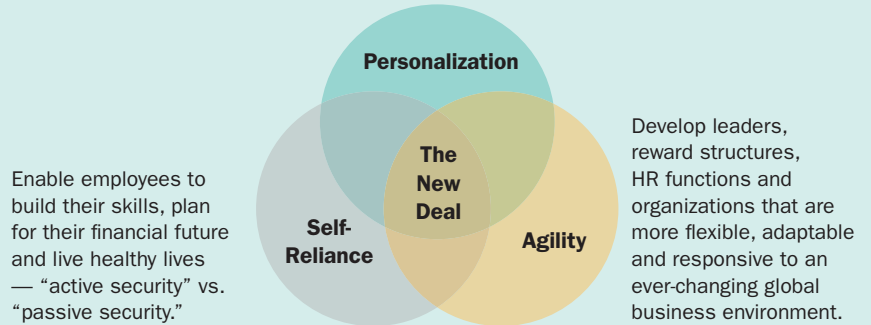
- **Fostering self-reliance** on the part of employees
- **Creating a more personalized** work experience for segments of the workforce, aligned with how people add value to the business
- **Strengthening agility and flexibility** in the organization's structure, processes, management style and delivery of workplace programs

Think of this "new deal" as the art of the possible — a synthesis of both traditional and novel approaches to workforce management that can be molded in a variety of ways to meet current business needs and each organization's unique set of circumstances and philosophy about its people and how they contribute to economic value.

As companies and their employees emerge together from the "Great Recession," the process of reevaluating needs and expectations will only intensify, necessitating trade-offs for both parties to the employment deal. Employers need to adopt new and creative practices to balance effective cost and risk management with enhanced employee retention and engagement. Employees will likely view careers, skill building and mobility very differently from how they did in the past. While the precise shape of this shared future remains unclear, creating a "new normal" will define the path forward for both parties.

Building Blocks for a New Deal

Segment the workforce, personalize key elements of the deal and ensure more differentiated investment of financial resources in critical talent.



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. For more information and additional data and materials, please visit www.towerswatson.com/global-workforce-study.

About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 14,000 associates around the world, we offer solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.