The Quality of Working Life 2012
Managers' Wellbeing, Motivation and Productivity
Executive Summary
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We’re delighted to be sponsoring The Quality of Working Life 2012 report. Since the last report in 2007, a lot has changed. We’re now in a double dip recession, unemployment is high, consumer confidence is low and businesses and individuals are feeling the pinch. This is making it difficult for organisations to operate in the UK.

In light of this, it is unsurprising to see that 92 per cent of managers have experienced organisational change in the last year. Meeting objectives in a tough economic climate can mean tough decisions need to be made and restructuring or other organisational changes are necessary. This is perhaps one of the reasons why managers and directors are working around 1.5 hours per day over their contract in 2012.

When it comes to health and wellbeing in the workplace, illness levels have increased, but managers seem less likely to take time off work when they are genuinely ill. Perhaps presenteeism is another symptom of high levels of organisational change.

Health benefits and policies within organisations are shown to be helpful, but require support from management. This reflects what we see in organisations every day. Those that truly embrace health and wellbeing, communicate benefits well and encourage their employees to be proactive about caring for their health can often see an increase in motivation, productivity and ultimately the bottom line.

The report also highlights some interesting findings about the impact of different leadership styles. The most prevalent styles in the UK, authoritarian, bureaucratic and reactive, all have negative consequences for managers’ health and wellbeing. The styles most associated with organisational growth and employee wellbeing are in the minority.

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Introduction

This is the seventh in a series of Chartered Management Institute (CMI) research reports looking at the quality of managers’ working lives and how it is evolving. The series began in 1997 and ran until 2001: it then ran in 2005 and 2007. Since the 2007 report, the world economy has been hit by the deepest recession since the 1930s. UK GDP has dropped over 4 per cent since the publication of the last report in October 2007. Some pundits are suggesting that the pace of economic growth is so slow that UK GDP will not return to its end-2007 level until 2014 – perhaps even longer. As the credit crunch of 2008-9 has been superseded by the euro crisis of 2012, the UK government has seen austerity as the only salvation. While few can doubt the wisdom of reducing the size of the UK’s structural deficit, many are now voicing concerns about the short and long term consequences of the absence of growth and policies to promote it.

Attempts to reduce government debt have led to reductions in government spending which have rippled through the public sector and into the private sector. High levels of unemployment, uncertainty about the economy, wage restraint (unless you are on the board of a FTSE100 company), households trying to reduce debt and relatively high inflation compared to earnings growth have all combined to reduce demand not only on the High Street but in the wider economy. The finance sector, which was once seen as the growth engine of the UK, has spluttered and the manufacturing sector, while showing some signs of growth, is far from firing on all cylinders.

Given the scale and impact of these changes, CMI decided that it would be timely and informative to run the Quality of Working Life survey again so that managers’ current perceptions about their wellbeing, motivation, productivity and their working lives more generally could be compared to the 2007, pre-recession benchmark and, where possible, data from our earlier surveys. The period from 2007 to 2012 has been marked by a radical transition from what economists called NICE (Non-Inflationary Continuous Expansion) to what they now label DRAG (Deficit Reduction Anaemic Growth). Our objective in this report is to explore the consequences of this shift from NICE to DRAG and to explore how this has had an impact not only upon managers but also upon the organisations they work within.

If long term, longitudinal research programmes are to be of value, they have to juggle the problem of maintaining comparability while keeping up to date by addressing the most salient issues that managers are experiencing. Since we began the series of surveys in 1997, the reality of work has changed considerably – old issues have faded away to be replaced by new ones. In the design of the 2012 survey, we have tried not only to preserve comparability but also to maintain relevance and focus by ensuring that the issues we have addressed resonate with the lived realities of managers in the UK.

As in the 2007 report, the prime theme of this report is to explore how managers’ sense of their own health and wellbeing affects their motivation and productivity and how this complex dynamic ripples through to affect overall organisational performance. In this report, there is an added dimension in that we will be comparing these inter-relationships and chains of effect in two radically different economic contexts.

While the core structure of the 2012 questionnaire is very similar to previous surveys, we have made one key change in focus. This time we have sought to structure a series of questions that will give us insights into what we see as three critical issues:

- the factors that drive/suppress managers’ sense of wellbeing in the organisations they work within;
- the effects of different leadership styles on managers’ wellbeing;
- the key relationships in the workplace (such as the relationship between a respondent and their immediate line manager) that impact on managers’ wellbeing.

As well as painting a statistical picture of these issues, one of our key objectives is to produce insights that will stimulate debate and critical reflection among those charged
with the task of developing organisations, crafting leadership development programmes, or designing and implementing change programmes.

Our previous research has revealed that persistent and over-exuberant organisational change, done badly, is likely to undermine managers’ sense of their own wellbeing. Managers who are concerned about their health and wellbeing are less motivated and display lower levels of employee engagement which, in turn, reduces their personal productivity which, in turn, reduces organisational performance which, ultimately, hits the bottom line.

After fifteen years’ research on this project, there is no doubt in our minds that inattention to employee wellbeing reduces organisational productivity and performance. Or put another way, it pays to invest in initiatives that promote employee wellbeing, and to address those issues which cause demotivation and employee disengagement.

Methodology

The fieldwork for the study was conducted in May 2012. As in all previous studies, CMI’s membership database was used as a sampling frame. A self-completion questionnaire was designed and e-mailed to 20,000 members of CMI. In 2012, the project generated 1,334 responses.

A comparison of the 2007 and 2012 data by respondents’ level in the organisation revealed some differences in the structure of the two samples. As responses on many of our measures varied strongly with respondents’ level in the organisation, a decision was taken to weight the 2012 data so that it reflected the structure of the 2007 survey.
Key findings

A challenging environment

- **Decline and stalled growth** – the percentage of managers working in organisations that were growing declined from 53 per cent in 2007 to 34 per cent in 2012. The percentage of managers who were working in declining organisations has increased noticeably from 19 per cent in 2007 to 34 per cent in 2012.

- **Decline was felt most strongly in the public sector** – 46 per cent of public sector managers said their organisation was in decline, compared with 18 per cent in the not for profit sector, and 19 per cent in the private sector.

- **Change is the norm** – 92 per cent of managers had experienced organisational change in the last year. The scale and variety of change was highest in the public sector, with 98 per cent experiencing change.

- **Cost reduction has become an increasingly potent driver of change** – in 1997, 35 per cent of managers cited cost reduction as a driver of change but by 2012, this had increased to 82 per cent.

- **Directors have a much rosier view than other managers** – the perceptions of those at the top of the organisation were far more positive than those of junior managers, and this gap has widened since 2007.

Job satisfaction has reduced

- **Job satisfaction declined significantly** – dropping from 62 per cent in 2007 to 55 per cent in 2012. Job satisfaction and many other measures were at their lowest in the public sector.

- **Managers are losing faith in senior managers** – in 2012, only 30 per cent thought senior managers were managing change well, compared with 45 per cent in 2007. The percentage that thought senior managers were committed to promoting employee wellbeing also declined from 55 to 39.

- **Junior managers are the least committed to their organisations** – 47 per cent of junior managers said they would leave their present organisation if they could find another job.

Motivation levels have increased

- **In spite of economic conditions, managers remain motivated** – motivation levels have significantly increased since 2007 with 60 per cent saying they felt motivated in 2012 (up from 51 per cent).

- **Motivation and productivity are strongly linked** – while 81 per cent of those who felt 100 per cent productive felt motivated, this declined to only 17 per cent of those who felt less than 70 per cent productive.

Managers’ working hours have increased

- **Managers are working longer hours** – in 2007, 38 per cent of managers worked two hours per day over contract – by 2012, this had increased to 46 per cent. The average manager worked around 1.5 hours per day over contract, which equates to roughly 46 working days per year.

- **Managers were concerned about adverse effects of long hours** – 59 per cent were concerned about effects on their stress levels; 56 per cent were concerned about psychological health; and 63 per cent of parents worried that their hours were affecting their relationship with their children.

Health and wellbeing have deteriorated

- **Most managers have satisfactory or good health** – 42 per cent of managers reported being in ‘good’ health, 37 per cent thought their health was satisfactory and 21 per cent felt their health was poor.
• **Sickness absence has risen slightly** – the average manager had 3.65 days absence from work due to ill health, compared to 3.46 days in 2005. Directors had the lowest level of absence (1.92 days) compared to junior managers (4.70 days). Managers in the public sector reported the highest absence rate – 3.88 days compared to 3.47 days in the private sector.

• **Psychological wellbeing has declined** – the likelihood of managers reporting ill-health increased on twelve of our thirteen measures with stress showing the largest percentage increase. Forty-two per cent reported suffering from symptoms of stress (up from 35 per cent in 2007) and 18 per cent reported suffering from depression (up from 15 per cent in 2007).

• **Wellbeing is worse in declining organisations** – the number of managers affected by symptoms of ill-health was markedly worse in declining businesses, compared to growing ones.

• **Highly motivated managers had higher levels of wellbeing** – the highly motivated had taken only 1.3 days absence in the last year compared to 11.3 days for those not motivated at all.

• **Less tolerance to those taking time off sick** – in 2012, managers were less likely to think that employees are treated sympathetically by managers if they take time off work sick than they were in 2007.

• **A marked increase in presenteeism** – there was a significant increase in the proportion of managers who felt that their organisation had a culture of people not taking time off work even when they were ill (from 32 per cent in 2007 to 43 per cent in 2012).

• **Health support is widespread in organisations** – the most prevalent forms of health support were flexible work options (72 per cent), progressive return to work after absence schemes (67 per cent) and counselling (59 per cent). Where benefits were offered, the most valued were flexible work options (81 per cent), options to get extra holiday/leave (72 per cent), and leave of absences to help work/life balance (72 per cent). Note that these three most valued benefits in the workplace all relate to time.

• **Training boosts the effectiveness of policies** – there is some evidence to show that it is insufficient just to have health policies in place without also having training policies, communications policies and having set clear accountability for the delivery of policy.

• **Leadership style affects job satisfaction** – the prevailing leadership style in an organisation was found to be one of the strongest determinants of job satisfaction. The sense of achievement managers got from their job, the extent to which they felt trusted to make decisions, their potential career prospects, the “achievability” of objectives, and whether they felt part of a team were other strong determinants of job satisfaction.

• **Respect, autonomy, trust and achievement motivate managers** – four features emerged as very strong motivational drivers for managers: having the respect of your peers; having the ability to decide how to get jobs done yourself (role autonomy); feeling trusted to make decisions; and, the sense of achievement managers got from their job.

• **High pressure and limited prospects drive motivation down** – factors that were found to inhibit motivation included limited career prospects, a overwhelming workload, poor remuneration/reward, high pressure and over bearing performance management.
• Slightly poorer relationship with line managers – in 2007, 53 per cent thought that their line manager was managing their work group well but by 2012 this had declined to 50 per cent.

• Lower levels of trust between respondents and their own managers – levels of reciprocal trust between respondents and their line managers also weakened. In 2007, 75 per cent felt trusted by their line manager but by 2012 this had declined to 69 per cent with the percentage of respondents who trusted their line manager also suffering a decline (from 57 to 54 per cent).

• Management style, wellbeing, motivation and organisational growth – the most common management styles reported were bureaucratic (45 per cent – up from 40 per cent); reactive (33 per cent – down from 37 per cent) and authoritarian (30 per cent – up from 29 per cent). All these styles have a negative impact on motivation, health, wellbeing and productivity levels.

• Growth firms have more positive management styles – the prevailing management styles were found to be radically different in growing and declining private sector firms with growth firms far more likely to have accessible, empowering, trusting and consensual senior managers.

Conclusions

The 2012 survey reveals exactly how managers and organisations are coping in these tough economic conditions. More firms are in decline than in 2007. While there are some growing firms, what growth there is in the private sector seems to be overshadowed by considerable decline in the public sector. The nature of organisational change also seems to have mutated since we began these surveys in 1997. In those distant days, only 35 per cent reported that change in their organisation was driven by cost reduction but it is now around 82 per cent. Organisations and the people who work within them are being squeezed and put under pressure to work harder, to work longer and to work faster.

After analysing the 2012 data we can identify a number of themes that pose serious questions about how UK organisations are being managed:

• Managers are being put under more pressure as cost cutting, redundancy and deteriorating terms and conditions take their physical and psychological toll.

• Managers have become less positive about their organisation as a place to work and measures of job satisfaction have declined.

• Working hours have increased and managers are having to work even longer hours to cope with the volume of work and to meet deadlines.

• Illness levels have increased but managers seem less likely to take time off work when they are genuinely ill – presenteeism has increased.

• The types of negative symptoms that have increased most – such as feeling unable to cope, difficulty making decisions and avoiding people – are the ones which tend to undermine managerial effectiveness.

• Managers have lost trust in senior managers’ ability to have their best interests at heart – possibly because senior managers and directors are those charged with putting difficult cost reduction exercises into place.

• The difference in perceptions between managers at different levels in the hierarchy is wider than ever and we are left feeling that many directors are out of touch with the reality of their organisation as most staff experience it.
• The most prevalent management styles in the UK – authoritarian, bureaucratic and reactive – all have negative consequences for managers’ health and wellbeing. The management styles most associated with organisational growth and employee wellbeing are in the minority.

In spite of this, there are some hopeful signs that UK managers are ready to build organisations that are ready for the challenges of the next 10 years. There are examples of good organisations out there. These are characterised by more people orientated management styles and behaviours, by high levels of reciprocal trust, by openness, by empowerment and by more consensual approaches to decision making.

Satisfaction may be down, but motivation, remarkably enough, is up. Managers are resilient. Those who are in place have to make the best of some difficult circumstances. And there are still many organisations in sectors which are stable or growing.

In this report, we have largely looked backwards, in order to understand change. Yet the world in 2012 really demands that we look at our organisations with fresh eyes – not assuming that what worked well in the past will still work now.

Can organisations change their managerial style? Staff in empowering, high trust environments feel better and are more productive. Many organisations have more negative management styles. Are authoritarian settings doomed to stay that way, or can they build a more open environment?

Can directors and junior managers learn to understand each other better? Is the gap in perception an inevitable consequence of different perspectives, or can one group learn to see the organisation through other eyes? How is that best done? What impact would that have on the organisation?

How can good training make a difference? Health policies accompanied by training work much better than those with no training. Does this just apply to health, or might it apply in other areas, like project management? How can work itself be managed more effectively?

How can managers boost (or maintain) their sense of wellbeing, especially when dealing with difficult circumstances? Are there ways in which managers can build resilience and positive wellbeing, rather as you might build a muscle?

Stress and anxiety tend to lead to tunnel vision. How can managers create innovative, creative solutions to the challenges of recession and stagnation?

Do the popular management strategies of the boom years still have a place, or do they need replacing with something different? What might that be?

Some challenges and questions

Recommendations

Managing your own wellbeing

Develop better self-awareness – many managers need to become more aware of the consequences of their actions and inaction. The style in which you manage can have a real impact on the morale, motivation and productivity of those around you. Managers also need to be more aware of the limits of their own resilience and actively manage their health accordingly. Even relatively minor symptoms can affect your performance at work.

Analyse your own value systems – managers need to critically analyse and question their own value systems. Make time to reflect on your work: ask yourself why you take
certain actions and be more explicit about the consequences of the choices you make at work on your health, your family and your long-term wellbeing.

**Balance work and home commitments** – it is important to recognise that both home life and working life carry with them distinct rewards and responsibilities, and that individuals must create an environment that enables them to balance these demands. Neglecting one over the other will lead to poorer performance across the board, so be flexible and work smart to meet competing demands.

**Manage your wellbeing** – managers often need to change habits, responses and thought processes that create anxiety, stress and overwork. The evidence of this research suggests that this area is often neglected, but managing yourself – including your wellbeing – is an important foundation for sustaining high levels of performance in your work.

**Listen to your people** – a particular challenge for Directors is to understand that things can look and feel very different to those outside the senior executive team. Directors need to escape the bubble and move out into their organisations, getting a sense of the working reality in different functions, locations, and levels. Share and communicate your motivations and your commitment to the organisation’s future – but be prepared to recognise the real factors which mean others feel differently.

**Aim to become a high-trust organisation** – the research identifies the benefits of creating high-trust working relationships. Some managers are expert in building trust and consensus, but this can be particularly difficult for those working in declining organisations where managers are often competing for scarce resources and opportunities. Explore how you can build trust with your staff – but recognise that it takes time and may not be easy in the wake of severe cost-cutting or restructuring.

**Motivate your managers** – create the conditions which provide strong motivation and engagement for your managers. Give your managers autonomy in their jobs, set clear objectives and offer warm recognition when success is achieved. Presenteeism is still rife in too many organisations: look to provide greater flexibility in working patterns by measuring outcomes rather than inputs.

**Reassess the organisation’s dominant management style** – do you fully understand the pros and cons of your management style? There may be sound reasons for existing styles – for example, bureaucracies are protective, but they can be wasteful and demotivating. Can your organisation reinvent itself as a high-trust organisation? Examine how you might move from procedural systems to more holistic systems that take greater account of your people.

**Understand the implications of change** – change has become the norm for many organisations. All managers, but especially directors and senior managers, need to become more aware of the costs and consequences of their actions, particularly in the implementation of change. It is important to recognise that change is inherently unsettling but the challenge is to understand the potential effects, identify who will be affected – including those indirectly affected – and look to limit any negative effects.

**Communication and participation in change** – key challenges in the delivery of change include creating a climate of open communication. Senior managers need to be sure that they are regularly connected to what is actually happening at the frontline. Look for real participation, sharing problem-solving and decision-making with those who are responsible for implementing the change.
Developing the skills to manage change – managers at all levels need to be effectively trained in the planning and implementation of change. This demands a greater focus on people skills as well as the technical aspects of change management.

Measure employee engagement and wellbeing in the organisation – a more holistic view of how organisations are managed is needed, especially in periods of change. This can be developed by building in more effective employee engagement and wellbeing metrics into management information systems. This will counter the primacy of “monochrome” financial measures and key performance measures in many organisations. Employee metrics can provide a far better indicator of an organisation’s longer-term health and growth potential.

Health and wellbeing initiatives – at a time when cost reduction is a major driver of change in many organisations, it is particularly important for employers to understand the potential benefits of investing in health initiatives in the workplace. There may be a clear business case for health improvement initiatives in order to cut the costs of absence levels, but investment decisions should also be driven by the understanding that improved health and wellbeing can generate significant employee productivity benefits as a result of higher levels of engagement.

Find out more

The full findings are published in a 68-page page report, available free of charge online, or priced at just £30 for a hard copy. Visit the CMI website and you can also access a range of free resources aimed at helping you improve the quality of working life in your organisation, including CMI checklists – normally available exclusively to CMI members – plus expert advice from Simplyhealth. Find out more at www.managers.org.uk/workinglife2012
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