



# The Divided Workforce

An exploration of employee perspectives on Brexit

*January 2018*

# Preface

The world will always remember the 23rd of June, 2016 as a historic day. Markets watched around the world as the United Kingdom voted on the UK EU membership referendum, signalling the exit of the UK from the European Union. The results showed a 52 to 48% vote in favour of Brexit, putting the UK in uncharted territory as it sought to become independent. And as we look to March 2019, we are likely to see more twists and turns in the world as time goes on.

There has been much dialogue around the future of the UK post-EU. Discussions still continue to swirl around the future and plan for Brexit, and although some preliminary plans have [emerged](#) from the British government, much is still in the air. The 2017 UK General Election has also created additional noise in the signal, making a clear path forward even more difficult.

As the UK government continues to hammer out details, some organizations are starting to take action with their talent, particularly in the financial sector. Citi is opening up a second trading hub with 150 to 250 new jobs in Frankfurt<sup>1</sup>, Morgan Stanley announced that Frankfurt would be the new base for their EU operations<sup>2</sup>, and JP Morgan announced that they are moving hundreds of London bankers to Dublin, Frankfurt, and Luxembourg. Deutsche Bank threatened that 4,000 jobs could be at risk of being moved out of the UK<sup>3</sup>. Some estimates have even put the total number of financial sector jobs exiting the UK at 232,000<sup>4</sup>.

## FOR THOSE UNFAMILIAR: A QUICK PRIMER ON THE EUROPEAN UNION & ARTICLE 50

**EU** | 28 countries including Germany, France, the UK, Italy, Spain, and the Netherlands

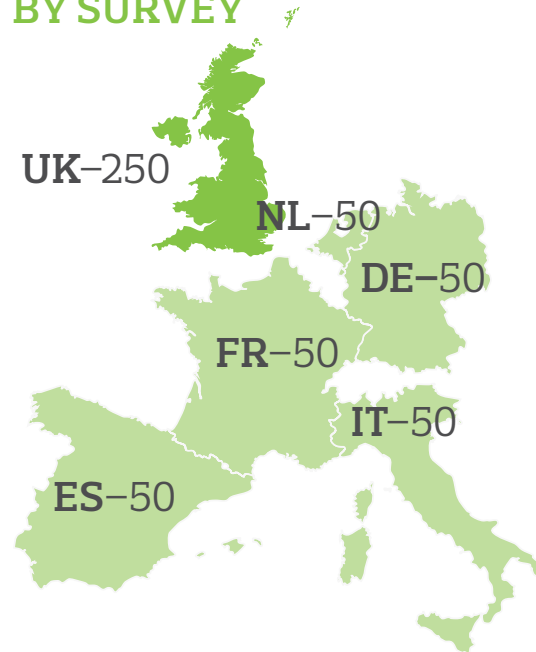
Article 50 is a set of five paragraphs that signal a departure from the European Union. Created as part of the Treaty of Lisbon, Article 50 is a plan that outlines the agreement signed up by all the countries to leave the EU voluntarily. Before that treaty, there was no formal mechanism for a country to leave the EU.

**Article 50 states:** “Any member state may decide to withdraw from the union in accordance with its own constitutional requirements.”

## Preface (continued)

Aon sought to find the signal in all the noise and directly ask employees themselves on their feelings about Brexit. We surveyed 500 employees both within the UK (250 respondents) and in surrounding countries (50 in each). We ensured that our sample was representative in terms of industry, revenue, job functions (Customer Service, Sales, Marketing and Business Development, Engineering and Production, Transportation and Logistics, Finance and Administration, HR, IT, Operations) and the type of job (executive, senior management, professional employee, front-line employee). We also required that respondents be currently employed at a company of over 500 employees.

### COUNTRIES COVERED BY SURVEY



The issue remains controversial to say the least, so we will not touch on the politics of the situation, but instead will act as a neutral mouthpiece to employees living inside and outside the UK. As such, we will do our best to present the perspectives we received in our survey with minimal political commentary. However, it should be stated that responses carry some positive and negative perspective around Brexit, so keep this in mind as you read through our results.



# Executive Summary



## Location and Labour Implications

Respondents indicated that 14% of their co-workers are EU nationals, indicating that these organizations could **potentially lose a sizable percentage of their workforce**, especially if movement between the UK and EU becomes difficult. Unemployment in the UK has been trending downward and experts estimate that the talent pool could tighten once the UK has left the EU and critical positions become harder to fill. This could potentially drive wages up for critical talent. Organizations will need a long-term human capital and location strategy to prepare for any and all scenarios.



## Rose Tinted Glasses

Feelings toward the Brexit vote tend to **influence how respondents feel about nearly every aspect of their workforce experience**. There was a strong dichotomy in nearly every question from respondents in the survey. If you were pro-Brexit, you expect a positive impact, and if you were anti, then a very negative impact. This has major implications for how organizations talk about Brexit to their employees, and could have a surprising effect on engagement as time goes on.



## Train Up for the Customer

Customer centricity is essential. If employees are unable to talk about the macroeconomic impact of Brexit on the firm themselves, then they will be unable to do so with clients. Organizations must ensure that they are training employees to communicate intelligently about Brexit, even in the face of uncertainty. We expect there will also be **less role mobility within UK-based organizations**. HR may have to start thinking about better internal mobility programs for all employees, especially those in critical roles.



## Bend Your Ear

Employees want their concerns heard. However, very few of the **organizations we surveyed had done anything to communicate** with their employees about Brexit. Even less had done anything based on feedback they've received from employees. To assuage fears and build trust, organizations need to communicate often with employees, and provide opportunities for employees to voice their concerns about the future. In ignoring feedback, organizations risk disengaging and potentially losing their critical talent.



## HR and Leadership, Know Thyself

HR and leadership understandably have a big role to play in Brexit, both in terms of what could be logistical immigration tangles, but also in the **training, communication, and strategic planning for the future**. However, from our survey it appears that there is a dichotomy in place as both of these functions highly rate their own function's preparedness, but employees worry about organizational readiness.



## Demographics Divided?

There are **major differences among generations in terms of Brexit and the workforce mind-set**. Organizations will have to get savvy about the way that they speak about Brexit, especially if they have a particularly older or younger workforce compared to their peers.

# Location and Labour

## HOW TO PREPARE FOR BREXIT:

- ▶ Create a comprehensive Strategic Workforce Plan with scenario analysis
- ▶ Conduct a labour scan, both internally and externally, to identify talent and talent pools
- ▶ Ensure that a succession management program is in place to prepare for leadership gaps post-Brexit

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"We expect skills gaps across the board. Every level of service will be affected. People are already leaving & posts are not being filled yet."

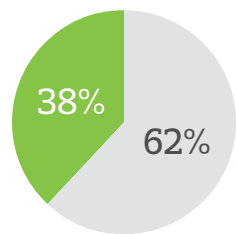
- Manager from the UK

One refrain heard on a nearly global level is that organizations are having a hard time filling critical positions. This rings true in the UK as well. One study from the Open University found that skills gaps across the UK have cost organizations upwards of 2.2 billion pounds, spent predominantly on higher salaries, recruitment costs, and temporary staffing to fill vacancies<sup>5</sup>. With unemployment the lowest it's been in nearly 40 years<sup>6</sup>, this trend is likely to continue, and Brexit is likely to further exacerbate this by making immigration more difficult across the EU.

Respondents in the survey seemed to agree. When asked about the effect of Brexit on their ability to work in a location of their choosing, 62% indicated that Brexit would have a negative effect. It is still unclear just how difficult immigration will be between the UK and the EU, so this number may change as time goes on.

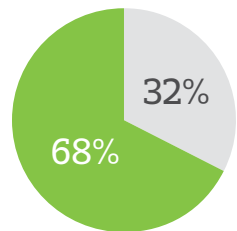
However, when the lens is turned outward, respondents were more positive about their organization's ability to cope with Brexit in terms of their talent. 63% indicated that their organizations have a well-defined talent pool to mitigate talent risk, and this number increased as respondents moved up in the organizational hierarchy.

Regardless of the final plan for Brexit, organizations need to think holistically about their talent strategy to mitigate future risks, especially if immigration becomes more difficult. Of those organizations that stated they were prepared for Brexit, 85% said they have a well-defined talent pool to mitigate talent risk vs. 28% of those that were unprepared, underscoring the importance of strategic planning. A strategic workforce plan with multiple contingencies is essential, and at the very least organizations should know the precise locations where they can fill for critical talent. Aon's [primer on location analysis](#) might be a helpful starting point for organizations.



Brexit will have a positive/negative effect on my ability to work in a location of my choice.

■ Positive ■ Negative



My organization has the right talent to address the needs of our target markets in response to Brexit.

■ Agree ■ Disagree

# Rose Coloured Glasses or Doom & Gloom?

## HOW TO PREPARE FOR BREXIT:

- ▶ Create 'personas' based on employee viewpoints, and use these to customize communication about Brexit
- ▶ Anticipate that there may be major differences in how employees react to Brexit

Hyperpolarization has become almost synonymous with politics in numerous countries around the world. And in the UK, the multi-party system is still becoming increasingly polarized as the 'centre' of the political spectrum gets slowly taken away<sup>7</sup>.

We found a similar pattern among our respondents. Feelings toward the Brexit vote tend to reflect how respondents feel about nearly every aspect of their workforce mind-set. The pro Brexit employees saw Brexit as a universally good move, and were generally positive about its effect on their firm. 67% were not in favour of Brexit, and the anti-Brexit population was generally negative about its effect on the world and their organization at a local level. On the topic of Brexit's impact on the EU, they were generally aligned, with 79% indicating Brexit would have a negative impact on the EU.

Respondents tended to verge toward the centre on issues pertaining to the workplace, particularly on diversity and engagement. When asked about whether Brexit would affect diversity in their organizations, over 65% responded in the centre of the scale (slightly negative or positive), with only 10% indicating "extremely" negative or positive feelings. In regard to Brexit's effect on employee engagement, 77% were lukewarm about how Brexit would affect their engagement, and 76% felt the same way about co-worker engagement.

## Neurological Basis of Reactions to Brexit

There are two prominent theories in psychology and neuroscience regarding bias that have clear applications to the post-Brexit workplace landscape:

### Cognitive Bias

Occurs when there is some level of uncertainty in a situation and the 'cost' of all outcomes is unequal. If I see a long object in the woods that looks like a snake, cognitively it 'costs' me less for my own well-being to assume said object is a snake. Similarly, because the individual cost of Brexit varies wildly, respondents reacted to Brexit in a way that minimizes 'cost' to them personally. For example, if I work in the UK importing or exporting business, I'm likely to be against Brexit and inclined to prep for the worst.

### Confirmation Bias

Occurs when individuals seek out information that 'agrees' with what they already believe. We found this to be true in our survey, where respondents that agreed or disagreed with Brexit had perspectives on all the other questions that fit this view.

# Rose Coloured Glasses or Doom & Gloom? (continued)

There also seems to be a stark difference when looking at country results. In the UK over half (55%) of respondents had an 'extreme' perspective (either strongly agree or strongly disagree) on Brexit. Outside the UK, this number diminished to 44%. In fact, a recent Pew poll found that the UK had the biggest ideological split in terms of favourability of the EU compared to countries in the region<sup>8</sup>.

One big takeaway from this dichotomy is that employers may need to communicate around Brexit in two distinct ways to appeal to each side of the argument or risk alienating a group of their employees.

## PERSPECTIVES ON BREXIT

### VIEWS ON BREXIT AFFECT ASPECTS OF THE EMPLOYEE EXPERIENCE

Of those that **disagreed** with the Brexit vote, the numbers below indicate how many respondents took a **negative** view on:

**71%** Brexit's impact on my ability to work in a location of my choice

**67%** Brexit's impact on organizations in the UK

**60%** Brexit's impact on my organization on a local level

**60%** Brexit's impact on my workload due to lack of talent

Of those that **agreed** with the Brexit vote, the numbers below indicate how many respondents took a **positive** view on:

**56%** Brexit's impact on my ability to work in a location of my choice

**66%** Brexit's impact on organizations in the UK

**82%** Brexit's impact on my organization on a local level

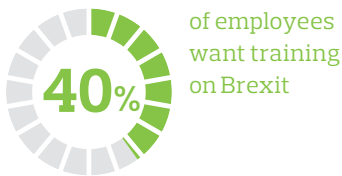
**72%** Brexit's impact on my workload due to lack of talent



# Train Up for the Customer

## HOW TO PREPARE FOR BREXIT:

- ▶ Provide training for employees that want to better understand the impact of Brexit
- ▶ Consider training employees for transferable skills
- ▶ Create and execute role mobility programs pre-Brexit



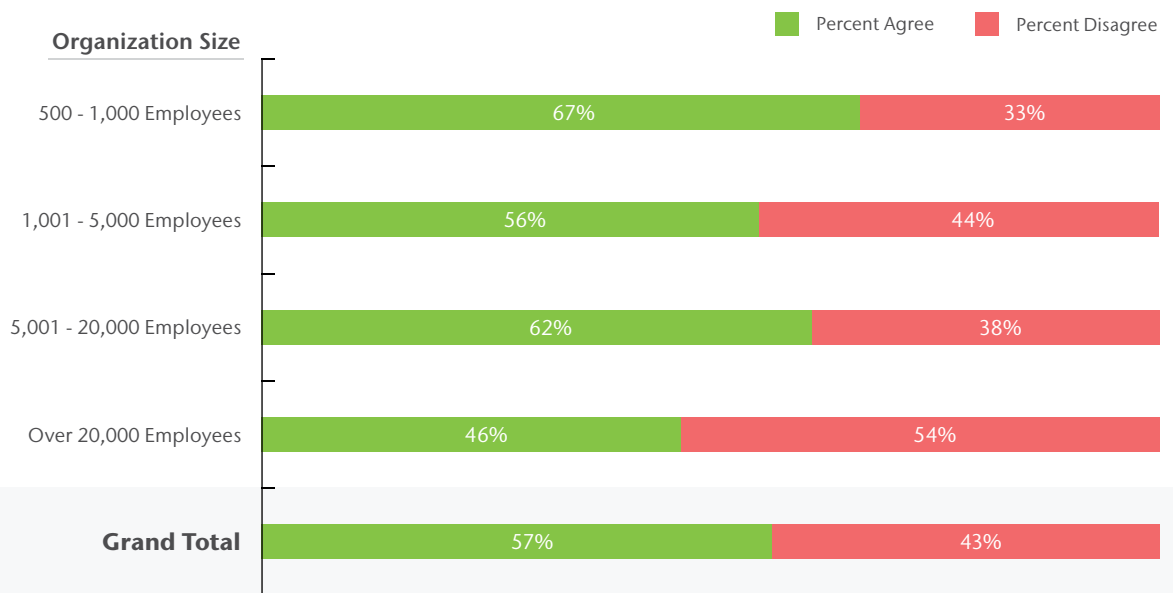
Organizations offering training on Brexit are scant. An analysis done by [findcourses.co.uk](http://findcourses.co.uk) found that of the 18,000+ courses listed, only three refer to Brexit at all<sup>9</sup>. In another survey, researchers found that only half of the training organizations in the UK had any plans to prepare for Brexit. However, there appears to be a mismatch in what employees want. We found that almost 40% of respondents wanted some training for Brexit. In addition, we found that over a quarter of employees did not feel prepared for Brexit.

Customer centricity is an essential element for nearly all organizations. In our [People Fuel Growth study](#), we found that a common theme among organizations with consistent financial growth was a strong focus on the customer. If employees are untrained and unable to speak intelligently on the impact of Brexit on their organizations, they will be unlikely to have objective conversations with clients about the impact on their organizations as well. In order to keep customer-facing employees up to date, organizations will need to get savvy and check if training is effectively preparing them for Brexit.

Role mobility is another concern. 43% of our respondents indicated that Brexit would likely have a negative effect on their ability to move throughout the organization. Interestingly, we found that respondents from larger organizations were more likely to be negative about their mobility.

In general, we expect the lack of role mobility will be due to a tightening of the labour market for critical roles post-Brexit. Employees will be unable to move within their organizations if they are the only ones with the requisite skillsets for that position. Hence, HR needs to audit the internal mobility training costs for the employees and also validate the ROI for these trainings. Organizations will need to build transferrable skills among their employees, and deploy critical employees to other roles pre-Brexit to ensure that no gaps appear over time.

## “Brexit will have a positive/negative effect on my ability to move throughout my organization.”



# Bend Your Ear

## HOW TO PREPARE FOR BREXIT:

- ▶ Provide a vehicle for upward feedback from employees across the organization
- ▶ Act on feedback received and track progress over time
- ▶ Communicate regularly on new changes and updates to legislation

Listening and communicating to employees is essential, however it is all the more important during times of turbulence or uncertainty. Aon's White Paper, "[Managing Engagement in Times of Change](#)" is a deep-dive into this topic. Employees feel valued when they are heard, and it is important that organizations create a vehicle to both listen and act on employees' feedback. Otherwise, they run the risk that concerns become larger and larger organization-wide issues, which can effect engagement over time.

72% of respondents indicated that their organizations did not seek feedback from employees on Brexit. These organizations are missing a valuable channel to understand how their employees feel and to assuage concerns for the future.

Furthermore, 50% of respondents indicated their organizations did not act upon feedback from employees. By not taking action, organizations risk having their messaging ring hollow over time, which can further disengage employees. Out of those respondents that said they were prepared for Brexit, 72% say that their organization acted upon their feedback, vs. 16% of organizations that were unprepared, underscoring the importance of acting on feedback.

Respondents indicated that their organizations also did very little to communicate to employees about Brexit. In fact, 89% of respondents indicated that their organization did not communicate adequately on the impact of Brexit.

Even though we still know little on the outcome of Brexit, organizations can still be proactive in their communications. They can relay useful information such as immigration policies or share their strategic plan for the future. As we found from our People Fuel Growth research, providing clarity for growth goals is essential, and reinforcing this in times of uncertainty can show valuable returns.



**72%** indicated that their organization did not **seek their feedback on Brexit**

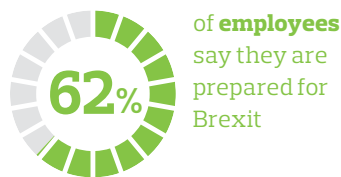


**89%** indicated their **organization did not communicate adequately** on the impact of Brexit

# HR and Leadership, Know Thyself

## HOW TO PREPARE FOR BREXIT:

- ▶ Run surveys and focus groups among all functions and at all levels
- ▶ Utilize this feedback to ascertain preparedness
- ▶ Close gaps where necessary



Human Resources has an important role to play in Brexit preparation. Along with the legal department, they will be responsible for all the updates to immigration policies and procedures. They also serve an important role in internal communication, workforce planning, recruiting, and engagement, all of which could potentially change due to Brexit.

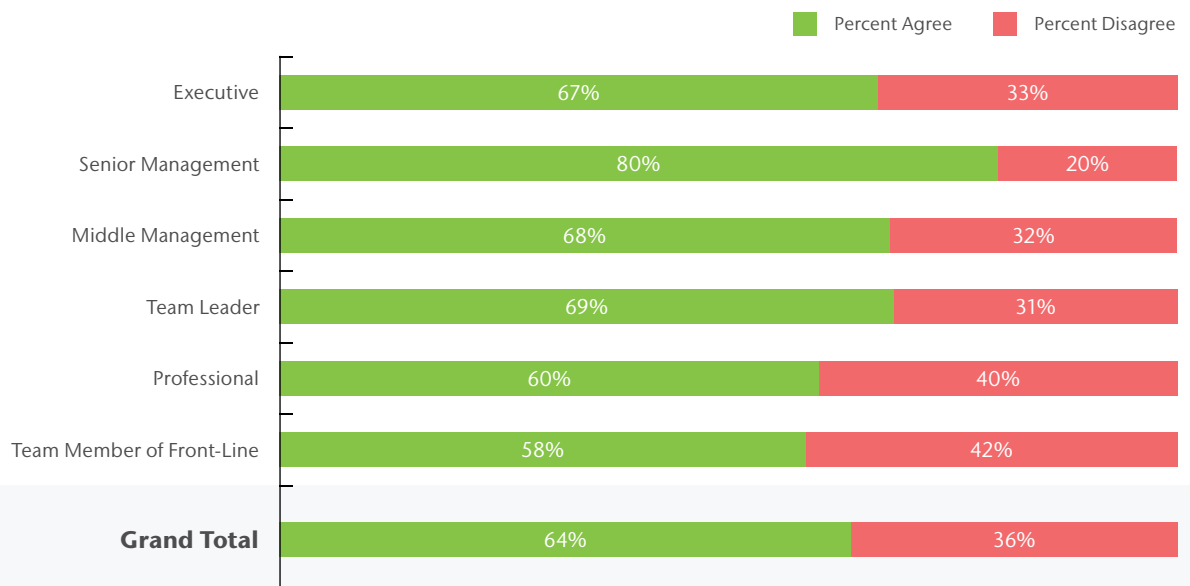
However, there appears to be a massive gap in the understanding of preparedness for Brexit in HR. 94% of respondents from HR indicated their organizations were prepared, vs 62% of employees overall.

Much of the top-level preparation for Brexit will need to occur with leadership. They set the strategic direction of the organization, draft contingency plans, and set the tone of communication when critical events happen.

Respondents in our survey were generally positive about leadership’s preparedness for Brexit. Overall, 64% thought that leadership at their organization was prepared for Brexit. However, as you move down the organizational hierarchy, respondents were less and less enthused. At the front-line level, 58% thought that leadership was prepared. A similar pattern emerges when looking at overall organization preparedness. 67% of executives and 75% of senior managers said their organizations were prepared for Brexit, compared to 59% of front-line employees and individual contributors.

The implication, therefore, is that there may be gaps in what leadership and HR considers as preparation compared to that of employees. In some cases, employees may not be aware of the steps the organization is taking. Our data points to a need for more frequent communication and the opportunity to relay feedback from lower in the organizational hierarchy. A minor issue for leadership could be a make or break concern for a lower-level employee.

### “Leadership at my organization is prepared for Brexit.”



# Generations Divided?

## HOW TO PREPARE FOR BREXIT:

- ▶ Regularly pulse employees of all ages on how prepared they feel for Brexit
- ▶ A/B test critical communication plans to ensure they are 'sticking' with employees

"[Brexit] would have a negative impact by making travel between countries, relationships, and logistics more difficult and time consuming."

- Millennial from the UK

"Brexit will open up more opportunities for growth and progression [in my organization]."

- Respondent over 45 from outside the UK

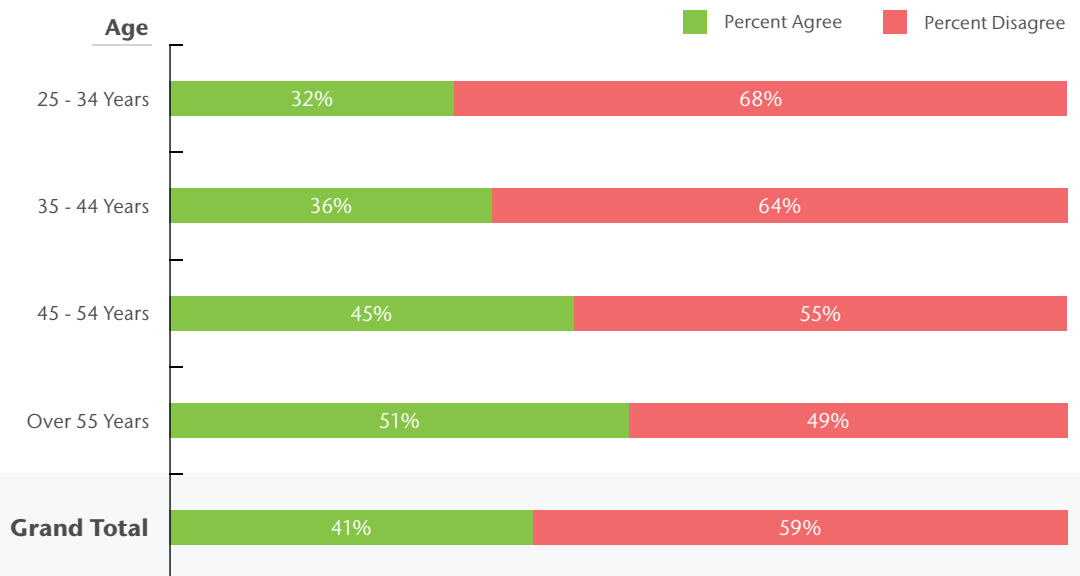
The generational divide on the Brexit vote was well-documented among academicians and researchers. Media outlets were quick to point out the anger felt by both older and younger generations as a result of the vote, decrying the lack of understanding from the other side. We were interested to know if a similar pattern emerges in the workplace, and if organizations could provide a thoughtful response to Brexit without alienating entire demographic groups of employees.

In terms of the favourability toward Brexit, we saw a very similar pattern emerge in terms of the age dispersion. Younger employees (25 to 34) were overwhelmingly against Brexit, while those over 55 were split almost evenly. A similar pattern emerges when looking at respondents' feelings about the impact of Brexit on global organizations, the EU, and the world at large.

When discussing Brexit with employees particularly in the UK, organizations must be careful not to lean toward or against Brexit. Instead, thoughtful communication with objective facts will help an organization make the case for change. Furthermore, an open forum might be less effective than outbound communication with an anonymous feedback process.

One interesting distinction we found from this survey was that while there was a clear split in terms of age for favourability toward Brexit, when we asked about preparedness, there was no clear age difference. In fact, respondents aged 25-34 were only about 5 points away from the 'over 55' category. Feelings toward the organization and steps taken to prepare are a mitigating factor here, indicating that organizations need to put more thinking into how they prepare for Brexit, regardless of the age of their workforce.

## "I'm in favour of Brexit (UK Respondents)."



# Conclusion

## The countdown to Brexit has begun; do you know where your talent is?

The prevailing finding from our survey was that organizations will need to think more strategically about how they prepare for Brexit. Regardless of the number of EU laws brought over from the UK, Brexit will require organizations to plan early and plan often around their talent, particularly in areas of the business with critical or irreplaceable skillsets.

Understanding where these skillsets live in your organization requires robust human capital analytics that examine the knowledge, skills, and abilities of your internal labour supply. With these analytics in hand, your organization can start to create scenarios based on the possible outcomes of Brexit, then refine over time as the Brexit plan becomes clear.

It is also critical to have in-depth knowledge about where to find talent pools and create recruiting strategies based on these locations. Starting off on the right foot in terms of your critical talent will position you one step ahead of your competitors, who will likely be jockeying for a similar pool of talent.

Furthermore, your existing talent will likely be impacted by Brexit in some form, and clients will certainly be asking about how they can prepare themselves. By training customer-facing employees on the facts of Brexit, you can anticipate customer needs before they arise.

Feedback is another essential aspect of your preparedness toolkit. Employees want regular communication on Brexit, and they want their concerns heard. You can help your employees stay engaged by creating mechanisms for communication both upward and downwards throughout the organization, and then acting on concerns that bubble to the top.

Brexit may have shocked the world, but you can take steps to ensure that it has minimal effect on your organization. Otherwise, the risks to your talent could start to drag on your bottom line as you struggle to keep pace with your competitors.

If your organization is struggling to prepare for Brexit, we may be able to help. Our Brexit navigator can help you to assess your risk for Brexit, then prepare by re-designing your risk management and insurance programs around resilience and execution. If you're concerned about engagement, we can create and implement engagement improvement strategies across the talent lifecycle. If you're struggling to attract the right type of talent, our assessment work can help identify the right candidates for your organization. If the issues are more systemic, our talent strategy solutions can help you course-correct your human capital strategy.

## OUR TALENT FRAMEWORK FOR BREXIT PREPAREDNESS

### Measure

- ▶ Utilize focus groups
- ▶ Allow for feedback
- ▶ Conduct pulse surveys
- ▶ Scan internal labour

### Train

- ▶ Focus on critical transferrable skills
- ▶ Consider role mobility programs

### Act

- ▶ Act on feedback from employees
- ▶ Create a strategic workforce plan based on critical talent segments

### Communicate

- ▶ Regularly communicate on Brexit updates
- ▶ Personalize communication where possible



# Appendix

1. <https://www.bloomberg.com/news/articles/2017-07-17/citigroup-said-to-choose-frankfurt-as-new-european-trading-hub>
2. <https://www.reuters.com/article/us-britain-eu-morgan-stanley-idUSKBN1A41S3>
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8. <http://www.pewglobal.org/files/2016/06/Pew-Research-Center-Brexit-Report-FINAL-June-7-2016.pdf>
9. [https://www.makingbusinessmatter.co.uk/wp-content/uploads/2017/06/UKTrainingReport\\_IndustryTrends\\_2016\\_17.pdf](https://www.makingbusinessmatter.co.uk/wp-content/uploads/2017/06/UKTrainingReport_IndustryTrends_2016_17.pdf)

## About Aon

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For further information on our capabilities and to learn how we empower results for clients, please visit: <http://aon.mediaroom.com>.

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