

sage

Business Cloud

RESEARCH REPORT

Why your workforce isn't working

*Understand your people
to enhance productivity*



Executive summary

Sage's research of 3,500 employees across companies of all sizes in the U.K., U.S., and Canada revealed that:

1. Productivity is an issue and could be improved

Over a third of employees admitted that they are productive for less than 30 hours per week.

2. Positive experiences drive productivity

A positive work experience has a huge impact on productivity, according to 78% of respondents. This jumps to 92% for the younger generations: a demographic that will comprise 50% of the workforce by 2020.

3. Employers and employees have different views on what's important

40% of business owners believe games in the office and fringe benefits are important to employees; whereas 53% of employees see this as the biggest distraction in the workplace.

4. Employers aren't asking the right questions

50% of employees surveyed have never been asked what would improve their workplace experiences, with only 12% of people being asked regularly.

5. Flexibility and appreciation are critical

Over 66% of those surveyed see being valued and recognized as the most important aspect of their day-to-day employment.

6. HR needs to lead this cultural transformation

88% of employees think that HR could be improved, while 33% see their HR and People department's role as creating positive experiences.

7. Businesses need to become People Companies

Organizations whose people are their most important asset are seeking to improve productivity through a more engaged workforce, by creating great employee experiences.



Only 1 in 3 people at work are fully motivated and productive.

Introduction

We are in the midst of a global productivity crisis. The IMF estimates that if productivity growth had followed its pre-2008 financial crisis trend, overall GDP in advanced economies would be about 5% higher today. However, to blame everything on the financial crisis is misleading. The overall trend in productivity growth is stagnant and has been on a downward trend for the last several years.

This is costing the U.S. a staggering \$450–\$550 billion a year. In the U.K., the concern is such that there have been calls for the government to set new targets and create an independent watchdog to monitor progress to improve national productivity.

There is also a workforce engagement crisis. Most people are simply not engaged at work, with industry research showing that typically 66% of people are either partly or not engaged at all at work. This means that only 1 in 3 people at work are fully motivated and productive.

Yet most companies are oblivious to this fact. Some run annual employee satisfaction or engagement surveys, which given the above, are clearly failing to address these problems.

Look around the room when you are next in the office; if you think that 2 in 3 of your colleagues aren't contributing to your shared mission, then read on.

Sage recently surveyed 3,500 employees across companies of all sizes in the U.K., U.S., and Canada to get their perspectives in order to address these issues. This report summarizes the findings.



People aren't working

Over a third of respondents admitted that they are productive for less than 30 hours a week. If people work a 40-hour week, then most feel they are actually productive for 3.75 days out of the 5-day working week.

This finding supports other industry findings and reinforces that people at work are not being as productive as they could be. 8% of respondents claim to be more productive at work when their work experiences are positive. This jumps to 92% for younger people or millennials.

Given that this demographic is expected to comprise 50% of the workforce by 2020, this should be a huge wake-up call to employers.

Positive workforce experiences aren't just about workers being happy or having a nice or tolerable time at work. Just as marketers are focused on the customer journey and experience, so HR and People leaders should be focused on the employee or workforce experience.

Why workforce experiences matter

The workforce experience is the outcome of all interactions between an organization and its people. Employees, including freelancers and gig workers, respond diversely to direct and indirect contact with a company and its brand through their whole journey—from initial recruitment, to offer and onboarding, and as a full-fledged worker.

It matters because employees are telling companies it's a critical ingredient to their own success and, ultimately, to that of the business.

This will mean different things to different employees, and requires a new approach to managing and engaging people. Outdated human capital management (HCM) systems and processes are not designed to help solve this problem. That doesn't just mean companies should review outdated performance management software or paper-based vacation request processes—it means being agile and flexible regarding the needs of employees, within the context of improving the business by delivering positive experiences.

Of course, workforce experiences are not solely the responsibility of HR and People teams, but they sit in a unique position to influence leadership. By understanding employees and designing better ways of working, organizational improvements are seen in the form of increased engagement and productivity gains.

Almost half (47%) of respondents have never been asked by their employer how they can improve their work experiences, with only 12% being asked on a regular basis.

The employer and employee disconnect

Modern workspaces associated with leading brands such as Google, Facebook, and Apple, as well as contemporary co-working spaces, can appear more attractive than dated office cubicles. The ongoing lionization of startup culture means that there are plenty of examples of free food, beer fridges, ping-pong tables, and bean bags.

When authentic, they project an image of a relaxed, fun working environment, usually targeted at younger generations. In fact, 40% of business owners believe such games in the office and similar types of benefits are important to employees.

However, our findings revealed that very few employees across all age groups think benefits, such as ping-pong tables (5%) or company outings (9%), add value to their workforce experience. More than half of the respondents (53%) feel that having games in the office is distracting, and actually decreases productivity—suggesting there is a gap between what employers and employees really value when creating a culture that improves engagement.



sage

Business Cloud



Many employees find little workplace value in ping-pong, company outings, and office games.

Employers aren't asking the right questions

The research also revealed that employers are not asking their people the right questions. In fact, they're not even asking questions.

20% of respondents said HR's trusted tool—the annual survey—was not a benefit to them, neither was it seen as a catalyst for significant transformation in the business.

Everyone claims to listen to their customers. It makes perfect sense—organizations want to make sure that what they sell is relevant to potential buyers. But how often is that same principle applied to employees?

Do organizations listen to their staff? Are they changing their cultures and the way they work to really enable people to contribute more fully? The productivity crisis suggests not, with the research indicating a clear disconnect between what employees say they need and what employers think they want.

Flexibility and appreciation are what employees really want

If these fringe benefits are less important in creating great workforce experiences, do employees care more about improving engagement and driving productivity? Our research found there were three key findings, set out in the diagrams below.

For businesses, building and retaining teams of their best and most productive workers are key challenges. With the global skills crisis and ongoing 'war' for talent, 64% of senior managers and above claim to be bombarded by recruiters.

Employee attrition creates more roles to fill, and businesses end up increasing recruiting costs significantly. The first step to solving these problems is to recognize these findings and act on them. HR and People leaders have a clear opportunity to bridge the gap with meaningful change.

Cultural transformation

Employees crave meaning and value, but employers struggle to understand or deliver this. Half of the employees surveyed (50%) felt that the HR and People team should increase the value it provides to employees by improving communications and feedback between the workforce and leadership team. Employees would like to see HR leaders understand their needs and preferences, being more people-oriented and less focused on administration.

How can this be achieved? Using data to inform people decisions, such as performance, promotions and talent development, according to 34% of respondents.

In other words, making informed decisions on people using actionable insights rather than relying on gut instinct.

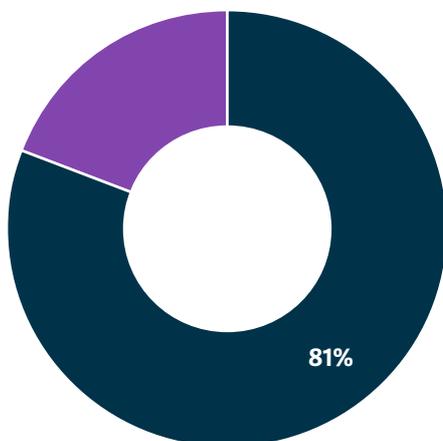
Avoid making the assumption that everything can be solved with technology. Digital tools and insights can give business leaders the means and flexibility to implement and measure workforce experiences, but it needs to be part of a complete cultural shift.

Technology can, however, make a tangible difference to retention and productivity, by enabling companies to design new and better ways of working—reducing the number of demotivated staff who may themselves lower overall productivity levels.

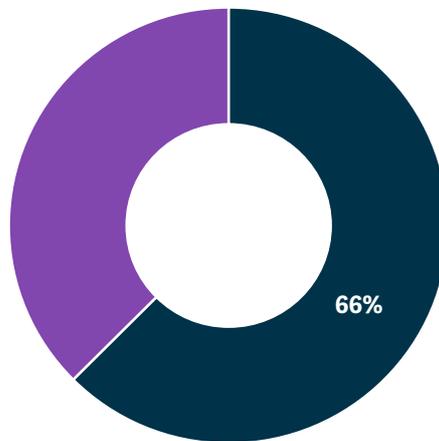
Company outings, games in the office, free food—these benefits can enhance positive work experiences. But the findings above suggest that there are other more important criteria that are not being addressed. There is an opportunity for HR and People teams to deliver more real and tangible value to employees. Creating positive workforce experiences through cultural transformation will move organizations from the old world of transactional HR to the new focus on People, creating a generation of People Companies in the meantime.

There are three key findings:

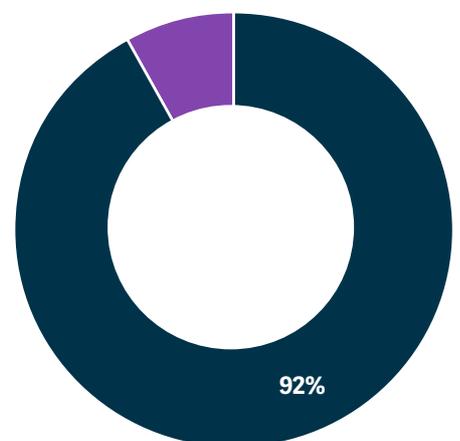
Flexible and remote work is very important and highly valued



Being valued and recognized is seen as the most important aspect of employment



Positive workforce experiences are important to 92% of employees



Becoming a People Company

To become a People Company, there needs to be a shift in understanding of how to improve productivity through a more engaged workforce that receives great workforce experiences.

A People Company truly values its employees and places decisions affecting its people on par with finance, customers, or operations. People Companies recognize that HR processes are changing as part of a wider cultural transformation, and that part of these changes require the HR function and associated systems to change.

Ask yourself

- Do you **make decisions about your workforce** using data, analytics and People Science, or do you make assumptions about them on gut feelings and ad-hoc manager feedback?
- Do you **listen to your employees** act quickly on their feedback, and communicate with them? Are your HR systems flexible and able to support you, enabling you to design and implement better ways of working quickly?
- Is your HR system able to **automate new HR processes** quickly and easily, or is it slow, difficult, and expensive to make changes?



Take the first steps towards becoming a People Company today:
sage.com/en-us/cp/people

About the research

Sage polled 3,500 knowledge workers across the U.K., U.S., and Canada in August 2017. People aged 16 and above at organizations with 200–5,000 employees across a range of job functions, titles, and verticals (except the public sector) were asked a series of questions regarding their day-to-day workforce experiences and productivity levels.

About Sage

Sage (FTSE: SGE) is the global market leader for technology that helps businesses of all sizes manage everything from money to people—whether they're a startup, scale-up, or enterprise. We do this through Sage Business Cloud—the one and only business management solution that customers will ever need, comprising Accounting, Financials, Enterprise Management, People & Payroll, and Payments & Banking.

Our mission is to free business builders from administrative burdens, so they can spend more time doing what they love—and we do that every day for three million customers across 23 countries, through our 13,000 colleagues and a network of accountants and partners. We are committed to doing business the right way, and giving back to our communities through Sage Foundation.

About Sage Business Cloud People

Sage Business Cloud People enables midsize, multinational companies to manage modern workforces through its global cloud HRMS, transforming how organizations acquire, engage, manage, and develop their people. Quick to implement and simple to use, the award-winning system increases workforce visibility, HR productivity, and provides better experiences across the entire workforce. Our customer portfolio includes Aveva, Armstrong, Klarna, Mitsubishi UFG, Paddy Power Betfair, Quest Software, Redflex, SiteMinder, Skyscanner, SolarWinds, Trainline, and Trustpilot.

With Sage Business Cloud People you can increase HR productivity while giving your workforce the experiences that they deserve—and you'll benefit in return. You'll create a more engaged, committed workforce with a better work-life balance. And that means you'll increase productivity, improve retention, and attract more of the people you want at your company.

sage Business Cloud

People



Version: 2.0

Report disclaimer: Sage has exercised reasonable care in the collection, processing, and reporting of this information but has not independently audited the data to verify its accuracy or completeness. Sage gives no express guarantee for a particular purpose and shall not be liable to any entity or person using the document, or have any liability with respect to this document. This report is for general purposes only, and is not a substitute for consultation with professional advisors.

© 2018 Sage. All rights reserved. Please visit sagepeople.com for further details.