



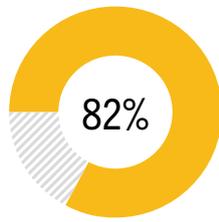
THE £60bn QUESTION

IS EMPLOYEE ENGAGEMENT THE DRIVER
FOR BUSINESS SUCCESS?

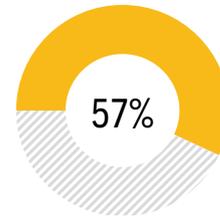
Research report: the views of the people who matter



Potential opportunity cost of time spent by UK employees each year on unnecessary administration tasks



Operations/Line of Business managers who say that employees need to feel more engaged in the business



Respondents who cite employee absence was a core disruption to the business and added to work complexity

Engaged employees go above and beyond what they need to do because they're passionate about the company and they want it to do well.

HR Manager, Retail

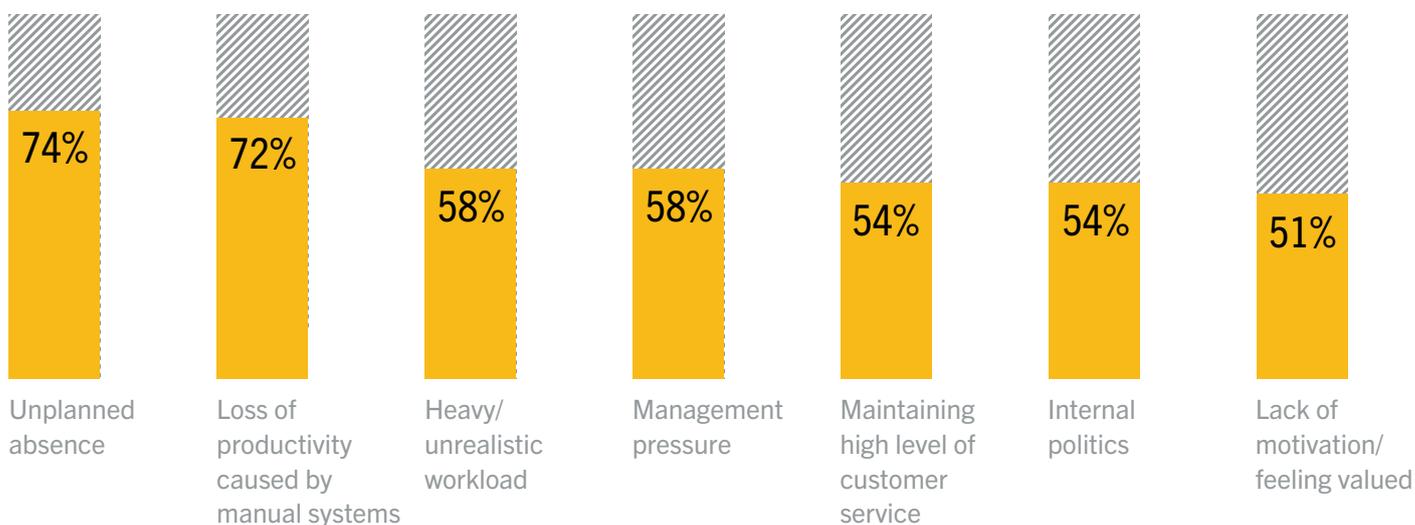
THE REAL IMPACT OF EMPLOYEE ENGAGEMENT

£60bn a year. That's a startling number, but it's how much UK businesses say they are wasting every year on unnecessary admin and tasks that are not directly related to their employees' core jobs. It equates to £1,932 a year, per employee, per organisation. The bigger the business, the bigger the problem, but what do we do about it and what effect is it having on employee engagement and, even more, the health of UK PLC?

It's clear that a small thing, such as a single hour wasted, makes a huge overall difference, but the research shows that the average day is also becoming increasingly complex, with a large proportion of time being spent managing that complexity. We also find that technology – often touted as the cure – is having an impact, but not always a positive one. We believe that the solution to all these problems lies at the grass roots of employee and manager communication and engagement.

This report 'The £60bn Question' comes at an important time: a time where our working patterns and desires are changing; where people are often quoted as a business's key asset and its biggest cost; where constant flux poses significant challenges in keeping people engaged, motivated and productive. Treating people as an asset rather than a commodity is essential for true workforce engagement, but it's also a critical factor in attracting and retaining the best talent in a fiercely competitive job market, an uncertain business climate and an environment where new workforce entrants are changing the rules of the game.

The main difficulties faced on a daily basis/biggest challenges



To get under the skin of the challenges, opportunities and costs of workforce engagement in UK organisations, we conducted research among the people who really matter – the HR professionals, Operations/Line of Business managers, and the employees themselves, who deliver the work on the shop floor of UK PLC.

The research shows that, day-to-day, employees and managers face several challenges and pressures that combine to make their work unnecessarily complex and unproductive. This causes businesses to lose money, miss expansion opportunities and prevents their people from delivering the value they desperately want to bring to their working day. Reassuringly, there is no shortage of desire to improve the situation, as managers are striving hard to create the best levels of engagement with their employees to maximise productivity. Communication and conversation is the best way to engage and build trust between employer and employee. And, with trust and engagement, employees are more likely to drive even greater levels of productivity and business success.

At the leadership level, there must be a balance found between focusing on the numbers and the people who deliver them – something that appears to be a big challenge for the respondents surveyed. Is it any wonder the HR function is being forced into a role focused on fire-fighting as opposed to true people development?

This all paints a picture of UK businesses that need to create a level of employee engagement not yet seen in the majority of companies. It is about understanding the increasing maturity and flexibility of employees and the extra impact that an engaged workforce can have on the bottom line. In turn, managers that bring together the right data, technology and talent can become leaders; those that do this well will be best placed to lead the next generation of successful, competitive businesses in the coming years.

‘The £60bn Question’ is only the start of this hugely important debate. Whether you are a business leader, manager, HR professional or employee, we would like to hear your views.

Join the conversation at [#WorkEngaged](#)

or find out more at www.kronos.co.uk/workengaged

WHAT IS THE £60bn QUESTION?



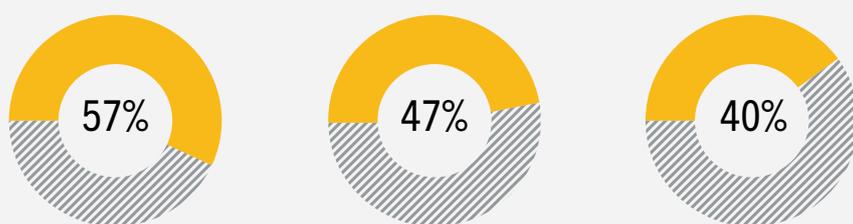
The opportunity cost of ineffective workplace engagement is immense. The question we need to answer together as managers, leaders, commentators and employees is how do we make this change? Is it just about technology, data and process or is it about behaviour, leadership and incentives? Or, as we aim to show in this report, it could be a combination of small, incremental actions that make employees feel more involved and help leadership and HR to take confident steps into a brave new world of putting engagement first.

In this report, we have broken down the UK survey findings into five sections, which explore the most important aspects of the employee engagement debate:

1. **Stuck in the middle:**
People are torn between meeting customer needs and manager expectations
2. **Small changes create big rewards:**
Why reducing one hour of wasted time can save £billions
3. **Why your greatest asset shouldn't be a liability:**
Balancing the needs of people with the numbers
4. **Bridging the engagement gap:**
Turning technology into an advantage
5. **Don't dash for cash:**
Use conversation, collaboration and culture to keep employees engaged

STUCK IN THE MIDDLE: PEOPLE ARE TORN BETWEEN MEETING CUSTOMER NEEDS AND MANAGER EXPECTATIONS

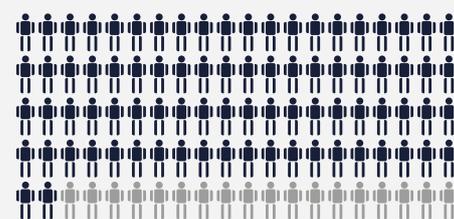
Would you say your working life is too complicated? % = YES



HR professionals

Operations/Line of Business managers

Employees



82% Of people don't find it very easy to complete their daily tasks

People work to earn money, but they also want to enjoy their working day. Job satisfaction, engagement and feeling valued – whether you're an employee, a manager or a business leader – is often what separates successful employers from unsuccessful. There is clear evidence from our survey that work is becoming too complicated and it's increasingly difficult to complete essential tasks because of the time spent dealing with internal and external pressures and contending with unnecessary administration.

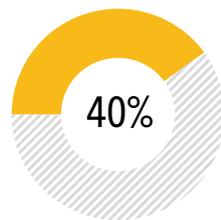
The complexity this generates is enormous – it isn't as simple as identifying a single challenge or finding a single solution. Internal factors such as lack of staff availability, poor technology support, management and shareholder demands, internal politics and unrealistic workloads combine with the external pressure of having to maintain customer service levels in today's 24/7 business environment. Left unchecked and isolated, employees and managers risk being torn apart by these competing forces.

The answer to simplifying the working day, according to survey respondents, lies primarily in reducing administration and paperwork and providing the right technology to automate tasks. The impact of doing this well improves engagement and productivity, and has a direct impact on the bottom line.

We don't just work from nine to five, that is long gone, that doesn't exist. We are on 24/7, we all are. We have to be accessible all of the time to be making money.

HR Manager, Manufacturing

SMALL CHANGES CREATE BIG REWARDS: WHY REDUCING ONE HOUR OF WASTED TIME SAVES £BILLIONS



Of all respondents say employee productivity is strong within their organisation



Average number of hours a week spent on unnecessary administration



The cost of this wasted time per year, per employee, based on average salary and 40 hour working week

I think everyone is bogged down with admin. Our HR department isn't huge but there is a heck of a lot of box ticking, when there are a lot of other things that their time could be better used on.

Finance Manager, Services

The research shows that employee productivity, across the board, is seen as a weakness in many businesses – not least by employees themselves, who only rate their productivity as strong in 35% of cases. Unplanned absence, poor visibility of the workforce and the challenges of reacting to changing customer needs, all negatively impact the value that employees can bring to their job.

Most importantly, the productivity cost associated with unnecessary admin and irrelevant tasks is having a direct negative financial impact on businesses. On average, respondents waste 3.3 hours a week, 2.8 hours of which are unnecessary administration tasks. That may seem small, but it's 7% of the average 40 hour working week.

A CLOSER LOOK AT THE FIGURES...

£27,600¹

average annual salary in the UK

£1,932

opportunity cost per employee of **2.8 hours** of unnecessary admin

31.05 million

people in employment in the UK

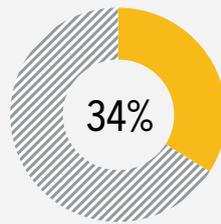
Saving **ONE HOUR** per employee per week equates to **£690** a year,
that's a staggering **£21.4 billion** to UK PLC

¹ All labour statistics from www.ons.gov.uk

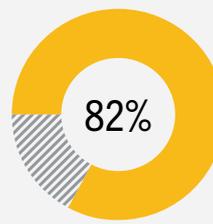
WHY YOUR GREATEST ASSET SHOULDN'T BE A LIABILITY: BALANCING THE NEEDS OF PEOPLE WITH THE NUMBERS

CEOs can focus too much on the numbers and forget about the people, but without the people you won't be able to deliver your numbers.

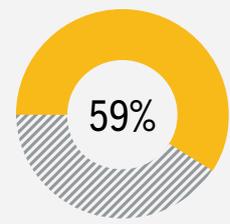
HR Manager, Services



Of all respondents surveyed rate employee engagement as strong within their organisation



Of Operations/Line of Business managers think employees need to feel more engaged at work



Of all respondents believe that the CEO is focused on the finances rather than their employees

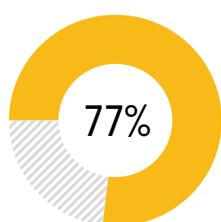
While productivity is a measure of output, engagement is a measure of valuable input – arguably much more important than hours worked. After all, an engaged employee is much more likely to “go the extra mile”. Engagement is an essential driver of collaboration, communication and innovation which, in turn, are critical for business continuity and success.

You would expect engagement to be a measure of success and a core focus for business leadership. However, this isn't the case according to 59% of survey respondents who feel the CEO is only focused on the numbers, rather than the people who actually deliver the work that creates them. In addition, 64% of respondents say that there is a lack of management concern, “so long as the job gets done”.

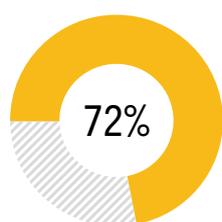
Treating employees as commodities, costs or liabilities is in sharp contrast to the changes that new entrants into the workforce are driving. The on-demand, flexible and mobile generation of new employees won't stay in an organisation long if they do not feel they are listened to and valued.

HR has its part to play – especially as only 43% of HR professionals surveyed rate their people among the top three assets of their organisation. The role of HR is hugely important in building engaged, people-centric organisations, but with 60% of employees saying they would leave their company if they didn't feel valued, UK business leaders and their HR teams need to create a concerted focus on improving engagement and adapting to different working styles.

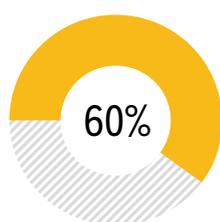
BRIDGING THE ENGAGEMENT GAP: TURNING TECHNOLOGY INTO AN ADVANTAGE



Of Operations/Line of Business managers cited that outdated systems and technology is the biggest workforce management challenge



Respondents who cited loss of productivity caused by manual systems



Those surveyed who say better/more up to date technology would improve employee engagement

Technology is undeniably important in automating manual processes, removing administration and providing information and control for employees and managers. However, as the research shows, solutions that are out of date and inefficient actually create more complexity.

It's not the technology *per se* that's the problem, but whether it's fit for purpose. Six in ten respondents actively want more up to date technology to help them feel more engaged. This is technology that reflects the needs and behaviours of the internet generation and the rise of the flexible workforce. The onus on business leaders is to make the right technology choices that make employee and managers' working lives easier – saving money and time that can be reinvested in better systems and continual innovation. This is a virtuous circle that benefits everyone, but cannot be realised with out-of-date and inefficient systems.

We manually work out sickness reports because we don't have shift patterns in our HR database and that takes up time for the admin team.

HR Manager, Retail

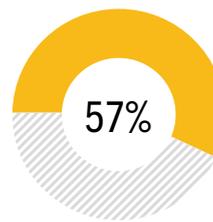
DON'T DASH FOR CASH: USE CONVERSATION, COLLABORATION AND CULTURE TO KEEP EMPLOYEES ENGAGED

We implemented a non-monetary bonus scheme, so, although it costs something, it's not cash. It can be finishing early on a Friday, getting an extra holiday day, a meal for two, money off our products or free products. Things like Dress-Down-Friday – you can't buy it but it's giving our people a bit extra.”

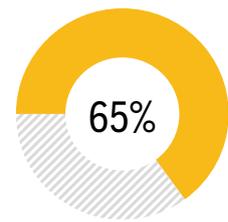
HR Manager, Manufacturing



Out of the 11 top reasons why respondents say they would leave their job, remuneration comes 9th on the list



Of those surveyed stated that rewards and incentives would increase productivity



Of Operations/Line of Business managers saying the same

As a mature economy and one that is emerging from the deepest recession for many years, the UK is arguably one of the few nations where money/remuneration is less important than work-life balance when it comes to employee happiness and motivation. In the survey, remuneration is far from the most important factor that would cause employees to leave their jobs. The results show that employees are more likely to resign if they no longer see their future with the company, don't feel valued or don't get on with their manager. This further emphasises the need for substantial employee engagement across the business. Throwing more money at unhappy and disengaged employees won't stop them leaving.

That's not to say that good people should not be incentivised – everyone wants to be rewarded for doing a decent job. With the advent of the Living Wage in the UK, it is more important than ever to make sure that employees are rewarded fairly and adequately for their work.

However, incentives – whether salary or softer benefits – must go hand-in-hand with an environment of listening, understanding and supporting employees. This can be created through leading from the top, implementing the right technology and tools and building an agile business that makes engagement at least as important as managing the numbers.

The way to deliver sustainable, long-term business success is to free up managers and employees from their isolated and pressured working lives and allow them to communicate, collaborate and take control – delivering the value they so desperately want to create.

RESEARCH SUMMARY

COMPLEXITY

The world of work is getting more complex and failing to meet the change in work/life balance that so many seek and expect their employer to provide.

OPPORTUNITY

Wasted time on admin tasks is creating a multi-billion pound opportunity cost to UK businesses.

DISENGAGEMENT

There is a lack of engagement across all employees driven by inadequate communication, poor systems and complicated processes. This can lead to isolation and disengagement.

MOTIVATION

People management remains a core concern, but even though employees are undeniably an important asset, businesses are slow in putting in place systems and processes that drive greater motivation and engagement.

PERCEPTION

There is a danger that employees are being seen as commodities with no real leadership focus on their wellbeing, engagement and development.

TECHNOLOGY

Technology is essential, but can add complexity and even be a hindrance if it is out-dated, badly implemented and not fit for purpose. Employees and managers alike crave better workforce management systems to help them focus on doing their core job and adding value.

LEADERSHIP

Engagement is top down and bottom up: employees need to feel that they want to go the extra mile because they are valued and managers must actively treat people as a priority and lead by example.

ADDRESSING THE £60bn QUESTION

The opportunity cost of ineffective employee engagement is enormous and it's clear that small changes can make a big difference. However, we have also seen that the workforce challenges facing the modern UK business are numerous and interlinked. Through our Kronos Work.Engaged programme we want to involve the business community, employees, HR professionals and operations leaders in debating the key themes and the findings of this report.

With strategic deployment of technology, a clear HR strategy, an appreciation of cultural change and direct employee engagement across the whole of the business, organisations can increase their chances of meeting their challenges and the ongoing unpredictability of their markets. They also have a huge opportunity to build resilience into their organisation from top to bottom directly from employee engagement. Cultural change and technology will be at the forefront of a successful engagement strategy, but the journey needs to be embraced by every employee right across the business, with senior management and HR communicating every step of the way.

Join the debate and let's all Work.Engaged [#WorkEngaged](#)

ABOUT THIS REPORT

The Workforce Institute at Kronos commissioned Coleman Parkes Research to investigate the current level of employee engagement in certain UK enterprise companies and the impact engagement can have on business success. 500 UK companies with more than 600 employees in the Manufacturing (200), Retail (150) and Services including Transport & Logistics (150) sectors were polled using an online methodology during January and February 2016. Interviews were undertaken and controlled amongst HR Directors/managers (150), Operations/Line of Business Managers (150) and employees (200), the last of these employees form the firms represented by the other two personas. In addition controls were imposed on the employee sample so that wide range of people by age took part in the survey but under 18s were excluded. The sample sizes and thus eventual data set provide an accurate and robust series of estimates for the population of companies as a whole in the UK.

WORKFORCE INSTITUTE AT KRONOS

The Workforce Institute at Kronos is a think tank that helps organisations drive performance by addressing workforce management issues that affect both hourly and salaried employees. Through education and research, the Institute empowers organisations with practical ideas for optimising the 21st century workplace. Institute board members and key stakeholders publish articles and insights through the Workforce Institute Blog at www.workforceinstitute.org

FOR MORE INFORMATION

For more on the research and how Kronos can help organisations address the issues, please email us at UKinfo@kronos.com, call +44 (0)118 978 9784 or visit www.kronos.co.uk

