Workforce Analytics Dilemma

wanido™

workforce well-being

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ABOUT THE AUTHOR

Troy Bagne, Founder and CEO Wanido Workforce Well-Being created Wanido out of the necessity to build a brighter future for both businesses and employees.

Bagne is a 20-year veteran of the employee benefits industry. Throughout his career he has gathered experience as a manager of people, employee benefit broker, worked for multiple employee benefit vendors, built a Human Capital Management (HCM) system, and as an employee.

Employees and employers are often portrayed as at odds with one another. Troy is committed to proving that when they work together, both are better off.

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INTRODUCTION

Over the past 20 years, there has been a surge of interest in the employee experience and the benefits of creating an engaged workforce. This lofty fixation has built a $269 billion industry that has yet to prove its worth.

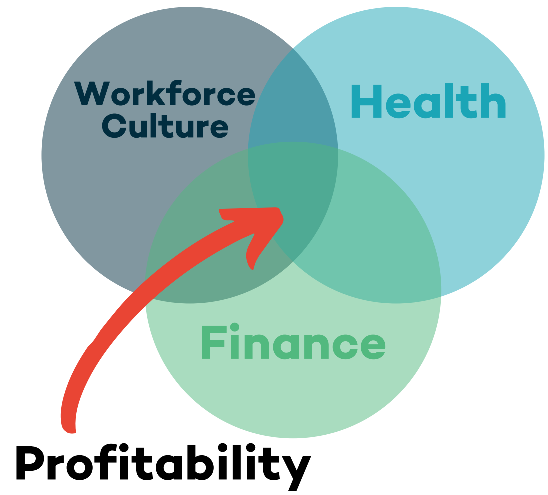
At a national level, we have not moved the needle. Annually, businesses in the United States continue to waste $1 trillion on turnover, $225 billion to absenteeism, and $226 billion to presenteeism. In the internet era, it has become common to copy the highly marketed efforts of technology giants like Google and Netflix hoping for success without acknowledging the unique nuances of each individual population. This paper has been compiled to combat the widely held belief that "employee experience" is the easy-button for our workforce engagement. Prioritizing and measuring employee well-being is crucial in solving our productivity and retention problems.

WHY EMPLOYEE WELL-BEING

The idea that people can separate their personal and professional lives to focus solely on work is a complete fallacy. These barriers, and our inability to adequately address them, are ultimately impacting the profitability of our businesses. As economic instability, national unrest, a global pandemic, a shortage in available childcare, and a barrage of other barriers for productivity have shown: we are the same people at work as we are at home. This is true whether working from the office or otherwise.

Skeptical? Researchers from the University of Warwick, Harvard, Princeton, and the University of British Columbia found that significant financial stress has shown to decrease IQ by an average of 13 points when solving complex problems.

The root factors influencing overall employee productivity and profitability can be grouped into three primary elements: company culture, personal health, and personal finance. Our ability to flourish in each area has a significant impact on our success within the other two elements. Take for example one of the 60 percent of adults in the United States with a chronic disease or the 40 percent with two or more. The successful management of these diseases involves diligent personal care, ongoing medical access, available time to attend appointments, and the financial means to make the first three possible. Until we address the intersection of culture, health, and finance to consider the whole person, we cannot expect our engagement and profitability to see significant improvement.



CULTURE

The development of culture and engagement research has been one of the most interesting and exciting industry evolutions to observe. At the same time, it has been incredibly frustrating. We have learned the value of investing in our employees but either fail to allocate the appropriate resources or enlist shortsighted help. We rely on the silver bullets hoping that the slide we added to the lobby or the ping pong table in the break room do more than take up space. We conduct annual surveys with point-in-time findings that are most likely outdated... before we get around to implementing a short-term initiative without global buy-in. That is, if we can even be sure we asked the right questions and received entirely honest feedback. We assume that these measures have magically checked the box on creating a meaningful employee experience, whatever that means, and move on to the next box that needs checking.

These are bold claims but how can we be sure? Because in the past 20 years the statistics have not changed. The U.S. turnover rate has stayed right around four percent and the actively engaged has hovered at about 30 percent. Our employees are more trusting of strangers than they are of us.

We have allowed the development of our most significant differentiator, our employees, to be an afterthought. As a result, we have created a dichotomy. We throw shiny objects at our employees where a partnership would prove more useful.

HEALTH

Healthcare expenditure weighs in at $3.8 trillion. It only makes sense for employers to be personally invested in the health of their employees. Yet, in the case of American employee health, no news would have been good news. Obesity rates continue to climb and 90 percent of the annual healthcare expenditure is spent on chronic conditions.

To compound on the frustration, with the growth of a $228 billion wellness and fintech industry, we've selectively chosen to ignore the fact that wellness programs may show some positive short-term behavior but overall fail to improve health and decrease healthcare spending. If a subset of employees enjoys running a 5k together, great. But what measures are being taken to help the average employee more effectively engage with their health or support those who feel alienated by these initiatives?

FINANCE

Yes, all businesses pay their employees and many businesses in the United States contribute to a retirement plan. Unfortunately, one in four Americans has no retirement savings including 13 percent of adults over the age of 60. 50 percent of the United States is living paycheck to paycheck and 40 percent of households across the income spectrum do not have enough of a cushion to cover a surprise $400 expense. Offering a competitive retirement match is doing little, if anything, to ease the estimated $2,169 financial stress is costing businesses per employee annually.

OUT OF 100 EMPLOYEES...

30	Engaged	CULTURE
70	Disengaged	
50	Actively Looking for a New Job	
82	Report Lack of Manager Recognition	
53	Unhappy at Work	
40	Unhealthy	HEALTH
88	Do Not Understand Their Health	
13	Hypertension	
9	Depression	
9	High Cholesterol	
7	Alcohol or Substance Abuse	
6	Type 2 Diabetes	
50	Living Paycheck to Paycheck	FINANCE
33	Have Not Started Saving for Retirement	
70	Have No Longterm Financial Plan	
20	Unable to Pay Every Bill Monthly	

THE OPPORTUNITY

Now, it is time to tie it all together. In relation to the elements of culture, health, and finance - here are some of the top barriers to profitability employers in the United States are facing.

By working with employees to understand the specific needs of each population there is a significant opportunity to recoup and reallocate what had previously been deemed a sunk cost.

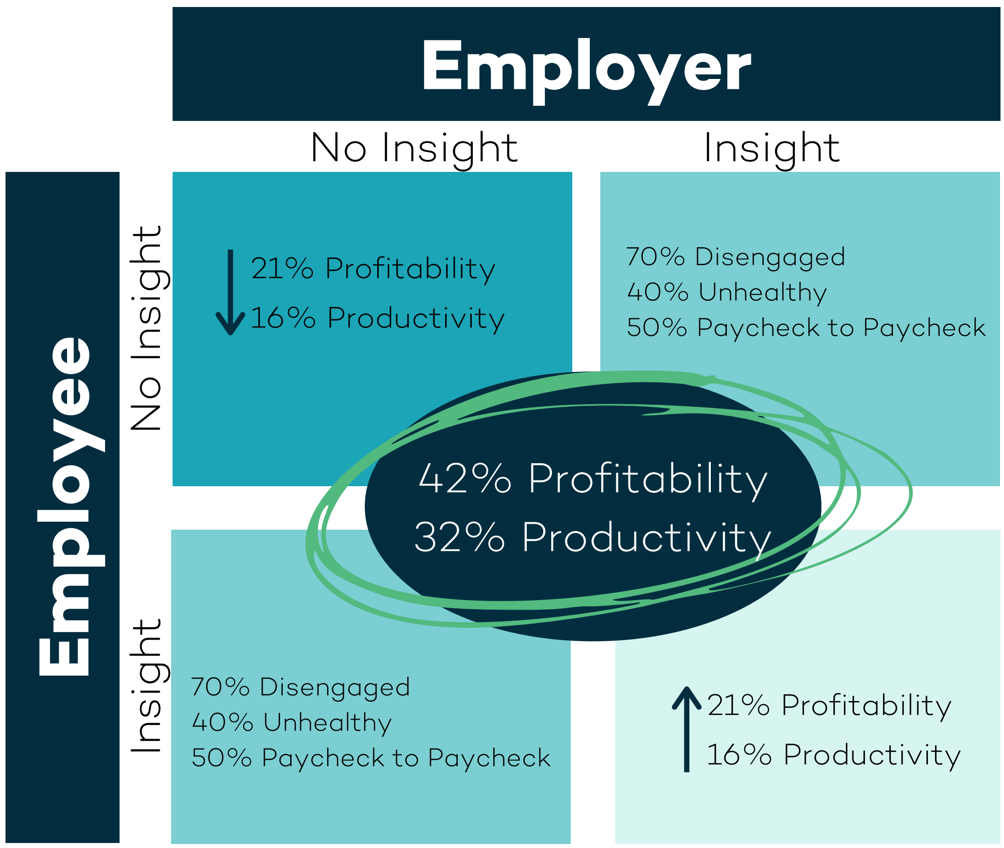
WORKFORCE ANALYTICS DILEMMA

The prisoner's dilemma is a classic example of game theory. In it, there are two prisoners who must decide if they should betray each other. With no communication between the two sides, betrayal is the rational choice as it is apparently best for each individual. However, if both parties are able to strategize together, they would find that cooperation and trust lead to an even better, mutually beneficial, outcome.

This is exactly where we are in the workplace. Employers who get honest and candid feedback from their employees can create an environment where employees feel better supported and more invested. Ultimately this has shown 16 percent higher productivity and a whopping 21 percent greater profitability. To assign a monitory value, it is about 4.22 percent of monthly covered payroll.

This sounds great, right?

The problem is that we do not create an environment where employees feel safe or empowered enough to speak up. And if they do, are we listening? Work Institute, in their 2020 report, found that 78 percent of turnover is preventable. To further complicate the matter, even with a true open door it is unlikely that most employees are going to feel comfortable enough to unpack their own barriers for better well-being.



We need to create an environment where employees have a seat at the table and the means of sharing insight without losing their anonymity.

To tie everything back to the employee benefits industry: employers have been hoodwinked. Platforms designed to alleviate the administrative burden on human resource teams have been marketed as employee engagement solutions. They may serve an important purpose, but it is time to call a spade a spade.

There is no shortcut to employee well-being.

Human resource departments have been outfitted with a set of archaic tools that would not cut it in any other area of the business. Finance has their accounting software capable of complex calculations. Sales has a CRM to analyze revenue trends, conversions, etc. Marketing has their automation and analytics to receive almost instantaneous feedback on their success. Human Resources, regardless of industry, has virtually no tool to provide nuanced information regarding the overall success of the business's biggest asset - the employees.

CONCLUSION

It may seem as though we have reached an impasse but fortunately that is not true. To quote a wise man: “With great power comes great responsibility.” Investing in our employees is the right thing to do. But it turns out, it is also the right thing to do for business. In the search for profitability, it is important that we remember that shortcuts do not work. Employee well-being cannot be bought with happy hours and weekly yoga. And it surely is not solved for with administrative software. In order to create a happier, healthier, and more productive workforce we need to understand the underlying issues that are impacting employee well-being.

You Don't
Build a Business
~You Build People~
and Then People
Build the Business
-Zig Ziglar