

Employing Analytics to Enhance Workplace Productivity



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Employing Analytics to Enhance Workplace Productivity

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by Caitlin Pan, Ph.D. and Rebecca L. Ray, Ph.D.

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Executive Summary

In an uncertain economic environment with weak or slowing growth in virtually all markets, raising employee productivity remains one of the key levers organizations can use to improve their competitiveness. Moreover, in most of the Asia Pacific region, the catch-up phase in which productivity gains were easy to achieve by the introduction of technology is gone. Rising wage pressure, lack of adequate skills to leverage technology, ineffectual leadership, and low engagement levels are making it difficult for firms to deliver further productivity gains. Through the use of workforce analytics, organizations can systematically examine and measure the quality of productivity initiatives to identify and implement the most effective policies for workforce productivity and deliver the productivity gains that can make the difference between thriving and simply surviving. This report highlights the importance of prioritizing three key approaches—developing more effective leaders, leveraging technology, and enhancing employee engagement—and articulates the strategies organizations can use to enhance productivity.

Productivity matters The slowdown in global productivity combined with rising wage pressure poses a serious threat to organizations' profitability. In Asia, leading companies realize that the link between productivity and business performance is one of an organization's key resources and, if effectively managed, can lead to significant payoffs.

Productivity matters because:

- Productivity is key to sustainable organizational growth;
- The slowing trend in global productivity growth poses a serious threat to business performance; and
- When emerging markets are maturing, wage increases are likely to overtake productivity growth.

One way for organizations to prioritize productivity is to use analytics to articulate and quantify the successes of productivity programs and interventions. To do so, organizations need to first understand how productivity drivers such as organizational inputs and processes drive outputs¹. They also need to focus heavily on communication to ensure that there is clarity and organizational alignment about their productivity initiatives.

To prioritize productivity, organizations should focus on these areas:

- Using analytics to address productivity challenges
- Understanding productivity drivers
- Ensuring clarity and alignment through communication

¹ "Workforce Productivity: Optimize Your Workforce," Mercer, 2014.

Successful strategies Interviews and surveys with HR professionals in Asia conducted by the Workforce Analytics Institute highlighted a number of strategies that organizations are undertaking to enhance workplace productivity. Organizations also shared industry specific concerns and the direction they think the productivity push should take.

The top three strategies that HR and human capital professionals believe their organizations should focus on:

- 1 Developing leadership to drive productivity
- 2 Enhancing employee engagement
- 3 Leveraging technology to raise productivity

Productivity intervention framework To foster a culture in which consistent productivity growth is possible, organizations need to develop a systematic approach toward tracking and analyzing the quality of their productivity interventions. The following framework provides a methodical approach that organizations can use to quantify the success of their productivity initiatives.

- Identify a business-related productivity issue
- Determine current performance or productivity levels (if unknown)
- Design the intervention
- Execute the intervention
- Measure performance or productivity levels
- Evaluate the intervention impact

Research methodology

In addition to interviews and surveys with Asian leaders, this report reviews current literature, taps the wisdom of human capital analytics leaders, and synthesizes insights to provide a comprehensive overview of Asia's perspectives on productivity.

Why Productivity Matters

Productivity Is Key to Sustainable Organizational Growth

"Productivity is a key driving factor in a slow but competitive economy."

Raymond Chan Director, Group Human Resources, Shun Tak Holdings (Macau)

Raising productivity is fast becoming a priority for many countries and organizations. This is particularly crucial in an uncertain business climate, characterized by weak economic growth.² Enhancing productivity remains one of the main levers organizations can use to improve their competitiveness in an increasing challenging global market. External market forces that impact wages, such as increased demand for high-skilled labor, are typically outside the organizations' direct control. On the other hand, productivity is one lever organizations can use to drive consistent profit growth.³ Higher productivity growth has been found to be associated with larger real net operation surplus growth (Chart 1).

"Productivity is a key driving factor in a slow but competitive economy," says Raymond Chan, director, group human resources, Shun Tak Holdings (Macau). This belief is echoed by Tasporn Chantree, senior vice president, people & organizational performance of Siam City Cement Public Co. Ltd. "A focus on productivity is essential for sustainable growth," says Chantree. "By focusing on enhancing productivity, organizations can effectively manage labor costs and continue to grow the organization."

"A focus on productivity is essential for sustainable growth."

Tasporn Chantree Senior Vice President, People & Organizational Performance,
Siam City Cement Public Co. Ltd.

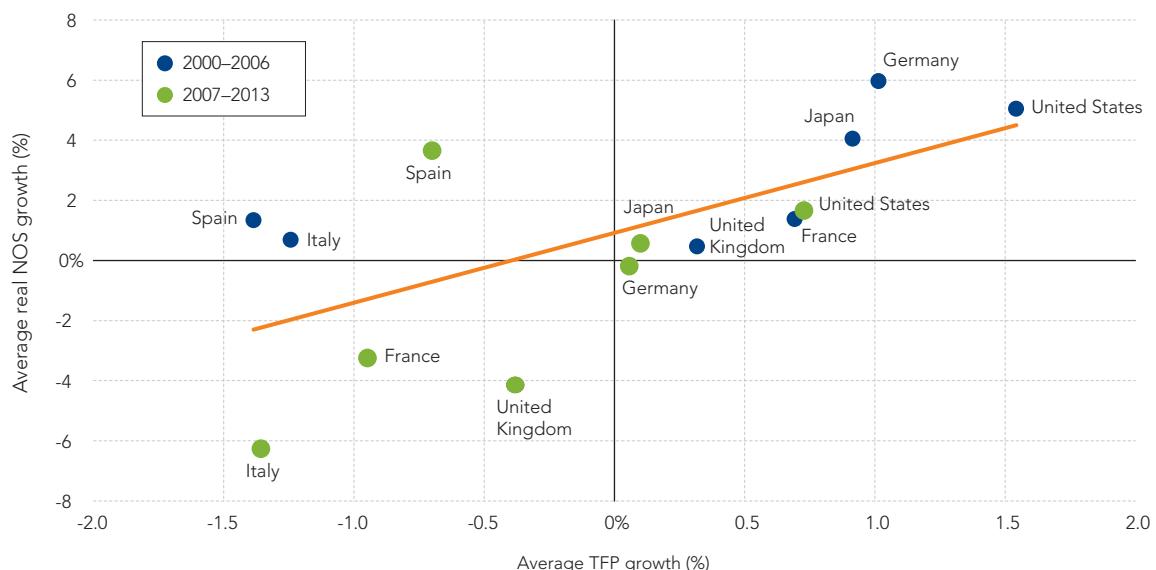
2 Bart Van Ark, *Bucking the Trend: Overcoming Uncertainty, Shocks, and Disruption with Qualitative Growth*, Global Economic Outlook 2017 (2016).

3 Bart van Ark, Ataman Ozyildirim, Elizabeth Crofoot, Abdul Erumban, Prajakta Bhide, and Gad Levanon, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, The Conference Board, TCB-RR-Productivity, 2015.

Chart 1

Total factor productivity growth can drive profits

Average TFP growth and real net operating surplus (NOS) growth



Note: Total factor productivity (TFP) takes into account not only labor as an input but also the contributions of physical, human, and other intangible capital to the production of goods and services.

Source: OECD, The Conference Board. Bart van Ark, Ataman Ozilidir, Elizabeth Crofoot, Abdul Erumban, Prajakta Bhide, and Gad Levanon, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, The Conference Board, research report TCB-RR-Productivity, 2015.

"Productivity is getting more and more critical as organizations go through downsizing or rightsizing."

Sin Hwei Chee Head of Rewards (ASEAN and South Asia), Linde Gas Asia Pte. Ltd

As organizations make substantial changes to their headcount, boosting productivity allows organizations to continue growing. Sin Hwei Chee, head of rewards (Asean and South Asia), Linde Gas Asia Pte. Ltd, shares the importance of focusing on productivity. "Productivity is getting more and more critical as organizations go through downsizing or rightsizing," say Chee.

Enhancing Employee Productivity

To increase organizational output, companies can do a number of things, including investing in factories and equipment and hiring more employees. However, such actions require substantial capital investments that companies may not be willing or able to make. Alternatively, organizations can require workers to work longer hours for the same amount of money or have employees provide greater value for the work that they do. Requiring workers to work longer hours for the same salary is an unsustainable short-term strategy that can only work during downturns where alternative job opportunities and job mobility are limited⁴. For lasting competitiveness, organizations need to focus on raising employees' productivity, the efficiency with which employees use the resources available⁵. They can do so by cultivating an engaged workforce⁶ equipped with skills and competencies to bring about greater organizational value.

4 Bart van Ark, Ataman Ozyildirim, Elizabeth Crofoot, Abdul Erumban, Prajakta Bhide, and Gad Levanon, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, The Conference Board, TCB-RR-Productivity, 2015.

5 Bart van Ark, Ataman Ozyildirim, Elizabeth Crofoot, Abdul Erumban, Prajakta Bhide, and Gad Levanon, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, The Conference Board, TCB-RR-Productivity, 2015.

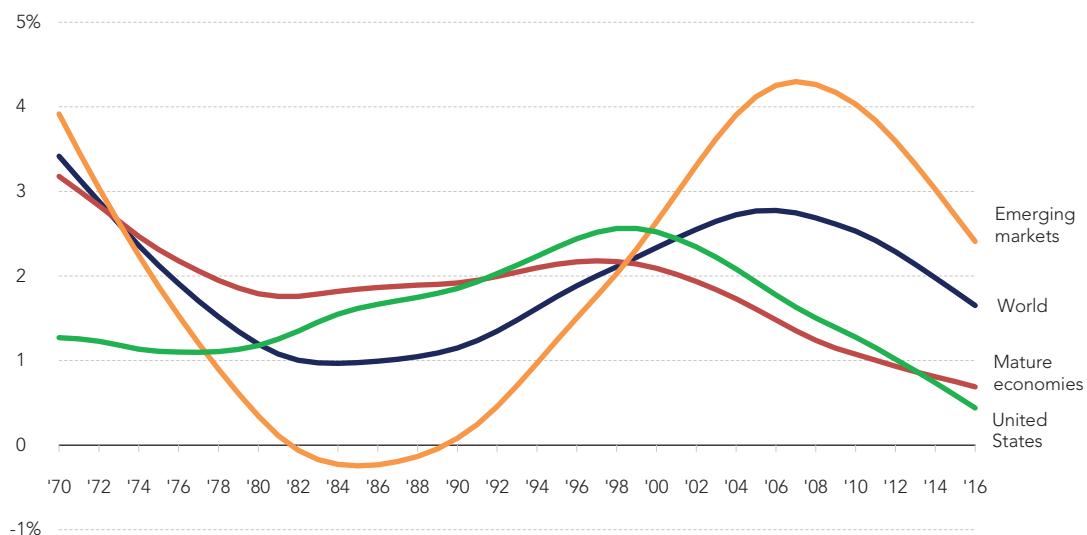
6 Rebecca L. Ray, Patrick Hyland, David A. Dye, Joe Kaplan, and Adam Pressman, *DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures*, The Conference Board, TCB_R-1564-14-RR, 2014.

Slowing Global Productivity Growth

Since the mid-2000s, productivity growth has been declining. The Conference Board's report, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, showed that the global decline in productivity growth is a serious threat to competitiveness and profitability. Productivity growth from 2007 to 2014 dropped to approximately a quarter of what it was from 1999 to 2006. Moreover, there is expected to be little recovery before 2025.⁷

Chart 2

Trend growth of global labor productivity (output per person), 1970-2016



Note: Trend growth rates are obtained using HP filter, assuming $\lambda=100$.

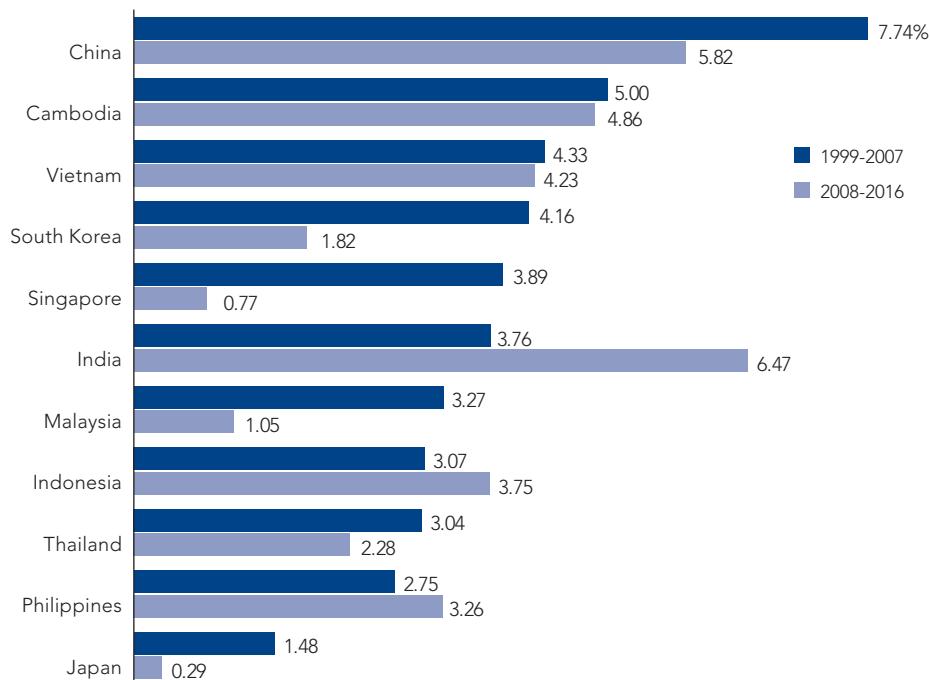
Source: The Conference Board Total Economy Database™, May 2016. Data for 2016 is based on projections by The Conference Board.

⁷ Bart van Ark, Ataman Ozyildirim, Elizabeth Crofoot, Abdul Erumban, Prajakta Bhide, and Gad Levanon, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, The Conference Board, TCB-RR-Productivity, 2015.

Asia's rapid economic development has not fully shielded the region from the productivity crisis. In Singapore, labor productivity growth plunged more than a quarter, from 3.89 percent between 1999 and 2007 to 0.77 percent between 2008 and 2016. During the same period, Malaysia and China also experienced a dip in productivity growth which fell from 3.27 percent to 1.05 percent and 7.74 percent to 5.82 percent respectively⁸. If left unaddressed, declining productivity growth will heavily constrain the ability of organizations to grow and compete.

Chart 3

Growth of labor productivity per person employed, Asia



Source: The Conference Board Total Economy Database™, May 2016. Data for 2016 is based on projections by The Conference Board. China's productivity growth rate is calculated by The Conference Board's alternative growth measures for China, please refer to The Conference Board, *Frequently Asked Questions on The Conference Board's Alternative China GDP series*, November 2015.

Wages Rising Faster than Productivity Growth

Slowing productivity growth is of particular concern because wages are also rising. Due to a demand for skilled labor that far exceeds supply, Asian economies, particularly emerging economies, face rising labor costs⁹. For instance, the average merit salary increase in 2015 was 8.9 percent in Indonesia and 9.4 percent in Vietnam¹⁰. As a result of rapid growth in wages, companies are encountering substantial difficulties in hiring appropriately skilled employees at the right price.

⁸ The Conference Board Total Economy Database™, May 2016.

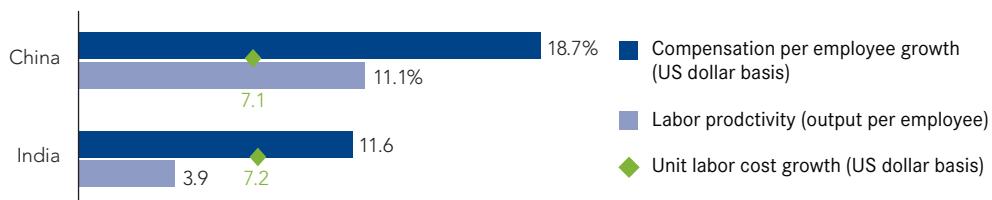
⁹ Caitlin Pan, *Deciphering Labor and Skill Shortages in Asia with Workforce Analytics*, the Workforce Analytics Institute, partnership between The Conference Board and Mercer, 2016.

¹⁰ Asia Pulse Survey report, Mercer, 2015.

Furthermore, the surge in wages exceeds the rise in productivity in many emerging markets. For example, The Conference Board found that from 2007 to 2012, labor costs in India's manufacturing sector increased about three times faster than labor productivity¹¹. This increase in wages relative to productivity is not confined to Asia's emerging economies. In 2015, real wage growth in Singapore was 7 percent while productivity growth shrank by 0.1 percent¹².

Chart 4

Growth in manufacturing unit labor costs and its sources (compensation cost, and productivity), China and India, 2007-2012



Average annual percent change, 2007-2012

Note: Compensation in national currency is converted to US dollars at market exchange rates to reflect the actual firm cost of labor inputs. For China, data refer to employees in all manufacturing units. For India, data refer to total employment (employees and self-employed) in registered (formal) manufacturing enterprises.

Sources: The Conference Board International Labor Comparisons (ILC) program, April 2015. China: Labor cost and employment data from The Conference Board International Labor Comparisons (ILC) program; output data through 2010 from Harry X. Wu, 2015, "Accounting for the Sources of Growth in the Chinese Economy," RIETI Discussion Papers 15-E-048, updated by the author to 2012. India: Annual Survey of Industries, Ministry of Statistics, Planning and Implementation, Government of India. Calculations by The Conference Board.

Sluggish global economic growth, coupled with rising wages, is forcing organizations to rethink the way they view productivity. Through the use of workforce analytics, organizations can systematically examine and measure the quality of productivity initiatives to identify and implement the most effective policies for workforce productivity and deliver the productivity gains needed to drive profitability. This report highlights the importance of using analytics to prioritize productivity and document key strategies organizations have been using to enhance productivity. Organizations seeking to implement productivity interventions can use the metrics and framework proposed in the report for planning.

11 Bart van Ark, Ataman Ozyildirim, Elizabeth Crofoot, Abdul Erumban, Prajakta Bhide, and Gad Levanon, *Prioritizing Productivity to Drive Growth, Competitiveness, and Profitability*, The Conference Board, TCB-RR-Productivity, 2015.

12 "When wages race ahead of productivity: Should we worry?" The Strait Times, 2016.

Prioritizing Productivity

"Productivity drives the business," according to Sherry Gosiengfiao, employee engagement head, Ayala Corporation, one of the Philippines' oldest and most successful business conglomerates. Prioritizing productivity allows organizations to generate and sustain growth in a highly competitive market.

"Productivity drives the business."

Sherry Gosiengfiao Employee Engagement Head, Ayala Corporation

Workforce Analytics Defined

Workforce analytics, sometimes referred to as human capital analytics¹³, is a data-driven approach to delivering information and insights about the workforce and its impact on business results. In the initial stages, workforce analytics tends to use employee data pulled from the company's HR system of record. Over time, as the workforce analytics team gains experience and credibility, it may utilize data from employee surveys and external sources, with the ultimate objective of applying predictive modeling to help leaders make better business decisions.

Using Analytics to Address Productivity Challenges

One of the main reasons for slowing productivity growth is that the catch-up phase in which productivity gains were easy to achieve by the sole introduction of technology is gone. Due to rising wages, inadequate skills to leverage technology¹⁴, and low engagement levels¹⁵, firms are finding it much harder to produce further gains in productivity. Gone are the days when productivity could spike simply with the introduction of technology.

Most multinational organizations in Asia Pacific have already implemented productivity enhancing procedures such as the adoption of improved systems and technology. It is becoming harder and more complex for organizations to achieve additional productivity gains. Going forward, companies need to be more innovative and focus on improving

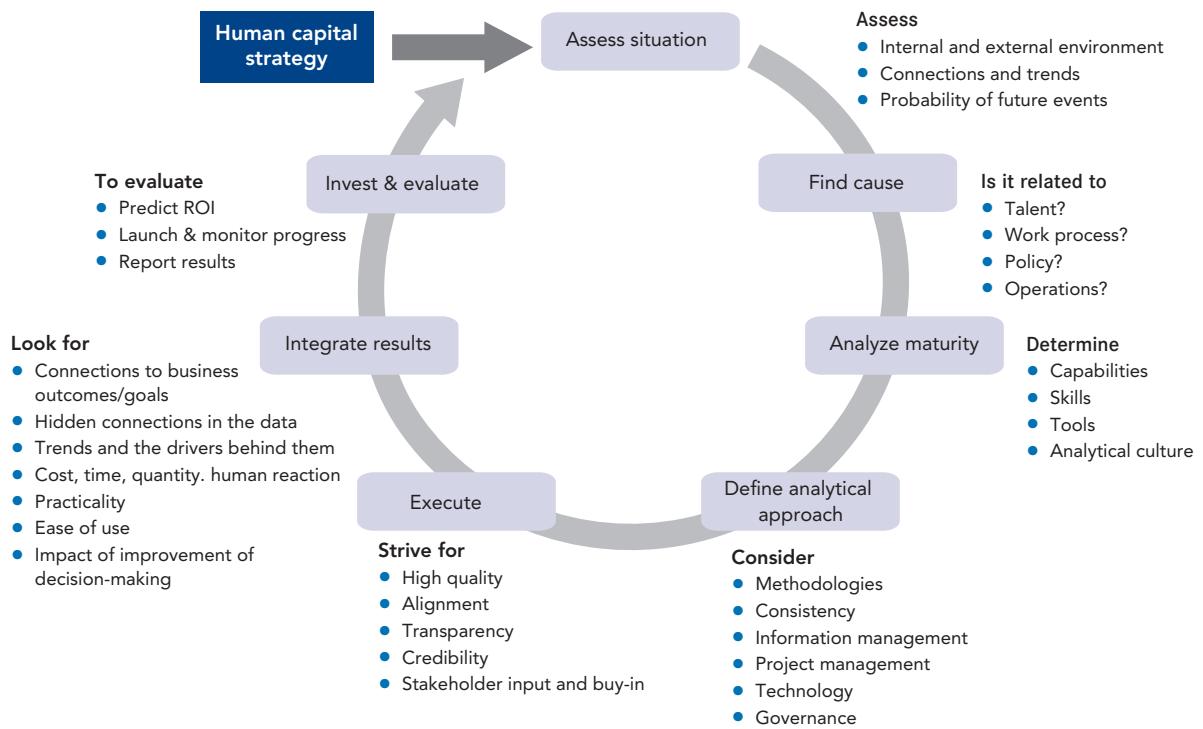
13 Jac Fitz-enz, Patti Phillips and Rebecca Ray, *Human Capital Analytics: A Primer*, The Conference Board, TCB_R-1500-12-RR, 2012.

14 Caitlin Pan, *Deciphering Labor and Skill Shortages in Asia with Workforce Analytics*, the Workforce Analytics Institute, partnership between The Conference Board and Mercer, 2016.

15 Rebecca L. Ray, Patrick Hyland, David A. Dye, Joe Kaplan, and Adam Pressman, *DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures*, The Conference Board, TCB_R-1564-14-RR, 2014.

work force skills and engagement¹⁶ to drive productivity. This will allow them to better leverage their capital investments and “move up the value chain” where outputs are of higher value than they are now.

Figure 1
Human capital analytics eco system



Source: Dr. Jac Fitz-enz, Patti P. Phillips, Ph.D. and Rebecca L. Ray, Ph.D., *Human Capital Analytics: A Primer*, The Conference Board, TCB_R-1500-12-RR, 2012, page 23.

Instead of arbitrarily implementing strategies in hopes of improving productivity, organizations can use workforce analytics as an evidence-based approach for enhancing productivity.

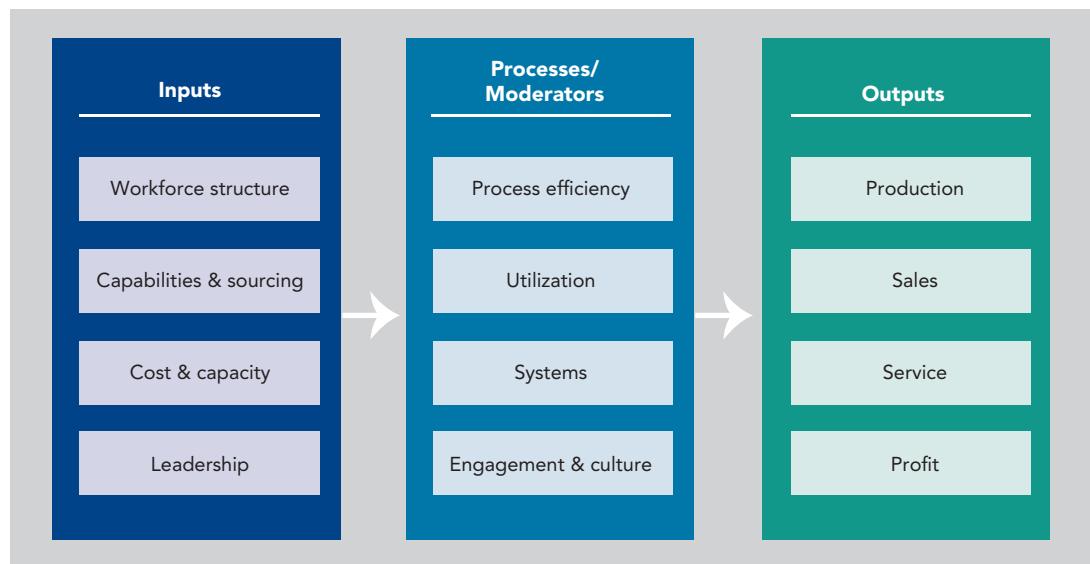
One way for organizations to prioritize productivity is to articulate and quantify the successes of productivity programs and interventions. With new technology and systems, organizations have access to data and metrics that can be used to enhance productivity. Instead of arbitrarily implementing strategies in hopes of improving productivity, organizations can use workforce analytics as an evidence-based approach

16 Rebecca L. Ray, Patrick Hyland, David A. Dye, Joe Kaplan, and Adam Pressman, *DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures*, The Conference Board, research report, The Conference Board, TCB_R-1564-14-RR, 2014.

for enhancing productivity. By systematically examining and measuring how productivity can be improved upon, organizations can implement the most effective policies to enhance workforce productivity. Workforce analytics can help the organization build an innovative culture, discover gaps in skills, plan ahead, improve processes, and better leverage their technology¹⁷.

Understanding Productivity Drivers

Figure 2
Workforce productivity drivers



Source: Mercer Workforce Productivity Drivers Framework, Mercer

Many organizations focus on raising productivity by identifying and focusing heavily on business outputs that drive business success. These outputs include production, sales, services, and profit (farthest right column in Figure 2). By focusing solely on these outputs, firms will soon reach a plateau in their efforts to raise productivity. Organizations fail to realize that inputs and processes can heavily impact business outcomes and productivity¹⁸. Without drawing a firm connection between outputs to organizational inputs and processes, firms are unable to reach optimal productivity.

17 Mary B. Young, *Digital Transformation: What Is It and What Does It Mean for Human Capital?* The Conference Board, TCB-1606-Digital-Transformation -Report, 2016.

18 "Workforce Productivity: Optimize Your Workforce," Mercer, 2014.

Through analytics, organizations can measure potential productivity drivers such as workforce structure, cost, and capacity, and decide whether any organizational changes or investments should be made to inputs or processes to further shift the productivity frontier. Once organizations are clear about the directional relationship between inputs, processes, and outputs, they can better utilize workforce analytics to raise productivity. Details on potential strategies to improve workplace productivity can be found in Table 3.

Table 1 **Understanding inputs and processes**

| Inputs | Processes |
|-------------------------|---|
| WORKFORCE STRUCTURE | PROCESS EFFICIENCY <ul style="list-style-type: none"> • Organization design • Span of control • Job design • Roles, responsibilities, accountability |
| CAPABILITIES & SOURCING | UTILISATION <ul style="list-style-type: none"> • Skills / Competencies / Behaviors / Quality of hire • Training / Experience • Build / Buy • Hire rate / Time to fill • Age / Tenure / Turnover / Mission critical retention |
| COST & CAPACITY | SYSTEMS <ul style="list-style-type: none"> • Headcount • Labor costs • Reward & recognition • Workforce profile • Employee's available time |
| LEADERSHIP | ENGAGEMENT & CULTURE <ul style="list-style-type: none"> • Vision / Mission • Strategy / Objectives • Communication & connection • Style |

Source: "Workforce Productivity: Optimize Your Workforce," Mercer, 2014. Dr. Jac Fitz-enz, Patti P. Phillips, Ph.D. and Rebecca L. Ray, Ph.D., *Human Capital Analytics: A Primer*, The Conference Board, TCB_R-1500-12-RR, 2012

Understanding the Role of Organizational Design in Raising Productivity

Businesses cannot drive productivity changes without also addressing organizational design, the process of modifying an organization's structure to align it with business strategy and goals. In an increasingly competitive business environment, organizations must rethink their current organizational design and put in place a structure that allows them to simultaneously be agile, reduce costs, and facilitate customer-centricity. Through the use of organizational design, an organization can make decisions that support its mission and strategy and promote optimal business performance.

Organizations must rethink their current organizational design and put in place a structure that allows them to simultaneously be agile, reduce costs, and facilitate customer-centricity.

No one organizational design works across all organizations, and changes in the business environment push organizations to alter their design. "Nothing is immune from changes," says Qing Ma, head of HR, Siemens (China). "Organizations need to constantly adapt to change and meet new market requirements." Depending on the direction of the firm's strategy, organizational structures and functions should shift alongside these targets. For example, to reposition themselves to adapt to highly dynamic business environments, some firms are moving away from traditional hierarchy structures and toward a flatter structure with interconnected and flexible teams. By measuring metrics such as span of control, organizations can identify departments or teams which require more attention and focus.

"Nothing is immune from changes. Organizations need to constantly adapt to change and meet new market requirements."

Qing Ma Head of HR, Siemens (China)

Another observation is the shift toward a centralized strategy in which operational work is carved out to specialized service centers, with other parts of the organization focused on more strategic work. Such moves allow for the streamlining of processes and systems and the removal of unnecessary complexity so the needs of the organization and its customers can be served more efficiently.

Driving the Productivity Initiative: Ensuring Clarity and Alignment through Communication

Effective communication is necessary for the successful implementation of productivity initiatives. Organizations must be able to articulate the metrics to focus on as well as the strategies that drive them. Failure to do so will severely limit the potential and impact of the firm.

Organizations must be able to articulate the metrics to focus on as well as the strategies that drive them.

It is senior management's role to communicate and convince the rest of the organization of the firm's strategies and plans. "Management needs to walk the talk and demonstrate, through their own actions, what the required behaviors for the organization are," says Qing Ma, head of HR, Siemens (China). Organizations that have the most success in their organizational transformation efforts have taken measure to ensure that information is clearly and effectively transmitted throughout the organization. A one-time communication is typically ineffective; communication needs to be ongoing at all levels. Using multiple town halls meetings, emails, video conferencing appointments, and informal sharing sessions can help solidify the organization's plans and ease organizational transitions. Communication is particularly important for organizations with global operations as they manage across different cultures. In addition, organizations should promote a culture of openness and collaboration to allow for discussions to take place about the upcoming organizational changes. "By allowing employees to understand the purpose and context of their decisions, employees will have greater clarity on what is needed to bring value to the organization," says Ma.

"Management needs to walk the talk and demonstrate, through their own actions, what the required behaviors for the organization are,"

Qing Ma Head of HR, Siemens (China)

Aside from communication, another means to enhance clarity and organizational alignment is through the implementation of performance management processes. A well-designed process with high accountability should incentivize employees to focus on key organizational metrics and the means to drive them. The next section covers key productivity strategies identified by organizations in Asia, followed by a framework that organizations can use to raise productivity.

Strategies for Improving Workplace Productivity

The Workforce Analytics Institute, a joint initiative of The Conference Board and Mercer Asia, surveyed over 50 HR and human capital professionals in Asia to learn what they consider to be the most important strategies to enhance workplace productivity. In our conversations, key themes emerged: the imperative to develop leaders who understand and are able to manage the productivity process, the importance of leveraging technology for productivity, and the need to enhance employee engagement.

As shown in the chart below, respondents indicated that their top three strategies were *developing leadership to drive productivity, enhancing employee engagement, and leveraging technology*.

Chart 5

Top three strategies for increasing employee productivity



Note: Respondents were asked to select their top three strategies to address productivity challenges from a list of 12 options including focusing on targeted recruitment, employing training and development, utilizing recognition and rewards, building accountability, enhancing collaboration, altering workforce structure, implementing flexible work arrangements, providing workplace benefits, and increasing diversity.

Source: The Workforce Analytics Institute, October pulse survey of HR practitioners, 2016.

Research Methodology

To understand the strategies companies in Asia leverage to drive productivity, we fielded a survey and received responses from 52 HR and human capital practitioners from China, Hong Kong, Malaysia, Thailand, Singapore, and the Philippines. Responses span several industries including services (31 percent), manufacturing (19 percent), technologies (16 percent), consumer goods (10 percent), oil & gas (7 percent), life sciences (7 percent), and banking (5 percent). We subsequently interviewed nine of the respondents for additional detail.

Developing Leadership to Drive Productivity

Investments in productivity programs and interventions are typically longer term processes which may take time to pay off and will only be successful when championed by the cadre of leaders across the organization and then embraced by the rank and file. The implications of this for key leadership groups are multifold:

Senior leadership team As with everything, tone at the top matters. Senior leaders must make increased worker productivity a strategic priority, champion the cause and devote/divert the resources to support enhanced productivity even when the choices are difficult and the organizational impact significant. This may entail spirited debate among the senior leadership team until successfully reaching consensus. Once agreed upon, prioritizing productivity will certainly entail coordinated internal communication strategies to discuss the nature of the change, the business rationale, the implications for the workers/workplace, and the metrics and milestones by which success will be judged. Any initial communication must be reinforced, as appropriate, during regular corporate updates, large and small group meetings, as well as informal meetings, so that the organization sees not only the direct connection to the business imperative but also the (perhaps) slow and steady progress toward the desired future state. This group of leaders may need to have alignment-focused sessions to ensure that they act as a team and are accountable as a team.

People organization leaders HR and human capital leaders charged with designing and implementing the programs and policies to elicit high performance in the workplace and throughout the employee life cycle must ensure that HR processes are reviewed. But, perhaps more importantly, they must make sure that the business processes themselves are reviewed and evaluated. This is where organizational design expertise, led by those with a deep understanding of the business, is critical since this must be done in partnership with business leaders and line managers. Where necessary, process improvements and/or changes to existing policies and procedures must be made and infrastructure must be upgraded or replaced. An assessment of the relative skill level of impacted workers must be conducted to determine if critical skill gaps exist and, if so, whether or not the employees can be “up-skilled” to close that gap. It will require an assessment of the relative cost of training and the further impact to productivity levels as employees are taken away from regular tasks while learning or enhancing skills and their subsequent time to productivity. These HR leaders play an important “lynch-pin” role between the needs of the organization to make productivity gains and the line leaders who will be held accountable for successful implementation. They will be expected to articulate the need for change, design the systems and process changes, adapt HR processes to reflect new performance standards, address performance issues during this transitional time, and ensure that the workplace remains a positive one. It is, in short, a daunting task.

Line managers The adage that middle managers make or break strategy is never more true when changes “arrive” from on high and the manager is then expected to implement these changes on the ground. Line managers, front-line supervisors, and team leaders need to understand the imperative for the change and the benefits to successfully implementing the change; in fact, they should have the opportunity to discuss and fully understand the impending changes and their implications. In a perfect world, these managers would have had input about the nature of the changes and been given the opportunity to suggest the best course for implementing the change. They may need development or training in change management initiatives in general and in proposed organizational changes specifically. They would then be in a strong position to work with their respective teams to successfully drive the change that business needs dictate. It should be noted that these line managers should be trained first in any new procedure, process, or equipment well before the members of their teams, and they should fully understand the new metrics with which they and their teams will be evaluated. This group of leaders will need support as they serve as the most important element of any change management effort.

For all levels and for all constituents, communication, preparation, and transparency are key. It cannot be over-emphasized that regular, targeted communication must be a core element of any change management program. Where significant changes to the work environment are planned, as is the case for most productivity interventions, effective communication across the organization is even more important:

- Ensure that leaders at all levels understand the rationale for the change as well as the specific changes that will impact their work environment and their teams.
- Involve leaders in the planning, implementation, and training interventions necessary to successfully drive the productivity-related changes.
- Plan and consistently execute the communications necessary to bring all stakeholder groups along.

Enhancing Employee Engagement

“Employee engagement is essential for increasing productivity.”

Sei Kum Foo Senior Management Talent Solutions, Avnet Asia Pte Ltd

Organizations recognize the importance of employee engagement and the best of them understand the direct impact effective leaders can have on engagement. “Employee engagement is essential for increasing productivity,” says Sei Kum Foo, senior management talent solutions, Avnet Asia Pte Ltd. Fostering an environment where high levels of engagement are possible is critical to improving productivity because it is employees who must be willing and able to exert additional discretionary effort at work, especially in times of organizational need. Moreover, organizations should emphasize the need for employees to be productive for the delivery of business results.

Engaged employees are more productive

Research supports the importance, and subsequent positive business performance, of focusing on employee engagement. An engaged workforce can help drive and sustain business performance¹⁹. At Whole Foods Market, employee morale survey results have been found to be correlated with higher productivity and sales²⁰. A Gallup report, examining 339 research studies across 230 organizations, also found employee engagement to be consistently associated with increased productivity.²¹ Specifically, its research found a 20 percent median percentage difference in sales productivity and a 17 percent difference in production records and evaluation productivity between business units with top-quartile engagement scores and those with bottom-quartile scores.

Furthermore, unproductive, disengaged employees may be more than a drag on organizational performance. Disengaged employees may undermine the morale and productivity of the team; in the worst cases, they actively undermine the work of the organization. "Ineffective employees are large liabilities to any business," says Laksana Watthanakul, head of engagement of AIA Thailand, "For employees to be highly effective, the organization needs to provide them with the environment and conditions for high performance." This view is shared by many HR executives, and the commonly-held belief is that the best approach to achieve such an environment is one tailored to the specific situation. Hong Min, vice president of Total Corporate Management (Beijing) Co., Ltd, notes that strategies to raise employee productivity will differ depending on employee roles and functions. "Strategies will have to be catered to specific employee function, depending on whether they are management, staff, or front-line workers." Refer to "Functional Productivity Strategies" in Table 3 for more details.

Promoting Employee Engagement²²

Aligned incentives Design incentives schemes that motivate employees to be productive without promoting a sense of entitlement.

A collaborative and inclusive work environment Create physical and virtual workplaces that promote teamwork, collaboration, and engagement.

Consistent communication Keep employees informed about organizational priorities and objectives.

Flexible work arrangements Provide the option of flexible work arrangements to help employees manage their personal concerns so they will be more focused at work.

19 Rebecca L. Ray, Patrick Hyland, David A. Dye, Joe Kaplan, and Adam Pressman, *DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures*, The Conference Board, TCB_R-1564-14-RR, 2014. .

20 Rebecca L. Ray, Patrick Hyland, David A. Dye, Joe Kaplan, and Adam Pressman, *DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures*, The Conference Board, TCB_R-1564-14-RR, 2014.

21 "The Relationship between Engagement at Work and Organizational Outcomes 2016," Q12® Meta-Analysis: Ninth Edition, Gallup, 2016.

22 Rebecca L. Ray, Patrick Hyland, David A. Dye, Joe Kaplan, and Adam Pressman, *DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures*, The Conference Board, TCB_R-1564-14-RR, 2014.

Health and wellness programs Healthy employees are better able to contribute at work.

Meaningful work Help employees understand how their work contributes to the larger functioning of the organization so they feel a sense of purpose.

A CLOSER LOOK AT THE HOSPITALITY INDUSTRY Balancing Productivity and Customer Service Excellence

In the hospitality sector, organizations need to ensure that customer service is not compromised in the pursuit productivity.

In the hospitality sector, organizations need to ensure that customer service is not compromised in the pursuit productivity. The industry is rightly concerned with both productivity and customer experience metrics, and a delicate balance between the two must be carefully managed. Important productivity measures include the number of rooms refreshed per cleaning staff member during each shift; the number of customer calls satisfactorily addressed per associate; and staff turn-over. Strict attention to these metrics, however, could come at the cost of the guest experience.

Each organization will need to find the inflection point that maximizes productivity and manage this tension. In Asia, where customer service is very high and considered one of the premium advantages of the customer experience, the pressure to continually delight guests is increasing. An interview with an executive at an Asia-based hotel chain indicates that, although productivity metrics are important, the organization recognizes the need to balance productivity with good service. A narrow focus on productivity is very likely to compromise service standards, an outcome which may be damaging for the organization in the long run. Furthermore, labor costs in most of Asia are considerably lower than North America and Europe, allowing for organizations in this industry to maintain a higher staff-to-guest ratio to better serve guests' needs, without compromising profitability.

Leveraging Technology to Raise Productivity

Another area of emphasis is technology. Conversations with HR leaders suggest that technology can help facilitate and reduce administrative or routine tasks, freeing up employees to have the “bandwidth” to focus on tasks that provide greater organizational value. For instance, in 2015, AIA Singapore introduced a digital underwriter that provided on-the-spot underwriting to allow for instant insurance application approval, resulting in faster transaction time²³.

The greater benefits of the new process should outweigh the pains of implementation and troubleshooting.

However, technology is not a panacea for all productivity woes. Thought has to be given to whether the implementation or installation of a new technology platform, systems upgrade, or manufacturing equipment would deliver the desired benefits even after the impact of initial change disruption, time to efficiency with new processes, and the cost of necessary resources have been factored in. The greater benefits of the new changes should outweigh the pains of implementation and troubleshooting. Moreover, there also needs to be sufficient infrastructure in place to support the adoption of the new technology as well as an understanding and acceptance of the period of time it will take employees to master the new system, including the period of time that will be marked by errors and inefficiencies. Regions with limited access to internet connectivity or personnel support may have to seek alternative approaches for enhancing productivity rather than blindly adopting technology systems that may be more suited to regions with highly developed infrastructure and support.

Areas where technology can be utilized

Communications Virtual meetings facilitate rapid information transfer in addition to substantially reducing traveling costs.

Equipment upgrades User-friendly tools and equipment that minimize the likelihood of human error can improve the safety and well-being of employees.

Self-service systems Customer and employee self-service systems allow individuals to take charge of the process of resolving concerns.

Training Easy access to virtual training allows employees to learn at their own pace and in environments best suited for them.

23 "AIA Singapore Revolutionizes Insurance Purchasing Process with Digital Underwriter," AIA Singapore, 2015 October.

RETHINKING PRODUCTIVITY

Disconnect, Pause...Then Reconnect to Speed Up

While it can be argued that technology has brought tremendous improvements to our daily lives, it comes with a cost. We now live in a BOCA world (blurred boundaries, overloaded with more work than is humanly possible, complex, and addicted to technology) and that can result in employees who are burned out and organizations that are simply exhausted. Yin Cheng Lau, advisor, HROD, Government Technology Agency of Singapore (GovTech), a new Singapore statutory board tasked with harnessing the transformative power of technology and engineering to deliver user-centric services for the benefit of Singapore and Singaporeans, believes that enhancements in productivity will come from slowing down by disconnecting, pausing, and re-connecting. "With the constant onslaught of information, people are constantly pulled in all directions," Lau says. "Individuals need to learn how best to disconnect from the constant distractions and pause before reconnecting, in order to become more innovative and creative."

"Individuals need to learn how best to disconnect from the constant distractions and pause before reconnecting, in order to become more innovative and creative."

Yin Cheng Lau Advisor, HROD, GovTech

Given the pressures and expectations placed on employees in many organizations, productivity can only be further raised if there is a fundamental shift in mindsets.

"The most productive employees are those who are well rested, able to pause, and be present," says Lau, "Instead of focusing on getting more out of employees, think about creating conditions where employees can be in state of "flow" by developing focus and concentration when applying their skills to challenges. Allowing employees to become totally absorbed in their work, enter a state of flow²⁴, and not be distracted will help employees be at their best, naturally."

²⁴ Jeanne Nakamura and Mihaly Csikszentmihalyi, "The Concept of Flow," in *Flow and the Foundations of Positive Psychology*, 2014, 239-263. Note: The concept of flow, proposed by psychologist Mihaly Csikszentmihalyi, describes a state where a person becomes fully absorbed in his or her work.

Framework for Determining the Effectiveness of a Productivity Intervention

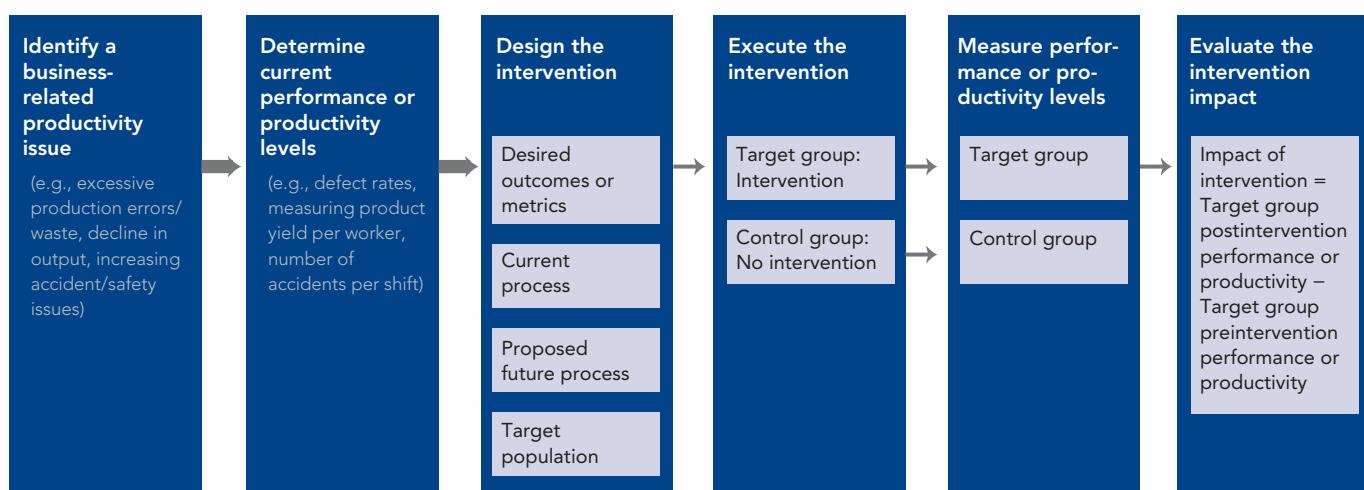
Evaluating the Success of Your Intervention

Even as organizations recognize the importance of productivity and focus their efforts to boost it, organizations still face substantial difficulties in identifying and quantifying the quality of their productivity interventions. To create the necessary conditions to foster consistent productivity growth, organizations need to develop a systematic approach for tracking and analyzing the success of their interventions. Too often, organizations will start a number of initiatives at the same time and continue to pursue these initiatives without a clear understanding of which, if any, has had a positive impact on organizational outcomes. Although anecdotes and general feedback provide HR professionals with some inkling about how productivity programs are perceived, the use of workforce analytics to measure and qualify the quality of the interventions will lead to targeted interventions that will further enhance productivity.

Analytical Approach for Enhancing Productivity

Figure 3

Analytical approach for enhancing productivity



Source: The Conference Board.

Identify a Business-Related Productivity Issue

There is a well-worn adage in the analytics profession: not everything that can be measured matters, and not everything that matters can be measured. Having said that, it is important to know what the key metrics are for each unique business as well as the specific metrics in a particular process or manufacturing segment. Two things are vitally important:

- Identifying which metrics are important in a particular setting
- Gaining alignment with key stakeholders as to what is important and what levels of performance are necessary in both current and future scenarios

Determine Current Performance or Productivity Levels (if unknown)

Before implementing the intervention, the organization should determine current performance or productivity levels (e.g., defect rates, product yield per worker, accidents per shift). This is particularly crucial if no comparison group is available. Measuring the baseline performance prior to any intervention allows the organization to get a sense of the current situation. At this stage, the organization may choose to re-evaluate their area of focus if they find that a different business-related productivity issue would be of greater organizational importance. See Table 2 for details on the metrics HR can use to measure the current performance or productivity levels.

Design the Intervention

Once the baseline performance is known, the organization should plan the productivity intervention process. This includes articulating the desired outcomes, the key metrics, current and future processes, and the target population(s). For example, if the organization has decided to provide employee training to enhance sales productivity, it will need to identify the desired outcome (e.g., a 5 percent increase in revenue per employee), the current process (e.g., no training is provided unless employees fail to meet sales target), the proposed future process (e.g., employees will be sent for training after onboarding), and the target population to be sent for training (e.g., of the 100 salespersons in a region, 50 will be assigned to the target group and receive new training; 50 will be assigned to the control group that receives the standard preparation but no new training).

Organizations tend to utilize a number of approaches in hopes that using a comprehensive approach will accelerate productivity growth, such as concurrently implementing a new wellness program and sending employees for training to develop their skills. Despite these well-meaning attempts at enhancing productivity, HR executives would be better served if they select and identify a business-related productivity issue (e.g., excessive production errors/waste, decline in output, increasing accident/safety issues) and focus on that one area exclusively for a period of time. By doing so, the organization would be able to identify and qualify the impact of their targeted intervention without confusing it with concurrent initiatives.

Execute the Intervention

In academic settings, control groups are essential for a defensible study. However, control groups may or may not be possible in business environments (e.g., if new hires must receive training to pass a required licensing exam, there could be no control group). It is important, however, to think carefully about situations where a population can be treated separately to clearly pinpoint the impact of the intervention. In such situations, interactions with employees from either group (target group versus control group) could contaminate the efficacy of the productivity study such that the results could be questioned.

The organization should also be mindful of employees' concerns about being left out or unnecessarily targeted for productivity improvements. Explaining that the assignment of employees into groups is a means to learn about the effectiveness of the productivity initiatives rather than a reflection of employees' performance would help reassure employees. In addition, the organization can seek to build trust by ensuring that information about the productivity intervention is shared with employees involved.

Case in Point

In a call center environment where all employees need to have the requisite licensing, one way to test productivity enhancements would be to split the incoming class of trainees into two groups. For one group, provide training programs as currently delivered, and for the other, deliver an accelerated program to see which group reaches proficiency on the job more quickly. Then it could be determined whether the accelerated training program truly delivers faster time to proficiency.

Measure Performance or Productivity Levels

After the productivity intervention, the same metric used at the beginning should be used to measure the performance or productivity levels. This allows the organization to identify whether the intervention has resulted in any significant changes in performance or productivity levels. Ensure that the same metric is used for both target and control groups. Data from different groups should also be handled accurately to prevent misinterpretations of the data.

Evaluate the Intervention Impact

$$\text{Impact of Intervention} = \frac{\text{Target group postintervention performance or productivity level}}{\text{Target group preintervention performance or productivity level}}$$

To evaluate the success of the intervention, performance after the intervention should be compared to baseline performance. The impact of intervention can be measured by target group postintervention performance or productivity minus target group preintervention performance or productivity. Positive changes in performance can be clearly attributed to the intervention if employees in the control group do not demonstrate similar changes in performance. The organization will then be able to pinpoint and articulate the benefits of the intervention, making a case for the intervention to become the norm for all future work in a specific area. Organizations would be well served to follow up with employees for a period of time postintervention to learn if there are any sustained benefits.

Productivity Metrics

Through the use of productivity metrics, organizations can articulate their key area of focus. Depending on business concern, HR leaders may select and use metrics that best determine performance or productivity levels. The following table provides a list of metrics that your organization can employ to quantify the success of your firm's productivity efforts.

Table 2 Productivity metrics

| Productivity metrics | Calculations | What it measures |
|--|--|--|
| Metrics associated with the Production Process | | |
| • Workforce efficiency | • Actual working hours to complete production / Budgeted hours | • Ability to complete tasks within planned hours |
| • On time delivery | • Number of orders delivered on time / Total number of orders delivered | • Percentage of on schedule production |
| • Downtime | • Average duration of downtime during planned production period | • Sufficiency of materials and capability of workforce to ensure ongoing production |
| • Product yield per worker | • Total manufacturing output in a given period / Number of workers involved | • Rate at which workers generate output |
| • Defect rate | • Number of defects found prior to the release of a product / Number of defects reported by customer | • Capability to adequately address and fix identified defects |
| • Capability and flexibility of workers | • Number of job roles per worker | • Availability of deployable workers |
| Metrics associated with Customer Service | | |
| • Time to first response | • Time when customer initiates a request – Time when the request is acknowledged | • Readiness of customer-facing employees |
| • Time for resolution | • Time when issue is addressed – Time when customer initiates a request | • Time taken to resolve issues |
| • Requests handled per employee | • Number of requests / Number of employees handling customer requests | • Employee's capacity |
| • Escalations | • Number of requests that are escalated / Total number of requests | • Instances where the responders did not have sufficient tools or skills to address the customer request |
| • Complaint rate | • Number of complaints received / Time | • Customer dissatisfaction |
| • Customer satisfaction | • Customer satisfaction survey scores | • Customer satisfaction |
| Metrics associated with R&D | | |
| • Products released per researcher or engineer | • Number of released products / Number of researcher or engineers | • Rate of product generation |
| • R&D time allocation | • Time spent on R&D-related activity / Total working hours | • Percentage of time spent on R&D-related activities |
| • Conversion rate | • Number of projects launched / Total number of proposed projects | • The successful implementation of new projects |
| • Innovation rate | • Total number of patents filed, pending, or awarded / Time | • Rate of innovation |
| Metrics associated with Sales | | |
| • Sales per employee | • Total sales / Employees | • Ability of sales employee to make a sale |
| • Time spent selling | • Time spent selling / Working hours | • Percentage of time spent on sales generating activities |
| • Lead response time | • Time taken to respond to a sales request | • Readiness of sales employees |
| • Opportunity win rate | • Closed opportunities / Total number of opportunities | • Success rate of sales attempts |
| • Churn | • Number of customers who left / Total number of customers in the same period | • Customers retention rate |
| • Repeat sales | • Number of repeat customers / Total number of customers in a given period | • Ability to generate repeated sales |

Source: Metrics adapted from: "A Guide to Productivity Measurement," Spring Singapore. "Measuring Productivity, OCECD Manual," Organization for Economic Co-operation and Development. Bradford L. Goldense, "As more companies use more R&D metrics, the 'top five' metrics remain the same, according to research study," PDMA visions, 2005. Labor ratios, Kaplan Financial Knowledge Bank.

Functional Productivity Strategies

The focus of productivity differs across organizations, industries, and functions, depending on the organization's strategies and goals. There is no one best way to improve productivity. The following table provides a list of strategies that your organization can use to enhance productivity across various organizational functions.

| Table 3 Functional productivity strategies | |
|---|---|
| Functional Strategies | Details |
| Raising production productivity | |
| • Upgrade manufacturing practices | • Focus on continual improvement and implement practices that improve manufacturing performance such as Six Sigma and Lean Six Sigma. ^a Hire industry engineers to improve production standards and efficiency. |
| • Reduce excessive movement to optimize task efficiency | • Strategically arrange production units to speed up production flow. For example, organize raw material unit close to the production lines. |
| • Implement procedures to handle crises | • Establish early detection systems to identify breakdowns and adopt technology that allows for real-time access to information such as availability, skillsets, and interdependencies of employees. Build a team of employees who can efficiently troubleshoot downtime and alleviate bottlenecks. |
| • Introduce flexible work arrangements | • Introduce compressed work week or job sharing to provide employees with more flexibility in choosing their working hours. Allow employees to opt for shifts instead of assigning mandatory shifts. ^b |
| • Adjustable workforce size | • Have a team of flexible workers such as contingent or part-time workers so that the workforce can grow or shrink depending on demand. |
| • Encourage a balanced lifestyle | • Provide workplace benefits such as gyms, workplace child care centers, and entertainment areas. Research has found that workers who exercise on work days are happier, more resilient to stress, and have better work performance. ^c Encourage employee resiliency through the use of mindfulness programs. ^d |
| Raising customer service productivity | |
| • Cultivate a customer-centric culture | • Encourage a positive work environment that focuses on providing the best for the customer. Discourage employees from making disparaging remarks about customers. Implement customer immersion programs where employees learn the perspectives of the customers. |
| • Enhance customer relationship management | • Use customer relationship management systems to track customers' interactions and experiences. |
| • Incentives that reward employees for customer service | • Provide monetary (e.g., cash bonuses, vouchers) and non-monetary rewards (time off from work, praise, positive changes in the work environment) to reward customer-focused behaviors. |
| • Automation and digitization | • Employ advancements in technology to implement new systems that will speed up customer service. |
| • Empowering employees to make decisions to enhance the customer experience | • Provide employees with sufficient autonomy and training so they are able to go "above and beyond" when handling customers' requests. |

Table 3 **Functional productivity strategies** ...continued

| Functional Strategies | Details |
|---|---|
| Raising R&D productivity | |
| ● Promote idea sharing | ● Build platforms such as intranet forums for idea sharing and feedback. |
| ● Encourage greater diversity | ● Deploy a diverse mix of people on innovation teams. Although diversity can be a source of innovation, care has to be taken to ensure that increased diversity does not lead to overall larger inefficiencies due to the need to manage across diverse teams. ^{e,f} |
| ● Promoting and rewarding entrepreneurship and risk taking | ● Have employees build an innovation portfolio that records attempts to enhance innovation (e.g., suggestions proposed, idea conversion rates). |
| ● Create a working environment that allows for creative work | ● Redesign the workplace to inspire creative thinking. Allow employees to choose how they would like to work (solitary or in groups). Provide options such as standing desks which are found to increase workplace productivity. ^g |
| Raising sales productivity | |
| ● Incentives that reward employees for increasing sales | ● Implement incentive schemes that will directly reward employees for their sales. Structure the reward scheme in ways that encourage employees to continuously increase sales instead of stagnating after achieving a certain target. |
| ● Targeted sales approaches | ● Tailor marketing, promotion, and communications campaigns to meet customer needs. ^h |
| ● Manage the work force but avoid micromanagement | ● Provide flexibility with options such as remote working and travel allowances to allow employees to make decisions about what would best increase sales. |
| ● Leverage tools and equipment to raise productivity | ● Equip the sales force with effective tools such as automated sales processes or remote meeting equipment. |
| ● Expert training | ● Invite experts to train the salesforce so they are aware of the strengths and weaknesses in their skillsets and develop tactics best suited for their personality and background. |
| <p>^a Hans Skalle and Bill Hahn, "Applying Lean, Six Sigma, BPM, and SOA to Drive Business Results," Redbooks, IBM, 2013.</p> <p>^b "Flexible Work Arrangements," Ministry of Manpower, Singapore, 2001.</p> <p>^c J.C. Coulson, J. McKenna, and M. Field, "Exercising at work and self-reported work performance," International Journal of Workplace Health Management, 2008, 176 – 197.</p> <p>^d Theresa M. Glomb, Michelle K. Duffy, Joyce E. Bono and Tao Yang, "Mindfulness at Work," in Book Series: Research in Personnel and Human Resources Management (Volume 30), Emerald Group Publishing Limited, 2011,115 – 157.</p> <p>^e Christian R. Østergaard, Bram Timmermans, and Kari Kristinsson, "Does a different view create something new? The effect of employee diversity on innovation," Research Policy, 2011, 341-510.</p> <p>^f Bassett-Jones, N., "The Paradox of Diversity Management, Creativity and Innovation," Creativity and Innovation Management, 2005, 169–175.</p> <p>^g Gregory Garrett, Mark Benden, Ranjana Mehta, Adam Pickens, S. Camille Peres, and Hongwei Zhao, "Call Center Productivity Over 6 Months Following a Standing Desk Intervention," IIE Transactions On Occupational Ergonomics And Human Factors, 2016, 2-3.</p> <p>^h Charles Mitchell, Rebecca L. Ray and Bart van Ark, <i>The Conference Board CEO Challenge 2016: Building Capability – Seeking Alignment, Agility, and Talent to Innovate and Grow</i>, The Conference Board, TCB-1599-CEO-Ch allenge-2016-Report, 2016.</p> | |

Key steps to consider when using the productivity intervention framework

IDENTIFY A BUSINESS-RELATED PRODUCTIVITY ISSUE

- Conduct an environment scan to learn how external and internal forces impact the business
 - Investigate potential internal issues such as employee engagement levels, leadership, and organizational culture
 - Review external information concerning competition, regulations, and industry trends
- Use benchmarks to evaluate level of performance or productivity levels
 - Obtain information from governmental statistics, trade organizations, or vendors about industry performance or productivity levels
 - Compare industry information to organizational performance or productivity levels
- Pinpoint potential causes affecting performance or productivity by asking if the issue of concern is related to:
 - Outdated equipment and systems or inadequate technology?
 - Low-skilled workforce, low employee engagement, increased labor cost?
 - Weak leadership?
 - Poor processes or ineffective organizational policies?

DETERMINE CURRENT PERFORMANCE OR PRODUCTIVITY LEVELS (IF UNKNOWN)

- Identify the most effective metric to measure current performance or productivity levels
 - Compile a list of metrics that are associated with the targeted productivity issue
 - Choose the metric to use by considering:
 - Ability of metric to accurately pinpoint the productivity concern
 - Ease of obtaining the metrics
 - Availability of benchmarking data
- Review organization records to identify historical trends (if any)
 - Reach out to departments to obtain further information on the metric of interest
 - Analyze historical data for potential trends
- Measure current performance or productivity levels (if unknown)
 - Organize a team to measure current performance or productivity levels
 - Ensure data consistency and accuracy by training employees who are tasked with measuring performance or productivity levels

DESIGN THE INTERVENTION

- Desired outcomes or metrics
 - Specify desired outcomes or metrics that will result from the productivity intervention (e.g., a 5 percent increase in sales per employee)
- Current process
 - Document current organizational processes and policies that impact performance or productivity levels
 - Highlight areas of concerns that may negatively impact performance or productivity levels
- Proposed future process
 - Determine intervention strategy that will be most effective at addressing productivity concerns
 - Articulate proposed changes in organizational processes or policies to increase performance or productivity levels
- Target Population
 - Identify groups, teams, or departments that are most suited for the intervention
 - Consider focusing on groups, teams, or departments that have the largest business impact
 - Assign the target population into two groups: target group and control group (if possible)
 - Ensure the target group and control group are comparable
 - Record current performance or productivity levels of employees in both the target and control groups

EXECUTE THE INTERVENTION

- Put together a team to execute the intervention
 - Clearly define team members' responsibilities to ensure accountability
 - Communicate frequently to ensure that the team has a firm understanding of the intervention process
- Build trust with employees involved in the intervention by sharing information
 - Conduct frequent briefings to explain the intervention process and outcomes
 - Reassure employees involved that the intervention is not a reflection of their performance

MEASURE PERFORMANCE OR PRODUCTIVITY LEVELS

- Measure performance or productivity levels of both target and control groups
 - Ensure that the same metric is used for both target and control groups
 - Ensure data from different groups are accurately handled to prevent misclassification

EVALUATE THE INTERVENTION IMPACT

- Calculate the impact of intervention
 - Measure change in performance or productivity levels: Target group postintervention performance or productivity minus target group preintervention performance or productivity
 - Compare change in performance or productivity level of target group to control group (if present)
 - Evaluate if the change in performance or productivity level has achieved desired outcomes
- Roll out intervention to control group or other parts of the organization if the intervention is found to achieve desired performance or productivity levels
 - Identify areas for improvement and make adjustments to improve the intervention process
 - Start a new intervention cycle
 - Determine the impact of the second intervention and compare it to the initial intervention
- Identify sustained benefits of the intervention
 - Follow up with employees for a period of time postintervention to learn if there are any sustained changes in performance or productivity levels

Closing Thoughts

This report articulates the need to focus on productivity given rising wage pressures in a slowing but competitive market and highlights key strategies that organizations can take to address their productivity challenges: building effective leadership to drive productivity, focusing on engagement, and leveraging technology. Through the use of workforce analytics, organizations can systematically examine and measure the quality of productivity initiatives to identify and implement the most effective policies for workforce productivity and deliver the productivity gains that can make the difference between thriving and simply surviving.

To aid organizations in quantifying their productivity initiatives, the report introduces a framework that documents the steps and processes organizations can take to determine the effectiveness of their interventions (identify a business-related productivity issue, determine current performance or productivity levels, design the intervention, execute the intervention, measure performance or productivity, and evaluate the intervention impact). Through these steps, organizations can articulate productivity programs that best support the organization's mission and strategy and promote optimal performance.

As the first paper in a series of reports on utilizing analytics in Asia across the human capital domain, this report on productivity provides a starting point for organizations looking to build upon their competencies. In following reports, the focus will be on using analytics to address concerns across the spectrum of human capital.

About the Authors



Caitlin Pan, Ph.D., is a senior researcher in human capital for the Asia region at The Conference Board. She leads research on human capital analytics. Her research interests include topics on leadership, status, and dysfunctional workplace behaviors. Her research has been published in peer-reviewed journals such as *Personnel Psychology* and the *Journal of Applied Social Psychology*.

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