

Increasing employee engagement and productivity through smart workforce analysis and planning

October 2019: Employers are facing increasing challenges with people not working as efficiently as they should. This has an overall negative impact, not only on company culture, but also on employee morale. With a new generation of employees fast becoming the larger part of many companies' staff composition, it is important to understand today's staff landscape and the reasons behind a workforce that is potentially not making the contribution that your company needs.

Analytics tools can help you get a clear picture of what is happening in your workforce and why it is happening. It gives you the opportunity to optimise your workforce within a specified period or to upskill or reskill employees where necessary.

Analysis involves weighing up what you need against what you have in your current workforce – and balancing the two – to achieve your company's strategic objectives.

In evaluating what your company needs against its strategic objectives, analytics tools show you the skills and number of employees you need, and what their roles should be. You can then identify the gaps resulting from inadequacies in your current workforce, employees leaving the company, and your current recruitment and retention strategies.

Of particular importance to meet the needs of today's workforce, is considering the factors that contribute to employees resigning, and what you can do to retain talent.

The importance of an employee value proposition

According to Michael Page, "An employee value proposition (EVP) is the unique set of benefits which an employee receives in return for the skills, capabilities and experience they bring to a company. An EVP is about defining the essence of your company – how it is unique and what it stands for. It encompasses the central reasons that people are proud and motivated to work there, such as the inspiring vision or distinctive culture. When integrated into all aspects of a business, a strong EVP will help to retain top performers and attract the best external talent."

The Corporate Leadership Council conducted research that showed that a strong EVP:

- **Is a key element of recruiting and retaining talent** – shown to improve a new employee's commitment by up to 29%
- **Represents value to employees** – increasing the likelihood of employees acting as ambassadors from an average of 24% to 47%
- **Creates a strong people brand** – a positive reputation for the way you treat your people can make your company one where talented people want to work
- **Boosts your remuneration offer to new recruits** – no EVP or an unattractive EVP could mean that you have to add an additional 21% in salary to attract new talent

In designing your employee value proposition, it is important to remember two things – relevant employee benefits that offer value based on your employees' real needs, and best-of-breed advice solutions.

A new workforce with new needs

Traditional financial advice has followed a uniform approach for a relatively uniform workforce. Over the past five years, there has been a shift in the average workforce age, and statistics show that the millennial percentage of the workforce composition has jumped from 39% to 52%. Those born after 1996 – the Generation Z workers – are expected to make up 24% by 2020.

Younger people's life events no longer happen in the same linear way as they did for previous generations. Single-parent households, particularly headed by women, far outweigh those where both parents live

together. Taking care of parents and extended family, the average employee now has twice the number of dependants compared to five years ago.

For various reasons, millennials change jobs every two to three years. When they do this, they frequently cash out their retirement savings, doing so more than once during their working career.

Sadly, death statistics are now higher for younger people, our group insurance data shows that the proportion of unnatural or accident-related deaths is increasing. Critical illness statistics are also increasing. The claims statistics indicate that overall cancer claims have increased by 48% since 2012, representing 15% of all disability benefit claims in 2018. 21% of the claims were paid to employees below the age of 40.

What this should tell us is that we need to understand who these employees are, what their lives look like and what their needs are. Corporate financial advisers must start considering the new workforce's real needs at each major life event that influences their financial journey.

The reality of who the new workforce is

They lack financial literacy. They are financially vulnerable and don't understand the retirement benefits they have or the terminology around retirement benefits.

They engage differently. They are bombarded with competing information from all sides. If communication is not specific to their needs, when, where and how they want to receive it, they don't engage at all. They want direct, personalised information that is easy to understand.

They see retirement differently. It is not uncommon for younger employees to have at least one side job to sustain a desired lifestyle. They don't think about retirement because they don't think they will ever have enough funds to retire. Viewing retirement as a transition, they resolve to commit to longer-term plans, hoping that these multiple income streams will sustain them in retirement.

Employee benefits have remained the same

Despite these changes in the workforce, employers are still offering the same major benefits they have been providing in the past.

The reason is possibly a straightforward one – employee benefits decision makers are generally much older and earn much higher salaries than the average lower-income, younger employee. They are simply out of touch with the real needs of the workforce.

Taking care of the needs of the new workforce requires different thinking

To provide for the employee benefits needs of a changed workforce, companies need corporate financial advisers who understand this. They need financial advice and employee benefits solutions with a fresh, new approach.

For example, consider the mentioned increase in the rate of unnatural, accident-related deaths among younger employees. This represents a gap in the benefits traditionally provided, and one that should be looked at differently going forward.

Using technology to solve the employers' dilemma – real people vs a virtual, simulated world

Even though information is available at employees' fingertips through technology, this does not mean they necessarily understand the information. Neither does it give them the knowledge they need to make decisions that will put them on a sustainable path of providing for retirement.

Employees are real people with unique needs. Most technology, without human interaction, applies a one-size-fits-all or, at best, a broad segmentation model to offer financial solutions.

Technology is certainly the way of the future, but to address the needs of the new generation of employees, it must be coupled with human advice.

Where technology meets real people

The world has changed and keeps changing. Taking care of employees' needs before and after retirement now requires a fresh approach to advice, technology and solutions. Traditional corporate financial advisers may find it challenging to serve this changed environment.

Solving the real needs of the new generation of employees cannot be accomplished with hi-tech solutions alone. Artificial intelligence solutions cater for averages, and not for unique needs. What will be pioneering is how technology is used to provide for real, individual needs. For employers to offer outcomes-based solutions to the insurance and retirement needs of their employees, human advice must form part of the equation.

To provide in the needs of the new workforce, it is imperative that the insights gained through technology are interpreted by a trusted, forward-thinking financial adviser.

Smart advice is the only way

Using technology, semi-personal individual advice is possible, and it is scalable. Innovative analytics tools not only help employers understand their workforce requirements to achieve their strategic objectives, it also allows employees to better articulate their needs. In addition, they provide valuable data on employee behaviour. Individual data offers insights that allow for advice on how to adapt individual employee behaviour to set them on the path of providing successfully for retirement.

Smart advice should be holistic. It should consider current trends and the changing characteristics and behaviour of the workforce, and it should be matched with tailor-made solutions. Employees must be able to engage effortlessly around their benefits, on a personal level and in real time – either by SMS or e-mail, or through the web. Employee engagement means employee insight, and employee insight means positively changed behaviour.

Technology and information are only valuable if the data is harnessed to make a real difference where it matters. If the data and results are carefully analysed by a trusted and forward thinking financial adviser, market-leading analytics and reporting can help employers make better decisions for their employees.

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