

The people unboxed report

A closer look at what
really makes your
employees engaged and
how HR can change it
for the better.



Always Designing
for People™



Contents

Do you know what's really going on with your people?	3
Why do we go to work?	7
What makes us unhappy at work?	10
Spotting the people truly thinking of leaving	13
Addressing the work/life imbalance	18
Five lessons. Five actions.	21



Do you know what's
really going on with
your people?

What gets you and your employees out of bed in the morning?

Is it the thought of spending the day at work with people you like and appreciate? Is it the drive to move forward in your career and continue bettering yourself professionally? Perhaps it's just knowing that you need to get paid to continue living the life you want to live.

We're all motivated by different things. It's part of what makes our workplaces such diverse and interesting places to be. But for HR, payroll, and those interested in monitoring and managing employee engagement, it can be a nightmare.

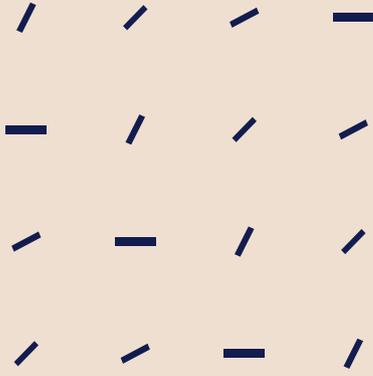
Your business thrives when your people are engaged – and understanding what's driving your people forward, what's holding them back, and what they really want from their employer is essential to maintaining a consistently high level of engagement. It's often said that people are the lifeblood of an organisation. But all too often they are viewed as little more than an entry on a spreadsheet or a line of functional data in one of many programmes. Before you can truly understand engagement, you need to change the way you view and understand your people.

Your people have ambitions, dreams and the potential to change your business. Once you understand exactly what those factors look like you can help them bring their best selves to work – and in return they will help your business thrive.

Only through dedicated research and broad employee feedback can you build up a complete, holistic picture of what it is that's keeping today's workforce engaged. Now, as part of our 'People Unboxed' initiative, that's what ADP has put together.



Do you know what's really going on with your people?



People Unboxed is all about learning how employees view work, what they really expect from their employers, and what businesses can do to start seeing Human Resource as Human Capital.

In this paper, we'll share the findings of our new international employee happiness survey, designed to help us all better understand:

- The underlying drivers behind employee engagement
- The biggest reasons people go to work today
- The most common causes of unhappiness at work
- Why not everybody that's willing to 'throw a sickie' might be a real 'flight risk'
- What an ideal work/life balance looks like for today's employees
- How better integrated and aligned HR and payroll operations can boost employee engagement and productivity

About the research

ADP, in partnership with Circle Research, conducted an online survey into the state of happiness and satisfaction at work today.

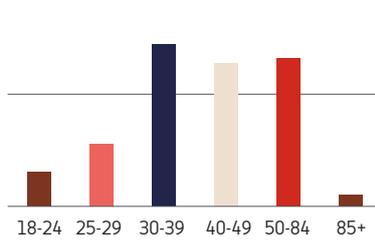
The survey was completed by more than 2,500 people across five countries: France, Germany, Italy, the Netherlands, and the UK.

To ensure the findings of the survey were truly representative, a broad spectrum of participants were targeted – with a proportional mix of ages, sectors, genders, salaries, and seniority.

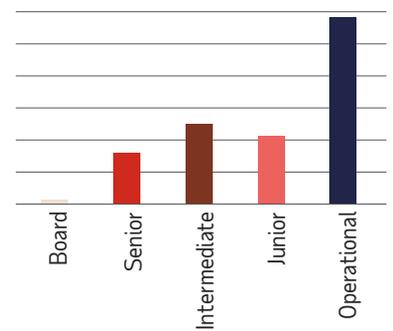
Do you know what's really going on with your people?

Respondent breakdown.

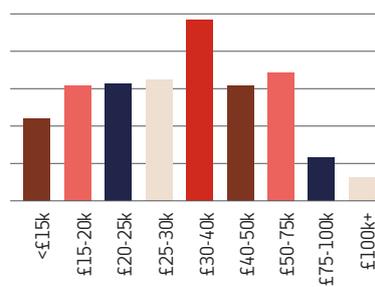
Age range



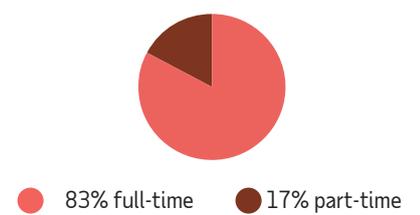
Seniority



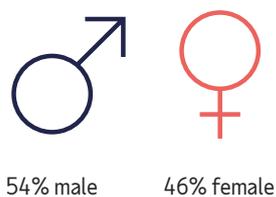
Salary range



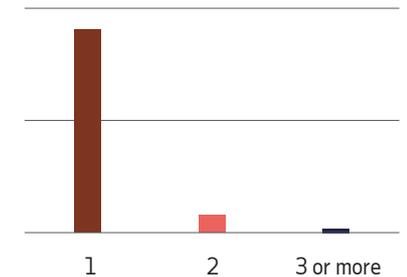
Employment



Gender split



Number of jobs





Why do we
go to work?

It's a broad question, but it's one that sits right at the heart of understanding engagement.

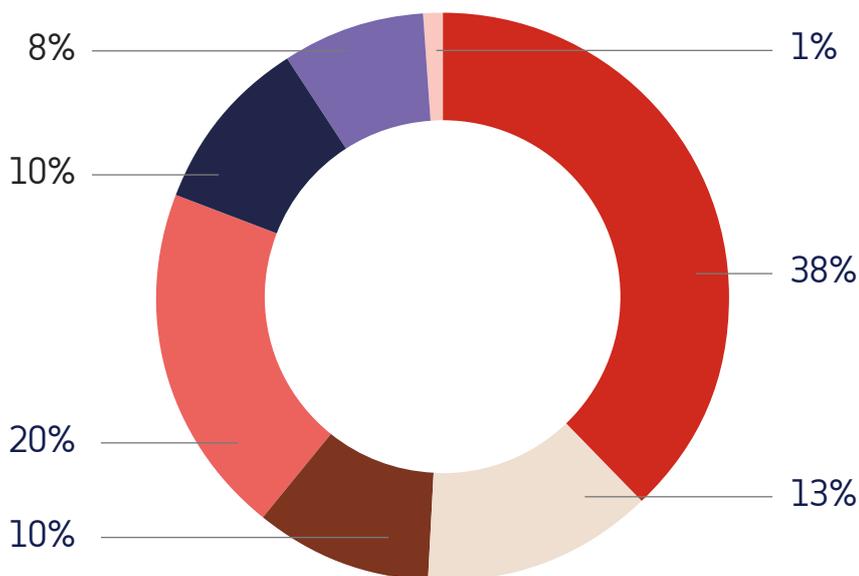
Every one of us has a motivator that wins out over the rest. It's the thing that gets us out of bed each morning, makes Mondays less painful, and keeps us moving forward in our careers even when times get tough.

But what that motivator is varies greatly from person to person. Understanding every one of your people helps you make the best decisions for everyone at every level of your business. You're empowered to make changes that will make a positive difference to the lives of individuals, and the future of your company as a whole.

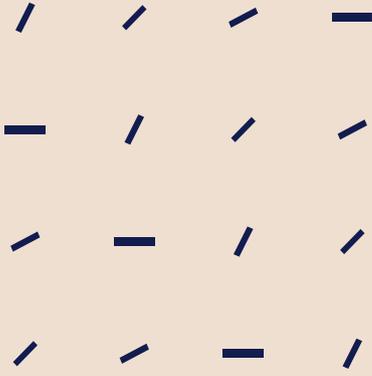
Of particular note for the HR department, 10% of respondents said they are most driven by wanting to learn and grow in their careers. As the managers of learning and development, this is something that HR very much holds the keys to, and a motivator that the department can't afford to overlook as they seek new ways of improving employee engagement.

The chart below shows a breakdown of the biggest reasons for going to work across our survey respondents, highlighting the need for a holistic approach to Human Capital Management that's built to meet the complex and diverse needs of the modern employee.

One of the first things you'll notice is the clear divide between financial and non-financial motivators. As many as 51% of respondents go to work to pay for things they need and want, while 48% primarily go to work for more personal reasons, like personal development, personal fulfilment, happiness etc.



- To pay for things I need
- To pay for things I want
- To learn and grow in my career
- Because I love what I do - it feels less like a job and more like a vacation
- Because I like the company I work for - we're on the same mission
- Because I like the people - many of them are friends and there's a great social life
- Something else



Financial satisfaction and personal happiness: two sides of the same coin.

For HR, that means the same focus must be given to the hard and soft sides of Human Capital Management.

In the past, theories about engagement and motivation have been divided between those that view financial reward as the greatest motivator, and those that put greater emphasis on so-called 'softer' factors such as "loving what you do".

We've become used to reading about millennials being motivated by making an impact at work and working towards goals they believe in – putting the focus of the engagement conversation on soft factors. Now, however, we can see that things simply aren't as clear-cut as that. The results of our survey showed that "paying for things they need" is the number one reason why people aged between 18 and 29 go to work – rating higher than love of work, and the desire to grow.

Pay is still very much the starting point for engagement. But across all age groups, our survey showed an almost perfect balance between workers most driven by financial factors and those most driven by more intrinsic satisfaction-based factors.

Neither camp is winning out. Both are extremely critical to maintaining engagement across the workforce. And one shouldn't be neglected in favour of the other.

For HR, that means the same focus must be given to the hard and soft sides of Human Capital Management. From payroll right through to learning and development opportunities, equal effort must be allocated to supporting the financial and personal fulfilment of every worker.



What makes us
unhappy at work?

The true value of great employee relationships.

Our survey found that 69% of employees have a positive relationship with their colleagues. Whether that's higher or lower than you expected, one thing is clear – great colleague relationships lead to great work and engagement.

If relationships are good, the effect is resoundingly positive. However, when relationships between colleagues are bad, the negative impact on effectiveness and engagement is almost immediate.

For all the ways our work makes us happy, there are as many ways it can do the opposite. Our research has shown us what's keeping people engaged, but what are today's biggest sources of disengagement and unhappiness in the workplace?

Our survey found that while 65% of people feel that leaders support them, 10% have no faith in their leadership at all. On top of that, 46% feel their employer does not understand them or their potential.

Dissatisfaction with leadership is a serious problem for businesses of any size, because typically, it's indicative of lots of smaller problems that have come together to fuel it. Respondents indicated a host of problems in businesses of all kinds – from feeling unsafe at work, to a concerning lack of support from managers and the larger organisation.

What are the biggest sources of disengagement?



65%

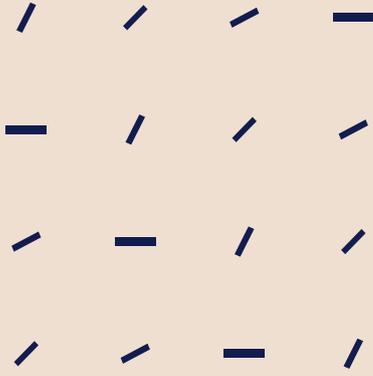
of people feel that leaders support them.



46%

feel their employer does not understand them or their potential.

What makes us unhappy at work?



Visibility: the key to a deeper understanding of individuals.

The survey results show that a high number of people feel misunderstood at work – whether that's caused by a lack of understanding for their potential, their needs, or the pressures being placed on them.

Such a broad lack of understanding is indicative of managers, leaders and HR teams not having proper visibility of employee skills, ambitions, health, or indeed their engagement. Naturally, this is a larger problem for bigger businesses with larger workforces.

In medium to large businesses, a lack of understanding and visibility can manifest as low internal mobility, a lack of praise and non-financial reward, and frequently, a lack of development opportunities that are mapped to the skills and goals of the individual.

As the business grows, a true and detailed picture of each associate becomes a challenge. That's where technology can help. Human Capital Management platforms enable large and growing companies to maintain the same granular understanding and visibility of individuals that smaller companies have. This is key to ensuring that employee experiences remain engaging and satisfying on a personal level.

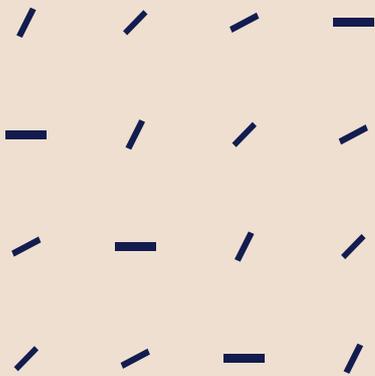
Leaders still have a long way to go when it comes to supporting employees.

When asked to rate how well their different needs are being met in their current job, the lowest mean scores across the group related to how much their employers care about employee physical and mental health.

Less than half of businesses have health and safety training or regular safety checks, and many respondents said they've felt unsafe at work on many occasions. Employers must address these issues as they seek to improve engagement.

And when it comes to supporting employees' mental wellbeing, there is even more work to be done. Just 18% believe that their manager has training in "employee wellbeing", and less than a quarter said that their employer has taken measures to:

- Keep feedback processes confidential
- Provide access to counselling services
- Train managers on staff wellbeing
- Deliver stress management sessions
- Provide mindfulness training
- Provide back-to-work training
- Provide unconscious bias training



21%

of people think it's acceptable to take a sick day just to be away from work once a year.

One of the clearest indicators of this disengagement is a lack of satisfaction with current levels of financial reward.

Spotting the people truly thinking of leaving.

An individual's engagement doesn't have to slip too far before they'll entertain the idea of taking a sick day when nothing is wrong. But what happens when things go further? And how can HR separate the real flight risks from those just having a bad week?

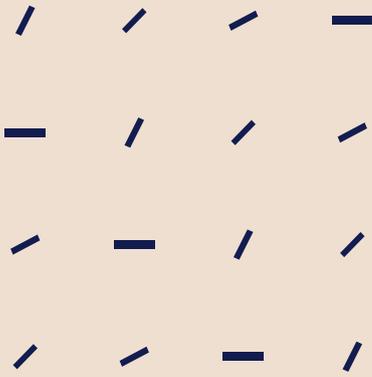
Almost three-quarters of employees have not wanted to go into work at least once over the last 12 months. But what's more worrying is that one in ten don't want to go to work at least several times a week.

Practically, there is a big difference between someone who takes a false sick day every few months, and someone who is truly disengaged. Our survey found that 21% of people think it's acceptable to take a sick day just to be away from work once a year, but not all of those people are truly disengaged or in need of HR intervention.

The people you really need to identify are the ones that are taking multiple sick days dispersed throughout the year, and also display other key signs of disengagement, such as reduced productivity or output.

These people are your true flight risks. They're the ones that are truly disengaged. And if you can't identify who they are, and what's causing their dissatisfaction, you'll be powerless to keep hold of them in the long term or keep them productive.

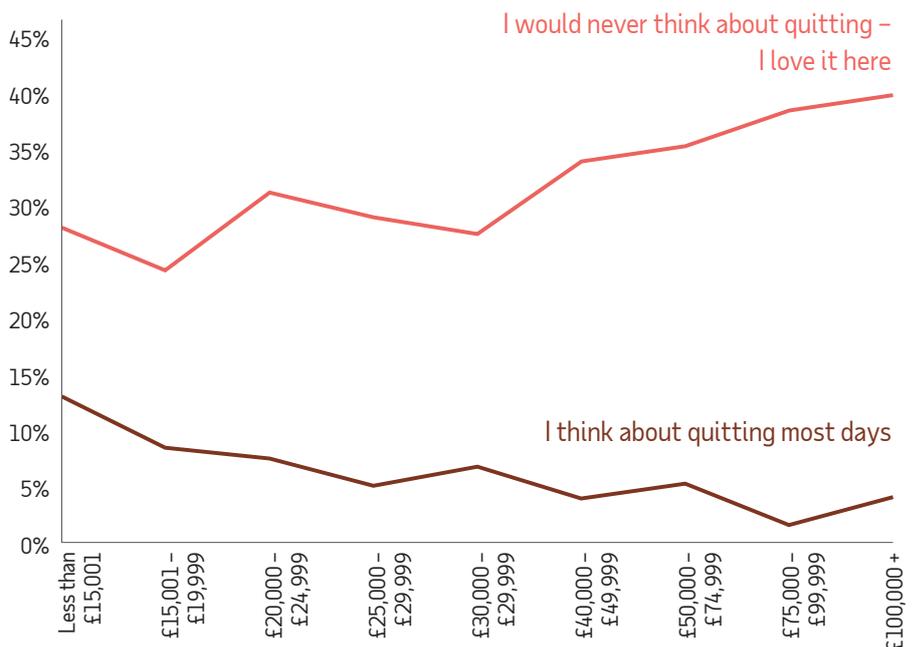
Our survey confirmed a major link between financial reward and thoughts about quitting.



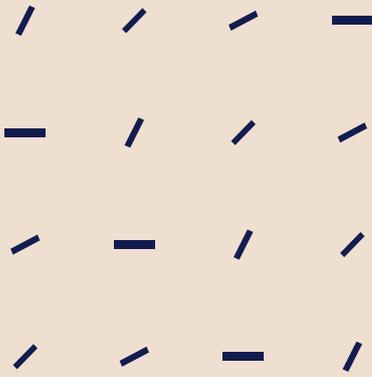
The results show that high earners are statistically less likely to think about quitting.

This highlights that money is a major motivator for workers, and a major source of disengagement for those being paid less.

However, there may be more at play here than a simple correlation between pay levels and job happiness. As we go up the pay scale, the average employee age increases, and many are simply more settled and satisfied in their jobs. This results in a reduced desire to move on. A vast range of factors contribute to thoughts of quitting. To gain the broadest picture of what employees are dissatisfied with, we asked how current jobs rank across a number of criteria, and how dream jobs would rank in comparison.



How dreams stack up against reality.



How technology is putting people back at the heart of HR.

Across the survey, we've uncovered a lot of interesting points that have highlighted the importance of the 'softer' factors that drive happiness in the workplace, like employee friendships, laughing at work, and having positive relationships with colleagues.

For example:

Colleague relationships impact effectiveness.

78%

"Liking the people I work with" is the biggest work motivator.

8%

Having opinions respected is an important quality in an ideal workplace.

33%

Feel their employer doesn't understand them or their potential.

50%

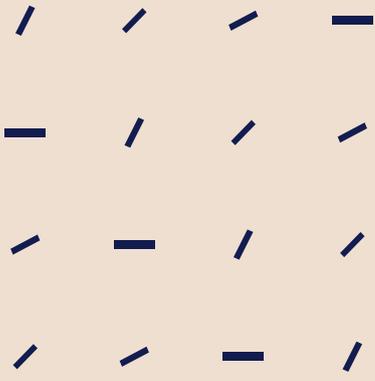
Mean satisfaction scores are consistently higher when people describe their dream jobs.

But the main areas falling short of expectations are:

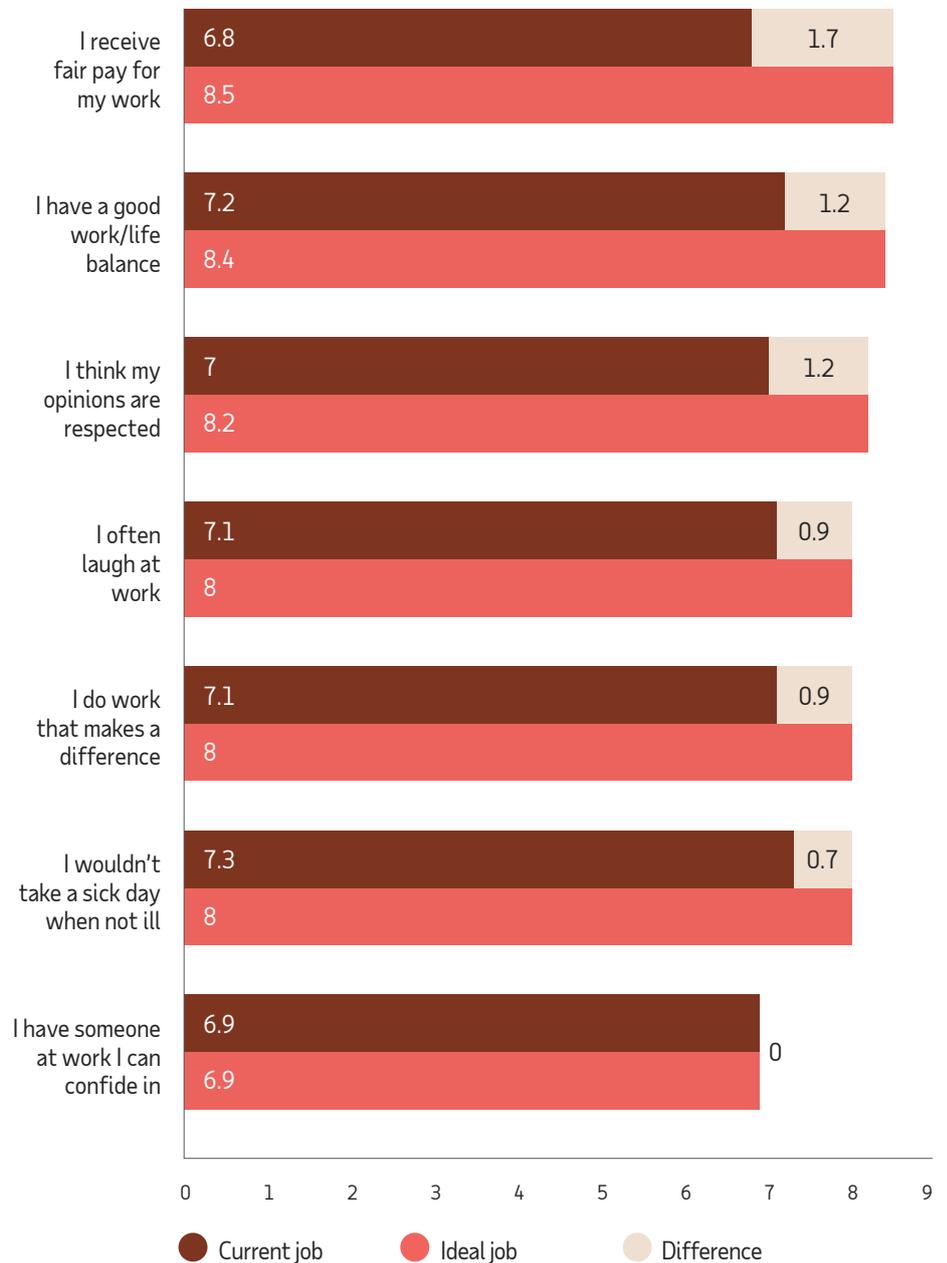
- Receiving fair pay for work (8.5 vs 6.8)
- Having a good work/life balance (8.4 vs 7.2)
- Having opinions respected at work (7.0 vs 8.2)
- Laughing at work (7.1 vs 8.0)

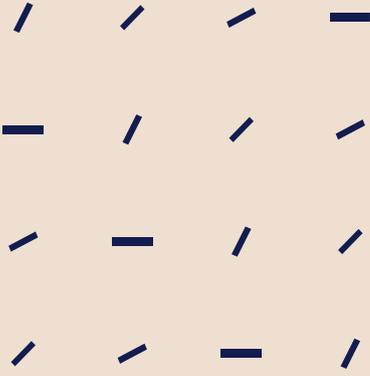
Again, there is a diverse mixture of intrinsic and financial factors to be considered here. If businesses want to improve employee engagement holistically, looking at pay and HR separately simply isn't an option any more. Every factor must be considered and supported in unison.

That begins with a complete integration and alignment of HR and pay.



Comparing current roles versus their dream job.





Traditionally, these are factors that HR may not feel they have a great deal of control over, especially if they don't have the individual-level visibility and control needed to influence meaningful cultural change.

With well-managed HCM, HR actually does have the power to engineer and impact culture – from the composition of teams and people alignment, to corporate goals and skill identification in talent recruitment.

Increasing financial reward isn't always going to be possible (or indeed effective) when someone appears to be a genuine flight risk. Businesses need the right tools to put the "human" back in Human Capital Management.

That starts by putting people at the heart of HR technology decision making, so that you can choose tools based on the human outcomes you want to deliver.

With those tools in hand, HR will be able to drive positive cultural and interpersonal change – impacting many of the things that keep people in a job, like enjoying the people they work with and the environment and teams in which they operate.



Addressing the work/life imbalance

Addressing the work/life imbalance.

Finding the right balance between work and life is important, no matter what industry you work in or how senior you are.

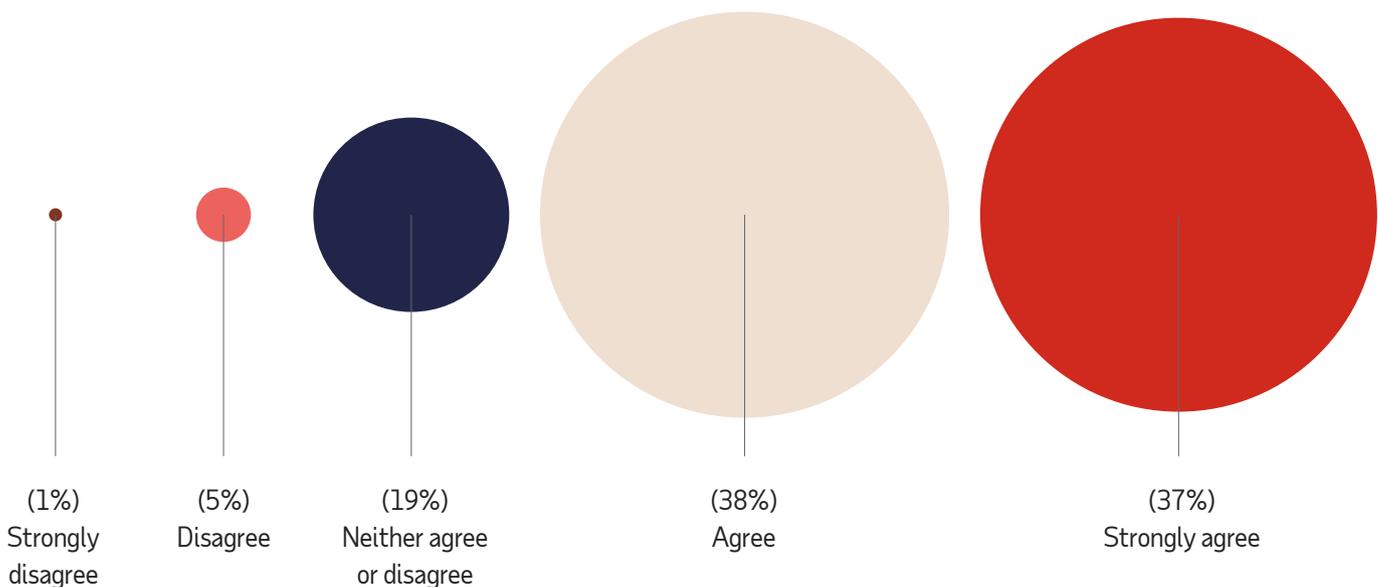
As new technology blurs the lines between our work and home lives, the need for clear separation between the two has grown significantly. Three quarters of employees now actively like to keep their work and home lives separate from one another.

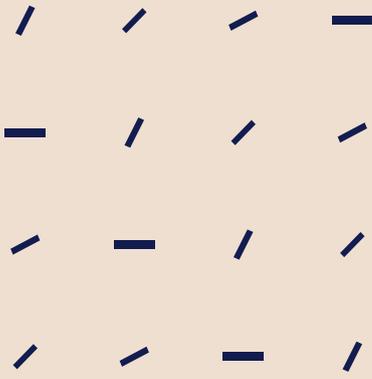
That figure may surprise those that have championed employee enablement through technology that keeps people connected to their jobs at all times.

Even for the millennial generation that has grown up with always-on connectivity, there is a clear desire to draw a line between work and life – with 65% of 18-24-year-olds and 71% of 24-29-year-olds agreeing that they like to keep the two separate.

Interestingly, there was no significant difference in responses between the countries we surveyed. Despite differences in working cultures, there is clear and consistent agreement that lines should be drawn between work and life.

Three quarters of respondents like to keep their work and home life very separate.





58%

say their personal life impacts their performance at work.

34%

say a bad day at work affects their personal life.

The work/life blend: it's not for everyone.

Even when employees are able to draw their own clear lines between work and life, the two can still have a profound impact on one another.

Together, work and home form the entire basis for an individual's satisfaction and happiness in life. To a certain extent, one will always impact the other, and that's not something that HR can do a great deal about.

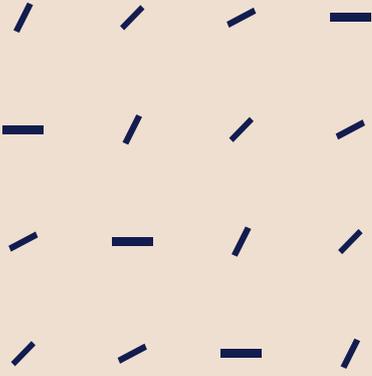
However, what HR can do is give individuals the freedom to choose what their work/life balance looks like. Individuals that want to blend work and life should be able to. Equally, those that want to keep the two separate should also be able to. It's the freedom to choose that is key to ensuring engagement across the board.

With the rise of flexible working, and the widespread adoption of technologies that support it, there has been a great deal said and published about the mixing of work and life through smart devices.

For those interested in monitoring and managing stress and emotional wellbeing in the workforce, the high number of people that now want to keep work and life separate is likely unsurprising. With their entire working lives in their pockets, and work rarely ending at the end of the working day, something has got to give for many workers.

The fact that a full three quarters of people now actively want to keep their work and home lives separate shows us that the technology-driven merging of work and life is perhaps not the holy grail of productivity it was once heralded as being.

This is a developing issue that HR teams must stay on top of. It represents a point where employee enablement may begin to have an impact on employee engagement – where greater connectivity can lead to increased disengagement.



Five lessons. Five actions.

There is a huge range of factors impacting employee happiness.

Understanding which are the most important and which have the greatest impact on employee engagement is just half the battle for HR professionals. Ultimately, what can you do about it all? Here are the five biggest lessons we learned from our research, and what actions HR and payroll teams must now take together in response.

Lesson #1

Financial satisfaction and personal happiness are equally important.

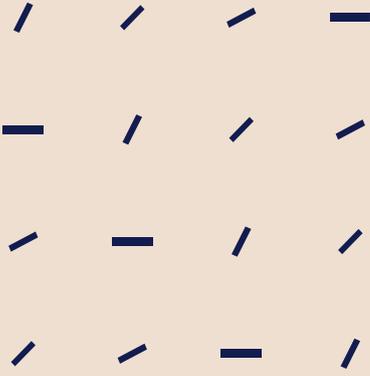
Your people see both financial and intrinsic rewards as essential to job satisfaction. That calls for a Human Capital Management strategy able to balance them in the same way. HR and payroll teams must work together to build an integrated HCM strategy that's able to equally support the financial and more personal demands of modern employees.

Lesson #2

Employers lack a true understanding of what workers want.

Many of the issues negatively impacting employee engagement and happiness can be linked back to one thing: a lack of employee-level visibility. If leaders and HCM teams want to get the most from their people, they must first develop greater visibility of individuals, their skills, needs, goals, and achievements.

That visibility must then be granted to the right people at the right time, helping to ensure managers, leaders, and HR professionals have the insights they need to interact with individuals in the most productive ways possible.



Lesson #3

Employees are generally dissatisfied with the mental health and wellbeing support available to them.

There are two important actions for HR teams to take here. Firstly, they must work to build and facilitate new support services for employees of all levels, and find new ways of regularly engaging with employees to understand when they really need help. Secondly, those new services and support opportunities need to be linked to whatever systems HR teams use to gain and share employee visibility. Disengagement factors, such as the number of sick days taken and drops in productivity levels, can all indicate a need for wellbeing support that the employee themselves may not even recognise that they need.

Lesson #4

74% of employees have not wanted to go into work at least once over the last 12 months. More importantly, one in ten don't want to go to work at least several times a week.

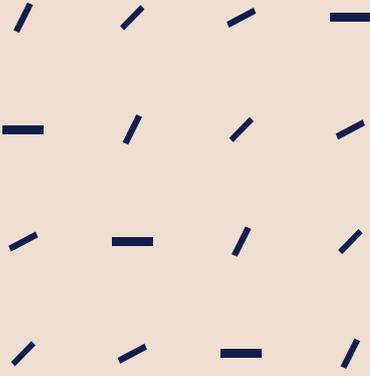
Sporadic sick days can be an anomaly. But as soon as a pattern begins emerging, HR teams need to be able to see and act on it. To do that effectively, HR needs total visibility of employee activity, so they can proactively identify the people at the greatest risk of leaving and determine the best ways to help them – preventing the spread of disengagement and a negative effect on the culture and productivity of colleagues.

Lesson #5

Work/life balance doesn't mean blending work/life.

Every employee should be given the means to separate their professional and personal lives, while also choosing how, where, and when they work. There is no "one size fits all" work/life balance. Every individual needs the freedom to decide what their ideal balance looks like – and how much their work and home lives should blend together. Once a business gives employees that freedom, the workforce doesn't just become more engaged and likely to stick around, it can also have a huge impact on talent acquisition. People want to work somewhere that lets them work their way, so true flexibility of work/life balances can also help you attract the very best talent in the market.

Five lessons. Five actions.



Look after your competitive edge with ADP.

Your people are your competitive edge.

When they're engaged, your business thrives. When they're not, it doesn't. It really is that simple. Keeping people engaged is a uniquely human challenge. Whatever it is that motivates an individual, whatever they're dissatisfied with, and whatever they want that they're not currently getting, your ability to respond to it all hinges on how well you understand them as an individual.

That understanding is what puts the "human" in Human Resources. It's also what makes it so difficult to maintain a human-centric approach to HR in growing organisations.

With the right tools and platform behind you, you can maintain deep individual-level visibility and understanding of all your people – enabling you to nurture their potential, empower their lives, and help them be their best.

If you'd like to find out how ADP can help you unite HR and payroll, better understand the people in your organisation, and lay the foundation for more effective and more human HR operations, talk to our experts today.

About ADP (NASDAQ – ADP)

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