

# The Puzzle of Productivity

## What enhances workplace performance?

A report by Fourfront Group, The United Workplace and WORKTECH Academy







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## Foreword

Since the 2008 financial crash, the global workplace has attempted to recover from a steep dip in productivity. Companies have searched for new ways to rebuild the rhythm of employee performance but the past decade has seen patchy progress in raising productivity inside organisations around the world. This is despite strong research focus on the subject and plenty of practical initiatives to effect change.

The persistence of sluggish workplace productivity presents a puzzle that is proving difficult to solve. This report explores the parameters of the subject by presenting the results and implications of a short international research study, examining key factors and attitudes around driving up performance in the global workplace.

A partnership between Fourfront Group, The United Workplace and WORKTECH Academy, the study was undertaken with participants from organisations in the UK, USA, Australia, South America and UAE as well as via WORKTECH's global network. 'The Puzzle of Productivity' report is intended by Fourfront Group to be the precursor to establishing an annual forum on Workplace Performance. It is the opening shot in a debate that is set to run and run. We invite you to join the conversation.

The research is based on:

- Literature review of workplace productivity and performance
- Online questionnaire responses from 120 organisations around the world
- In-depth interviews with end user clients from eight companies
- Review of survey findings by international academic panel



# 1: Executive Summary

Our international survey recorded the top factor in influencing productivity, how companies measure and reward employee performance, and what plans are in store for the future

The quality of leadership overwhelmingly impacts the level of productivity in a company.

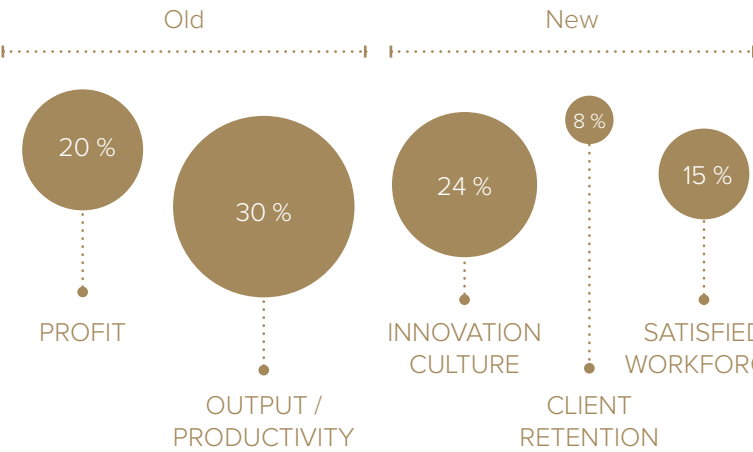
**53%** More than half of the survey named leadership as the most important factor in raising organisational performance. Less than a fifth of respondents named environment, technology or wellness as being the most important factor. Environment came second to leadership, but a long way behind on **18%** of the survey.

Asked to name the best way to motivate staff to improve performance:

- 54 % INSPIRING LEADERSHIP
- 14 % A FOCUS ON WELLNESS
- 13 % SEAMLESS TECH

Leadership is conclusively regarded as a dominant factor in raising performance.

Organisations continue to define performance in terms that belong to the industrial era. Hard metrics to define performance at work are not matched by rewards for employees who raise their game.



**34 %** Organisations offer communication and praise to high performing employees, rather than give financial incentives **30 %**

**29%** For a minority, better performance leads to promotion and more responsibility, which could over time result in more financial rewards.

**47 %** Financial performance and employee performance are ranked almost equal in terms of importance to the organisation **48 %**

This is mirrored in the way performance is measured by companies – there are essentially two camps. One camp focuses on financial performance; the metrics here include profit, turnover, revenue generation, share price, billing hours and sales targets. The other camp concentrates on human and environmental factors such as employee engagement and satisfaction, behavioural metrics, values, culture, wellbeing and 360-degree feedback.

Despite pressures on companies to use all levers to move the dial on performance

- 63 %** HAVE A DEFINED STRATEGY FOR INTRODUCING NEW TECHNOLOGY
- 54 %** DON'T HAVE A DEFINED WORKPLACE STRATEGY FOR WELLBEING
- 44 %** DON'T HAVE A DEFINED APPROACH TO UPGRADING THE ENVIRONMENT

There is some evidence of a mismatch between how highly the work environment is rated in terms of raising performance (second among the factors) and a lower state of preparedness among companies to implement changes in workplace design. Conversely, new technology scores lower as a general factor in raising productivity but there is evidence of more planning ahead to install tech upgrades.

Although wellness scores lowest among the factors to boost productivity and companies appear least prepared to introduce

wellbeing strategies, the subject has some of the most committed and passionate advocates, indicating this is an emerging area with growth potential.

Asked about their plans to improve organisational performance in the future, the survey drew company responses from right across the board. Initiatives around wellbeing featured strongly in the mix, including rolling out WELL standards, exploring the psychology of food and engaging a workplace happiness specialist. Some wellness moves were linked directly to a more open, agile environment and to more IT training and support. The introduction of AI, VR and machine learning is on the tech horizon to raise productivity.

However, the largest set of future proposals cluster around strategy and leadership. Plans include a focus on vision, agility, holistic leadership, mentoring, teamwork and changing the mentality of senior managers. This suggests the current dominance of leadership as the key factor in organisational performance is unlikely to shift in the near future.





## 2: Commentary

### Finding ways to boost performance

If productivity is a puzzle to be solved, then leadership and strategy need to make new connections between space, tech and people to find a way forward

#### Leadership holds the key to better performance

The survey revealed the primary reasons why strong or inspirational leadership is seen by companies as the most important factor in influencing organisational performance. As one company explained: 'Without good leadership, all the other factors are irrelevant.' Effective leadership creates the trust, develops the strategy, sets the direction and empowers the people to execute business decisions, according to respondents.

Commenting on the results, Dr Kerstin Sailer, Reader in Social and Spatial Networks at University College London, explained: 'Leadership is a catch-all phrase.

Like culture, it is a way of doing things, including how much value you put on people, what spaces you provide and what technology you give to people.'

Dr Sally Augustin of Chicago-based Research Design Connections observed: 'I'm not surprised that leadership trumps all else. Take a look at how start-ups have done phenomenal things in garages. You can successfully put across management practices even when the physical environment is not reinforcing the message. But workplace design is nevertheless part of the package that influences how people think and behave. If the office is rundown, it suggests managers don't care.'

Indeed, there was some support for environment, which ranked second among the factors. As

a healthcare company told the survey: 'We've tried to create an environment where people can enjoy where they are all week because they spend so much time at work. So, if they want soft seating or to work outdoors, we've given them a more comfortable environment to get their stuff done.'

There was also support for treating the full range of factors equally and holistically to raise performance: 'It's a blend of them all. It's a symbiotic relationship between them...the whole is greater than the sum of the parts,' said one company.

But if leadership seems to hold the key to unlocking productivity, this position is not without its challenges. 'There is currently a crisis of leadership in terms of legitimacy, trust and credibility', according to Professor James Woudhuysen of London South Bank University. This is undermining medium-term planning in businesses because the 'rhetoric of leadership' is not being matched by actions, resulting in slow business investment. Woudhuysen believes new-generation managers are required to respond to the psychology of the office, which is moving much faster than either technology or design.





## Measures struggle to move beyond the industrial era

The survey revealed a hard-edged preference for measuring productivity in terms of output and profit that still belongs in the industrial age. Softer factors such as workforce satisfaction scored lower. As a traditional fragrance company told the survey: 'Today performance is still based on the old guard way of money. We are not yet ready for wholesale change...an employee is still measured by his yield.'

Commenting on the survey results, Rachel Cooper, Distinguished Professor of Design Management and Policy at Lancaster University in the UK, described 'an old-fashioned and mechanistic idea of productivity and what work is about'. Cooper also referenced Maslow's Hierarchy of Needs: 'It all comes down to the basics of the organisation – what can be measured, how many things you've sold, what money you've brought in. Only when you've served the basics can you move up the pyramid to employee satisfaction and wellness.'

Professor James Woudhuysen described the productivity measures as 'a reality check – engagement and wellness may be the new buzzwords but that's not what the Stock Market measures. What really motivates companies is shareholder returns.'

How companies reward employees who raise their performance appears less hard-edged and more balanced than the metrics of measurement. Financial incentives are given by three in ten companies ('you get what you pay for' explained one respondent); but this factor was narrowly outscored by communication and praise. As one company told the survey: 'Praise is perhaps the most under-realised benefit. If you praise your people when they do a great thing or have a great idea, you will foster more of it. Pay and rations is just a ticket to the dance.'

Another organisation commented: 'People are rewarded by seeing positive behaviour and success stories from around the company. Our website has great stories about...company accomplishments such as quality awards and reaching sales quotas, to community impact and how we give back.' Indeed human, environmental and community factors register alongside the standard financial metrics in productivity measures described in the survey.

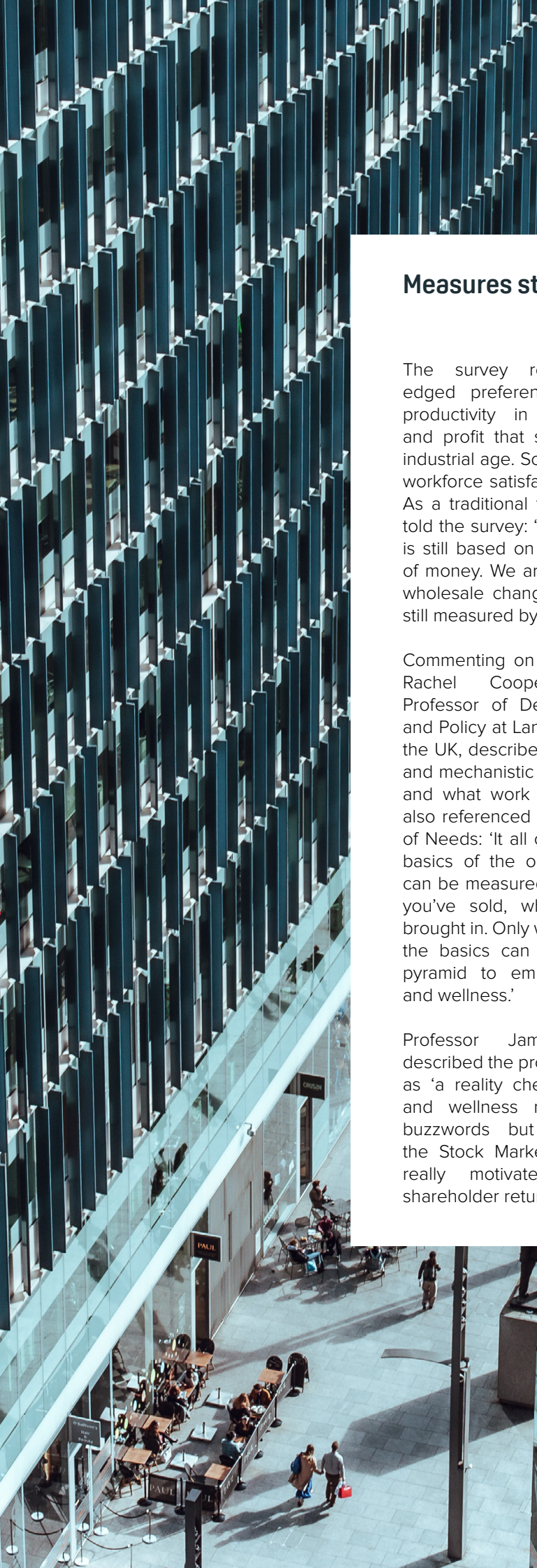
## Technology is easier to upgrade than productivity

The survey showed that more companies have a defined strategy to upgrade technology than to redesign the office or introduce wellness initiatives to improve employee performance. As a law firm explained: 'Technology underpins everything we do so needs to be in top form and at the cutting edge. Users quickly become frustrated by poor infrastructure and will perceive the environment to be failing if connectivity is poor or limited – often overlooking everything else, which may be perfect.'

For many companies, the focus on technology is due to frustrations with current IT. 'Our IT process is very slow and cumbersome. This is actually keeping us back,' said one respondent. Commenting on the results, Dr Kerstin Sailer of University College London explained: 'Conceptually, we're

well prepared for tech changes because we can see how laptops quickly get out of date and how it is difficult to attract the right people without the right IT. But expectations around physical space are less well formulated. The environment is viewed as for the long term. A wall is meant to be there for 30 years – most people don't think of space as something we can hack or adapt to make it more useful.'

Attitudes may be changing however, with tech as the catalyst. As one company observed: 'Our workplace is a living organism of technology that our people live and work in. We are continually "hacking" our building to get more out of its technology.'





‘People are not sure how to take wellbeing forward’

## Wellness lacks definition but has passionate advocates

Wellness emerged from the survey as the least defined of the cited factors in influencing organisational performance, with companies least prepared to introduce wellness strategies compared to tech or environmental upgrades. ‘People are not sure how to take wellbeing forward,’ observed Dr Sally Augustin of Research Design Connections. This view was reinforced by one respondent who simply said ‘I don’t know what this means’.

However, for all the current fuzziness around the subject, there is good news in the passion and advocacy that wellness increasingly appears to generate inside organisations. Survey respondents referred enthusiastically to a raft of new strategy initiatives that cover ‘personal, emotional, physical and financial wellbeing’. These range from WELL certification, health awareness, agile working, proper diet and hydration to work-life balance, mindfulness, meditation and even pet therapy. Thus augurs well for the future in terms of wellness gaining momentum as a lever to raise productivity instead of fading from view.

Wellness is also closely linked to the physical environment, which

can affect people’s health and wellbeing in both positive and negative ways. One organisation introduced ‘open plan in our Boston office- the first year everyone loved the novelty, now people struggle with the noise.’ Another firm ‘installed sit-stand desks to every position in the new office’ alongside unassigned desking and more collaboration spaces. This approach was explained as follows: ‘We want users to be happy and healthy – and happy and healthy people create the right environment.’

## Design can unify future plans full of disconnected initiatives

Asked to map out their plans to improve employee performance in the future, companies described a wide range of ideas and initiatives – many of them linked to wellness but most linked to strategy and leadership. These generally reflected more enthusiasm for individual disciplines rather than for joined-up thinking that bridges across the silos of IT, HR and facilities management.

Commenting on the results, Professor James Woudhuysen observed that ‘changes in HR and psychology are much deeper, and much less noticed, than those in IT and space. New technology is regarded as the only game in town, which is myopic and obsessional - it’s harder to automate services in a hospital than it is in a car factory, where you just bring in a robot.’

According to Professor Rachel Cooper, the future could mean more stress and lower productivity unless companies counteract the negative impact of new ways of working on worker wellbeing. There was, she said, a disconnect between the adoption of new digital technologies that drive a work-anywhere culture and the realities of working life.

However, Cooper believes there is a growing role for design thinking as an integrating force within the mix of future ideas on raising productivity: ‘You can map out future technology but it’s more difficult to map out the behavioural response of employees – this is where workplace design becomes really crucial because design finds a way through that messiness.’

‘New technology is regarded as the only game in town’





## 3: Context

The factors shaping how we'll work

The survey questions were informed by a review of existing evidence in the field, which identified the four key drivers of workplace productivity - and the results also reflected key themes identified by academic research

### Leadership

Employee performance is influenced by a complex web of physical, social and psychological factors, according to a review of the research literature. This sense of interconnectedness emerged in the survey results. The review highlighted three key leadership themes - motivation, engagement and new generation management.

To motivate their staff, leaders need to work within the context of organisational constraints and ambiguities to reduce fluctuations in employee performance. But leadership objectives should extend beyond simply maintaining employee interest to encouraging

intrapreneurship – several papers highlight the role of natural leaders as innovation champions or intrapreneurs, taking measured risks and motivating their teams to do the same.

Employment engagement is increasingly viewed today as more than just a mechanistic management lever within companies but in the context of organisational citizenship, where authentic leaders motivate their people to be better citizens in their places of work. Meanwhile the search for 'a new breed of managers who will be leaders and coaches rather than supervisors of the past' is intensifying as old command-and-control hierarchies are jettisoned.

According to a report on the future of work from Bene (2018), new generation management will focus on self-adaptive systems, fluid leadership and self-organisation to combat volatile business conditions. The report quotes Professor Fiona Kerr, University of Adelaide: 'Leaders who create adaptive systems are complex thinkers. They understand the fact that you can't control; you have to steer because you are dealing with something dynamic.'



### Wellness

Wellness emerged as an important factor in productivity and performance from the research review. It focuses on the psychological and physical impacts on individual employees to perform to the best of their ability. Key issues evident in the literature are presenteeism, communication, choice and control, and access to psychological and physical development for employees.

Workplaces where people perform to their full potential provide employees with comfortable amounts of control over their environment, send desirable non-verbal messages, support completing the tasks at hand, align work and life demands, and provide opportunities to refresh after employees become mentally exhausted from working.

Many organisations have traditionally looked at rates of absenteeism from work to measure productivity, but presenteeism is emerging as a bigger drag on performance as people feel too insecure to take time off work when unwell. This aspect surfaced in the survey results. One company described its future plans for raising productivity as 'encouraging middle management to be less about presenteeism and more about output...if you need to have a doctor's appointment then just go. Don't feel awkward or embarrassed to ask your boss.'

The idea that performance can be improved by giving the individual more choice and control in a work environment is heavily supported by the academic literature on environmental psychology. But too much choice and control can adversely affect productivity, as too many options can be overwhelming for workers.

### Environment

Design of the work environment is closely linked to raising levels of wellness, according to academic research. The environment needs to support wellness initiatives and provide spaces and settings that allow employees to perform to the best of their ability. Poor acoustics is the primary cause of employee dissatisfaction with the workplace; according to the Leesman Index, just 30 % of office occupants are happy with noise levels. Conversely a report by the World Green Building Council, Health, Wellbeing & Productivity in Offices (2014), notes that an office that is too quiet can be unnerving.

Level of acoustics will depend on the type of activities being carried out in the workplace, on the office culture, and on the choice of materials specified by the designer. Alongside acoustics, fresh air, employee consultation, plants, showers, personal lockers, digital collaborative tools and variable lighting control located in a workplace environment can also play a role in raising levels of personal wellbeing and subsequently productivity. Again, survey results – especially on plans for the future – reflected the themes of research.



## Technology

New ways of working have been enabled by advances in digital technology, which are designed to aid workers to be less place-dependent and more efficient and productive than ever before. But a persistent theme of the research review was the tension between the human and technology.

According to a report by the Work Foundation at Lancaster University, Productivity, Technology and Working Anywhere (2018), there is a danger that emerging work-anywhere practices such as flexi-working will actually worsen productivity levels rather than improve them because employees find the new workstyle so stressful. As a result there is now a growing focus on finding more human-centered technology solutions.

More generally, as the digital economy increasingly integrates the physical and virtual world and smart buildings enhance connectivity and track patterns of collaboration through electronics, sensors and software, huge amounts of performance data will be produced. Research suggests that data analysis will help organisations to manage workflow better, understand their performance challenges more comprehensively, and ultimately raise productivity.





## 4: Conclusions

### Key messages from the study

The findings of the Puzzle of Productivity survey present a number of ideas for organisations interested in improving employee productivity

The findings of the Puzzle of Productivity survey present a number of ideas for organisations interested in improving employee productivity. As companies seek to integrate the major drivers of productivity – leadership, environment, technology and wellness – there is an urgent and growing priority for more holistic and joined-up thinking in workplace strategy.

There should be initiatives that break down the traditional siloes of IT, HR and Facilities Management. There is an opportunity for design thinking to play a significant role in this cross-disciplinary process of integration, but it is leadership that will make this happen.

It is a two-way street, a partnership. Leaders of organisations must recognise the role workplace can play to improve productivity. Workplace design is a canvas for new-generation leaders to express strategies that entrust, enable and motivate people. The best leaders will create a cultural identity which they will allow to be brought to life by great design.

So, in turn, a working environment is one that enhances productivity and goes beyond the merely functional. This partnership between design and leadership is vital if organisational performance can be improved. As feedback from the survey – more than half of the survey (54 per cent) named leadership as the most important factor in raising organisational performance. This strongly indicates that leadership holds the key to productivity. On its own it might not solve the workplace productivity puzzle, but it cannot be taken for granted.

Effective leaders will take the holistic and integrate view of organisational performance. Hence, they must not ignore wellness. It is coming up fast as an issue in terms of interest and engagement – but there is still a lack of practical awareness about how it can be addressed and how the right workplace choices around space and technology can support health and wellbeing imperatives.

Finally, we are living through a period of digital disruption in which new, distributed and flexible ways of working have the potential to raise performance significantly. But so often, new tech-driven work practices do the opposite and plunge groups of workers – especially older workers – into a productivity slump as wellbeing is adversely impacted.

Organisations will go a long way to solving puzzle of productivity if they can balance the human needs and lived experience of the individual against the requirement to use technology to push the dial on performance. Again, this relies on strong leadership.





## Partners



The United Workplace is a network of likeminded businesses, sharing a passion for the workplace – inspiring design, innovation and a culture of collaboration underpins everything we do. All members share common ethics, values and goals bringing with them a wealth of knowledge and experience. The fundamental goal of The United Workplace is to provide consistency of service and local insight on a global scale - to fulfil workplace design, fit-out or commercial furniture consultancy and moves management requirements.

Globalisation is accelerating and having the ability to link businesses, exchange best practices and share knowledge is seen as a distinct advantage. The United Workplace consists of a handpicked collection of businesses selected in recognition that each country and market has specific requirements.

Beginning with the founding partners Fourfront Group in the UK and Amicus in Australia, The United Workplace has grown to encompass all corners of the globe, with members including Summertown Interiors in the Middle East, Ware Malcomb in the USA and Contract Workplaces in South America.

[www.theunitedworkplace.com](http://www.theunitedworkplace.com)



Fourfront Group is a family of companies that help bring workplaces to life. We create inspiring workplaces that not only embody your culture and values but also foster productivity and wellbeing.

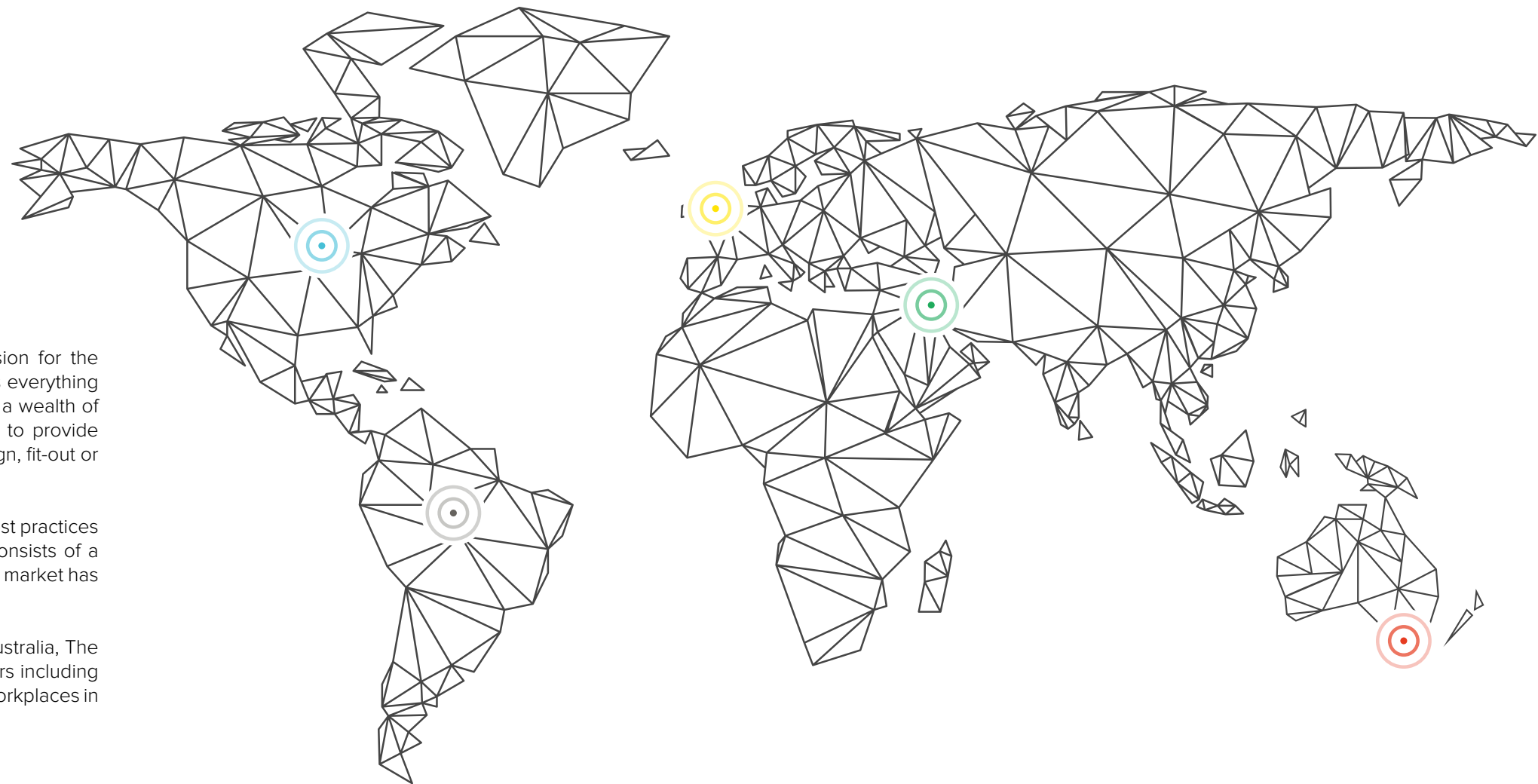
Our comprehensive service offering includes office design and fit-out, detail and build and traditional fit-out (Area), workplace consultancy (360 Workplace) as well as commercial furniture solutions and move management (Sketch Studios).

The three companies that together form Fourfront Group offer a shared commitment to develop genuine partnerships with clients, achieve delivery of world-class service levels, an innovative approach and exceptional end results.

These are the values that underpin our place as one of the UK's strongest and fastest growing businesses in the field, with a turnover in excess of £160m.

Fourfront Group operates from three UK offices in London, Surrey campus, and a logistics centre in Heathrow as well as 10 locations across Europe.

[www.fourfrontgroup.co.uk](http://www.fourfrontgroup.co.uk)



### WORKTECH™ ACADEMY

WORKTECH Academy is a global knowledge platform for the future of work and workplace. It brings the best insights, ideas and evidence from the WORKTECH conference series, now in 20 cities around the world, to a community of professionals in the field. The Academy's content is curated in six streams: people, place, technology culture, design and innovation. Fourfront is a Global Partner of WORKTECH Academy.

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## Academic Panel

Dr Sally Augustin, Director, Research Design Connections, Chicago

Rachel Cooper, Distinguished Professor of Design Management and Policy, Lancaster University

Dr Kerstin Sailer, Reader in Social and Spatial Networks, University College London

James Woudhuysen, Visiting Professor of Forecasting and Innovation, London South University



