UNIT4

Decision-Making for the Future Business

WHO CALLS THE SHOTS IN THE
BUSINESS OF TOMORROW?

An international research paper from Unit4

Contents

Executive summary

Our Decision-Making for the Future Business report covers a number of topics relating to how the modern workplace can harness the skills of its people by operating in a flatter, more democratic structure.

But why is this important and why did we carry out research into the importance of better workplace engagement and the future of decision-making?

We believe that getting this right is the key to solving the global productivity puzzle. By putting people first at work and making their lives easier through the better use of technology, we think it is possible to improve productivity and at the same time increase satisfaction at work.

And we all know that productivity across the developed world is stalling. In the US, productivity increased by just 1.4% last year[1]. Weak growth in productivity has been the hallmark of the current economic expansion and a key reason why the overall economy has expanded more slowly than in previous generations.

It's a similar story across Europe. In the UK, productivity grew by just 0.3% over the past decade[2]. Eurozone labor productivity recently stopped growing for the first time in ten years.

The stark reality is that we need to radically transform the world of work through the new digital technologies available to us which free up people's time allowing them to focus on what they do best.

This all matters because in today's knowledge-based economy, it's almost impossible – and far from desirable – to monitor or micro-manage your employees' every move. Managers need to have trust in their autonomy, experience and initiative to work independently, to the best of their ability. And by starting from the ground up and focusing on people at work we can address the critical issue of productivity. We wanted to understand whether or not people at work had a voice, whether they were listened to and whether or not the CEO was in touch with the factory floor as much as the top floor.

Our research is based on interviews with 801 managers and 1,036 non-managers across the world – Canada, Germany, Netherlands, Norway, Sweden, United Kingdom and USA – to see how companies share commonalities or differences in working practices – and assess which countries are most effectively engaged with their employees and which countries have most confidence in their CEOs.

1 - https://abcnews.go.com/US/wireStory/us-productivity-falls-time-years-66790060

2 - https://www.ons.gov.uzk/employmentandlabourmarket/peopleinwork/

labourproductivity/articles/ukproductivityintroduction/julytoseptember2019

The findings show the old model of management – where an exclusive group at the top is responsible for driving key decisions – is no longer suitable for the business of tomorrow.

- Workers say they have no say in the future direction of their organization. It's a universal feeling across almost all territories polled (Germany 60%, Netherlands 55%, UK 57%, USA 60%). Only Norway scored better, with only a third (32%) saying they had no say in the company, whilst a third also felt they have some or a lot of say in the running of their organization.

- Overcoming management inertia, suspicion or mistrust is a major factor in giving more responsibility to non-managerial employees. Managers must understand and appreciate the value that these people bring to an organization.

- A net score of +56% of managers reported that non-management employees within their company understood the organization's vision and direction. That's the difference between those who agreed and strongly agreed – 66%, and those who disagreed or strongly disagreed – 10%, with the statement.

There is a lack of trust from management. The research also highlighted:

- More than a third (37%) of managers said non-management employees don't know enough about the company strategy;

- 29% said it was better to be involved from the beginning of a project – something they know from past experience;

- 28% fear non-management employees will make the wrong decision. More than a fifth (22%) said their employees don't know enough about the structure of the organization and the same proportion said they don't know enough about the company vision (22%).

With all the stated benefits of employee engagement, are people ready to take up the baton and accept more responsibility in their organization? Looking at whether respondents believe that employees at all levels can influence the future direction of the organization there is a real split. A third of respondents agreed (35%) and a very similar proportion disagreed (31%).

- Workers are starting to feel ready for this increased responsibility. Overall, 44% of non-managerial employees felt their views about their organization are respected but some still need reassurance as one in four (25%) didn't feel they would be. Non-managers in Germany (51%), Netherlands (53%) and Sweden (54%) were the highest ranking in acknowledging respect from senior managers.

The general consensus is that companies can enhance their productivity and performance by best tapping into the power of their entire workforce — not just the top strata of management.

The workforce, a company's people, is the engine room of any company.

Section one:
The Chief Elusive Officer?

Critical to employee engagement is the role of the CEO. The CEO sets the culture and tone of the entire organization. Whether they are charismatic and engaging, or cold and aloof, can have a huge bearing on the outcomes of a company.

The CEO also sets the tone and direction of who holds management positions; research shows that a company that reflects the cultural diversity of its customers often has the best results [Consultancy UK].

Surprisingly, one-in-five non-managers have never had any contact with their CEO (21%.) Only 42% have met in a one-to-one situation. That cuts a solitary and isolating figure for the CEO — it truly is lonely at the top.

Our research revealed that CEOs are predominantly male (65%) and middle-aged (62%)– between 46 and 65 years old.

This is the wrong approach. The CEO needs to take the company with him or her, to inspire the workforce and empower the whole team towards a collective ambition. The CEO can no longer be seen to exist in an ivory tower.

1 in 5

people in non-managerial posts have never had contact with their CEO

Only 42% have met the CEO in a one-to-one situation

**CEO
Male
Age: 46-65**

Male
65%

Age bracket: 46-65
62%

A view from the top

Although the approval rating for CEOs is overall net positive, it appears managers and non-managers feel there is room for improvement at the top.

A positive factor of +39% agreed with the vision of the head of their organization or CEO. That is the difference between those that agree and strongly agree (51%) and those that disagree and strongly disagree (12%).

The following responses were generated for the general impressions of the company CEO.

I would like the head of my organization to speak out on social issues. +29%

👍 45%   👎 16%

The head of my organization is the best person for the job? +29%

👍 46%   👎 17%

I have a clear idea of the vision of the CEO in my organization? +36%

👍 51%   👎 15%

The head of my organization or CEO deserves how much they are paid? +27%

👍 45%   👎 18%

The good news is most CEOs score highly, as rated by their employees, on a number of issues, apart from the UK, which scored badly across the board.

57%
They care about social issues

65%
They are trustworthy

65%
They lead the organization with integrity

68%
They have a clear vision for the organization

59%
They are motivated by more than just money

67%
They are good at their jobs

55%
They listen to and care for the opinion of employees

61%
They are approachable

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Our research clearly shows the CEO is the figurehead. He or she guides the ethos, culture and demonstrable unity of the organization. Although this study reflects on the democratization of the workforce, people still look to the CEO to set the direction of the company. This is where CEOs can stamp their mark. Setting an individual example of egalitarianism and fairness should permeate throughout an organization. It will provide the benchmark to set a more equitable and democratic structure for others to follow.

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Mike Ettling
CEO at Unit4

Section two:
The voiceless

Every day we hear about new innovations and technologies transforming business operations. Yet one aspect has stayed the same for centuries in the business world – decision-making.

The old model of management – where an exclusive group at the top is responsible for driving key decisions based on their gut feel – is no longer suitable for the business of tomorrow. It is now a collective endeavor.

We have all admired a flock of birds or a school of fish – all moving together at speed with no one individual leading the group but everyone playing their role in its success. Knowledge and experience come from around the organization and business leaders that do not harness these valuable insights are missing a trick.

Rather than the old, top-down model of management, tomorrow's businesses will pursue a more democratized, collegiate form of decision-making that involves a much wider proportion of the workforce.

But today, many workers feel disconnected from their workplace. Those polled say they have no say in where their organization is headed. It's a universal feeling across almost all territories in the survey (Germany 60%, Netherlands 55%, UK 57%, USA 60%). Only Norway scored significantly better than the median, with only a third (32%) of people saying they had no say in the company, whilst a third also felt they have some or a lot of say in the running of their company.

The principle of workplace democracy

Workplace democracy is implemented in a variety of ways, dependent on the size, culture, and other variables of an organization and is considered a future-forward way to leverage the best asset a business has in-house: its people. It is a move away from the top-down business model of the past and actively encourages the views of its people. Digital transformation has revolutionized the way we work, and the 'Simon Says' hierarchy of yesterday no longer works – especially as the digital native Generation Z starts to enter the workforce.

Countries where workers have no say in their company

Norway	**32%**
Netherlands	**55%**
UK	**57%**
Germany	**60%**
USA	**60%**

Half of
workers believe they don't have a say in the future direction of their organization

Do employees feel comfortable expressing critical views on the direction of their organization?

66%
managers yes

10%
non-managers yes

Not surprisingly, managers have more say than non-managers. On average, two-thirds (66%) of managers said they were fairly comfortable or very comfortable with expressing critical views about the operations or direction of their organization to more senior management.

But only 10% of non-managers said they were very comfortable in doing so. On the whole, a much higher proportion of non-managers (18%) were not at all comfortable with expressing critical views.

The UK had the highest number of respondents not being at all comfortable with expressing critical views to senior management (17%). We'll find out later that the UK also stands alone with some fairly negative views towards the senior decision makers in their organization.

Talking the talk

Senior management, on the whole, was also pretty poor at seeking the views of employees. Over a third of organizations polled (37%) rarely or never sought the views of employees. Again, non-managers felt much more excluded than managers (managers 24%, non-managers 46%).
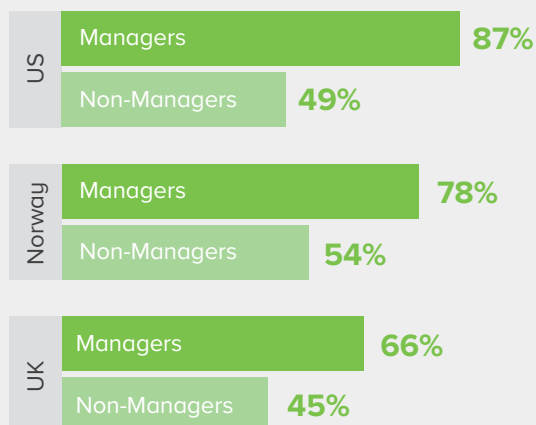
37% rarely or never sought the views of employees

Which countries are the best at consulting their employees?

US
Managers **87%**
Non-Managers **49%**

Norway
Managers **78%**
Non-Managers **54%**

UK
Managers **66%**
Non-Managers **45%**

Who feels most excluded?

Non-managers 46%
Managers 24%

Companies act on feedback from employees

62% agree **38%** disagree

Many companies are still holding on to the traditional view of management in that it is very much a top-down structure where managers manage and workers work. But we are in a new era, where employees expect more autonomy and want to make their voice heard, whatever stage they are in their career. This is very much driven by new technology, like mobile devices and laptops, where workers can operate almost anywhere and don't need close supervision from a manager.

Claus Jepsen
Deputy CTO at Unit4

Actions speak louder than words

Do companies actually act on the views of their employees once they have consulted them?

Over a third (38%) of companies consulted with their people but then rarely or never acted on feedback. Only two-thirds (62%) of companies occasionally or regularly acted on the feedback (74% of managers agreed; 52% from non-managers). Perhaps more interestingly, it was discovered that men's feedback was more regularly acted upon (28%) than women's (13%).

German and Norwegian managers had one of the best response rates: 31% of managers in each country believed that senior management regularly acted upon the views of employees within their organization. The number dropped to 11% and 14% respectively when the question was posed to non-managers.

Section three: Are businesses ready to change?

It's all very well devolving responsibility for a business to the workers but is the company ready and are employees fully prepared to take on extra responsibilities? In many ways, it all comes down to a matter of trust. Whether it's between senior and middle managers or middle managers and the shop floor, trust plays a critical role here.

Overcoming management inertia, suspicion or mistrust is a major factor in allowing more responsibility to non-managerial employees. Managers must understand and appreciate the value that these employees bring to an organization.

A net score of +56% of managers reported that non-management employees within their company understood the organization's vision and direction. That's the difference between those who agreed and strongly agreed – 66%, and those who disagreed or strongly disagreed – 10% with the statement.

56%
managers believe that non-management employees understand the organization's vision and direction

71%
value input on management decisions regardless of the level, gender or background of the employee

Does senior management regularly seek employees' views on decision-making?

65%
👍 agree

13%
👎 disagree

A question of trust

Trust in the ability of non-managerial employees is not quite there yet. Less than half (47%) of managers said they trusted non-management employees fully or a lot to make the right decisions on even smaller day-to-day decisions without their input. Only 40% said they trusted them for longer term decisions on their own.

The reasons for the lack of trust varied. More than a third (37%) of managers said non-management employees don't know enough about the strategy; 29% said it was better to be involved from the beginning — something they know from experience; 28% fear non-management employees will make the wrong decision. More than a fifth (22%) said their employees don't know enough about the structure of the organization and the same proportion said they don't know enough about the company vision (22%).

Crucially, almost one-in-five (18%) said they didn't want to be blamed for the consequences of employees' decisions.

Diving deeper, we uncovered some significant geographical differences. Norway was the least positive country — only one in two managers agreed or strongly agreed that non-management employees understood the company vision.

A net positive of 52% of global respondents agreed that management asks for the views of non-management employees regularly (net agree 65%, net disagree 13%). A similar volume of respondents (+53%) agreed non-management employees are empowered to voice their opinions on strategy decisions (net agree 64%, net disagree 11%).

A large majority (+71%) said they value input on management decisions regardless of the level, gender, or background of the employee who offers it (net agree 75%, net disagree 4%).

What's the manager saying?

47%
trust employees fully to make the right decisions

22%
said their employees don't know enough about the structure or vision of the organization

28%
fear employees will make the wrong decision

Separated by a big pond?

Generally, the US had the most positive responses in their attitudes to the CEO. More than four fifths of managers (managers 80%, non-managers 60%) said their CEO cared about social issues. An even higher proportion said they led the organization with integrity (managers 85%, non-managers 68%) and have a clear vision for the organization (managers 83%, non-managers 77%). A high proportion said they are motivated by more than just money (managers 83%, non-managers 61%) and are good at their jobs (managers 85%, non-managers 68%). A further 83% of managers said the CEO was approachable, compared to 62% of non-managers.

In contrast, the UK came well below average on almost all the same rankings. Just over half of managers (55%) said their CEO cared about social issues. The percentage was even lower when it came to non-managers (41%). Trustworthiness was below average (managers 61%, non-managers 49%).

Only 62% of UK managers said the CEO led the organization with integrity (compared with a global average of managers of 72%) and only 63% said they had a clear vision for the company (compared with a global average of 68%).

UK CEOs were rated as average when managers were asked if they were motivated by more than just money (59%) and duly dipped below average again when asked if they were good at their jobs (60%). They were also rated below par for listening to and caring for the opinion of their employees (52% vs global average of 65%) and approachability (56% vs global average of 68%).

In summary, the US CEO was rated above average on almost all of the issues and questions asked. Their UK counterpart was rated below the average on all aspects. It really is a story of two nations separated by a common language – this time the language of management.

Employee views on the CEO

US		UK

Said their CEO cares about social issues

| 80% | Managers | 55% |
| 60% | Non-managers | 41% |

Said their CEO leads the organization with integrity

| 85% | Managers | 62% |
| 68% | Non-managers | 51% |

Said their CEO has a clear vision for the organization

| 83% | Managers | 63% |
| 77% | Non-managers | 57% |

Said their CEO was motivated by more than just money

| 83% | Managers | 59% |
| 61% | Non-managers | 43% |

Section four: Are employees ready for more responsibility?

With all the stated benefits of employee engagement, are employees ready to take up the baton and accept more responsibility for their organization? Looking at whether respondents believe that employees at all levels can influence the future direction of the organization there is a real split. A third of respondents agreed (35%) and a very similar proportion disagreed (31%).

Workers are starting to feel ready for this increased responsibility. Overall, 44% of non-managerial employees felt their views about their organization are respected but some still need reassurance as one in four (25%) didn't feel they would be respected. Non-managers in Germany (51%), Netherlands (53%) and Sweden (54%) were the highest ranking in acknowledging respect from senior managers.

There was a split down the middle in the number of respondents agreeing or disagreeing that they would feel uncomfortable approaching senior management to complain about something in their organization (37% agree or strongly agree; 37% disagree or strongly disagree. There was little regional or country deviation, with only Sweden registering a significantly lower response (32%)

When asked about their views on their relationship with senior managers, this is how the non-managerial workforce responded:

- Do I feel my voice is heard in the organization? elicited a response of +14% (net agreed 42% / net disagreed 28%).

- A solid +25% said they would be respected if they spoke up about something they disagreed with in the organization (net agreed 45% / net disagreed 20%).

44%
of non-managerial employees felt their views about their organization are respected

Employees at all levels can influence the future direction of the organization

35%	31%
👍 agree	👎 disagree

Highest ranking non-managers acknowledging respect from senior managers

54%	53%	51%
Sweden	Netherlands	Germany
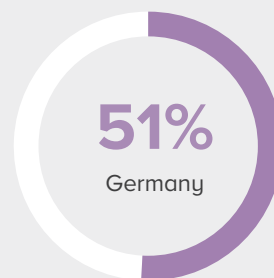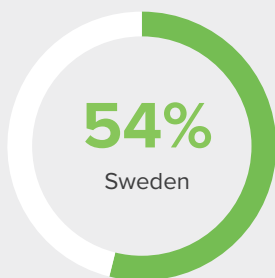
The factors affecting 'influence'

Our research shows 28% think male employees have more or much more influence than women (compared to just 13% who think women have more influence)

- This number was particularly high in Sweden (managers 38%, non-managers 31%) and Germany (managers 45% / non-managers 30%) but lowest in the UK (managers 21% / non-managers 21%).

- German managers think female employees have more or far more influence than the average employee in 32% of respondents, compared with only 11% in non-managers.

Longevity has a part to play; 36% of respondents said employees with 2+ years' experience were seen to have more influence than the average employee.

- This number was particularly high in Germany (managers 50%, non-managers 38%) and The Netherlands (managers 49%, non-managers 27%).

Age was also a factor. 28% of respondents believe that those aged between 31 – 40 have more influence than the average employee compared to 16% in the 20 – 30 category. 40% of respondents believed that it was employees over 40 that have more influence.

- Germany (managers 54% / non-managers 34%) and Netherlands (managers 47% / non-managers 30%) lent towards an age bias for the over 40s in their organizations.

Education was a major influence – 21% thought private or selective schooling gave people more influence than the average, compared to 6% without.

Socio-economic background gave people a slight edge (30% positive against 6% negative).

Ethnic background was also a slight indicator of positive influence (24% positive against 5% negative).
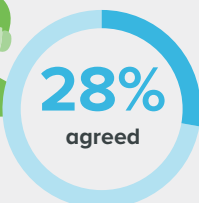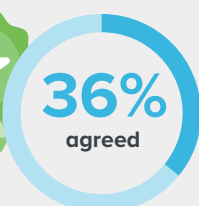
28% agreed
Gender
Male employees have more influence than the average employee.
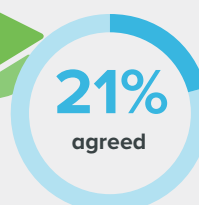
40% agreed
Age
Employees over 40 have more influence.

36% agreed
Experience
Employees with 2+ years' experience have more influence than the average employee.

21% agreed
Education
Private or selective schooling gave people more influence.

"

It seems deference belongs to people who are mature, generally men, who have worked for a company for a long time and come from the same background as the senior leaders. But this can stifle debate and discussion and may drown out talent. A truly democratic and egalitarian approach to workplace culture gives its people a voice, at whatever level of the organization.

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Mike Ettling
CEO at Unit4

Section five: Decision-making and tackling the challenge

The general consensus is that companies can enhance their productivity and performance by untapping the power of their entire workforce — not just the top strata of management. The shop-floor people are the engine room of any company. Their knowledge — and enthusiasm — once engaged, can produce a high productivity incentive for any organization.

The initial hurdle is the perception problem; workers think they are up to the challenge of taking on new decision-making responsibilities. But middle and senior managers need to overcome their reluctance to engage. There's a huge perception that if things go wrong from their initiatives, the blame will inevitably fall onto the managers.

But if companies overcome this inertia, then the benefits for every company or organization is enhanced productivity, reduced employee turnover, greater productivity — or what can be called the 'extra effort' effect. It's the additional contribution and effort that engaged employees will invest back in the company.

There are a number of tools to make their lives easier. From ERP tools to Human Capital Management software, or FP&A (financial planning and analysis) systems, these tools can help to create a functional and effective workforce.

Unit4's new next-generation technology is transforming the way people do their work. Our solutions can help people to get their jobs done in a more efficient and smarter way. That way, people can spend more time on meaningful, purposeful work that makes them feel fulfilled. The most successful 'people businesses' use technology in transformative ways to offer not only a better place to work but a better way to do work.

Unit4 is on a mission to enhance the experience people have at work, where we transform the way people do their work into a more inspiring experience — and one that ultimately allows them to unlock their purpose and make a lasting difference.

New workplace practices need a new and reinvigorated mindset. In the new company structure, decision-making needs to be rapid, diffused and data-driven to make change happen.

Empowering employees

In order to effectively empower employees, companies need a structured mentoring and training policy in place. They need to ensure all their people have the confidence and ability to succeed in 'stepping up' to take operational decisions.

This could include putting in place policies that drive the direction of the company and foster a new attitude. Above all, it needs a new structure that provides a supportive and collaborative culture.

These factors include:

1. An openness to new ideas

Companies need to embrace new approaches to workplace management, one that is more inclusive of junior employees. The best ideas can come from anywhere and provide an insight into how productivity gains can be made.

2. Developing people according to their individual needs

Does your company have an individual training plan, one with a system of mentors, individual milestones and development opportunities? The best managers are very often those that have come through the ranks, demonstrate loyalty to the company and can develop their own skills.

3. A supportive and trusted manager

People don't leave companies - they leave behind those they worked with. A supportive and trusted line manager can reap the benefits of loyalty and increased employee productivity.

4. Recognition for success / reward and encouragement

Do you have a reward / recognition process in place? Providing incentives for employees to come up with ideas to save the company money or increase revenue will drive productivity gains.

5. Promotion of a positive work environment

Feedback, friendships and encouragement make for a positive work environment. Working in an atmosphere without fear or prejudice helps to create a harmonious workforce.

6. Leveraging workplace tools to enable an effective planning and feedback mechanism.

Better technology means real-time planning is possible, and this eases stress and potential overwork. Immediate feedback can also help the workforce be better at their own jobs. Feedback is no longer done twice a year at set times but constantly – this means businesses can get the best out of their teams, and the workforce feels valued and listened to.

7. Freedom for individual initiative

People need to be encouraged to come up with ideas and initiatives to help the overall business. Hundreds of ideas start to make a real difference to the way a company operates.

8. An open culture

There should be no fear of failure, nor to admitting to your mistakes. A company that allows people to express themselves, run with their ideas, and have an open and approachable culture, should ultimately reap the rewards.

How can technology make a difference?

Digital technology has created a level-playing field like no other trend seen in the history of business. Just look at the facts: some of the biggest brands in the world didn't exist just a few decades ago; billionaires have been created out of teenage students creating websites in their university dorm rooms and industries, from taxi cabs to mobile phones, have been utterly revolutionized.

New approaches to the People Experience delivered through productivity tools such as Human Capital Management and ERP software can help companies achieve better results. Giving people access to intelligent data supports decision making and builds confident, connected teams. Financial Planning & Analysis (FP&A) tools also provide the business intelligence required to empower people and drive a business forward.

Technology has changed the world. It has enabled the voiceless to have a voice; it has connected people in ways previously thought unimaginable and has given us access to more information than has ever been available in the history of the world.

The workplace is changing. It is better connected, and tasks that took hours now take minutes. We can get on with the things we are good at — faster and more easily. We are all having a say and shaping the worlds in which we operate. This is the age of on-demand; of having your voice heard. And the workplace is all the better for it.

What can the boardroom do to create a culture of openness or more inclusive to more people?

Every company develops its own internal culture. This is shaped, to a huge extent, by leadership and strategic organization. But a positive workplace experience reduces turnover, absenteeism, and stress. At the same time, the spirit of collaboration can enhance productivity and overall performance.

To do this, companies need to establish a clear ethos for the organization. This should be discussed with the employees, so they are a part of the values and demonstrated on a regular basis. It could be to contribute to charitable work or an environmental cause for example.

Companies should also foster a spirit of collaboration. It's a style that encourages teamwork, open communication, and feedback. Opportunities for out-of-work social interaction should be encouraged — such as team getaways or family weekends.

An inclusive work environment is one that is equal, regardless of gender, sexual orientation and color. It should celebrate diversity, rather than discriminate against it. An inclusive workforce makes everyone feel accepted and valued.

Having engaged and motivated employees is a key factor contributing to a company's success. Motivated and engaged employees can be created if they are treated equally and have clear goals to work towards. Measurable performance means there is healthy competition without cause for resentment or negative feelings.

Of course, not all of these aims are easy to achieve. There will always be elements of workplace divisions and jealousies. But establish a framework and hopefully, you too can have an empowered workforce that drives your prospects forward.

**For more information
please visit unit4.com/thepeopleexperience
follow us on Twitter @Unit4global
or visit our LinkedIn page**

Research methodology

Our research, in partnership with Opinium, talked to 1,837 managers and non-managers around the world to get a sense of their autonomy, their own sense of empowerment in the workplace, and any biases and challenges that can cause friction.

This research looked at those who work at organizations of 10 – 999 employees across transportation, infrastructure, and logistics; retail; financial services; technology; public services; government; higher education; NGO / not-for-profit and professional services in the following markets: Canada; Germany; Netherlands; Norway; Sweden; United Kingdom and USA.

For the purpose of this research, non-managers were defined as employees with no management responsibilities in organizations. This included entry-level employees. Managers were defined as those within the C-suite, VPs, Directors, senior management or middle management.

About Unit4

Unit4's next-generation enterprise software supports our customers in delivering an exceptional People Experience to their customers — from students and professionals to the public servants and non-profits doing good in the world. Unit4 transforms work to be more meaningful and inspiring through software that's self-driving, adaptive and intuitive, intelligently automating administrative tasks and providing easy access to the answers people need. Unit4 works with people the way people work.

We hope you enjoyed the report. For more details about how Unit4 can help your workplace please visit https://www.unit4.com/contact or contact Paul Addison who will refer you to our expert teams.
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