The State of the U.S. Workforce

Bridging the Tech Gap to Manage Your People More Effectively

tcp™

Introduction

Amid the pandemic, new buzzwords and phrases have emerged – "The Great Resignation," the "new world of work," a "new normal" and so on – that suggest the modern workplace is experiencing significant disruption and change. Labor shortages are causing widespread challenges, particularly in service and skills-based industries. According to the U.S. Bureau of Labor Statistics, total job openings hit 11 million in October 2021. Shortly before, quit rates reached an all-time high of 2.9% in August, and many who left the workforce never intend to return at all.

Economists estimate that the pandemic provided several million Baby Boomers a clear signal to retire. For some, the challenges of adapting to unfamiliar ways of working was too much, but many others simply felt it was a good time to begin their next chapter. As for the rest of the workforce, millions relocated to new cities, and 13% of people still work from home.

These realities point to a new normal taking shape that includes increasingly distributed workforces and hybrid models. The traditional workplace is in flux, and enterprises that are hesitant to change will struggle. At the same time, there is tremendous potential and rising demand for leaders to support their workforces better with newer technologies that help organizations meet these unique challenges.

State of the Workforce Overview - Q4 2021

11 Million
Job openings

2.4%
Quit rates at an all-time high

13%
Still working from home

Millennials represent over one-third of the U.S. workforce

Today, Millennials represent over one-third of the U.S. workforce, which is encouraging for organizations that aim to incorporate more technology into everyday operations. Millennials are proven tech adopters, and the next generation – Gen Z – is the first fully digital-native generation. Although countless businesses may miss the wisdom, leadership and experience of the Baby Boomer generation, the pressure is now on Millennials and younger cohorts to figure out the next evolution of work – one that will require applying technology appropriately to address the biggest issues facing our workforce.

Executives are trying to solve multi-layered challenges, such as employee burnout, low morale and high turnover. Leaders are implementing engagement initiatives and developing policies that focus on employee wellbeing. Furthermore, many are opening up to long-term remote work, which is important, because organizations that allow people to work from home see 25% less turnover, according to Owl Labs.

25%

Less turnover for companies open to long-term remote work

Of course, modern technology makes distributed work easier. It facilitates mass remote communication and streamlines work across department lines. But perhaps more important, the right technology solutions can enhance specific business functions that people perform every day. Naturally, these activities affect employee satisfaction and morale dramatically. Therefore, technology has the potential to not only augment foundational operations, but also keep people engaged in their work.

The responses we received shed light on the below points and much more. An overarching theme that stuck out in the findings is that there is a clear disconnect between what we know emerging technology can accomplish

and how quickly leaders are adopting these solutions. On the bright side, managers are optimistic about technology: **80% of respondents** surveyed indicated that new technology would improve workforce management-related processes. Despite this enthusiasm, many organizations continue to do things manually – 32% of respondents still use spreadsheets to collect time and attendance data, and 58% use Microsoft Office or a combination of manual and digital practices to handle other critical tasks, like scheduling and payroll. These processes are complicated, error-prone and ideal for digitization, especially when navigating a post-COVID world. And **considering 54% of Americans live paycheck to paycheck**, most can't afford a late or incorrect paycheck, and they shouldn't have to.

To characterize the current state of the U.S. workforce and dive more deeply into the role technology can play going forward, TCP Software fielded a national survey of over 300 managers and executives with the goal of uncovering:

1

The impact of COVID-19 on workforce policies and investment in emerging technology

2

Where opportunities for digital acceleration exist and what may be holding leaders back

3

How technology can enhance certain workforce management challenges

Leaders agree that technology can greatly improve processes for managing the workforce, but reality tells a different story...

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58%

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As organizations maintain increasingly dispersed workforces, it's more important than ever to implement technologies that create efficiencies within vital business processes. That way, heads of departments, managers and executives can focus on human-oriented tasks, like ensuring employees are fulfilled and enriched, while enabling the organization to thrive.

Read on to learn more about how the U.S. workforce is changing and how technology can help alleviate critical pain points and challenges.

Methodology: The survey was conducted by Researchscape, a leading distributor and organizer of custom research initiatives. Surveys were sent to 304 respondents between October 14-20, 2021. Results were quota-sampled by Census Division and did not require weighting. The questions presented to survey respondents were informed by TCP Software and designed to capture high-level trends and patterns so that leaders can apply key takeaways as part of their strategic planning efforts.
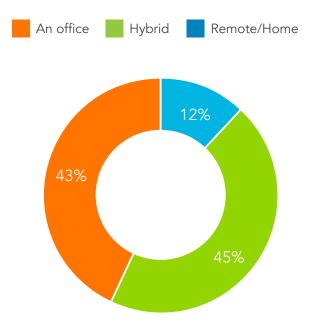
Current State of the U.S. Workforce

How COVID-19 impacted workforce policies and investment in technology

To set the stage for the remainder of the report, this section provides a summary of the organizations represented by our respondents and explains how leaders perceive the current state of the U.S. workforce as of Q4 2021.

Ninety-one percent of respondents have workforces consisting of both salaried and hourly employees and nearly half of all managers **(45%)** reported that they currently have hybrid workforces, and **12%** still have mostly remote employees.

When asked about employee burnout, **79%** of respondents indicated burnout was at least somewhat of a problem within their organizations. **More than one-third** said burnout was "very much" an issue or a "significant" issue. Respondents were fairly split on whether burnout affected hourly vs. salaried employees equally – **32%** said burnout was a bigger problem for salaried employees and **29%** said burnout was affecting hourly employees more.

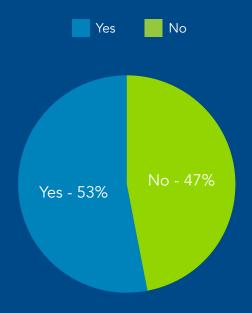## Where do most of your employees work?

■ An office ■ Hybrid ■ Remote/Home

12%

43%

45%

34%

of respondents indicated burnout is a considerable issue in their organization.

Has COVID-19 prompted you to re-examine your policies on employee leave and mental health?

■ Yes ■ No

Yes - 53%   No - 47%

When questioned about COVID-19, specifically, 53% of leaders said that the pandemic inspired a re-evaluation of existing employee leave and mental health policies. Related to the pandemic, three-fourths of respondents have dealt with understaffing or high turnover problems over the last year and a half. Sixty-five percent have tried to mitigate employee engagement challenges with new initiatives – recognition programs, better benefits and career growth planning. Of the 35% of respondents who had yet to take action, 48% plan to do so by the end of Q1 2022.

Overall, our representative sample found that burnout is a real problem in the U.S. workforce and that it affects both salaried and hourly employees. The pandemic has certainly created challenges around staffing and engagement, and many leaders are experimenting with new long-term initiatives.

Now that we understand what's happening at a high level, we can dive further into where emerging technology fits into the picture. Our survey revealed that leaders are bullish on technology's role in the future workplace, but many have held back on making large-scale investments. Eight in ten respondents believe technology can enhance how things are done, yet, in practice, so many back-office functions and activities are still done manually by humans.

The right technology that's thoughtfully evaluated and deployed can benefit modern organizations by making life easier for employees, especially when it comes to foundational processes. Activities such as payroll and benefits, scheduling, leave policies, time and attendance, labor law compliance and other administrative functions are essential – and they're ripe for tech adoption.

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High Potential for Digital Acceleration

Opportunities for digital acceleration exist, particularly when it comes to managing people

As the findings have shown, there is a stark difference right now between reality and ambition for tech adoption. This is surprising given how tedious, yet invaluable, certain enterprise functions are to organizations and their people. Time tracking, for example, has to be done correctly to avoid compliance issues and incorrect paychecks – and manual practices not only increase the chances of mistakes when calculating wages and distributing funds, they take significantly more time. However, **56% of respondents** still reported they are still using applications like Microsoft Office, basic digital practices or completely manual processes for key activities like time tracking, payroll, scheduling and more. For these organizations, digital acceleration can't happen fast enough!

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The good news?

There are opportunities to fill the tech gap and build a firm foundation for managing employees going forward. The key is to figure out exactly how and where technology can provide the most value. Survey respondents provided some insight here, reporting that they believe better technology would help:

Survey respondents reporting that they believe better technology would help:

40% Streamline and automate everyday tasks

39% Enhance decision-making speed

38% Improve team communication and/or alignment

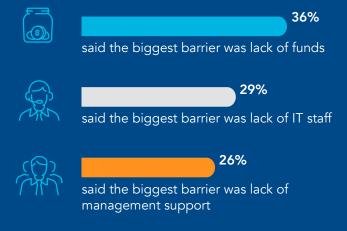**37%** Increase collaboration across hybrid work environments

The better news?

More organizations plan to make technology investments in 2022. Seventy-two percent of respondents say they factored HR or workforce management technology into their budgets. Executives are also paying more attention to emerging technology, including cloud applications (56%), workplace analytics (52%) and mobile applications (46%).

We now have to address what's preventing companies from bridging the gap between their needs and actions.

Survey respondents cited the following as the biggest barriers to tech adoption:

36% said the biggest barrier was lack of funds

29% said the biggest barrier was lack of IT staff

26% said the biggest barrier was lack of management support

Notice none of the above data shows a lack of desire and it's clear that companies recognize technology's value. Some have a goal to improve, while others are struggling to pull the trigger. So, what makes it hard to adopt digital tools for certain administrative functions when the resources do exist?

Emerging Technology to Enable Today's Workforce

How should leaders think about using technology to enhance workforce management?

For executives to harness technology's full potential, they have to understand exactly how it can address challenges caused by the COVID-19 pandemic, as well as how it can support employees in the workplace of tomorrow. Remote and hybrid work are here to stay, and employees want more flexibility in their day-to-day roles. And those who have limited ability to choose when and where they work want digital tools that increase productivity and eliminate the frustrations of outdated solutions that just don't fit into the modern workplace.

So, it's important for company leaders and their heads of departments to identify technology that can enable today's dispersed workforce. It starts by determining the activities that foster a positive employee experience and map those elements to what enables the organization to thrive. The problem is that identifying which back-office functions cause employee-facing issues, such as frustration and burnout, can be challenging. That's why our survey sought to clarify this point.

For many leaders, managing workforces involves:

55% Performance reviews

52% Employee engagement

48% Payroll and benefits

42% Processes to optimize employee productivity

38% Time and attendance

36% Recruiting

34% Scheduling

Biggest Employee Pain Points with HR Technology

64%
Employee management activities require use of 2-3 systems

40%
Data and reporting capabilities are not helpful, or could be better

13%
Too many inefficient systems that aren't automated

The survey also uncovered issues that create friction for employees in each of these categories. For example, 13% of respondents said their companies have too many systems that are not efficient or automated. Sixty-four percent currently use 2-3 applications for activities related to managing employees. Some also reported problems with onboarding international employees, and others consider their solutions to be unreliable. Nearly 40% reported that their existing data and reporting capabilities are not helpful or could be better. Considering a recent Gartner® report found that by 2023, data literacy will be essential to drive business value. Without competent data and reporting capabilities in foundational workforce systems, how will these organizations evaluate workforce data?

These findings point to a desire for a streamlined tech stack and chart a course for making better technology investments to support workers. When combined with anecdotal challenges – like workers not getting paid on time due to lost timecards or people burning out as a result of poor scheduling practices or frustration with outdated technology– it's easy to see why we have to adopt tools that support and serve employees better.

Unique Workforce Management Considerations for Hourly Workers:

Burnout appears to affect hourly and salaried employees equally, yet the needs and everyday experiences of these two segments are entirely different.
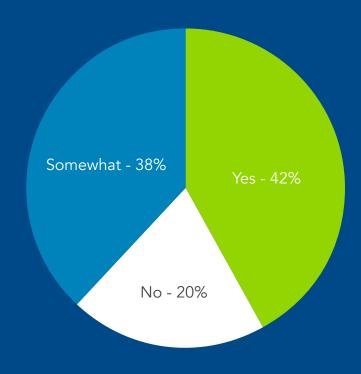
Forty-two percent of respondents acknowledged that hourly and salaried workers have to be handled in distinct ways and come with different challenges.

- **69%** said hourly employees often have to be on-site or in person. This can create morale issues, as many salaried employees have the flexibility to work from home

- **56%** said managing hourly employees comes with greater compliance risk

- **50%** said managing hourly employees comes with greater scheduling complexity

With these statistics in mind, consider how technology can make it easier to support mixed workforces.

Do you experience different challenges managing your salaried versus hourly employees?

- Yes, the challenges are very different and need to be handled uniquely

- Somewhat, the challenges are different but we are able to manage the balance between salaried and hourly workers

- No, the challenges are the same for managing salaried and hourly workforces

Somewhat - 38%

Yes - 42%

No - 20%

These dynamics – the lack of remote work flexibility, increased compliance pressure and harder scheduling – can become major sources of tension within modern organizations. This tension is hard to dissolve when organizations don't already have a solid, tech-enabled foundation for managing employees.

With respect to mixed workforces, executives need digital tools that minimize the differences in how hourly and salaried employees are treated and make compliance management a seamless experience.

"For instance, leaders should use software platforms that foster engagement, no matter how people are paid or where they work."

Labor compliance can't be left to chance or organizations risk hefty fees or lawsuits. Yet, as the data shows, organizations with outdated technology for time and attendance, scheduling and payroll are doing just that.

Ultimately, people leave their jobs when they are disengaged, undervalued or overworked – all of which are problems that technology can address.

Regardless of whether leaders are trying to better support hybrid workforces, remote-only teams or onsite, hourly employees, the takeaway here is that the right investment in digitization can benefit both the individual worker and the enterprise more broadly.

Technology is Foundational to Workforce Empowerment

As the old adage goes, "a house is only as strong as its foundation." Our survey findings revealed that emerging technology must be a part of what modern organizational leaders consider to be "foundational."

Leaders are facing unprecedented challenges today. The COVID-19 pandemic has changed how we work forever, and with this change, we are seeing burnout, turnover and retirement rates that are altering the composition – and geographic distribution – of our workforces. As a result, executives have to re-evaluate how they manage and support employees and the related investments they make.

Fortunately, many leaders are doing this already through various employee engagement initiatives, like employee recognition programs, improved benefits, retention bonuses and additional online training. But there's more opportunity, particularly when it comes to investing in emerging technology. Next-generation solutions can automate and enhance specific processes, like time tracking and payroll. Technology can transform how managers schedule hourly employees and how accounting teams calculate wages. The right tools can facilitate meetings across international boundaries and promote employee advancement through ongoing professional development.

Top Responses to How Better Tech Could Benefit Managers:

Streamlines everyday workforce management tasks for my team: **40%**

Able to make decisions quicker: **39%**

Could increase team communication and/or alignment: **38%**

Increase collaboration within a hybrid work environment: **37%**

Could help with maintaining compliance: **35%**

The challenge lies in recognizing where technology can plug in and then tying those solutions to tangible outcomes, like employee burnout and turnover. Our survey addressed the first point by asking respondents where they think HR technology could be more useful today. We found that activities related to workforce management are ripe for technology disruption.

Once HR teams and company leaders determine what technology they need and how to quantify the impact of adopting these solutions, they can start to tackle larger issues. For example, executives can begin to closely monitor how a new employee scheduling system corresponds to monthly turnover, potentially uncovering insights about burnout rates amongst specific employee groups.

All of this, of course, assumes that enterprise leaders are willing to invest in these tools. The good news? Our data indicates they absolutely are!

80% of management teams are optimistic about technology's ability to enhance essential organizational functions, **and over 70% of decision-makers allocated a budget in 2022** for workforce management solutions that will further improve employee engagement.

Additionally, 80% of management teams are optimistic about technology's ability to enhance essential organizational functions, and many are preparing for meaningful investments in 2022.

For those that do have the financial resources and IT skill to adopt emerging technology, the time is now to bridge the gap between ambition and reality. We are in the middle of a transition to a new era of work that requires that leaders empower their most important enterprise asset – the people who drive everyday activity and business forward.