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Career & Workplace

Worker productivity is slipping. Here's how to reverse the trend.

Best practices for increasing worker productivity

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The numbers say employees are less productive than they were a year ago, but experts say there are some strategies for reversing the trend. ALISARUT VIA GETTY IMAGES

By **Andy Medici** – Senior Reporter, The Playbook, Nov 14, 2022 **Updated** Nov 15, 2022, 9:40am EST

IN THIS ARTICLE

- Professional Services Industry
- Recruiting & Hiring Topic
- Playbook Topic
- Jeff Haughton Person
- Leslie Tarnacki Person
- Scott Lieberman Person
- Noelle Federico Person

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Workers are less productive than they were a year ago, and experts say business owners should take stock of their workforces – [especially with a potential slowdown on the horizon.](#)

The Bureau of Labor Statistics found labor productivity grew 0.3% in the third quarter over the second quarter, but it dropped 1.4% compared to the third quarter of 2021. It had previously dropped 2% in the second quarter over the same time in 2021 and dropped 0.3% in the first quarter over the same quarter in 2021.

Those declines came after 2020 saw a 4.3% jump in productivity and the first two quarters of 2021 saw big gains in productivity, as well, for a 2.4% jump in productivity overall in 2021.

While there are a variety of opinions on what is driving the trend, experts say employers should be proactive when it comes to reversing the slide.

So what's to blame? Some executives have targeted remote work. Some experts have pointed toward forcing workers to return to the office after months of remote work as bosses suffer from "productivity paranoia" over not being able to see workers at their desks. Others point to burnout from too many hours and too little staff. There's also the health fallout from the Covid-19 pandemic, months of economic turmoil and numerous other factors.

"The past couple of years have taken a toll on the workforce. Between the pandemic, a now uncertain job market where we're witnessing mass layoffs, economic challenges, and a shift to new work arrangements, people have been through a lot," said Jeff Haughton, senior vice president for incentives, corporate development and strategy at Blackhawk Network.

For Leslie Tarnacki, senior vice president of human resources at WorkForce Software, inflation is playing a role in decreased productivity.

"With inflation, a common denominator for this drop in productivity across the board is compensation not rising fast enough to keep up with the cost-of-living crisis. Beyond compensation, employees now expect better flexibility, perks, and benefits in exchange for their time and hard work," Tarnacki said in an email.

Overall output per hour as measured by the BLS and the Federal Reserve Bank of St. Louis, seems to have fallen back to a more normal baseline after a Covid-inspired jump in 2020 and 2021. In the first quarter of 2020, worker output per hour was 108.37. In the third quarter of 2022, it was 113.135.

So what can business owners do in an age where some workers seem burned out or disengaged? Whether it's so-called "quiet quitting" or the shift in priorities that led to the Great Resignation or to workers seeking more work-life balance, business owners need to be prepared to proactively work with their employees in this environment, experts say.

Some best practices include:

1. Paying people the right amount for the work they are doing.

Scott Lieberman, founder of TouchDownMoney.com, said workers have learned a hard lesson that the more work they finish, the more they get. He compared workloads to finishing an assignment in school quickly only to get another assignment.

"Workers want to feel fairly compensated for giving a company their time, energy, and effort. If you have workers doing more work than before yet still pay them to same amount, you can expect, and deserve, resentment. This causes a slowdown in productivity," Lieberman said. "Again, reward for workers for accomplishments, not time spent on tasks. Otherwise, the incentive is to stretch out the work. This way workers will want to get more done in less time."

He also stressed promoting workers from within also shows their work is valued.

2. Offering bonuses, rewards, prizes and incentives

Haughton stressed that the holiday season can be a notoriously unproductive time for workers, so employers need to incentivize productivity however they can.

"Employers should absolutely be prioritizing holiday gifts and rewards in the coming months, and should ensure those rewards align with employees' expectations," Haughton said. "Your workforce is far and away your most valuable asset, and your employees look forward to receiving recognition before the year ends."

An earlier survey by BlackHawk Network found 83% of workers would be more productive and more loyal to their company if they received meaningful rewards and recognition during the holiday season.

"The out-of-pocket costs of rewarding your employees are a fraction of what it costs to recruit, hire, onboard and train new ones," Haughton said.

Lieberman agreed recognition is important and said the rewards don't have to be monetary, but can be to give them more autonomy.

"Make your team feel appreciated by handing out financial bonuses. Reward them with more control over their schedules. Thank them with more autonomy and less micromanaging," Lieberman said.

3. Asking your employees what they want

Beyond pay and perks, managers and business owners should simply ask their employees what they would want – and then listen to their answers.

"By taking the time to strategize and figure out ways to make employees happy and feel like their work matters, employers can make a true difference in the workplace experience, without having to find room in the budget. A more positive employee experience will increase productivity and will help the company to be successful," Tarnacki said.

4. Pay attention to employee workloads.

Sometimes, to get more work out of employees, managers and owners should recognize when an employee is burned out or overwhelmed.

"To combat productivity drops, business leaders and managers should now offer flexibility and, whenever possible, allow employees to step away from work to handle personal needs (including caring for a better time that works for them as long as the needs of their teams, managers and customers are being met," Tarnacki said. "This kind of flexibility is an easy and affordable way to show people their hard work is appreciated, to boost morale and to maintain a high level of productivity."

5. Have a positive leadership style that inspires workers.

Acknowledge generational diversity and work to welcome different perspectives from different generations, said Noelle Federico, CEO of Delta Hire, in an email. Employees who don't feel heard won't be as productive.

"It all boils down to disengagement. Employees are not as engaged as they once were before the pandemic, and the solution isn't likely to be a short-term fix. To counter apathy, slacking, cruising and outright quitting, a new leadership perspective is in order, particularly when it comes to generational differences.

Bosses should promote and celebrate feedback of all types. That includes reframing negative feedback as a way to constructively improve and avoid employees shutting down from negative feedback. Bosses should also seek to collaborate as equals instead of pushing top-down approaches. Above all, leaders should model a positive mindset to inspire others to contribute, Federico said.

Bosses should also show an interest in the personal growth of employees, Federico said.

"Chatting about personal growth and enabling employees to plan their own personal growth leads to higher engagement and productivity. Employees seek connection and providing value beyond what they can do for the organization and helping them identify how they can grow professionally and personally fosters a more engaged team," Federico said.

Markets where salary growth is outpacing inflation

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