

It's not enough to believe what you see. You must also understand what you see. (Leonardo da Vinci)

I guess old Leonardo was getting in an early red flag on the dangers of confirmation bias. And yet here we are, five centuries after his death, with all the tools imaginable with which to question, challenge, verify and disprove, but still preferring blind faith over rationalism.



The manner in which social media is used and consumed means that we all have multiple opportunities each day to confirm our beliefs without the strain of having to underpin understanding. This phenomenon seems particularly acute in the 'world of workplace', where highly complex issues are reduced to what amount to binary choices, with the simplistic premise that the author is 'correct'. Without rational questioning, and only positive emojis to click, beliefs become embedded faster than understanding.

There are three particular areas of 'workplace' where beliefs appear today to be stronger than understanding: working from home; workplace satisfaction and productivity. These are not new subjects for this Perspectives series; but today I would like to propose that the linking factor between all three, and the cause of our continued lack of understanding in each, is the growth and focus of human resource management.

Working from home (WFH) The first thing to state unequivocally here is that I support WFH and have done so for nearly three decades. However, the pandemic placed an existing direction of travel (notably agile working) on steroids and re-branded it hybrid working. And there began a binary debate over WFH versus return to the office, in which managers who sought to encourage staff back to the office (in whatever format) became backward-looking dinosaurs. And the same flawed mantras were repeated, in subtly different forms, day after day after day, without question. Take the following real examples.

WFH is powering productivity and economic growth. One only has to look at European and American economic performance to see this is wildly optimistic. The 'productivity paradox' is not even flatlining; it is worsening.

WFH has reduced commuting and thereby reduced pollution. This is a peculiarly America perspective about car commuting, ignoring the role of mass transport systems that carry commuters in a comparatively sustainable manner.

Office occupancy is 50% below pre-pandemic levels creating great potential for office space reduction. This would place post-pandemic occupancy levels at <25% which is clearly incorrect in most cities.

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Retail spending by office workers in city centres is now spent in the suburbs. There is no coherent evidence for this, and it ignores the spend on wider service industries and cultural activities rather than convenience retail.

These examples and countless others have been repeatedly trotted out. They fit an agenda. They are convenient. Most importantly, they are believable. You don't need a pile of evidence to be convinced or to understand. The internal logic of the statements is attractive enough – particularly for the passing 'liker'. But they are also wrong. Moreover, they get in the way of establishing evidence-based, consistent and consensual work arrangements.

Just take the first mantra: *WFH is powering productivity*. And let's focus on the public sector, where WFH is most prevalent. Latest ONS data (UK) reveal that public service productivity was 2.6% lower in Q2 24, compared with Q2 23; and is a full 8.5% lower in Q2 24 compared with its pre-pandemic peak in Q4 2019.¹ Such an enormous reduction in output is a major drag not only on the public sector but on the economy as a whole. One might argue whether all of the reduction is due to WFH (although it must be playing a part); but what is abundantly clear is that WFH is not *powering productivity*.

Workplace satisfaction A similar situation exists in the related area of workplace satisfaction. Every survey demonstrates that workers are unhappy. They're too cold/too hot. They get distracted by their co-workers. Their space is too noisy. They are uncomfortable (despite the latest design features of their £1k Aeron chair). They cannot find a suitable meeting or concentration space when they need it. And so it goes on.

And of course, we can all relate to these beefs: all of us (office workers) have personal experience of workplaces that in various ways could be improved. But so what? What should we really take from the widespread low level of satisfaction? Perhaps, as some observers believe, despite vast amounts of money having been poured into workplace design over the past three or four decades, those efforts continue to fail create workplaces that meet expectations. Others believe that despite everything, if we keep experimenting and tweaking, we will discover a workplace that keeps workers satisfied.

There is a further option of course, which involves understanding rather than believing. Thus we could understand that widespread dissatisfaction will never be resolved (it is a fact that workers have complained about their workplaces for over two centuries). Universal satisfaction is a chimera. We could *understand* that the underlying causes of workplace dissatisfaction in fact have very little to do with the hardware of the workplace, and that the root causes lie in the prevailing approach to workplace culture, and that dissatisfaction with workplace hardware is a displacement activity.

Thus, while workplace professionals wax lyrical about designing workspaces for creativity, collaboration, innovation and serendipity at the water cooler, the plain fact is that much office work remains dull, repetitive, reactive and routine, often accompanied by unrealistic targets and unsympathetic management, just as it has always been. For many, office work is a not daily journey of joyous innovation and

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creativity; often times it is solitary, sedentary and screen-based: it encourages sense of weariness, even of confinement. Often, management has failed to keep pace with the implications arising from flattened organisations, greater numbers of mobile workers, information overload and time-based stress. For many, work resembles a daily grind within corporate anonymity – the sense of being a very small cog in a very large, impersonal machine.

The problem with this final approach is that it is harder to resolve. Much harder. It is the case that the factors influencing satisfaction are very diverse, including *“technology, leadership, team spirit, self-management practices and the workers’ intrinsic motivation”*, and that it is *“impossible to include all possible impact factors in one study”*.² Far easier to lapse back into belief mode – that the stats don’t lie – and move on quickly to produce another award-winning layout. There are countless snake oil salesmen out there prepared to sell you a new fitout on the back of this belief. But if we sought to discover what actually lies beneath complaints, we might get closer to understanding the real reasons why people are dissatisfied with their workplaces.

Workplace productivity

Irrespective of the hybrid working debate, the UK economy has been suffering chronic productivity for decades. Many similar economies have experienced low productivity, but the UK seems to have some particular problems.

Put simply, productivity is a measure of how efficiently an economy turns its inputs, such as labour and capital, into outputs, including both goods and services. Higher productivity is a fundamental driver of opportunity and living standards; and allows businesses to re-invest and grow, pay higher wages and make greater contribution to the national tax revenues. All of which makes the long term-trend in productivity really disturbing.

Between 1977 and 1990, productivity growth in the UK grew at an annualised rate of 2.35%. This shrank marginally to 2.34% between 1990 and 2007. And it collapsed to a mere 0.21% from 2007 to 2019.³ Despite this dramatic fall in productivity, there is a paucity of explanation. Specifically in the office economy, I have somewhere in the region of 200 articles, papers and books that all claim to address the question of productivity in some way or another. I produced a literature review in 2018.⁴ Yet not a single source provides a demonstrable, repeatable method for quantifying changes in office productivity, over time and across different business types. None provides an evidence-based case for measures to improve productivity.

What is abundantly clear is that self-declaration on productivity is not a reliable method. For example, asking people to state whether they are more productive at home or in the office can, at best, lead to misleading results. Without the ability to triangulate results, let alone verify individual claims, compare circumstances, normalise the criteria and measures, and so on, this is a methodological minefield. No matter how much we might, for example, wish to say that people are more productive working from home, all results have to be caveated by the fact that workers have a vested interest in a particular outcome. This might sound cynical; but it is a fact of life.



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While a reliable, repeatable and robust method for measuring office productivity remains elusive, we have become accustomed to accepting – and believing – the generalisations made from pitiable fragmented evidence. But belief is not something that should be accepted simply because we lack understanding.

Squaring the triangle

So three contemporary issues – working from home, workplace satisfaction and workplace productivity. What is the linking factor in all three? Management is the most obvious common denominator. Management is the regular punchbag of workplace critiques on social media and in print articles, trade papers and even academia.

But what exactly does management mean? Again, we need more understanding and less belief. Does it mean the shareholders? The ‘C-suite’? Operational managers? Or the tiers of corporate management lying beneath these? More likely it is a combination. But I argue here that there is one locus of management that is having a far greater impact than others, and not always with the best outcomes: human resource management. Three recent print media articles bring interesting perspectives.

First, in the *New Statesman*, Pamela Dow tracks how ‘personnel management’ evolved into ‘human resources’ during the 1980s, before new computing technology in the 1990s enabled ‘strategic HR management’: more data, more processes, and more people needed to oversee them. A further shift towards employee well-being, and diversity, equality and inclusion, in the last 20 years completed HR’s evolution from responding to business needs, to shaping them. Dow highlights that the UK has one of the largest HR sectors in the world, second only to the Netherlands. She cites Labour Force Survey data which show an 83% increase in HR personnel from just under 300,000 workers in 2011 to more than 500,000 in 2023.⁵

Secondly, in the *Daily Telegraph*, Lucy Burton, recently referred to the “*shadow HR empire [that] now runs Britain*”, an empire that has grown at four times the rate of the general workforce in recent years. She describes HR departments as “*the new trade unions, having transformed during the pandemic into one of the most powerful departments in business*”. Burton concedes that all would be well if “*people were happier and productivity was up*” but acknowledges that neither is the case. “*Despite having one of the largest HR sectors in the world, Britain is suffering from low productivity and a worklessness crisis driven by mental health problems and long-term sickness*”.⁶

Thirdly, in *The Times*, Ian Martin highlights the deep roots of HR in the noble idea of improving the workforce and helping companies develop, “*because it helps illustrate just how far astray this idea has gone in the past couple of decades*”. Martin goes on to describe contemporary HR as a faux profession a “*monstrosity, gumming up companies and the workings of capitalism [that] has grown ever more powerful as a bureaucratic force it has imported politics to the work environment*”. The latter he argues has resulted in demanding from workers “*compliance with fashionable and destructive theories that should really be a matter of personal conscience*”.⁷

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All three authors concur that the growth and growing influence of HR would be understood if it were effective. But the original notion of HR driving prosperity and wellbeing certainly is not happening. As we have seen above, there is no consistent, evidence-based HR-led approach to working from home; we have a workforce that is seemingly deeply dissatisfied with its workplace (and probably more specifically with their workplace culture); we have wellness and workless crises, and we have what can politely be described as a primitive grasp on office productivity.

Back to workplace ...

The 'workplace' community has been going around in circles since 2020 seeking longer term arrangements for hybrid working, trying to explain dissatisfaction with the workplace and designing for productivity. These strands have been gathered together, in design terms, under the shared agenda of creating 'workplace experience'.

But what is absolutely patently clear, is that no amount of investment, design and creative thinking to create 'experience' will overcome a deep antipathy towards traditional management structures and corporate culture. Nor will 'tech' solve things, no matter how innovative: no amount of 'user-centric' apps will sufficiently empower people at work and enable them to build communities on their own, any more than workplace change will resolve a deep sense of unfulfillment with work itself.

The key reason for on-going failures in the workplace is the lack of engagement from management generally, and HR in particular – perhaps the single corporate function that touches all three of workstyles, satisfaction and productivity, and which has sufficient clout and scope to effect change in all three. Instead, HR is rapidly becoming a 21st century version of Charles Wright Mills' management demiurge.⁸ Once all-powerful operational managers are ceding their influence to a proto-profession that is heavily focused on bureaucracy, compliance and social justice.

Is it little wonder that so little progress is being made in 'workplace'? What has evolved is a largely circular debate in which endless opinions, faux research, unverifiable surveys and 'advertorial' are used to promote the services of providers and the pet theories of advisors and change managers, often wrapped in a misleading veneer of science. But all that most of it is achieving is to reinforce readers' pre-existing beliefs without expanding their understanding.

Clearly the nature of work is changing: rapidly and universally. And workplace design must continue to respond to the everchanging social, business and economic landscape. But if hybrid working, workplace satisfaction and productivity are to change at all, then the involvement of management is critical.

But herein lies a critical point. Too much workplace design and debate takes place in the real estate echo chamber of workplace consultants, change consultants, furniture suppliers, interior designers, surveyors and so on. If we are to seriously address the underlying cause of workplace dissatisfaction (i.e., work itself), then we need to engage with business. If we fail, then 'workplace' will remain limited to addressing symptoms rather than causes.

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But if we can align the best thinking in 'workplace' (and there is plenty of it out there) with positive and progressive management thinking, then real strides might be made in a shared agenda for new workstyles, improved satisfaction and higher productivity.

Thank you for reading *A very safe, restful and happy festive period to our readers. We'll be back in the New Year with more Perspectives on commercial real estate.*

Dr Rob Harris
Principal, Ramidus Consulting Limited
07836 563 416
<https://www.ramidus.co.uk>

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