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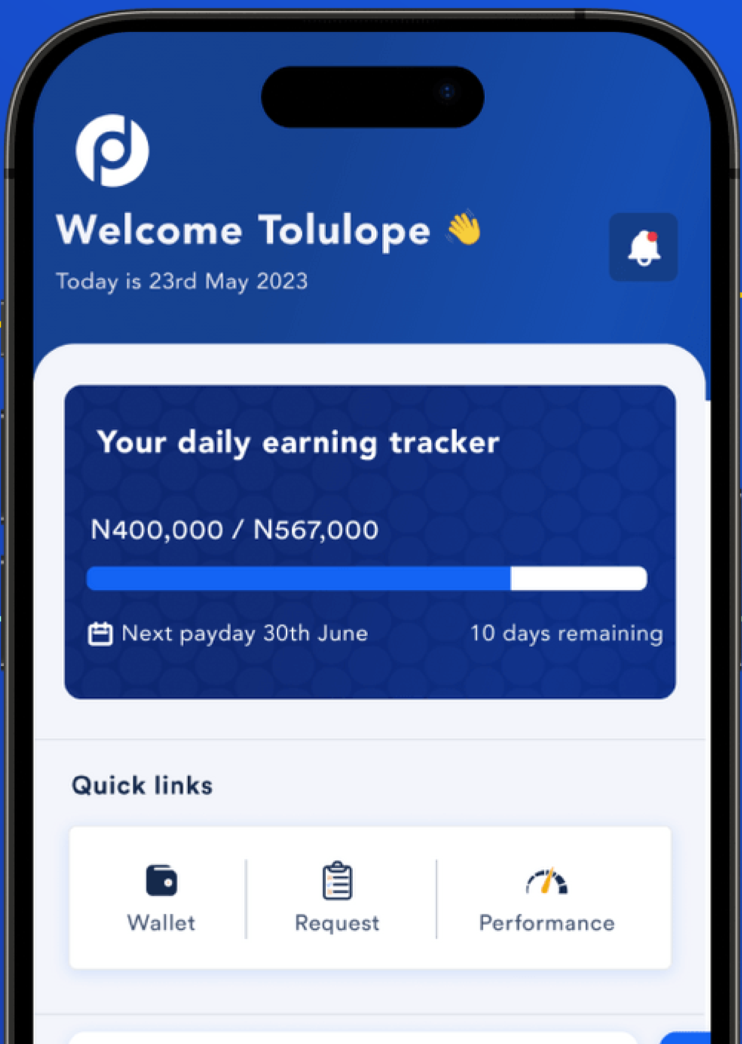
TRANSFORM YOUR WORKPLACE

How Earned Wage Access by Pade boosts Employee productivity.



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Introduction

Being responsible for the well-being of your organization's employees is an important role, but it can also be a challenging one.

This is because, in our rapidly changing business and economic environment, many Nigerian workers face financial difficulties that negatively impact their productivity and job satisfaction.

Let's put this in context.

The annual inflation rate in Nigeria accelerated for the sixth month to 24.08% in July 2023. Can your organization afford to give every employee a salary increase that matches that rate?

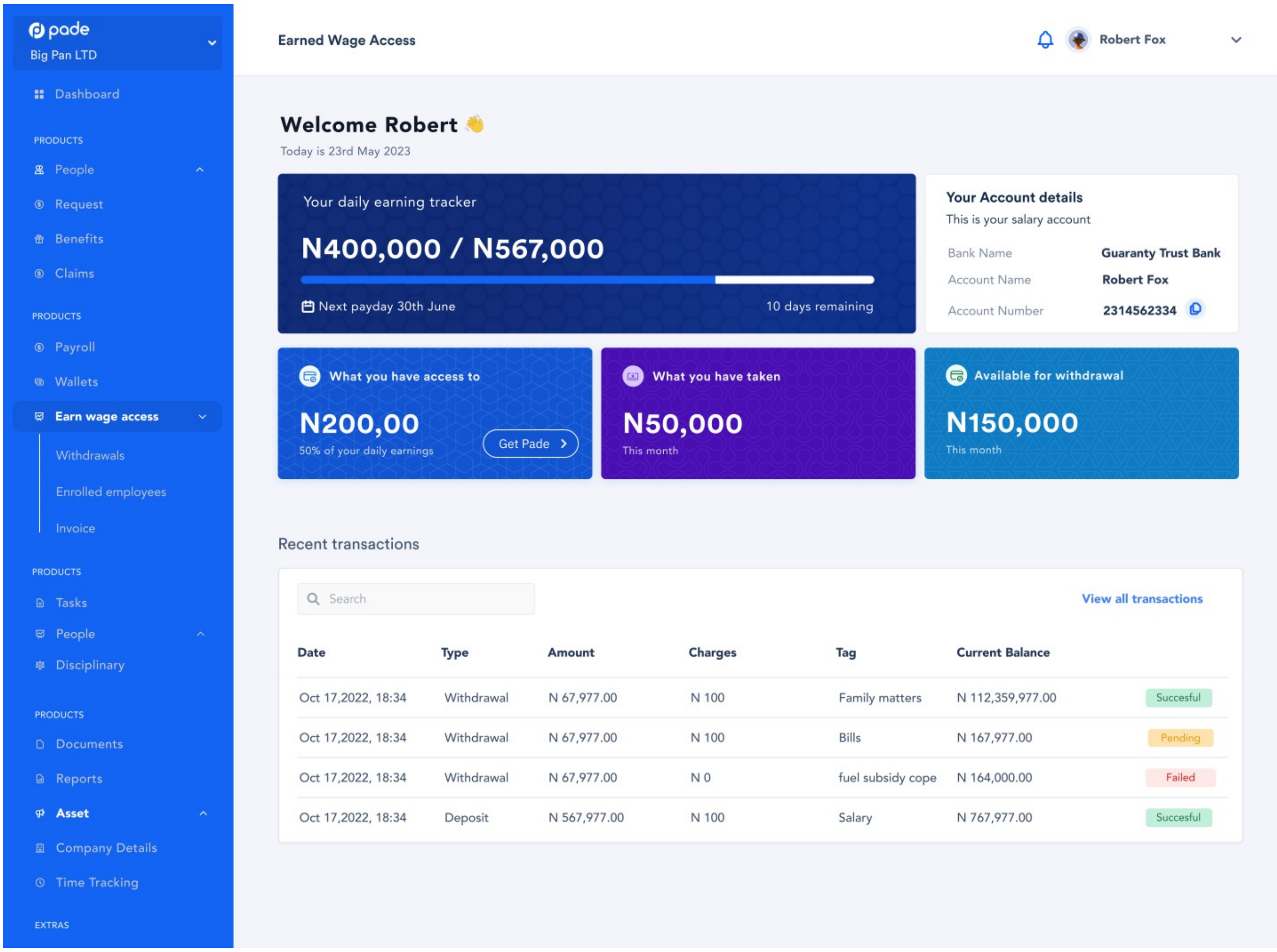
Chances are, your answer is a resounding NO. No surprises there, that is most organizations' reality.

But your employees' reality is that they have to battle an increased cost of living with a fixed salary that only comes once a month. We should also not forget the not-so-occasional financial emergencies that rear their heads in between pay cycles when cash flow is at its thinnest.

This state of constant financial insecurity puts your organization at a disadvantage. Employees won't perform at their full potential if they are burdened with financial stress.

As a solution, businesses are increasingly turning to Earned Wage Access (EWA).

Earned Wage Access allows employees to access their earned but unpaid wages, calculated daily, before their scheduled payday.



This provides employees with greater financial stability and flexibility, and a means to deal better with pressing emergencies that would otherwise require high-interest loans.

In this eBook, we will explore how an Earned Wage Access program can boost your organization's productivity and why you should consider implementing one.

The liquidity challenge faced by low-wage workers and the rise of **Earned Wage Access**

Sure, the saying that "health is wealth" rings true more often than not. But when you live in an economy with a GDP of $2,184 and are required to pay on-demand for everything you need, nothing beats the feeling of having real cash that can be traded instantly.

But here's the thing.

Traditional payroll systems, which pay employees at the end of a fixed cycle, often fail to meet the immediate financial needs of those employees.

So most workers survive paycheck to paycheck, living in fear of the next unplanned expense that will destroy their budget plans.

82% of employees worry more about their finances than their health.

This can lead to financial stress and desperation. The waiting period between earning money (which happens on a daily basis) and spending that money (which is triggered on a fixed day) can force employees to rely on high-interest loans or incur debts in order to meet their financial obligations.

The proliferation of loan apps on Google Play Store and the App Store is a testament to the fragile financial state of many workers.

This fragile financial state then affects their emotional state.

"The consequence of abnormal treatments on online loan applicants is the possibility of the abused developing a stress disorder. Remember that are already stressed before seeking for the loan to clear their heads." Dr. Candyfidel Onwuraokoye, a clinical psychologist, tells The Guardian.

As a result, employees are sucked into a cycle of instability that can have a detrimental impact on their productivity at work.

Earned Wage Access (EWA) as a solution

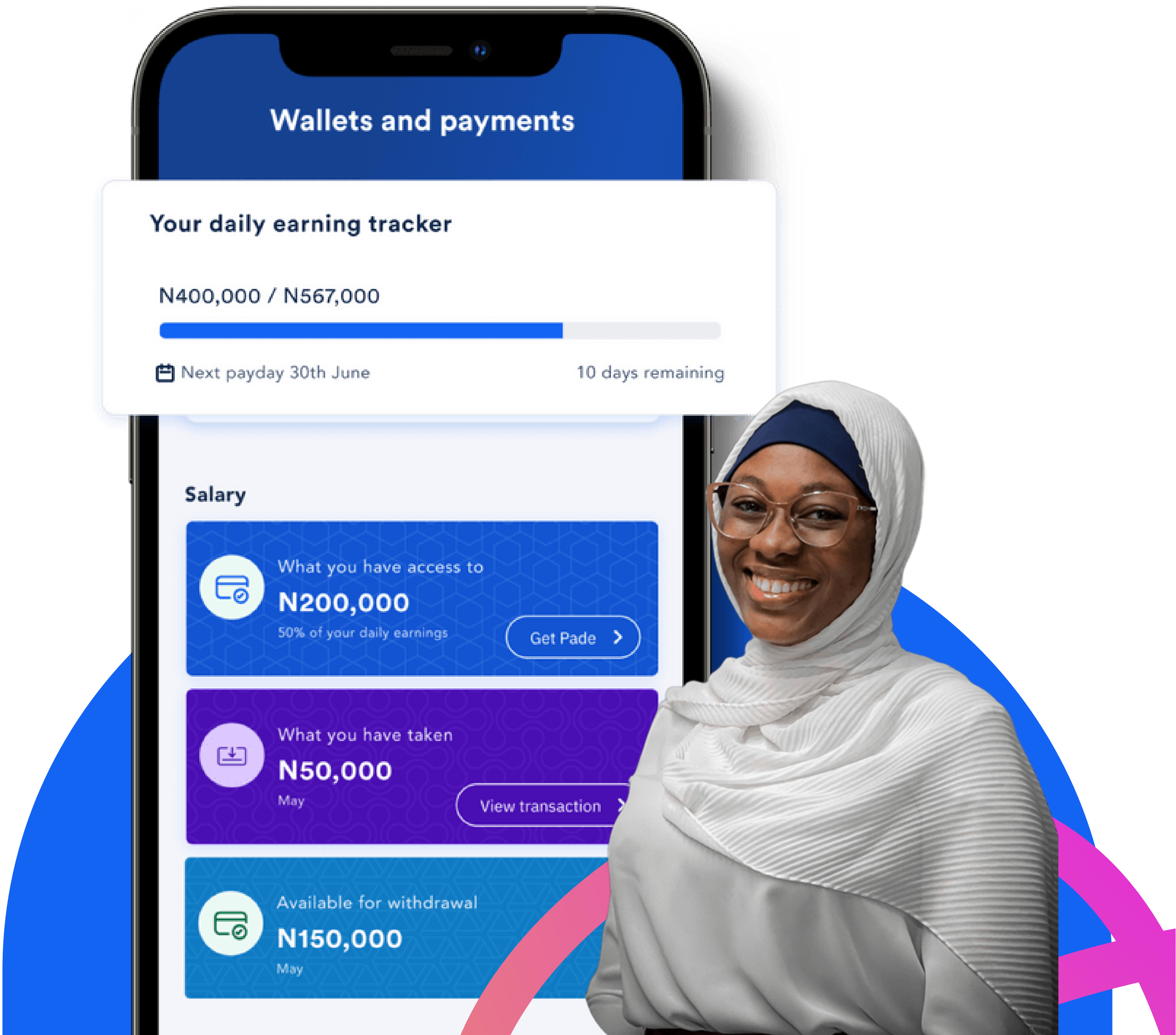
In a 2022 survey, 21% of the employees surveyed said that they would be interested in receiving their wages via an Earned Wage Access program.

For low-wage earners, it is easy to see why an initiative like this will be very appealing.

Most loan apps in Nigeria charge between 5-30% monthly interest rates.
This means that anyone who borrows 50,000 Naira at 7% interest will pay back 53,500 Naira.

Compare this with an Earned Wage Access solution like Pade where a 50,000 Naira withdrawal only attracts a 1,500 Naira fee, and employees won't have to worry about selling their information to loan sharks.

While the benefits of Earned Wage Access are intuitive and clear to see for employees, what are the main value propositions for employers like you?



Benefits of **Earned Wage Access** for organizations

> "Employers are looking for meaningful ways to help their employees, and new offerings like EWA go a long way in helping to remove stress and retain their employees,"
> - Courtny Cloeter claimed in an interview with cfo.com.

By allowing your employees to access their earned wages on demand, you provide them with greater financial control and stability. This, in turn, can have a positive impact on their job experience and productivity.

This section summarizes how EWA provides value for your organization and employees.

Earned Wage Access as a tool for financial stability and reduced stress

The Time Value of Money (TVM) is a guiding concept for many Nigerian employees as they look to review how they can meet their financial obligations in the short term.

> The Time Value of Money (TVM) is the idea that a sum of money available at the present time is worth more than the exact sum will be in the future due to its potential earning capacity in the interim.

It is not hard to see why this is the reality.

Inflation and rising cost of living rise faster than salaries, leading to intra-month cash flow challenges.

Studies show that employees who suffer from financial stress are more likely to have sleepless nights, not complete daily tasks, and have poor relationships with their colleagues.

This is where one of the primary benefits of Earned Wage Access, vis-à-vis increased employee financial stability, comes in.

By providing your employees with the ability to access their earned wages when needed, EWA helps to alleviate the financial stress and uncertainty that is associated with stifled cash flow.

This, in turn, can significantly improve your employees' well-being and reduce distractions, allowing them to focus more effectively on their work.

Earned Wage Access as a tool for improved employee retention and engagement

A study of 6700 employees across 6 businesses revealed that the implementation of an Earned Wage Access solution in the workplace reduces employee turnover by at least 19% and increases employee productivity and morale.

Another study found that in fields that record especially high turnover rates, EWA boosted the retention rate.

- Nursing home employees stayed 73% longer.
- Transportation employees stayed 68% longer.
- Call center employees stayed 61% longer.

By providing your employees with the flexibility and financial freedom that EWA offers, you can create a more engaging and satisfying work environment.

This, in turn, can contribute to higher employee retention rates and increased loyalty to the organization.

Earned Wage Access as a tool for talent acquisition

Apart from helping you keep your best employees, an Earned Wage Access program can also become your organization's competitive advantage when it comes to attracting the best talent for vacant roles in your organization.

While Earned Wage Access isn't a silver bullet for every hiring and employment problem, it is important that your HR team leverages every tool at its disposal to maintain an edge over competitors in the talent market.

There is plenty of survey data to show that addressing the financial needs of recruits increases their interest in an employer.

In fact, according to a survey conducted by ADP, 7 out of 10 employees say that the availability of Earned Wage Access will increase the likelihood of them accepting a job offer.

When starting a job at a new organization, employees are often making bets that the new organization is the right environment for them to attain their personal goals. Including an EWA program as part of your organization's benefits could make your job offer more appealing.

For starters, it provides a sense of financial stability and security.
It also shows the employee that your organization prioritizes employee well-being and satisfaction.

Implementing Earned Wage Access: considerations for employers

For many employers that we talked to, the ideal EWA solution has no impact on their existing payroll processes, is simple to execute, and doesn't result in an increased workload for the HR team.

If this is the sort of EWA solution you want for your organization too, there are a few key considerations to keep in mind.

Choose a reliable Earned Wage Access provider

The first component of a properly implemented Earned Wage Access program is to find a solution provider to partner with.

There are several factors to consider here.

- Is the EWA solution compliant? Earned Wage Access is relatively new in the country and it is growing faster than competitors can keep up with. To stay compliant, look for providers that DO NOT offer employees loans or deduct from employees' salary to pay the transfers.

- Can your employees send funds to any destination account of their choosing? When evaluating EWA solution providers, it's important to consider whether users are able to send their pay transfers to any destination account, so they have their money where they need it.

- Do employees need to engage with the payroll department to initiate a transfer? Requests for earned wages should not require intervention from your payroll or HR teams. It should also not result in payroll processing changes. The right EWA solution should allow employees to easily request their earned wages conveniently, with changes reflected accurately on your payroll platform.

Educate employees on Earned Wage Access benefits

To ensure that your Earned Wage Access program delivers timely results, it is essential to educate your employees about how the program works and the advantages it offers.

Your EWA partners should notify your employees with information about their available wages and how they can access them. You must also provide continuous clear communication and resources to help employees understand how to use EWA effectively and responsibly.

Monitor and evaluate the program

Measuring the impact of your Earned Wage Access program can be tricky. But it is important for you to know if it works for your organization.

There are 3 metrics you should track to gauge the impact of Earned Wage Access on your organization.

- **Ease of use**

  Rolling out an Earned Wage Access benefit isn't meaningful unless your employees can figure out how to use it.

  Survey your employees and ask about their experience when accessing their earned wages. Was it straightforward to navigate? Did the organization have to field every EWA question, or does your provider handle employee concerns?

  It is also important to choose an EWA provider that has a proven track record of quality customer service and dedicated onboarding.

- **Talent acquisition and retention rates**

  Does your EWA program have a positive impact on your organization's attraction and retention rates?

  Measure how quickly you are able to fill open roles after advertising your EWA benefit as opposed to before your company offered EWA. Also, gauge employee sentiment by asking new recruits how much EWA influenced their decision to join your company.

  With regards to employee retention, look at your numbers at the end of a 6-12 month period. Have you been able to retain more employees?

  With faster access to compensation being such a highly desired benefit right now, your organization would most likely see a boost in employee retention and attraction.

- **Talent acquisition and retention rates**

  Financially stressed employees are typically less engaged and less productive at work.

  So ideally, an Earned Wage Access solution should help your people become more productive by alleviating some of their financial stress. This increase in productivity will, in turn, benefit your overall business results.

  To measure the impact of Earned Wage Access on employee engagement, compare your engagement numbers after implementation to the numbers you had before implementing an EWA solution.

  You should also consider an informal survey to gauge workplace sentiment.
  Are your people more or less engaged at work? Do this before and after the implementation of EWA.

Conclusion

Your organization now operates in an environment where employee recruitment and retention are more challenging and critical than ever. Now is the time to adopt programs like EWA that differentiate your organization as an employer that is supportive of employee financial wellness.

When you partner with an EWA provider that understands payroll operations and has a working knowledge of human capital management, you can successfully implement EWA....

Do you want to learn more about how Earned Wage Access can transform your workplace and help you hit your hiring and retention goals?

Ask for a demo of Earned Wage Access by Pade.

Request a demo