

# Five key challenges HR will face in the year ahead

The people challenges during uncertain times and how HR plan to tackle them



#EdenredConnects



## Volatility and uncertainty: another year of challenge for HR

Employers hoping for a year of consolidation in 2022 are starting to feel like the term 'ongoing uncertainty' is never going to go away.

As we learn to live with the pandemic, organisations now face a tangled web of new issues related to rising business costs, fierce competition for people, skills shortages and making hybrid working a permanent reality for those who can work remotely.

Organisations are also acutely aware that employees face a once-in-a-generation cost-of-living crisis while mental health issues continue to weigh on people in the wake of the pandemic.

Now, more than ever, employers need to remain fleet of foot and ensure the policies and support they have in place will ensure their people remain engaged and ready to perform.

As HR teams decide which issues to prioritise and then how to respond, this report provides insight into what is really on the minds of UK workers and the actions that HR leaders across the public and private sector are taking to weather the year ahead.

Although we may be in for a bumpy ride, it is clear there are many practical steps that organisations are already taking to improve employee wellbeing and deliver a productive and resilient workforce that is ready for the year ahead and beyond.



### Our research for this report

**Employer survey** completed  
by 128 HR professionals  
in February 2022

**Employee survey** completed  
by 2,000 UK workers  
at the end of 2021

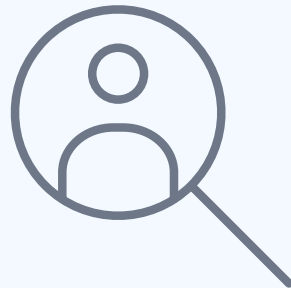
## At a glance: the landscape for employers in 2022

- **Competition for people**

- Job vacancies hit a new record of 1,247,000 at the turn of the year (ONS)

- **Cost of living**

- Inflation will reach 8% in Spring
- 2022 moving 'even higher' later this year (Bank of England)



- **Hybrid working**
- 36% of working adults are working from home at least once a week (ONS)

- **Mental wellbeing**
- More than 800,000 people experienced work-related stress, anxiety or depression in 2021 (Health and Safety Executive)



# The five key people challenges for HR in 2022



# 1. Employers scramble to help with the cost-of-living crisis

The biggest story so far this year for UK workers has been the cost-of-living crisis, with soaring energy and food costs piling pressure on wage packets as tax rises kick in from April.

Employers say dealing with this will be their biggest challenge in the year ahead, with over 50% saying this was either their first or second priority.

Although only one in three (31%) currently have a plan for mitigating its impact, just under half (41%) say they will have one in place by the end of April.

Just over 55% of employers say they will review pay, while 42% will also reassess their employee benefits proposition and one in ten (12%) will introduce new policies and support for financial wellbeing.



## At a glance



**38%**

of employees say they want help from their employer to improve their financial wellbeing



**47%**

say that a pay rise would encourage them to stay in their job



**50%**

of employers say managing the cost-of-living crisis will be a top priority





## What this means for employers

“As the full impact of the cost-of-living crisis hits employees in the months ahead, it is clear they will look to their employers for support.

For organisations where pay rises are not on the table – and those who can increase wages – employers can boost support in other ways.

Although there are some restrictions on the public sector, the growth of financial wellbeing benefits in recent years means most employers should be able to offer a package of financial education, savings schemes, loans, rewards programmes and salary sacrifice benefits which can mitigate the looming crisis.

With CIPD research showing that financial wellbeing is typically neglected compared to physical and mental wellbeing in some organisations, there is a clear opportunity in this area.”





## 2. Health, wellbeing and work-life balance are the top threat to performance in 2022

Over the past two pandemic-dominated years, awareness of and support for mental health and wellbeing has been a priority for many employers.

Last year when we asked employers about this issue, 57% said that health and mental wellbeing issues represented the biggest threat to their people's performance. This year that figure has risen to 64%.

As the cost-of-living crisis puts renewed stress on individuals and households, employers are now doubling down on mental health and wellbeing support, with nearly two thirds (61%) saying they have firm and tailored plans for their people in the year ahead.

A similar number (62%) say that they are helping employees accommodate the demands of life outside of work as they continue to formalise plans for long-term hybrid working.



## At a glance



**64%**

of employers believe poor health and mental wellbeing is the biggest threat to people performance in 2022



**46%**

of employees want better mental health and wellbeing support



**64%**

say their employer should do more to support better work/life balance





## What this means for employers

“One positive legacy of the pandemic is an increased understanding of and support for employee health and wellbeing.

While it is good news that organisations will continue to invest in support in this area, it is clear that employers need to go further to ensure they understand and, where practical, ease the pressures faced by their people in the year ahead as they try to balance work, home and other demands.

It is here that managers are best placed to ask and listen to wellbeing concerns, signpost support available and monitor ongoing wellbeing among their teams.

Backed with a strong health and wellbeing proposition, the organisations who ensure their managers work in this way are the ones who will be best placed to thrive in the year ahead.”



### 3. Line managers need better tools to navigate the challenges ahead

One of the stand-out findings of this year's research is the extent to which employers continue to invest in the tools which are critical to making hybrid working succeed for everyone in their organisation.

When it comes to the specific steps organisations have taken in the last year to support employees – 62% say they are still focussing on providing new technology to help people collaborate more effectively, while 67% say their priority is creating new policies and support for flexible working arrangements.

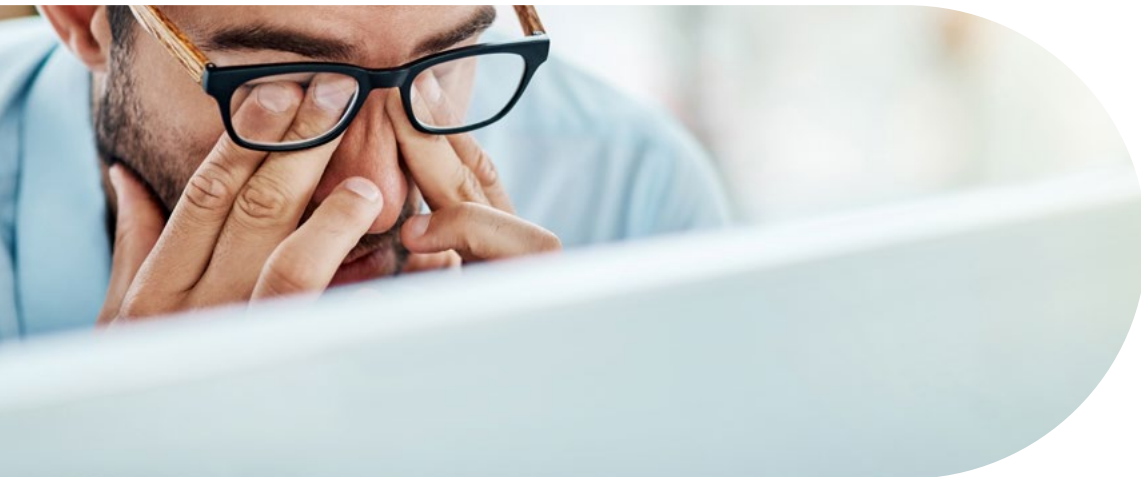
Far fewer – only a quarter – say they have focused on training line managers to support hybrid working. Only 8% said that efforts to train line managers to support hybrid working has had a measurable impact.

With so few organisations training line managers to support their teams in this new environment, organisations are missing the chance to ensure that they get a full return on their investments through better employee engagement, productivity and performance.





## At a glance



**25%**

of employers have trained  
line managers to support  
hybrid working



**50%**

of employees say they don't feel  
their line manager appreciates  
the work they do



Only  
**35%**

of employees think their line  
managers understand their  
needs or offer progression

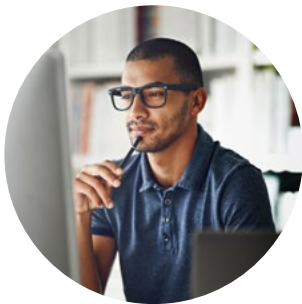


### What this means for employers

“One of the big successes in the first year of the pandemic was the agility they showed in supporting their employees.

In a hybrid and remote working environment, the line manager becomes the focal point for the relationship between an employee and the organisation.

The measures that employers have taken to retool their people to work remotely needs to be matched by a reskilling of line managers so they can lead and engage staff in the year ahead.”



## 4. The Great Resignation has yet to arrive – but employers are anticipating it amid a new war for talent

The prospect of the “Great Resignation” has been one of the big employment stories in the UK media in recent months.

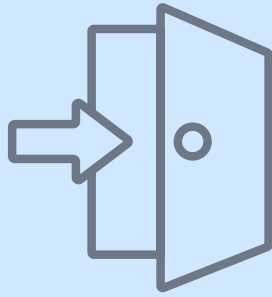
As yet, UK employers seem less convinced. Our survey found that a third of employers (36%) report resignation levels are currently about the same they as they would expect and barely a quarter (27%) say they’ve seen a slight increase. Only one in five say they have experienced a significant increase in the number of staff resigning.

However, with the cost-of-living crisis now hitting, and skills shortages meaning many people have more opportunities to move on, 55% of employers say the possibility of the Great Resignation will be a genuine challenge for organisations in the year ahead. Only 8% say it’s not a challenge they foresee for the UK as competition for skills heats up.





## At a glance



**55%**

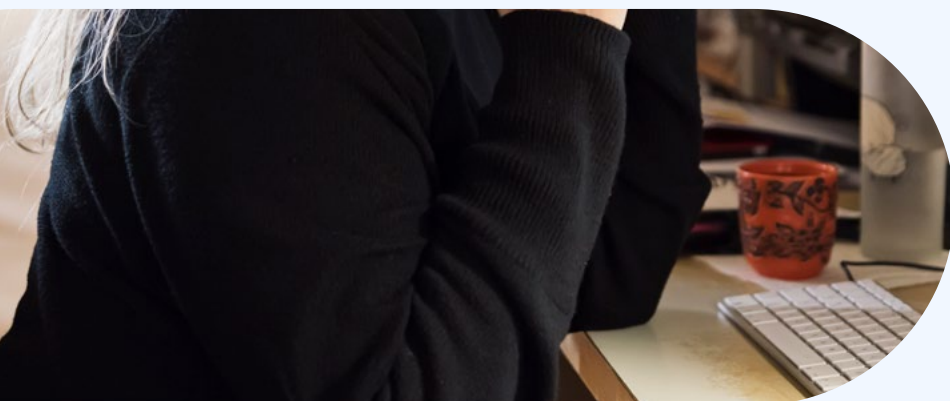
of employers say the Great Resignation  
will be a genuine challenge in 2022

This picture may yet change with 6% saying they  
plan to leave their jobs in the next six months and  
12% in the next year

**65%**

of employees say they have not resigned over the  
last year and don't want to resign





### What this means for employers:

“Every employer needs to keep a watching brief on this as it is still to play for when it comes how many employees will choose job security over a change in employer in a volatile environment. This puts the focus firmly on the need for effective reward and recognition programmes that will drive employee retention.

Currently though, it's recruitment rather than resignations that is proving to be a bigger issue for most employers. Ongoing skills shortages and opportunities for candidates to work for more organisations remotely are making it more and more difficult to fill roles – so employers will also have to work harder than ever to provide an overall employee offer that resonates with the times and is competitive in the market. It's not just the possibility of a Great Resignation – it's the 'Great Competition' for skills and the war for talent that will dominate employers' agendas in the months and even years ahead.”

## 5. Employers will continue to focus their measurement on performance and productivity – adjustments may need to be made

Organisations have changed the way they measure their workforces over the course of the pandemic to put more focus on outcomes rather than hours worked.

This year, the majority say they will continue down this route and prioritise formally measuring performance and productivity.

However, when it comes to measuring the impact of their investment in new benefits, HR policy and other support, few have put metrics in place. Only 20% of employers say they will formally measure the financial wellbeing of their employees in 2022, for example. Instead, 40% say they will rely on ad hoc feedback, and 40% won't measure financial wellbeing at all.







## At a glance



**12%**

of employers will formally  
measure the financial wellbeing  
of their employees in 2022



Only  
**18%**

of employees think their employer  
understands their needs – suggesting  
they don't think their employers are  
monitoring the right things and are only  
focused on performance





## What this means for employers

“After a period of change in HR policy and investment in benefits and other resources to support employees as they adjust to the challenges ahead, any leadership team will want to know how well that investment is performing.

So, in addition to measuring engagement, employee satisfaction, retention and other measures, employers should also take steps to understand how the changes they have made to employee experience and support are making a difference. This will help guide future investment and trim spending on areas which aren't valued by employees.

Those who fail to put measurement in place will find it hard to navigate a tough year ahead.”

## Concluding thoughts... and more to come

The overriding message from this report is it's been a tough two years and there are going to be even more challenges in the next 12 months.

What's also become apparent in recent times is that ongoing challenges have become a source of innovation and change that will positively impact the way organisations are able to deal with new crises, care for employees and drive long-term improvements in performance.

To uncover exactly how and where those changes are being made, over the next few weeks we'll be following up this report by publishing a series of in-depth interviews with senior HR leaders in both private and public sector organisations.

Their insight shows that organisations are doing much to build on what they have achieved so far while also staying flexible and making adjustments to deal with new emerging issues.

We look forward to sharing their insight and perspectives with you soon.





## About Edenred UK

Edenred has a wealth of tools for organisations that are looking to keep employees engaged, motivated and meet ongoing challenges related to hybrid working and a volatile employment market. From simple employee experience platforms to rewards and incentives, we provide easy-to-use solutions that help you create an inspirational culture for your employees that will boost motivation, improve wellbeing and ultimately drive the success of your organisation.

To find out how you can boost engagement and performance, visit [edenred.co.uk](https://edenred.co.uk).





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