

What's been driving changes in HR?

2023

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INTRO

25 years ago, when I was starting my career in recruitment (I know – I don't look that old!), Human Resources were more often referred to as Personnel and the function was primarily charged with keeping records; ensuring companies followed regulations and were compliant with legislation; determining wages, compensation packages, and other benefits – even the terminology seems old fashioned!

Over the years this has evolved beyond recognition and has become a much more recognised career choice. We released a report before the pandemic which showed how professionals thought it had changed over the previous 5 years. Unsurprisingly, we found that the HR department looked nothing like the ones that existed before. Part of this was due to technological advancements and automation, but moreover the 'people agenda' had been recognised as pivotal to an organisations' long-term success and therefore HR was playing a far more commercial role in the business. It was also a major part of most senior management / board meetings.

Since March 2020, we have seen perhaps the largest revolution in working practices and the employer / employee relationship has evolved further. In November 2022, we decided to survey senior HR stakeholders in the Thames Valley to understand what changes have taken place in the three years since our last report, and to gain a better understanding of what has driven this change.



CATERINA GLENN Director

Caterina joined as a Senior Manager in April 2018 and following promotions, is now a Director at Wade Macdonald.

Cat deals with permanent recruitment within the Human Resources division and manages this division together with the non-qualified finance division. Her team across Human Resources and non-qualified finance deal with all roles on both a permanent and interim solution basis.

Having started her career in recruitment in 1996 for a corporate organisation where she swiftly moved into management roles, she then embarked on a 12-year career with an independent business working with the Managing Director to expand the organisation and mentor new team members. Prior to joining Wade Macdonald, she worked predominately in recruiting finance professionals across the interim market within Hampshire, Surrey and Berkshire and then later began working with her teams supporting permanent recruitment. Having joined Wade Macdonald she worked across interim and permanent recruitment within accounting but moved in 2020 to also head up the HR division dealing with permanent recruitment in this field.

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What is driving HR change?

Before drilling down into the different facets of Human Resources, we were keen to gain an understanding of what HR leaders felt was driving change in their field. We have made a large assumption that the pandemic will have driven much of this change, so we asked them to consider some of their answers outside of Covid related changes.

77% of people felt that a shift in employee expectations had driven most change within HR. As the pandemic progressed, we produced several reports which focused on how employee expectations were changing. Unsurprisingly the longer people worked from home, the more an expectation grew from employees that they should be given flexibility, hybrid / remote working in the long-term. They also believed that there should be more focus on their wellbeing from employers and that they should be judged more on their outputs, rather than how hard they were perceived to be working. We will examine the impact that this has had on HR as we move through the report; some positive and some negative.

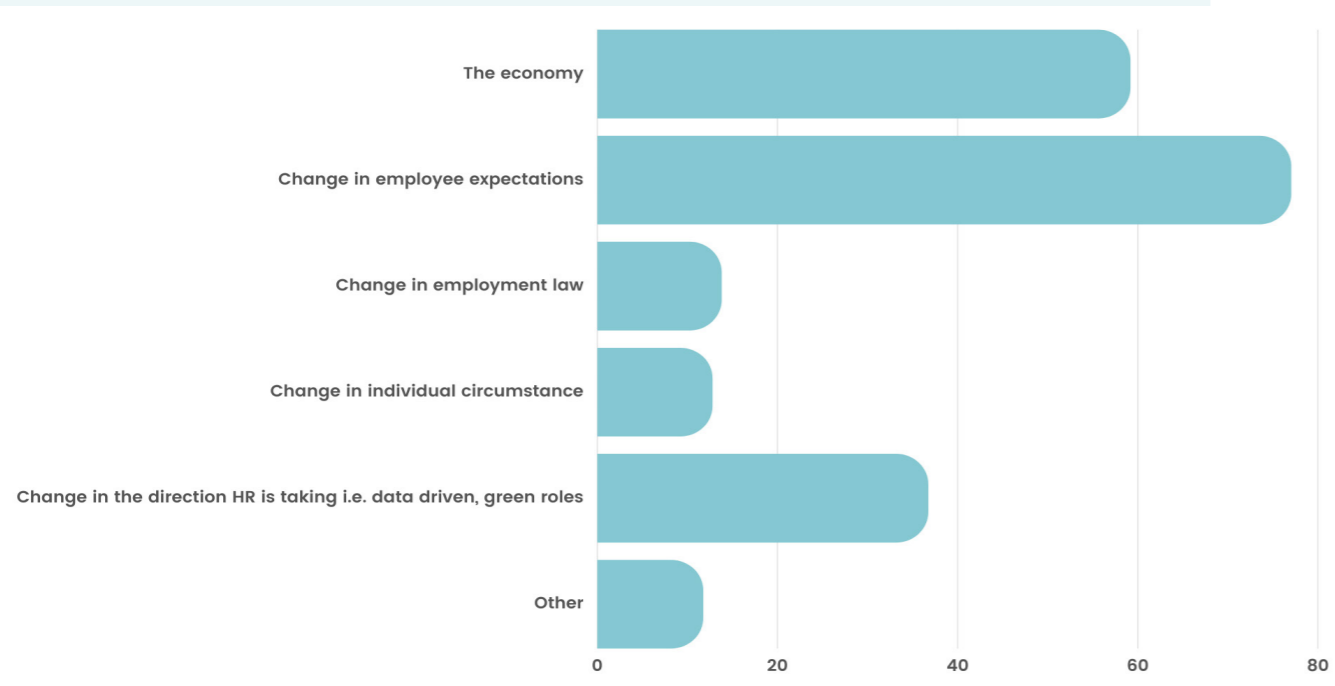


FIGURE 1: Grouping all HR functions and thinking of the last 5 years, of the changes you've experienced/ know about, what would you say they are down to?

The second biggest impact that HR professionals pointed to, was the changing economy (59%). As inflation has increased (11% as I write), we are facing a major cost of living crisis, which in turn has a direct impact on HR policy. The dilemma faced by businesses is how much of their employee's burden should be shouldered by the employer. With skills shortages prominent in many areas, it has also made it easier for employees to change jobs if they do not feel that their current employer is supporting them enough financially.

However, the economy could also now play a different role which will affect HR policy. As energy costs spiral, many businesses are starting to struggle financially, leading to increased redundancies. The whirlwind we have experienced in the economy since March 2020 undoubtedly impacts HR policy in many different areas.

33% felt that changes in the way data is utilised has been a major contributor to change. There is recruitment data, career progression data, training data, absenteeism figures, productivity data, personal development reviews, competency profiles and staff satisfaction data just for starters! The role of HR is now to analyse this data, interpret it and then to use it commercially to add value to the business.

It seems there was less emphasis on changes in personal circumstances or employment law affecting HR functions, although both were still over 10%. Of "the other", Brexit was highlighted by several people. The main reason for choosing Brexit seems to be the impact on recruitment. Many of those that commented worked in manufacturing or retail and stated that they were finding it harder to fill vacancies as many of these positions had previously been occupied by EU citizens.

EMPLOYEE RELATIONS

Our survey showed Employee Relations issues are taking up more time than ever for HR professionals. 47% felt they are dealing with more ER issues now than they were before the pandemic. Various reasons for this were given including struggles with managing remotely, as well as mental health and performance problems. However, the largest challenge was an increase in grievances.

We thought it would be interesting to understand what was causing these grievances.

When we asked, HR professionals felt the following options were the top reasons.

- **D&I – Discrimination etc. - 19%**
- **Management since WFH/hybrid - 36%**
- **Wellbeing - Mental health etc. - 39%**
- **Absence - 6%**

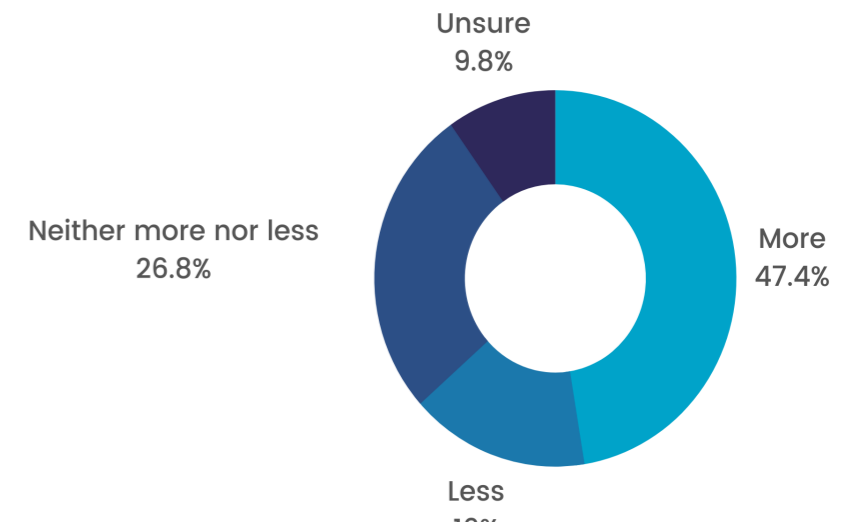


FIGURE 2: Would you say there are more or less ER related issues within your business, compared to 3 years ago?

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Although there have been many positives that have arisen from the pandemic in terms of work patterns and flexibility, the pandemic has also been an indirect cause of greater ER issues and grievances.

The most common cause of grievances is wellbeing / mental health. Our research during the pandemic found that mental health issues were rising at around 48%. Mental health is a protected characteristic, so if businesses are not treating people suffering from poor mental health adequately, then they may be leaving themselves open to grievances. Unfortunately, even though there are now a fair number of accessible courses, many line managers have not received adequate training and may not understand the 'reasonable adjustments' they should be making for people whose mental health has declined. They may manage the performance of people without identifying and investigating problems properly, or not give the flexibility that should be afforded to people with health issues. This is certainly adding to the workload of HR professionals who then must deal with grievances off the back of this.

The next cause of increased grievances is home working / hybrid working policies (or lack of policy!). Over the last 18 months we have discussed this issue with a large number of HR professionals and the report findings confirmed there were three major reasons for these grievances.

- Firstly, many employees claim they have been treated unfairly in being made to return to an office having proved they are able to work effectively at home.
- Secondly some employees claim that they are not getting the same rights as colleagues who may be given more flexibility than they are being offered.
- And lastly, some grievances arose from employees being put onto performance management because their managers believe they are "slacking" at home.

Organisations need to ensure that they have clear policies around this and are treating employees equally or they could be leaving themselves open to major problems.

TALENT ACQUISITION

Another major change in HR over the past few years has been the increase in the number of businesses who have dedicated additional resource into their talent acquisition, or indeed set up a talent acquisition function. As you can see, over half of those surveyed said that this function had grown and that just under two thirds of businesses have a dedicated team looking after talent acquisition.

Previous research has shown that there are various reasons for this:

- Firstly, many organisations could see a cost saving by bringing recruitment inhouse. This is not to say that agencies became redundant, but by having a mix of direct recruitment and recruitment coordinated by a dedicated team,

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there have been clear cost savings for some organisations. The talent team will negotiate charges with agencies, stopping line managers going to agencies who have not agreed to set terms.

FIGURE 3: Do you currently have an internal talent acquisition team?

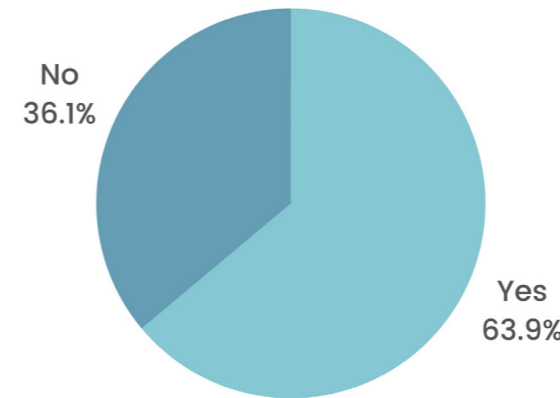
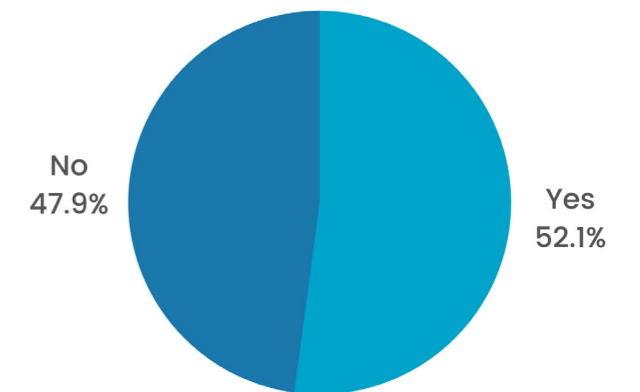


FIGURE 4: If yes, has it grown in the last 3 years?



- Secondly, talent teams can improve direct sourcing by marketing their business in a positive and transparent way that will attract talented candidates.
- They can use a multi-channel approach (including their company website) to encourage applications and to interact with candidates directly. They will also ensure that ATS's are used to track future talent that has been identified.
- Thirdly as we headed out of the pandemic, talent teams were increased because of the number of vacancies businesses had to fulfil. Brexit had already led to some skillsets leaving the UK and this, along with the increased headcounts and low unemployment meant that it made sense for businesses to invest in this function to try and gain a competitive edge.

There is, however, a small note of caution around talent teams. Only 33% of those surveyed do see the function growing in the next 12 months. Unfortunately, as the UK has entered recession and there has been an increase in negative business sentiment, we have seen several teams make redundancies. Although some businesses have started to focus talent teams on retention as well as acquisition, some have made the decision that with less growth in headcount, the need for so many dedicated heads is reduced.

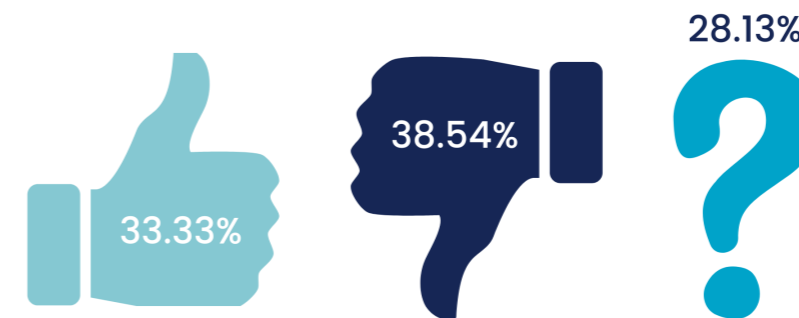


FIGURE 5: With the changes in the market recently, do you envisage it will be a department that will grow within businesses in the next 12 months?

REWARD

Our research showed that reward teams have been extremely busy over the past few years.

During the pandemic many companies looked at their benefits packages to make sure they were fit for purpose in a changing world. Our employee expectation report of 2020 showed that individuals were placing more value on flexible working, pensions, bonus and healthcare. We conducted a follow up survey in June 2022 and the results from this were not dissimilar to the previous survey. However, since publishing that report we have found that there has been an increase in businesses offering additional Employee Assistance programs and investing more in this area. Essentially employee's expectations have changed over the course of the past 5 years. Flexible working or hybrid models have become more prevalent and greater importance is being placed on supporting wellbeing.

The hard, additional work for reward specialists did not stop at the end of the pandemic. This year has brought new challenges which have meant that reward and benefits packages have had to be reviewed in line with the current cost of living crisis. 60% of those surveyed told us their business had carried out work around this, with just over a third stating they hadn't.

A further issue for Human Resource professionals, going back many years, has been work around gender pay gaps. Although the Equal Pay Act was originally implemented in 1970, it has been well documented that salaries are still well out of kilter between men and women. It is perhaps positive to see that 48% believe that there has been positive movement within their organisations over the past 3 years. However, there is still a long way to go, and perhaps the fact that 26% are unsure whether there has been any positive move suggests that this is still not even being spoken about enough?

FIGURE 6: Have you added any extra benefits that help with employee wellbeing in the last three years?

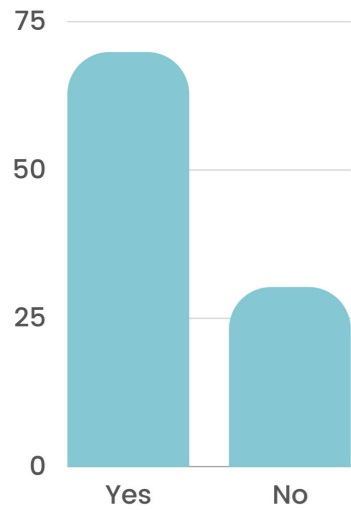


FIGURE 6

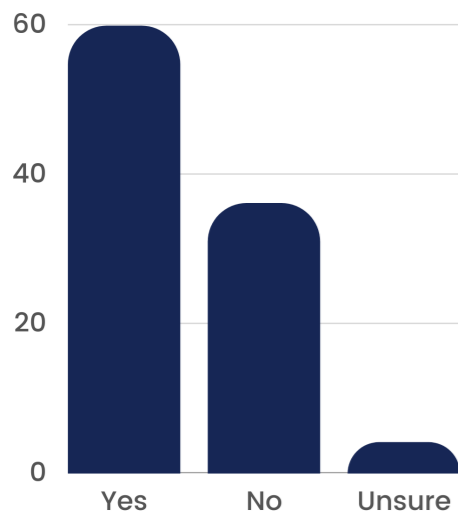


FIGURE 7

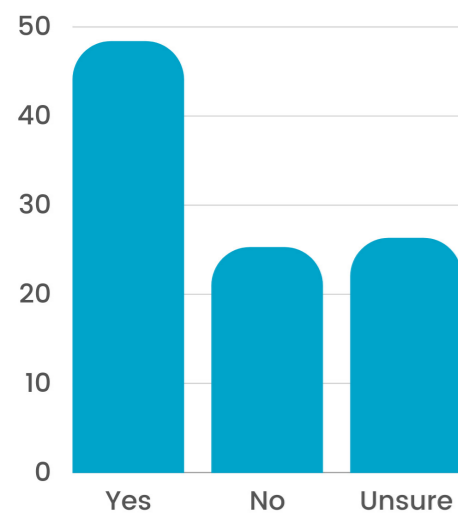


FIGURE 8

FIGURE 8: Has there been any positive movement in the gender pay gap in your organisation in the last three years?

DIVERSITY & INCLUSION

Although over the last few years we have seen some organisations with a specific job role for D&I experts, generally this is something that falls to someone within the HR department as part of a bigger role.

Surprisingly, 46% of HR departments have not introduced D&I focused policies reflecting a diverse workforce (outside of policies for invisible disabilities) over the past 3 years. This might be because the work that had been done pre-pandemic but considering nearly 20% of grievances have been D&I related, this might be an area that needs to be focused on more closely moving forwards.



FIGURE 9: Are there other D&I policies that have been introduced in your business over the last 3 years that reflect a more diverse workforce?

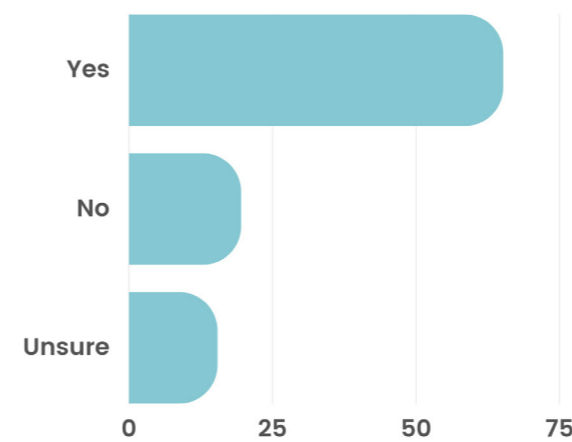


FIGURE 10: Does your D&I policy include understanding and adjustments for invisible disabilities?

However, where we have seen policy change is considering employees with invisible disabilities. Roughly a quarter of people who are registered disabled do not use a wheelchair or have a disability classed as obvious to the eye. Some examples;

- Debilitating pain
- Brain injuries
- Learning difficulties
- Hearing and/or vision impairments
- Dyslexia
- Cognitive dysfunctions
- Autism
- Diabetes

All are 'protected characteristics' and, if required, reasonable adjustments should be made for people suffering with these impairments.

Over the past few years this has been a big focus and we can see that at least two thirds of HR departments have reviewed their policies to include invisible disabilities.

“ Businesses need talent that can see things from a new perspective, identify patterns they hadn’t noticed before and bring brand new ideas to the table – and that means tapping into neurodivergent talent pools. ”

Ellie Middleton, Autistic & ADHD Activist, Consultant and Public Speaker

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LEARNING & DEVELOPMENT

Since I joined the world of recruitment over 25 years ago, L&D is certainly an area where there have been major changes. Despite huge advancements in technology over this period, pre-pandemic, much of the training that staff received would have been in ‘classroom’ environments. During the pandemic, most organisations started to utilise tools such as Teams or Zoom for communication, replacing the need to be in the same room. These technologies were then utilised during the pandemic to give staff opportunities to learn and develop.

As you can see from figure 11, that trend has continued to evolve, with only 1.5% of organisations solely training face-to-face. It is good to see that just over half of organisations are using a blend of e-learning and face-to-face with 45% doing the majority online. This is a huge change and is reflected in the fact we have seen far more digital learning jobs in the market over the past 18 months.

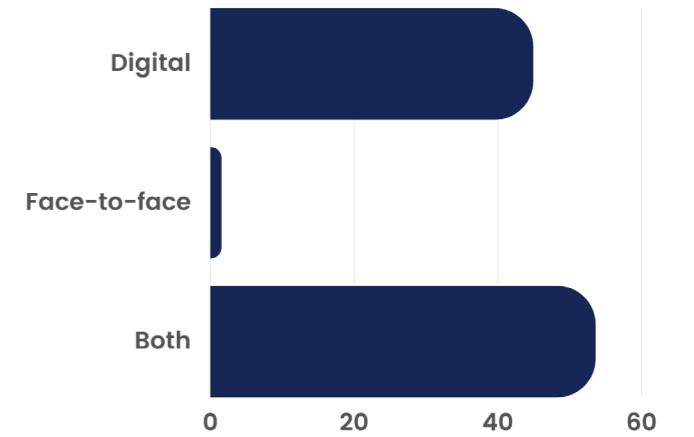
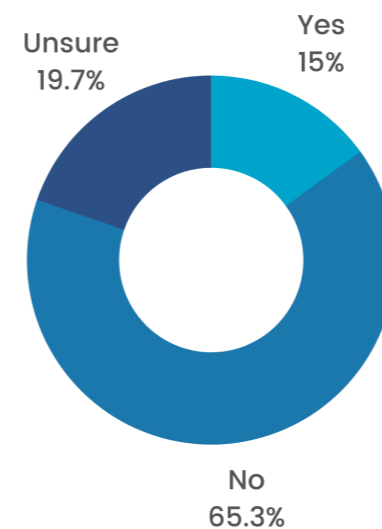


FIGURE 11: Has the way you train your staff evolved to use more E-Learning/digital training tools or is in person training still more effective?



Even though training and development is key to both retention and adding the skills to push an organisation forward, only 15% of those who responded to the survey reported that their organisations had instructional design engineers and only a further 22% thought that this would happen in the coming years.

L&D is becoming more prevalent in organisations and in a time when skills shortages are such an issue, those that can analyse, design, develop and implement learning programs could be invaluable. However, a dedicated head or team would probably only exist in a large organisation at present.

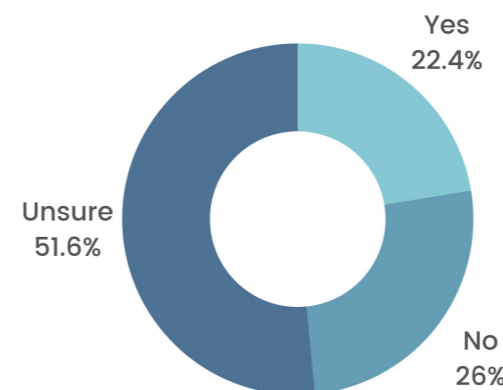


FIGURE 12 (Top): Does your company have instructional design engineers?

FIGURE 13 (Bottom): Do you think these will be integrated into businesses more in years to come?

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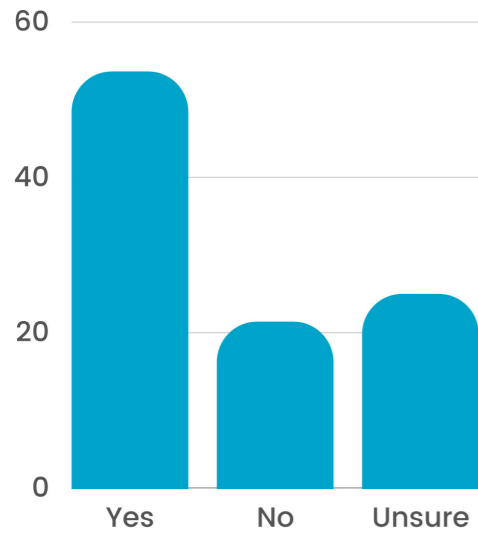


FIGURE 14: Are you integrating sustainability into your training programmes?

Corporate sustainability is certainly a very hot topic, with an expectation from employees that organisations should be as ‘green’ as possible. HR and L&D professionals are leading the way with initiatives, particularly though training programmes. 54% of those that responded said that sustainability had been integrated into training. As building corporate sustainability is a marathon not a sprint, we are sure that this number will continue to rise over the coming years.

Despite all the progress in Learning and Development, worryingly, 44% of HR professionals said they have not had any training or development themselves over the past 3 years. When we consider that the role of HR is evolving so fast, and they are often responsible for ensuring their colleagues are being trained and developed, it seems concerning that their own learning needs are being put to one side. Perhaps it is time for HR to become more selfish, pushing their own agendas forward - or maybe senior management needs to take responsibility for this, but with the people agenda being so key, this does need to change.

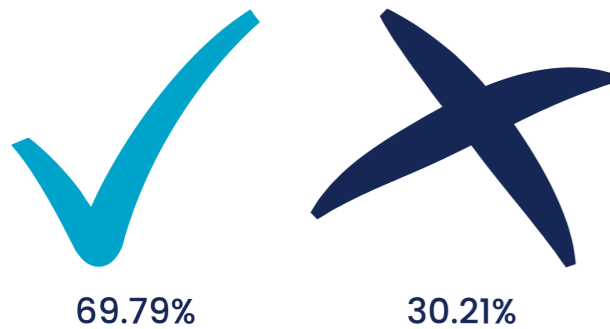


FIGURE 15: Have you personally had training and development to help you develop or progress to the next level in the last 3 years?

CULTURAL CHANGE

As previously mentioned, remote / hybrid / flexible working is commonplace since the pandemic. Our recent salary and benefits guide showed that only around 10% of people now work in an office 100% of the time. It also showed that 90% of people felt hybrid / flexible working was the number 1 benefit to them. This suggests that whether businesses like it or not, they need to offer some sort of hybrid working to retain and indeed recruit the best talent. This is evidenced not only in this survey and others we conducted during the pandemic period but also in my role. I deal with many clients who offer both hybrid / flexible working and those that are restricted to 100% office working it has been more apparent that those candidates I speak to are less inclined

“ We are now in a time where sustainability talk is more than just buzz words thrown about in marketing meetings. The issues surrounding environmental and social issues are metrics that businesses are tracking, and, in some instances, are tied back to growth KPI metrics such as revenue, employee retention and, more recently, investment viability.

I think we are past the point of sustainability as a trend and moving toward an era where sustainability is imperative for a business’ adaptability and growth. ”

Jen Root, Co-Founder & SMO of Manifest Commerce

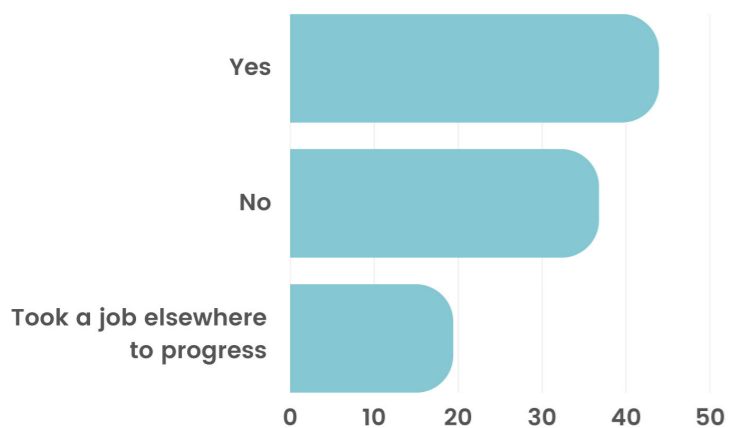
to consider a role that is unable to accommodate working on a hybrid basis and therefore it becomes more challenging to recruit and retain the right people more often than not.

Human Resources plays a pivotal role in ensuring that employee engagement remains high. Hybrid working has added more challenges which has forced businesses to think of innovative ways to engage and communicate with their employees whilst spending less face-to-face time with them. Our research showed that 56% of those surveyed were involved in or implemented initiatives to focus on ensuring a positive company culture, whilst having a more remote work force.



FIGURE 16: Has your organisation implemented new initiatives to improve company culture over the last 3 years as a result of more remote working?

We have seen the rise of the job title 'people and culture' over the past five years and the results of our research suggest that this is a very fitting title. Work clearly needs to continue to ensure that culture is not negatively impacted due to changing working practices, and much of that work will fall to HR departments.



It is, however, interesting to see that even though 90% of people expect hybrid working to be common practice, 32% of people feel that employee engagement has been negatively impacted due to remote working. That said, the results are split very evenly so it's obviously working in some organisations.



FIGURE 17 (ABOVE): Has employee engagement been impacted due to more remote working?

FIGURE 18 (LEFT): Have you been promoted in the last 3 years?

IN CONCLUSION

It's been an absolute pleasure writing this report as it has reminded me what a great career you can have in HR and that you are often the lifeblood of an organisation.

Although many of you may enjoy being a generalist, the function has evolved so much over the last few years that there are so many more opportunities to specialise in, often in areas that may not have existed in the past. One of the biggest positives that the survey highlighted is that nearly two thirds of you have experienced some progression in the last 3 years whether that came by moving roles and organisations or internally (although as a reminder, 44% reported not to have had progression through training). Whilst the lack, for some, of internal training and progression has not been prevalent, I think overall that it is exceptionally positive and demonstrates how important you are as HR professionals and how valued the HR function is by your organisations.

That's got to be worth shouting about, hasn't it?

We'd love to hear your predictions for People and Culture in 2023. With this download you should have a digital postcard we've included for any opinions / thoughts you have. Please send any completed documents over to the email address below - Thanks in advance!

The best ways to get in touch

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