The Top 4 HR Trends for 2022

It's an Employees' World

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People emerged from the first two years of the pandemic changed, with a new sense of self-worth and altered priorities and expectations. Ultimately, this shift in outlook inspired millions to quit unfulfilling jobs and find better opportunities that met their needs—hence the Great Resignation. Unsurprisingly, recruitment and retention remain hot-button issues this year, according to McLean & Company's global "2022 HR Trends Report." Business professionals, predominately senior leaders within and outside of HR, also listed embracing the new world of work, a renewed focus on diversity, equity, and inclusion (DE&I), and skilling employees for an age of change as the other top HR trends for 2022.

To set themselves up for success this year, organizations must put the well-being of their workforce at the heart of their decision-making process, because it's an employees' world—organizations are just trying to operate and recruit in it.

Trend #1

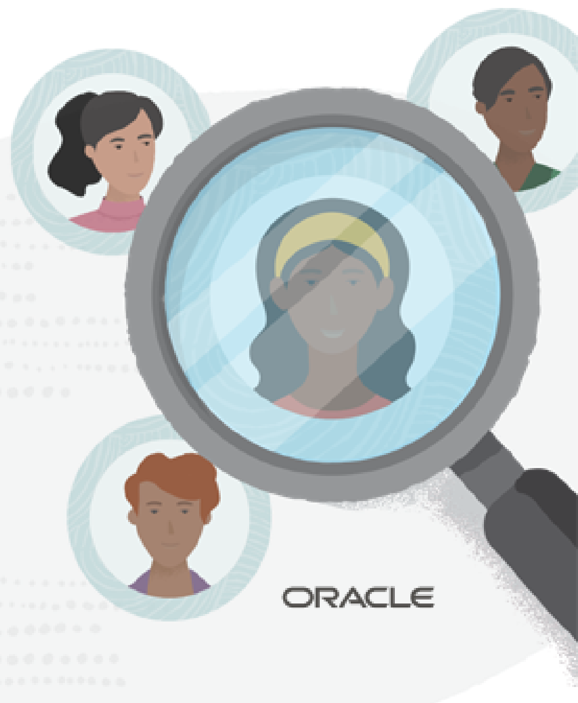
RETENTION AND RECRUITING

Support your HR employees

Retention and recruiting will continue to be focus areas for organizations in 2022 as companies look for ways to differentiate themselves and improve their talent value proposition. HR is expected to spend **25%** more time on talent acquisition in 2022 than they spent last year[1]—a necessity given the market—but HR teams have new duties as well. In the McLean & Company survey, **83%** of respondents said their HR teams have taken on at least one of the following additional functions: corporate social responsibility, environmental and social governance, or DE&I. Yet **58%** of participants say their company doesn't plan to implement processes or programs to help HR cope with their workload—which is a problem.

With a growing scope of work, HR professionals report stress levels that are one and a half times worse in 2022 than 2020.[1] One contributing factor is that many HR teams are understaffed at a time when it's crucial that recruiters reach out to candidates faster and speed up the entire hiring process for companies to compete. Most small (100 or fewer employees) and medium-size companies (101 to 2,000 employees) haven't rebounded from HR personnel layoffs in the early days of the pandemic.[1] Expecting fewer people to do more is unrealistic. With HR overseeing a growing list of critical initiatives, you'll need to provide them with the support and resources they need if you want to achieve your goals.

> "Recruiting is the top organizational priority for 2022, followed by providing a great employee experience.[1]"



HR professionals are often overlooked and taken for granted. Just as you invested in innovative digital tools and found new ways to operate day-to-day in 2020, you need to pivot with the market and give your team the tools necessary to effectively recruit and retain talent in 2022—the biggest workforce challenge CEOs say they face.[2] To overcome it, recruiters need competitive compensation packages, in-demand benefits, and other sought-after offerings today's candidates demand.

Focus on the individual

Companies need to rethink the employee experience and identify the gap between what they offer and what employees want. Medical, dental, and vision insurance aren't perks—they're basic expectations. Organizations need to support the whole person while understanding that their employees are individuals with different needs and wants. More workers are looking for personalized benefits, such as mental health services, fertility resources, and childcare assistance, in addition to more flexibility.[3] Korn Ferry observed that offering stock options and sabbaticals is on the rise as companies tempt middle- and senior-level management to stay. They predict increased PTO and top-tier health plans will also become more common this year.[4]

The consequences of inflexible work policies especially impacted working parents, who are more likely to have left their jobs in the last two years. Exhaustion, lack of childcare, and rigid work hours make their lives more challenging. Surveys show more parents of color are considering leaving their jobs for these reasons than white parents, which would be detrimental to DE&I efforts.[6]

82%

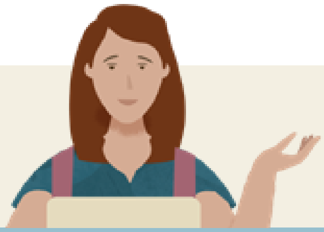
of employees want their organization to see them as a person, not just an employee.[5]

68%

want their organization to care about their family.[5]

The repercussions of the pandemic forced some parents to leave uncompromising employers and find more flexible jobs because it came down to their career or their child. Consider this: From January to November 2021, the number of women driving for Uber increased by **80%**, and the majority of drivers for leading food delivery services in the US are now women.[7] Others left the labor force altogether. Karin Kimbrough, LinkedIn's chief economist, noted that while many have come back, the women who are still missing from the workforce typically have young children.[8]

The benefits of flexible work options are well documented. For example, companies who offer remote work are three times more likely to report that it has a positive impact on their ability to attract candidates, and those that don't are more than four times more likely to say it negatively impacts their recruiting efforts.[1] While some industries can't accommodate remote work, many companies are enhancing their total compensation packages in various other ways to compete.



Companies that can't support remote work are offering other incentives[1]

Recruitment and retention strategies	Companies without remote work options	Companies with remote work options
Increasing base pay	62%	51%
Focusing on retaining high performers	39%	32%
Increasing variable compensation	19%	9%
Increasing vacation time	17%	9%

CHROs must help other leaders understand that outdated perceptions are detrimental to recruiting and retention efforts. The CEO may *want* every employee at their desk from 8 a.m. to 5 p.m., Monday through Friday, but people demand flexibility. Pre-pandemic **1 in 67** jobs posted on LinkedIn was remote. Now, it's one in seven.[8] What qualified a company as competitive in January 2020 is no longer valid.

Help employees set boundaries

When we talk about the new world of work, we're talking about how technology and the pandemic affects us today in the workplace, employee expectations, and, as of late, how it all shapes our lives outside of work. With the rise of remote work, the effect that working conditions have on mental, physical, and emotional health is clearer than ever. When the line between our professional and personal lives is blurred, the benefits of flexibility—such as better work-life balance—are lost unless healthy boundaries are set. Organizations need to encourage employees to unplug at the end of the day and must make employee well-being a core part of the culture.

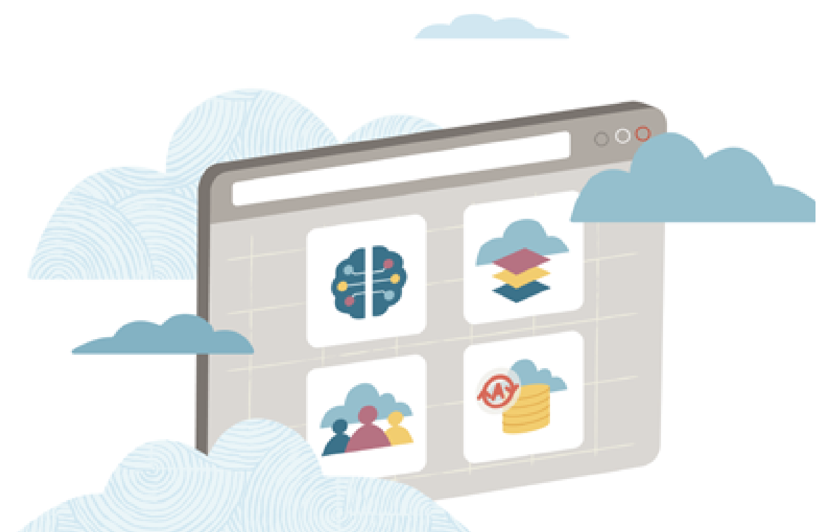
Workers who feel pressured to always respond to emails—no matter what time it is—can't recharge. Eventually, the unrelenting pressure results in burnout, a condition that millennial managers are particularly susceptible to, according to a 2021 US MetLife report. The study suggests that people in this group, born between 1981 and 1996, often sacrifice their well-being for performance.[9] Growing up in a society that glorifies overwork is partly to blame. Organizational culture and bosses are often to blame too, although the best ones have offered more support throughout the pandemic.

Millennial managers, for example, are more likely to request training on supervising remote teams and how to have conversations about sensitive topics such as DE&I and social injustice. Having a boss who cares is important. Employees with millennial managers report the highest feelings of engagement **(+120%)** and motivation **(+140%)**,[9] however, if these managers don't also take care of themselves, the cost can be significant. Gallup reports that managers in general have poor work-life balance. They're also more stressed, burnt out, and physically run down than their direct reports.[12] This is a vital reminder that everyone has a limit—even your highest-performing employees. As a leader and company, it's important to applaud hard work and encourage innovation, but the health and well-being of your employees must come first.

> More than half of remote employees are working more than they did in the office, primarily due to pressure from bosses or clients.[10] This is worrisome for organizations because employees who struggle or suffer at work are nearly twice as likely to leave their jobs.[11]

Invest in the right technology

We're more connected than ever—which is another reason employees need help setting boundaries. The right technology enables organizations to respond to the ripple effects of the pandemic. In these rapidly changing times, organizations must make quick decisions, relying on complete, trustworthy data. And to have the most accurate view of your organization's health, all your data—people, finance, supply chain—needs to be shared across departments. Cloud applications for human capital management, supply chain management, and finance and operations make this easy to do, which is why Gartner predicts organizations worldwide will spend more than US$482 billion on cloud services in 2022, up from $314 billion in 2020.[13]



> By having all of your business applications in the cloud together, you can pick any starting point to improve your technology. You can start with human capital management or with enterprise planning, but either way you have the comfort of knowing that, as you extend your partnership with Oracle, the technology will come together seamlessly. It's all built on the same data model. So, if hiring impacts the CFO, having finance and HR on the same platform is a huge benefit. You get the same user experience, the same data consistency, the same analytical layer. You have the same data integrity.

Juergen Lindner, SVP of SaaS Marketing, Oracle [14]

Moving to the cloud is cost-efficient and supports modernization and companywide collaboration, and the right provider makes it easy to scale up or down quickly so you can react to the pandemic or other influences. But the cloud isn't the only technology that's increasingly essential. **83%** of global workers prefer a hybrid work model,[15] which is why it's predicted to become the norm for most organizations this year. Companies must continue to invest in areas that make collaborating easier and improve the employee experience. This might mean adopting better software that enables HR to deliver step-by-step self-guided journeys to walk employees through events such as onboarding, having a baby, or growing their career—for example, Oracle Journeys, part of Oracle Fusion Cloud HCM. Or it could mean partnering with IT to reconfigure meeting rooms and add high-quality cameras to better connect remote and in-office workers.

As employees return to the office, you'll also need to reimagine workspaces. Socially distanced desks will likely be necessary, and if you have fewer people physically in the office, you can repurpose areas or potentially shrink the size of your leased space. It's the responsibility of the CHRO and other senior leaders to redesign day-to-day work, figure out what works best for your people, and optimize while also ensuring opportunities are equitable for workers whether they're in the office or not.

Trend #3

RENEWED FOCUS ON DIVERSITY, EQUITY, AND INCLUSION

Hold everyone accountable

In the wake of race-related crimes in the US[16] over the last couple of years, the country underwent a racial awakening that sparked conversations in France,[17] Latin America,[18] and other countries about their own systemic racism. DE&I has always been crucial, and now the world has a renewed focus on this critical area. Organizations must commit to the cause, most importantly because it's the right thing to do. Yet many organizations haven't made lasting strides in their efforts because there's a lack of accountability, strategy, and often, leadership buy-in, according to the McLean & Company survey.

Organizations love to say that DE&I is a top priority, but good intentions alone aren't enough. On average, HR spends only **5%** of their time on these initiatives, and typically their focus is relegated to compliance.[1] What's also worrying is that in 2022 there's a decline in the number of companies identifying and addressing pay inequities for underrepresented groups and in the number of companies tracking and reporting DE&I metrics. If organizations struggle with or choose not to do the most basic DE&I functions, how can HR make any significant impact?

Organizations that don't focus on DE&I see

1.6x

more voluntary turnover.[1]

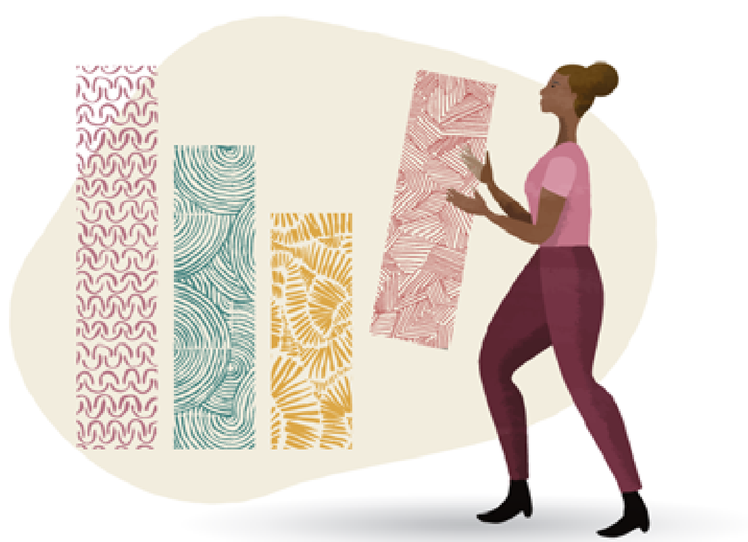
It's time to hold everyone accountable in 2022. If your team doesn't have the bandwidth to take on this pressing work, it's time to add more people or automate repetitive tasks and streamline processes to enable HR to do meaningful work in this area. Hiring managers also need to be held accountable for interviewing diverse candidates, but only **47%** of talent professionals feel they are.[19] If you're responsible for DE&I and don't have a strategy in place, like **62%** of McLean & Company survey respondents,[1] you need to hold yourself accountable. Without a plan, a list of action items, and data to guide you, it's difficult to make progress.

Track your data

Data doesn't lie. It provides a benchmark, and after you start implementing your improvement strategy, data will tell you whether you're making progress toward your goals. Data is also a powerful and persuasive tool that can help you overcome organizational resistance and secure the support and resources you need to focus on DE&I. Some HR teams may not be inclined to focus much time in this area due to indifference from their C-suite—only **42%** of leaders are committed to modeling inclusive behavior and championing DE&I in 2022.[1] Others may encounter friction if leaders don't see it as a priority, which **58%** of employees say is the case. But there are many reasons the C-suite needs to care—and data can help you show them why DE&I initiatives are worth the investment.

87%

of the time, diverse and inclusive teams are better at solving complex problems.[4]



Data illustrates just how critical it is for companies to focus on DE&I if they want to compete and attract the best talent. For example, three out of four job seekers and workers say that a diverse workforce is an important factor when considering an employer,[20] according to Glassdoor. Another study found that **70%** of job seekers want to work for an organization that shows a strong commitment to diversity.[21] DE&I metrics also help a company measure the sentiment of their workforce, highlighting areas of progress and identifying areas for improvement. Do your employees feel like they belong? If not, they're more likely to leave in search of a more inclusive environment. Finally, data can also demonstrate your DE&I impact to another important group: investors. Last year saw an increase in investors specifically wanting to back companies with a strong commitment to DE&I, but there was a problem—few companies had the data to show where they stood and if they'd made any progress.[22]

Organizations that are diverse and make every employee feel welcome generally outperform those that don't. By taking the time to re-examine processes to remove systemic bias, you make opportunities equitable. And if you cultivate a warm, accepting culture, the workforce becomes more innovative, productive, and happier, which often results in increased profitability. This year organizations need to commit and hold themselves accountable for creating an environment that attracts and retains employees.

Trend #4

SKILLS IN AN AGE OF CHANGE

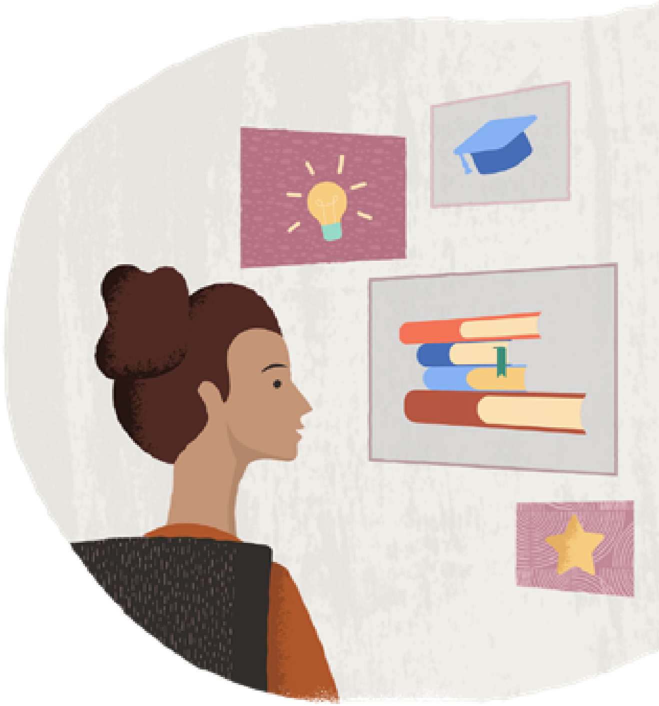
Help employees learn

The Stanford Center on Longevity predicts that, in the US, half of today's 5-year-olds will live to be at least 100.[23] As people live longer lives, we'll probably work more too. As an HR leader, how would you support the growth of an employee who may work for 60 years? Today upskilling and reskilling are top concerns, and they're not going away. Globally, **69%** of organizations struggle to hire skilled workers,[24] and nearly every sector, from banking to construction, expects to grow this year.[25] The skills gap will only widen unless companies purposefully and strategically help workers learn.

Gartner research finds

58%

of workers need new skills to do their jobs.[26]



Employees expect their organizations to help them expand their knowledge base and develop beneficial skills by providing access to resources that help them thrive. For example, **Oracle Learning**, which is part of Oracle Cloud HCM, builds upskilling into the talent lifecycle. Each employee receives personalized recommendations based on their current position, work history, and career goals to help them continuously evolve. Having time dedicated to upskilling and reskilling is also critical, which is why some companies encourage workers to set aside an hour on Fridays for self-improvement or set annual learning goals.

Leaders also need different skills today than they did pre-pandemic. Remote and hybrid work are now part of our culture, placing greater importance on leadership skills such as agility, resilience, empathy, digital fluency, inclusive leadership, and interpersonal communication, according to The Conference Board's "C-Suite Outlook 2022."[27] Reputable schools have already updated their courses to reflect our new reality. For example, MIT added a virtual speaker series on leadership for social progress, and Brandeis University now teaches how to interpret and communicate people data.[28] This shift toward remote and hybrid work simultaneously emphasizes the need to be more people-centric and the growing reliance on digital transformation to position businesses for success and bolster the workforce.

Change the focus

Some companies have rethought their hiring processes altogether to combat the labor shortage. Google, Apple, Hilton, and Bank of America no longer require a degree to apply to many well-paying jobs.[29] Instead their recruiting teams focus on skills—which are, after all, the biggest determinant of a candidate's success, not a piece of paper. When you eliminate unnecessary requirements such as degrees, past job titles, and experience in specific industries, you give applicants from any background a chance if they have enough of the right skills, and your pool of worthy candidates grows. HR knows the best applicants may not check every box, but they also recognize that their organization can help fill in the gaps and nurture high-performing employees.

To compete in 2022, organizations must change their focus and rethink how they support the total well-being of their workforce—including the HR team. People want to work for companies that respect and care about them and their long-term success, which is why the organizations that actively take steps to improve DE&I efforts and help their employees continuously learn have higher retention and recruiting rates. The scales have tipped. The most effective HR leaders will embrace the new world of work, put employees first, and convince other executives to do the same.

Work Made Human

We believe in helping HR unlock human possibilities by building cloud applications that let you find and attract the best talent while helping your workforce feel safe and supported. With Oracle Cloud HCM, you gain an employee experience platform that drives your recruiting, internal mobility, and D&I initiatives with the insights and tools to reduce time to hire and help grow and retain talent. We are here as your partner as you rethink recruiting and look forward to helping you with your talent acquisition technology needs.

Read the ebook "8 Tactics to Evolve Your Talent Strategy and Drive Business Success in 2022," by H3HR, for actionable ways you can differentiate yourself and become an employer of choice.

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