

HR in 2022: The past, the present, the future

Part 1: The past: a three-phased and positive response to Covid-19

How has the pandemic affected the work and priorities of the HR function and what is the function's future and focus as we (hopefully) emerge from it in 2022? Reviewing a range of research sources, survey findings and employer experiences, Duncan Brown looks in this three-part article:

-first, at the phases of the functions' generally positive response to the pandemic and the opportunities this now presents; then

-second, at the seven strategic trends and priorities for HR in 2022 and beyond, to take advantage of these opportunities; and

- finally in Part 3 at the implications for the roles and structuring of the HR function itself.

"COVID-19 highlights how truly interdependent we all are. How reliant we are on cooperation, communication, and compassion to successfully combat the virus. It highlights how important it is that we work together for a sustainable recovery that delivers for our economies, our people and our planet." [Jacinda Ardern](#), Prime Minister of New Zealand

We can be a little 'Eyorish' and overly-pessimistic in HR at times, prone to engage in excessive navel-gazing. It was a charge levelled at us perhaps most damningly by [Peter Drucker](#) almost 70 years ago who claimed our '*constant worry is the inability to prove they are making a contribution to the enterprise, their preoccupation is the search for a 'gimmick' that will impress their management colleagues*'.

Now, as we professionally and personally try to come to terms with a pandemic which is still very much with us, has already cost us more lives than World War 2 and caused probably the biggest ever retraction in the global economy in the modern era, we can be forgiven perhaps for some of that pessimism and introspection.

Yet the general consensus, from research commentators to CEOs, appears (perhaps surprisingly) to be that HR has had a relatively good last two year; that is, the scale and value of the function and its contribution is much better appreciated than when we first received news of the initial lockdown in early Spring 2020. As Jacinda Ardern, perhaps the most [respected and effective political leader](#) over that period, emphasises, Covid has demonstrated both our common human vulnerability and the importance of our collective and compassionate actions and management to address it.

The function generally has pivoted with uncharacteristic speed to get up and running with previously unheard of concepts such as furloughing and socially distancing our employees; and securing resources on an unprecedented scale to protect their health and wellbeing, ranging from securing PPI for front-line keyworkers, through to procuring mental health support apps and home-schooling coaching for marooned homeworking parents trying to manage their upside-downed-lives through a screen in their kitchen.

According to a piece in [Forbes Magazine](#) early on in that first lockdown:

'The pandemic has caused tremendous disruption in lives and in business, and human resources (HR) is key to supporting companies and catalyzing changes in the workplace. Organizations must rethink how they foster talent, deliver services and strengthen their organizations through a forward-thinking HR strategy—how they deliver the most compelling work experience'.

Peter Cheese the chief executive at CIPD, headlining on Radio 4's Today programme on January 4th, repeated those points, both to praise how well his members have generally responded to the pandemic, but also, crucially, to call for much more widespread transformation moving forward in how people are managed and motivated in organisations.

A [research article](#) in the *Journal of Management Studies* this March concurred and 'highlighted the central role that HR is playing driving operational and strategic success during the COVID-19 pandemic'. 'At its core' the study finds, 'the COVID-19 pandemic is a human crisis. Thus, human resource (HR) leaders have been central to the response in organisations globally'.

The consulting experts at McKinsey and PwC, no great friends of the HR function in the past, also appear to agree. The [former notes](#), echoing Peter, how 'HR can help build the organisation of the future'. 'The pandemic' they believe, 'underscores the urgency for a more dynamic talent and work model. Human-resources leaders can help by focusing on identity, agility, and scalability'.

For [PwC](#) 'HR matters now more than ever'. 'The COVID-19 pandemic' they write, 'has disrupted global economies and Human Resources (HR) has been at the heart of it. With organisations now on the cusp of recovery, the role of HR is becoming even more important... the pandemic has highlighted the need for adaptability and resilience in today's workforce... and accentuated the importance of HR in the new normal'.

And HR seems to have delivered in many situations, with the admittedly HR-focused research carried out by XpertHR noting one respondent's experience that, 'HR are true heroes: we just get on with it'. The [CIPD's annual survey](#) of 1,500 members for 2021 found 52% of us felt that the linkages between HR practices and business performance had been strengthened over the previous extraordinary 12 months, and 43% agreed that their standing in the organisation had improved, compared to 17% who felt it had not.

So, what have been the most important changes and trends in HR work over the past 18 months supporting such optimism? And as the environment rapidly shifts once more, from lockdowns to logjams and from the 'great hibernation' to 'the great resignation' (see Exhibit 1), how do HR's policies and priorities and our skills and roles need to shift in the months and years ahead? These are the areas I will investigate in this series of three articles.

Can we look forward to the 'Age of optimism!' that Chancellor Rushi Sunak forecast for the UK economy in his Budget on 27th October? Or is it more likely to be a decade rather than just a year of major disruption, what IES Director Tony Wilson called in a recent *'Financial Times'* article, 'An age of uncertainty & insecurity'? Or perhaps like 93% of HR leaders in a survey published by Gartner on 26th April, your concern is that your HR function's workload over the past year is likely to continue unabated, 'The age of overwhelm'.

HR Phases and Priorities in the Pandemic

Reviewing employment surveys and polls since April 2020, there appear to be three discernible if overlapping and interacting phases of HR's response to the pandemic.

- 1. The immediate phase** for the first three or four months of the Crisis in 2020. Here HR's (and the government's) overwhelming focus was on addressing the immediate health and safety and financial needs of employees, involving: getting adequate PPI in place for customer-facing care and service keyworkers; addressing the operational and physical needs of the millions of us who moved overnight from office to homeworking, as well as ensuring their mental wellbeing; and understanding and implementing the Chancellor's Coronavirus Job Retention Scheme.

The associated recruitment freezes, pay pauses and annual review postponements were more reminiscent of the last Austerity-focused, knee-jerk response to a crisis situation in 2008/9. HR Datahub's ['Benchmarking the HR Response to Coronavirus' survey](#) of 100 large companies in Spring 2020 noted this cost-control focus, but also the relative lack of redundancies and much greater emphasis on reskilling and redeployment, as well as furloughing staff. ONS data highlighted that the majority of employers were in fact making up the pay to their normal 100% for the more than nine million staff furloughed at the scheme's peak in May 2020, up from the 80% level funded by the government through most of the scheme's operation.

Looking at the previous six months activity in the early Autumn of 2020, [CIPD's regular Outlook survey](#) of 1,000 employers of different sectors and sizes found that four in ten of them had furloughed staff, 37% redeployed people, one-third had implemented recruitment freezes; and 29% had frozen or delayed wage increases and terminated temporary worker or agency worker contracts.
- 2. The intermediate phase** in the second half of 2020 and into the lockdown at the start of January 2021 a year ago. A wider range of extended and new employee support services were implemented and extended, with a particular focus on protecting employees' mental health given the worrying early evidence of increased stress levels, while the challenges of managing flexible working and performance management also loomed large. The heavy switch to online training provision we found in [IES/CIPD research](#) also resulted in greater training investments by around a third of employers.

[REBA's member surveys](#) in July, October and December 2020 highlighted greater spending on employee security and new or extended benefits by the majority of employers— improved 'EAP plus' help and support lines, mental health support, along with innovations such as virtual GP consultations and homeschooling support (through financial, flexible working and on-line literature) - compared to the smaller proportion forced to make cuts. Twice as many employers reported increasing their spending on employee benefits as cutting them and the majority think that this enhanced benefits package will be retained post-pandemic.

Mental health was found to be a major area of focus, alongside related areas such as financial wellbeing and education, with apps such as Headspace becoming almost a standard feature of benefits packages in some sectors, along with more direct interventions such as online therapy and counselling from firms such as Lara Health. A Europe-wide employer survey in October 2020 carried out by the [HEC business school](#) in Paris found that the top HR priorities were similarly shifting from employment costs to retaining strong customer and employee engagement and experiences, investing in HR data and digital tools, along with employee health and supporting managers with employees' performance management. Looking at information and knowledge searches on the web data, Pulsar in the same month put

flexible working, diversity post-George Floyd's murder, and retaining the company culture as the most frequent HR subject areas of focus.

- 3. The third phase** later in 2021 is really where we are now, with fundamental questions being raised around how permanent these changes in the emphasis in HR work are likely to be. Will there be in future a reversion to the pre-Covid status quo of maximum cost-minimal efficiency and imposed flexibility/insecurity in employment models? Or to borrow President Biden and Boris Johnson's terminology, an intention to 'build back better' in employment practices and experiences? The continued volume of work in HR departments is understandably making it difficult for many of us to raise our heads out of this week's tasks and deliverables to look ahead, despite a widely recognised need to do so. I would argue that it is becoming increasingly critical to do so as we enter this new possibly even-more-'bumpy' phase of evolving back out of pandemic response mode and hopefully into a 'new normal' of business and people management.

[XpertHR's annual survey](#) of the HR function and its priorities in early 2021 reported the most frequently cited priorities over the prior 12 months as:

- Maintaining performance levels while supporting employees;
- Retaining employee engagement;
- Supporting employee wellbeing and providing a wider range of homeworking support;
- Still furloughing staff, but firms also starting to move to wind down the scheme.

Looking forward, their research participants anticipated HR's focus being on:

- a continuing emphasis on employee wellbeing and dealing with Covid;
- addressing the future balance of flexible and hybrid home/office working, as more people returned to the office through the Autumn and early Winter before Omicron arrived; and
- with rapidly emerging and widespread, intensifying labour shortages, a greater emphasis on and investment in learning and development, so as to 'grow more of our own'.

They also foresee a stronger future emphasis on diversity and inclusion policies, so as to better meet their staffing needs for growth and to address the growing emphasis on fairness emerging from the highly unequal health and economic experiences of the pandemic.

McKinsey interpret these work shifts and priorities as signs of a more fundamental shift in employer and particularly employee values and beliefs, driven by Covid and the rapid life changes and re-assessment forced on many of us. And now the change is being driven by the rapid reversal in the economy and labour markets, '[the talent crisis](#)' as the CIPD calls it this week, with the CBI for example finding the worst labour shortages evident for 40 years amongst their members. The remarkable and rapid shift in conditions is summarised in Exhibit 1 below.

[My own IES research](#) on people management strategies amongst some leading employers, published just before the pandemic started, highlighted how the tightening labour market and declining unemployment in recent years has generally strengthened the power of the HR function to influence organisational strategy and secure funding for their policies.

Of course Covid's impact on the function and people management in organisations has been far from universally positive. The Crisis has highlighted what [the Financial Times](#) christened as the

corporate and HR 'sinners' as well as the 'saints', with furlough fraud, text message redundancy notices and a lack of follow-up action on diversity following fervid executive twitter messages of support for Black Lives Matter all too evident (see Exhibit 2 for a summary of this mixed picture).

Nonetheless, hopefully my research data has demonstrated that HR's positive response and the resulting improvements in people management have been far more widespread than the reversals; and that the foundation for a more employee-focused and productive people management model in future, a 'new normal', has been established.

McKinsey see great potential now for HR to help employers create ['The new possible: How HR can help build the organization of the future'](#). Based on their research they highlight a required future focus on three areas:

- Clarifying 'Who we are': working on the purpose and culture of the employer, their core identity and purpose and what they stand for; interestingly, the CIPD's 2021 people professionals' survey found more than half of us (52%) in HR report feeling a stronger sense of purpose since the pandemic started. The NHS's mission - to save lives and deliver better health and care; or Pfizer's to become 'the world's most valued company for patients' - have never been more obvious or had more direct meaning for their employees than now.
- Improving 'How we operate', with a 'fixation on speed and simplicity' and a particular HR focus on workforce planning and talent management, so as to create more dynamic and flatter, more empowering organisation structures;
- Addressing 'scalability' and 'How we grow' and deliver value, scaling up the ability to learn and innovate: 'the new normal of large, rapidly recurring skills gaps mean(ing) that reskilling efforts must be transformational, not piecemeal', through creating 'a learning culture by (widespread and regular) reskilling and upskilling'.

Breaking this down into more manageable and perhaps realistic work priorities for already busy HR functions in many employers, facing their own staffing and resource shortages, I will in the second part of this article highlight seven areas for HR leaders and functions to prioritise in 2022 and beyond, so as to deliver on this strategic agenda, as well as to maximise the learning on people management that we have obtained from the Crisis.

HR in 2022: The past, the present, the future

Part 2: The present - Seven HR Priorities for 2022 and Beyond

In Part 1 of this paper I summarised the generally positive current picture for HR functions resulting from their overwhelmingly and surprisingly successful responses to the pandemic; and the increasingly optimistic forecasts for our role and contribution in the future. But how best to take this

optimism and opportunity and turn it into successful and impacting people management in reality in the future?

I would highlight seven areas for HR leaders and functions to prioritise in 2022 and beyond, so as to deliver on a strategic agenda of enhancing organisational performance through people-oriented and aligned policies, as well as to maximise the learning on people management that we have obtained from the Crisis.

1. People strategies and workforce planning

'[Stop dithering, start planning](#)', was the frustrated admonition to fellow HR professionals from my former colleague Wendy Hirsh, an expert in workforce planning and development, in a recent blog. While the pandemic could never have been anticipated by even the most forward-thinking function, more than five years after the Brexit vote our current tight labour market could and should have been foreseen by employers and HR and alternative sources of recruitment and resourcing considered long ago.

As my people strategy research highlighted just before the Crisis struck, 'You need a strategy to define how your people investment can best develop and sustain an engaged, healthy, productive workforce'. And [my research](#) during the pandemic has highlighted that 'the traditional, reactive, 'muddling through', 'sector-convoy' approach to HR cannot withstand the pressures of a major crisis. Policy responses need to be coordinated and aligned. The case for investing in your people, the risks of cost-minimisation, have been brutally highlighted'.

The uber-flexible, just-in-time, ultra-short-term-efficient people resourcing models, just like overly-complex poorly-monitored outsourced international supply chains, have been well and truly exposed. In those sectors such as [hospitality](#) and [delivery](#) experiencing some of the worst staff shortages, the trend towards these strategies needs to and is reversing now, back towards more secure, resilient and engaging employment and customer service models.

Successful people strategies my research has shown to be based on 'a genuinely people-named-and-focused approach, characterised by: in-depth labour supply and workforce planning, sustained training and development investment; combined with a genuinely employee empowering and wellbeing-focused, 'living-our-values' set of HR policies and practices, so as to produce significant gains in employee loyalty, engagement and now performance'.

A workforce plan is a key component of these people strategies, specifying your firm's job/skill requirements for the next one to three years and the internal and external pipe- and supply-lines. The [CIPD guides on workforce planning](#) describe the typical components and the mechanics of doing so, with plenty of examples provided. Like the well-known chain of bars and restaurants featured in my HR research which added monthly staffing plans to the financial budgets and stocking forecasts of each outlet, resulting in significant reductions in staff shortages and highly positive feedback from bar managers.

2. Working, health and wellbeing benefits

In the aptly titled '[Shortage of Vision: Solving the labour market crisis](#)' published last month, Autonomy reported that their survey of staff turnover had found that:

'The majority of people considering leaving report being offered no incentives to stay. Workers reported that a pay rise, shorter hours, and better in-work benefits such as pensions, and work-life balance would keep them working'.

Employers originally introduced employee benefits to help provide security and protect their employees; and the importance of such protection has been highlighted a century later by Covid-19.

While many employers had been reducing the value of their pension and benefits spend over the previous decade, often under the banner of providing more choice and personalisation of the package, 2020 – 21 can in many senses be described as seeing a ‘back to basics’ trend in employee benefits. 72% of UK employers have changed their benefits ([Howden, 2020](#)) and two-thirds have upped their total spend on employee benefits, compared to less than 20% who have reduced it ([REBA, 2020](#)).

[IDR](#) found that one fifth of employers have improved their sick pay provisions since the pandemic began last year. Harmonising policies for lower-paid and often more at-risk employees with the commonly superior, status-driven terms of senior management has been a key component of such changes. This also illustrates that 41% of HR and reward leaders have been and will be prioritising ‘benefits equity’ in their future policies according to REBA.

While the pandemic has led some employers to review the blanket provision of more recently introduced benefits, such as free food and gym memberships, which were often driven by the central office-location of their now more home-based staff, addressing the needs of more isolated homeworkers has become vital in many large employers during Covid. This emphasis seems set to continue well beyond it.

71% of employers plan to increase their spend on mental health and financial wellbeing benefits over the next 12 months (REBA); while CIPD’s 2021 [reward management survey](#) published in March revealed that: 12% of the 420 employers participating had introduced a new Employee Financial Wellbeing Policy in the prior 12 months; and that twice as many were planning to introduce one in the next 12.

Home and flexible working has of course become a major area of HR work since Covid struck and is increasingly recognised as a vital part of an effective wellbeing policy. While a [few financial institutions](#) such as Goldman Sachs and J P Morgan seem set to try to turn the clock back and force all of their employees back into the office once Covid allows, most employers appear to be assuming a permanent change and more extensive flexible and home working policies continuing into the future. [Surveys show](#) the vast majority of employers forecasting a hybrid-style set of arrangements.

The CIPD’s [Embedding new ways of working post-pandemic](#) report shows that some 40% of employers said they expect more than half their workforce to work regularly from home after the pandemic has ended and the majority of their employees favouring this mode of work. ONS data indicates that the numbers working permanently or mostly at home jumped from 11% at the start of 2020 to 48% during the first lockdown in April and has only declined marginally since then.

On a recent [Financial Times Global Boardroom webinar](#) questioning ‘Can hybrid working really work?’, the global vice-chair of consulting at EY Errol Gardner described how offering potential recruits and existing staff flexible work arrangements has rapidly become a ‘needed to play’, an essential factor in recruiting and retaining employees in competitive markets such as consultancy.

CMI Chief Executive Ann Francke claimed that more extensive flexible working has generally resulted in productivity improvement as well, finally consigning business cultures of presenteeism to history and heralding in her view ‘a broader definition of the workplace’, recognizing that what is important is ‘how and how well you do the work, and not where you are’. The other participants in that webinar however, highlighted the challenges, particularly for line managers, of making this hybrid

model work, requiring significant input and expertise from the HR function and major training support and upskilling for those managers.

On the productivity issue, before the pandemic in 2019 Ricardo Peccei and his colleagues at Kings College London assembled a range of 40 research studies demonstrating that leveraging the links between people management and business performance requires policies and attention to employee wellbeing ([Peccei et al, 2019](#)), linkages that are likely to have been strengthened even further by Covid. Three-quarters of us in HR (73%) think the pandemic will mean a long-term, permanent change in the way their business supports the health and wellbeing of their staff according to group risk industry body [GRiD, 2021](#). They noted that ‘employers consider the measures they’ve put in place over the past twelve months to be positive changes and not simply short-term fixes to get through the Crisis’.

3. Skills, Learning and Development

Hardly surprisingly, the last 18 months have seen a major and almost certainly irreversible shift towards digital learning, as well as a further major booster to the digital economy and the importance of digital skills within it.

My [research](#) for CIPD on ‘Digital Learning in the Post-Pandemic Economy’ in the midst of Covid revealed ‘a remarkably swift hurdling of many of the traditionally-reported barriers to e-learning’. One head of learning reported ‘A decade’s progress made in the last three months’. I found that 80% of employers had increased their digital learning provision since early 2020, in the amount and range of applications. There had been wider demand for digital learning from learners at all levels (71%). Nationally, the Chancellor also announced a 400% increase in places on digital skills ‘boot camps’ for young people in his recent October Budget.

The study summarised evidence showing that good-quality digital learning can be just as effective as traditional in-person/classroom learning; and that it can generate significant returns on investment – it typically takes less time and the retention of learning is often improved. But successful applications require investment in learner support, and generally work as part of a wider L & D strategy, blending synchronous and asynchronous learning, which is required to increase and sustain learner engagement.

Developing this type of comprehensive L & D strategy covering training investments across the entire workforce might appear to have been strongly reinforced by the pandemic and the labour and supply issues now resulting from it. And certain aspects of investing more in ‘growing your own’ and [developing a more diverse range of talent](#), rather than buying in experienced professional hires expensively, or contracting out lower skilled work, are evident from surveys and research studies over the last 18 months. But the current picture is a mixed one.

[The CIPD’s Learning and Skills Survey at Work Survey 2021](#) finds more employers with a learning strategy and more of them believing that it is better aligned with the business strategy than pre-pandemic, thus making clearer how learning adds value to the organisation. Just 18% of heads of learning think their learning strategy and investments will go back to what they were before the pandemic.

But the survey results show that only 36% of employers increased their investment in learning last year. A similar one-third proportion cut their overall training budgets and 32% reduced their specialist training staff, possibly leading to a questioning of the view that this is a permanent and pervasive shift driven by Covid towards greater employer investment in skilling and re-skilling.

Arden University's research similarly found demand for learning up at 60% of firms, but only 30% had increased their training spend. Most simply diverted existing resources to their new online programmes and channels. Even at executive level, the latest *FT* survey of [executive education in 2021](#) found a very mixed picture, with a quarter of employers planning higher spending in the next year, around half maintaining their 2020 spend; and 17% planning training cost reductions.

The [Chartered Management Institute \(2020\)](#) described the Covid-19 crisis as:

'the ultimate test – a sudden, dramatic, life-threatening upheaval, where the outcomes are uncertain. In this extraordinarily difficult time, the value of great leadership is being demonstrated every day'.

And below the 'heroic leader' level, [Zofia Bajorek](#) (2021) astutely notes the enhanced 'importance of (particularly first-level) line management in the virtual world (of homeworking) for employee wellbeing and performance', making for a widespread requirement for the upskilling of managers and supervisors moving forward beyond Covid. Whether this is recognised and will in fact be invested in post-Covid on a widespread basis is much more questionable.

At the other end of the organisational hierarchy, young people have suffered unduly in the employment market, with new apprentice starts down by 30% in 2021 and half a million 18- to 24-year-olds unemployed by June 2021. Employers complaining about skill shortages would do better to boost their reskilling/upskilling activity coming out of Covid, and recognise the benefits, for employees/the employed and the unemployed/wider society, from giving disadvantaged groups and particularly young people with little bargaining power in the employment market, in CIPD's words 'a (fair) chance'. CIPD have established a ['one million chances'](#) scheme to give up to a million extra young people jobs and work experience.

The pandemic has also highlighted the importance of investing in developing lower-paid workers in particular, with [many people shocked](#) to learn in 2020 of the low rates of pay and insecure conditions that the majority of our keyworkers, for example in care and customer service roles, who kept society functioning during last year's lockdowns, have to endure. Ex-Bank of England governor Mark Carney in his recent book *Values*, writes the pandemic has shown the importance of 'solidarity, fairness and responsibility'. He argues against the continuing widening of pay differentials and worsening of conditions for the lowest paid which have been evident over the prior decade.

There are some signs now of a trend towards more commonly offering pay and career progression opportunities to these lower-paid, often part-time, majority female workers. [IES's research](#) found employers are taking a wide range of actions to support progression of their lower-skilled workers, further encouraged now by the staffing shortages for many of these roles. These measures include:

- Contracted minimum hours and the removal of zero-hour contracts in order to provide more security and to help to address costly staff turnover;
- The redesign of jobs to facilitate the progression of part-time workers into specialist and supervisory and management roles;
- Structured career development, career pathways mapping of different roles and the competencies required to progress into them;
- Regular career conversations and the development of wider skills and management capability.

Research has identified a range of benefits to such changes, including: reduced turnover and recruitment costs; better employee retention rates; improvements to service quality; and enhanced employer brand and reputation. And if labour shortages are, rather than being a temporary phenomenon resulting from the general return to the work after the disruptions of Covid, more of a longer-term trend reflecting on the loss of migrant workers and reduction in the size of the total UK employed workforce (which IES estimates to have fallen by around one million workers over the past 18 months), then hopefully more and more employers and HR functions will be making such policy initiatives and investments over the next year and beyond.

General manager of the Conrad London St James hotel, [Emma Underwood](#), told *'The Guardian'* in 2021 about the improvements in working hours, flexibility, pay and training that hospitality businesses such as hers had been making as a result of their learning from the pandemic. She describes 2021 and the ending of Covid as:

'A pivotal moment...People are calling this the 'great reset'. This is our chance to change into the glorious industry it can be... (so) those with a passion for service can enjoy a truly fulfilling career being properly cared for.'

4. Diversity, equality, inclusion and fairness

Rather than being 'the great leveller' of the bubonic plague in [Daniel Defoe's time](#), what has been christened as ['this unequal pandemic'](#) three centuries later has exposed and deepened existing health and economic inequalities in this country.

According to the Equalities and Human Rights Commission chair, this has stimulated 'an important national debate on fairness at work', made people more aware of these inequalities and more willing to push back against them. This has been most evident perhaps in the impact around the world of George Floyd's murder last May and the Black Lives Matter movement. As one popular placard carried by protestors put it, 'Racism is a pandemic!'

Race discrimination tribunal claims increased by 48% in the UK in 2020 and 130,000 people rapidly signed a parliamentary petition demanding compulsory ethnicity pay gap reporting in the middle of the year. The UK's gender pay gap reporting regulations were controversially suspended for last year and the UN's new [gender response tracker](#) highlighted the widespread failure of governments and employers to address the differential impact of the crisis on women and girls.

But with their resumption and evidence of a [worsening of pay gaps](#) in the interregnum, there is now [renewed pressure](#) to enhance these reporting requirements to cover ethnicity and disability groups and to mandate action plans on employers to address their identified gaps. As the UN's fifth Sustainable Development Goal describes, 'Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world'.

The widespread ineffectiveness of HR and equality policies to impact on representation and pay gaps over recent years has also been more forcefully highlighted during Covid. CIPD's [CEO Peter Cheese](#) questioned powerfully in Summer 2020 in a webinar series following George Floyd's murder:

'Have our D&I efforts just been scratching the surface, applying sticking plasters to wounds on racism that we haven't understood? Has the diversity agenda not really been central to the business agenda? Or has it been a case of complacency or discomfort in dealing with 'inconvenient truths?'

The business and moral case for addressing these inequalities has been strengthened and we have seen since then financial commitments and targets for improvement being set by a much larger numbers of major employers. These range for example, from [Starbucks](#) (where the new promises

include 'cultivating a culture of inclusion, with a focus on partner retention and development') to [J.P. Morgan](#) (putting its proverbial 'money where its mouth is' by committing \$30 billion to promoting racial equity). Signatories to [the BITC's Race at Work Charter](#) increased significantly over the past year to more than 600 employers by mid-2021 and the number of 'real' living wage employers has increased by more than one-third over the last 18 months..

HR functions need not only need to give greater priority to addressing these inequalities and unfairness, they need to focus on taking actions which actually make a difference and drive progress. Both BLM and #MeToo have highlighted an HR 'say/do', policy/practice gap, with common practices such as contractual 'gagging clauses' arguably reinforcing existing discriminatory cultures and behaviours rather than redressing them.

The pattern of existing actions most commonly majors on voluntary, training-focused, 'soft' initiatives such as [Unconscious Bias Training](#) . Research has shown UBT to have a highly questionable impact on equality and representation and pay gaps. This pattern and the lack of progress leads McKinsey to call for a fundamental shift in diversity strategy and a '[new gender equality playbook](#)'. The majority of UK employers continue to refuse to publish their ethnicity pay and representation data (despite support from business and employment groups,); and most also didn't publish their gender pay gap data in 2020 when the compulsion to do so was suspended temporarily.

The [EHRC](#) recommends gender inequalities are addressed by a wide-ranging and sustained programme of initiatives, including:

- Addressing differences in educational subject and career choices, educational attainment and access to apprenticeships.
- Improving work opportunities for everyone.
- Making jobs at all levels available on a flexible basis, and encouraging parental sharing of childcare responsibilities.
- Reducing prejudice and bias in recruitment, promotion and pay decisions, for example by using representative selection panels.
- Reporting regularly on progress in reducing gaps.

IES's [research](#) similarly supports HR in future pursuing a broad range of initiatives across a full range of HR/employment areas for a sustained period. It also suggests that this needs to include compulsory 'hard' initiatives, at least initially, to support and drive culture change, such as:

- '[blind](#)' recruitment procedures,
- [salary history discussion bans](#) and raising minimum pay levels, with
- pay and career progression opportunities for all;
- training and nurturing talent from under-represented groups; and
- '[Rooney rule](#)' minority group shortlisting, particularly for senior jobs, combined with
- regular data publication and transparency on progress and targeting increases in representation at these levels.

5. Voice

Reviewing the evidence that: more companies (at least one-third) have been [regularly surveying](#) the attitudes and engagement of their often more home-based workforces during Covid; more employers have also been involving them in discussions on hybrid working as some have been

returning to the office; and even a modest [reversal of the decline](#) in UK trade union membership occurring – it has grown by over 100,000 during 2020 to go back over 6.5 million members - my old CIPD colleague Mike Emmott is optimistic about employee involvement and voice.

In an article for the IPA he writes:

‘During the pandemic calls for a shift away from shareholder primacy and towards more responsible, long-term and stakeholder-oriented business models have now become mainstream... the concept of employee voice has been increasingly recognised as the right starting point for individual employers to consider what works best for them, whether it’s informal consultation processes, training line managers or works councils’.

Mike sees this too as evidence of the increased influence and importance of the HR function resulting from the employment experiences of the pandemic. But while HR’s power in organisations historically was often derived from employee relations and dealing with trade unions, now a broader range of employee involvement and consultation mechanisms is typically required to engage with employees. In IES’s research published last Summer on organisational values and [‘Making Values a Reality’](#) for example, the *‘evidence supported a combination of top-down and bottom-up approaches (in) . . . effectively communicating and embedding values’*. Successful employers were working *‘to bring values to life in reality’, ‘working with employees to consider what “good” looked like’, sharing stories’*.

The effort is undoubtedly worth it. In the evidence review carried out as part of the [IPA’s original research for the government on employee engagement](#), voice and employee consultation and communications emerged as one of the four main ‘enablers’ (along with integrity and leadership) of engagement levels, which in turn correlates with a range of business and employee performance outcomes. The EHRC’s research shows that transparency and involvement correlate additionally with employee perceptions of fairness and fair treatment.

So employers and their HR functions should definitely be prioritising employee voice in support of higher employee engagement and performance. This has been reinforced during the pandemic, as a number of studies demonstrate that almost by necessity in a locked-down world, employee [levels of autonomy have often increased](#).

Whether this shift towards more democratic and ‘servant leadership’ incorporating louder employee voice is actually happening on a widespread basis is however, more open to question.

The [latest research report by the IPA](#) for the Financial Reporting Council, on the impact of the 2018 corporate governance reforms designed to promote employee representation and ‘voice’ at board level, unfortunately concludes that:

‘It is disappointing so many FTSE 350 annual reports downplay the importance of workforce engagement, relegating it to boilerplate language in a formulaic table of stakeholders...(showing) widespread and continued resistance and skepticism’.

And whatever the pressures on employers to provide work flexibility to recruit and retain employees in the current tight labour market, Kings College (2021) latest study of working flexibility is depressingly familiar. They found all forms of flexible working bar homeworking had, remarkably, declined during the pandemic. They attribute this to ‘narrowly defined and inflexible working options’, ‘unsupportive cultures’, ‘ill-informed managers’, leading to poor policy implementation; and a ‘common failure to consult individual parents on policies or practice’.

The researchers conclude:

'Parents want to see lasting changes to improve their working lives after the pandemic, including: more creative thinking, ensuring a gender-inclusive approach, trust & understanding from employers, strengthening employee voice.'

But we have seen precious little of them. One exception, PwC, who have moved to offer almost complete choice on work location to their employees, describe this approach as being *'about meeting people where they are'*. There would certainly seem to be plenty of opportunity for forward-looking HR functions to differentiate themselves from competitors and to improve their employee engagement levels in this way.

On financial involvement, there has undoubtedly been growth in interest in team bonus, profit sharing and all-employee share plans and employee ownership during the Crisis. According to [Startups magazine](#), Covid-19 is 'driving huge growth in employee share schemes', or interest in them at least. Based on their latest research, *'A Stake in Success'*, the Social Market Foundation argue that employee share ownership needs to form 'a key part of a fair and strong economic recovery narrative as we emerge from the Coronavirus crisis', again with research studies showing strong associations with productivity and performance outcomes. 58% of the employees they surveyed agreed that share ownership would make them more motivated in their job.

But despite the common chief executive rhetoric to employees of 'we are all in this together' in fighting the pandemic, as [my own research](#) highlights, this is still not matched by enfranchising employees beyond the executive suite and providing collective bonuses and extensive employee shareholding in most UK private sector employers. This is despite Covid and the evidence on the performance benefits of these plans. Again, this suggests there is lots of scope and opportunity for the forward-looking and research-evidence-oriented HR leaders and professionals to make significant progress in the months and years ahead.

6. Data and evidence

My final two HR priorities for 2022 and beyond have more to do with the processes and capabilities that underpin all of the other areas of work that I am suggesting HR professionals need to prioritise in the months and years ahead. The first is continuing the evolution towards better HR information, supporting more evidence-based HR action, rather than HR policies being driven largely by market practice and history.

The pandemic has clearly highlighted the importance of up-to-date and valid employee and HR information, even just to know where people are working and that they are safe. HR information technology has therefore, not surprisingly, 'increased in importance during the pandemic'. This is shown in a recent survey by [XpertHR](#). It found that 85% of (mostly larger) organisations now have a formal HR technology strategy in place, or plan to introduce one (25% of them) over the coming 12 months. Almost nine in 10 have deployed some form of technology to support HR activities during Covid, with the most common being an HR management/HRIS system, used by almost three-quarters (71%) of respondents.

The main drivers for investing in HR technology during Covid were to increase automation of HR services (81%), to enable employees (from home or in the field) to access HR via self-service (66%), to enable improved data-driven decision making (66%); and to integrate disparate sources of people data more effectively (64%). When asked how HR technology use had changed over the past 12 months, HR professionals said most frequently that it had been deployed in enabling the rapid shift to remote working, helping to keep employees engaged and connected, and for recording details of

furloughed employees. Technology has also been vital in supporting what by necessity often became 'virtual' processes, such as recruitment and onboarding, replacing the physical steps in these HR processes such as checking the nationality of recruits.

[The CIPD](#) describes how 'It's important that people professionals adopt this evidence-based approach because of the huge impact management decisions have on the working lives and wellbeing of people in all sorts of organisations worldwide'. It underpins their profession map of requirements and capabilities for people professionals, which requires practices to be 'principles-led, evidence-based and outcomes-driven'.

They set out a six-step process to put the approach into practice, across all areas of HR work.

For example, the CIPD Learning Survey concludes, 'be evidence-based: define your desired outcomes, engage key stakeholders, gather evidence and measure learning impact on performance'. The CIPD's reward management survey recommends that you 'establish an appropriate reward design by collecting, analysing and interpreting the people and business data available. Then, explore and test the available options in various scenarios'.

IES's values research similarly found that one of the CIPD's stages, 'evaluation activities', were typically 'used to encourage employees to consider how well they, or the organisation, are demonstrating the values and then discussing their thoughts, enabling the organisation to better put their values into practice'. IES similarly recommends that employers gather and publish their most 'significant employment statistics' and 'analyse and act on the key drivers and demonstrators of success in creating a rewarding, growing and successful organisation'.

Professor [Rob Briner](#) highlights how Covid has reinforced the importance of 'acting on evidence' in the face of an unprecedented situation. His ten lessons to be drawn from the pandemic include:

- It's all about using multiple sources of evidence, there's always time to collect and use it.
- Get a handle on the problem before you start implementing solutions.
- Find out what's already known before collecting new information.
- Don't stop being sceptical.
- Don't make comparisons unless you're fairly certain they're valid.
- If getting hold of evidence is difficult now, remember that there will be a next time.

An example of this evidence-based and impactful, differentiated HR management approach, reflecting on learning from the pandemic and the new labour market situation, is provided in the innovative 'first come, first served' recruitment practice recently introduced in parts of its operations by [retailer The Body Shop](#).

How can you possibly recruit without any selection?! Well, with a focus on targeting minority and disadvantaged groups and well-directed investment in employee training and onboarding, their initial trials found that monthly turnover in their major distribution centre dropped by 60% to 14% within a year of removing most of the selection process. The Company as a result saved money and only had to work with one temp agency instead of three. A supervisor told the researchers, "When you give people access to something that they're struggling to find, they're very committed to working hard and keeping it." The trial has since been rolled out to other locations.

7. Re-engaging the workforce

I have already described the importance of employee engagement and HR professionals acting through all of their different areas of responsibility and activity – employee relations, reward and wellbeing, learning and development and so on – to maximise engagement levels, especially now

that recruitment and retention have become much more challenging in a supply-short labour market.

So, what impact has the pandemic had on employee engagement levels in UK employers?

While the many models and methodologies – over 60 according to Nita Clarke and David Mcleod's original [government research report](#) - show different levels and scores of employee engagement, there appears to be a broad consensus amongst attitude survey providers on two points:

- First, overall engagement levels amongst UK employers are generally low by international standards;
- Second, they have remained flat through the pandemic.

[Qualtrics](#), for example, reported before Covid struck that 'UK workers are some of the least engaged in the world... employees in the UK recorded average engagement scores of just 45%, only Hong Kong and Singapore scored lower than the UK.' [Gallup](#) produced their annual 'State of the Global Workforce, 2021' report this June, concluding that across the UK and much of Europe:

'Individual countries generally show little or no change in engagement levels between 2019 and 2020. This stagnation in 2020 follows an even longer decadal trend - engagement in Europe has barely budged in the past 10 years. Across most countries, fewer than two in 10 employees are engaged by their day-to-day workplace experiences'.

[The NHS](#), with one of the world's largest annual staff engagement surveys gathering over 600,000 responses, illustrates this well. Overall engagement levels were flat between late 2019 and 2020, although a higher proportion of staff, 26%, perhaps due to the additional pressures on the Service of Covid, now 'often think about leaving'. Staff pride in their employer and recommending it as a place to work, one of the key dimensions of their engagement model, increased (from 63% to 66% of staff), as did the proportion who agreed patient care is the top priority in the organisation (up to 79%).

But so did their reported stress and workloads and its negative impact on their health & wellbeing, with 75% for example recording that they were regularly subject to unrealistic time pressures, keeping the overall engagement scores down. Addressing the high vacancy levels in areas such as nursing and reducing employee turnover rates through improvements in employee engagement are therefore top of HR professionals' priorities in the NHS. And they need to be in many other UK employers today.

Gallup emphasise that this stagnation in employee engagement is not inevitable, with improvements recorded in other parts of the world and evident 'when leaders choose to make work meaningful and make engagement a priority'. The work elements with proven links to performance in their database include: staff knowing what's expected of them at work, experiencing encouragement and development, and knowing how their daily work contributes to the purpose of the organisation.

In addition to productivity and performance, they find that employee engagement is related to workers' wellbeing, for:

'Unsurprisingly, when people feel supported at work and get to do what they do best every day, they feel better about their lives overall. They're more likely to be considered thriving in their wellbeing and are less likely to report feeling stressed or worried. 51% of actively disengaged European employees say they felt stressed the previous day, compared with 31% of engaged workers -- a finding that has serious implications for their physical and mental health'.

The NHS staff survey has found that those trusts with higher engagement scores achieve higher ratings in their annual health check performance and have lower staff absenteeism and attrition.

2022 and Beyond: HR Learning from the past, planning for the future

'If the COVID-19 pandemic has taught us anything, it's that business is all about people. The virus has destroyed lives, jobs and industries; the lockdown has transformed the way we work, communicate, learn and innovate . . . Matters of leadership, workforce engagement, productivity and skills are suddenly at the centre of organisations' strategy formulations.' [IBM Report \(2021\), 'How HR Leaders are Rewriting the Rules of Work in a Pandemic'](#)

'UK Employers are at a watershed. The cultural and societal changes caused by the events of 2020 are likely to leave a lasting legacy on the workplace. There will be no stepping back, only consideration of how to step forward.' Udara Ranasinghe, ['The shape of things to come: A look at the future landscape for employers'](#). IES HR Perspectives 2021.

'Reflect on what has worked well during the pandemic and what can be adapted to build back better' [CIPD Learning Survey, 2021](#).

So in sum, this horrendous, extended experience of Covid-19 in our lives has at least highlighted the importance of people at work and how they are managed and engaged. Or not....

Too many UK employers in the previous decade had pursued a strategy of minimum cost/minimum responsibility for their workers, in pursuit of maximising short-term margins and returns to shareholders. The short-sightedness of this approach has been fully exposed by the pandemic.

Now, with the right investments in people and a focus on evidence-based HR practice, and with attention to the seven priority issues and areas my research has highlighted, employee engagement levels can be improved on a widespread basis; and thereby individual and organisational health and performance also enhanced significantly through the most effective and impactful HR management.

In the third and final part of this article, I move on to look at four changes required in the roles and function of HR in the future to deliver on this more ambitious and impactful agenda.

HR in 2022: The past, the present, the future

Part 3: The future - Four shifts in the roles and structure of the HR function

The Covid Crisis

There can hardly be a better confirmation of my typically-HR-cautious contention that the pandemic and the way the function has reacted to it, especially in reinforcing the importance of human-values-focused people management and diversity, has been generally positive for the HR function. Earlier this month the luxury goods company Chanel announced that its new chief executive is to be the brilliant Leena Nair, currently global chief HR officer at Unilever.

Her current CEO Alan Jope magnanimously described her as a 'pioneer and driving force on equality, diversity and inclusion'. This is perfectly illustrated by her untypically-HR-ambitious and far-reaching commitment earlier this year towards ['fairer pay for a fairer world'](#). After having achieved a living wage for every Unilever employee worldwide, the Company committed to extend the policy into their huge supply chain, with suppliers' employees across 190 countries set to benefit from a living wage by 2030. The commitment includes two billion euros being invested in businesses run by minority and under-represented groups.

According to Chanel 'Nair has built a global reputation for progressive and human-centred leadership, delivering significant business impact', an agenda which has received increased focus during Covid and since the murder of George Floyd. It is also an agenda that has become an increasing source of criticism of these luxury fashion firms, both in terms of their product offerings and their employee make up (so to speak!).

[One recent review](#) for example, concluded that 'fashion's BLM reckoning was mostly bluster,' with high-flown twitter endorsements not followed up subsequently in practice by these firm's initiatives and investments. An article in [Forbes magazine](#) similarly noted that amongst investors and consumers, never mind potential recruits, 'in no consumer category is the price for violating consumer trust and loyalty so high as in the luxury sector'. And so 'over the last several months, Burberry, Gucci and Dolce & Gabbana have been caught, tried and convicted in the court of public opinion for the crime of cultural insensitivity'.

More widely, as I described in the previous two parts, HR functions have played a key role in the corporate responses to the pandemic. Initially this was focused on establishing safe working arrangements for their key and customer service workers facing the highest risks from Covid, alongside of support for the health and work-life-imbalance issues faced by their office workers suddenly marooned at home.

As the situation has evolved, we saw a broader set of HR policy and investment responses, particularly in terms of health and wellbeing, HR systems and e-learning, with more than twice as many employers increasing their benefits spend as those forced to reduce it, three-quarters providing new and enhanced digital learning and one-third increasing their overall training spend.

As the introductory article to a [special edition of the HRM Journal](#) on the impact of the pandemic notes, it has been 'unprecedented, hugely disruptive, complex (but).. fundamentally a human crisis' in which as the rest of the research article in the journal have found, 'Human Resources comes of age'.

But what about the function itself more widely, how is this playing out in terms of the roles people management professionals are playing now and will increasingly need to play and the key skills and core competencies they will need to display in the future? Can we finally lay to rest for good the ghost of [Dave Ulrich's ageing 1990's three-legged stool structure](#), the much-criticised 'business partnering' model, and the cost and staffing reductions often resulting from its implementation? Along with HR's 'just say no' negative reputation as the department that according to Wharton's Peter Capelli, ['we love to hate'?](#)

With typical foresight, my friend and functional expert [Peter Reilly in 2017](#) described the labour market and technology trends putting HR functions and their 'remarkably resilient' Ulrich functional structures under pressure. He set out then a number of change priorities, including some 'straws in the wind' of the necessary structural changes that he was beginning to detect. These included: moving away from roles narrowly focusing on business partnering to broader account management responsibilities; and from a defensive, legal compliance focus across the function to a more proactive and strength-based emphasis on building a strategic and more diverse set of capabilities right through the HR workforce.

Covid, as in many other areas, has accelerated these trends Peter detected and with HR's growing emphasis and centrality to organisation survival and performance through the Crisis, given new emphasis to the importance of them. As with all things Covid there is great uncertainty as to the future, next week (as we await further potential restrictions in the UK at the time of writing), never mind through 2022 and beyond. Nonetheless, I would highlight four necessary shifts already underway in HR in response to 'this human crisis'.

The Four Shifts in HR's Role and influence:

1. From distinct roles and 'business partners' to flexible and innovative project managers
Evidence on the impact of Ulrich's structural model have suggested that it has definitely increased the specialisation and professionalism of the function. But as Peter and Professor [Paul Sparrow](#) argue, often at a cost of worsening communication and co-ordination, even within the function itself, never mind across the business, and particularly between central policy setting and front-line implementation and operation. Co-ordination between the HR business partners, central subject specialists and HR shared services, the three 'legs' of the stool, has often been poor.

Associated cost cutting and a reduction in staffing levels often seemed to worsen the support line managers received from HR and business partners as a result of moving to an Ulrich structure. According to [Stuart Woollard](#), director of King's College London's HRM Learning Board, these 'have been part of a dominant HR functional structure that remains reactive, procedurally-focused and transaction-oriented.'

The scale and speed of Covid's spread in 2020 forced HR functions to react uncharacteristically fast and decisively and to invest in new and essential employee services in response. In doing so, they seem to have at least partly often addressed this operational 'hole in the middle' or 'polo problem' which commentators identified as a result of the emphasis on specialist and discrete roles within Ulrich's model. For this has further encouraged the shift already underway from HR business partner (HRBP) to account/project management roles in HR functions.

[Survey data suggests](#) a speeding up in the reduction that was already becoming evident in the number of HRBPs in large employers. Many firms simply renamed all their senior HR generalists when they implemented the Ulrich structure, but then subsequently wondered why they were not achieving the intended strategic impact and influence. Now they appear to be trying to make them fewer, bigger and higher skilled roles. The close, detailed operational support role which 'sucked up' much of their time in many employers and restricted their ability to provide strategic input, has in a number of companies been addressed by the successful return and re-introduction of some 'old-style' central and divisional HR generalists.

I have seen for example, in a number of NHS hospitals that such senior HR generalist roles have often been critical in responding to the waves of Covid patients and ensuring that sufficient staff are in place on each ward every single morning, covering for sickness and absence, arranging transfers and contract staffing cover and so on. They are hugely valued by their chief executives as a result.

But Covid has also encouraged the use of more flexible HR project managers who can move quickly onto different issues and priorities in a continuing unpredictable and rapidly shifting situation. These are tending to be deployed from a central project management function, which may be established within HR, or cover a wider range of support functions such as finance and logistics. A smaller government department I have been working for tried this multifunctional project management team structure as a two-year experiment, and it has worked so well through Covid that they have made it permanent and increased the number of project managers within it.

Such flexibility and close ties with the business in playing this 'libero' type role have meant that as Kara MacKillop EVP, People and Culture for Canada Goose [told KPMG's](#) researchers on *'The future of HR in the new reality'* study in late 2020, her team have been a part of every major decision that occurred as a result of the pandemic. These have included temporarily shutting down factories, sending 4,000 employees home in just two days, launching employee support programs, and subsequently recalling hundreds of staff to begin manufacturing personal protective equipment. As she describes, 'Our HR leaders are so close to operations that if any pivot has to happen, we are able to see it and address it quickly', enabling rather than restricting their strategic influence on the business and its directors.

[Lucy Adams](#) has taken the concept of 'next generation HR organisation design' a stage further and argues for a flexible 'eco-system of a mix of HR capabilities', at least at the centre, and including contracted subject experts. Numbers and roles at the centre can then be planned for and varied to suit the range of demands across the organisation at different times, and in response to major events and crises.

Reflecting on her own experience of the last 18 months, [Heather Rudes](#), Chief HR Officer at The Bonadio Group, a professional services firm, describes how such flexibility and 'crisis response management is now a critical and necessary component of a strategic human resources division'. She believes *'HR leaders have learned how to quickly determine where the greatest need lies, as it relates to the firm's people and business, and how to react effectively to mitigate risk... working in tandem with the senior leadership to consider reconfiguring workflows, redeploying talent or reskilling staff to help them stay relevant.'* It's fast people strategy!

2. From administering procedures to developing future, evidence-based policy

Under Ulrich's structural model the third, largely administrative HR shared service activity was often the least influential part of the function and fairly commonly has been outsourced, with varying degrees of success. Covid has brutally highlighted the lack of knowledge of some employers about their people (if only to be assured as to how many there actually are and where they are located, in order to ensure their safety and wellbeing!), as well as the risks of outsourcing, especially cross-border.

Two-thirds (65%) of people management professionals in the [CIPD survey](#) of its members identified digital transformation as the major driver of change in their organisation and in the HR function itself during the pandemic. Over a third (38%) of the 1,300 employers in the KPMG study had made investments in HR technology in 2020 and 54% plan further investment, with the emphasis on learning and development platforms and virtual/flexible working. The emphasis in new and

enhanced HR systems and the shared services function appears to be particularly on improved data analytics, enhancing the ability to measure and improve productivity and the contribution of good people management to it, carry out workforce planning and better meet talent management and learning needs (as described in part 2 of this article).

[IES](#) was founded more than 50 years ago by a group of HR directors from leading companies seeking to establish better evidence of the linkages between good people management and performance, and thereby to increase the influence and demonstrate the importance of their function. Regularly since then HR has been criticised for the failure to produce and act on such evidence. [Charan](#) for example argued in *'The Harvard Business Review'* that most HR leaders:

'are process-oriented generalists who.. can't relate HR to real-world business needs: they don't know how key decisions are made and they have great difficulty analysing why people aren't meeting the business's performance goals.'

Yet now according to [Darren Cornish](#), People Services Director at financial services giant Aviva (U.K.), "Since the beginning of the pandemic, the ability to use data analytics has been critical in order to make decisions, drive engagement through the leadership teams, and justify our proposed approaches.' As a result, 'through the Crisis, the HR function has gained a stronger seat at the top of the house and has a stronger reputation and brand within the broader organisation'.

Similarly, [Roberto Di Bernardini](#), Chief Talent Officer at Banco Santander, believes that 'there has never been a better time to be in HR. Issues such as flexible working, reskilling and upskilling, and digital transformation were important before—now, they are critical.' The function there is taking the lead on improving the digital skills and capability of the workforce, including of course HR people themselves.

As well as investments in better systems and information we have seen upskilling of staff in the HR support centre, in order that they can carry out a wider range of HR advisory and analytical activities, rather than just answering queries and doing administration. The new and improved HR information systems companies are investing in are often able to reduce the most routine activities and have driven a further shift towards employee self-service. There is a growing volume of recruitment adverts at the moment for roles in HR metrics and analysis, which may be based in the service centre or form part of the central subject expert teams.

A large technology company has taken this change further and established an internal HR research team, staffed mostly with PhD's and carrying out some of the sort of work that organisations like the IPA undertake for their clients. Their research projects, some responding to the business and some at HR's instigation, have included: comparing which initiatives are having the most positive impact on employee's mental health (not mental health first aiders or the EAP service, interestingly); and how best to support the health of their increased number of homeworkers.

A major UK-headquartered global company implemented a wholesale reorganisation of the HR function worldwide over last Summer and one of the new senior roles created is a global head of HR operations. The new incumbent manages a global HR service centre based in the Far East, but has a much wider range of responsibilities too, including influential HR analytics and systems teams.

3. From 'HR confidential' and controlling to 'Voice' and enabling

'The biggest thing we learned over the last year is that you cannot communicate enough. You have to have transparency about what you're doing as an organisation and tell people—even if you're unsure

about a solution—the thought process behind how you’re approaching a problem’.

[Rich Stingi](#), Chief HR Officer, Broadridge Financial Solutions

The theory as to importance of employee communications and transparency to building trusting, engaged, high performance organisations is now central to any HRM masters’ qualification and the CIPD’s new professional standards for HR professionals. Yet [my evidence review](#) with Michael Armstrong published early in 2020 of the shifting responsibilities and roles of HR professionals over time highlighted the growing suspicion that, rather than playing their key role in aligning employee needs with business goals and acting in Ulrich’s ‘employee advocate’ role, the function in its pursuit of business partnering and influence has ‘sold out’ on employee interests.

Professors Tony Dundon and Anthony Rafferty believe that ‘the dominant narrative of contemporary HRM emerged within a specific period of capitalism, espousing free markets, the primacy of individualism and unfettered competition’ and the need to display ‘value added’ to the business, which was a key driver of Ulrich-style restructuring of the function.

This has meant that ‘the function of HR often becomes little more than an administrative minder for investors who demand added value,’ sacrificing longer-term development and investment in people for short-term profits. There is, they claim, a ‘gulf’ between ‘the person-focused rhetoric and the harsh realities of people management’.

Take equality, diversity and inclusion, [a major priority area](#) for HR described in my previous article on future trends. With the visibility of health and economic inequalities enhanced and intensified during the pandemic, and the growth in company reporting requirements and the associated social developments such as #MeToo and Black Lives Matter which have encouraged people to speak out, there is increasing evidence of the problems created by HR policies, such as the unfettered use of Non-Disclosure Agreements. Jena and Hari in their recent book ‘[Diversity beyond Tokenism](#)’ accuse HR teams of commonly ‘paying lip service’ to diversity commitments and doing at best only ‘what is the bare minimum required by the law’.

Conservative MP and ex-chair of the Women and Equalities Select Committee Maria Miller introduced a private members’ bill in parliament in September 2021 aimed at stopping the “malicious” use of NDAs to cover up illegal activity by employers and discrimination against employees. She argues that they are commonly ‘being used as safety nets for employers to routinely cover up abuses without consequence’.

As recent disclosures of allegations of unacceptable senior leadership behaviour and the cultures in a number of firms, including Tesla, Microsoft and Bloomberg, have highlighted, employees have plenty of evidence now to indicate that as the press headlines put it, ‘[HR is not your friend](#)’ and is not to be trusted. Edward Segal in an [article published in late 2021](#) contends that ‘employees don’t trust HR’ because of this unequal treatment, as well as their increased and excessive emphasis on the bottom line, and their widespread ‘lack of qualifications and competence’. He even claims that ‘HR advisers commonly mislead employees’.

So just how do employers and HR functions rebuild a trusting, high performance, high commitment employment 'deal' in a generally 'low trust' era, with the backdrop of Covid inducing huge political and economic uncertainty?

Even Segal notes the findings from a UK study involving more than 1,000 employees earlier this year carried out by Cezanne HR. [Their survey](#) revealed that the pandemic has forced even the most narrowly-focused and legally-driven HR functions, as Sue Lingard their marketing director explained, 'to get out and in front of employees more (even on zoom!)'.

The research found that 32% of employees trusted HR more as a result of the impact of and their response to the pandemic and only 13% less. Employees where trust in the function was high reported lower levels of stress and absence and higher levels of productivity. Lingard also notes that 'the better known they are, the higher the level of trust - and that's good for the way the whole business works together'. She recommends that HR leaders and staff improve their personal visibility and recognition and open and improve as many channels of communication as possible in the future, as hopefully more physical and contiguous contacts become possible once again post-Covid.

The Cezanne communications study also revealed that increased reputation and influence for the HR function was derived from 'championing equality, diversity and inclusion or climate change initiatives'; and from 'consulting more' with employees and line managers, in establishing and facilitating [diversity network groups](#), for example.

Enabling greater employee voice more widely, with evidence of a marginal recovery in trade union membership during the pandemic, and as some advisers have argued, becoming the centre of knowledge on 'the employee experience' and how to improve levels of engagement, seems therefore to be an important future role for HR. The [IPA's research](#) for the Financial Reporting Council for example, on the impact of the regulations to increase employee voice at board level, found 'lip-service' often being paid to the new requirements. They called for the input of HR expertise to develop this employee input at board level in more systematic fashion, so as to achieve more significant business impact.

Many HR functions definitely appear to have been strengthening their own expertise on employee communications and engagement during Covid; and in some cases have also recruited their own communications specialists to get their policies over more effectively to managers and staff, as well as working with their in house internal and external comms functions.. The restriction on interactions between keyworkers and major shift to homeworking at least seems to have raised the awareness of the importance of communications and involvement amongst leaders. As a result we have seen far more regular polling, pulse surveying and sense checking and responding to the attitudes of employees revealed in different parts of the business in many employers during the pandemic.

For Heather Rudes at Bonadio Group, key lessons of the pandemic for herself and other HR leaders have been, '*I learned that HR departments need to learn quickly how to distribute authority and coordinate activity, implement real-time data collection, listening and communication programmes*'.

But part of this required shift in HR's libero, 'linking up' communications role also involves their relationship with line managers. In higher trust and more transparent organisations, HR have been playing the role of coaching and enabling managers to engage their staff and implement HR policies effectively in practice. This contrasts with a more traditional HR approach of trying to police compliance with their procedures, what Peter Reilly refers to colloquially as a 'cop and prop' function.

The excellent [Katy Downes](#), head of reward at Biffa, told the annual CIPD conference at Manchester late last year how the pandemic and move to homeworking for head office staff has given momentum to their training at the Company for line managers, especially first line supervisors. She has been running three 2-hour modules for their supervisors on reward management in the organisation, with great and appreciative feedback from them.

Another illustration of this move to a more intelligent enabling and facilitating role for HR, rather than administering and enforcing, is a large media organisation. Here the reward centre of expertise developed three options for their performance management process for divisions to choose from, rather than trying to impose and enforce one single corporate model on a fluid and flat organisation comprised of journalists and similar types of staff who don't generally respond well to bureaucracy and big, formal, imposed systems. The proportion of staff reporting they now have regular performance discussions with their manager and find them useful have both increased significantly as a result.

In a large financial services group, the disruption of the pandemic highlighted the inconsistencies and problems of the more than 50 different incentive schemes in operation around the organisation. Instead of simply shutting them all down and trying to impose a single common plan across such a diverse and geographically dispersed organisation, the central HR team instead set out some common core principles any scheme has to adhere to – to be based on measurable performance criteria, to be self-funding, to be transparent to participants, and so on. HRBPs then worked with each division to work up effective plans which met with this common framework of principles, resulting in a far simpler, more consistent and effective set of plans.

4. From 'business/business/business' to Values and Purpose-driver

CIPD's recent [annual survey of our profession's](#) views and recent experiences found more than 50% of us feeling a stronger sense of purpose and value in our role since the Covid crisis struck. This stems not just from a greater realisation of the importance and value of good people management by leaders and colleagues in 'this human crisis', but also the enhanced wider social and political expectations on business.

With organisations like Chanel now tried faster and more severely in the court of public opinion than in the courts of law; and the latest generation of workforce recruits pressurising their employers to spend more time and effort on ESG issues such as the climate crisis; and with an increased sensitivity to external opinion, [younger HR professionals](#) in particular see HR as playing a leading role (like Nair) as the organisation's ethical conscience, their moral compass. In the CIPD survey, 70% of HR leaders and participants agree that they would never 'compromise ethics and principles under pressure from

business leaders’; and 48% saw an enhanced role for the function now and in the future in ‘building culture and values’.

[Paul Sparrow](#) describes this as a move back from the ‘vertical’ business-aligned HRM emphasis of recent years towards a more traditional brokering and linking, ‘horizontal’ approach to strategic people management. Before the pandemic he wrote:

‘Paradoxically, at the very time we are asking ourselves ‘do we need HR?’, (the title of the book written by myself, Martin Hird and Cary Cooper), we know that people management issues have never been more central. All of the major performance challenges – productivity, innovation, customer centricity, globalised capability- are people-centric, ‘horizontal’ problems, they sit above the traditional functions. They can only be solved by cross-functional action, need connections to people beyond the organisation’.

‘In solving these problems’ Sparrow believes, ‘we need to create new breeds of HR professionals educated and equipped with more holistic skillsets and networks’. As well as HR leaders like Leena Nair, able to influence and shift the whole leadership and organisation in this direction. The pandemic has power-charged this emphasis and requirement for HR.

For [KPMG considering the future of ‘HR in the new reality’](#), rather than taking their historic “inside-out” approach, characterised by policing adherence to policies, the HR function of the future will they believe operate an “outside-in” model. This removes the boundaries between HR and the rest of the enterprise and its broader stakeholders, ‘using business insights to continuously transform the employee experience while nurturing the wider purpose and culture of the organization’. It needs to be ‘a new kind of HR function—one that is more connected, that drives a culture of innovation, and enables new ways of collaboration’, the HR libero again.

So rather than ‘selling out’ on employees and other corporate stakeholders in the single-minded pursuit of shareholder returns and currying favour in the boardroom, Covid has provided the HR function with a tremendous opportunity. The chance to lead in helping their organisations adapt to far more powerful multi-stakeholder demands and to address a [wider ESG agenda](#), beyond just money-making and efficiency. Indeed, my research on the evolution of people management strategies found chief executives now expecting HR leaders to play the role of corporate values and culture champions; and helping them to avoid the ‘say/do’, policy/practice inconsistencies which have traditionally blighted corporate values statements.

[Siobhan McHale](#) the Head of People, Culture and Change at Dulux Group describes this as HR moving out of the pandemic and away from Ulrich’s business partnering and employee advocate roles, towards more rounded and impactful, multi-stakeholder management; and with a focus on shared values across this broader population. As Canada Goose’s Kara MacKillop explains, the speedy decisions made in the pandemic demonstrate that shared values ‘can be incredibly powerful if they are used as a touchstone for decision-making. Everything ties back to our five key values’.

Similarly for Cornish at Aviva, their corporate values have acted as ‘a set of proof points that give our people absolute clarity in terms of them being our priority,’ enabling speedy and effective decision-making and rapid changes in the function and across the wider organisation in response to Covid.

Moving Forward: 'Human resources comes of age'?

Collings and colleagues in [their recent HRMJ article](#) on HR's experiences in the pandemic conclude that:

'HR leaders (have been) central in enabling organisations to manage through and ultimately exit the crisis successfully. (The pandemic has created) an unprecedented opportunity to elevate the status and reinforce the influence of the HR function... (and the potential) to drive more sustainable performance through the alignment of people and purpose, balancing the short and long term objectives of the organisation'.

[Ashley Goldsmith](#), Chief People Officer at Workday, says of the Crisis that it has also stimulated a more forward-focused and evidence-based approach in the function: 'I think it's really changed how we think about talent. It forced us to step back, to look at how do just about everything. Just because we did something one way in the past doesn't mean we need to do it that way in the future'.

My summation of the research evidence and these practical examples of the roles and contributions HR functions have performed over the last 18 months suggest four ways in which HR has and can evolve to a more effective and influential role; and to exploit the opportunity which the pandemic has created and highlighted, for employers to move towards a more people-oriented and high-performance approach in the future.

This evolution is seeing the leading HR functions move from:

- Rigid functions with fixed business partner roles, towards more flexible and project-focused structures;
- Administering historic procedures, to developing future-focused, analytics-driven and evidence-based policies;
- A confidential and control-oriented approach, towards open, connecting and enabling HR management, with HR playing a key 'libero' linking up role;
- A short-term business, profit and cost-obsession, towards becoming the values, purpose and culture champion of the organisation, ensuring it is aligned in practice to a mission reflecting a multi-stakeholder agenda.

Of course, there are risks in moving towards this more future-focused, evidence-driven and purpose-led function. Most obviously of creating an even larger gap between grandiose HR ambition and theory and delivery and practice in reality; and of a knee-jerk reversion to the austerity-focused and anaemic, people-investment business models that had come to prevail in too many sectors and employers in the past decade.

But hopefully I have provided enough real-life examples in these three articles to make you as (cautiously) optimistic as me, that this can really be the prevailing people management model for the profession and their employing organisations in the future.

And after the life-changing experiences for all of us of the pandemic, do we have any choice?

Exhibit 1: A Summary of the Rapid Shift in the Context and Emphasis for HR Management as we evolve out from Covid

AREA	THEN	NOW
Economy	Deep recession due to lockdowns, c20% shrinkage in UK GDP	GDP recovery, UK virtually back to pre-Covid GDP levels
Strategy focus	Finances and cost, shareholder and PE returns	ESG and broader stakeholder responsibilities of employers – to climate, community and employees
Supply side	Lockdowns, for people, furloughing	Logjams... for sourcing everything – raw materials, suppliers, labour, etc
Labour market	'The Great Hibernation', over 9 million furloughed	'The Great Resignation', record over 1 million UK vacancies and total employment population down c1 million
Reward	Pay pauses and freezes	Escalating pay awards – c3% average and rising (IDR)
Health and wellbeing benefits	(Physical) health and safety focus, traditional benefits	(Mental) health and wellbeing focus Shift back to invest in collective security and benefits– improved and harmonised sick pay, mental health and financial wellbeing apps and advice, parental support.
Flexible working	Work-life-overload, digital divide, homework versus office/Covid risk Rapid development of homeworker support tools	'Hybrid' working extensive ambition Unclear as to the future balance and level of employee 'voice' in this Some evidence for 'inflexible flexible working'
D, E & I	Vehement expressions of support for equality after George Floyd murder. UBT courses and reporting compulsory minimum common	Calling out 'say/do' gaps and pressure to act on inequalities and unfairness, resulting in some significant investments, for example in race equality More effective action? More extensive reporting with mandatory action plans to close gaps?
L & D	Training courses, face-to-face, status-based	On-line and digital, multi-method and wide participation, more 'grow your own' But training budget cuts as well as investments, 30% decline in apprenticeships
Voice	Declining unionisation and individualisation of comms. More regular pulse surveys	Broader range of consultation and comms channels Gentle recovery in TU membership
Evidence-based HR	'Market convoy', following competitors' approaches	More innovation and evidence-based trials and policies evident
Employee engagement levels	Low by international standards for the past decade	Staying flat... ... but with significant opportunities to improve.

Exhibit 2: HR's Experiences in the Pandemic

HR Goods	HR Bads
Greater recognition of importance of people management/ HR	Corporate ‘sinners’ as well as ‘saints’ shown up
Rapid expansion of digital learning	Cuts in training budgets
Rapid development of new, enabling approaches and solutions – homeworking, L & D, mental health and financial support, etc	Continuing inflexibility and ‘just say no’ approaches eg flexible working
Shift to invest in security and benefits– flex benefits platforms, improved sick pay, mental health and financial wellbeing, etc	Not evident in all workplaces, benefits spending cut in some
Increased sense of purpose/job satisfaction for HR professionals	HR work overload and stress
Recognising contribution of low paid workers (at least temporarily) – hero bonuses, benefits harmonisation, etc. Senior pay cuts and freezes	Action on inequality and poverty more widely? ‘Back to normal’ on executive pay
Greater attention to DEI and leadership commitments; growth in EPR	More and more effective actions? Wider gender pay gap increases/failure to report voluntarily