



EMPLOYCO USA

The Power to Compete

2022 MIDYEAR HR TRENDS TO MONITOR

Presented by Employco USA, Inc.

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Introduction

Heading into the latter half of 2022, there are several trends impacting HR. Over the course of the COVID-19 pandemic, HR professionals have faced challenges ranging from the health impacts of COVID-19 on workers to ongoing attraction and retention challenges. Challenges that are both similar and new will likely be present in quarters three and four of 2022. The workplace continues to transform, and while the pandemic has had a significant impact on these changes, various social movements and technological advancements have also played a role.

This article provides insights into current HR trends and discusses strategies employers are exploring.

Continued High Inflation Rates and Employee Compensation

Inflation in the United States has seen its largest 12-month increase since 1981, creating a challenging economic environment for both organizations and employees. According to the Bureau of Labor Statistics' (BLS) consumer price index, the U.S. inflation rate had increased by 8.6% as of May 2022. While some economists predict this rate will ease by the end of 2022, whether inflation will lower—and by how much remains to be seen.

Most employees have likely been impacted financially due to inflation and ongoing shortages. In turn, competitive pay remains a top demand of workers in today's labor market. As a result, workers desire various types of assistance during this time, and in turn, employers are exploring strategies.

As inflation has increased, so has pay for many organizations. The BLS reported that average hourly earnings had increased 5.2% year over year as of May 2022. Although these numbers trail current inflation, this does show that employers are increasing pay slightly. According to Zywave's 2022 Attraction & Retention Benchmarking Overview, 75% of employers consider increasing compensation to meet current demands as one of their top challenges for attracting and retaining employees. While large compensation bumps are not feasible for all organizations, even small increases can help employees address heightening day-to-day costs.

Alternatively, allowing employees to work remotely can help reduce expenses such as commuting—which has become more expensive due to increased gas prices. Remote working options can also help employees save money on lunches and other day-to-day expenses that come with going into the office. Such options as remote or hybrid work can be a perk for employees and can also be viewed as a benefit in lieu of greatly increasing wages.

Remote and Hybrid Work Challenges

As many employers have started adapting to more permanent remote and hybrid work models, these arrangements come with new challenges, among which is the need to reconsider team dynamics. Employers may want to hold weekly team check-ins and establish clear guidelines surrounding communication and the various platforms an organization may use for different purposes. The lack of in-person communication that accompanies remote work can easily lead to miscommunication within an organization, so employers may want to be intentional about prioritizing their team dynamics if they want teams to thrive in the remote environment.

Further, ensuring employees feel connected to each other and the organization is essential to the success of remote and hybrid work models. According to Gartner, only 24% of hybrid and remote workers feel connected to their organization's culture. However, even in remote environments, employers can take steps internally to foster better cultures. Because not everyone will be in the office sharing the same experiences daily, managers can look to create positive microcultures—the specialized subculture of a group—within their teams. While broad company culture is still important, creating microcultures can enhance employee connectedness and may ultimately help retention if employees feel a sense of culture as a result.

Among other remote work challenges, employers should be aware of wage and hour compliance requirements for remote and hybrid workers. The Fair Labor and Standards Act still applies to remote working arrangements, so employers need to be cognizant of the hours their employees are working and ensure that workplace practices, policies and processes account for these workers. Employers should review all applicable laws and regulations and ensure their remote and hybrid practices are in compliance.

Continued Tight Labor Market and The Great Reshuffle

The labor market is not likely to become less competitive in the second half of 2022. While employee quit rates remain high, unemployment rates keep trending down as employers struggle to fill open positions and keep valuable talent. This tight labor market is what economists refer to as the "Great Reshuffle"; many workers realize their priorities have changed, and this has kickstarted their desire to move more readily between different jobs to find ones that align with what they prioritize. To illustrate the impact of talent challenges, over 85% of employers responding to Zywave's survey reports having difficulty attracting new employees, many of which consider it a top-five business challenge. In response to this issue, employers are exploring various combinations of strategies to find and keep workers.

In general, employers are struggling to attract and retain top talent, but employers can gain an edge by staying up-to-date with the desires of workers in this labor market. For example, employers could monitor benefits trends so that they can provide a package of offerings that is both cost-effective and meets employee desires. In other cases, workers are also focusing on finding a workplace that shares their social values. Knowing this, employers may not only consider various benefits they can offer their employees but also establish programs that allow employees to be involved in the company's

philanthropic efforts and keep employees informed about the company's social initiatives.

Upskilling and Reskilling Employees

As technology, automation and digitization continue to advance, the skills required in the workplace will continue to change. As a result, the World Economic Forum predicts that half of all employees will need reskilling by 2025, but this has shown to be a significant attraction and retention challenge. According to Zywave's survey, 41% of employers consider addressing current and future skills gaps a top three attraction and retention challenge.

Two ways employers are ensuring their employees have key skills are upskilling and reskilling. Upskilling is the process of expanding an employee's current skill set so that they can contribute more to the company within their current role. Reskilling is the process of teaching employees new skills that allow them to take on an entirely new role within the organization. Many employers have started reskilling and upskilling employees by providing training that increases general digital literacy. Whether this is done by providing ongoing trainings, microlearning options or refresher courses for those who may already know about the skills being taught, both reskilling and upskilling ensure that employee knowledge is current and continually developing.

As the year continues, this trend of upskilling and reskilling workers is not likely to slow. According to a report from Gartner, almost 60% of HR leaders reported that building critical competencies is HR's number one priority for 2022. As a result, many employers are helping build these critical competencies; Zywave's survey reports that 34% of employers are now offering more upskilling and development opportunities to improve employee retention. Hiring new workers who already possess the skills that are currently in demand is one way to bridge gaps. However, ensuring that current employees are able to develop new skill sets can help retain workers — and create a more positive workplace culture with an engaged workforce.

Flu Season and COVID-19

With fall around the corner, it's never too early for employers to prepare for cold and flu season. The Centers for Disease Control and Prevention recommend individuals receive a flu vaccine by the end of October; however, it may be a good idea to plan on receiving vaccines by late August. Health care practitioners such as the Cleveland Clinic expect demand for the vaccine to be high, so employers may want to start preparations before the season is in full force. One way employers can help mitigate this health risk is to encourage their





employees to get vaccinated and offer on-site workplace flu vaccine clinics. Employers who are interested in offering such an option may be wise to book these clinics well before October to help reduce the possibility of supply chain delays that could occur later in the flu season.

As in previous years, it is expected that COVID-19 and the flu season will coexist. Even though the course of the pandemic is hard to predict and plan for, what employers can do now is prepare for flu season. If employers do not plan for this now, they will likely be forced to deal with the repercussions later. The pandemic and its effects, such as long COVID-19, will continue to affect employers moving forward. It's important that they stay up to date on the pandemic's evolution so they can respond in a timely manner should new developments arise, such as an uptick of cases and any corresponding safety measures.

Employee Mental Health and Well-being

Health and wellness have been ongoing challenges for workers during the COVID-19 pandemic. To illustrate the current impact, a study published in the *Journal of Adolescent Health* found that 48% of young adults reported mental health symptoms during the pandemic. This has increased mental health awareness and resources within the workplace.

In response, 23% of employees reported their employers added new mental health benefits since the start of the pandemic, according to a recent survey by the Harris Poll conducted on behalf of Fortune. These programs include employee assistance programs, stress management courses and mindfulness app memberships. For employers, the goal is to provide employees with adequate mental health resources so they feel healthy and supported, which can aid in efforts to retain workers.

Employers are also implementing programs that incentivize employees to be healthy. Promoting and achieving a healthy workforce often improves morale and productivity and has an overall positive effect on mental health. There are a variety of wellness benefits employers can offer to suit the needs of their company. Some potential options include providing in-office perks for nutrition, fitness, stress management or gym memberships.

Additionally, more employers are utilizing telemedicine because it's a very effective way to provide employees with accessible resources. According to Wellable Labs, 80% of employers plan to invest more



into telemedicine this year, so this remains a popular mental health solution among employers. For many employees, taking time off to go to the doctor can often be a time-consuming and expensive undertaking. It may also be difficult for them to access mental health services depending on their locations. Telemedicine can help lessen these issues by providing fast care to those who may not otherwise have been able to seek help. By having patients meet with mental health professionals over the internet, employees can get the care that they need more quickly. Telemedicine is also beneficial to employers because it can reduce the amount of paid time off employees would need to take if they physically visit a mental health specialist. Ultimately, telemedicine is an option that employers can provide to help employees access the resources they desire.



Employer Takeaways

In the second half of 2022, many trends seen earlier in the year are likely to continue. It's essential for employers to be aware of these trends — such as continued inflation, the tight labor market and increased emphasis on the importance of mental health — as understanding today's challenges can help inform employers' strategies. Ideally, employers can leverage this information to stay on par with current trends and create better working environments for their employees.

Contact us today for more information on current HR trends or resources on any topics discussed in this article.