



The employer-employee power shift

The pandemic has reset the way we work and live, changing the relationship between employee and employer. In the wake of the greatest shake up of workplace norms for at least a generation, how can HR attract and keep top talent?



Our survey with HR leaders

Barnett Waddingham recently conducted a survey amongst senior HR leaders in over 300 companies of different sizes across the UK, representing more than twelve industries. We wanted to understand employees' top priorities and what employers can do to meet them. The findings paint a very interesting picture.

The Great Resignation – power to the workers

From about a year ago we have been witnessing a steady shift within the job market, as control has moved more from the hands of the employer into those of the employee. 2021 was the year of the **“Great Resignation”** – a year when workers voluntarily quit their jobs at historic rates.

We saw the beginnings of what has now become a fully-fledged employee driven market. More than a decade of living with job scarcities was coming to an end. Employers who, only a few years ago, were still reeling from the subprime mortgage crisis suddenly found themselves having the luxury of an upwardly mobile payroll budget, but also a new set of problems.

The employer-employee power shift

A similar Barnett Waddingham survey, conducted a year ago but just with employees, indicated that one out of every three workers were willing to resign from their job should their employer not agree to their choice of hybrid working arrangement.

This might have sounded extreme a year ago, almost like an ultimatum. But has this borne out in reality in any way? The short answer is “Yes, it has.”





Hybrid working - getting it right

Our recent survey found that employees' dissatisfaction with their employer's hybrid working policy was indeed one of the main reasons for resignations over the last twelve months, with almost 60% of respondents in agreement. If this is a true indication of what's going on out there, it more than validates the warning signs from last year.

Was employee dissatisfaction with their employer's hybrid working policy one of the main reasons for resignations?

"One out of every three workers were willing to resign from their job should their employer not agree to their choice of hybrid working arrangement."



What is at stake for employers?

Before we look at how employers have reacted to this trend, let us first consider what is at stake. That is to say, what is at stake for the employer and, in part by extension, the economy as we know it?

We should also recognise that as marketing power shifts towards ordinary workers, the stakes for employees themselves start to diminish. With job opportunities in abundance*, many normally risk-averse people are now willing to take a chance at being an entrepreneur, starting their own business or going off somewhere to do that thing they have been threatening to do since school!

This all makes the situation for traditional organisations even more desperate.

To make the issue more tangible, apart from observing the struggle to fill positions, one of the measures we go to is the productivity of those who are already employed. Although it is fairly crude, it provides a good starting point. We asked employers the following:

*The ONS reports that job vacancies in the UK rose to a new record of 1.3 million in the period from Dec 2021 to Feb 2022, with half of all industry sectors showing record highs.

“Out of a standard number of contracted hours per day, how much time do your employees spend performing productive work?”



Interestingly, when we asked employees themselves the same question a year ago, their average answer was exactly the same.



Wellbeing and productivity

The relationship between employees' happiness and wellbeing and how productive they are is well established.

- ⋮ Employee wellbeing therefore continues to be a major consideration for organisations, due to the win-win outcome of getting it right.

Whilst productivity (whether perceived or real) remains at these levels – as low as around 50% on average in the Healthcare and Education industries – **employee wellbeing** should be a low hanging fruit for organisations and, in particular, HR.

It already demands a lot of attention in its own right. Our survey indicates it ranked as both the number one HR challenge of this year (mental health) and top of the list of impacts the Great Resignation has had on talent management.

Overall, there is a significant alignment between the impact the Great Resignation has had on the job market and the challenges HR now face – attracting talent, holding on to the best talent, preventing team burnouts and managing Covid-related issues.



What do employees want?

In response to how the world changed over the last few years, not to mention what employees now demand, employers have had to embrace **hybrid working**. In certain industries this is a more difficult challenge and is sometimes almost impossible to achieve.

Nevertheless, **more than 70% of organisations we surveyed have implemented some form of hybrid working** and more than a third (38%) of these have done so as a direct result of the pandemic.

For some, setting up hybrid working is a costly exercise with more than three quarters (77%) of employers saying an investment in suitable technology is the biggest cost. It might also not prove to be enough. Today, companies are required to diversify their employment, offering more than ever before.

What other distinguishing features can be included? We see the straightforward inclusion of some of the more traditional employee benefits, such as those shown opposite.

Employee benefits offered



The importance of ESG

The more subtle yet hot topic on the attraction agenda is an organisation's stance on environmental, social and corporate governance (ESG). Today, employees hold companies a lot more accountable for their views and actions around the different aspects of operating a sustainable and socially responsible business.

Although HR's objectives seem to be aligned with such a requirement - more than 80% confirm that ESG considerations influence their employee benefits strategy – our survey suggests there might be question marks at the organisational level.

For example, only 22% of organisations have made a net zero commitment with a further 14% saying they might commit to this in future.

⋮ **Leading the pack here, are the IT and Retail sectors,**
⋮ **with almost 30% confirming they have made a net zero**
⋮ **commitment.**

Diversity, equity and inclusion (DE&I) also continue to contribute significantly to an organisation's overall ESG allowances and, on this front, it seems ethnicity and gender equity are top of the list when it comes to impacting policy, with 78% saying these propositions are well developed or busy being developed.

Our experience and our research mean that we are well aware of the importance of being an environmentally responsible and sustainable business. It has shaped our firm over the last five years to the point where we now have a fully-fledged gender pay gap analytics proposition. And consideration of ESG is a core part of our values and approach.

Winning the race for talent

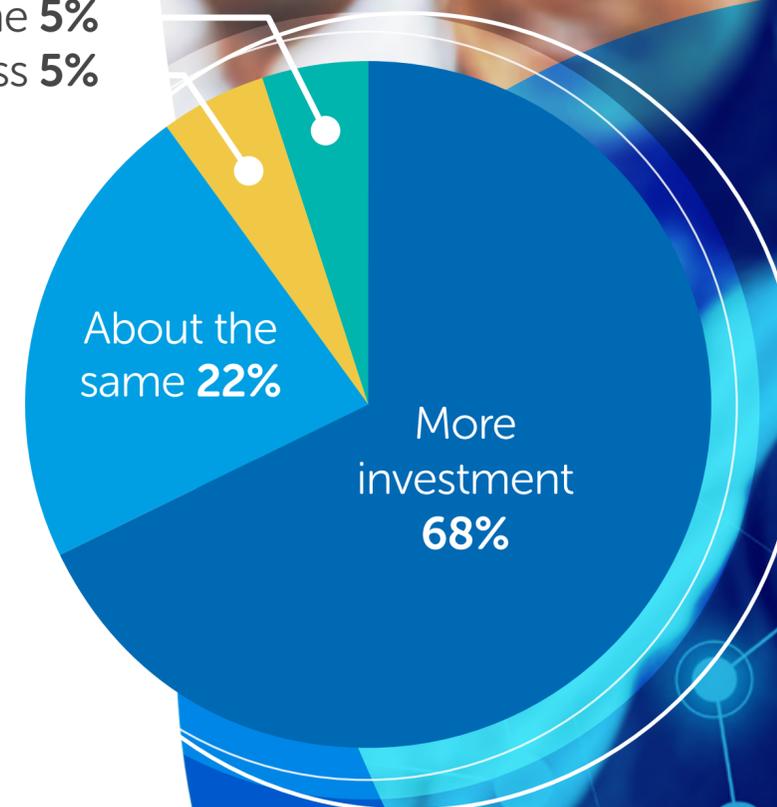
At the start of this report we asked whether there is anything in the wake of the Great Resignation that organisations should be concerned about.

⋮ To summarise, it's clear that a complex race for talent is underway. So, your employee value proposition needs to be attractive enough for you to successfully compete.

Attraction is one thing but retaining the best talent (and enabling people to be their best) is often what really sets employers apart. Here are some examples from our research where organisations are doing the right things to retain employees.

- Between 20% and 30% of employers offer work placements for 16 to 18 year-olds, paid work experience, paid internships and graduate schemes.
- We have seen an increase in wellbeing investment over the last twelve months.
- Bonus commitments are being honoured by employers.
- Organisations are committing to stay the course with their employees by expanding their at-retirement support offering.

None **5%**
Less **5%**



Wellbeing investment over the last twelve months

At-retirement support



Measuring HR effectiveness

The solutions to the current HR challenges discussed here would only be relevant if we were able to measure their impact and if organisations show that they are willing to get serious with their HR spend.

Our findings show that the vast majority (90%) of HR teams across the UK today make use of people analytics to assess whether employees get the value they expect from their benefits. Whilst this sounds encouraging, we need to explore the extent to which these analytical measures are applied in an effective manner. We call this '**Employer DNA**'. It involves getting under the skin of management information, helping our clients form a clear picture of talent management in their organisation.

However, like human DNA - the bits of cellular building blocks that carry the information needed to "create" every one of us - your organisation's DNA is only as good as the shape it makes. It's only as effective as its structure allows it to be.

What's important is the way organisations manage their information and often not the information itself, or even the fact that they use people analytics. Actions organisations take to deliver change in their employee propositions need to be aligned with their objectives and employee value proposition.





Please contact your Barnett Waddingham consultant if you would like to discuss any of the topics in more detail. Alternatively get in touch via the following:

✉ info@barnett-waddingham.co.uk

☎ 0333 11 11 222

www.barnett-waddingham.co.uk

Barnett Waddingham LLP is a body corporate with members to whom we refer as "partners". A list of members can be inspected at the registered office. Barnett Waddingham LLP (OC307678), BW SIPP LLP (OC322417), and Barnett Waddingham Actuaries and Consultants Limited (06498431) are registered in England and Wales with their registered office at 2 London Wall Place, London, EC2Y 5AU. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.

May 2022

The employer-employee power shift



RIAAN VAN WYK

Senior Wellbeing Data Consultant

riaan.vanwyk@barnett-waddingham.co.uk