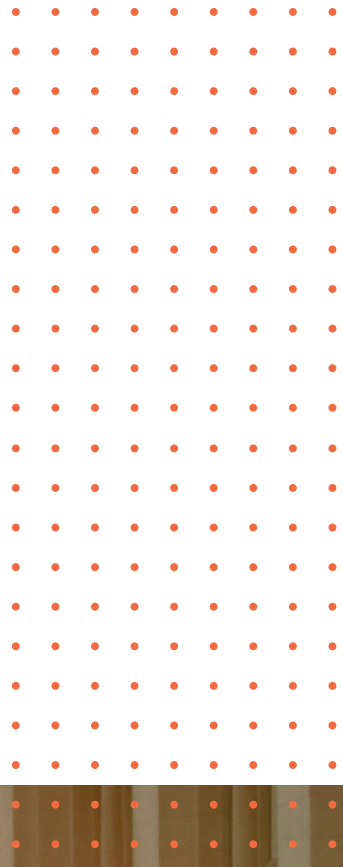




# State of the Workplace Study

2021-2022

[shrm.org](http://shrm.org)



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# Looking Back

## SHRM State of the Workplace Study

What were the greatest challenges of the past year? How effective were U.S. organizations in their actions? What struggles are U.S. organizations currently facing and what priorities and plans will lead them in 2022?

Instead of speculating, the Society for Human Resource Management (SHRM) surveyed two groups (U.S. workers and HR professionals) to get a picture of the State of the Workplace – how it went in 2021 and what to expect in 2022.


When it comes to successes in 2021, organizations were able to effectively manage the various issues associated with the COVID-19 pandemic. On the other hand, talent issues were their greatest struggles, although primarily remote organizations were more effective than in-person organizations when it came to both retaining their current employees and recruiting skilled applicants.

For 2022, HR budgets are growing, and the greatest growth areas are:

- Talent acquisition
- HR employee compensation
- Training and development

Accordingly, the vast majority of organizations are planning to increase headcount and develop their people managers to support their organization's talent needs and to improve their soft skills.

*\*\* indicates reported differences are statistically significant ( $p < .05$ )*



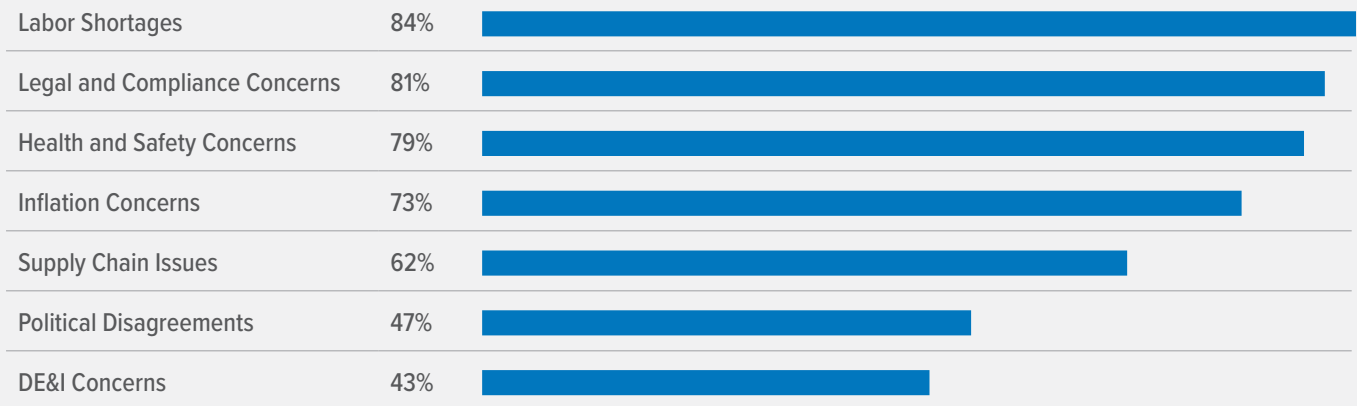
Remote organizations fared much better than in-person organizations on many key workplace issues.

# Looking Back

## Organizations' top challenges reflect the Great Resignation and COVID-19.

With the various challenges organizations faced in 2021, **Labor Shortages**, **Legal and Compliance**, and **Health and Safety** were the most cited by HR professionals.

### 2021 ORGANIZATIONAL CHALLENGES



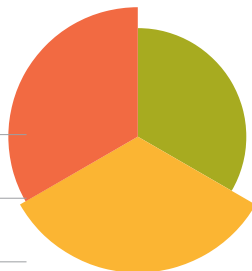
**84%**

of organizations reported labor shortage challenges in the past year.

Results revealed remote organizations fared better than in-person on the top two challenges of labor shortages and legal and compliance concerns.\*\*

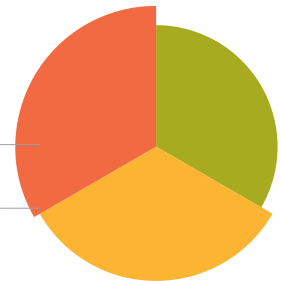
### LEGAL AND COMPLIANCE

Remote	67%
Hybrid	84%
In-person	80%



### LABOR SHORTAGES

Remote	75%
Hybrid	83%
In-person	87%





# Looking Back

HR professionals and U.S. workers agree organizations' actions in response to COVID-19 were very successful.

Both **HR professionals** and **U.S. workers** rated the effectiveness of 24 different workplace actions from 2021.

The same top three most effective actions were found for both groups. Overall, these top-rated actions suggest **organizations navigated the COVID-19 challenges well** while keeping **workers safe** and with **good health care** coverage.

1

Navigating COVID-19's continued impact on our workforce and safety practices.

2

Providing good (affordable, comprehensive) health care coverage.

3

Adjusting to policy changes from the administration.



# Looking Back

## Organizations fell short when it came to the twin talent challenges of recruitment and retention.

Although perspectives varied between HR professionals and U.S. workers, actions ranked low in effectiveness show organizations fell short on talent-related actions.

Close to the bottom of lists for both HR professionals and U.S. workers were:

- Finding and recruiting talent with the necessary skills
- Retaining top talent
- Creating succession plans for key roles

Notably, developing more effective people managers was the lowest-rated area for U.S. workers.

On these issues of talent, remote organizations were rated **1.5** to over **2.5** times more effective than in-person.

**+28**

**Finding and recruiting talent with the necessary skills**

(46% effective for remote organizations v. 18%\*)



**+15**

**Maintaining employee morale and engagement**

(43% effective for remote organizations v. 28%\*)

**+15**

**Retaining top talent**

(47% effective for remote organizations v. 32%\*)



\* for in-person

# Looking Back

HR departments received pretty good grades, although they did not receive top marks from U.S. workers.

**HR departments** earned **passing grades** for effectiveness in 2021, although **U.S. workers gave somewhat lower ratings.**

**Overall HR grade from HR professionals**

Only 1% HR professionals gave their HR department an F

**Overall HR grade from U.S. Workers**

6% of U.S. workers gave their HR department an F

HR's grades hinged largely on **talent-related actions** which were the most important drivers of the overall HR grade for both HR professionals and U.S. workers.

The top drivers of HR's grade for HR were focused on communicating with, managing, and retaining current talent.

The top drivers of U.S. worker's grades for HR focused on getting the right talent through the door and keeping them.

RANK	HR PROFESSIONALS
1	Improving organizational communication
2	Maintaining employee morale and engagement
3	Facilitating fair & effective performance evaluations
4	Retaining top talent
5	Developing more effective leaders/people managers

RANK**	U.S. WORKERS
1	Retaining top talent
2	Finding & recruiting talent with the necessary skills
3	Maintaining employee morale and engagement
4	Creating succession plans for key roles
5	Facilitating fair & effective performance evaluations

# Looking Back

HR is getting respect from leaders in their organizations, but departments are often working without enough resources.

The good news is that HR’s work is getting noticed as they are garnering respect and attention in the workplace.

**83%** of HR respondents agreed they were “Relied upon by senior leaders to help navigate new situations or practices.”

**73%** agreed that their HR department was: “Recognized by senior leaders as **crucial** to the business function.”

Unfortunately, additional work for HR did not match the resources offered. In particular, larger organizations felt this strain more than smaller or midsize organizations.\*\*

**72%** of HR professionals indicated that their HR department was working **beyond capacity** and stretched **too thin**.

	WORKING BEYOND CAPACITY	WORKING WITHOUT ENOUGH STAFF
Small (>100 employees)	59%	57%
Medium (100-499 employees)	75%	69%
Large (500+ employees)	82%	75%

# Looking Back

Finding and keeping talent remain top issues for HR departments, although remote organizations are better positioned for the future.

When asked about their **greatest challenge to finding talent**, one top reason emerged.

**72%**

Lack of well-qualified candidates  
**+15** (76% of in-person organizations reported this challenge v. 61% of remote orgs)\*\*

In addition, two other important challenges were found:

**31%**

Limited work flexibility (hours, location)

**+37** (45% of in-person organizations reported this challenge v. only 8% of remote orgs)\*\*

**41%**

Uncompetitive compensation

When considering **recent trends** in resignation rates (past 1 to 3 months), many organizations report that more people have been resigning recently, indicating that **organizations are still feeling the effects of the Great Resignation**. In particular, **twice as many large organizations** are reporting more recent resignations when compared to small organizations.

**39%**

of HR professionals report that their organization is seeing **more recent resignations** in the past 1 to 3 months, while only 10% report fewer resignations.



**26%**

of small organizations reported climbing resignation rates

**53%**

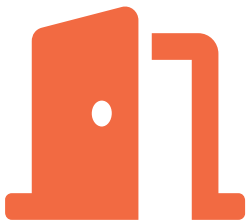
of large organizations reported climbing rates\*\*



# Looking Back

## Recruitment and retention remain top issues for HR departments, with potential payoff for Diversity, Equity and Inclusion.

Is there a potential payoff for the twin talent challenges when it comes to diversity, equity and inclusion (DE&I)? Organizations that were effective at **achieving greater workplace DE&I** during the last year also fared better with the challenges of recruitment and retention.



Organizations with ineffective DE&I initiatives were 32% more likely to have **climbing recent resignation** rates than organizations with highly effective DE&I.

**-11** (34% highly effective 2021 DE&I v. 45% low effective)\*\*



While the lack of well-qualified candidates was problematic for all organizations regardless of DE&I effectiveness in 2021, effective DE&I organizations seemed to face **fewer recruitment challenges** than ineffective DE&I organizations.

Limited to no flexibility in work (e.g., hours, remote work).

**-17** (22% highly effective 2021 DE&I v. 39% low effective)\*\*

Undesirable organizational culture/work environment.

**-15** (5% highly effective 2021 DE&I v. 20% low effective)\*\*

No career advancement opportunities to offer candidates.

**-13** (15% highly effective 2021 DE&I v. 28% low effective)\*\*

# Looking Ahead

Organizations continue to prioritize twin talent challenges and their pandemic response.

HR professionals report that organizations are prioritizing efforts in 2022 to focus on the talent challenges that were problems in 2021.

1

Maintaining employee morale and engagement  
(**80%** of organizations)

Highest priority for 2022, ranked 19th for effectiveness in 2021

2

Retaining top talent  
(**78%** of organizations)

2nd-highest priority for 2022, ranked 16th for effectiveness in 2021

3

Finding and recruiting talent with the necessary skills  
(**68%** of organizations)

3rd-highest priority for 2022, ranked 21st for effectiveness in 2021

4

Navigating COVID 19's continued impact on our workforce and safety practices  
(**62%** of organizations)

4th-highest priority for 2022, ranked 1st for effectiveness in 2021

Although most HR professionals reported their organizations effectively addressed the impact of COVID-19 in 2021, navigating the pandemic remains a priority for the immediate future.

Medium and large organizations placed a higher priority on COVID-19 for 2022 than small organizations. With more employees, these organizations likely face more concerns while also having to navigate these concerns among larger systems and structures. These large organizations often have to comply with more legislation, such as court rulings on mask and vaccine mandates.

Navigating COVID-19's continued impact on our workforce and safety practices  
**+13** (68% for large organizations v. 55% for small orgs)\*\*

# Looking Ahead

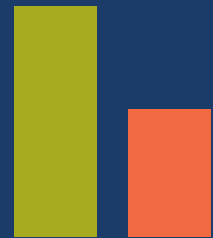
While remote organizations are prioritizing DE&I, in-person organizations are focused on reducing costs and improving efficiency.

In previous years, DE&I initiatives were mostly geared toward in-person work environments. Fully remote offices may be contending with identifying which of these initiatives can be implemented virtually, what new DE&I concerns are arising (for example, who is “out of mind” when they are “out of sight?”), and how to foster a culture that promotes DE&I in a virtual environment.

There’s no question that eliminating brick-and-mortar facilities can be a major cost saver for some organizations. Additionally, without the need to spend time commuting to the office, there is some evidence that people who work remotely can increase their productivity. Taken together, it seems likely that in-person organizations may have to contend with these issues more so in 2022.

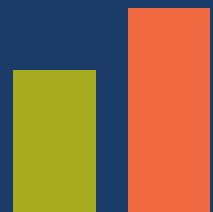
## ACHIEVING GREATER WORKPLACE DIVERSITY, EQUITY, AND INCLUSION

Remote Orgs	47%
In-Person Orgs	26%



## FINDING WAYS TO REDUCE COSTS/IMPROVE EFFICIENCY

Remote Orgs	35%
In-Person Orgs	50%



# Looking Ahead

## HR professionals predict **limited resources** and **resistance to change** as greatest barriers for achieving priorities.

When it comes to achieving 2022 priorities, HR has what it takes in terms of training, technology, and action plans. However, key barriers involve the support of those in positions of power. In other words, HR will need buy-in from those who have say in resource allocation and are in positions of influence for interrupting the status quo.

### GREATEST BARRIERS TO ACHIEVING ORGANIZATIONAL PRIORITIES

Limited time or dedicated personnel	42%
Employee resistance to change	40%
Current organizational cultural norms	39%
Lack of budget	38%
Senior leadership support/buy-in	37%
Lack of necessary skills/training	25%
Limiting or limited technologies	14%
Uncertainty regarding the best actions to take	11%
HR department support/buy-in	6%



Compared to smaller organizations, larger organizations are more likely to view **organizational norms** as a barrier.

- Current organizational cultural norms. **+12** (45% for large organizations v. 33% for small organizations)\*\*

Larger organizations often need formal systems and structures to coordinate their efforts. These systems and structures may also serve to foster and reinforce cultural norms that limit adaptation to changes, like a rigid chain of command.

Compared to in-person organizations, fewer remote organizations view resistance to change as a barrier.

- Employee resistance to change. **-16** (29% for remote organizations v. 45% for in-person organizations)\*\*

This difference presents the question: Are employees in remote organizations more open to change because they have already adopted a virtual work environment? Even if employees didn't start as a remote employee, having a remote workplace may lead to an increase in capability to handle future changes.



# Looking Ahead

HR shows promise as a growing field as it gains resources and sharpens its focus.

For a number of HR professionals, the answer is promising as 34% are planning for an increase in HR headcount and 47% expect an increased HR budget.

## Anticipated 2022 HR metrics

**34%↑** | **4%↓**

HR Headcount

**47%↑** | **6%↓**

HR Budgets

Of those reporting an increased budget, two-thirds indicated a planned increase of greater than 4% over 2021.

*\*This is based on the 40% of the sample that knew their 2022 budget.*

Specific HR areas with most planned budget increases:

- Talent Acquisition: 45% increased budget for 2022
- HR Employee Compensation: 38% increased budget for 2022
- Employee Training and Development: 35% increased budget for 2022

For DE&I efforts, fewer report a budget increase, but there were important differences by organization size:

- 16% of small organizations report an increase in this area, but 31% of large organizations report an increase\*\*

# Looking Ahead

Organizations plan to increase employees – and many plan to bring them back to the office.

## 2022 PLANS FOR ORGANIZATIONS

LABOR	Increase your employee headcount	78%
	Bring more of your workforce back to in-person work	48%
	Transition more of your workforce to full-time remote work	13%
	Increase the number of contingent or gig economy workers you hire	13%
LEADERSHIP	Train people managers on their roles in supporting your organization's talent management strategy	81%
	Improve soft skills (e.g., empathy, compassion, communication) of people managers to better meet the expectations of the current workforce	77%
DE&I	Specifically recruit from more diverse and/or underutilized talent pools	63%
	Implement a new DE&I initiative or expand on existing one	59%
	Improve flexibility and leave policies to better fit the needs of current workforce (including those with dependent care responsibilities)	52%
	Offer increased mental health benefits or coverage to employees	42%
	Conduct a voluntary pay audit to proactively assess for any gender-related disparities in compensation	38%
	Allocate more resources to addressing racial injustice in the workplace	31%
	Conduct a voluntary assessment of intersectional-related disparities	30%
Implement corporate social justice initiatives	27%	



**HR professionals were asked about their organization's plans for 2022 in three key areas: labor, leadership, and DE&I.**

**LABOR:** While most participants report their organization plans to increase employee headcount, many are also planning to bring more people back to the office. Will those plans end up competing as the general trends show remote organizations fare better with retention and recruitment?

Compared to smaller organizations, larger organizations also had greater endorsement for plans to take away remote work.

Bring more of your workforce back to in-person work. +23 (61% for large organizations v. 38% for small organizations)

**Organizations also plan to develop leaders to meet the talent management needs and employee concerns of today.**

**LEADERSHIP:** Entering the 3rd year of the pandemic, we're now living in somewhat unprecedented times and have seen leaders' impact on the success organizations.\* Planning to invest in leadership skills – specifically interpersonal skills – and leaders' ability to execute talent management

strategies is likely a beneficial plan to support, motivate, and ultimately retain workers.

**Meanwhile, DE&I initiatives take a back seat for organizational plans.**

**DE&I:** While some initiatives that support DE&I are planned for 2022, many activities that go beyond typical requirements – yet are still important – may be ignored or unaddressed for the majority of organizations in this upcoming year.

# Looking Ahead

When it comes to DE&I, organizations with highly effective DE&I achievements from last year were more likely to have plans to keep up the momentum in 2022. These plans include:

Implement corporate social justice initiatives

**+28**

49% of highly effective orgs in 2021 DE&I v. 21% of low effective orgs

Allocate more resources to addressing racial injustice in the workplace

**+19**

43% of highly effective orgs in 2021 DE&I v. 24% of low effective orgs

Conduct a voluntary assessment of intersectional-related disparities in employment practices

**+19**

42% of highly effective orgs in 2021 DE&I v. 23% of low effective orgs

Offer increased mental health benefits or coverage to employees

**+16**

40% of highly effective orgs in 2021 DE&I v. 24% of low effective orgs

Specifically recruit from more diverse and/or underutilized talent pools

**+13**

38% of highly effective orgs in 2021 DE&I v. 25% of low effective orgs

*Unfortunately, very few of the organizations that were ineffective in addressing DE&I issues last year have plans for improving their DE&I in 2022.*

Compared to smaller organizations, larger organizations have more plans for improving DE&I in 2022.

Specifically recruit from more diverse and/or underutilized talent pools

**+31**

80% of large orgs v. 49% of small orgs

Implement a new DE&I initiative or expand on existing one

**+27**

74% of large orgs v. 47% of small orgs

**Remote** organizations also have more plans addressing DE&I when compared to in-person organizations.

Implement a new DE&I initiative or expand on existing one

**+21**

64% of remote orgs v. 43% of in-person orgs

Allocate more resources to addressing racial injustice in the workplace

**+17**

37% of remote orgs v. 20% of in-person orgs

# Looking Ahead

To remain competitive, HR professionals foresee increases in employee compensation and benefits, employee development, and internal HR improvements.

When considering actions that their **HR department** could **start** doing to strengthen their competitiveness, several themes emerged from an open-ended question.

## 19%

Many responses indicated the need to **increase benefits and compensation for current and/or new talent**.

- “Offer more competitive wages to existing and loyal employees, and new talent”
- “Lower Insurance Costs”
- “Better compensation, leave policies, work flexibilities”

## 10%

Employee **development and training** was another theme that stood out with numerous responses in this theme referencing the need for *leadership* training.

- “Upskilling leaders to be more effective (in general) and better leaders of hybrid and remote teams”
- “Continuing to pour into the development of our current management staff on soft skills and managing a changing workforce”
- “Offer more professional development opportunities”

## 7%

Relatedly, many HR professionals mentioned their need to perform a **compensation analysis** to remain competitive in this area.

- “Research salary ranges in our area to ensure we are making competitive offers to candidates”
- “Perform a compensation analysis and adjust salaries accordingly”

## 9%

**HR department improvements**, often in the areas of additional HR personnel and process improvements, were noted.

- “Grow the size of the HR team”
- “More standardized policies and procedures”



# SHRM State of the Workplace: Research Methodology

SHRM State of the Workplace research includes two surveys and samples, including:

## 1,737

HR professionals in the U.S. from the SHRM membership database

- These respondents took a version of the survey that addressed looking back at organization issues from 2021, as well as looking forward to predictions for 2022.
- Only HR professionals who were currently employed were eligible to participate in this survey.
- Participants were 86% female, 80% white, with an average age of 47, from various industries, and were located across all regions of the U.S. and various U.S. territories.
- All participants were currently employed (99%) or had worked during part of 2021 (1%).
- Participants belonged to small (1-99 employees; 32%), medium (100-499 employees; 35%), and large (500+ employees, 33%) organizations that were operating fully remote (7%), fully in-person (39%), or as a hybrid of remote and in-person (55%).

## 642

U.S. workers from a third-party online panel

- These respondents took a shorter version of the survey that only addressed looking back at 2021.
- Participants were 47% female, 59% white, with an average age of 42, and from various industries located, and were located across all regions of the U.S.
- All participants were currently employed (90%) or had worked during part of 2021 (10%). The majority of participants were working in person at the time of the survey (60%).
- Participants belonged to small (1-99 employees; 33%), medium (100-499 employees; 19%), and large (500+ employees, 47%) organizations.

Survey data collected between December 8 and December 21, 2021, from the HR sample and from December 16 to December 20 for the sample of U.S. workers.

Participant responses indicating not applicable or unknown were coded as missing and excluded from calculations.