



HR in crisis

Why HR strategies are being put to the test and what could save your people experience

eBOOK



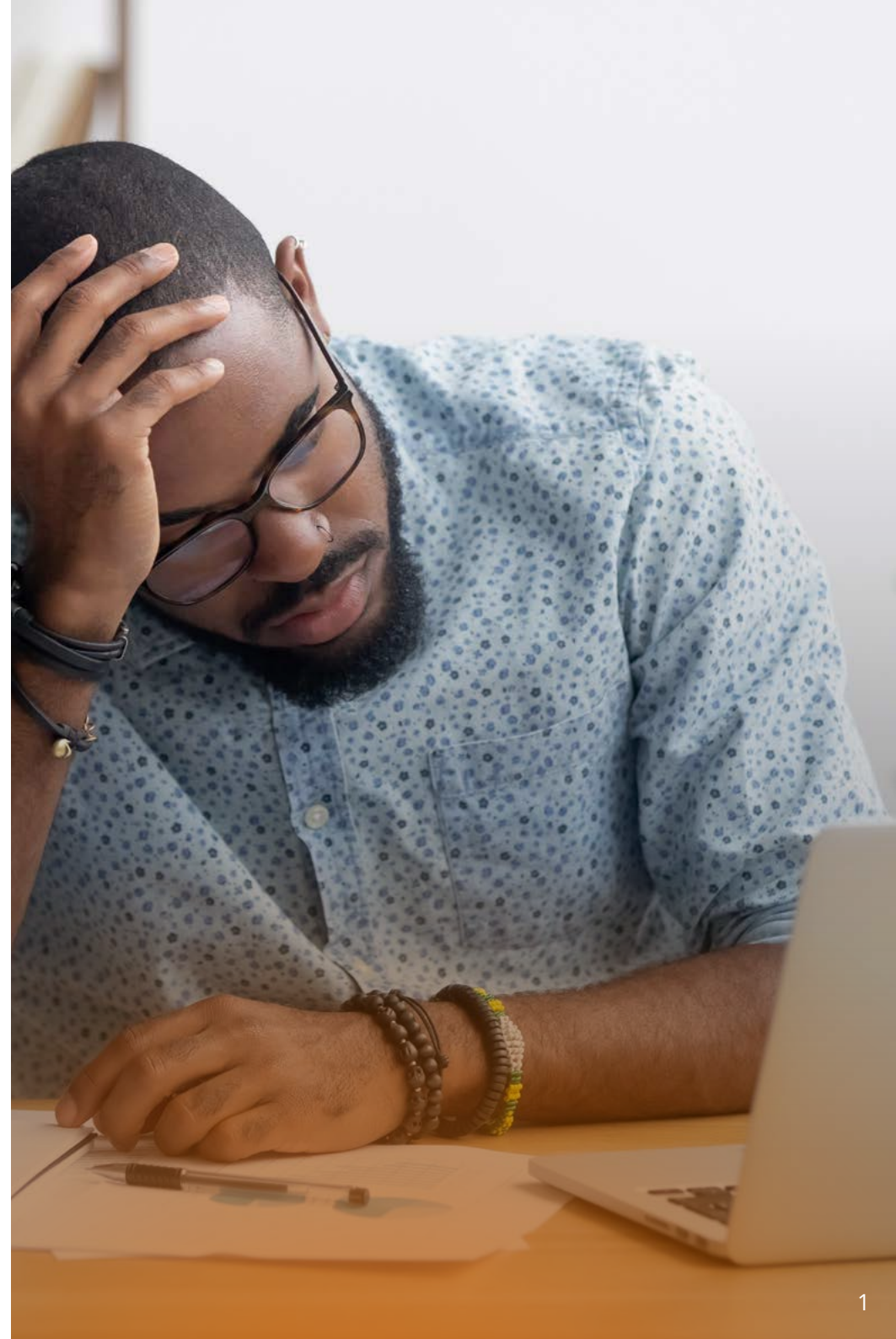
Introduction

There's no denying the fact that we are living in uncertain and economically turbulent times. Regardless of the market they operate in, no organisation has been immune to the wider knock-on effects of the pandemic, labour shortages, challenges posed by Brexit and now what appears to be a prolonged period of recession.

We're living in a time of crisis and HR teams across all businesses will undoubtedly be feeling the strain. When economic pressures begin to hit home for organisations, how could this compromise their core mission of building a people first experience? Beyond that, regardless of wider turbulence, HR teams are still under pressure to deliver upon their core goals of:

- **Hiring, developing and retaining people**
- **Keeping costs down**
- **Ensuring employee productivity remains high**
- **Helping your people feel happy, connected and engaged in the workplace**

This E-book will explore the various factors and roadblocks which may be in the way of businesses improving their people experience. We will also examine how organisations can harness KPIs and other business metrics to help reaffirm their objectives and most importantly, we will provide ideas on how HR teams can equip themselves with the appropriate tools to succeed in spite of headwinds they may be experiencing.





The HR Crisis

The concept of “Future Shocks”- external factors which can cause mass disruption for organisations are now more relevant than ever in the post-pandemic working world, with businesses being hyper alert to the need to insulate themselves from upheaval. COVID as well as the ongoing cost of living crisis has also highlighted the importance of a people experience led strategy for many organisations- one which puts the wellbeing of employees at the forefront.

For HR teams, these wider disruptions present significant challenges not only from a business continuity perspective but also in the pursuit of ongoing growth. This is an HR crisis specifically because the wider constraints being placed upon businesses by wider stresses such as the recession, can heavily impact the resources available to people teams.

In short, this means that those core mission statements of attracting talent, keeping costs down and ensuring productivity, engagement and wellbeing, can all too often fall by the wayside.

With that in mind, just exactly how do these future shocks and external stressors impact HR teams and their ability to engender a people first experience?

What can impact you getting the right people for your business?

Recruitment freezes

Any HR professional will tell you that the search for new talent represents a huge investment not only financially but of time. When external factors begin to put the squeeze on organisations, hiring freezes aren't often long in following. [Even tech giants such as Google](#) have recently halted sourcing of new talent in the wake of global uncertainty and the accepted wisdom has been that in times of financial hardship, recruitment is an untenable cost for businesses. But what if finding key talent for your business was actually the key to unlocking the growth you needed to spur your organisation out of the doldrums of wider economic downturn?

War for talent

One of the pronounced impacts of the post-pandemic working world is the heightened war for talent. More people feel empowered to get themselves out there into the wider jobs market and look for positions and salaries which suit their needs. This has created a buyer's market for candidates but it's an environment which some organisations may feel is unsustainable, particularly in light of wider economic downturn. This war for talent could see wages and benefits packages spiralling to the point where some businesses could be missing out on securing the best talent for them, purely due to being priced out of the market.

Skills shortages

No matter how competitive a jobs market may seem, some industries can find themselves at the mercy of skills shortages. A lack of suitable candidates can mean key positions remain unfilled for years at a time. Sectors such as [Construction](#) and hospitality have already felt the brunt of the impact of skills shortages with changes to legislation post-Brexit meaning there is now more of a reliance on younger, domestic based workers filling in positions-many of whom simply do not exist. [Recent research by the Office for National Statistics \(ONS\)](#) found that with approximately 1.2 million current job vacancies open, skills shortages are continuing to escalate, particularly across social care, science, engineering and hospitality sectors

Low unemployment rate

As much as today's candidates now feel empowered to dictate their own terms when going to market for a new job, the reality for many organisations is that unemployment rates are at a record low. [With rates at their lowest since 1974](#), organisations can't afford to simply assume there will be a groundswell of candidates for any given position they advertise. This will necessitate a creativity in considering ways of attracting key talent- something which places extra demands upon people teams.

Decreased focus on EVP in light of budget constraints

Unfortunately, even businesses with a well embedded people experience may find themselves forced to make compromises in light of an escalating economic downturn. The Employee Value Proposition or EVP describes the various metrics by which employees assess the suitability of their places of work. As much as belt tightening exercises may be a necessity during times of crisis, the erosion of previously enjoyed benefits could spur employees on to look elsewhere, meaning your organisation loses out on an opportunity to retain the services of key talent at a critical time.



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Did you know?

[Research by Gartner](#) has found that only **29%** of business leaders feel that they have the talent in place they need to meet current operational needs.

What can impact productivity?

A worried workforce

Employees who find themselves under increased financial strain will understandably be more distracted, with the heightened stress leading to a loss of sleep and overall becoming more disengaged and distracted with work. It's also fairly self evident to say that employees who are facing financial hardship are likely to feel the strain mentally, which in turn will have knock on effect with how they engage with their workplace.

[Research by Wagestream](#) found that 28% of staff face daily worries about money.

Money worries can lead to heightened anxiety and a lack of sleep, which will compound any strain being felt by people. From an employer perspective, businesses need to be mindful of how mental health struggles related to financial worries can actively hamper a person's confidence in seeking out help.

Lack of training budget

With finances stretched tight and little scope for increased salaries available, businesses need to consider how offering opportunities for growth and development can benefit both themselves and their employees. Constrained budgets can often see platforms of learning and development within organisations take a hit. A key reason which spurs people on to leave their place of work is a perceived lack of opportunities for advancement and the pay increases which promotions offer.

Nobody likes feeling stuck in a rut and without a clear sense of a framework for progression; it's understandable that your employees will inevitably get itchy feet. More concerning than that however, is a [recent LinkedIn survey](#) which uncovered the uncomfortable truth that retention and internal mobility aren't at the top of the list when it comes to programs of learning and development,

Workforce close to burnout

Times of economic crisis are stressful for businesses and with different areas of an organisation all feeling the strain, how these challenges and stresses filter down to employees, can contribute significantly to heightened levels of employee burnout. Constrained budgets can find employees pressured to do more with less- working with shoestring resources to hit targets. [A recent CIPD health and wellbeing survey](#) should be a cause for alarm among businesses, highlighting as it does, the fact that “There is less management focus on health and wellbeing compared with the first year of the pandemic.”

Businesses who want to ensure a healthy continuity beyond today's crisis, cannot afford to allow their employees to become overworked and ultimately burnout.

Absenteeism

[A new survey from ACAS](#) has found that 1 in 4 employers have seen an increase in staff being off sick compared to a year ago. Ineffective communication around absences and employee expectations can have a knock on effect on employees. If absence is seen as a taboo within an organisation, this can lead to a culture of presenteeism where employees feel pressured to be at work more than necessary, never making use of their leave allowances in order to rest and reset themselves. During times of crisis, it is understandable that organisations may wish to ask for more of their employees but bear in mind an exhausted workforce will inevitably find themselves increasingly disengaged and less productive.

Hybrid working challenges

As the cost of living crisis makes its presence known for more and more people, there is a sense that flexible working models have a further evolution to make, one where they pivot to becoming one of the most effective ways for organisations to safeguard the financial wellbeing of their people. According to [research by the CIPD](#), three quarters of employers now offer some form of hybrid working. Jobs offering remote work in the uk also rose by 247%, while searches for remote work grew by 674%, according to [Indeed and Glassdoor's Hiring and Workplace Trends Report 2023](#).

A concern for organisations moving forwards will be ensuring that they have the proper framework in place to make hybrid working a reality. Without effective systems in place to help communicate between office and home based staff, organisations will find themselves losing out on the continuity they need to drive forward productivity.

Pausing investment in technology

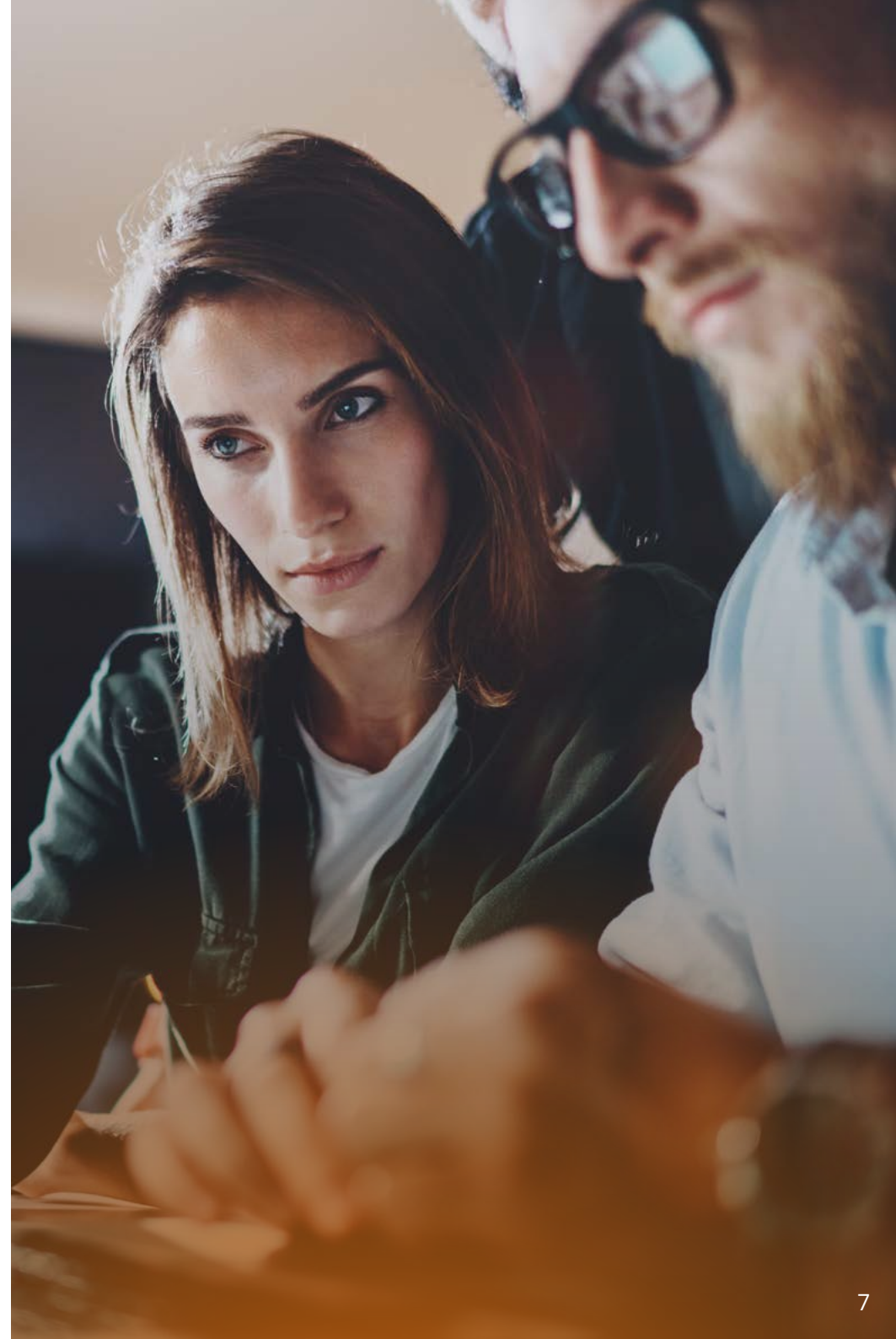
Digital transformation of systems and processes is one of the best ways that businesses can achieve accuracy, compliance and excellence in their daily operations. Unfortunately, it is also far too common for transformation projects to be parked, meaning that businesses are left to languish with unsuitable and outdated solutions. Sourcing a new solution can bring with it a hefty upfront investment which is often a common reason that businesses often balk when it comes to digital transformation of legacy systems.

Beyond the monetary cost, it also represents a significant amount of time and energy which must be expended to ensure any project is a success. For this reason, it's all too easy for businesses to let projects fall by the wayside and drop down the list in terms of priorities.

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Did you know?

[According to the British Chamber of Commerce Forecast](#), Business investment is set to grow by **4.2%** in 2022 before a **3%** contraction in 2023. This suggests a long road to economic recovery with many peaks and valleys to traverse.



What could impact you getting the right people at the right cost?

Salary Inflation

As businesses vie to secure key talent for roles, salaries look set to continue to spiral, with organisations keen to seem not only competitive but to offer a figure which truly sets them out from the rest. This can be unsustainable for many businesses, particularly during times of economic downturn and also suggests a focus on metrics which may not be as important to the employee experience as previously thought.

Increasing hiring costs

With costs increasing across the board, keeping recruitment costs down can be easier said than done. If the financial strain of securing new talent becomes untenable, organisations may feel more comfortable simply scrapping hiring initiatives.

Rising costs of office spaces

With the energy crisis having a huge impact on the cost of utilities, businesses can't afford to be blasé about the cost of heating office spaces and keeping the lights on. How could rising costs for office spaces put the squeeze on ongoing operations and hamper any potential recruitment drives?

Rising cost of doing business

Fundamentally speaking, costs are going up across the board. When looking ahead to December 2022, input price inflation and energy prices remain the top two concerns reported by businesses, at 25% and 19%, respectively, [according to the ONS](#). This puts a huge amount of strain on businesses and necessitates a shift in priorities. Belt tightening exercises may be necessary for survival during times of crisis but businesses need to be mindful of cuts they make today can greatly impact their recovery and potential for ongoing growth.

Rising cost of HR admin

During times of economic downturn, existing costs and the inefficiencies which cause them, have a way of being thrown into sharp relief. HR as a function, deals with a huge amount of administrative tasks, particularly around scheduling and absence management. Gaps in these processes can find costs soaring even more than necessary, with outdated systems and inefficient, manual heavy ways of working throwing up needless roadblocks.

Cost of absenteeism

As well as safeguarding the wellbeing of your employees, having oversight of employee absence can also help in greatly reducing the impact that sick leave can have on businesses financially. [With sickness absence costing UK firms £77 billion annually](#), it's clear that effective oversight of sick leave will be vital in mitigating costs that come from a disruption to the workforce.

Cost of overtime

Times of crisis can often require extraordinary effort on the part of people within organisations. It is perfectly understandable that working extra hours may become more normalised during times of constrained resources. However, as crucial as this may be to help safeguard business continuity, overtime itself heightens cost demands and also requires a well embedded framework in order to accurately track extra hours and ensure that employees are being adequately rewarded for overtime worked.

In normal times, making cost-savings and finding improved efficiencies is part of the daily function of good business management. During times of crisis, it is at the very heart of making ends meet for the majority of businesses. Your digital platforms such as your HR systems are ideally placed to help you make informed and measured cuts, freeing up resources where needed but also ensuring you don't lose sight of your people-led goals.



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Did you know?

In this year's Advanced Business Trends Report we found that **78%** of business professionals were concerned their organisation would be impacted by the rising cost-of-living.



What could negatively impact engagement, wellbeing, happiness and personal growth?

Employee financial wellbeing

[There is an already closely established link between money and mental health](#), something which is predicted to become especially pronounced as the cost-of-living crisis hits home. With more and more people set to struggle to keep their heads above water, businesses cannot afford to be blind to the impact financial struggles can have in leading to spiralling instances of anxiety and depression.

Lack of sense of purpose

A lack of engagement can be a worrying thing for employees. We all want to feel as though the work we do contributes in a meaningful way to a broader goal but in times of crisis, emergency measures and the need to maintain business continuity can lead to an erosion of purpose. The pandemic has served as a catalyst to elevate personal purpose and values. [Gartner surveyed](#) more than 3,500 employees around the world in October 2021, and 65% said the pandemic had made them rethink the place that work should have in their life. Fifty-six percent said it made them want to contribute more to society.

Cultural changes

Changes in leadership or other factors can greatly contribute towards transforming the culture within a workplace. Whether changes are for good or ill are immaterial- people are creatures of habit and any pronounced shifts in workplace culture are likely to have an impact on wellbeing and engagement.

Growing sense of disconnect

As periods of crisis hit home for organisations, a focus on business continuity can unfortunately mean taking your eye off the ball when it comes to safeguarding the wellbeing of your people-[Research by Accenture](#) found that only one in six workers feel truly connected to their work, teams and organisation . As strategies and priorities shift into emergency mode, it's all too easy for employees to feel disconnected from the core mission statements of their place of work. Furthermore, if measures taken by businesses are antithetical to the wellbeing of their employees, you introduce the worrying potential for a mass exodus of talent.

Job insecurity

When organisations feel the strain of economic downturn, those stresses are often communicated to employees. Unfortunately, it is an all too common occurrence that external stressors can lead to layoffs and downsizing initiatives. Even if an organisation isn't planning any similar measures, speculation and rumour mongering can lead to employees choosing to look elsewhere.

Burden of business pressures passed on to employees

An extension of the previous point is how these stresses can be communicated consciously or otherwise to employees. Making your people aware of current or impending challenges is good practice but piling wider business stresses and anxieties on top of them will only incentivise them to leave.

Freeze of internal promotions

Cost cutting measures will undoubtedly be a necessary evil during times of crisis. However, wholesale scrapping or pausing of internal promotions or learning and development schemes can contribute to making employees feel unappreciated, especially if they had been engaged in any previous pathways.

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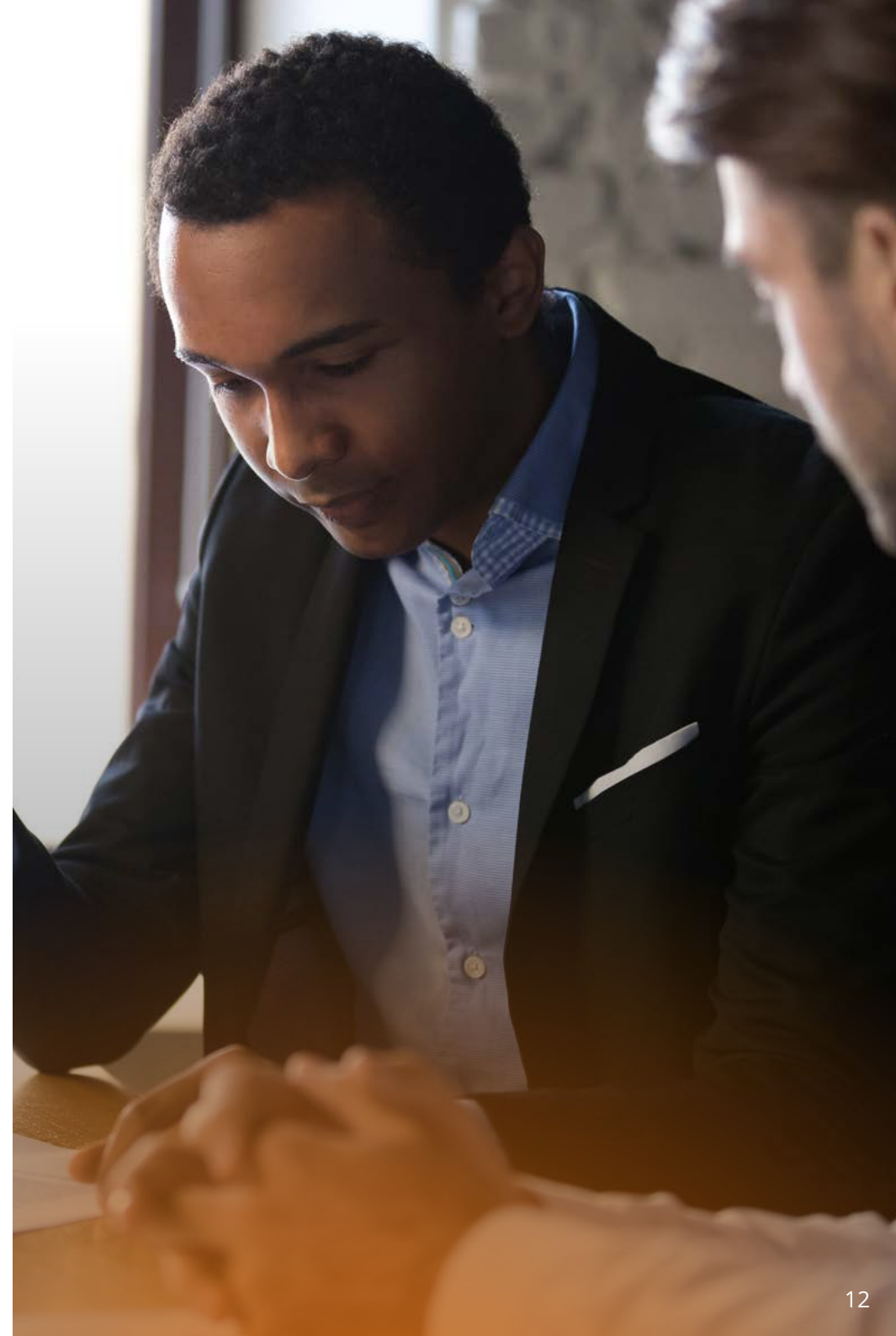
Did you know?

Over the past year, [more than 40%](#) of employees have considered upskilling or retraining for a different career.

As you can see, times of crisis present a huge scope of challenges from a HR perspective. A key lesson is that the traditional methods of cost cutting which businesses tend to default to when times get tough, are often antithetical to good people management practice.

Economic downturn presents significant risks to businesses but it is also important to look ahead to beyond the crisis and considering the shape and the health of your organisation moving forward. If your cost cutting emergency measures have come at the cost of frustrating your workforce and stifling your ability to grow and develop, then all you're doing is existing in a holding pattern until the next crisis.

So what can be done? Is there a way of ensuring business continuity whilst remaining committed to supporting your people and fostering future growth potential? What about the everyday metrics you use to measure success? How could they be harnessed in order to help transform your people experience?



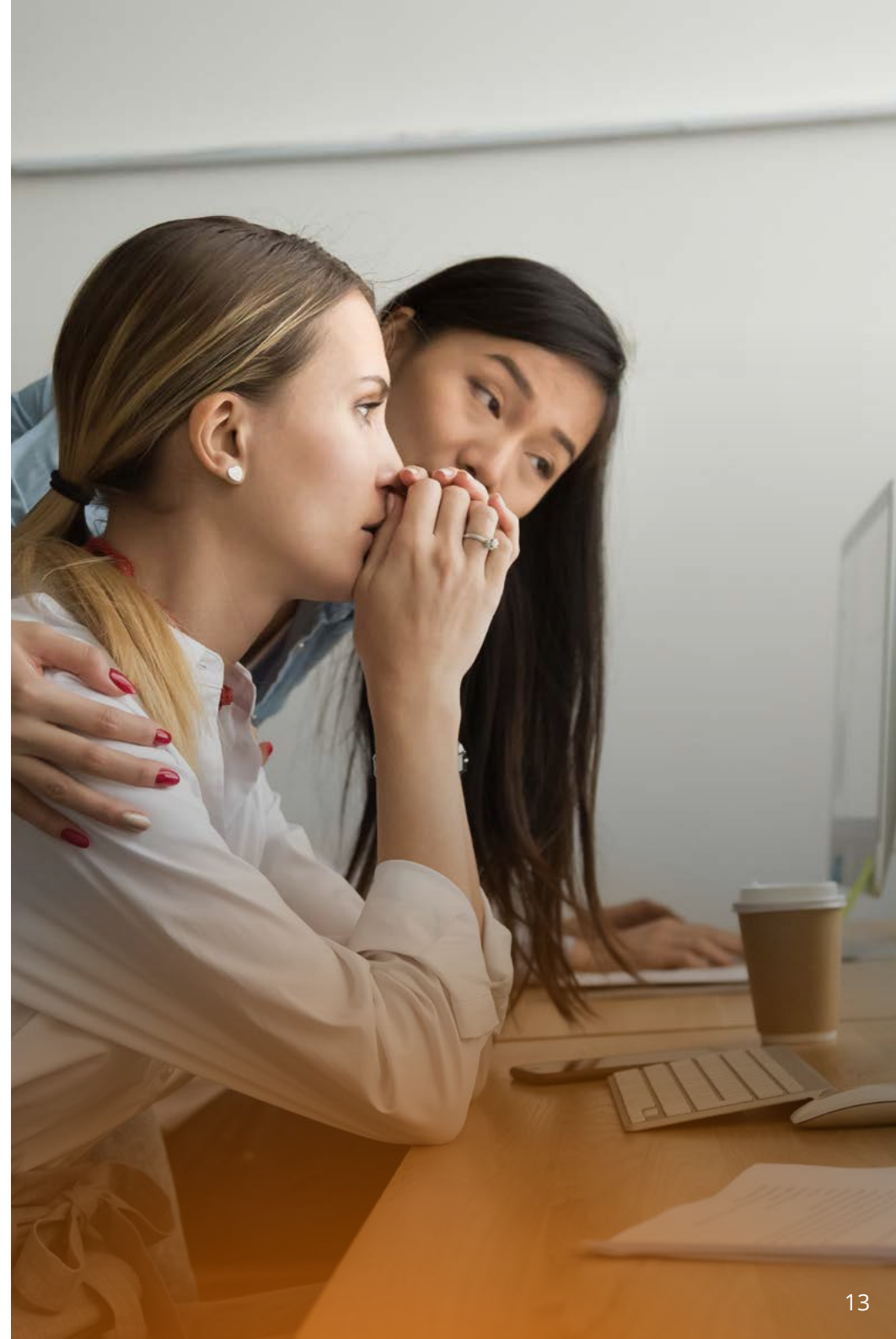
What are the key KPIs for people experience teams?

KPIs form an important core of your day to day operations-one which becomes increasingly vital during times of crisis. How you harness and utilize your KPIs can be the make or break point which determines business success.

The fact of the matter is that KPIs can sometimes present a bit of a blind spot for management teams. KPIs are so popular specifically because they offer us actionable data and allow us to measure the relative performance of an individual, team or project. This doesn't mean that we should allow KPIs to become a crutch for management- the data offered up by KPIs is useful yes but take a step back and consider how you are utilising the information harnessed.

In a time of HR crisis, assessing your KPIs and ensuring that they are focused enough to offer you information you can use to help influence and pivot your strategy will be more important than ever.

From a people experience perspective, it will be important to consider how these core KPIs can help you measure more than just employee performance. There's an entire wealth of information you should be able to harness, particularly around engagement and wellbeing but getting the proper oversight of this will require you to focus on what your core KPIs are.



We've put together what we believe are some of the key people experience KPIs you should be aware of when managing through a time of crisis. Take a look through the list and check off which of these KPIs you are currently measuring. If you find yourself selecting "No" for any, take some time to consider what gaps this may be identifying within your organisation.

Hiring, developing and retaining people:

1. Retention rate?	Yes	No
2. Attrition?	Yes	No
3. Internal mobility?	Yes	No
4. Time to hire?	Yes	No
5. Job filling?	Yes	No
6. Vacancy rate?	Yes	No
7. Recruitment conversion rate?	Yes	No

At the right cost:

1. Total cost of workforce?	Yes	No
2. Labour cost?	Yes	No
3. Cost to hire?	Yes	No
4. Headcount cost?	Yes	No
5. HR cost per employee?	Yes	No
6. Cost of absence?	Yes	No
7. Payroll accuracy?	Yes	No
8. Time to run payroll?	Yes	No
9. Payroll cost?	Yes	No
10. Gender and diversity pay gap?	Yes	No

Ensuring employee productivity remains high:

1. Job costing?	Yes	No
2. Employee engagement rate?	Yes	No
3. Performance ratings?	Yes	No
4. Skill gaps?	Yes	No
5. Training effectiveness?	Yes	No
6. Attendance rate / absenteeism?	Yes	No
7. Manager effectiveness?	Yes	No

While all these KPIs are important in their own way, a key message we think you should take away from this is that in a time of crisis, the responsibility falls to you to decide which are most vital to you and your organisation. KPIs are an inherently useful tool for organisations but during times when resources are constrained, businesses can't afford to spread their efforts too thin.

Helping your people feel happy, connected and engaged in the workplace:

1. NPS score?	Yes	No
2. Glassdoor reviews?	Yes	No
3. Well-being survey?	Yes	No
4. Satisfaction rate?	Yes	No
5. Inclusivity?	Yes	No

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Advanced top tip: Look at the above list of KPIs and try sorting them by importance. Consider what is most valuable to your organisation and which KPIs you feel would be able to help you achieve your core goals and secure business continuity during times of crisis.

Preparing for times of crisis

Now that you understand the importance of KPIs in helping guide your ongoing business strategy during times of crisis, how do you equip yourself with the other tools necessary in order to ensure you are able to insulate your business from potential future shocks?

1 A worried workforce

Use your KPIs to inform your strategy and ensure that time and resources aren't wasted. Look at the tools available to you and build targets based on what is realistically achievable, rather than wishful thinking which will ultimately alienate your people.

2 Update your current HR/people experience strategy or create a new roadmap

During a time when resources are constrained, particularly from a rewards and wellbeing perspective, it would be wise to reaffirm your commitment to your people experience and set out a clear roadmap. If learning and development programs need to be put on hold- be open and honest about it but ensure you're also setting out clear expectations of when they may return or alternative measures which are being put in place.

3 Evaluate your resources and tools

The natural tendency during times of crisis is to put the brakes on when it comes to spending, particularly from a digital transformation perspective. However, during times of crisis, it is especially vital that organisations are taking stock of their existing resources and if necessary, looking to invest, particularly if it will offer them the agility and adaptability they need. Your people management software in particular is ideally placed to offer you the unique reporting and insights you need to support you during times of crisis. Consider how you can get more out of your HR, performance management, payroll or workforce management software.

4 Implement

For all the importance of planning, there comes a time when you have to put any business strategy to the test. In order to ensure you hit the ground running, make sure that from day one you are keeping on top of communication and setting out clear expectations for all levels of an organisation. Lean on your HR systems to provide you with effective forecast

5 Continuous measurement of the KPIs to measure progress

Once your strategy is underway, consider the ways you can effectively measure the success or otherwise of how you are adapting to a crisis. [Performance management software](#) offers the perfect foundation for you to understand how emergency measures or business continuity plans are impacting employees across all levels of your organisation. Remember- be patient, results are rarely instant, particularly in times of crisis. Ensure you are using the tools available to you in order to manage and maintain your strategy on an ongoing basis. Avoid making broad, sweeping changes when necessary.



What's next?

Businesses across all sectors cannot afford to be blind to the fact that we are living through a period of profound crisis. As business resources become increasingly constrained and wider economic pressures are heaped upon organisations and the people who make them work.

The core message we'd want to pass on would be avoiding the dangers of complacency. When the wider world undergoes a period of turbulent change, businesses who opt to stay still more often than not, run the risk of being swept away.

Part of this adaptability will be to do away with the older, outdated concepts around business continuity and taking a fresh approach in considering how different avenues can be explored in order to help weather the worst of these crises.

It has perhaps been taken for granted that as purse strings tighten, the people experience within organisations becomes a necessary sacrifice. What if it didn't have to be though? What if, when ideating strategy for weathering these storms, you used your people experience as the foundation and built up from there?

[Your People Management Software](#) such as HR, Payroll, Time and Attendance and Performance Management, all have huge roles to play in offering you unique insights into the makeup of your organisation and the performance of broader strategy. The disruption of the past few years has taught us a great deal about the need for agility within business processes. Your people management function should have access to the key data you need in order to be able to create an informed and robust strategy for dealing with times of crisis.

At Advanced, we understand the pressures that external crises can place upon organisations. We also believe that when you let your people experience fall by the wayside, you actually lose access to some of the most potent weapons in your arsenal for dealing with business emergencies. Our [HR Crisis toolkit](#) has been created in order to help you understand the key metrics and KPIs you need to focus on in order to guide your strategy, as well as offering you practical tools and tips in order to help insulate your business from future shocks.



It's time to act

Hopefully this was a helpful insight into the wide range of challenges facing organisations and their people teams. Ultimately we want the core message to be that it's never too late to take action and no matter the external factors, there are always steps you can take in order to safeguard your people. Explore our HR crisis toolkit for more top tips and resources to help insulate your organisation and the people that make it work, from the impact of future crises.