

McLEAN &
COMPANY

2022

HR Trends Report

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How to Read This Report

This report is based on data gathered from McLean & Company's 2022 HR Trends Survey of 826 business professionals. The data was gathered in September 2021.

Note: Graph totals may not add up to 100% due to rounding.

Key terms used throughout this report include:

Organizational Size

Small: 100 or fewer employees

Medium: 101 to 2,000 employees

Large: 2,001 or more employees

High Performing

The percentage of respondents who selected 8, 9, or 10 out of 10 when asked to rate performance across various parameters.

Highly Effective:

Association & Relationship

Any time an association or relationship is referenced in this report, it refers to a statistically significant result. Graphs or visualizations that show a difference in effectiveness based on certain practices are also only shown if they are statistically significant. These are used to indicate which practices are disproportionately used by the most effective HR departments.



Industry Analysis

Contrasts the responses of remote-capable industries (e.g. professional services) with primarily onsite industries (e.g. manufacturing). See [Appendix I](#) for more information.

Highly Effective

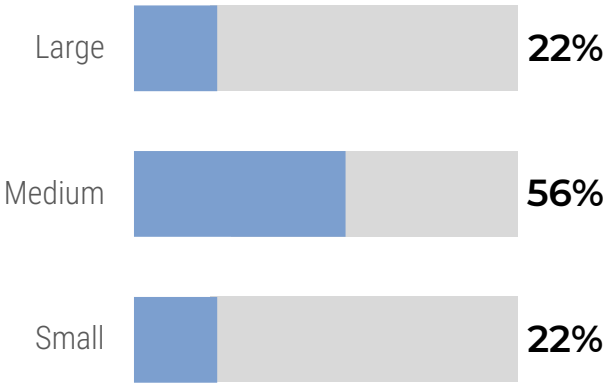
The percentage of respondents who selected 8, 9, or 10 out of 10 when asked to rate effectiveness across various parameters.



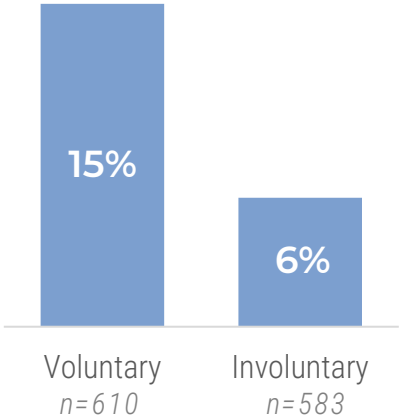
Characteristics of 2022 survey respondents

N=826 (unless otherwise noted)

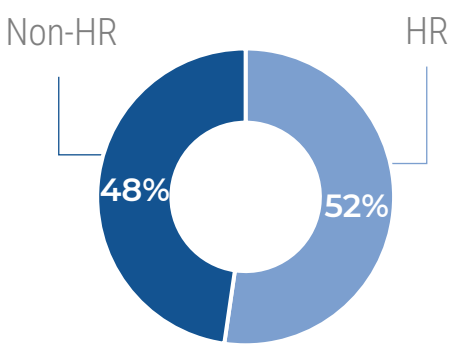
Organization Size



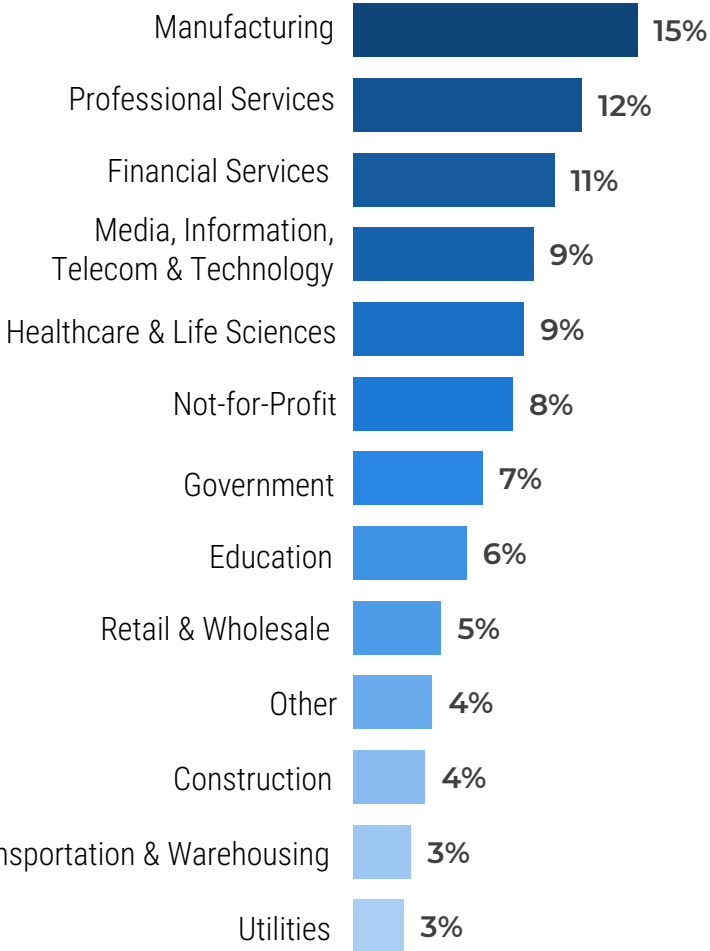
Turnover Rates



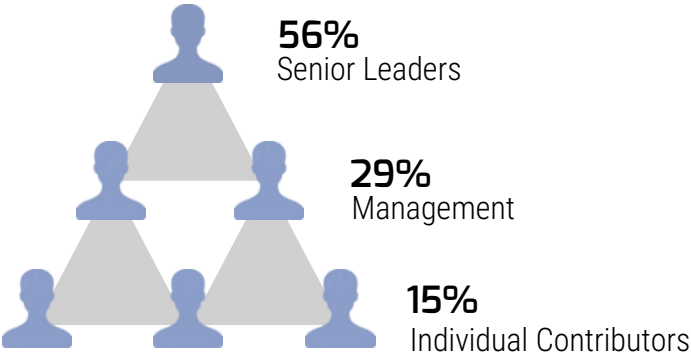
Role



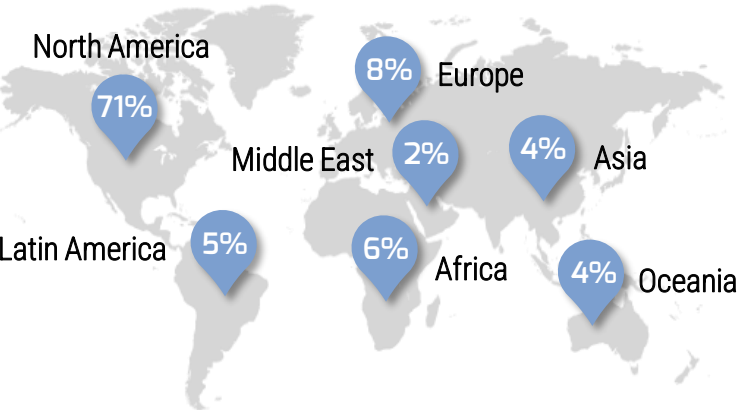
Respondents by Industry



Seniority



Location



HR in 2022

Despite the workplace upheavals of the last two years, perceptions of HR effectiveness have increased. Unfortunately, the gap between how HR and non-HR professionals perceive HR effectiveness remains significant, pointing to a need to improve communications about HR's role and how it enables organizational success.

Not surprisingly, recruiting remains the top organizational HR priority, and HR respondents plan to spend 25% more time on talent acquisition in 2022.

The strides HR made in 2021 with respect to planning and executing on strategy appear to have solidified. HR departments are also moving beyond traditional functions: 83% of respondents reported that at least one of Diversity, Equity & Inclusion, Corporate Social Responsibility, or Environment and Social Governance has been added to the HR department's portfolio.

Worryingly, HR professionals report feeling more stressed than ever. 2022 should be a year when HR departments spend more time addressing their own wellbeing in addition to that of the broader workforce.

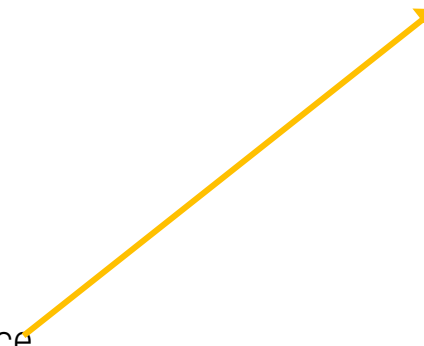
Recruitment remains top priority, with employee experience leaping to second

Top priorities for organizations in 2021 *N=850*

- 01 Recruiting
- 02 Developing leaders
- 03 Controlling labor costs
- 04 Diversity, equity, and inclusion (DEI)
- 05 Providing a great employee experience
- 06 Fostering a positive labor relations climate

Top priorities for organizations in 2022 *N=826*

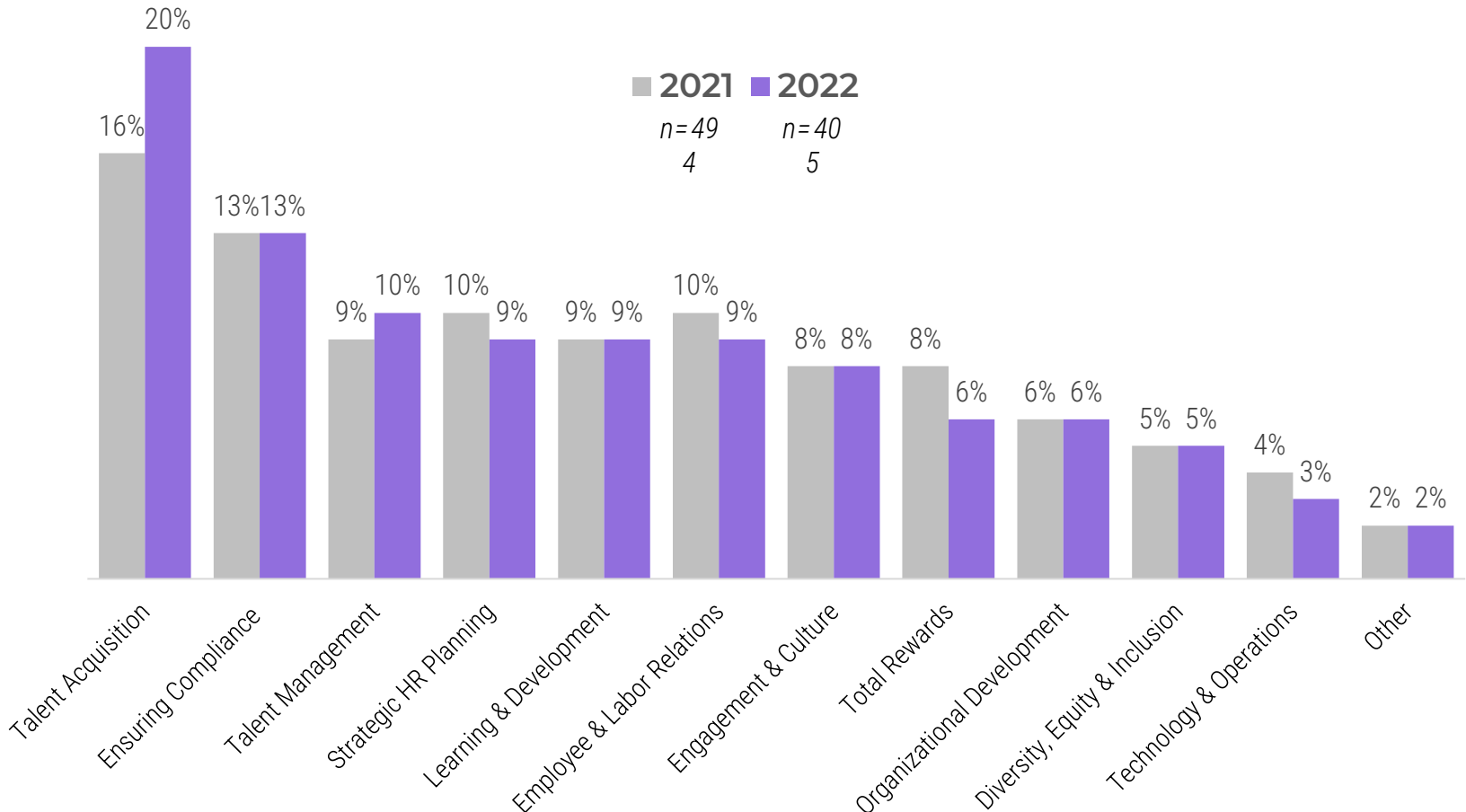
- 01 Recruiting
- 02 Providing a great employee experience
- 03 Developing leaders
- 04 Controlling labor costs
- 05 Diversity, equity, and inclusion (DEI)
- 06 Enabling innovation



“Providing a great employee experience” jumping up to second priority highlights the emphasis organizations are placing on helping employees adjust after having been forced to change the way work gets done. Similarly, “enabling innovation” increasing in priority (from tenth in 2020 to eighth in 2021) signals organizations are acknowledging the need to effectively generate and implement new ideas to stay competitive.

HR is allocating more of its time to acquiring talent

Average distribution of HR's time across activities:



HR departments are spending the most time on talent acquisition (TA)

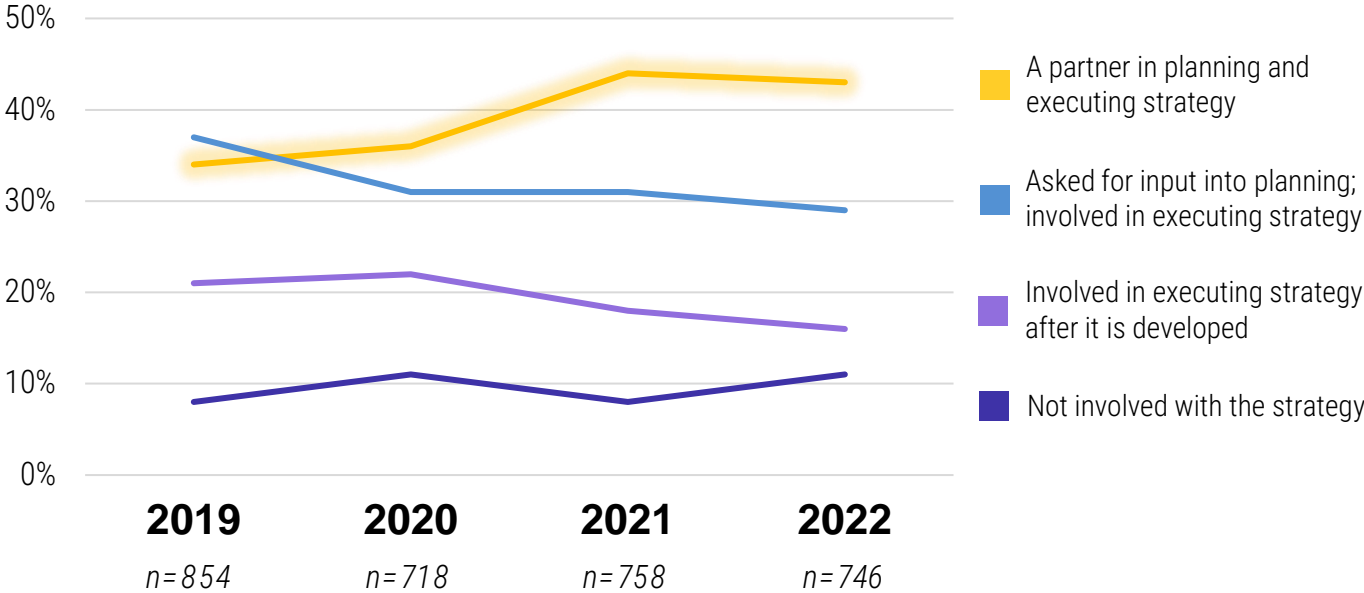
TA is the only activity that saw a significant increase, illustrating the increased emphasis organizations are placing on recruiting:

↑ **25%** increase compared to 2021 (n=405)

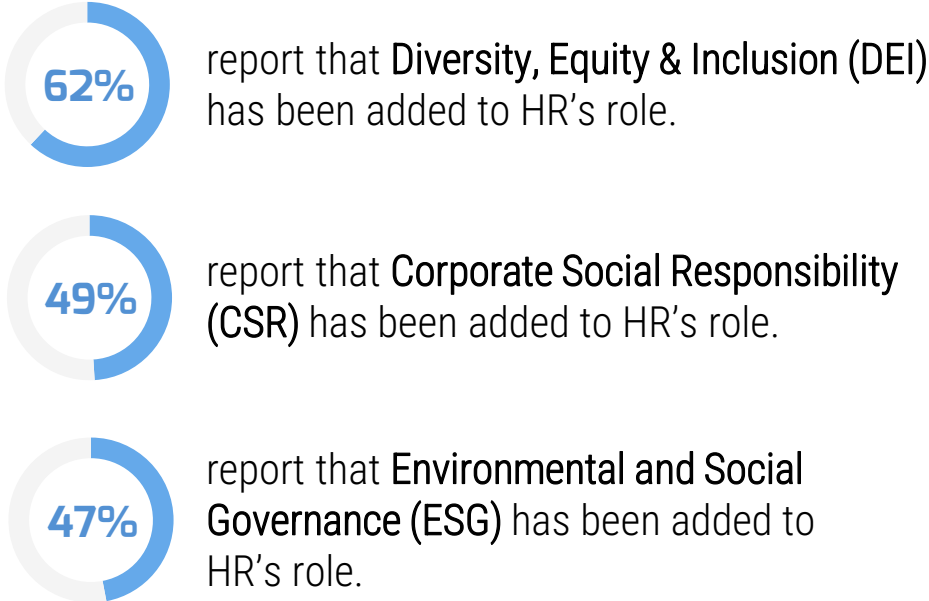
This may indicate the increased level of complexity involved in recruiting talent in the new world of work. Changes in the labor market brought on by the emergence of remote and flexible work mean HR departments must invest more time to fill vacant roles with quality talent.

HR continues to play a key role in organizational strategies

HR's involvement in the broader organizational strategy:



Recent environmental pressures have expanded HR's role:



When HR is a partner, organizations are...

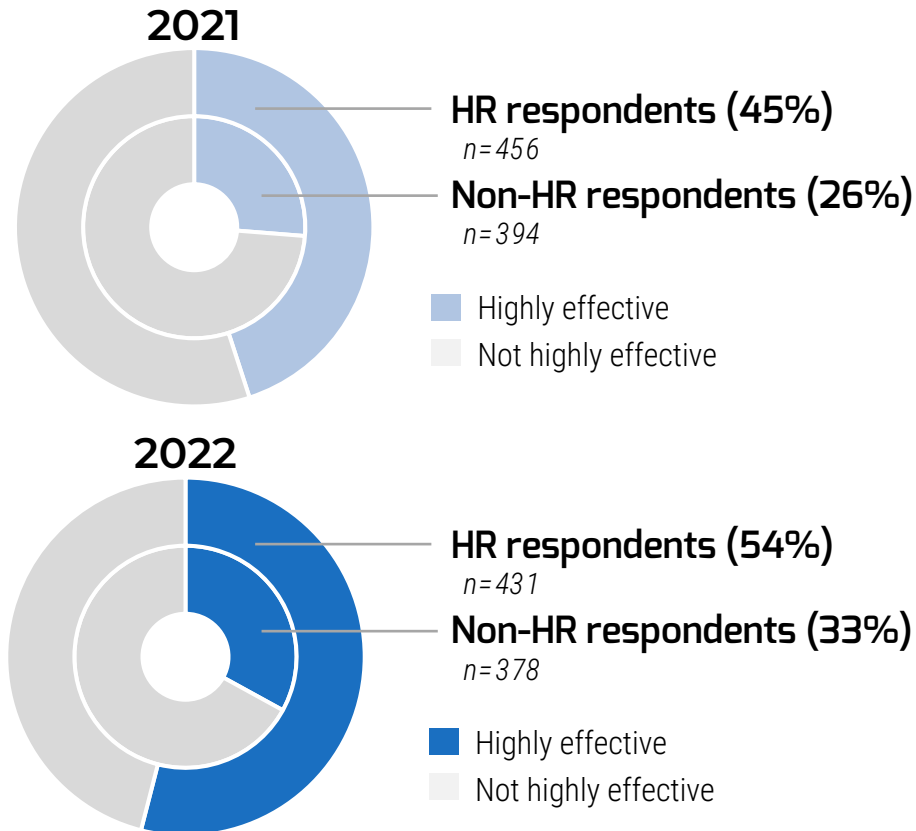
1.4x more likely to be highly effective at quickly changing at scale to capitalize on new opportunities.
n=738

1.3x more likely to be highly effective at generating and implementing new ideas.
n=743

83% report that at least one of the three has been added to HR's role.
n=380

HR's effectiveness has also increased

HR effectiveness:



Perceptions of HR effectiveness increased by **9 percentage points** among HR professionals and **7 percentage points** among non-HR professionals.

However, the gap in perceptions of effectiveness between the two groups remains significant:

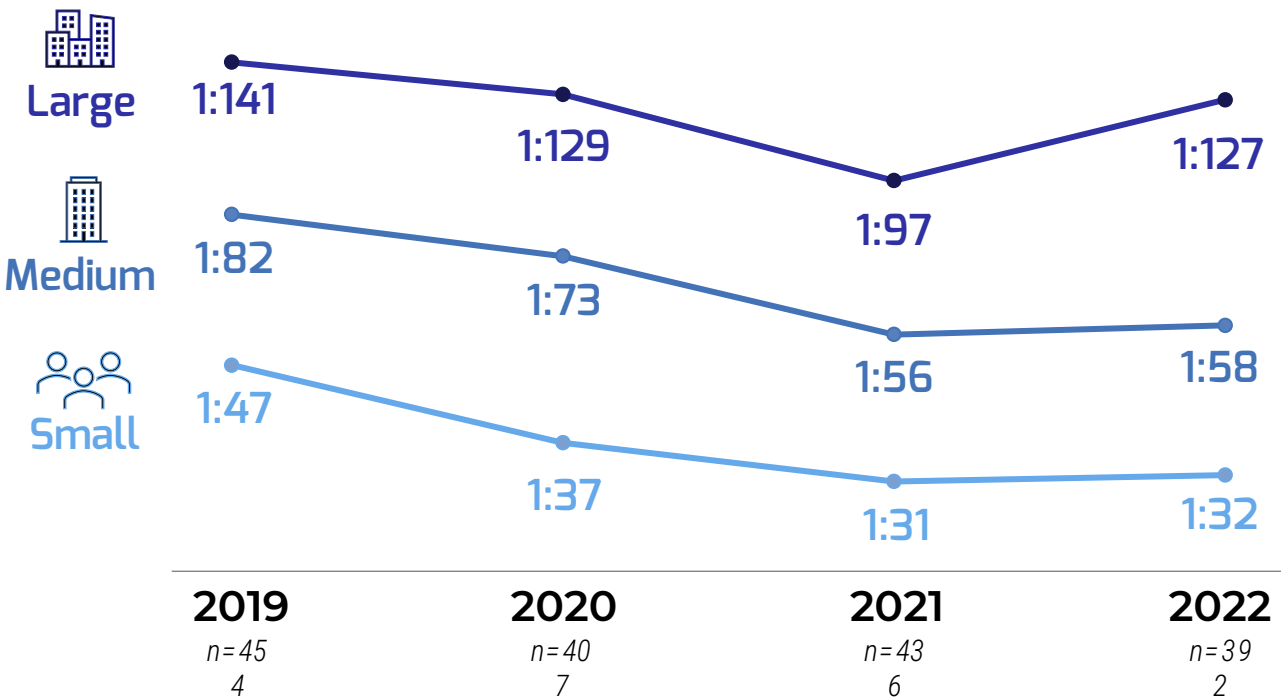


Insight

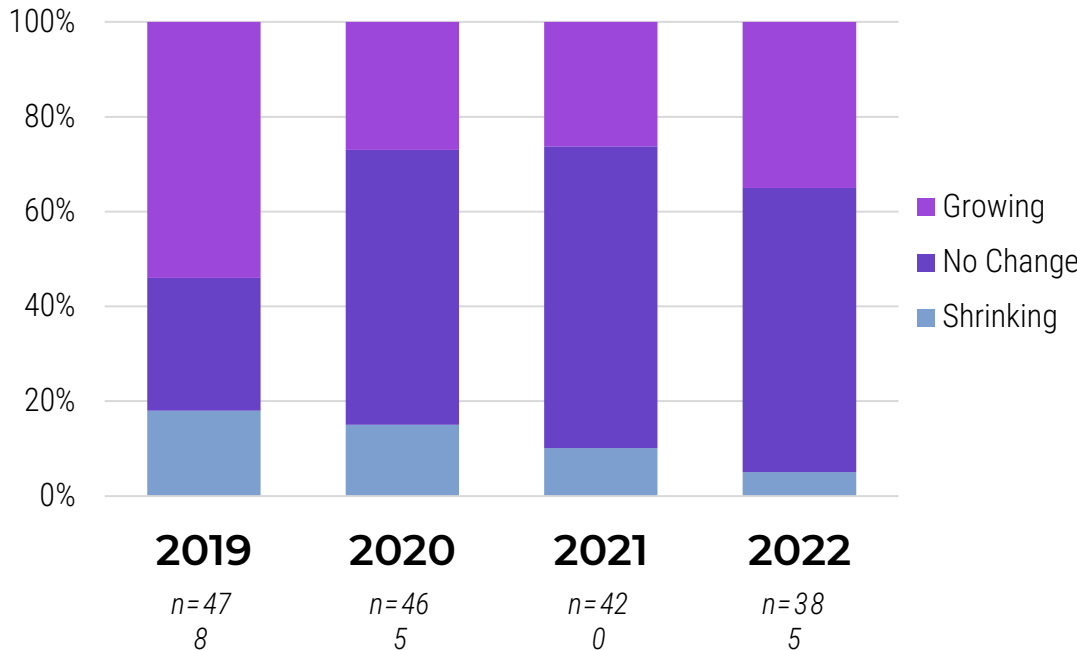
The large discrepancy in the ratings of HR effectiveness between these two groups may indicate a lack of understanding about HR's role among non-HR respondents. This points to an opportunity for HR to better communicate its role and results across the organization.

HR headcount has not kept up with its expanded scope

HR to FTE Ratio by Organization Size:



Expected Change in HR Headcount:



Organizational headcount has recovered for large organizations

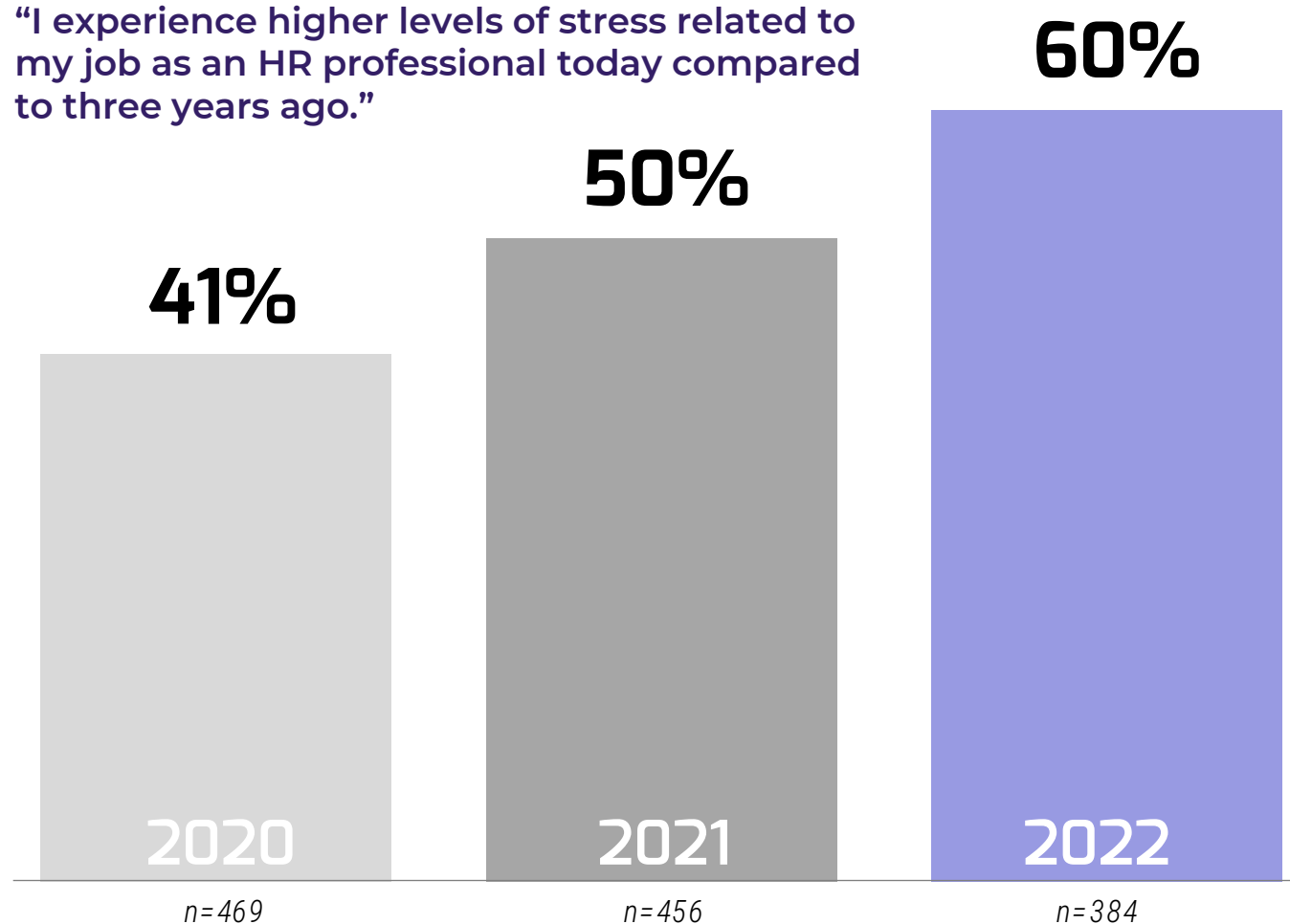
With the pandemic leading to a significant number of layoffs, organizations of all sizes saw their HR to FTE ratios decrease in 2021. While the ratios at medium and small organizations have stayed flat, large organizations' ratios have since bounced back.

HR has more on its plate than ever

Despite HR's expanded role as a strategic partner and the increased number of FTEs it is responsible for supporting across the organization, HR has managed to increase its effectiveness. Most respondents do not expect HR headcount to change, even with HR's expanded scope.

It is not surprising that more HR professionals have higher levels of stress

“I experience higher levels of stress related to my job as an HR professional today compared to three years ago.”



HR professionals' stress levels have increased by **1.5x compared to 2020** and **1.2x compared to 2021**. However, only...

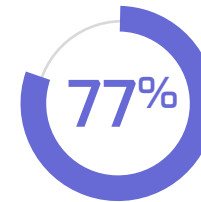
12%
n=291

of respondents have programs or processes to support HR professionals.

58%
n=291

of respondents have no plans to implement programs or processes to support HR professionals.

Despite such conditions, HR respondents remain positive about their profession.



More than **three out of four HR respondents** would encourage a friend or family member to enter the HR profession.

What Comes Next?

Many impacts from the workplace upheavals of the last two years are here to stay. In 2022 and beyond, HR will continue to play a critical role in helping organizations find their footing in the new world of work.

While perceptions of HR effectiveness increased year over year, the gap between how HR and non-HR professionals perceive HR effectiveness remains significant. This points to a need for improved communications about HR's role and how it enables organizational success.

Worryingly, HR professionals report feeling more stressed than ever. 2022 will be a year when HR departments must spend more time addressing their own wellbeing.

Actions and Practical Resources

Focus HR resources where they will have the greatest organizational impact by [creating a talent strategy](#).

[Equip your HR team with the resilience techniques needed](#) to support themselves and the organization.

[Design a candidate-centric talent acquisition process](#) that addresses candidate feedback.

[Design the employee experience](#) by finding the sweet spot where employee needs and organizational strategy meet.

Assess and act on stakeholders' priorities and perceptions of HR via an [HR Stakeholder Management Survey and action plan](#)

TREND 1

Recruitment & retention: Two sides of the same coin

Recent environmental pressures impacted traditional working arrangements and showed more workplace flexibility is often possible. At the same time, many employees' expectations about how, when, and where they choose to work have also evolved – and it is an employees' market.

Recruitment and retention are reflections of different sides of the same employee value proposition coin. Organizations that fail to reinvent their approach to attracting and retaining talent by focusing on candidate and employee experience risk turnover, vacancies, and lost opportunities that can negatively impact the bottom line.

Recruiting is a challenge, especially for industries that operate primarily onsite

HR departments' effectiveness at enabling recruiting has decreased since 2021:

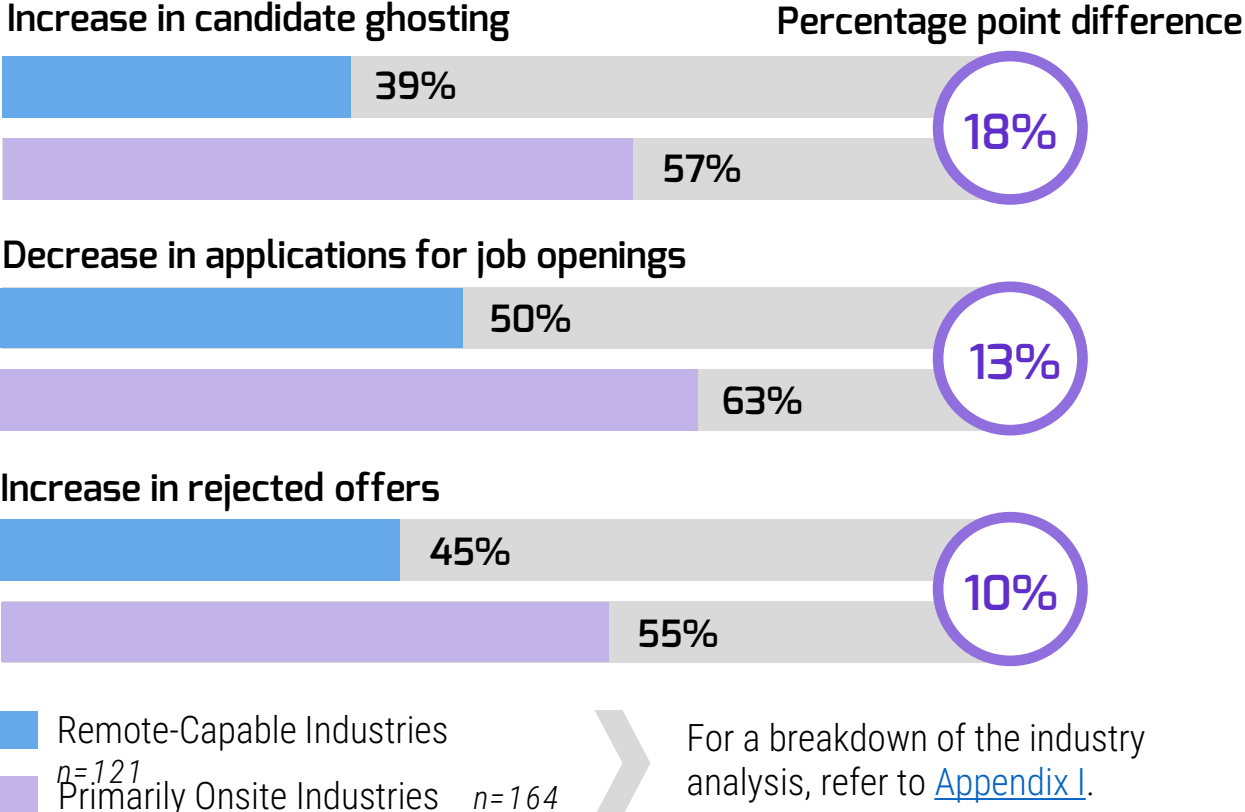


The increased burden placed on HR to quickly attract, assess, and hire talent in large volumes due to the “Great Resignation” may be driving down their perceived effectiveness in enabling recruiting.



Having a TA strategy that is up to date with the current context of the labor market is more critical than ever. However, **just 38% of organizations report having a documented TA strategy** (n=390).

Industry Analysis: Onsite industries experience more challenges with candidates



For a breakdown of the industry analysis, refer to [Appendix I](#).

The benefits of remote work aren't available to all



For jobs that *can* be performed remotely, organizations are...

3x more likely to report that remote work has had a **positive impact on attraction**. *n=313*

2.7x more likely to report that remote work has had a **positive impact on retention**. *n=314*



For jobs that *cannot* be performed remotely, organizations are...

4.2x more likely to report that remote work has had a **negative impact on attraction**. *n=321*

2.8x more likely to report that remote work has had a **negative impact on retention**. *n=317*

Remote work has shifted the landscape of talent recruitment and retention

The emergency work-from-home measures of 2020 and 2021 began to challenge skepticism around the feasibility of remote work. Over the past year, organizations have embraced and leveraged it to their benefit. This is hardly surprising – when given the option between remote and onsite work, employees will often elect to work remotely.

This trend is beneficial for organizations whose roles can primarily be conducted remotely, but the reverse is true for organizations that do not have the option to offer remote work.

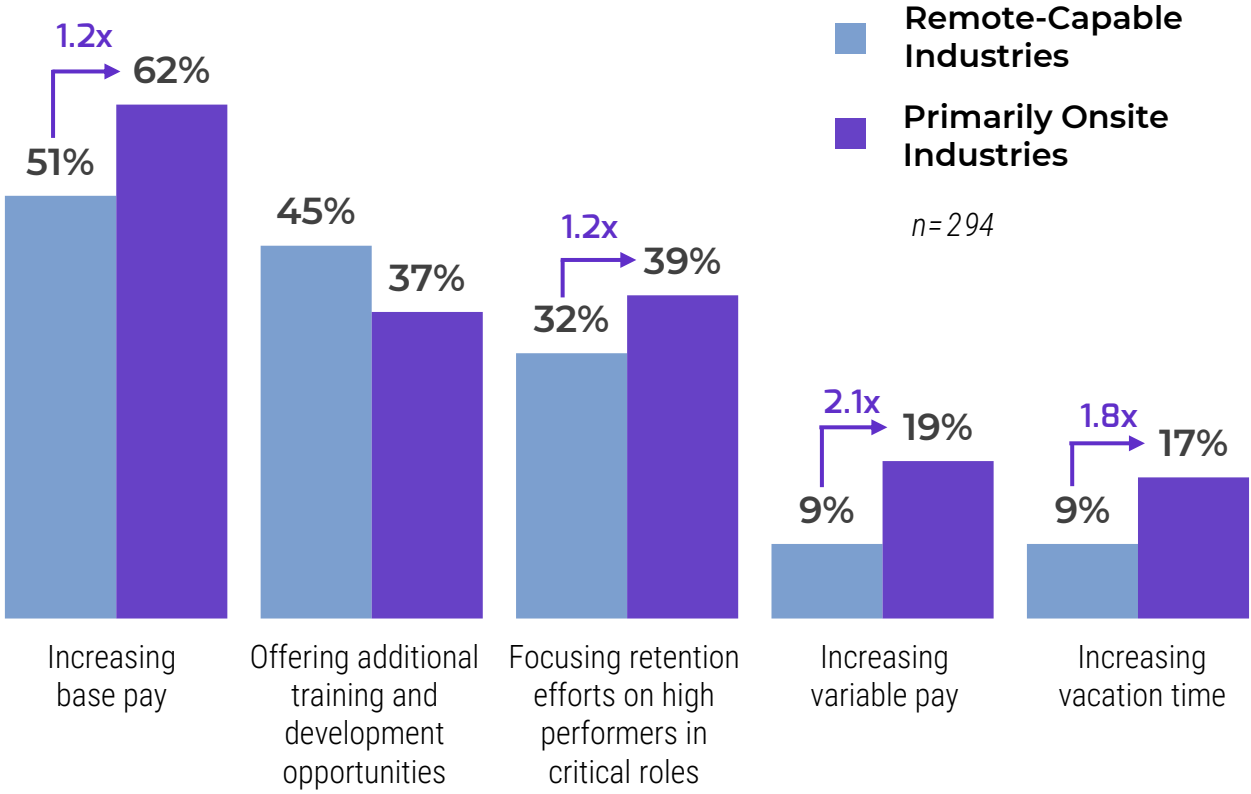
Organizations that cannot offer remote work must reinvent their recruitment and retention strategy

In an environment where remote work is highly desirable for most employees, **organizations that do not have the option to offer remote work will have to find creative solutions to attract and retain talent**. Organizations that fail to adapt to the new talent landscape risk losing talent and being left behind.

Remote and non-remote organizations are tackling challenges differently



Industry Analysis: What has your organization done to improve attraction and/or retention of candidates and employees?



Organizations operating primarily onsite are more likely to take actions to address talent challenges

Organizations that require employees to be onsite are making up for their inability to offer remote work by offering higher compensation. They also place greater focus on retaining talent in critical roles due to the higher degree of difficulty they face attracting new talent.

Employee experience is deeply intertwined with recruitment and retention

Increasing base pay was the most common approach, which is a positive trend given that doing so was **positively associated with employee experience**.

Organizations that took actions were better off than those that did not. Taking no action to improve attraction and/or retention was **negatively associated with employee experience**.

It's time for organizations to revisit their employee value proposition (EVP)

Organizations that cannot offer remote work can leverage the EVP to communicate their efforts

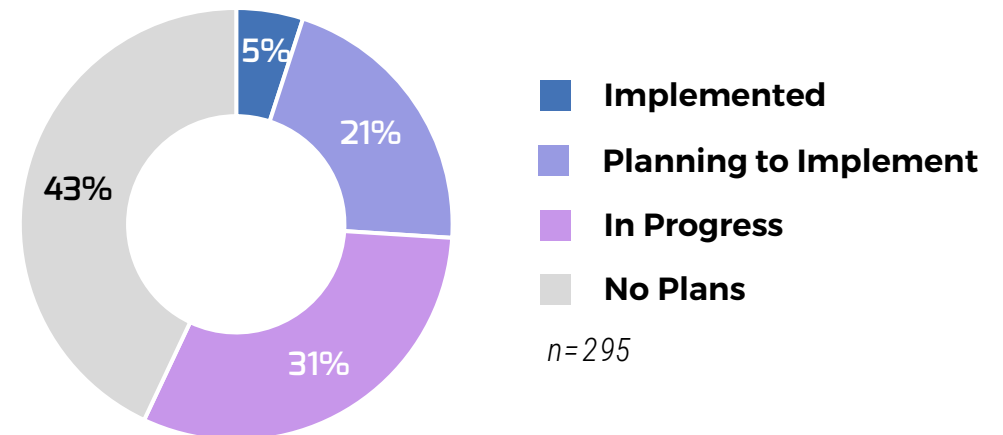
Organizations that operate primarily onsite are taking more significant actions to offset their talent recruitment and retention challenges (e.g. they are 20% more likely to increase base pay).

However, industry analysis reveals that **remote-capable organizations are 16% more likely to revisit their EVP** ($n=295$). This suggests that although primarily onsite organizations have done more to address their talent challenges, they are doing far less in communicating their efforts to potential candidates.

Remote-capable organizations stand to benefit by embedding a remote work option into their EVP

Remote work has been shown to have an immensely positive impact on attraction and retention for jobs that can be performed remotely. Organizations that are revisiting their EVP are **10% more likely to report that remote work has had a positive impact on attraction** for jobs that can be performed remotely ($n=259$).

Despite these benefits, most organizations have no plans to revisit their EVP:



Insight

Efforts to address talent challenges will yield limited results if they are not communicated externally to candidates as well as internally. Reshaping the EVP to highlight the ways in which the organization has adapted to recent environmental pressures can resonate profoundly with candidates in the new world of work, especially for organizations that cannot offer remote work.

A focus on candidate and employee experience is key

Organizations whose HR departments are not providing a great **employee experience** are...

34% more likely to agree that **retention** for non-remote jobs has been negatively impacted.
n=317

Organizations whose HR departments are not providing a great **candidate experience** are...

23% more likely to agree that **attraction** for non-remote jobs has been negatively impacted.
n=319

HR's ability to provide a great employee and candidate experience is correlated with:

 **Organizational performance**

 **Workforce productivity**

However, providing a great candidate experience ranked 12th out of 12 top organizational priorities: *N=826*

01 Recruiting

02 Providing a great employee experience



12 Providing a great candidate experience



Insight

Organizations are recruiting without candidate experience in mind. The gap in priorities suggests that while organizations are recruiting for more positions, not much weight is placed on how candidates experience the talent acquisition process. Talent challenges will not be resolved through retention alone. Organizations must prioritize candidate experience as much as they do employee experience to attract top talent in a market that is more candidate driven than ever.

What Comes Next?

There's no easy solution to recruitment and retention challenges, particularly for organizations that are not able to offer remote work. Many of the actions taken to address these challenges (e.g. increasing compensation) are not sustainable in the long term, so organizations will need to find different approaches in 2022 by listening to the employee voice.

Revisiting and realigning the employee value proposition will help recruit and retain the right talent. All organizations should approach these challenges by focusing on improving both employee and candidate experience.

Actions and Practical Resources

Keep talent from walking out the door by [developing an effective talent retention program](#).

[Create a talent acquisition strategy](#) to optimize foundational elements and elevate the TA function.

[Lay the groundwork for compensation](#) that is competitive, cost effective, and brand aligned.

Create a compelling and realistic [employee value proposition](#) to recruit and retain the right talent.

Use surveys to monitor the employee voice with our [New Hire Survey](#), [Employee Exit Survey](#), and [Employee Experience Monitor](#).

TREND 2

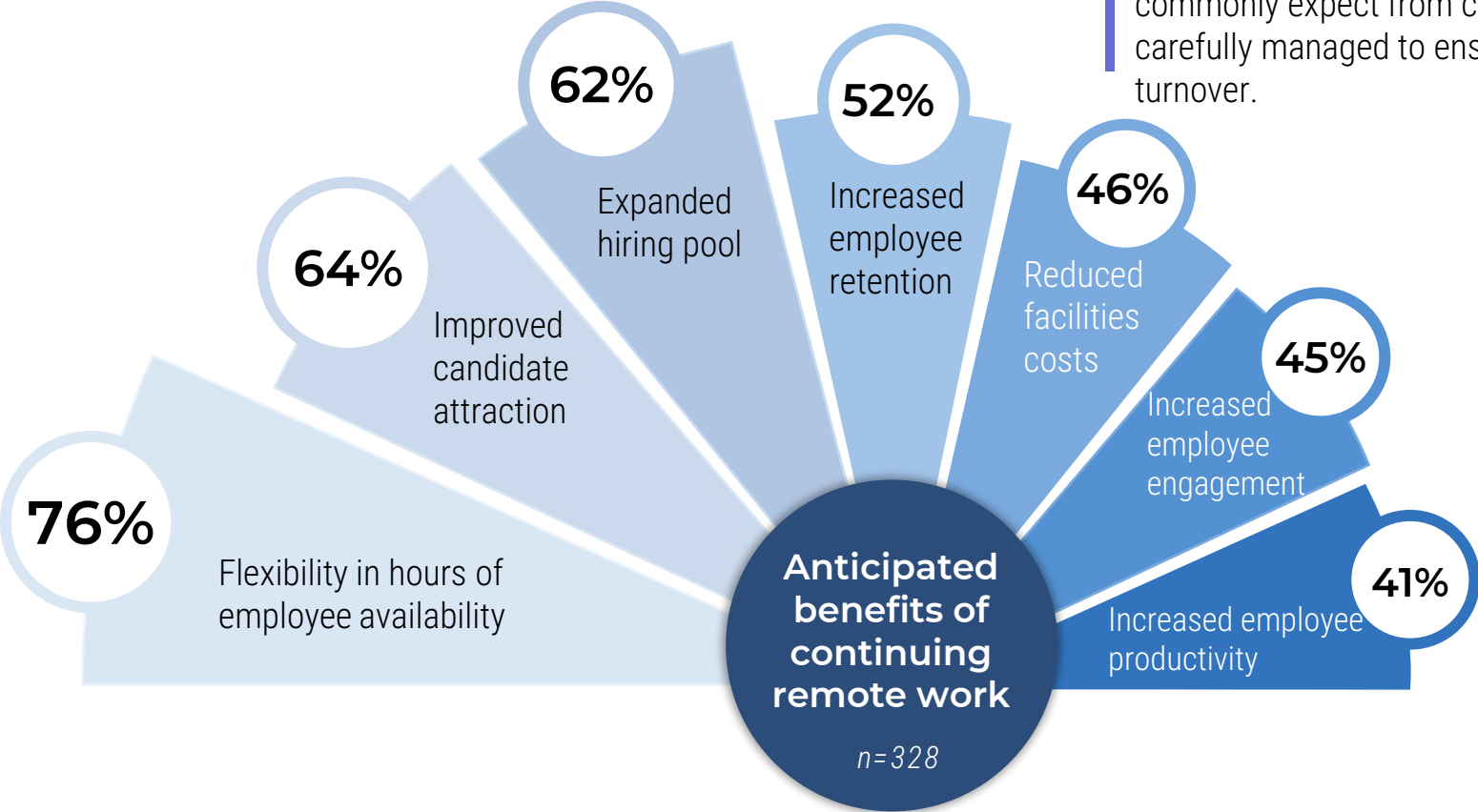
Adapting to a new world of work

Environmental pressures have produced monumental changes in working conditions with an increased focus on employee experience in terms of increased compensation and workplace flexibility.

Anticipated benefits of ongoing remote work include increased employee availability as well as improved retention, enhanced ability to attract candidates, and increased talent pools, all of which will be critical in the age of the “Great Resignation.”

Survey results point to a need for a degree of caution about increased working hours. Over and above the potential risk of employee burnout and turnover, the data showed the highest performing organizations were actually less likely to report an increase in employee hours worked.

The continuation of remote work to any degree comes with many anticipated benefits



Flexibility of employee availability is a balancing act

By far, flexibility in hours of employee availability is the benefit organizations most commonly expect from continued remote work. However, this flexibility must be carefully managed to ensure it doesn't result in increased working hours, burnout, and turnover.

Engagement and productivity gains are overlooked benefits

1.6x High-performing organizations recognize the benefits of remote work, as they are 1.6x more likely to anticipate that remote work will improve engagement.
n=325

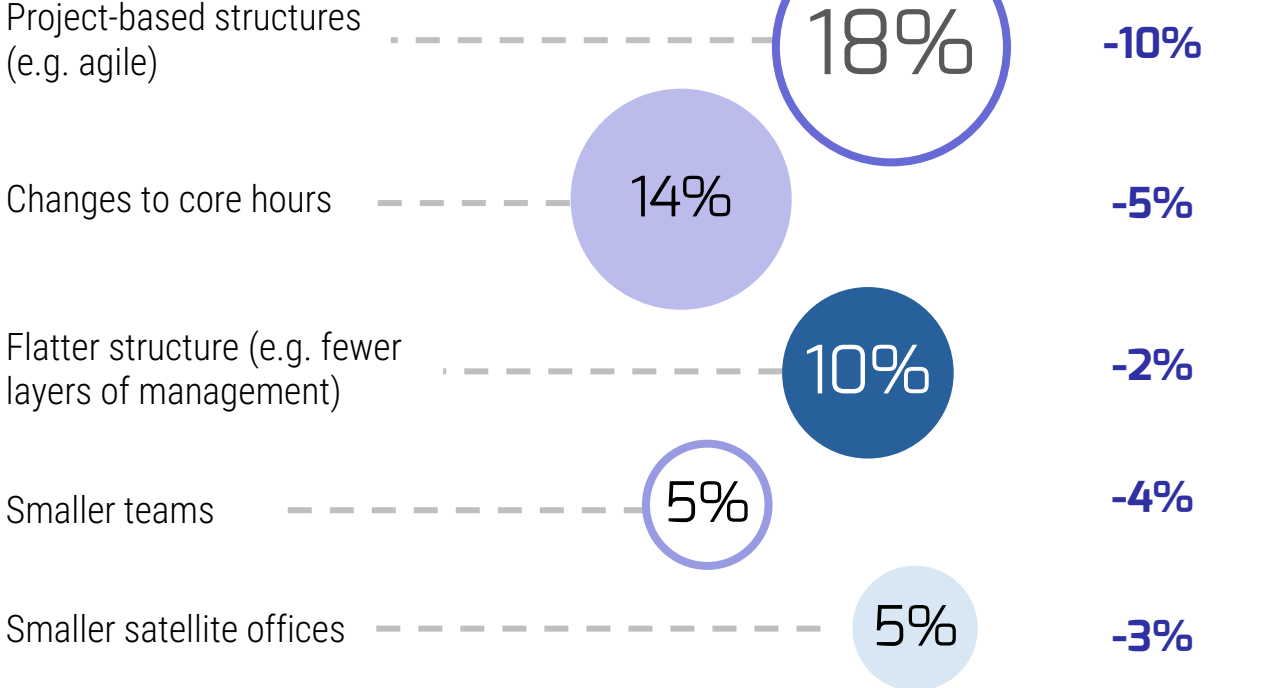
Yet fewer than half of respondents anticipate remote work will have a positive impact on employee engagement and productivity. With additional focus, remote work environments can increase and sustain engagement and productivity, both of which can impact the bottom line.

However, it will be critical to not conflate increased hours worked with increased productivity.

There is less of a focus on structural changes to roles, work, and teams


Organizations that made changes to the nature of roles, work, or teams to improve suitability for remote or hybrid work

(n=373)



63% are not making changes to roles, work, or teams **↑ 14%*** from 2021
*percentage point difference

Last year saw a significant amount of change as a result of the pandemic. With the advent of a new normal for organizations and employees, organizations are less likely to make further changes to work structures and are now able to **shift their focus to improving the employee experience within existing roles, work, and teams.**



Insight With no clear link between these changes and improved productivity or performance, efforts are better focused on improving the employee experience within current structures rather than creating unnecessary and disruptive structural change.

Changing work conditions are impacting wellbeing and the employee experience

In what ways have recent environmental pressures shifted working conditions?

(n=394)

25%

Increased benefits

43%

Increased salaries

80%

Increased flexibility

62%

Increased working hours

Don't overlook total rewards' impact on the employee experience

Despite a lot of buzz in the past year about exploring salary decreases for employees moving out of high-cost centers, only 10% of respondents report decreasing salaries, compared to 43% increasing salaries.

1.2x

(n=393)

HR departments that are highly effective at enabling a great employee experience are 1.2x more likely to increase salary in response to changing working conditions than non-highly effective HR departments.

Keep an eye on wellbeing

It's of little surprise that increased flexibility was the top change in working conditions over the past year. However, despite the many benefits increased flexibility provides, it's not without downsides.



Increased working hours is the second most common change to working conditions. Increased flexibility can blur the line between work and non-work time, often resulting in employees working longer hours.

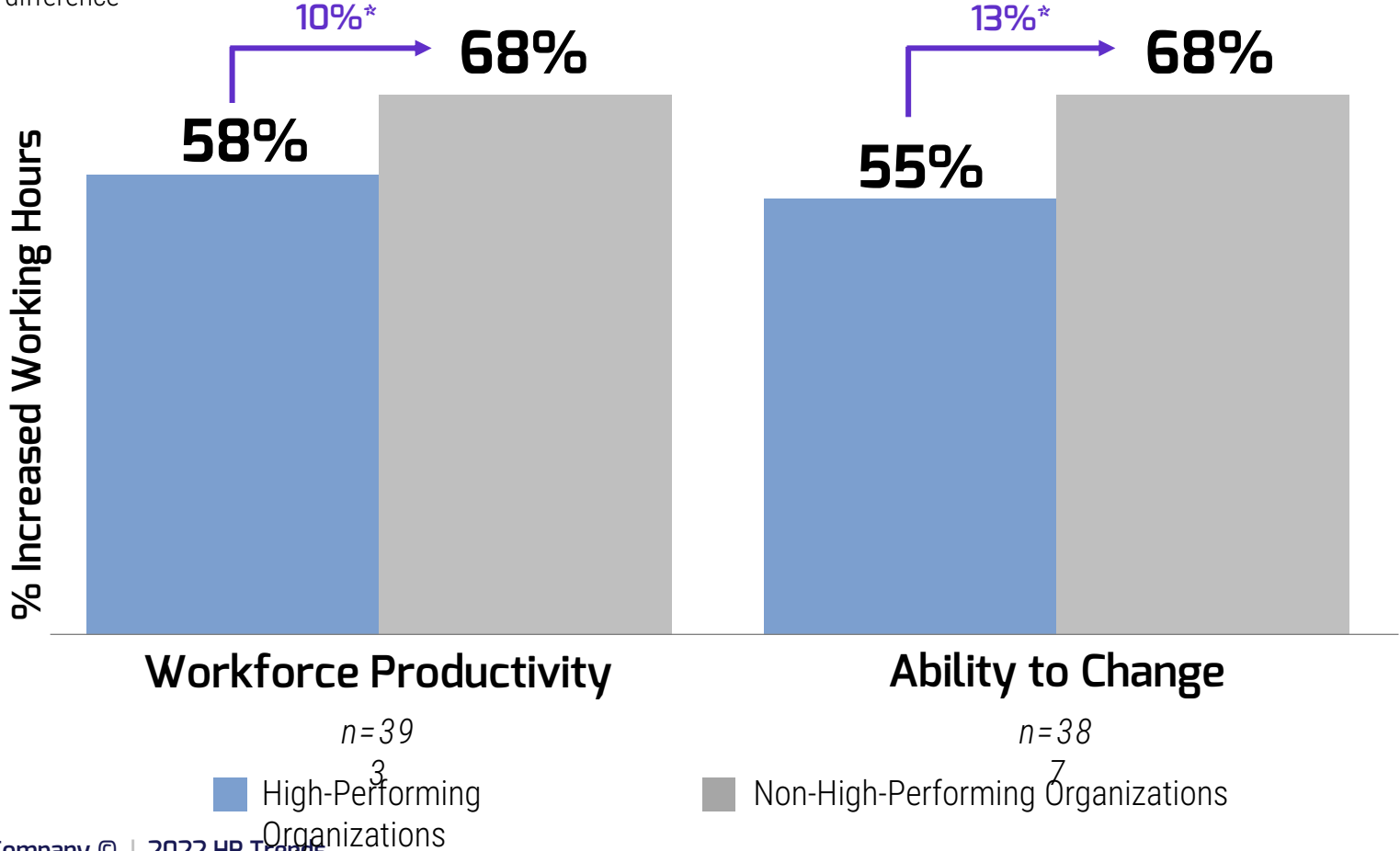


70% of HR respondents who claimed that working hours increased strongly agreed that they are more stressed compared to three years ago (n=244).

Increased working hours is a particularly concerning trend

Non-high-performing organizations were more likely to increase working hours.

*percentage point difference



Increased working hours may not lead to more positive organizational outcomes

While increased flexibility has been a common trend for all organizations regardless of their performance, the same is not observed in the change in working hours.

Organizations that scored highly in workforce productivity and ability to change were far less likely to have increased working hours as a result of recent environmental pressures. This indicates that, at best, increased working hours does not contribute to producing more positive organizational outcomes. At worst, it is having a negative impact.

What Comes Next?

The new world of work looks very different for different industries, jurisdictions, and organizations. Regardless of the situation, though, the emergence of trends indicating an increase in work hours means that every organization needs to focus on employee wellbeing and encourage and develop resilient behaviors among all employees.

Strategic planning will be required for those organizations where remote or hybrid work is the future in 2022 and employees' expectations shift as we adapt to the new world of work.

Actions and Practical Resources

[Reinforce resilient behaviors](#) in your workforce to help your organization thrive during times of change and adversity.

Keep an eye on employee and HR wellbeing by [creating a holistic employee wellbeing program](#).

Adapt to the new world of work with [a planned, integrated, and supported hybrid work program](#).



TREND 3

DEI: After the tipping point

While organizations report that diversity, equity, and inclusion (DEI) continues to be a focus, action taken appears to be skewed to quick fixes versus long-term initiatives to address equity and inclusion. And evidence shows momentum is being lost even with addressing surface-level issues.

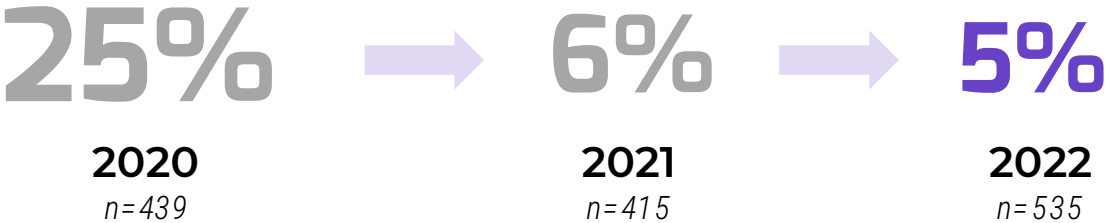
Without a strategic focus on long-term, sustainable initiatives, many organizations have now stalled in their DEI journeys. Many are still lacking the leadership buy-in, governance structure, and formalized strategy required to move things forward, and as a result they risk losing traction in this essential work.

Organizations continue to report that DEI is a focus

A majority of organizations acknowledge the value of DEI.



The number of respondents reporting that DEI is *not* a focus continues to decrease year over year:



Organizations clearly recognize the importance of DEI and related benefits for the organization. However, there is a disconnect between saying DEI is a focus and actually taking steps to address and eradicate systemic challenges.

1.6x more voluntary turnover n=414

Organizations that are not focusing on creating an environment of DEI are experiencing 1.6x more voluntary turnover than those that are focused on it. Potential explanations for this include:

- Increased employee and candidate expectations regarding organizations' commitment to DEI.
- Increased likelihood that employees experiencing inequities, lack of inclusion, and other DEI challenges will leave.

The reported focus on DEI is not backed by concrete actions to address systemic issues

Percentage point change from 2021

Actions organizations are taking to create an environment of DEI (n=535)



Association with organizational outcomes

 Organizational performance

 DEI performance

 Workforce productivity

Actions don't match words

While 95% of respondents report that DEI is an area of organizational focus, the 2022 data shows fewer organizations are taking focused actions associated with improved DEI performance.

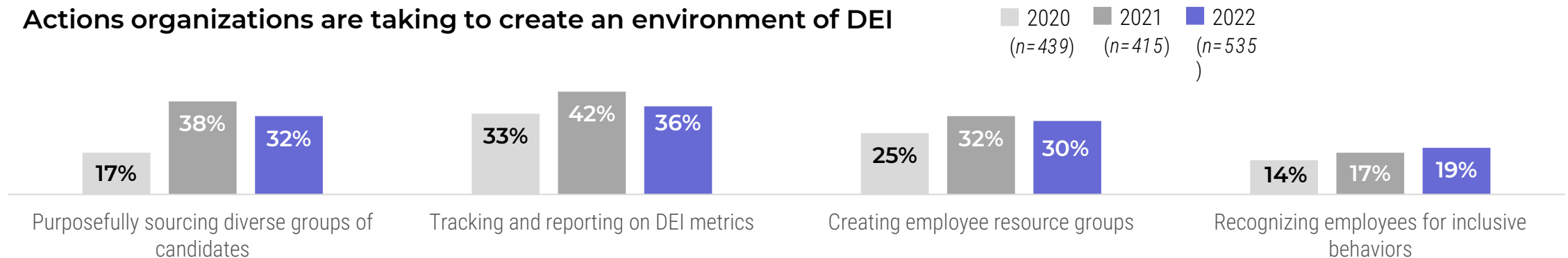
Lack of action where it's needed

Actions required to address deeper systemic issues and make strategic, sustainable changes to the organization's culture of equity and inclusion are continuing to decrease.

A particularly important example of this is identifying and addressing pay inequities: with many organizations increasing salaries this past year, inequities may be exacerbated if action is not taken to get at systemic issues.

As momentum is lost, even surface-level issues are being overlooked

Actions organizations are taking to create an environment of DEI



Even short-term, reactive initiatives taken last year are becoming less common

Many of the actions that organizations were quick to take last year are ad hoc, reactive initiatives that only address diversity, such as sourcing diverse groups of candidates. **These actions have no association with organizational outcomes.**

Yet even these low-impact actions that were previously a focus are happening less than before. Not only are organizations not taking deeper, proactive action, many are letting their initial motivation and drive fade away.

More work is required

Taking a few of these actions for a single year will not create sustainable change. DEI is a journey requiring strategic, ongoing action that moves beyond diversity alone and addresses the culture of equity and inclusion. Without this, organizations risk their DEI initiatives coming across as performative rather than impactful.

Organizations are facing several challenges that are limiting actual and lasting change



DEI is a journey

While organizations that are high performing in DEI are more likely to be struggling to allocate adequate resources and funds, those that are low performing list not knowing where to start as a challenge. In both cases it's important to remember that **DEI is a journey**, requiring a long-term strategy and resources to be sustainable and change as organizational DEI maturity evolves.



Organizations that are low performing in DEI are challenged by lack of leadership buy-in

Organizations that are low performing in DEI are more likely to list **lack of leadership buy-in as a top challenge** than those that are high performing.



Dedicated time is a shared top challenge

All organizations, regardless of level of DEI performance, struggle with finding dedicated time to do the work associated with DEI. In fact, **only 5% of HR's time is spent on DEI** – the same as in 2021 (*n=405*).

Leadership buy-in is on the decline. Only...

42%

of organizations have leadership that is committed to modeling inclusive behavior and championing DEI initiatives (*n=275*). This is **down 5 percentage points** from 2021 (*n=352*).



Insight

Leadership buy-in and championing is crucial to the success of DEI initiatives and embedding and sustaining DEI throughout the organization.

Progress in DEI will continue to stall if practices remain focused on compliance rather than rooted in a strategy

No increase in organizations with a DEI strategy from 2021

Only 38% of respondents report having a formal DEI strategy – the same as 2021 ($n=390$). Organizations without one are at risk of missing out on key benefits to organizational performance. Having a DEI strategy is associated with improved:

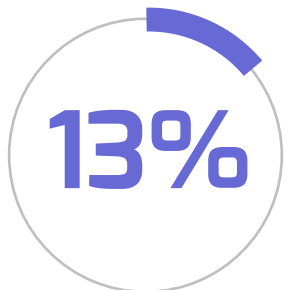


DEI performance ($n=387$)



Social and environmental sustainability performance ($n=379$)

Even fewer organizations have a best-practice DEI strategy. Only....



of respondents have an overarching DEI strategy in place that is **aligned to the employee lifecycle and other organizational processes, systems, programs, and policies.**
 $n=275$



More than 2 out of 5 respondents describe their organization's DEI practices as *only* focused on compliance and meeting legislated minimum requirements.

$n=275$

Compliance alone is not enough

Despite DEI being an organizational focus for 95% of respondents, 41% are focused only on compliance ($n=275$). To effectively create an environment of DEI, organizations must make taking actions beyond compliance-based practices a priority.



Insight

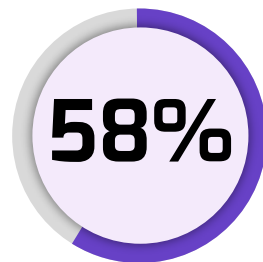
Stating that DEI is a focus for an organization without backing it up with a formal strategy risks DEI efforts being performative. DEI is a journey and

requires going beyond check-box, compliance-focused practices. It must be strategic and embedded into the culture of the organization to make meaningful change that will be sustained.

Organizations must focus on three foundational elements to make and sustain progress in DEI

The data shows that the following three elements are foundational to creating an environment of DEI. Governance, strategy, and leadership support provide accountability and direction and ensure alignment of DEI initiatives, programs, and policies to organizational priorities.

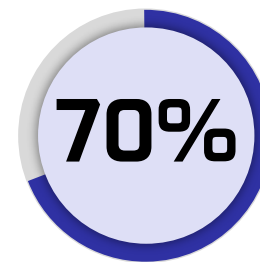
Leadership buy-in



of respondents do not have **leadership buy-in** that shows commitment to modeling inclusive behavior or championing and supporting all DEI initiatives, and leaders are not held accountable to DEI

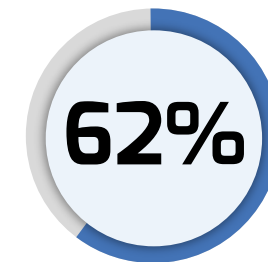
(n=275)

Governance



of respondents do not have a **DEI governance framework** or have one where the accountabilities are unclear (n=341).

Strategy



of respondents do not have a formal **DEI strategy** (n=390).



Keep up the momentum. Without leadership championship, governance, and strategy, organizations' DEI journeys will be cut short. If DEI is truly a focus, it is critical to act now to obtain leadership buy-in, create a governance framework, and develop a strategy to progress and sustain efforts.

What Comes Next?

2021 represented a DEI reckoning for many organizations in the face of a variety of social movements in North America and around the world. Organizations responded by taking quick actions in the DEI space.

While the stated commitment to DEI remains high in 2022, the focus seems to be on compliance rather than creating a DEI strategy, even though the latter is associated with a number of powerful organizational outcomes. Leadership buy-in, DEI strategy, and a DEI governance framework are key aspects that need more attention from organizations for real progress to be achieved.

Actions and Practical Resources

Explore toolkits, training, and resources such as facilitated workshops and executive roundtables to support your DEI journey in McLean & Company's [Diversity, Equity & Inclusion \(DEI\) Resource Center](#).

[Build a sustainable DEI strategy](#) by focusing on employees' experiences to uncover and address systemic inequities across the employee lifecycle.

Realize the benefits of a diverse workforce by [embedding inclusion](#) into the organization's culture through work practices, behaviors, and values.

Emphasize inclusion as an organizational priority and uncover the most meaningful changes your employees want to see with the [Diversity, Equity & Inclusion Engagement Pulse survey](#).

TREND 4

Skills in an age of change

The rate and scale of changes to the world of work is resulting in rapid changes to what are considered essential skills and making change-supportive competencies such as resilience, change management, and design thinking more important than ever. Remote work has also uncovered significant gaps in managers' skills.

With tight labor markets a reality for many, hiring for aptitude and training for skills may well be the path forward. A strategic approach to enabling continuous learning across the board is critical, starting with a formal L&D strategy and an increased focus on leadership development. Don't forget your HR team when it comes to leadership development or developing strategic HR competencies!

High proficiency in change-supportive competencies is associated with improved organizational performance

Organizations with high proficiency in...

...are more likely to be high performing across the organization in...

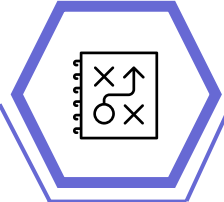


Resilience

Displaying flexibility, activating networks, and adopting a continuous growth mindset to learn from mistakes and bounce back from adversity.

Workforce productivity

1.8x more likely to be high performing

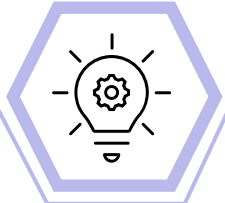


Change management

Adjusting thinking and behavior to face and enable change while helping others deal with the effects of change.

Ability to change

2.2x more likely to be high performing



Design thinking

Using an iterative approach to designing solutions while prioritizing the end user's experience.

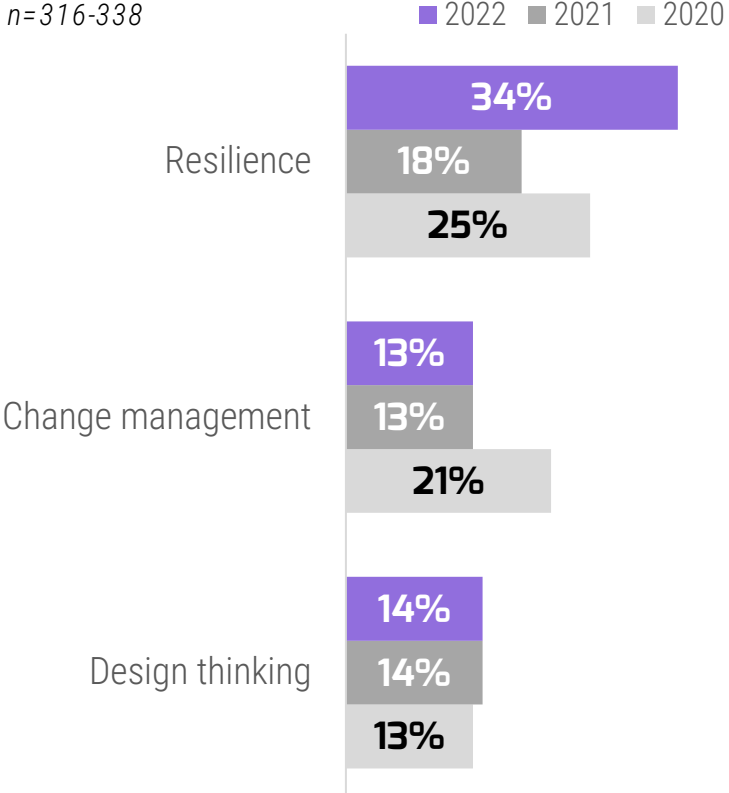
Innovation

2x more likely to be high performing
n=315

While proficiency in resilience is rebounding, the other competencies remain stagnant

Organizations that are highly proficient in change-supportive competencies

n=316-338



Resilience is rebounding

While high proficiency in resilience dropped last year, this year saw a large improvement.

↑ 16% Organizations with high proficiency in resilience increased by 16 percentage points, nearly doubling last year's result.

This jump in high proficiency was even greater for organizations that are high performing in DEI, innovation, and workforce productivity. These organizations are **at least 2x more likely to be highly proficient in resilience** than those who are not high performing in these areas.

Last year's drop in change management has been sustained

The decrease in high proficiency in change management in 2021 has extended into this year. No improvements have been made, and little is being done to change this.

41% of respondents have no plans to offer additional training on change management to deal with rapid changes in the environment.

Design thinking has seen no improvement

Year over year, proficiency in design thinking remains low, despite its important associations with organizational performance, ability to change, innovation, workforce productivity, and DEI.

Accelerating development in key competencies requires strategic L&D

Learning and development (L&D) enables the development of the key competencies of the future and will help organizations achieve associated benefits.

Enabling continuous learning is critical

Keeping up with the changing world of work requires strategic L&D initiatives to enable continuous learning. As the competencies of the future evolve and new skills requirements come up, organizations must be able to develop their talent appropriately.

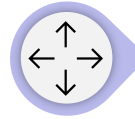
When HR is effective at enabling L&D, the organization is more likely to have increased...



Workforce productivity (n=428)



Innovation (n=426)



Ability to quickly change at scale to capitalize on new opportunities (n=421)

A strategic approach maximizes impact

Having a formal L&D strategy is associated with...

Improved organizational performance

(n=379-387)

- Overall organizational performance
- Social and environmental sustainability performance
- Ability to quickly change at scale to capitalize on new opportunities

Improved HR effectiveness

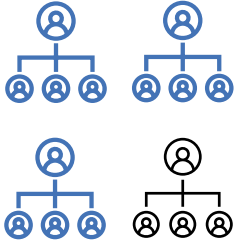
(n=385-390)

- Recruiting
- Providing a great employee experience
- Fostering an environment of DEI
- Supporting change
- Enabling innovation

Leadership competencies will be a strong focus in 2022

Leadership competencies are of top importance

The drastic changes to the world of work over the last few years have highlighted the criticality of leadership and have also revealed many gaps in leadership competencies.



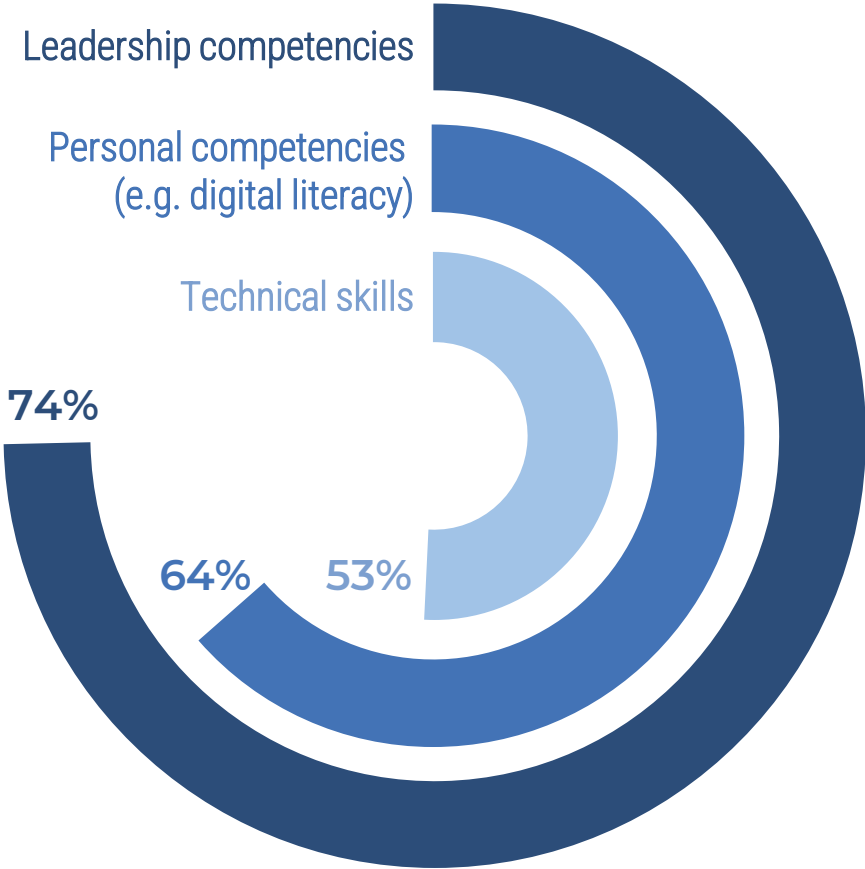
Nearly 3 in 4 respondents rate the gap in leadership competencies at their organization as important or very important. This makes them the top priority, with respondents rating their importance above personal competencies (e.g. digital literacy) and technical skills.

Leadership development is critical

Addressing the gap in leadership competencies will require more development offerings targeting these competencies at different levels (e.g. first-level managers, middle managers, and senior leaders). Additionally, leaders must be both willing and able to learn. Without the right training and mindsets, the gap in leadership competencies will continue to grow.

Skills gaps rated as important or very important

(n=346-352)



Remote work has uncovered significant gaps in managers' skills

New skills for a new way of working

Remote work has likely played a large role in the importance organizations are placing on leadership competencies. Leading remote staff requires strong management skills and even new skills that may not have been required when working in person.

Management training takes the top spot

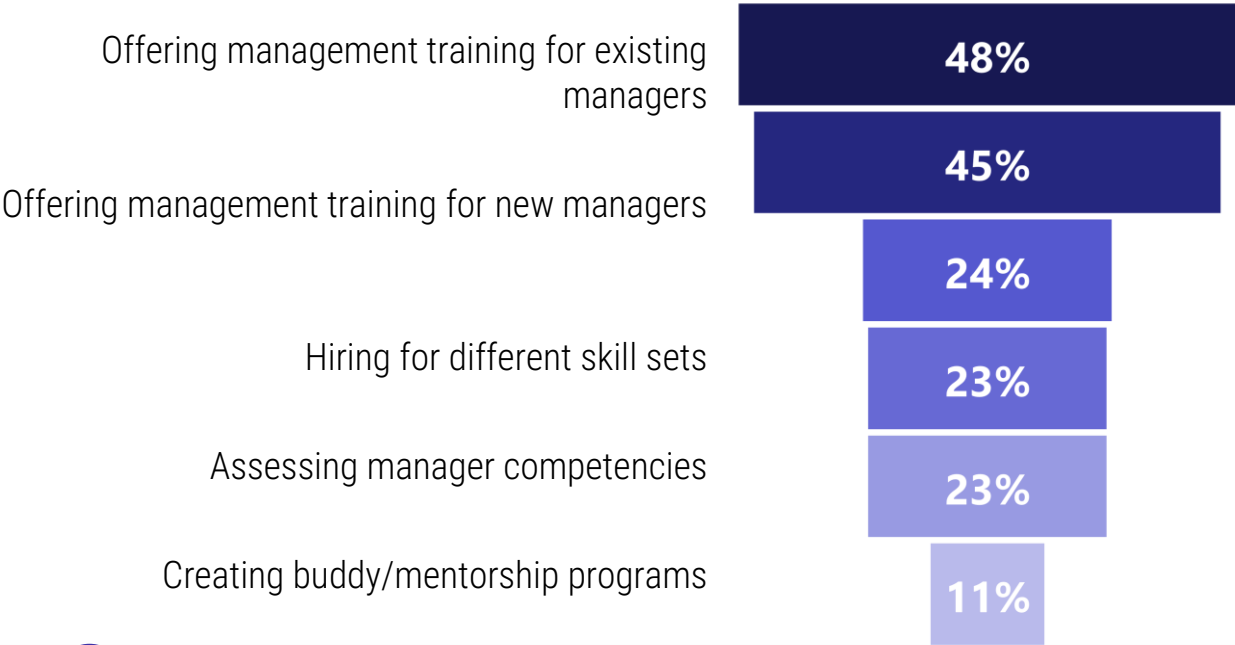
The most common action organizations are taking to close this skills gap is helping new and existing managers develop through training.


Effective L&D is key to close the gap

90% of respondents report there is a gap in manager capabilities at their organization.

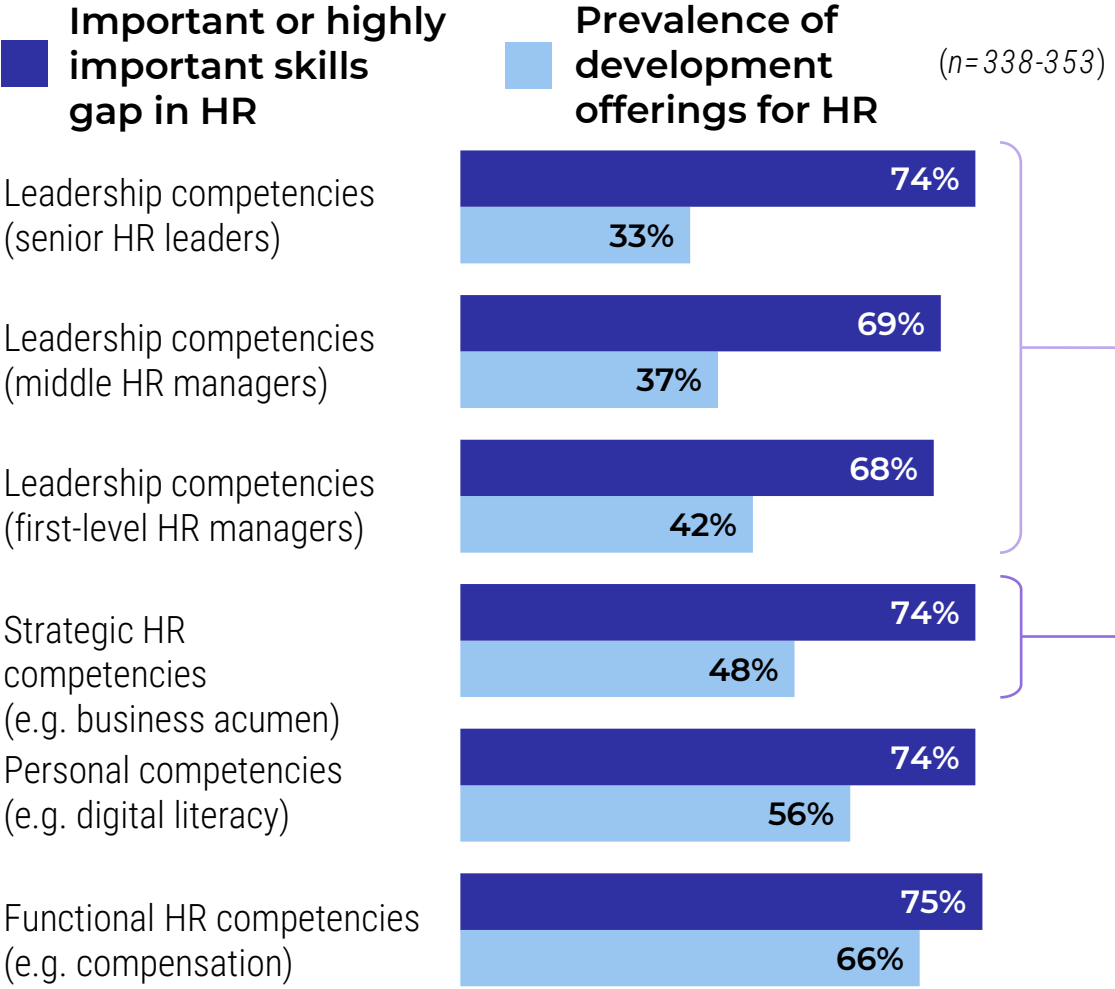
HR departments that are highly effective at developing organizational leaders are **less likely to report having a gap in manager capabilities.**

How are organizations addressing the gap in manager skills uncovered by remote work? (n=337)



 **Insight** Creating communities of practices
Being a successful manager looks different in a remote or hybrid environment than it did in the office, and organizations need to provide supports for managers as they make this transition.

Development of leadership and strategic competencies is overlooked in HR



Distribution of skills gaps importance is equal, but development opportunities are not

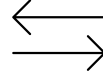
Development offerings are skewed toward functional competencies.

Development of HR leadership is pushed aside

While gaps in leadership competencies are top priority for the rest of the organization, they remain less of a focus for HR itself. HR is underinvesting in developing its own leaders, despite how important such development is for the success of the organization.

Strategic HR competencies is overlooked

Fewer than half of organizations are offering development in strategic competencies, despite all the benefits it may provide. Developing strategic competencies is associated with increased HR effectiveness in:



Supporting change



Providing a great employee experience



Enabling innovation



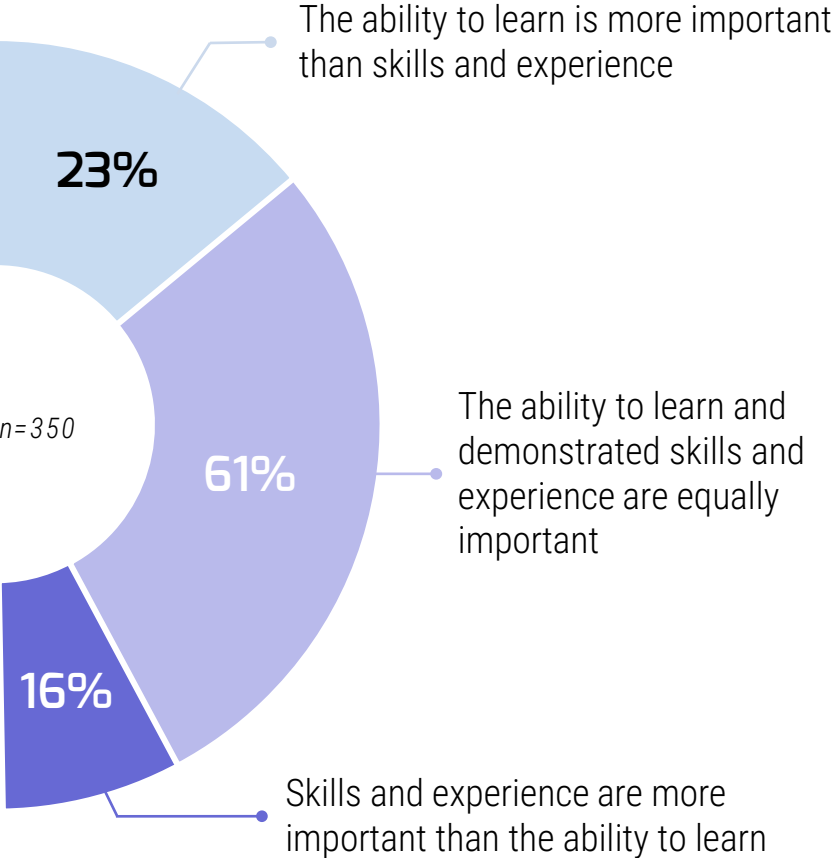
Fostering an environment of DEI



Facilitating data-driven people decisions

Importance of continuous learning and development reflected in hiring practices

When hiring, what is most important?




Organizations are addressing current skills gaps and minimizing future ones by looking for a balance of existing skills and learning ability when hiring.

Learning ability is just as important as, if not more important than, existing skills and experience. The majority of respondents weigh demonstrated skill and experience equally with the ability to learn.



More than 1 in 5 respondents agree that the ability to learn is *more* important than skills and experience. This **increases to more than 1 in 4 respondents** for organizations that are:

- High performing overall
- High performing in ability to quickly change at scale
- High performing at innovation

 **Insight** Hire for aptitude; train for skill. The world continues to change drastically, and the skills it takes for individuals and organizations to be successful will change alongside it. If employees are hired for existing skills alone and cannot learn new ones, the organization will fall behind while the world moves on. Employees must have a “learn to learn” mindset to keep up.

What Comes Next?

Skills have been a key focus of senior leaders for many years, and this has only been exacerbated by the upheaval of the past two years. Change-supportive competencies, leadership competencies, and HR competencies will be a major focus in 2022.

To enable this, start with your L&D strategy and build continuous learning into your employee lifecycle. HR development often falls by the wayside, and with HR front and center to deal with workplace upheaval, it will be essential to offer development opportunities specifically targeted at HR professionals.

Actions and Practical Resources

[Develop and deploy critical competencies](#) for strategic HR professionals and [provide them with the tools](#) to undertake that development themselves.






Help new people managers quickly excel with [Management Fundamentals](#).






Transform your learning and development function from reactive to strategic with a [learning and development strategy](#).

Leverage the single most important tool for driving key HR functions: [a competency framework](#).

Appendix I: Industry Analysis

An analysis of industries was conducted to reveal the differences in the experiences of organizations that can and cannot offer remote work. While in practice the extent of remote work varies by organization and role, the dichotomy captures the general trends in each industry.

Remote-Capable Industries		Number of Respondents
	Professional Services	99
	Financial Services	87
	Media, Information, Telecom & Technology	78
	Not-for-Profit	69
	Government	56

Primarily Onsite Industries		Number of Respondents
	Manufacturing	123
	Healthcare & Life Sciences	74
	Education	49
	Retail & Wholesale	38
	Construction	31

Note: Industries with fewer than 30 responding organizations were omitted to preserve the integrity of the analysis.



McLean & Company is the trusted partner of HR and leadership professionals around the world.

Our memberships are designed to provide what you need to drive the organization forward – from full-service assessments to practical action plans, impactful training, and more.

When you pair our comprehensive resources with our collaborative services, there's nothing between you and your goals. As a partner, we listen first to understand your situation, then guide you through each step of the way so you get where you want to be, faster and with confidence.

At McLean & Company, we're passionate about empowering leaders like you to shape a workplace where everyone thrives.

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McLean & Company offers various levels of support to best suit your needs

DIY Toolkit

“Our team has already made this critical project a priority, and we have the time and capability, but some guidance along the way would be helpful.”

Guided Implementation

“Our team knows that we need to fix a process, but we need assistance to determine where to focus. Some check-ins along the way would help keep us on track.”

Workshop

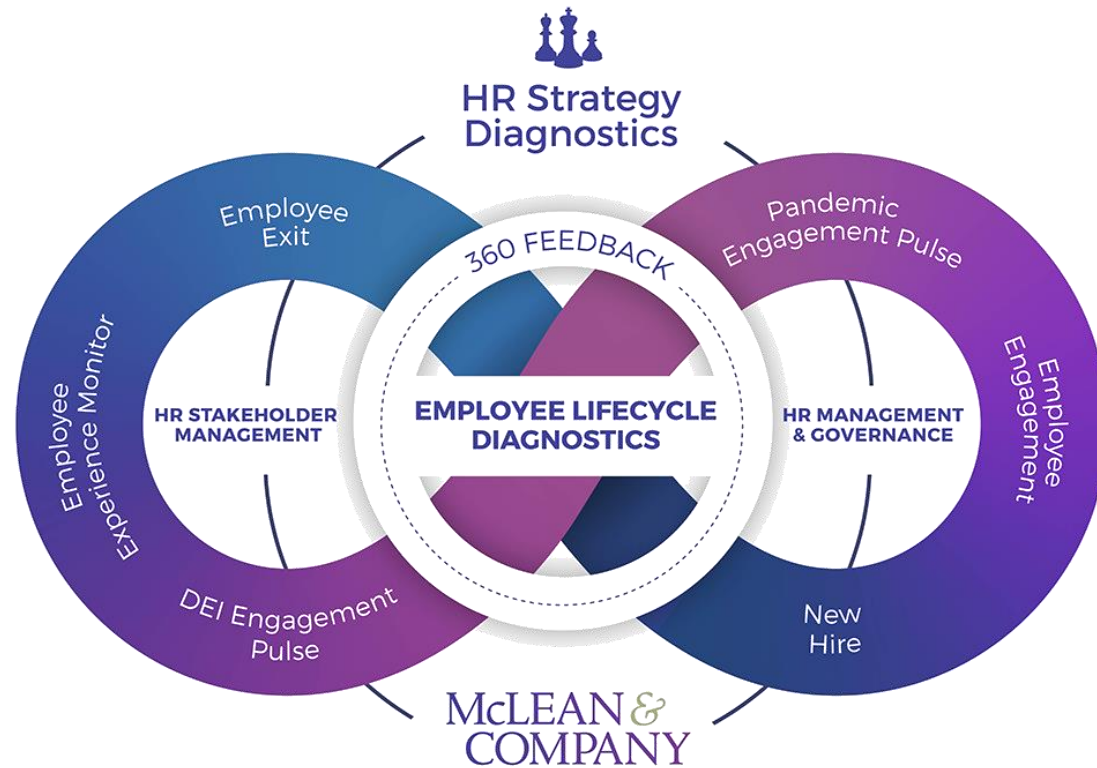
“We need to hit the ground running and get this project kicked off immediately. Our team has the ability to take this over once we get a framework and strategy in place.”

Consulting

“Our team does not have the time or the knowledge to take this project on. We need assistance through the entirety of this project.”

Diagnostics and consistent frameworks are used throughout all four options.

Build a Data-Driven Strategy Using Full-Service Diagnostic Programs



Improve Employee Experience and HR Processes

New Hire Survey

Ensure recruiting and onboarding programs are effective by surveying new employees.

Employee Engagement

Move beyond measuring job satisfaction with a comprehensive view of engagement.

Pandemic Engagement Pulse Check

Assess the effect of pandemic response plans on employee engagement.

Diversity, Equity & Inclusion Engagement Pulse

Take a thoughtful approach to mobilize inclusion efforts across your organization.

McLean Employee Experience Monitor

Evolve to leader-driven engagement with a real-time dashboard and results.

Employee Exit Survey

Understand why people leave the organization in order to proactively retain top talent.

360 Feedback

Empower employees with a holistic view of their performance to prioritize development.

Optimize the HR Department for Success

HR Stakeholder Management Survey

Align HR initiatives with business strategy and stakeholder needs.

HR Management & Governance

Improve HR's core functions and drive project success.

Leadership Membership

The Leadership Membership Difference Features:

This membership will give you the tools you need to push your HR department further, faster. Complete major projects with the help of a dedicated Executive Advisor who is a **former HR Leader**.



You'll get a **dedicated Executive Advisor** who will meet with you quarterly. Their experience will benefit you as you work toward delivering key initiatives. They can help you prioritize projects, mitigate challenges, direct you to the relevant research or subject matter experts, and keep you on track.



Boost your **own development** with one 360 Degree Feedback personal evaluation, including one debrief session and a separate development planning session.



Your choice of one ticket to McLean & Company's **Signature Conference** or one ticket to our virtual **Elevate HR** strategic leadership development course. Ideally, we'd like you to benefit from these events, but the ticket could be transferred to a colleague.



Leverage the expertise of fellow senior HR leaders in **Quarterly Leadership Peer-to-Peer Roundtables**. These 60-minute facilitated discussions are an opportunity to **network and collaborate** in an open, honest, and inclusive virtual space.



Save money and obtain peace of mind from our **HR technology** vendor management and contract review services. These services help you assess, manage, and reduce costs while strengthening vendor relationships.



Counselor Seat Services

The Counselor Membership Difference Features:

You'll get a dedicated Executive Counselor who is a **former senior HR executive** and has been in your shoes.



You will benefit from **two online advisory sessions** throughout the year (along with unlimited scheduled and ad hoc phone calls) that **integrate your Executive Counselor as a trusted part of your professional support network**. Use these meetings to cover anything you'd like, from prioritizing your own development to working through a project.



Your Executive Counselor can help you **navigate board- or executive-level challenges** and prepare for meetings.



You'll get access to cutting-edge IT research via our IT division, Info-Tech Research Group.

Your dedicated Executive Counselor will provide a high-touchpoint, customized experience to help you develop yourself and your team while increasing your personal and functional strategic impact. The McLean Membership serves your firm; the Counselor membership serves you personally.

Leverage your **dedicated Executive Counselor** to make your personal and professional development a priority.

Your **customized Personal Leadership Development Plan**, created with your trusted Executive Counselor, will link to your personal and organizational goals and values.

You'll develop a custom, authentic **leadership brand** that allows you to thrive and better market your unique value proposition.

Plus all the benefits of a Leadership Membership, such as:

Network and collaborate with fellow senior HR leaders in **Quarterly Leadership Peer-to-Peer Roundtables**.

Your **choice** of a ticket to McLean & Company's **Signature Conference** or to our virtual **Elevate HR** strategic leadership development course, for a total of two tickets.

Protect your organization and **save money** with expert **HR technology** contract review.

Develop managers and your HR team with our learning solutions



McLean Academy

A self-paced eLearning program for HR professionals. The curriculum is built around McLean's HR framework and provides practical, outcome-driven advice on tackling HR initiatives.



Elevate HR Online

A blended learning program designed to develop a strategic HR mindset and help HR practitioners better respond to the growing complexity of the workplace of the future.



Management Fundamentals Online

A practical, interactive, and impactful blended learning program designed to develop foundational management capabilities.

Develop your managers with our varied, interactive, remote training sessions.

Sample topics include:

- Master the 3i's of Employee Engagement
- Build High-Performing Teams
- Master Difficult Conversations
- Emotional Intelligence in Leadership
- Lead Through Change
- Manage Remote Teams
- Give Effective Feedback and Coaching
- Systems Thinking

Leadership Development Coaching

Maximize your leaders' performance, potential, and engagement with our Leadership Development and Engagement Coaching offerings. Our trained coaches work one-on-one with your leaders in a confidential environment to accelerate their self-awareness and development.

Help Leaders:

- 1 Build self-awareness by understanding how they are perceived by their direct reports, peers, and manager.
- 2 Identify strengths and opportunities for personal growth.
- 3 Take control of and accelerate their own development.



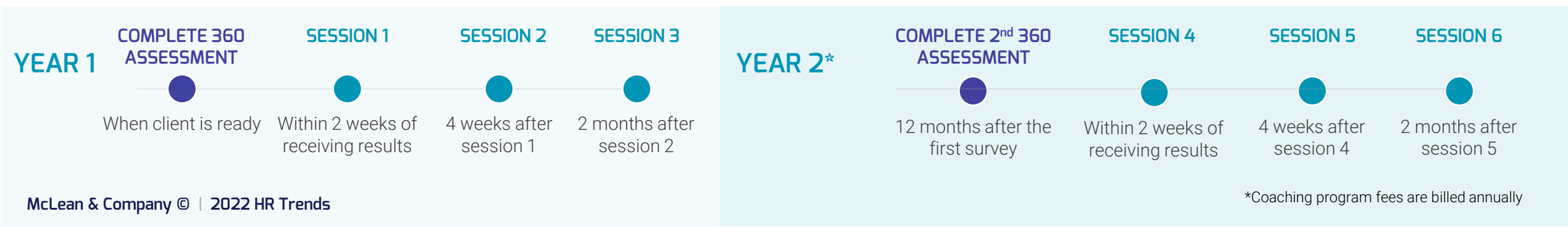
How It Works

This virtual coaching is available for groups of **10+ leaders** in your organization. After completing a **360 Feedback Assessment**, each leader will receive **three 50-minute 1:1 sessions with a trained coach**.

This four-month program can be supplemented with additional sessions in year two for an additional fee. This coaching is offered to clients that:

- Use our 360 Feedback assessment, or
- Have purchased Elevate HR, or
- Have purchased Management Fundamentals.

Note: A similar coaching program is also available for Engagement, focusing on team engagement results, helping leaders hold a team discussion and act on results.





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