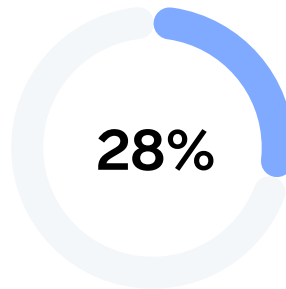


HR Study

The True Cost of a Crisis – HR's Response to Challenging Times



Only 28% of HR teams feel very prepared to help their businesses remain resilient

Personio

Executive Summary

While HR teams rallied to help companies shift immediately into remote work in 2020 and long-term hybrid work in 2021, yet another challenge is looming as we close out 2022 – the cost of living crisis.

As we look across the continent, prices in the UK are at a **40-year high**, **energy costs are rising** and **inflation in the Eurozone has hit 9.1%**. In response, HR departments have yet again stepped in: Over half of companies are already offering cost of living initiatives for employees.

It's not the only essential role HR will play when navigating this crisis – two thirds of companies are investing more in employee experience. A third of HR managers say this budget is why they feel prepared for the future.

To help weather this storm, efficiency will be key. Ultimately, if your processes are more efficient, your

HR department will save time and in doing so, save the money that your organisation needs to maximise during a crisis.

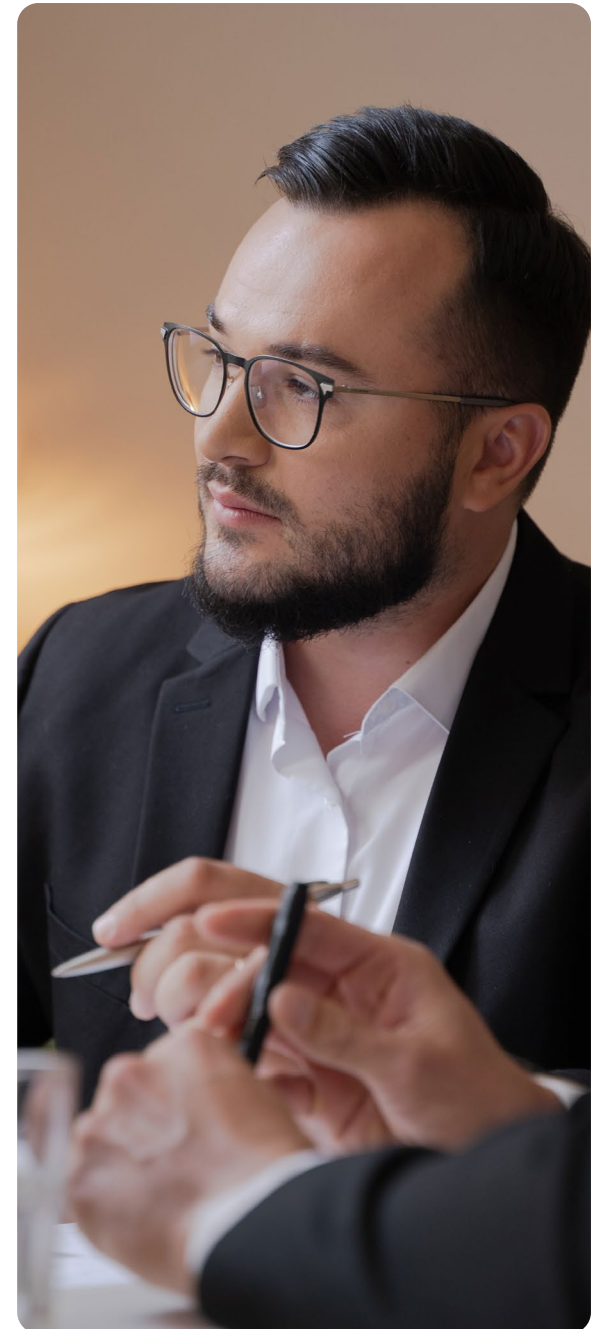
Because of this, nearly 40% of HR managers place efficient processes **as the most important tool for navigating a crisis**. And the statistics on inefficiencies are stark – 90% of employees lose time each week to tasks not related to their core job, while HR lose nearly 3.5 hours responding to employee enquiries alone.

These are just some of the initial findings from our survey of 7,000 employees and 3,500 HR managers across Europe.

Read on to discover how employees are feeling ahead of the crisis, what may be holding your HR teams back, why employee experience will be crucial and how best to enable your HR department to navigate through the crisis.

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The Cost of a Crisis: Finding Financial Support

01



The Cost of a Crisis: Finding Financial Support

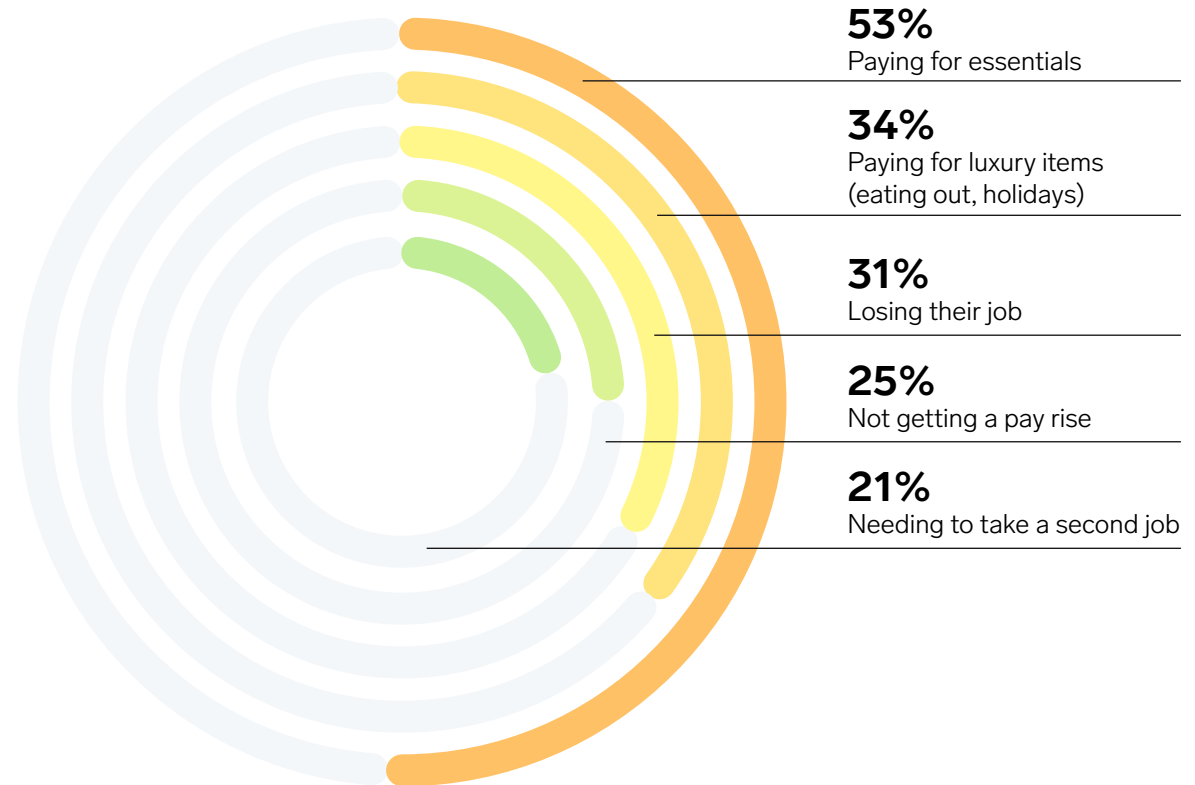
With the threat of a global recession looking **more and more likely** as we edge towards 2023, employees across Europe are feeling the pinch.

Our latest data found that if the economy is to worsen over the coming months, 92% of European employees say there is something they are worried or stressed about at work.

In fact, over half (53%) of the 7,000 employees we surveyed across Europe are worried about paying for essentials. Over a third (34%) are worried about paying for luxury items (such as eating out and holidays) and close to a third (31%) are most worried about losing their job. Worryingly, only half of employees trust their business to continue to invest in its people.

→ In fact, over half (53%) of the 7,000 employees we surveyed across Europe are worried about paying for essentials.

If the economy worsens, what are employees most worried about?



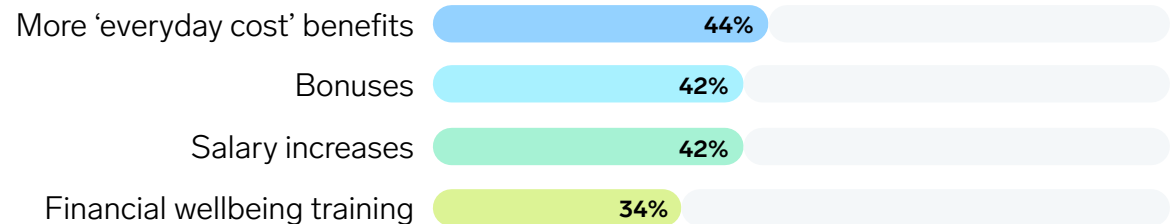


Supporting Employees Facing Financial Stress

Fortunately, over half of businesses (51%) in Europe are investing in helping their employees with the increased **cost of living**, with nearly a third (29%) planning to do so. These initiatives include benefits to help with everyday costs such as childcare, health and wellbeing (44%), bonuses and salary increases (42%) and financial wellbeing training (34%).

Over a third (36%) of those unable to provide this level of support point to a lack of budget as the primary reason. Just under a third (30%) share that a lack of senior support has been the main blocker. Interestingly, nearly three quarters (72%) of those polled agree that these programs are necessary.

What are companies running cost of living initiatives focusing on?



The Burnout Risk of Cutting HR Budgets

Investment in employees isn't the only area that is feared to be on the 'chopping block' for newly shrinking budgets. Over half (54%) of the 3,500 HR managers we surveyed across Europe say their HR budget has been cut or they are expecting it to be.

Meanwhile two thirds say that budget cuts are already impacting employee experience and could erode employee motivation and productivity going forward.

Paradoxically, HR workloads have only increased since the pandemic began. Specifically, 69% of HR professionals say the number of employee enquiries has risen, with almost a third (29%) reporting their workloads have increased to a significant degree.

With this, HR teams need to ensure they not only take care of their employees but themselves too as without HR, their employees and their business will inevitably suffer.

“We live in a turbulent transition of eras, in which there can be a lot of stress on people in an organisation when it comes to their personal situation, with rapidly rising costs everywhere. It is therefore increasingly important to create a working environment in which one feels safe, feels heard and feels supported.

Of course there are very functional and tangible solutions to think of such as support funds, loans, childcare, etc. But personally, I think that we need to make sure that those measures are built on a foundation of trust and of empathy and compassion – otherwise they are just band-aids. And as employers, perhaps we also need to take a stand on putting our people as number one, or keep putting our people as number one.

Most importantly, let's make sure to remember that empathy and compassion cost nothing. So when budgets are under stress, culture does not need to suffer. Is it easy? No. But no one ever said it had to be. HR teams are the caretakers of the organisation, the nest, the mother hen.”



Ynzo van Zanten

Post-Purpose Preacher,
former Head of People & Culture
Tony's Choclonely

Measuring the Impact of Poor Employee Experience

It's not just burnout that is at risk when HR bears the brunts of budget cuts. Our study found that this higher level of pressure is having a significantly negative impact on employee experience.

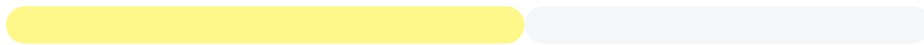
For example, one third of employees in Europe are unhappy with their employer, with nearly 38% planning to look for a new job in the next 6-12 months. This is a fall from 46% in our **last study** from March 2022, likely due to an insecure job market. The desire to leave is bigger for younger workers with nearly one in two (47%) of 18-24 year olds looking to move on.

Meanwhile, almost half (46%) of employees say they are unhappy at work and that this has a negative impact on their interaction with both customers and colleagues. The good news: Some 91% of employees believe there is something their employers can do to improve employee experience.

In order to do this, three areas emerged as the most important for employers to focus on. Close to a third named better **work-life balance** (29%) and **internal communication** (27%), while nearly a quarter wish for **improved development opportunities** (24%).

Will HR managers bear the brunt of budget cuts?

69% say employee enquiries have increased since the pandemic



66% say cuts are impacting employee experience and could lower motivation and productivity



54% say their HR budget has been cut or expect it will be



“Many businesses need to rethink the way they approach reward now that so many employees may face financial strain. Beyond bonuses, teams will need to sustainably invest in things like parental support or wellbeing initiatives – taking into account that rewards are not simply limited to salary.”

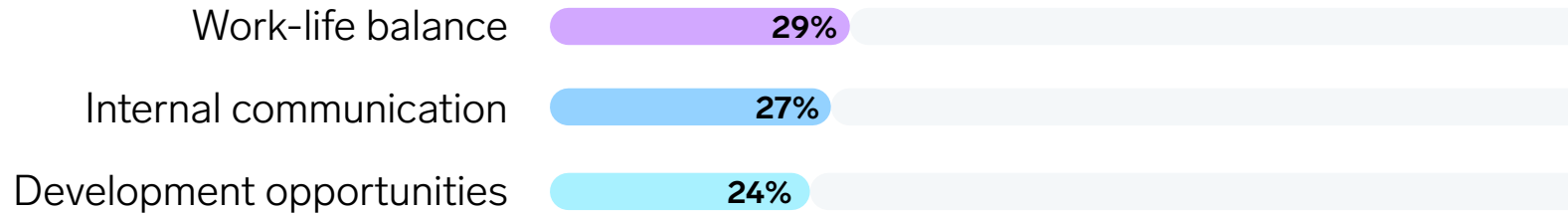


Ann-Sophie Manzeschke
Reward Operations Partner
Personio





What do employees want employers to focus on for better employee experience?



“When it comes to employee experience, you need to consider the whole person — and not just the employee. That means placing emphasis not only on how people work, but how they come to work as each person is individual.

If a person doesn’t feel cared for by their company, they won’t care about their company in return. As troubling as it is to see these numbers drop, there are definitely some concrete things that I see which organisations can do.

They can open up avenues for discussion and internal communication, increase development opportunities and hone in on helping employees find meaning in their work and career.

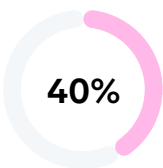
Ultimately, if you don’t focus on people experience, you’ll potentially set your entire company back years in lost productivity and lost revenue.”

Cassandra Hoermann,
Head of People Experience



Daily Distractions: What's Holding HR Teams Back





Nearly 40% of HR managers (47%) placed efficient processes as the most important element for navigating a crisis.

Daily Distractions: What's Holding HR Teams Back

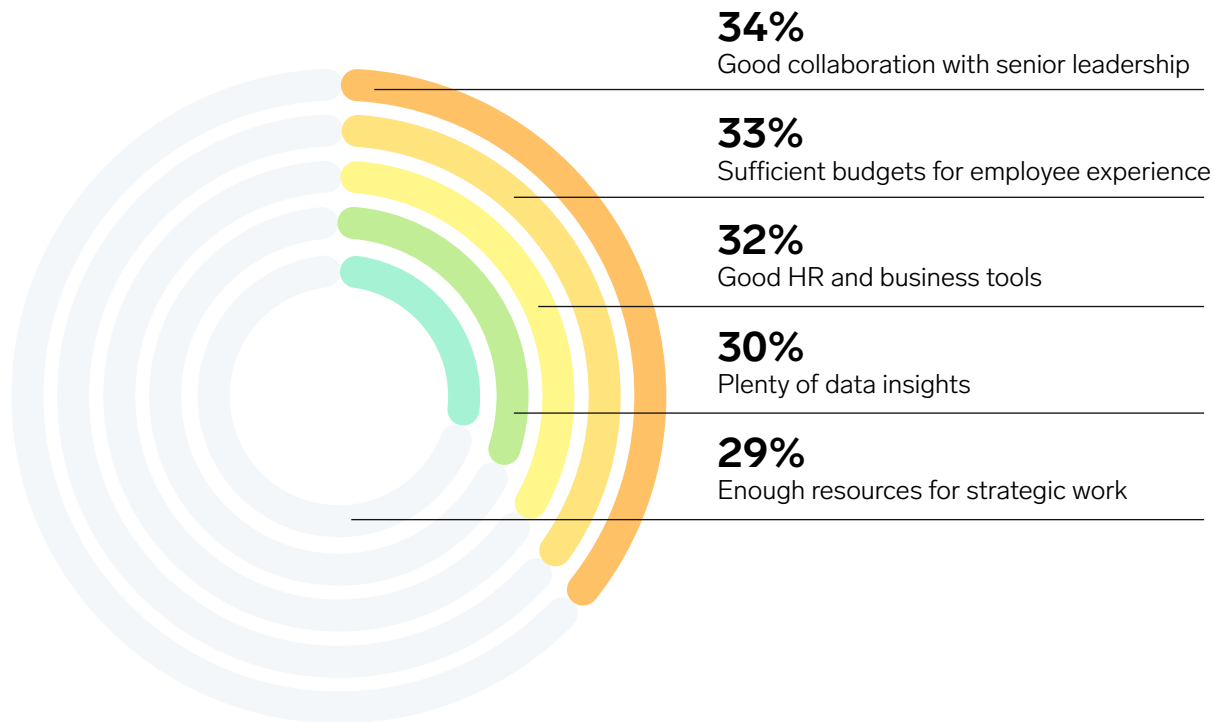
Despite the challenges of budget cuts and burnout, the role that HR departments will play in navigating the next crisis is absolutely pivotal. Fortunately, the vast majority of HR managers (82%) say their team is at least somewhat prepared to help the business remain resilient during any economic downturn.

HR managers who feel prepared explain that this is due to elements such as good collaboration with senior leadership (34%), sufficient budgets for employee experience (33%) and good HR and business tools (32%). Having plenty of data insights from the business (30%) and enough time and resources for strategic work (29%) was also deemed important for resilience.

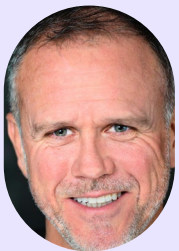
Similarly, when it comes to the most useful tools to help navigate their business through challenging times, **nearly 40% of HR managers (37%) placed efficient processes as the most important.**

Important too were a sustainable, long-term approach to people strategy (35%), a good company culture (31%) and data analytics to make informed decisions (31%), along with time for strategic work (30%) and a holistic approach to employee experience (25%).

What makes HR managers feel prepared for the future?



What do HR managers find most useful for navigating a business through crisis?



“One overarching theme I keep seeing is that technological solutions seldomly lead to mental rest. We use efficiency improvements as opportunities to whack even more work down people’s throats. We should embrace the time created as potential moments of mindfulness. Get your job done? Take a walk outside. Don’t take on yet another task. What’s holding HR teams back is the idea that they are working in a company – they aren’t. They are working **ON** the company. They are primarily responsible for creating the invisible magic of company culture.” - Ynzo van Zanten.

Eliminating Inefficiencies: The Hidden Dangers of Slow HR

What will be key in the coming months is the effort to reduce time-consuming tasks that don't add real value. In fact nearly six in ten (58%) HR managers say that inefficient processes, unnecessary admin and repetitive tasks are slowing down their business.

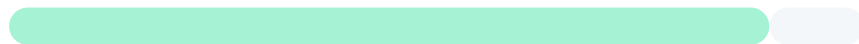
Even more worryingly, 90% of employees say they lose time each week to tasks not related to their core job function, with 41% stating that too much time is taken up by tasks that have nothing to do with their job.

In fact, 83% of employees lose up to eight hours per week to these tasks, with 51% of total employee time lost in bigger companies of 1,501-2000 employees. The vast majority (82%) of those who do lose time say some of it is to HR admin such as recruitment, processing leave, accessing HR information and other related tasks.



How do your employees lose time each week?

90% lose time to tasks not related to their core job



41% lose time to tasks that have nothing to do with their job



How much time do they actually lose?

83%

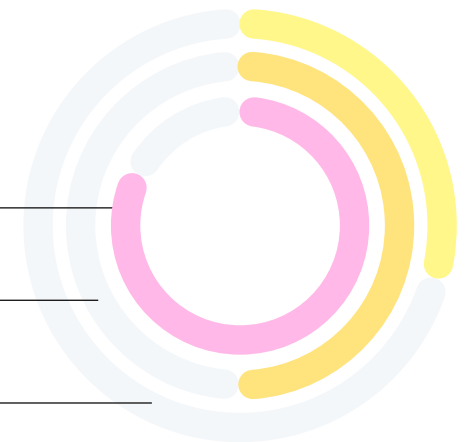
lose up to 8 hours per week

51%

lose between 1-4 hours a week

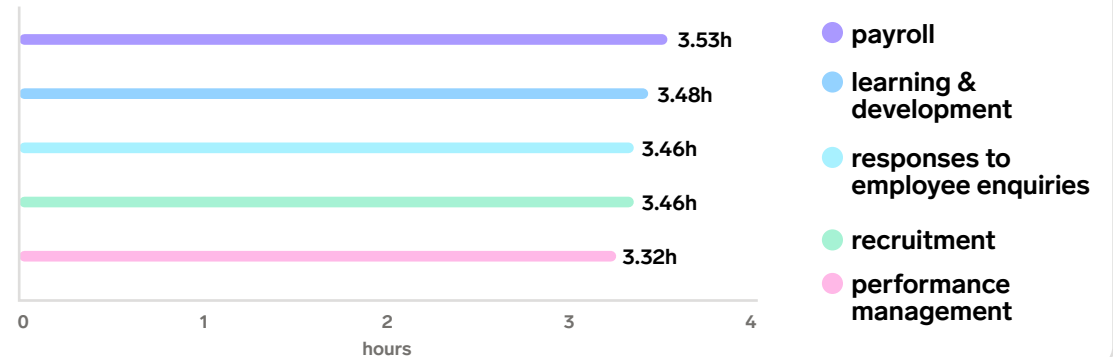
29%

lose between 5-8 hours a week

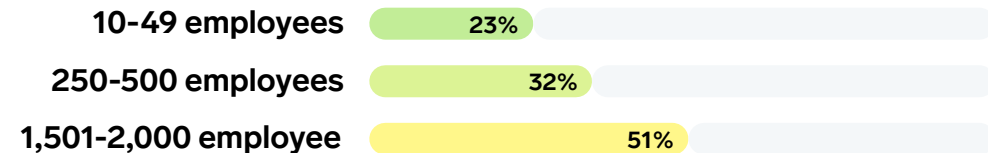




What does the average HR manager spend time on each week?



Does the time lost to these unrelated tasks depend on company size?



Tracking Time Spent on Low-Value Tasks

With HR admin tasks taking up so much time, it's important to see the impact on HR managers. Interestingly, they reported spending around 3.5 hours each per week on each of the following tasks: employee enquiries, recruitment, payroll, performance management and learning and development.

Shockingly, **only around a third (32%) say their HR processes are digitised.** This means that 68% have a huge opportunity to compress the time spent on these admin tasks so that they can prioritise the work that really brings value to their business.

Why Many Organisations Undervalue HR's Role

Ultimately, HR teams are not being set up for success. Over half of HR managers are concerned that their business doesn't place enough value on its HR function (56%) or prioritise their employees (51%).

Similarly, almost six in ten (58%) say their organisation has a tendency to make sudden decisions about people strategy, with 57% saying HR is often the department that loses out most when the business cuts costs.

HR Functions Face an Inability to Make Data-Led Decisions

As we approach what looks to be a challenging year ahead, over half (56%) of HR managers across Europe say that their department lacks the data and insights they need to make strategic decisions.

Although 98% of employers collect data to measure employee experience annually, nearly one in five (23%) say they do this once a week. Only 6% of those who have not digitised their processes collect data more regularly than once a year, while only 2% with a few digitised processes are able to do the same.

“The insights you get from your people are pivotal. Especially in the midst of a crisis, having access to that data is an absolute necessity – it lets you know whether to maintain the course, pivot quickly or rethink your strategy entirely. Without it, you risk having no direction at all.”



Pete Cooper
Director of People Partnering
Personio



The Essential Role of Employee Experience

03



The Essential Role of Employee Experience

As **McKinsey reported**, people who have a positive employee experience have a 16 times higher engagement level of employees with a negative experience. They are also eight times more likely to want to stay at a company.

This may explain why two thirds (66%) of European HR managers say they invested more in their employee experience since the pandemic.

Similarly, two thirds have increased the number of channels in which employees can raise HR queries.

The areas that HR managers are most focused on improving include overall effectiveness of day-to-day operations (28%), work-life balance (27%) and meaningful work (26%). It's worth noting that this differs from what employees want them to focus on (work-life balance - 29%, internal communication - 27% and meaningful work - 26%).

Are HR managers focusing on the employee experience areas that employers want?

HR Managers

Effectiveness of day-to-day operations

28%

Work-life balance

27%

Meaningful work

26%

Employees

Work-life balance

29%

Internal communication

27%

Meaningful work

26%



It's important to note that there is a significant difference between how positively employees and HR managers see their employee experience.

For example, 73% of HR managers report good work-life balance for their employees yet only 65% of employees say the same. Similarly, 75% of HR managers rate their employees' career development opportunities as good, compared to just 53% of employees.

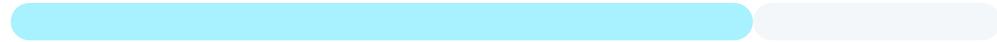
Is there a disconnect between employees' and HR's rating of employee experience?

HR Managers

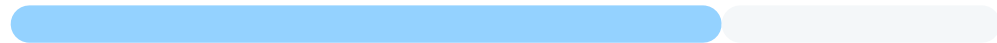
75% say their employees have good career opportunities



75% rate their managements' support as good



73% think their employees have a good work-life balance



Employees

53% say they have good career opportunities



58% rate their managements' support as good



65% think they have a good work-life balance

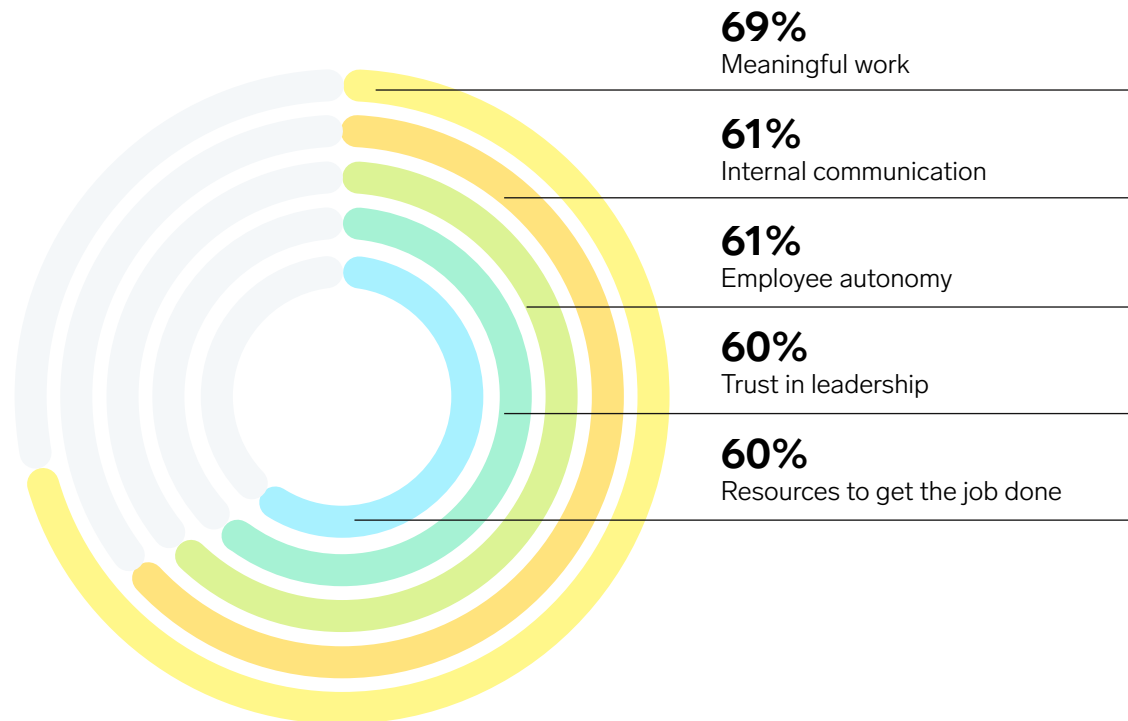


Crafting a Company Culture Employees Can Connect To

The positive news is that 70% of European employees rate their company culture as good, while 65% say their work-life balance is good. This is higher amongst younger workers (75%) but lower in larger companies (53%).

When it comes to employee experience, employees are happy with the following elements of employee experience: **internal communication (61%), trust in leadership (60%), meaningful work (69%), employee autonomy (61%), resources to get the job done (60%) and overall effectiveness of day-to-day operations (66%).**

Which elements of employee experience are employees happy with?



“To put it simply, company culture carries employee experience. While it’s great to see numbers trending higher when it comes to employee satisfaction, your culture should still remain at the top of your agenda – after all, it truly sets the tone for everything your business accomplishes.”



Cassandra Hoermann
Head of People Experience
Personio



HR: Your Strategic Support in Challenging Times

04



Are HR support processes clear enough?

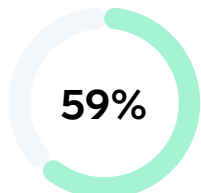
61% feel comfortable approaching HR with sensitive topics



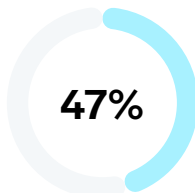
Only 42% definitely know where to go with HR questions



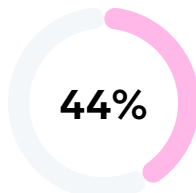
Where are most HR queries coming from?



Email



Phone



In-person

This means that each week HR teams are spending:

5

hours in total on HR enquiries

2+

hours replying to HR email queries

1.5

hours on the phone answering HR questions

1.5

hours handling HR enquiries in person

HR: Your Strategic Support in Challenging Times

Unfortunately, employees doubt their leaders, with only 58% saying their company has a supportive management team and only 60% saying they trust their leadership.

HR remains an important source of support – 61% feel comfortable approaching HR about sensitive topics or feedback. But only 42% of employees definitely know where to go if they have an HR-related question.

It is also clear that communication with them may be lagging behind in terms of digitalisation – 59% use email, 47% use phone and 44% speak in person to HR. In a world of instant messaging applications, HR may be missing a real opportunity to engage with employees on the platforms they are already using.

The Danger of Delays With HR Enquiries

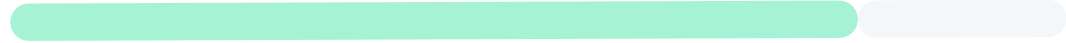
Despite this, 84% of employees say that they are often left waiting a long time for HR to respond to enquiries.

Unfortunately, these delays are damaging employee experience – **59% feel frustrated** from this and **49% see it as a sign the company doesn't prioritise its employees**. **Over half (51%) state that it demotivates them** and half think that it harms overall business.

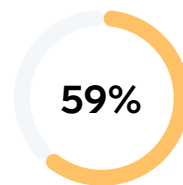
Only over half (53%) of employees are confident in the ability of their HR team to support employees and the business. Worryingly, **over a third of employees (38%) say they sometimes don't bother to raise HR enquiries** because it's so hard to get a response. Sadly, **40% want more support** from their HR team.

Trying to get answers from HR often leaves employees frustrated:

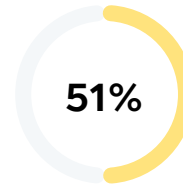
84% usually have to wait longer than a day for a response



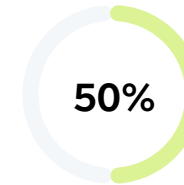
This has far-reaching consequences on employee experience:



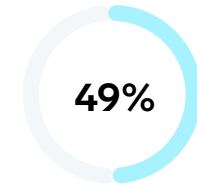
say this makes them feel frustrated



state it demotivates them



feel that it harms the overall business



see it as a sign the company doesn't prioritise employees

Unfortunately, these delays have caused a crisis of confidence in HR:

53%

are confident in HR's ability to support employees

40%

say they need or want more support from their HR team

38%

don't bother raising enquiries as it's so hard to get a response



Ross Seychell
Chief People Officer
Personio

“An upcoming recession is not the first crisis that HR has faced, and it definitely will not be the last. In my experience, we are better prepared than ever to take on this challenge and leverage what we are already doing well – and to build on them.

Post pandemic, People teams are now seen as critical players during times of crisis, meaning right now is a great opportunity for HR to assert themselves as key organisational drivers – cementing their spot at the executive table. That’s a great start.

Given that increased scope and influence, HR teams should focus on enabling the organisation to increase productivity, whilst helping employees navigate uncertainty. That means getting that time back from handling requests to reinvest, not only in HR, but in the business at large.

HR can use its deep knowledge of their businesses, both commercial and cultural needs, to help leaders make the right decisions with future known unknowns.”

Next Steps: How to Prepare Your HR Teams

01 Take the Temperature



Think about running an anonymous survey to assess the level of financial strain and burnout your employees feel and what they would find most helpful for support. Then you can build the exact cost of living initiatives they need.

02 Automate Low-Value Tasks



If each HR manager is spending five hours per week tackling enquiries from employees alone, it doesn't leave much time for value-added projects. Automate your daily HR tasks by ensuring your apps are 'talking to each other'.

03 Uplevel Your HR Support



Crises are tough. Employees deserve fast, effective support while HR teams need smooth processes to avoid burnout. Get exactly that with one, dedicated HR help desk – employees can even ask from their favourite apps.

04 Show HR as a Savings Centre



To save HR from budget cuts, you need to reframe your HR department as a money-saver, not a cost. By building better employee experience, you can increase productivity, decrease attrition and ultimately build business resilience.

Methodology

Survey fieldwork was undertaken on behalf of Personio by Censuswide, with fieldwork conducted between 19th August and 5th September 2022.

The survey sample was:

- 7,000 employees in companies with 10-2000 employees across the following markets (1,000 each): UK & Ireland (750 - UK & 250 Ireland), Germany, Sweden, Netherlands, Spain, Finland, Italy.
- 3,509 HR Managers (18+) in companies with 10-2000 employees across the UK, Ireland, Germany, Sweden, Netherlands, Spain, Finland and Italy

About Personio

Personio is the People Operating System for small and medium-sized companies with 10 to 2,000 employees. Based in Munich, Madrid, London, Dublin, Amsterdam, Berlin and Barcelona. Personio's mission is to make HR processes as transparent and efficient as possible so HR can focus on what matters most: people.

Personio gives you more time for what matters: people and strategy.

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