

RESEARCH REPORT



# HR in 2021 and beyond

Trends, challenges and priorities facing the people profession



# About Natural HR

Designed by HR professionals for HR professionals, Natural HR is core Human Resource Management and payroll software for growing businesses.

Headquartered in Birmingham, Natural HR delivers an all-in-one solution for mid-market and enterprise HR teams.

Entirely developed in Birmingham, and proudly so, Natural HR was founded in 2010 by husband and wife duo, Jason and Sarah Dowzell. The software delivers everything an HR department needs to support and manage their people, freeing up valuable time to focus on their organisation's strategic HR objectives.

Available on any web-enabled computer or smartphone, Natural HR delivers an industry-leading suite of tools that simplify and automate HR and payroll processes for management and employees alike.

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# Introduction

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**2020 has led HR departments across the globe to experience one of the most turbulent years to date. The once-in-a-generation event that is the coronavirus pandemic turned the world of work on its head. Large swathes of the global workforce transitioned to remote work, others were furloughed and some, sadly, were made redundant.**

It goes without saying that the uncertainty surrounding the pandemic has compounded the need for talented HR professionals in businesses from every walk of life. Often the first port of call for most employees during times of crisis; if HR wasn't valued before, it certainly should be after the events of 2020.

Our last survey looked ahead to 2020 and yielded some fascinating insights into the profession. While this year's report comes in the midst of a global pandemic, it showcases the incredible resilience and agility of HR teams across the UK. They have shown unwavering dedication to supporting their people; from changing priorities to managing and supporting their people through some of the most difficult times this generation will (hopefully) ever endure.

This report looks into the views of 101 HR professionals in the UK and takes a deep-dive into the challenges and priorities of HR departments and analyses the key trends facing the people profession in the future.

It also examines the impact of COVID-19 on HR departments and the hurdles they have faced during this unprecedented time.

With responses from Heads of HR, CHROs, HR Business Partners and Advisors; this report is designed to provide some understanding of the state of the HR profession and deliver insights into current and future priorities and challenges.

Throughout, we compare this year's findings with last year's and examining the reasons for changing trends and attitudes towards HR.



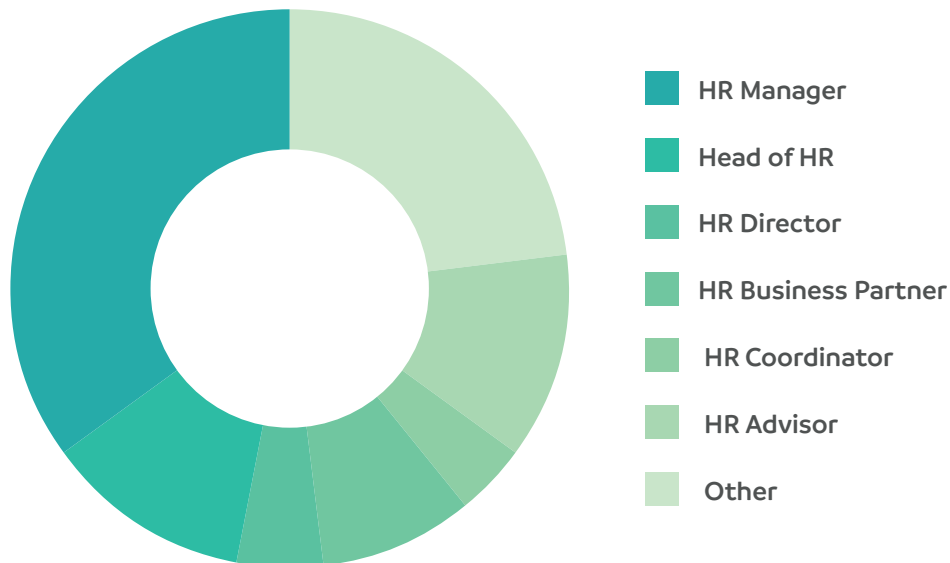
# Who we surveyed

To compile this report, we surveyed over 100 HR professionals from across the UK to understand how 2020 has been for them and how the HR landscape has changed throughout what has been a truly unexpected year.

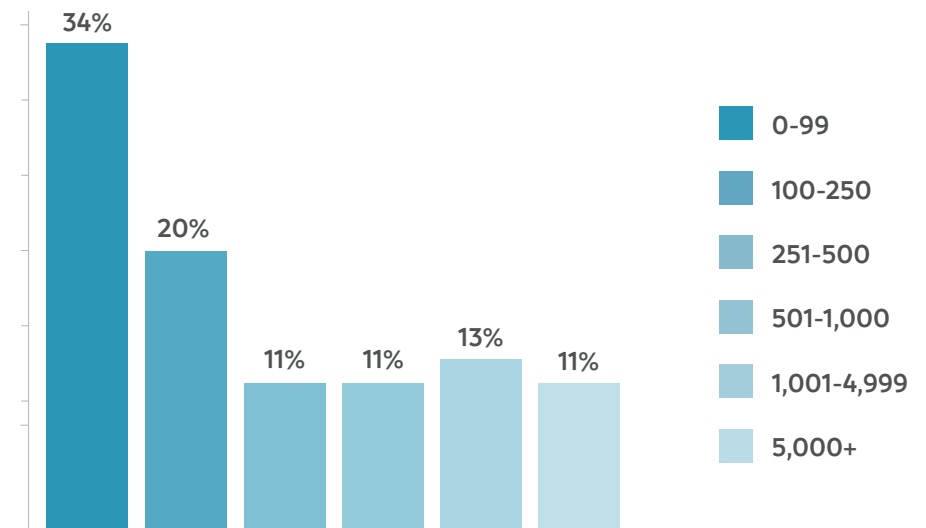
We analysed the responses from HR professionals at organisations range from sub-hundred employees to corporate giants with over 5,000.

From their biggest challenges and priorities for the year ahead, to the impact of COVID-19 on HR departments; this report takes an in-depth look at the true state of the profession.

What is your job title?



How many employees does your business employ?



# Is HR valued?

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In our [2019 report](#), we uncovered the very troubling fact that 1 in 5 HR professionals don't feel like they are a valued department within their business. Not having a seat in board meetings, as well as not being considered as part of the 'senior team' in organisations left a significant proportion of HR professionals feeling a lack of respect for their role in 2019.

Worryingly, this figure hasn't changed.

Despite a year where the world of work as we knew it changed entirely and HR leaders across the nation demonstrated remarkable levels of agility; it seems that the undervaluing of HR continued into 2020.

When asked why they felt HR was undervalued in their organisations, many respondents cited the same issue: the feeling of a 'them' and 'us' culture with HR being continually excluded from the top table despite their best efforts to demonstrate their true strategic value.

Despite this, when asked whether they felt whether the perception of HR has changed for the better during the COVID-19 pandemic, 3 in 5 stated that this has become more positive throughout the pandemic. Seemingly, it appears that it takes a once-in-a-generation event like the coronavirus pandemic for HR to be temporarily recognised as a valuable part of a business – rather than a critical department that

supports a business' most important asset: their people.

It is clear that HR will never be a profit centre, but it is a department that can single-handedly increase employee performance and engagement; as such, it has a significant impact on an organisation's success and value.

Setting a clear, people-focused agenda will ensure HR supports its people in the best way possible and the department continues to add value, develop leadership and attract (and retain) the very best talent.



**1 in 5**  
believe HR isn't valued  
in their business

What some C-Suite leaders are still failing to recognise, is the importance of a solid HR strategy that underpins and directly contributes wider business objectives. Ultimately, the attainment of these goals relies entirely on an organisation's people working together towards a common goal. As long as HR continues to not have a seat at the table in the board room, it is clear that leaders will continue to perceive the department as one that doesn't add tangible value.

Here are just some of the reasons why our respondents felt the department wasn't valued in their business...

**"HR is not involved in the process but when things go wrong, as we were not consulted, HR is always the one to pick up the pieces."**

**"The directors make all the decisions, sometimes with no regard to fairness or HR best practice - they would rather risk the claim!"**

**"There is minimal to no investment in HR departments and activities. People are seen as a cost rather than an asset despite HR setting a people-focused agenda."**

**"Partly - but only from a basic functional piece (pay etc) not on improvements and creating better efficiencies in our teams."**

# Pay in HR

In data collected by Glassdoor in 2020, the average salary for HR Managers in the UK is £46,202. Interestingly, our research found that 30% of women earned more than the national average, compared to 24% of males, despite 71% of our male respondents working in more senior roles such as CHRO, HR Director or HR Manager.

Reassuringly, of those that reported earning more than £100,000 in the field, there was an even 50:50 split of men and women in receipt of this top wage.

This year, the best-paid industry for HR is real estate and property with 66% of professionals in this industry, earning more than the average. This is followed closely by the banking and finance industry (60% earn more than the average), manufacturing, transport and logistics (50%) and insurance (50%).

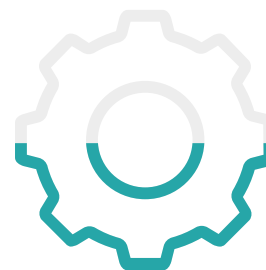
In 2019, the best-paid industry for HR professional was education with a staggering 73% earning more than the average wage of £42,666. This year, this figure has dropped to just 40% working in the education sector earning over the average.



66% of HR professionals in real estate and property earn more than the national average



60% of HR professionals in banking and finance earn more than the national average



50% of HR professionals in manufacturing, transport and logistics earn more than the national average



50% of HR professionals in insurance earn more than the national average

# Priorities for the year ahead

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**In a year where the way companies treated their people was under more scrutiny than ever before, the priorities of every HR department changed and workload increased significantly.**

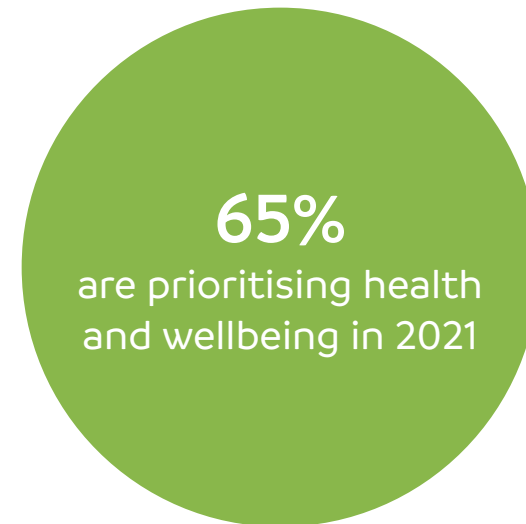
Companies were, and continue to be, measured by how they prioritised the needs of their people. And yet, by the end of April 2020, over 20 million Americans had been fired and one-third of all UK under 25-year olds had lost their jobs as businesses across the globe knee-jerked in response to COVID restrictions and national lockdowns.

From changes to Statutory Sick Pay entitlement for employees that contracted the coronavirus to managing furlough payments and for some, consulting for redundancy: it is easy to understand why HR's priorities may have changed in 2020.

Back in 2019, 68% of respondents cited recruitment and retention as their biggest priority for the year ahead. Clearly, the COVID-19 pandemic put a spanner in the works for many and their hiring plans as non-essential businesses had to close and demand hit an all-time low in some industries.

Topping the list this year? Employee health and wellbeing. 65% of respondents are prioritising H&W initiatives this year, followed closely

by employee engagement and experience (63%). It is easy to see that the impact of COVID-19 has led many HR professionals to re-examine their strategies and the way in which they look after, support and engage their employees.



What is apparent from this research is that throughout a challenging year, HR professionals have taken it upon themselves to prioritise employee health and wellbeing in the wake of the coronavirus. At a time when the methods or advisory services recommended to employees to support their health and wellbeing in the past may not



be available or accessible right now, savvy HR leaders have stepped up to provide wraparound support for their employee throughout lockdown. Many have chosen to bolster their existing Employee Assistance Programmes with a curated repository of resources, documentation and services that are made available all employees can access at any time.

With many employees still working remotely, HR teams, together with senior leadership, have had to devise new ways to maintain meaningful connections with their people and ensure they don't become alienated from the business. We've seen an abundance of social events on Zoom, quizzes and virtual get-togethers taking place in many businesses, but the psychological and mental needs of employees demand more than a simple video call.

Conversely, and in line with 2019's lowest priorities, improving payroll processes and reducing admin were bottom of the priority list for HR managers, with just 19% and 24% of HR managers respectively citing them as a priority.



# Challenges for the year ahead

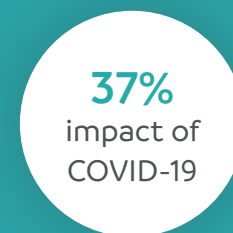
Interestingly, the task that nearly a quarter of HR leaders are not prioritising tops the list of their biggest challenges in 2020 and beyond. 43% of respondents cited inefficiencies and admin as their biggest challenge.

Undoubtedly, the impact of changing policies and legislation to safeguard employees throughout the pandemic has placed an enormous amount of administrative pressure on HR leaders. What's more, the overnight decision for many businesses to have their workforce work from home will have likely led to many HR departments being overrun with queries from concerned employees about this new way of working. The majority of HR professionals will have heard "How long will we be working from home for?" and "When will we return to the office?" more times than they care to admit in the last 12 months!

In those businesses where working from home wasn't possible, tracking which employees are at work, which are working from home, which are on furlough or in receipt of SSP will have likely led to a huge administrative headache. Thus, causing a number of inefficiencies while HR's time was taken up by admin rather than focusing on strategic initiatives that add real value.

Furthermore, 37% cite the impact of COVID-19 as their biggest challenge looking ahead to 2021. As employers around the world try to prepare for an eventual return to some normality, the fluid nature of this situation makes planning ahead very challenging. Making workplaces COVID-secure, staggering start times and ensuring social distancing guidelines are adhered to will certainly make 2021 a difficult year for every organisation.

While many continue to work from home, maintaining employee morale and engagement is key to continued success. It's not surprising that while the vast majority of HR leaders are prioritising employee engagement, 32% cited it as their biggest challenge. In 2020, this is not employee engagement as we know it. Many HR leaders have had to find entirely new and novel ways to virtually engage their employees and ensure their spirits are kept high while they are working.



Interestingly, the areas that HR finds the least challenging are managing employees working from home (9%) and on/offboarding employees (10%).

Clearly, HR has demonstrated remarkable agility and pivoted to an entirely unexpected way of working very quickly and led their people through this transition to remote working.

This research also found that a third of businesses have stopped all recruitment as a result of COVID-19 and this may be the reason why onboarding employees is less of a challenge this year. Similarly, the recruitment of top talent was less of a challenge in 2020 compared to 2019 (44% of respondents last year cited recruitment as their biggest challenge compared to just 28% in 2020). Again, this may simply be due to a reduction in hiring as businesses weather the storm and face the uncertainty of 2020.



# HR and technology

National lockdowns and government advice to work from home saw businesses turn to technology in order to perpetuate the continuation of 'business as usual'. Video conferencing company, Zoom doubled its sales forecast at the beginning of the pandemic as users flocked to the system to support their working from home and to connect with friends and family online.

For HR, the very human nature of the impact of COVID-19 on organisations was felt the hardest. Ensuring employees are protected, engaged and productive, while continuing to operate as a department was a crucial task for HR professionals in 2020. How businesses were able to react and adapt to the ever-changing nature of the COVID-19 outbreak and the inherent uncertainty that accompanied the pandemic was fuelled entirely by an organisation's ability to manage their people remotely, using technology.

Throughout this pandemic, we witnessed a very urgent need to update policies and processes, track employee whereabouts, diversify support for health and wellbeing, modify working hours and continue to make business-critical decisions in an entirely novel situation. Clunky, paper-based HR systems and a lack of remote access will have made this year very difficult for some businesses.

Encouragingly, the use of HR technology has risen by 1% on 2019's figures with 79% of respondents now stating their company already used some form of HR technology with a further 10% saying they plan to in the next 12 months.

However, 11% didn't use any form of HR technology at all.

Of those that are using HR technology, a staggering 83% said it was important to their current strategy.

They reported a number of business and departmental benefits of using such systems. The most common benefits experienced included: reduced HR admin (58%), going paperless (56%) and improved employee user experience (42%).

**58%**  
reduced HR  
admin

**56%**  
going  
paperless

**42%**  
improved  
experience

# Top HR initiatives for 2021

With many businesses prioritising health and wellbeing in 2020 and ahead into 2021, 73% of HR leaders have also promoted initiatives that support employee mental health this year.

The pandemic and the measures taken by the government to control the spread of the virus has had a significant impact on the mental health of the general public.

As employers, we have a duty of care to protect the health, safety and welfare of our employees. This includes their mental health and wellbeing and it is important that employers prioritise this.

These initiatives may include training managers to identify the early signs that an employee's mental health may be deteriorating and providing them with a framework to provide coaching, guidance and advice to their team members. Some employers may choose to provide private counselling sessions, enhanced Employee Assistance Programmes and promoting learning for employees to understand the signs and causes of poor mental health.

There are a number of situations which have arisen as a result of COVID-19 that have detrimentally affected some employees' mental health.

Being furloughed or made redundant are particularly difficult to manage at any time in our lives, let alone during a time of lockdowns and social distancing. Even working from home can be challenging – especially if some of your employees live by themselves.

Research by Cogito Talent found that a staggering 45% of employees have had no contact from their employer during the furlough period. This would be incredibly stressful for anyone, but for those with existing mental health issues; this radio silence could be crippling – particularly if they live alone with no support network.

Supporting employee mental health and other wellbeing initiatives is crucial during these challenging times. Fostering healthy, positive wellbeing and mental health amongst employees is good for both your people and your business.

**73%**  
mental  
health

**68%**  
health &  
wellbeing

**60%**  
flexible  
working

# The impact of COVID-19

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The coronavirus is a global crisis that progressed so quickly that very few businesses saw coming. That's why it is so important for HR to be nimble and able to pivot quickly in order to support their people and the wider business. HR has to be attuned to employee concerns about COVID-19, their struggles and any issues that may arise during lockdown while continuing to carry out their day-to-day job.

We asked our respondents to let us know exactly what impact the pandemic had on their business, their department and their people. With 2 in 5 leaders expecting the impact of COVID-19 to be a lasting challenge in 2021, it's understandable that many are already hoping for a return to some kind of normality.

And yet, an eye-opening 1 in 3 HR leaders said their business was unprepared for COVID-19. Granted, the situation developed at speed and it is unlikely many businesses had a plan in place for a global pandemic; it does highlight the need for a comprehensive business continuity plan. While few businesses could have anticipated the timings or outcomes of government decisions and measures to reduce the spread of the virus, the findings of this survey demonstrate a worrying lack of preparedness in many businesses.

Sadly, some employees lost their jobs as a result of the pandemic. Industries such as leisure, hospitality and tourism were hit particularly

hard by national lockdowns, a ban on travel and the closure of non-essential businesses.

Our respondents painted a bleak picture: 1 in 3 businesses made redundancies during the pandemic. While unavoidable for some businesses that simply weren't operating at the same levels as before, data from the ONS reported a record 314,000 people sadly lost their job in the three months to September 2020.



**1 in 3**  
were unprepared for  
COVID-19

And yet, 23% of respondents reported growing their headcount during the pandemic. Clearly, some industries have thrived during this time, while others have been devastated, and will continue to endure the

damaging impact of COVID-19 for years to come.

As the role of technology was magnified in 2020, HR leaders are now looking to introduce virtual people management processes in the next 12 months. 56% of our respondents will place more emphasis on virtual HR processes such as recruitment and onboarding in 2021. Having pivoted to video interviews, remote onboarding and virtual training; many HR leaders will have experienced the many benefits these online processes can bring. From being able to interview multiple candidates in a shorter period of time to onboarding new staff from anywhere in the country via video chat; it is easy to see why HR is looking to make these virtual processes a permanent fixture.


When it comes to returning to the workplace, 63% of our respondents are encouraging employees to work remotely for the foreseeable future. A further 21% are leaving it up to their employees to decide how they wish to work and providing the necessary support to enable their decision. The rise of flexible working will continue to skyrocket and 70% will provide more flexible working options for their staff in 2021.

Throughout 2020, HR was at the centre of managing and supporting people through the pandemic, having been elevated up to the most centrally important department in many businesses. HR departments had a difficult job before the pandemic, but COVID-19 has changed the playing field entirely.

This study has lifted the lid on the impact of the coronavirus on HR professionals and, more than anything, it has highlighted their innate drive to keep employees safe and happy while ensuring their organisation survive.

They have navigated furlough, made unfortunate redundancies and adjusted to mass remote work, all while maintaining open communication with employees and leaders, and setting plans in place to return to the office.

As a result, 3 in 5 of our respondents believe that the perception of HR became more positive during the pandemic.



COVID-19 has presented HR professionals with several challenges, but HRs are stepping up to plate and are playing key roles in the success of their businesses in very uncertain times.

- HRZone.com

# The future of HR

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As we look ahead to 2021, many of us will continue to have COVID-tinted glasses casting a veil of uncertainty on what this year will bring: both professionally and personally.

We asked our respondents what the future of HR might look like in their business in the next 12 months. Their responses varied hugely: some had no idea; some expected the rise of analytics and data in their roles; some were forward planning for the UK's departure from the EU; and some predicted a newly invigorated department that capitalises on some of the benefits realised as a result of COVID-19.

These anecdotes from our respondents show that optimism amongst HR leaders is soaring. When asked the same question last year, respondents were a little more pessimistic: some were hoping to be included in senior management meetings while others simply wanted to be involved in business decisions that impact their people.

This year's cohort seems to be taking every positive from the COVID-19 outbreak and running with these into 2021. Despite one of the most challenging years many HR leaders will ever face, they are making the best out of a difficult situation and doing everything they can do to ensure the wellbeing, happiness and morale of their people.

“Reinvigorated! Post-COVID will allow time to **focus our HR activities and growth to encompass the new ways of working that COVID has introduced** and really use the positives of this new way to our advantage.”

“Expanding, high growth and business restructures due to COVID changing the game. More awareness on H&S training and compliance with COVID-secure working. **MASSIVE focus on working visa applications due to Brexit.**”

“**The HR function will be at the heart of everything we do.** We will be focussing on our ‘Get, Grow, Keep’ strategy although thinking about this in a new way due to the pandemic. But we will continue to strive to achieve this.”

“A proactive function that makes a **positive impact on employee happiness and engagement.**”

**What is clear from this research is that the desire of HR leaders across the nation to support, empower and engage their people is at an all-time high.**



# Learn more

Join hundreds of happy customers who use Natural HR every day to help them manage employees more effectively. Get in touch today to arrange a free one-to-one demo.

★★★★★ Based on reviews from  CROWD  Capterra

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**naturalhr**  
TRANSFORMING BUSINESS

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The future will see us use Natural HR as an all-in-one system to remove all the manual processes, and we all absolutely love it! The system has benefitted us in so many ways and is a great platform.

— Olivia Anderson-Lynch, HR and Admin Officer

**BCI** Better Cotton Initiative

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Natural HR ticked all the boxes. From an HR perspective, it has everything we need. Natural HR is an easy system to use and that's what we wanted.

— Anne Dyer,  
HR Director

**Breyer Group**