



## A Seat at the Table

# How the Pandemic Changed HR's Influence, Outlook and Priorities

With more than a third of companies adding HR to the C-suite over the last two years, BenefitsPRO recently surveyed HR professionals to understand their new-found influence and how they have used it to drive business outcomes, redefine roles and optimize benefit strategies.

*By Ann Clifford*

benefits  PRO



**TABLE OF CONTENTS**

HR leaders step up to the challenge .....	3
HR's increasing influence – and impact .....	4
Roles and budgets evolve to address future needs .....	6
Empowering the Workforce ( <i>Sponsored Content</i> ) .....	8
Strategic benefit solutions take on HR challenges .....	10
HR looks forward .....	12



## HR leaders step up to the challenge

The COVID-19 pandemic shined a spotlight on the connection between people strategies and business outcomes, with organizations turning to Human Resources professionals to navigate this health care crisis. Nearly three years later, HR remains front and center, with HR leaders now advising from the C-suite at 7 in 10 organizations as companies reimagine their work models, cultures and recruiting strategies to match evolving employee expectations.

While HR teams remain responsible for workforce management, payroll and compliance, the renewed focus on employee experience provides new opportunities for HR leaders to influence strategic decisions and contribute to business outcomes. To examine the increasing influence and what it means for leaders, companies and employees, BenefitsPRO partnered with ADP to survey HR professionals, most from companies with more than 1,000 employees.

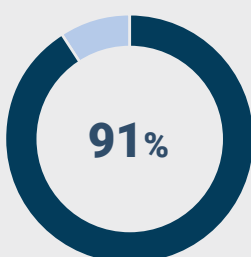
The results presented in this report outline how the pandemic, hybrid work and the Great Resignation are redefining HR's strategic role.

- **Growing influence:** Fifty-nine percent of HR leaders say their strategic influence increased due to the pandemic.
- **Expanding budgets:** With the heightened focus on HR, 74% of HR professionals anticipate budget increases over the next 3 to 5 years.
- **Evolving benefits:** Sixty-six percent of HR leaders say their organization is more likely to add innovative benefits to address new workforce expectations and business challenges, including recruiting, retention, and hybrid work.

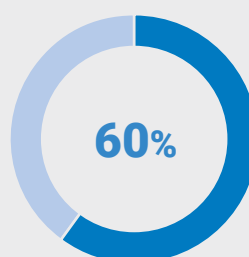
### About the survey

In May 2022, BenefitsPRO, in partnership with ADP, surveyed HR professionals to explore forward-looking perspectives related to human resource priorities, responsibilities and benefits strategies.

#### 108 HR respondents



Work for companies with 1,000-4,999 employees



Hold decision-making or C-level leadership positions

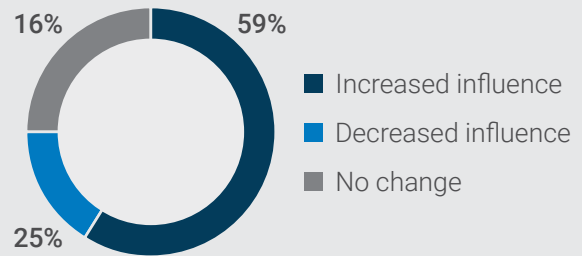
## HR's increasing influence – and impact

The pandemic sparked lasting changes in how people view work and how companies operate. The crisis-prompted shift to remote work accelerated the adoption of technology solutions, giving employees new options and prompting many to rethink how, when and where they work.

A record 47 million American workers voluntarily quit their jobs in 2021, according to the U.S. Bureau of Labor Statistics.<sup>1</sup> While inflation and economic challenges in 2022 slowed the trend, many employers still face recruiting challenges complicated by skilled labor gaps. Nine in 10 C-suite executives say not being able to find, hire and retain the right talent will prevent their organization from achieving its objectives.<sup>2</sup>

With the heightened focus on people strategies, the BenefitsPRO survey finds that 59% of HR professionals say HR has increased its influence on their organization's strategies because of the pandemic. In addition, 37% report that HR leaders have joined the C-suite at their company since the start of the pandemic. When combined with the slightly more than one-third of HR leaders who were already part of the C-suite pre-pandemic, HR now has a senior leadership voice at 72% of companies.

### More HR leaders join the C-suite



- 59% of HR leaders say HR's influence has increased as a result of the pandemic.
- More than 1 in 3 companies elevated HR leaders to the C-suite as a result of the pandemic
- HR leaders now have a seat at the C-suite table at 7 in 10 companies



“Right now, HR leaders have a choice to be more strategic, rather than only focusing on plug-and-play responsibilities like processing payroll and onboarding new hires,” says Bobbi Kloss, Director of Human Capital Management Services for Benefit Advisors Network. “HR crosses lines in a company, and with a seat in the C-suite can add important pieces to strategic conversations. HR leaders have a voice. Now, it’s up to us to use that voice and get business leaders to listen.”

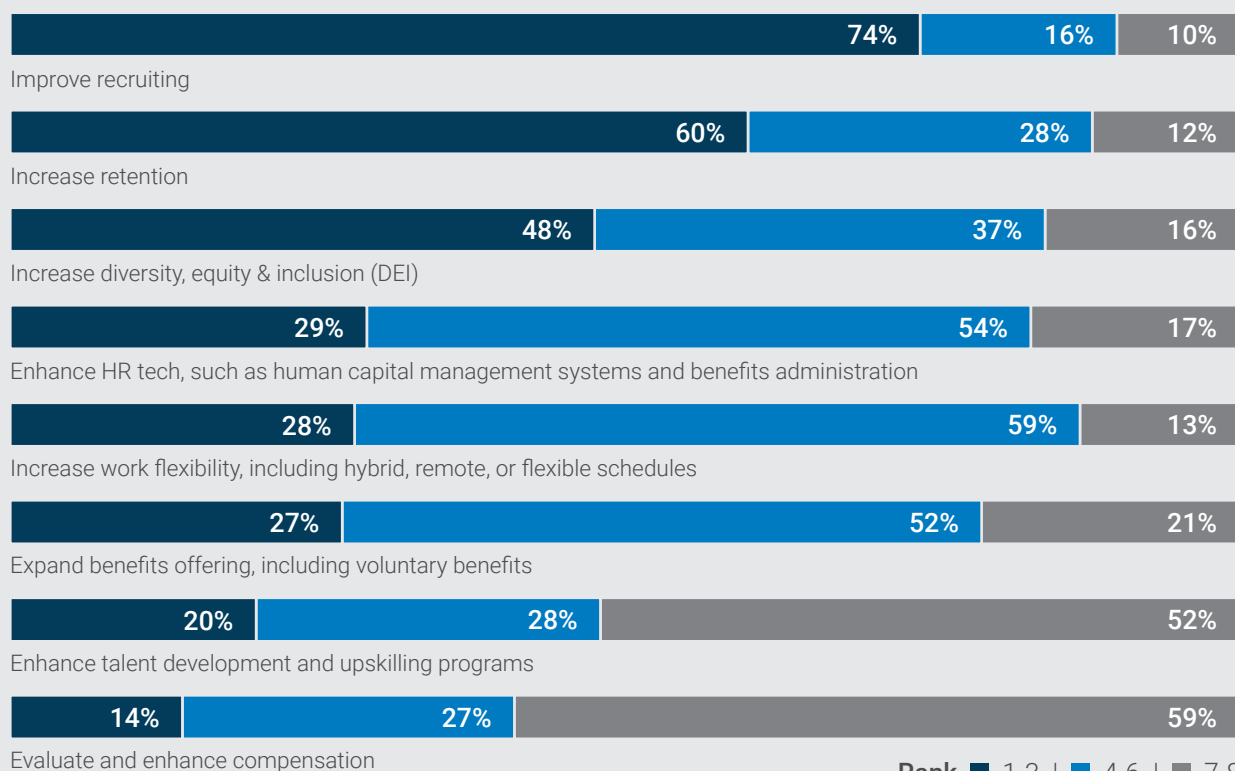
Most HR leaders expect the focus on people strategies to continue in the years to come, according to the survey. Fifty-eight percent anticipate increased C-suite involvement in HR and benefits strategies over the next five years, with nearly 1 in 4 saying C-suite involvement will increase significantly.

“It’s important for HR leaders to have ideas and think creatively,” explains Debora Roland, Vice President of People Operations for CareerArc. “But it’s also about HR staying in tune with what employees want in a very fluid environment and pulling the rest of the C-suite into the discussion around solutions.”

Looking ahead, HR professionals rank recruiting, retention and diversity, equity and inclusion (DEI) initiatives as their organization’s top priorities in the next 3 to 5 years. The converging forces of the pandemic, improved technology and tools enabling remote work and skilled labor shortages have pushed recruiting and retention strategies to the top of the list for most organizations. Even with the possibility of a recession, economists expect the tight labor market to continue, with employers competing to attract and retain workers.

“The pandemic turned a light bulb on in the C-suite that people are the business,” says Pauline Sobelman, Director of Client Experience at AHT Insurance. “They’re seeing the high costs associated with attrition and are turning to HR for solutions to attract employees, improve satisfaction and increase loyalty.”

### Top HR priorities over the next 3 to 5 years



Rank ■ 1-3 | ■ 4-6 | ■ 7-8



## SECTION 2

### HR roles and budgets evolve to address future needs

In response to the increased focus on HR strategies, HR professionals anticipate corresponding increases in both staff and budget in the years ahead. Beyond traditional HR spending to improve operational efficiencies and address compliance requirements, the added resources are also aimed at solving current recruiting and retention challenges and providing data insights to guide business decisions.

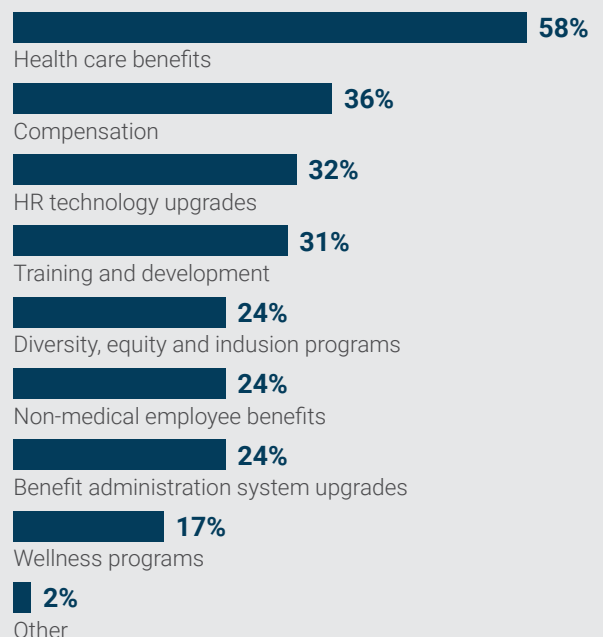
#### Companies plan to boost HR spending

HR functions currently represent 1.42% of organizational operating expenses, with HR spending averaging \$2,441 per employee, according to HR budget benchmarks published by Gartner.<sup>3</sup> Based on the BenefitsPRO survey, 74% of HR professionals expect their organizations to increase HR spending over the next 3 to 5 years with 48% anticipating a budget increase of more than 10%.

The competition to attract and retain top talent is a driving force behind the budget boosts, with survey respondents expecting health care benefits, compensation and technology upgrades to account for large budget allocations.

#### HR budgets projected to rise

- Three in 4 HR professionals expect their budgets to increase in the next 3 to 5 years
- Most anticipate health care benefits to account for a large budget allocation



## Outlook: HR costs and spending trends

- **Health care benefits:** After a 6.3% jump in the average per-employee cost of employer-sponsored health insurance in 2021, employers are projecting a 4.7% average increase in health care costs in 2022, according to Mercer's 2021 National Survey of Employer-Sponsored Health Plans. Only 17% of employers plan to increase the share of the premium paid by employees.<sup>4</sup>
- **Compensation:** Employee compensation is projected to increase as companies compete for talent in a tight labor market. ADP's Geography of Recent U.S. Wage Growth report tracked median monthly earnings at 6.77% higher in 2021 versus 2019. Lower-paid employees saw a more significant bump in pay – 10.36% – during the same period, largely driven by increased pay for new hires.<sup>5</sup>

Nearly two-thirds of U.S. employers (64%) plan to increase their compensation budgets, according to a survey by WTW. Employers project average salary increases of 4.1% in 2023, citing competition for talent and inflation as the primary drivers.<sup>6</sup>
- **HR technology upgrades:** Overall, companies allocate 9% of their HR budgets to technology.<sup>3</sup> HR tech spending was up 57% in 2021 compared to 2020, when many companies opted to pull back on initiatives.<sup>7</sup> Still, many organizations have room for improvement related to digital technology. Gartner reports that 48% of chief human resource officers (CHROs) say their company's current HR technology hinders, rather than improves, the employee experience.<sup>3</sup>

"Will a 10% increase be enough? It depends on how tight your HR budget has been and how competitive your compensation is today," Kloss points out. "And technology is always expensive when you first roll it out. Companies that already have integrated systems will be ahead compared to companies that need to make a bigger technology investment."

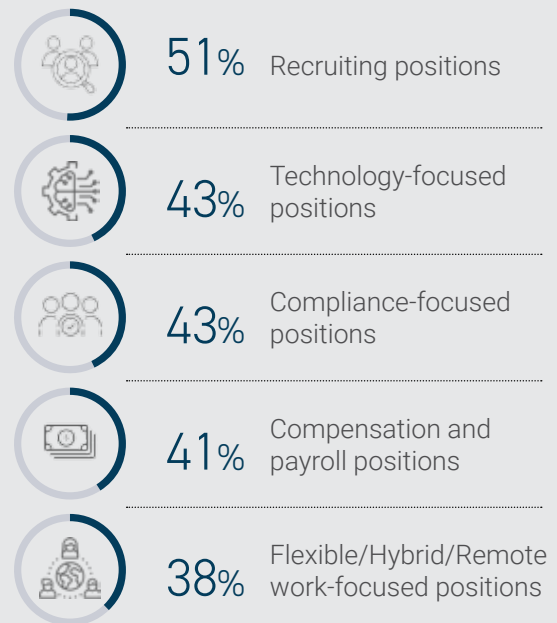
## HR expands teams by adding specialized roles

As companies adapt to changes in work models and employee expectations, the BenefitsPRO survey finds many have added specialized HR roles. Since 2020, more than 4 in 10 HR leaders report adding specialists in technology, flexible work, recruiting or compensation. Approximately one-third have expanded their teams with roles focused on benefits administration and compliance. Only 30% say they have increased outsourced HR

responsibilities in the past two years, with more than half reporting outsourcing levels have remained the same.

With improved recruiting at the top of their strategic priority list, half of HR leaders anticipate adding recruiting-focused positions to their teams over the next 3 to 5 years. Slightly less than half expect to add positions specializing in HR technology, compliance and compensation and payroll.

### Roles HR leaders expect to add by 2027



"Many companies have traditionally relied on HR generalists," Sobelman explains. "Now, as more legislation comes up at municipal levels, not just the state level, it's becoming extremely difficult to be a generalist and keep track of the regulations. With the liability attached to getting it wrong, companies are finding they need dedicated people with specialized expertise in-house as well as outside experts they can call on."

The U.S. Bureau of Labor Statistics projects a 10% growth rate for HR specialist positions between 2020 and 2030.<sup>8</sup> Filling these positions will involve a combination of hiring skilled talent and up-skilling existing HR workers. Human resource leaders, however, must also factor in turnover rates, which were 64% in 2021 for professional service positions.<sup>1</sup> After all of the changes in workplace structures and culture, paired with increased recruiting and retention pressures, most HR teams are feeling burned out, with 8 in 10 open to leaving their jobs, according to a 2022 poll.<sup>9</sup>



SPONSORED  
CONTENT

# Empowering the Workforce with Data-Driven HR & Benefits Insights



By **Sam Finley**,  
Vice President and General  
Manager - Benefits,  
ADP National Accounts

Two years ago, your role as an HR leader probably looked much different than it does today.

Amid such a changing work environment, you not only had to remain productive in your roles, but you also had to guide employees and foster a smooth transition for workers at all levels. And now after leading your organization through the unprecedented challenges of the pandemic, 7 in 10 human resource leaders now play a critical role as members of the C-Suite, according to a recent BenefitsPRO survey. In fact, 1 in 3 have joined the C-Suite since 2020.

Perhaps this increased influence means employee experience is a higher priority than ever before. And you surely can't address employee experience without thinking about comprehensive benefits.

Do you know what employees really need? What do they want? Are you measuring up to the competition? Are you investing enough in programs and are those programs being utilized and appreciated by your employees?

Without data, it's hard to know. The good news is that today's modern systems bring HR professionals more data-driven insights and benchmarks than ever before, equipping them to better understand the costs and return on employee investments, while also guiding recruiting and retention priorities.

Total rewards programs, including employee benefits, play a pivotal role in this new landscape. At ADP, we're seeing our clients harness data to enhance their benefits strategies in four core areas.

## 1. Understand Your People & Make Informed Decisions

You want to make the best decisions for your business and your people — but if your current platform can't make employee data easy to find and understand, how do you know you're addressing what matters?

Comprehensive, accessible, and trusted data can provide valuable insight into areas such as benefits enrollment patterns and employee sentiment. The best HR technology infrastructure — with benchmarks, dashboards and easy to pull reporting — can uncover usage rates, trends, and employee choices. Having access to both qualitative and quantitative employee data is key when developing your benefits strategy.

I'm thrilled about the ways ADP is bringing new perspectives to employers. ADP's *Voice of the Employee* is a new dimension of data focused on employee sentiment. Imagine being able





## SPONSORED CONTENT

to know — at any point — how your workforce feels about their benefits experience... or being able to know how they'd prioritize new offerings. You can quantify data that's highly qualitative, equipping you to make a compelling case for investments in benefits, technology expansion, or new communications approaches.

### 2. Make It Personal

As a human resources professional, you want to empower employees to make the best decisions about their health benefits. Offering dozens of plans with an array of options doesn't matter if employees don't even know or understand what's available. Nearly 3 in 4 HR leaders are planning to increase benefits budgets over the next three to five years. But to justify the investment, you need to know what workers need and what they expect.

Personalization and effective knowledge sharing around benefits offerings are key. Employers and their employees want to feel confident that their plans are the best fit for everyday life. We're now seeing organizations of all shapes and sizes increasingly turning to a mix of data and technology innovations to empower workers to make the best choice. To help both HR leaders and employees alike, ADP has joined forces with Nayya, a leading decision-support provider. Now when an employee is looking at their benefits, ADP Benefits — powered by Nayya — puts highly personalized recommendations at their fingertips. Factors such as the employee's family and dependent status, health history and financial situation help identify the ideal benefits as well as opportunities to reduce out-of-pocket expenses.

### 3. Go Beyond the Basics

As leaders, you want to keep your best people — so I'm not surprised the BenefitsPRO survey identified recruiting and retaining talent as a top HR priority. Yet without a holistic benefits approach, you might find this exceptionally challenging.

To attract and maintain the right talent for your organization, it's important to think beyond the basics of health, dental and vision. There's an increasing awareness of how benefits can address employee burnout, mental health, and financial wellness.

We're seeing HR leaders respond with innovative total rewards programs that encompass lifestyle and family-

friendly benefits tailored to their employee population. The BenefitsPRO survey found that the pandemic likely kickstarted this.

Post pandemic, 66% of HR professionals say their organizations are more likely to explore adding innovative benefit options. At ADP, one we're especially excited about is a pilot with Fringe — a lifestyle benefits company focused on broadening employee wellbeing. Employers fund the benefit, giving employees the ability to earn rewards they can redeem for a wide range of choices — everything from grief support and smoking cessation to life coaching and spa treatments — to support their individual well-being needs. It's heartwarming to see both employers and employees so mutually invested in the employee's wellbeing.

### 4. Communicate, communicate, communicate!

HR leaders like you know that benefits programs must be representative, affordable, and accessible. But beyond ensuring benefits meet employee needs, I'm seeing employer scrutiny over the accessibility of offerings within carrier networks. Effective offerings ensure that employees have convenient in-person or virtual access to off-hours care. The increase in flexible work is also prompting HR teams to reimagine how they communicate their total rewards programs and how to make the information more accessible to all employees. Rather than relying on carriers, employers are becoming more proactive in their benefits communication strategies as well. Employers are leaning into technology such as mobile apps, in-app notifications and QR codes to improve overall access to benefits.

While the world of work continues to evolve, the employee experience remains crucial for attracting and retaining talent. And for benefits to play a significant role in that employee experience, employees have to know what's available, actively engage and regularly take advantage of their benefits.

Now's the time to evaluate your programs to make sure your employees are aware, empowered, and confident in your organization's benefits. Take the time to dive into the data so you to create an effective strategy and develop plans that employees are excited to adopt!

---

Learn more at [ADP.com/benadmin](https://adp.com/benadmin)

## Strategic benefit solutions take on HR challenges

As companies redefine their work models to fit the post-pandemic workforce and competitive landscape, they are looking to HR leaders for innovative and strategic solutions. HR professionals see employee benefits as an effective tool to meet employee needs and address top business priorities, including recruiting, retention and DEI.

Sixty-six percent of HR respondents to the BenefitsPRO survey say their organization is more likely to explore adding innovative employee benefits as a result of the pandemic. In the near-term, non-traditional benefits, such as pet insurance, tuition reimbursement or fertility benefits, can help employers stand out from the crowd when competing to recruit top talent. Adding new benefits can also help employers provide added value for current employees.

“HR leaders are becoming extremely strategic about benefits,” Sobelman says. “Instead of having to go hat-in-hand to the C-suite asking to add a voluntary benefit because it feels right, HR has the data to demonstrate how the benefit aligns with company objectives and project how it will impact recruiting, retention and productivity.”

Benefits also play a strategic role as companies – and employees – adapt to flexible work models. With 52% of HR leaders anticipating that hybrid work will stay at current levels or increase for their company over the next 3 to 5 years, half report that the organization is more likely to expand its benefits offering due to hybrid or remote work. The primary objective is to provide benefits that support the holistic health needs – physical, mental, financial and social – of an increasingly diverse workforce.

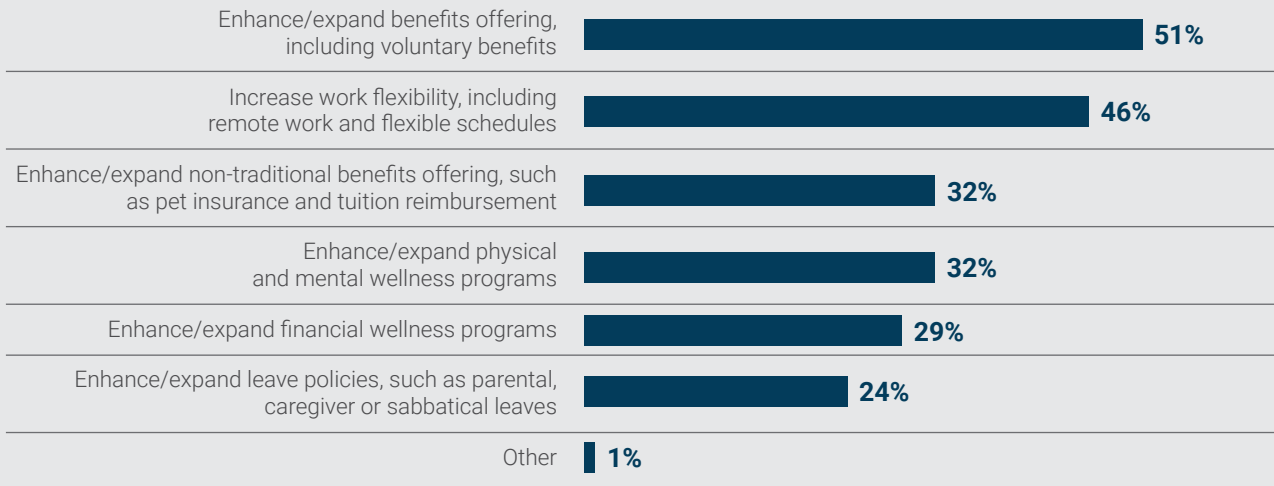
### Outside-the-box benefits

Employers are enhancing their benefits offerings with non-traditional solutions that meet diverse employee needs, including:

- Flexible work arrangements
- Holistic wellness programs
- Fertility benefits
- Biometric screenings
- Childcare reimbursement or stipends
- Caregiver support
- Pet insurance
- Financial wellness programs
- Identity theft and data privacy protection
- Tuition reimbursement
- Student loan debt repayment plans
- Legal services
- Paid and unpaid leave programs, including sabbaticals
- Health savings accounts (HSA)
- Flexible spending accounts (FSA)



## Preparing for Gen Z: Employers expect to expand benefits in the years ahead



Increased stress and burnout levels among employees resulting from the pandemic, social movements related to DEI issues, and economic downturns are prompting many employers to add benefits focused on mental and social health. Additions can range from enhanced health care benefits and employee assistance programs (EAPs) to mental health days, meditation apps and stress management workshops. Along with support for employee well being, the Society for Human Resource Management (SHRM) reports that 88% of HR professionals say offering mental health resources can boost employee productivity, and 86% say it helps to increase retention rates.<sup>10</sup>

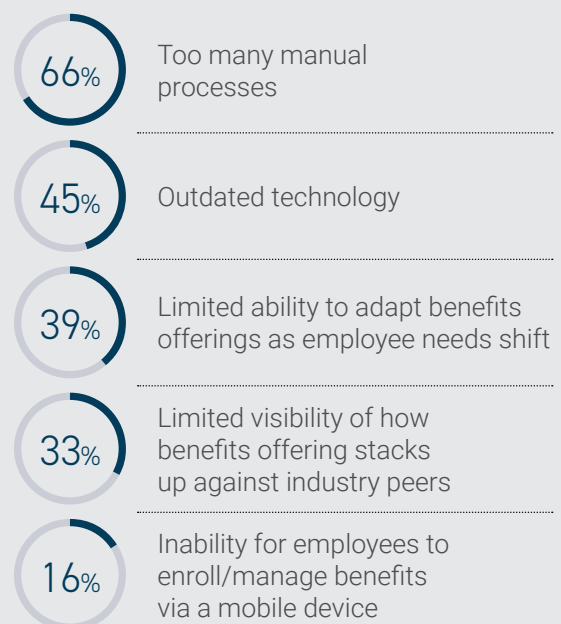
“Employers are taking a total rewards approach as they compete for talent,” Kloss explains. “It’s important to have not only a health and welfare package that’s competitive but also policies and programs that support employee well being and work-life balance. When considering benefits options, I like to conduct employee engagement surveys that ask employees about their needs and what keeps them from being most productive at work.”

Attracting Gen Z employees – those born between 1997 and 2012 – is also top of mind as HR leaders design their benefits strategies. According to the BenefitsPRO survey, 51% expect their organization to enhance or expand its benefits programs and 46% say they expect to increase work flexibility in the next 3 to 5 years to help recruit Gen Z employees. Voluntary (employee-paid) benefits will play a central role in enabling employers to add benefits options and value for employees without increasing the organization’s benefits budget.

## HR tackles benefits challenges, old and new

Offering expanded benefits often comes with challenges for HR teams. Streamlining benefits administration continues to be a pain point for many companies, with 66% of respondents citing too many manual processes among their biggest administrative challenges. Outdated technology, which likely causes many of the manual processes, is a top challenge for 45% of respondents. Technology and manual processes are also probable drivers of the challenge ranked third by HR professionals – a limited ability to adapt benefits as needs shift.

### Top benefits administration challenges for HR teams



Remote and hybrid work models bring new challenges to benefits program delivery. More than one-third of HR professionals cite benefits communications, complexity and flexibility of plans and administration as the biggest benefits challenges related to hybrid and remote work models.

## CONCLUSION

### HR looks forward

As organizations continue to adapt to rapid change and evolving workforce expectations, HR leaders can be key architects in designing and implementing strategic initiatives to align business goals and employee needs.

“HR leaders bring a completely different perspective to the C-suite,” says Roland.

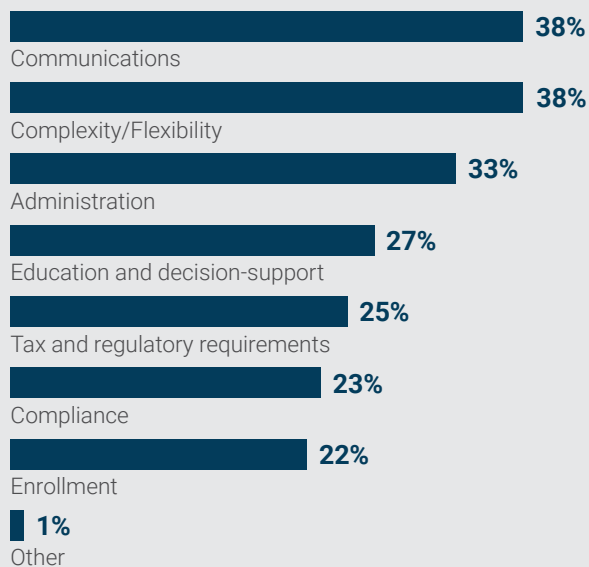
“Now is a great opportunity for HR to step up and prove their leadership skills and value-add to the organization.”

The pandemic has given many HR leaders a new opportunity to shape the future through workforce planning, company culture and employee well being strategies. With increased organizational value, influence and specialized resources, HR teams are poised to help their companies navigate and succeed in a post-pandemic future.

“There’s so much that can be done when HR has a seat at the table,” says Kloss. “Companies with C-suites that are open to HR playing a different, more strategic role will go further in the long run than companies that don’t place value in their HR team’s strategic capabilities.”

**Ann Clifford** is a freelance writer who translates her background in financial services marketing into specialized content focused on employee benefits and small business topics

### Benefits challenges tied to remote work



### Conclusion: 3 keys for HR leaders

1. Broaden HR’s scope of responsibilities to encompass workforce models, total rewards and culture strategies.
2. Take an analytics-based approach to optimize spending on HR technology infrastructure, employee compensation and benefits.
3. Think outside the box to add innovative benefits that address diverse employee needs and support recruiting and retention goals.

#### Additional sources:

- <sup>1</sup> “Job Openings and Labor Turnover Summary,” U.S. Bureau of Labor Statistics, July 6, 2022. <https://www.bls.gov/news.release/jolts.nr0.htm>
- <sup>2</sup> “2022 Workforce Report,” ICIMS, 2022. <https://www.icims.com/2022-workforce-report/>
- <sup>3</sup> “2022 HR Budget and Efficiency Benchmarks,” Gartner, 2022. <https://www.gartner.com/en/human-resources/trends/benchmarking-hr-budgets-and-staffing>
- <sup>4</sup> “National Survey of Employer-Sponsored Health Plans,” Mercer, December 13, 2021. <https://www.mercer.us/what-we-do/health-and-benefits/strategy-and-transformation/mercer-national-survey-benefit-trends.html>
- <sup>5</sup> “The Geography of Recent U.S. Wage Growth,” ADP, July 14, 2022. <https://www.adpri.org/assets/the-geography-of-recent-u-s-wage-growth/>
- <sup>6</sup> “Tight labor market drives U.S. employers to boost 2023 pay raises,” WTW, July 14, 2022. <https://www.globenewswire.com/news-release/2022/07/14/2479938/0/en/Tight-labor-market-drives-U-S-employers-to-boost-2023-pay-raises.html>
- <sup>7</sup> “24th Annual 2021-2022 HR Systems Survey Key Findings,” Sapient Insights Group, 2021. <https://sapientinsights.com/>
- <sup>8</sup> “Occupational Outlook Handbook,” U.S. Bureau of Labor Statistics, July 2022. <https://www.bls.gov/ooh/>
- <sup>9</sup> “It’s official: HR professionals are finally burnt out,” Workvivo Survey, 2022. <https://www.workvivo.com/hr-breakdown/>
- <sup>10</sup> “Mental Health in America: A 2022 Workplace Report,” SHRM Foundation, 2022. <https://www.workplacementalhealth.shrm.org/wp-content/uploads/2022/04/Mental-Health-in-America-A-2022-Workplace-Report.pdf?>

benefits  PRO

