



HR Update 2021

Workplace trends & insights

October 2021

Contents

Foreword	04
Key insights	06
Pay and benefits	08
Resourcing and talent	12
HR Trends	16
Participant profile	22

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Foreword

The 2021 HR Update report captures key developments and trends across Irish workplaces. In the 12 months that have passed since our last report, businesses have faced extended periods of public health restrictions and for some, periods of remarkable economic growth. Our data now points to a robust economic recovery, with growth in headcount forecast in 44% of businesses in the current year and 53% of businesses in 2022.



Two overall trends are apparent throughout the research findings. Firstly, skills shortages combined with upward wage pressure are leading to an increasingly competitive talent market. For those employers planning to increase headcount, a variety of initiatives are planned, with hybrid working increasingly seen as key to securing talent.

While hybrid working is a second dominant trend in our research, it is also clear that employers continue to recognise the importance of other employee supports and benefits, including employee wellbeing, providing the right technology, training and appropriate physical work environments.

Our research was conducted in September 2021 across 346 senior HR leaders. This report covers:

- Pay and benefits trends for 2021/2022
- Resourcing and talent trends in 2021/2022
- HR trends

Thank you to all who contributed to this survey.

Maeve McElwee
Director of Employer Relations, Ibec



Key Insights

Attracting talent

Across respondent organisations the top HR priority by a significant margin, is attracting talent (59% of respondents rate this as a top 5 priority). Sourcing critical skills along with upwards wage pressures due to competition for labour will be among the top recruitment issues for the next 12 months. Employers will prioritise hybrid working, pay and upskilling opportunities to address this challenge.

Pay trends

In 2021, 65% of companies increased basic pay, with an average increase of 2.8%. These figures are higher than what was projected in our 2020 report, which is indicative of the ongoing economic recovery. The proportion of employers awarding pay increases will be 75% in 2022 with a reported average increase of 2.7%. In an increasingly competitive labour market, almost half of employers are also offering variable pay, with performance related pay being the most prevalent variable option.

Employee engagement

Employee engagement ranks third highest in priority for employers. The data points to employers focusing on and investing in key areas related to employee experience. The key areas of HR investment planned for the next 5 years include investment in employee wellbeing (58% of respondents), investment in the physical workspace (39% of respondents) and equipping managers to manage dispersed teams (33% of respondents).



Leadership and social influence

The role of leadership is highlighted in our research again this year. Business leaders play a pivotal role in the support, development and engagement of staff, and leadership is the top area of skills investment (42%) planned by organisations. Leadership continues to evolve in line with our changed workplaces, with social influence recognised as a key leadership competence.

Environmental, social and government

ESG considerations are increasingly important for any organisation concerned with a sustainability and responsible operation. However, our research shows that HR leaders rate ESG very low on their agenda. This finding indicates a clear need for organisations to urgently take a more strategic approach to the ESG agenda. It is evident that many organisations are embracing activities that contribute to sustainability with many activities falling under the responsibility and direction of HR, including remote/hybrid working, tools for virtual collaboration and online recruitment.

New ways of working

The majority of respondents (62%) will implement hybrid working in their organisation. Hybrid working is recognised as a competitive advantage for organisations, along with other flexible working practices.

Pay & benefits

‘Heightened competition for labour is leading to an increased focus on pay and benefits, in particular variable pay and non-pay benefits.’

Our research tracks trends in basic pay for the current and coming year. In addition to basic pay, many employers offer different types of variable pay and these trends are outlined below.

Basic Pay
The data shows that for 2021, almost two thirds of respondents increased pay, with around a third (34%) leaving basic pay rates unchanged. Looking ahead to 2022, three quarters of employers are expecting to implement pay increases.

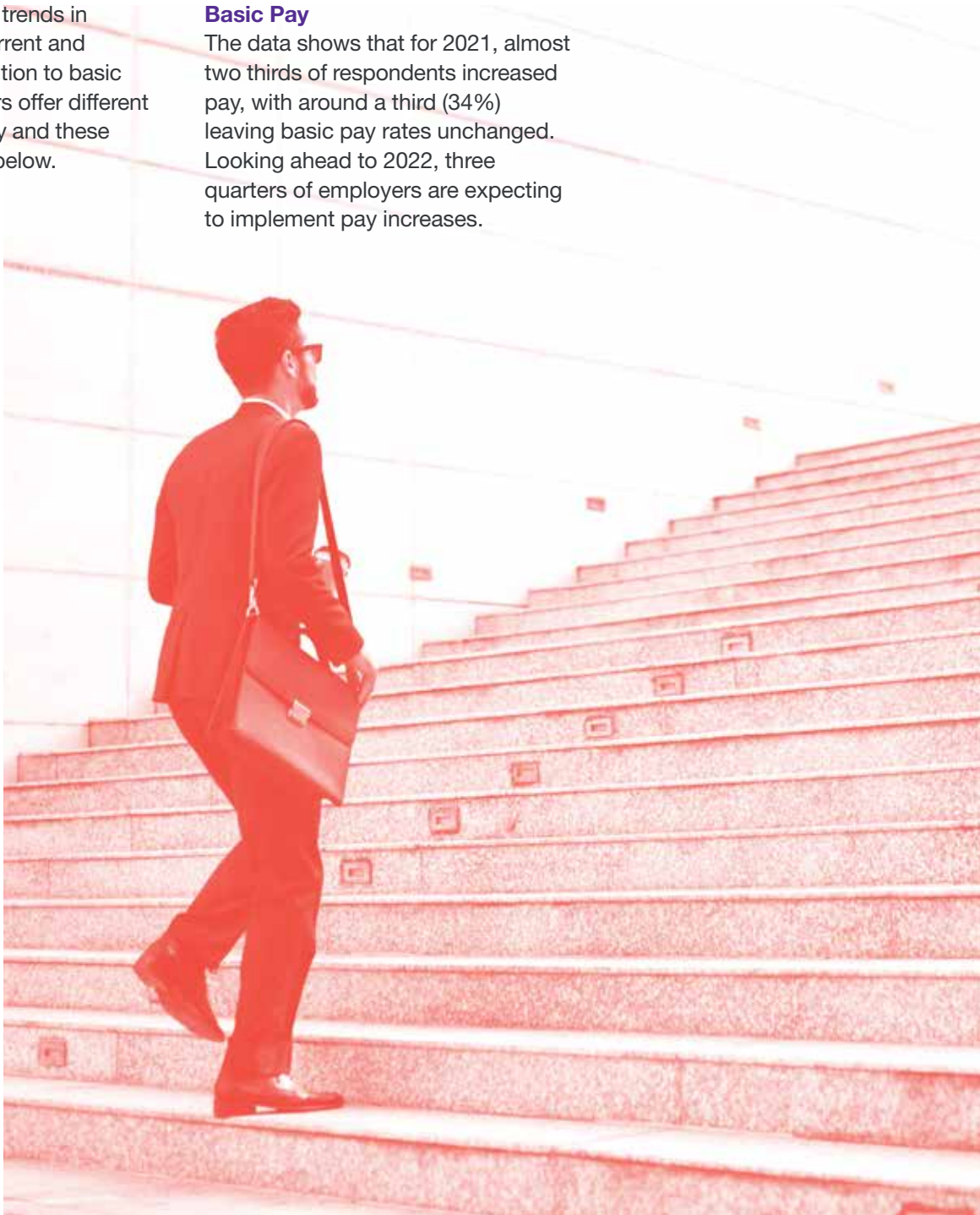
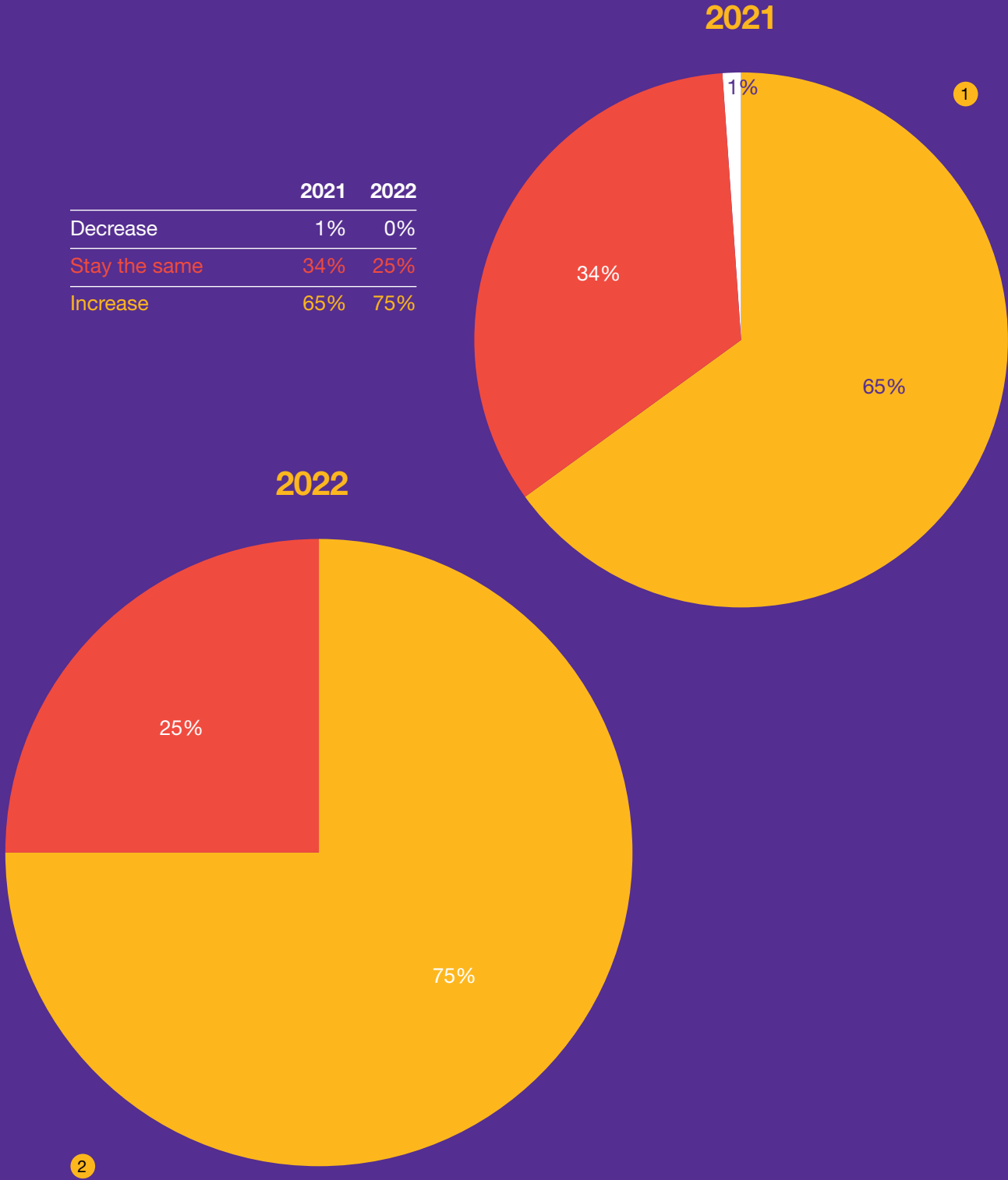


Figure 1: Basic Pay Changes 2021
Figure 2: Basic Pay Changes 2022

	2021	2022
Decrease	1%	0%
Stay the same	34%	25%
Increase	65%	75%



This year (2021) where organisations were expecting to increase pay, the average increase was 2.8%, with a median of 2.5%. Looking ahead to 2022, while more organisations expect to increase pay than in 2021, the average increase remains similar at 2.7%, with a median of 2.5%.

Pay increase range	Percentage of organisations 2021	Percentage of organisations 2022
2% or lower	44%	44%
2.01% - 2.5%	17%	18%
2.51% - 3%	21%	22%
3.01% - 5%	12%	13%
>5%	6%	3%
Total	100	100

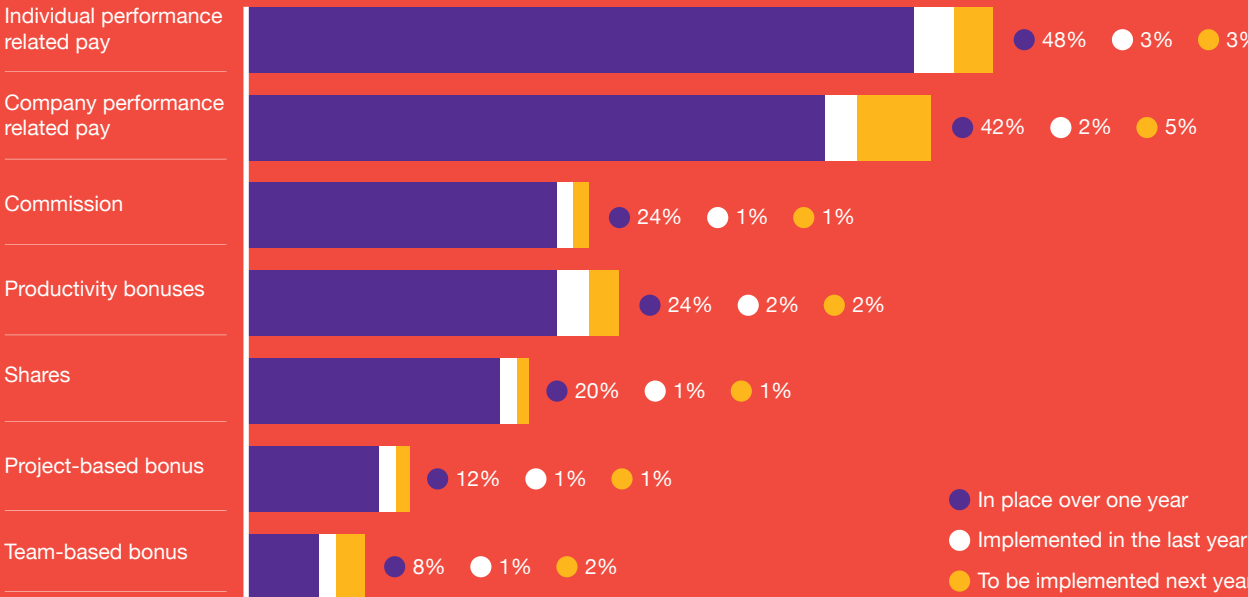
Across all sectors, a higher proportion are planning to implement basic pay increases in 2022 compared with 2021. The services sector is the least likely to implement increases in either period, while high tech manufacturing, which includes the manufacture of medical devices, chemicals, pharmaceuticals and electronics, is the most likely sector to grant basic pay increases.

A significantly higher proportion of small-medium enterprises expect to give a basic pay increase in 2022 than in 2021. Overall, smaller organisations are less likely than larger organisations to give increases in either time period.

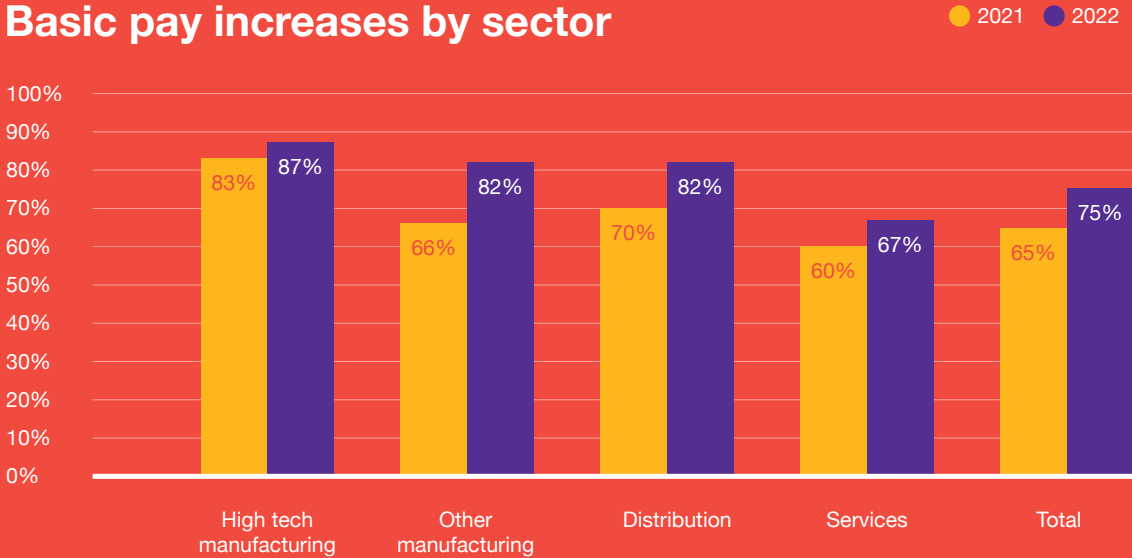
Performance related pay is commonly offered in addition to basic pay, with an average of two variable pay mechanisms in place across all respondents. Individual performance related pay is in place in almost half of respondents (48%), with performance related pay that relates to company performance in place in 42% of organisations.



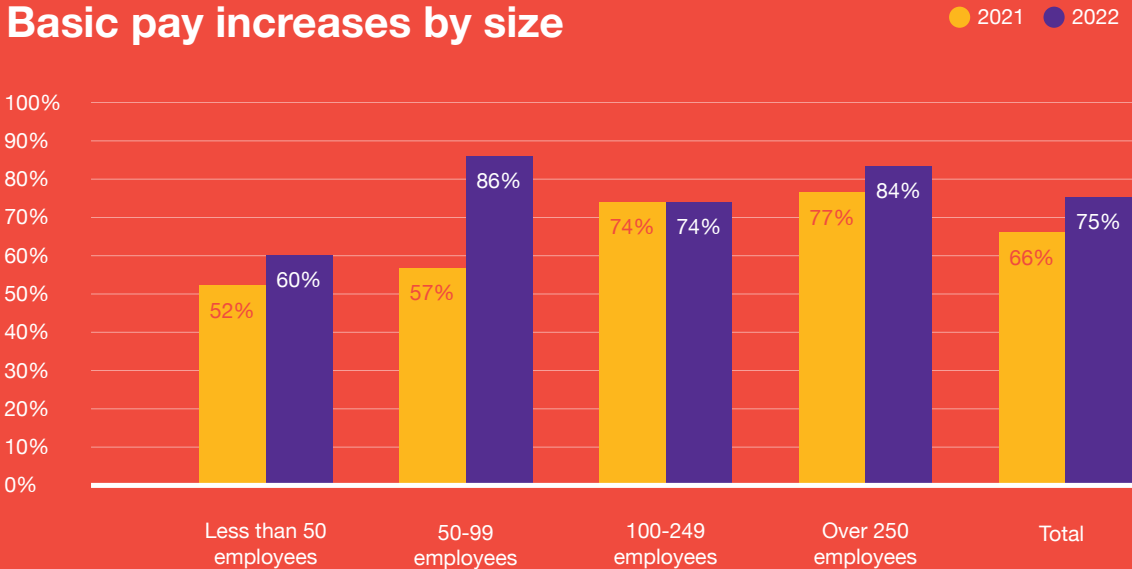
Variable pay mechanisms



Basic pay increases by sector



Basic pay increases by size



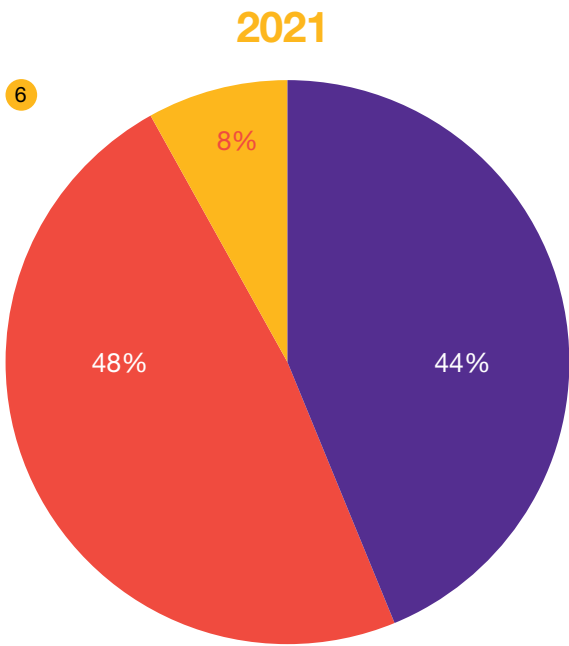
Resourcing & Talent

One of the key priorities identified by respondents for 2022 is the attraction and retention of employees. The following section outlines the expected levels of recruitment and downsizing among respondents, as well as outlining recruitment challenges. Also examined are the actions taken by employers to attract talent to their own organisations.

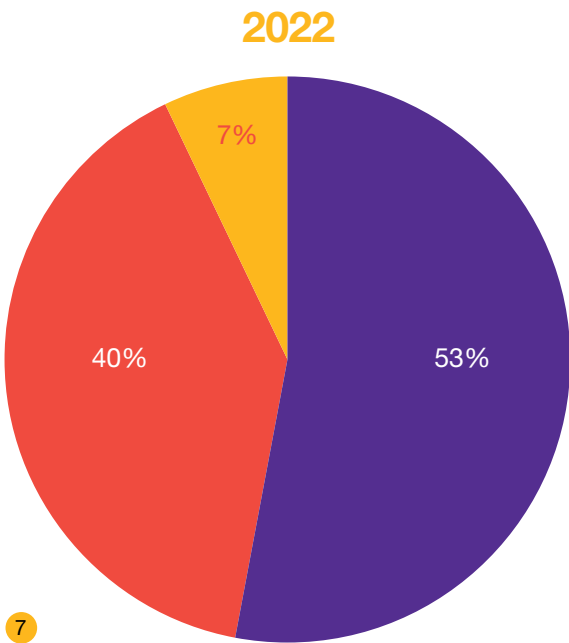
Resourcing

Employee numbers are expected to grow in over two out of five respondents in 2021, with fewer than one in ten organisations expecting to decrease headcount. In 2022, employee numbers are expected to increase in over half of the respondent organisations (53%).

Where a decrease in headcount was expected in either 2021 or 2022, redundancy and non-backfilling of roles were the two most common mechanisms to achieve this. In the 41 organisations where headcount will decrease in either period, 37% will implement redundancies, 32% will not backfill roles and 20% will not renew employment contracts.



	2021	2022
Increase	44%	53%
Stay the same	48%	40%
Decrease	8%	7%



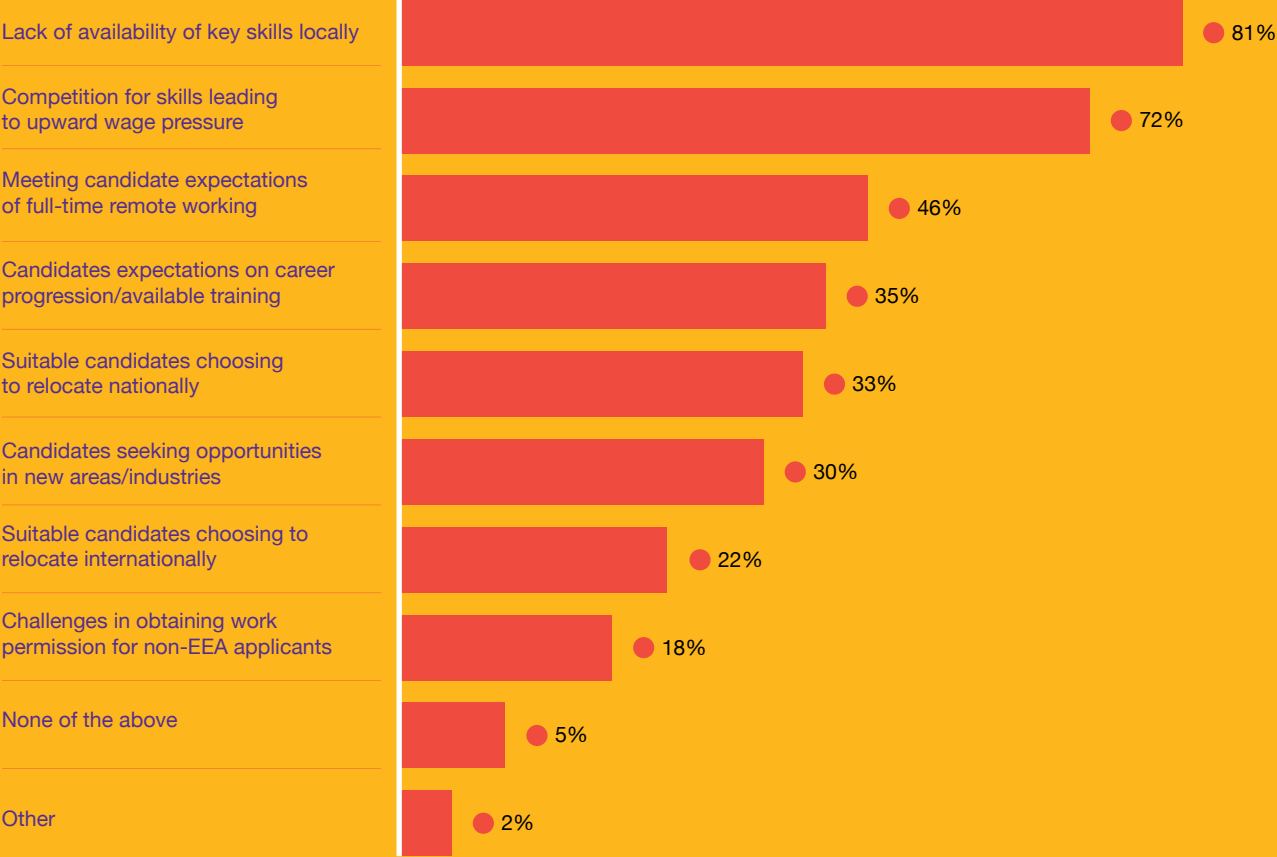
Recruitment challenges

The availability of skills is a challenge for 81% of organisations who are planning to recruit in 2022 and wage pressure as a result of competition for skills is the second highest area of concern (72%).

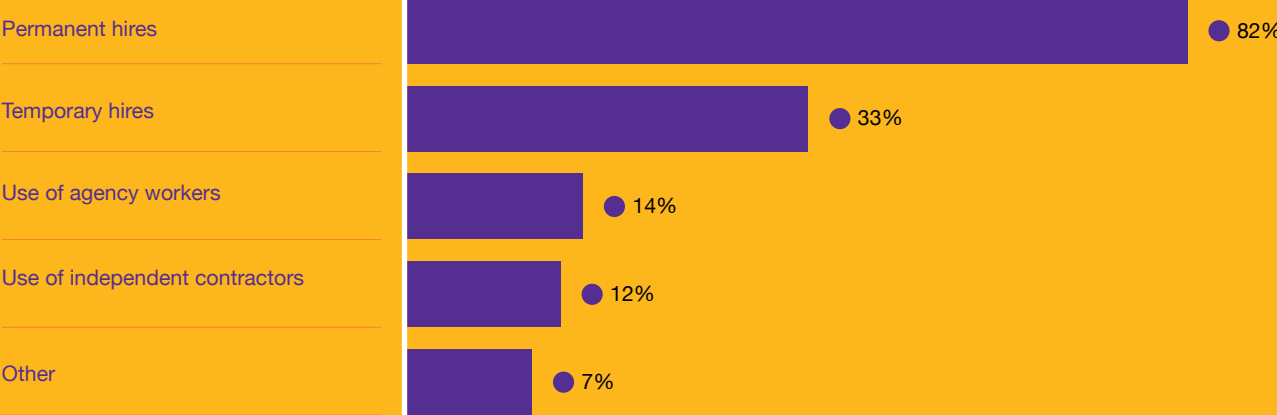
For the 190 organisations (55%) who are planning to increase headcount in either 2021 or 2022, the majority (82%) expected to do so by hiring permanent staff.

Figure 6: Employee numbers 2021
Figure 7: Employee numbers 2022

Recruitment challenges for those expecting to recruit in 2022 (N=165)



How headcount is to be increased (N=190)



‘With headcount set to grow in over half of organisations next year, employers are taking action to attract talent with a focus on hybrid working and skills development.’

Attracting and retaining talent

A number of priorities have emerged for organisations seeking to attract and retain talent:

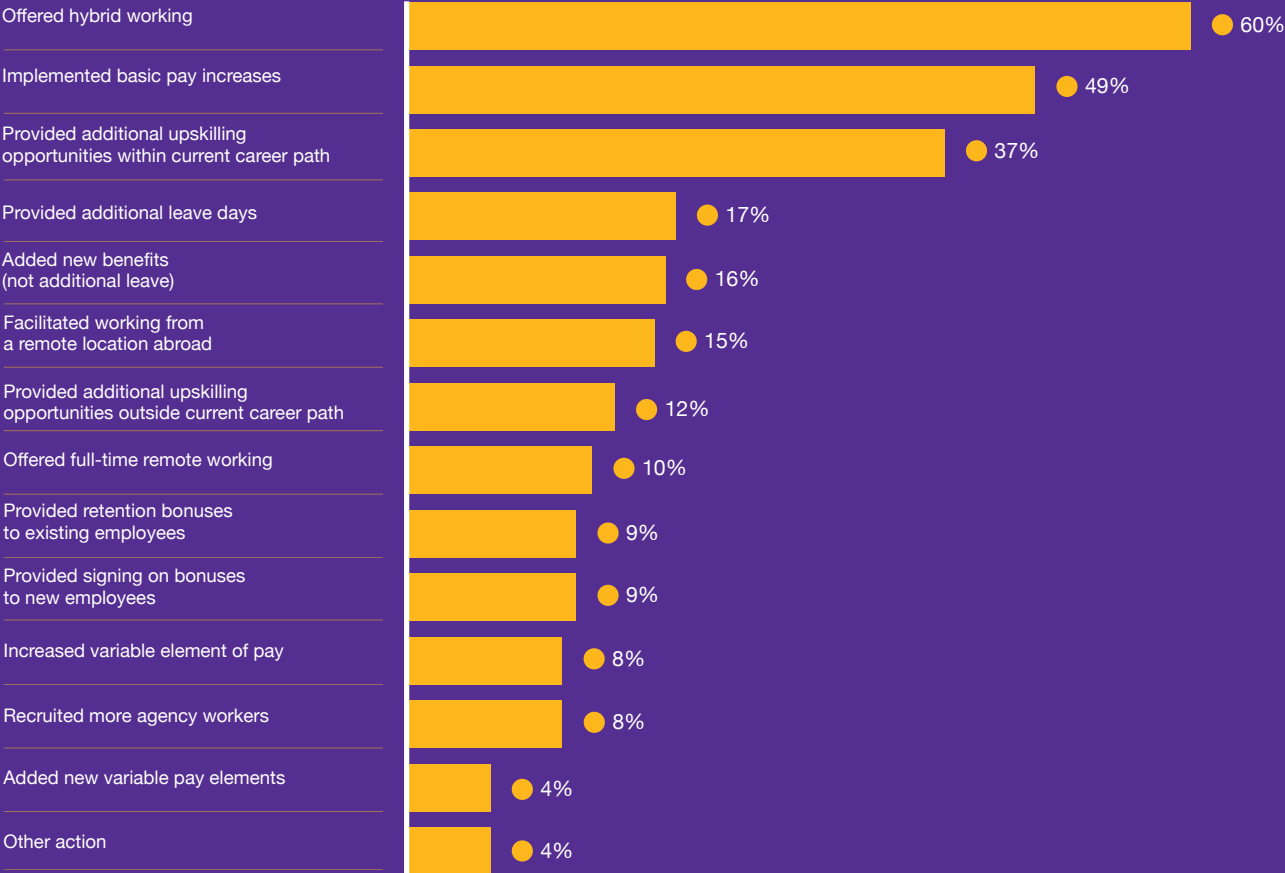
- Three out of five (60%) organisations offered employees the opportunity to avail of hybrid working
- Almost half (49%) implemented additional basic pay increases to attract staff
- Over a third (37%) offered employees the opportunity to avail of upskilling opportunities within their current career path
- Additional annual leave or other benefits were offered in just under one in five respondent organisations



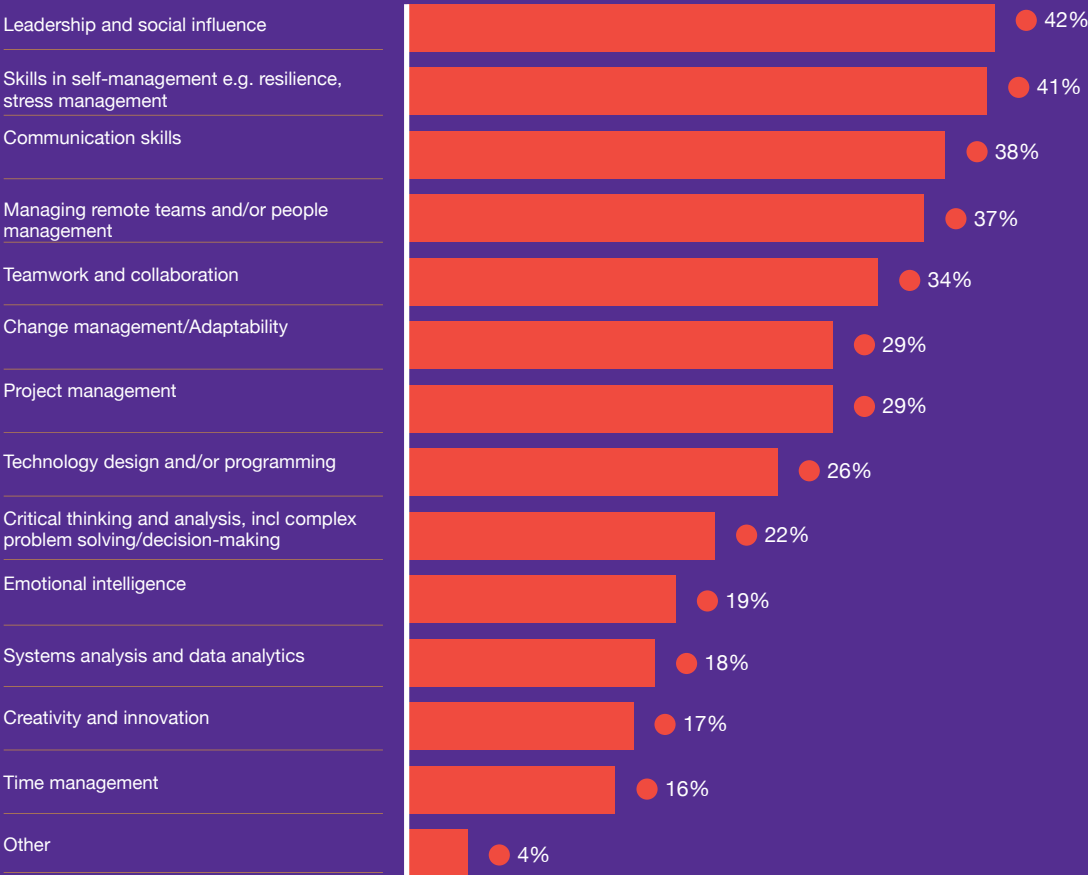
Investment in skills

Leadership and social influence skills (42%) and self-management skills (e.g resilience, stress management) (41%) are the two most popular areas of investment. Skills in communication (38%), managing remote teams (37%) and teamwork/collaboration (34%) are also popular and will be important for effective hybrid working.

In retaining/attracting talent, has your organisation prioritised any of the following? (N=317)



Investment in skills (N=317)



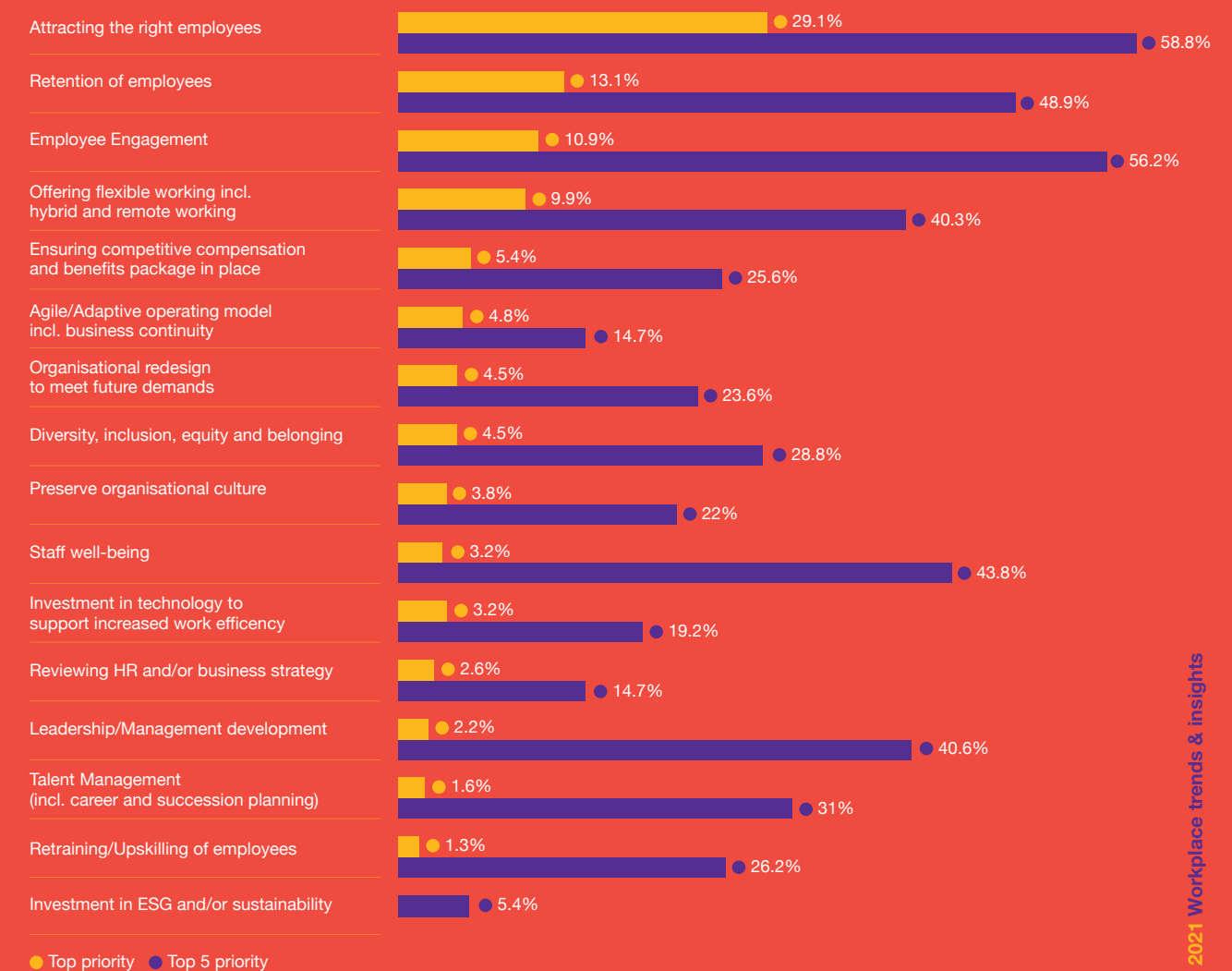
HR Trends

‘Upskilling business leaders, a changing landscape in ways of working and promoting employee wellbeing and engagement are at the forefront of HR Practitioners’ minds in the pursuit of attracting and retaining talent in today’s competitive labour market.’

HR priorities

The attraction and retention of talent are the top priorities identified by HR professionals for prioritisation in 2022. Attracting the right employees is a top priority for over a quarter of respondent organisations (29%), with three out of five respondents rating it within their top five priorities. Retaining existing employees as a top priority in 13%, with almost half (48.9%) listing retention among their top five priorities for the next year.

HR Priorities 2022

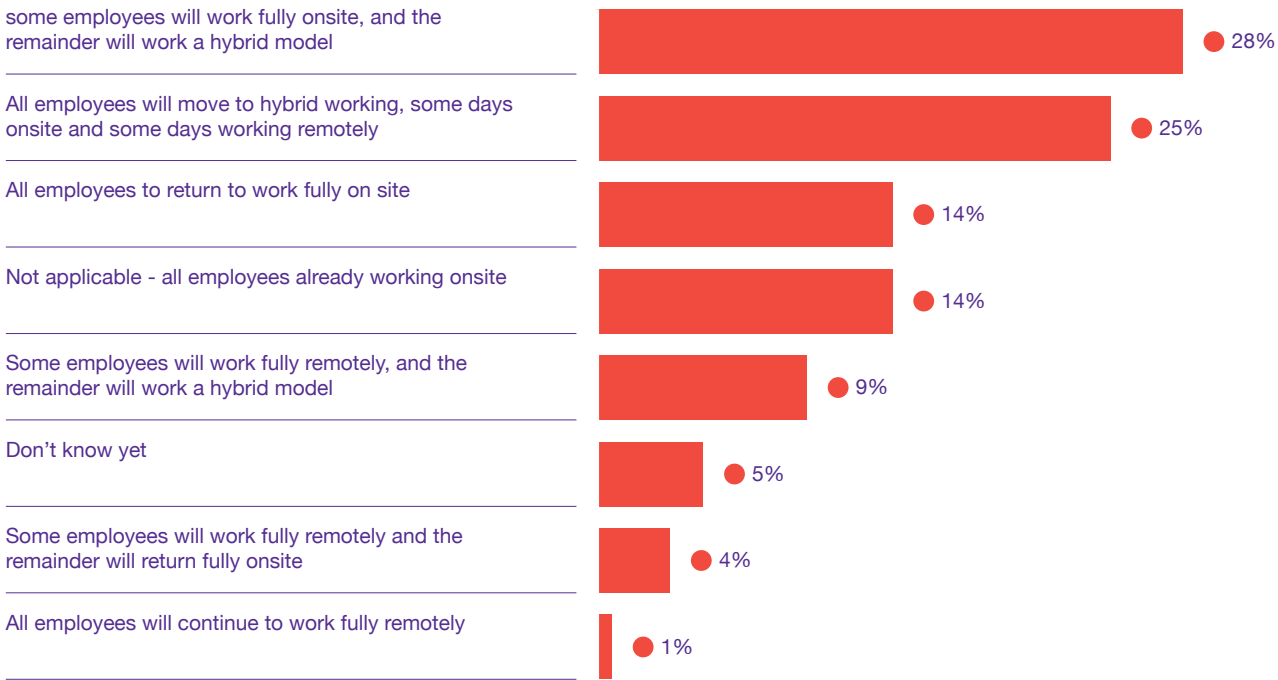


● Top priority ● Top 5 priority

Investments in future workplace

Over the next five years, more than half of respondents (58%) plan to invest in general employee wellbeing initiatives, while around two out of five (39%) expect to invest in changes to the physical workspace. Further popular areas of investment relate to hybrid/remote working and investment in employer brand and online recruitment is planned in 30% of organisations.

Are you planning to return all employees that are currently working remotely to work onsite following Covid-19 (N=309)



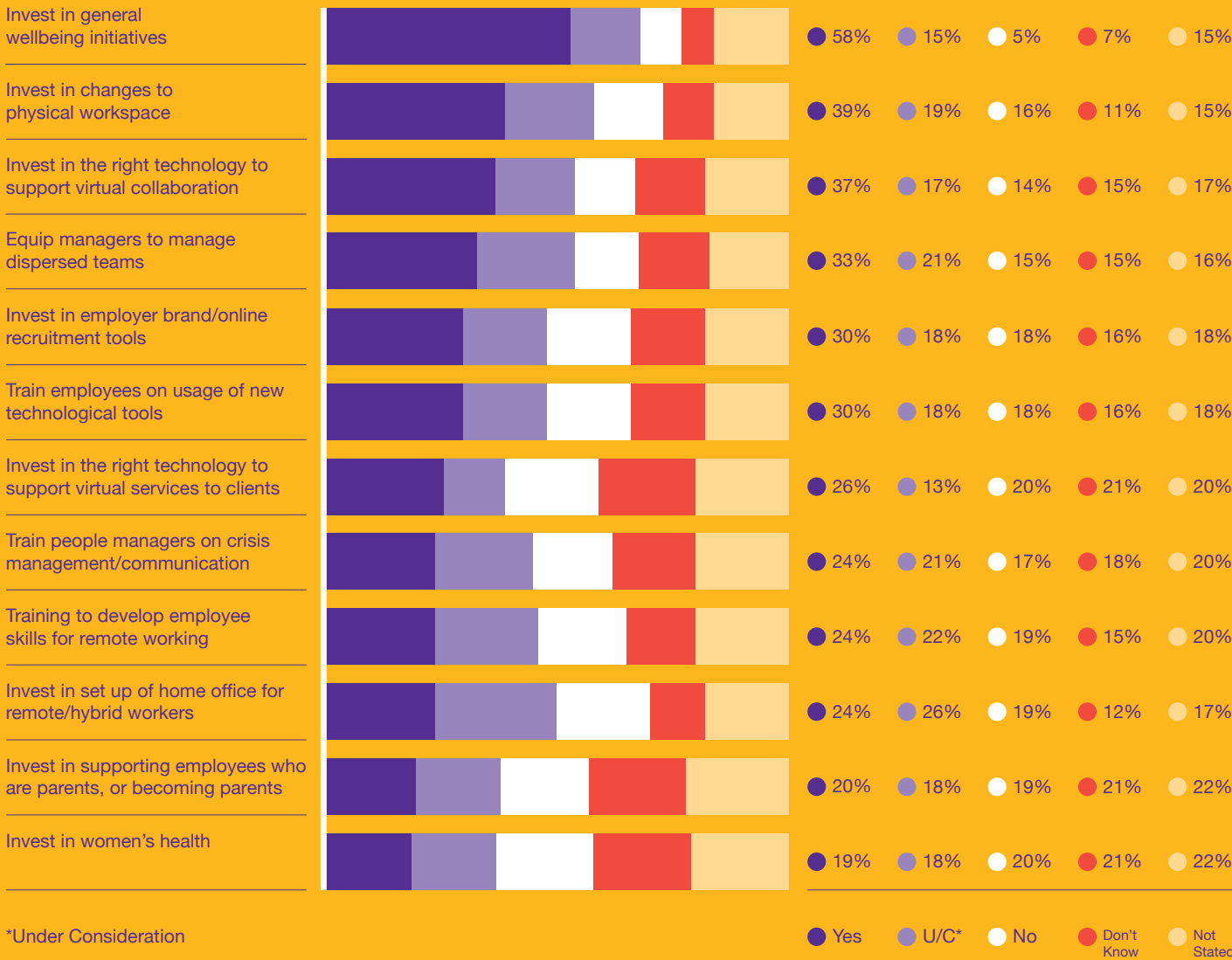
Hybrid and remote working

In over three out of five organisations (62%) either some or all employees will have a hybrid working week. When asked about the design of their hybrid working models, 28% of respondents stated that they are planning for some staff to work on-site, with the remainder working a hybrid model. A similar proportion of companies will move all employees to a hybrid working model (25%).

Almost half (46%) of employers stated that meeting candidate expectations of full-time remote working will be a recruitment challenge for 2022, however plans to implement full-time remote working are very low, with only 1% of companies indicating that they intend to continue their staff in full-time remote working post the easing of COVID-19 restrictions.

Respondents were asked to provide the age profile of their workforce. Where most workers were aged between 35 and 50 years of age, there was the highest instance of plans for hybrid working (71%). The organisations where most of the staff are aged over 50 years, were the least likely to be planning a move to hybrid working (29%).

Investment over next 5 years (N=346)





How hybrid working will be structured

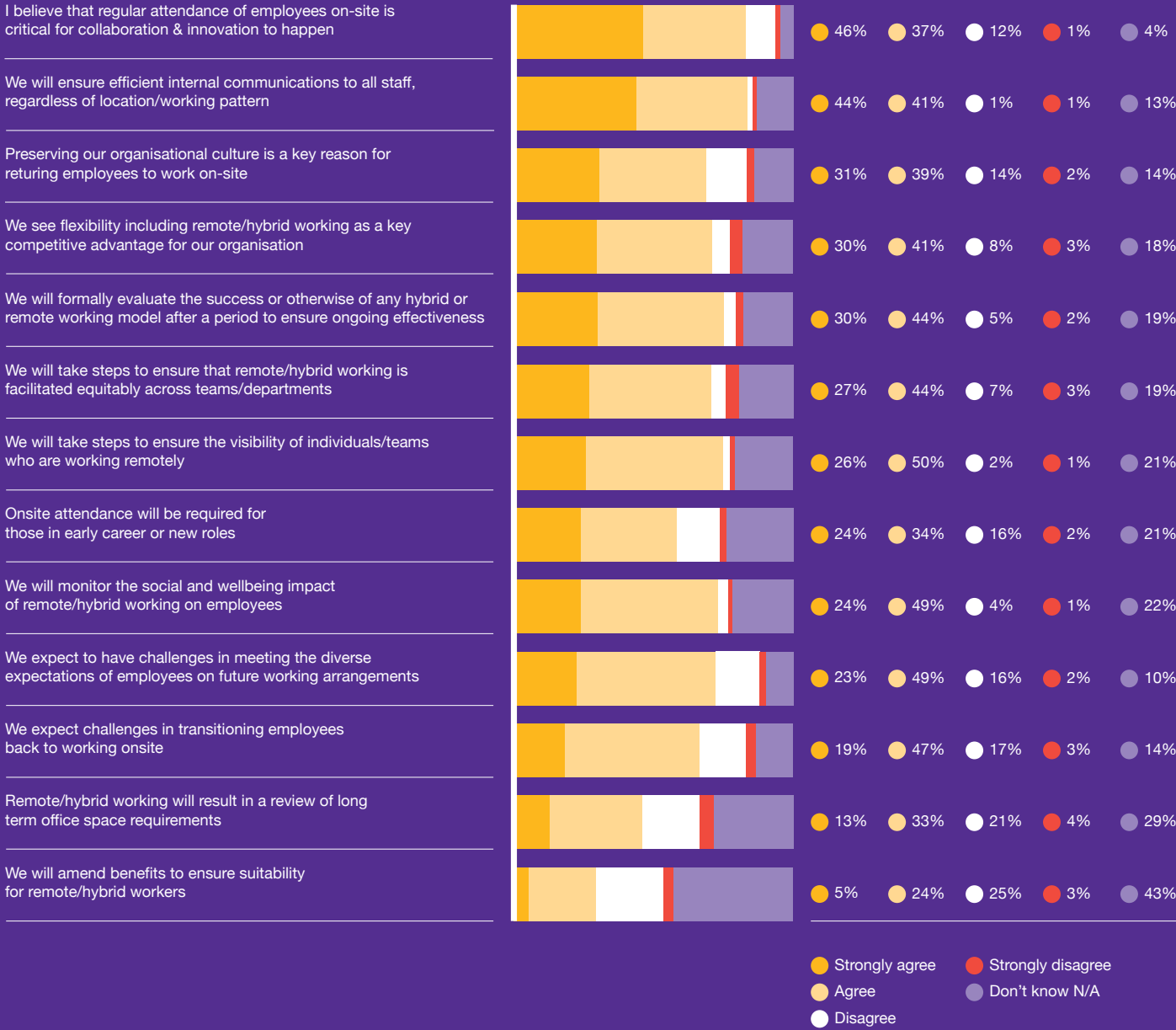
In determining how time will be allocated between on-site and off-site in hybrid working, a variety of approaches will be used by employers. 29% of organisations will give employees set days/hours for weekly attendance on-site and in 26% of organisations, it will be teams who decide for themselves the level of on-site attendance required. Only 8% of respondents plan to allow employees to decide from day to day whether to work on-site or remotely.

Employer views on hybrid and remote working

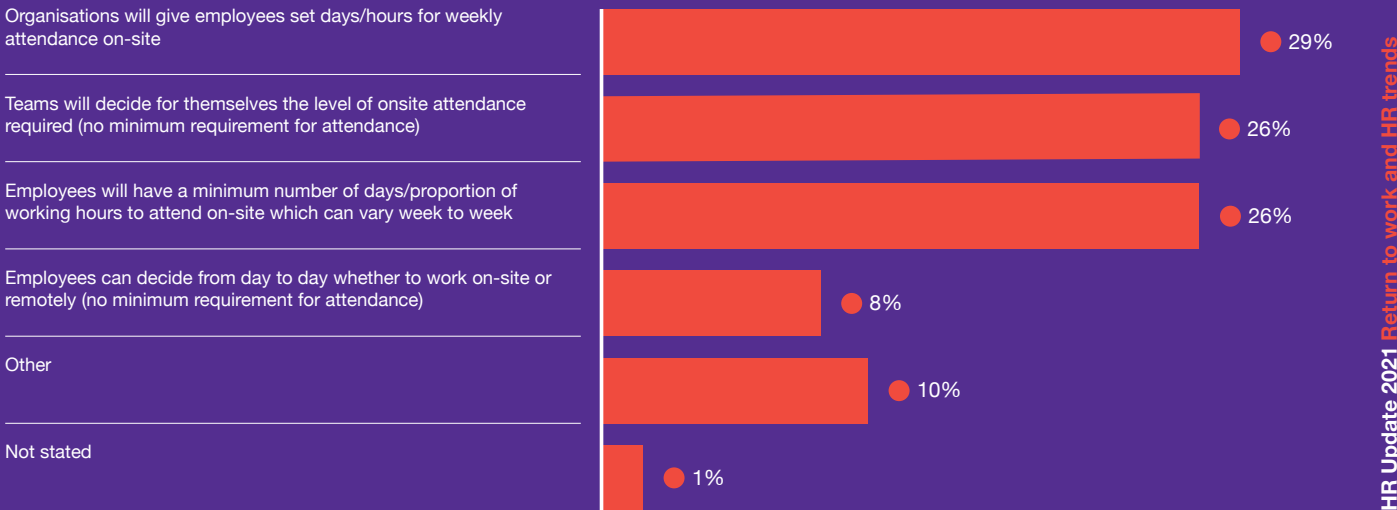
The findings identify the top considerations that will guide employers in the design of hybrid working. With very low numbers planning a move to full time remote working, almost half of employers (46%) indicated that regular attendance of employees on-site is critical for collaboration and innovation to happen.

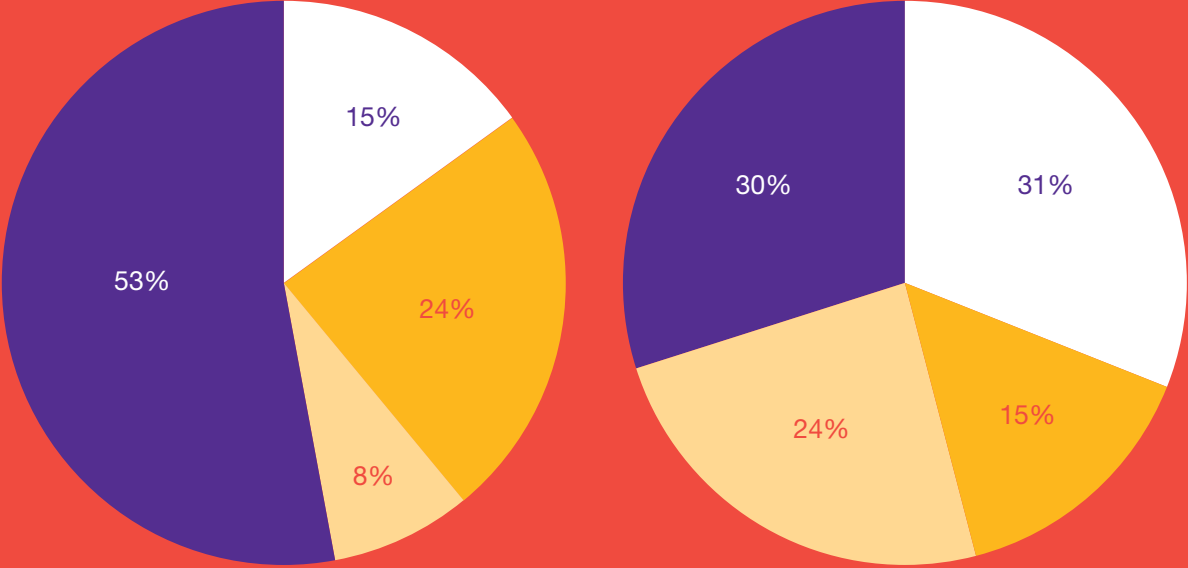
The data shows employers will prioritise organisational culture (31%) and efficient internal communications (44%) in the implementation of hybrid working. While clearly recognised as a competitive advantage, employers will evaluate the impact of hybrid/remote working and ensure that there is no negative impact on the visibility of remote staff or inequity in how this work practice is offered to staff.

Employer views on hybrid and remote working



Please indicate below which of the following will be applicable to employees working remotely or hybrid working (N=205)





Respondents by sector		Respondents by size	
High tech manufacturing	15%	Less than 50 employees	31%
Other manufacturing	24%	50-99 employees	15%
Distribution	8%	100-249 employees	24%
Services	53%	Over 250 employees	30%

Participant profile

Respondants by activity	No. of organisations	% of organisations
Mfg food and drink	22	7
Mfg chemicals and pharmaceuticals	25	7
Mfg medical devices	25	7
Mfg metals and engineering	19	6
Mfg electronics/electrical	4	1
Mfg rubber and plastics	12	4
Other manufacturing	29	8
Retail	5	1
Wholesale	22	6
Financial services	30	9
Health and social services	12	4
Education	10	3
Electronic services/telecoms	34	10
Hotels, tourism, bars, restaurants, leisure	11	3
Other services	81	23
Childcare and creche	5	1
Total	346	100

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From pay and benefits, to policy, compliance, and more, Ibec’s research unit provides the data and insights that your organisation needs, giving you up-to-date benchmarking evidence to support your decision-making. We also analyse current and emerging trends and conduct annual and one-off surveys on a broad range of topics, based on member feedback and current business priorities.

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