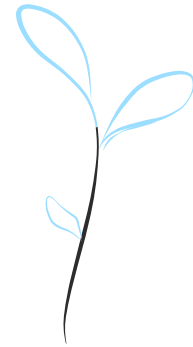


SPECIAL REPORT



2022 State of HR Report

Discover the connection between
strong employee morale and
increased revenue and productivity.



The pandemic was the ultimate stress test for companies large and small.

To understand how HR has navigated pandemic-driven challenges and what the outcomes were for business, in February 2022 Mineral surveyed 2,644 senior HR professionals in the U.S. We uncovered what some HR leaders did differently that led to unexpected improvements in business growth, despite the pandemic.

Some organizations saw increases in revenue and productivity, while others struggled just to maintain equilibrium. Our study found that even as companies climb the path to financial recovery, HR metrics like morale and ability to hire have decreased or remained stagnant. Only 38% of organizations have increased employee morale over the past year, and over half report morale is at or below pre-pandemic levels.

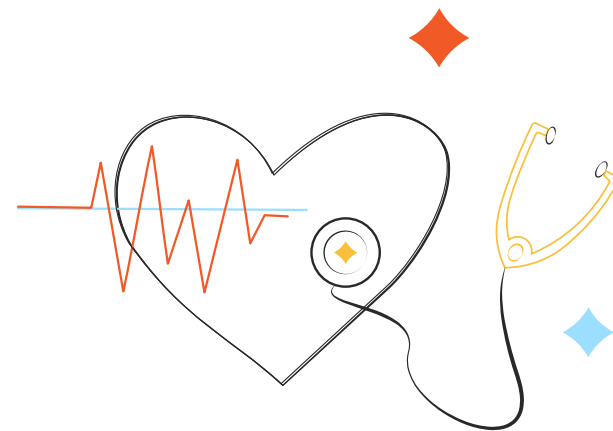
Why employee morale matters to business growth is at the heart of our survey results.

To provide actionable insights, we've translated the data into a framework we're calling **Healthy HR** (detailed in the following pages) that speaks to how and why companies should put their employees first in order to grow their business.

Organizations that embraced the four dimensions of Healthy HR before the pandemic passed the stress test with flying colors. Those that didn't were left scrambling to breathe life into their operations.

#RealTalk We're likely to face another crisis in our lifetimes. The insights revealed by our research provide an opportunity to thrive (not just survive) when the next one hits—by leaning into the truth that every revenue stream leads back to the well-being of employees.

At the heart of every organization is its people, and our research emphatically confirms that.



Increased Employee Morale = Increased Productivity and Growth

The results from the survey both surprised and reassured us, revealing a robust linkage between employee well-being and financial health—even amidst a global crisis.

The majority (58%) of companies that saw revenue and productivity gains also improved employee morale over the past year. The majority (64%) of companies that saw their revenue and productivity shrink allowed employee morale to decline.

The organizations that improved employee morale over the past year are also overwhelmingly more likely to have sustained growth into the present.

We love to see companies and people thrive, and our research shows that the two go hand-in-hand.

In short, the more you prioritize employee well-being, the better your business will perform.



83% of companies that increased morale throughout the pandemic also reported **increased revenue**. This was **2.8x higher** than those who experienced decreased morale over the past year.

On top of that, companies with increased employee morale were also **5.5x more likely** to have seen **increases in productivity**.

Introducing the Healthy HR framework.

Companies that grew in both revenue and productivity had four things in common. These four indicators, which are all tied to employee morale, make up what we call Healthy HR.

While organizations reported varied success across each of these four indicators, our research indicates Healthy HR requires the need to succeed strongly in all four dimensions simultaneously.

Under duress, the companies with Healthy HR adapted quickly, strengthened their connection with employees, and in turn, increased productivity and revenue.

They were also **twice as likely** to take advantage of the pandemic to evolve their workforce and processes.



The Four Indicators of Healthy HR



Thoughtful Compensation

63% “Our employees are very satisfied with their compensation and benefits packages.”



Good Work-Life Balance

69% “Our employees are very happy with their day-to-day work-life balance.”



Potential for Career Growth

64% “Our training and development programs have successfully enabled employees to transfer into new areas of the business and pursue new careers.”



Appropriate Workload

45% “Our employees are unburdened by vacant positions on our team.”

Let's take a closer look at what separates the all-stars from the rest of the league.

#Fact Healthy HR is as important to revenue performance as sunlight is to a plant.

How do we know? It's backed by the numbers.

Based on their Healthy HR score, we classified organizations as Weak, Average, or Strong:

- **Weak** organizations were not likely to perform well in any dimension of Healthy HR
- **Average** organizations tended to do well in 1-2 dimensions
- **Strong** organizations were likely to strongly do well in the majority of the four dimensions of Healthy HR

Unsurprisingly, the Strong organizations were most likely to experience increased morale and report increased productivity and revenue despite the pandemic.



68%

The majority of Strong performers saw an increase in morale over the last year.

43%

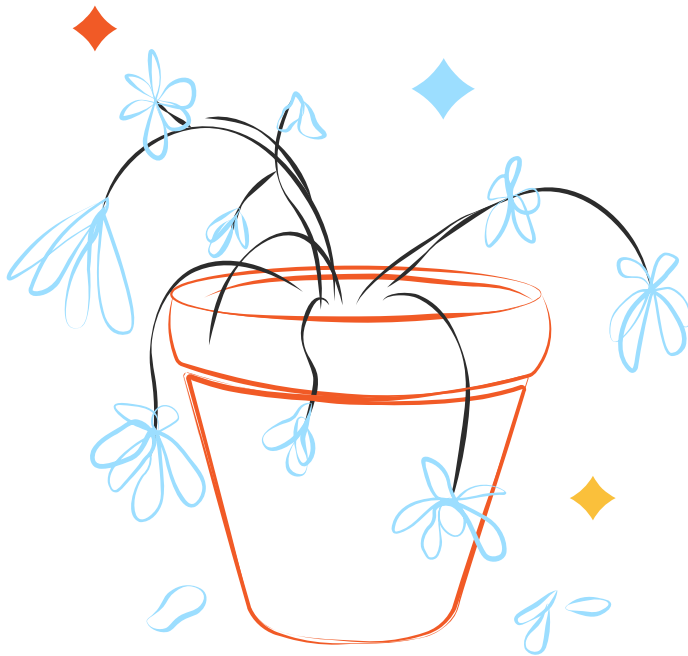
43% of Average performers saw an increase in morale over the last year.

13%

Only 13% of Weak performers saw an increase in morale over the last year.

The pandemic triggered an array of HR challenges, from compliance to recruitment and beyond.

These were the most common issues faced by our respondents, regardless of their Healthy HR score:



63%

Agree: “During the pandemic, there has been significantly more pressure on our HR department to maintain compliance.”

55%

Agree: “Our operations are challenged by our inability to fill open positions.”

50%

Agree: “We are struggling with how to improve our compensation and benefits packages.”

Everyone felt the strain, but those who had already established Healthy HR as a priority came out on top.

Compliance was also a universal stressor for all organizations over the past year.

63% of respondents report that their HR department felt significantly more pressure to maintain compliance. As a result of the pandemic, **77%** of organizations were forced to spend more time and energy on new and expanded compliance issues.

Here, too, Strong organizations struggled considerably less than their Weaker performing peers. In fact, Weak organizations were **2.5x more likely** to report that maintaining compliance during the pandemic had been very time consuming.

Strong organizations responded to increased pressure on compliance by leveraging their vendors for a variety of additional HR capabilities, specifically Safety and Training.



1.9x

Organizations with Strong HR are 1.9x more likely to leverage HR Safety vendors (compared to those with Weak HR).

1.4x

Organizations with Strong HR are 1.4x more likely to leverage vendors for HR Training (compared to those with Weak HR).

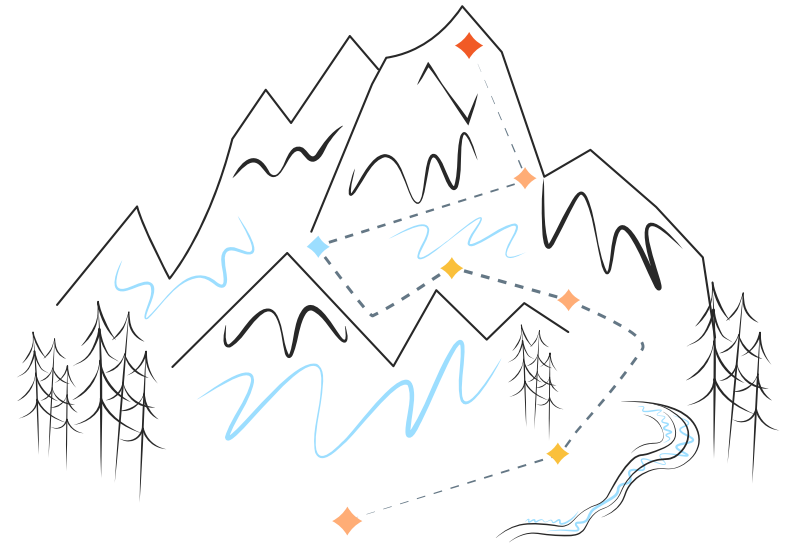
Broadly speaking, HR priorities were upended by the pandemic.

Aspects of HR considered a low priority before the pandemic catapulted to the top of the list as the Great Resignation kicked into full gear. **The response from organizations differed considerably based on their Healthy HR score.**

Facing a tsunami of pandemic-induced challenges—from supply chain shortages and public health mandates to resignations and souring morale—Weak organizations kept their heads above water by expending tremendous energy on attracting talent and bolstering safety and compliance measures.




On the other hand, Strong organizations didn't struggle with talent attraction or retention. Instead they focused on lifting up their employees. As a result, they spent the most energy on sustaining employee mental health, increasing morale and providing opportunities for training and development.

Where Weak organizations adopted a reactive posture focused on maintaining their operations, Strong companies went on the offense, doubling down on efforts to improve or sustain the well-being of their employees.






Top 3 Challenges

Weak HR Health Organizations

-  Attracting Top Talent
-  Employee Morale
-  Retaining Top Talent

Strong HR Health Organizations

-  Employee Mental Health
-  Employee Morale
-  Training & Development

The bottom line is that Healthy HR doesn't happen by accident.

It requires a culture of investment in HR.

Organizations that prioritize HR as an essential business driver are more than twice as likely to have evolved their workforce during the pandemic by adjusting roles, responsibilities, and processes.

Strong organizations dedicated the most resources towards HR in response to the pandemic and were more likely to have increased HR funding and expanded their HR departments than Weak organizations.

54%

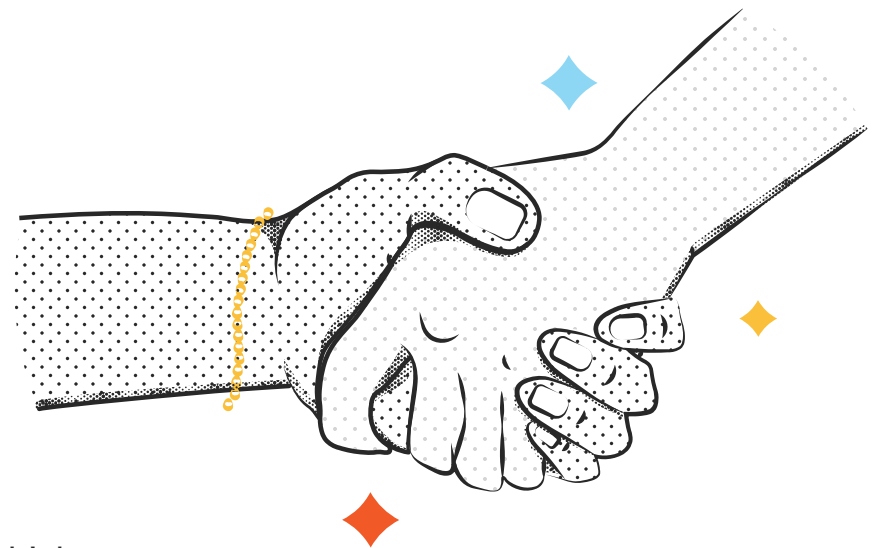
of all organizations increased their HR spend during the pandemic.

64%

report that HR has buy-in from executive leadership.

The top three areas for which organizations leverage HR contractors/3rd parties:

- Payroll
- Recruiting
- Compliance



Companies with Healthy HR are also significantly more likely to achieve their DE&I goals.

Creating an inclusive environment is key to retaining diverse talent, and being inclusive requires flexible thinking. As our culture evolves, workplace policies and practices must adapt to meet people where they are.

According to research conducted by [Slack's Future Forum](#), employees of color report a greater sense of belonging in remote work environments.

How do Strong companies fare against Weak ones?

Strong companies prioritize remote work flexibility. They're over 5x more likely to offer flexible remote and hybrid work options.

What's more...

87% of Strong organizations achieved their DE&I goals compared to 69% of Average organizations and 39% of Weak organizations.



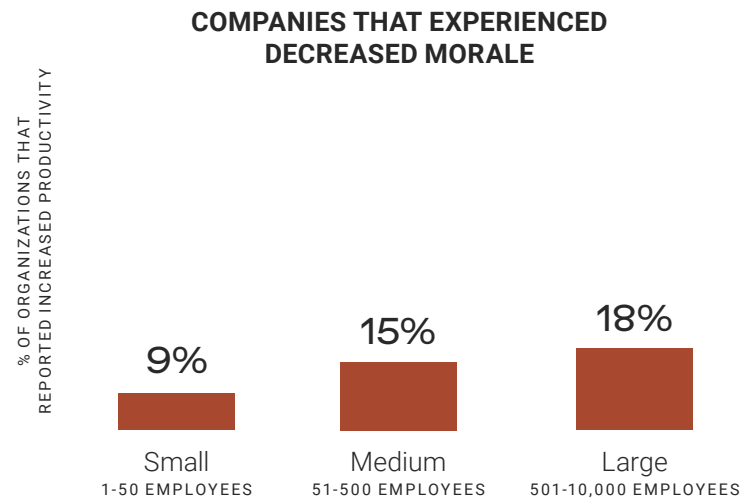
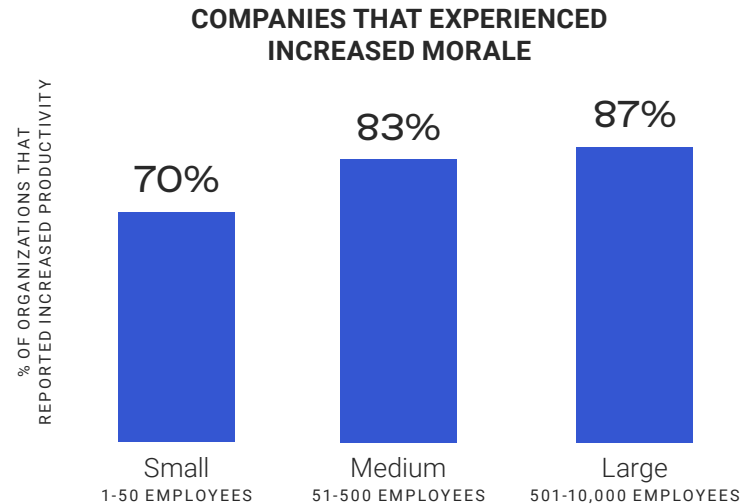
No matter the size of your company, Healthy HR is within reach.

Small businesses were hit hard by the pandemic stress test, but, surprisingly, **the percentage that achieved Healthy HR (21%) is comparable to that of large businesses (24%).**

Healthy HR needs to be implemented differently at small organizations where people wear multiple hats, but that doesn't mean prioritizing employee morale is any less critical for revenue and productivity growth.

The approach to driving morale at small companies may look different, but the positive outcomes will be the same.

Percentage of Organizations that Increased Productivity Over the Past 12 Months Based on Morale



The biggest takeaway: Healthy HR can't exist without a focus on mental health.

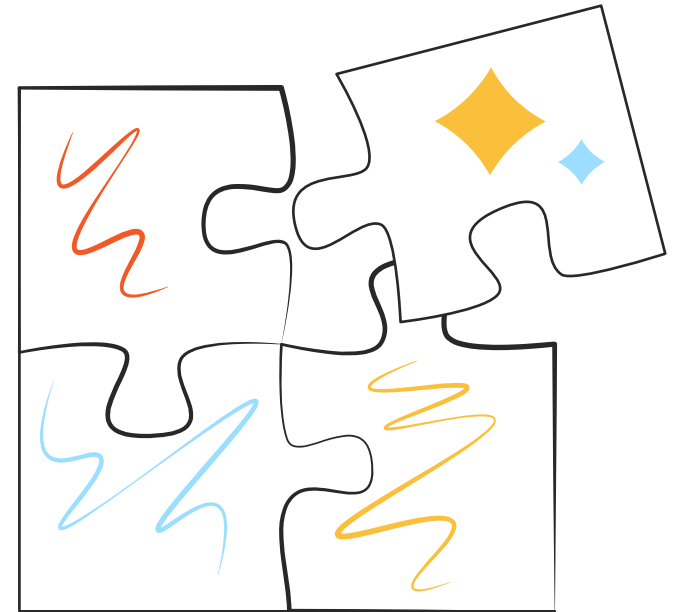
Nearly all companies that achieved Healthy HR had an expressed focus on the mental health of their employees, while less than half of Weak organizations shared the same approach.

HR leaders are the ones driving this focus on mental health, and it's the most fundamental element of their organizations' success amidst the pandemic.

Where HR has a primary voice at the table, organizations were more than twice as likely to have a culture that identified employee mental health as its highest priority.

In other words, the organizations that walked the talk on mental health thrived during the pandemic while others struggled just to survive.

There's no question, a focus on mental health is the prerequisite for Healthy HR.



91%

of Strong companies report that they put the mental health of their employees as their highest priority, compared to just 47% of Weak companies.

Want to know how your organization scores on Healthy HR?

Benchmark yourself by assessing how well your organization does these **8 things**.

While the pandemic forced many companies into a reactive posture, organizations with Healthy HR showcased their resilience, agility and endurance.

That's because, even in times of crisis, employees who feel well cared for can measurably improve a company's performance.

Let's be real: there will always be another crisis. And our research has revealed a sure-fire way to withstand it — by proactively investing in Healthy HR.



Compared with Weak organizations, Strong ones are significantly more likely to do the following 8 things:

Thoughtful Compensation

1. **Tailored Benefits:** Over 10x more likely to tailor benefits to specific employee situations

Good Work-Life Balance

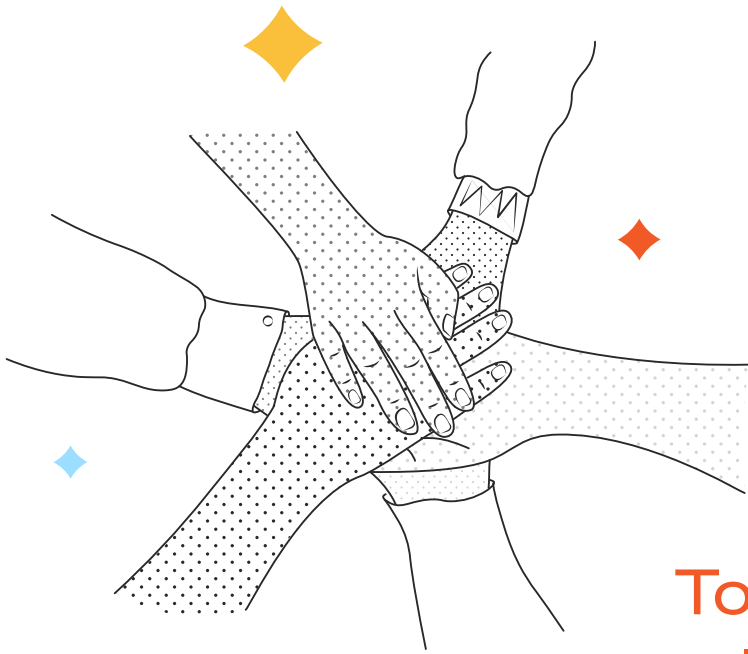
2. **Mental Health:** 11x more likely to place mental health as its top priority
3. **Hybrid/Remote Work Flexibility:** Over 5x more likely to offer flexible remote and hybrid work
4. **Schedule Flexibility:** Over 7x more likely to offer flexible working hours and scheduling
5. **Safety Resources:** 5x more likely to have the resources to keep up with changing safety guidance

Potential for Career Growth

6. **Defined Career Ladders:** Over 10x more likely to have built well-defined career ladders
7. **Opportunities for Advancement:** 6x more likely to have created new roles to give employees the room to grow

Appropriate Workload

8. **Role Flexibility:** Over 8x more likely to be very flexible in how they design job roles



To sum it up, the positive relationship between a company's financial health and the well-being of its employees is undeniable.

Organizations of all sizes can achieve Healthy HR, and those that do are more immune to crises and more adaptable amidst unforeseen challenges.

Whatever the future holds, leaders who invest in employee well-being today will increase the odds of their organization's success tomorrow.

And, that's a **#Fact**.

Mineral is here to help simplify the complexity of HR and compliance so you can focus on growing your business. To get more insights and advice, check out our **blog** and follow us on **[LinkedIn](#)**.

About Mineral

Trusted by more than 500,000 companies, Mineral is the HR and compliance leader for growing businesses. Mineral's flagship solutions, including Mineral Platform, Mineral Intelligence, and Mineral Experts, combine data, technology, and human expertise to take the guesswork out of HR and compliance and give clients peace of mind. Partnering with nearly 3,000 industry-leading insurance brokers, PEOs and HCMs, Mineral has built the largest HR community in the U.S.

For more information, visit trustmineral.com.

About the Study

Mineral partnered with a third-party research firm to conduct a survey of 2,644 senior HR professionals in the US through an online survey from February 4 – 24, 2022. Mineral engaged [The Fossicker Group](#) to provide the analysis, narrative, data visualization, and design for this report.

Respondents were gathered through a mix of professional panels, Mineral clients, and social media channels. Respondents were predominantly executive leadership and had significant knowledge and involvement in their organization's HR function.

Companies of all sizes were included, ranging from smaller organizations of under 50 employees through to enterprise-sized organizations.

The sample composition was balanced between five sectors: Consumer Goods & Services, Energy & Resources, Financial Services & Insurance, Life Sciences & Healthcare and Technology, and Media & Telecom.