



Briefing Paper  
People Focused Priorities in 2023

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## People Focused Priorities in 2023

While 2022 saw a return to some normality, the world of work still looks and feels very different to the pre-pandemic landscape. 2023 will be a challenging time for both employers and employees. The combined impact of the cost-of-living crisis, political turmoil, and ongoing talent shortages will shift priorities and create new demands.

To complement our thought piece on What to expect in employment law in 2023, this thought piece outlines what we predict will be the areas for specific focus and what will be high on the agenda for HR leaders during 2023. Having people orientation as a priority is integral to ensure a whole, institutional approach to enabling people sustainability, specifically contextualised against external drivers and the current landscape. These areas include recruitment and talent management, developing internal competencies, strategic resourcing, and organisation design. This is not a definitive list, and we recognise your priorities will be shaped by your institutional context, your strategies and aims, and staffing profile.

UK Universities are recommended to consider these influences and assess the implications.

*SUMS is a membership-based higher education consultancy, a registered charity and not-for-profit organisation that provides expert consulting to universities across all professional service areas. Here, Emma Ogden, SUMS Consultant, shares insight on what the top priorities may be for HR leaders in 2023.*

## Influencing Factors

### Rising inflation

In October 2022, the Consumer Prices Index (CPI) rose by 11.1%<sup>1</sup> based on the previous 12 months, up from 10.1% in August 2022. This is estimated to be the highest rate since 1982.

According to data collected by the ONS between 12 and 23 October 2022, 93% of adults reported their cost of living had increased compared with a year ago<sup>2</sup>. This has had an impact on pay expectations and affordability.

The unprecedented rise in inflation and cost-of-living is going to continue to have an impact on the reality of adjusted pay increases, resulting in less disposable income for employees. As a result, pay increases are likely to be a continuing driver for employees seeking new roles, both inside and out of the sector. In 2021, average hourly earnings growth was 6.6% higher for employees who had changed jobs compared with those who stayed in their current role<sup>3</sup>.

### Scarce, expensive talent

In the period June to August 2022, the UK employment rate was 75.5%. This figure is 1% lower than the rate of employment pre-pandemic<sup>4</sup>.

While there is a decrease in the unemployment rate from the previous quarter, there is an increase in the UK economy inactivity rate<sup>5</sup>, which is currently 21.7%, or 1.4% higher, than pre-2019. The 50-to-64-year age group had a 60% increase in economic inactivity during the pandemic.

An Edenred study in 2022 found that 6% of employees plan to leave their jobs in the next month and 12% in the next six months<sup>6</sup>. Within HE, a University and College Union (UCU) survey of members in UK HE in 2022 found that 60% of academic respondents said they were likely or very likely to leave the sector in the next five years due to a lack of progress on pay and working conditions<sup>7</sup>. Specifically, 81% of those are aged between 18 to 29.

This is going to create more scarce talent sources or increased talent competition, managed by identifying the priorities and areas of investment for people, technology, culture, employee experiences and business requirements.

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<sup>1</sup> Office for National Statistics (ONS), *Consumer price inflation, UK: September 2022, 2022*.

<sup>2</sup> Office for National Statistics (ONS), *Public opinion and societal trends, Great Britain: 12 to 23 October 2022, 2022*.

<sup>3</sup> Office for National Statistics (ONS) and HM Revenue and Customs (HMRC), *Earnings and employment from Pay As You Earn Real Time Information, UK: October 2022, 2022*.

<sup>4</sup> Office for National Statistics (ONS), *Employment in the UK: October 2022, 2022*.

<sup>5</sup> UK economy inactivity is defined by the Office for National Statistics (ONS) as 'people aged 16 and over without a job who have not sought work in the last four weeks and/or are not available to start work in the next two weeks.'

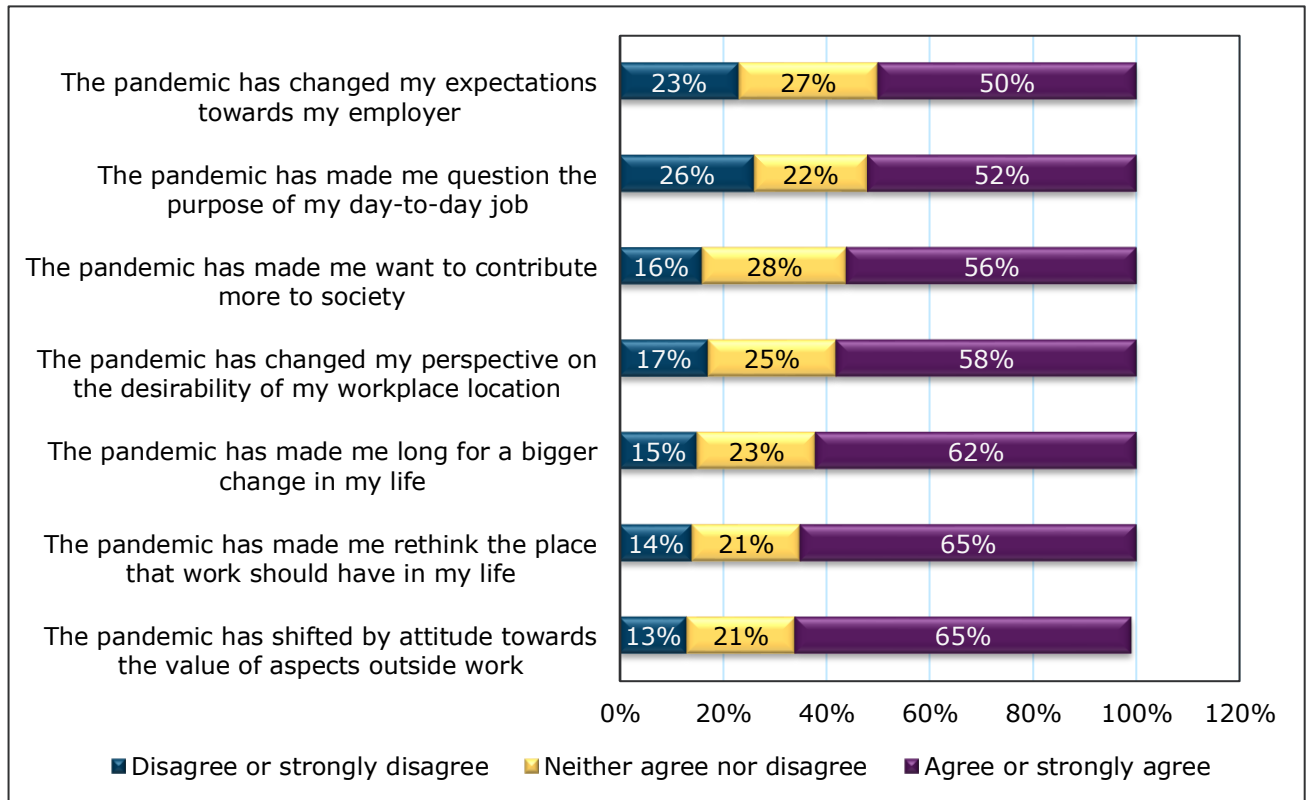
<sup>6</sup> Edenred, *Employee trends 2022, 2022*.

<sup>7</sup> University and College Union (UCU), *UK higher education: A workforce in crisis, 2022*.

### Elevated employee expectations

The pandemic has been a catalyst for the elevation of personal purpose, values, and expectations from work. A Gartner (2021) study outlined the reasons the pandemic has changed employee feelings about work and life.

Figure 1: What Employees say about how the pandemic has changed their feelings about work and life



Jackie Wiles (Gartner), Employees Seek Personal Value and Purpose at Work. Be Prepared to Deliver, 2022.

Employee attitudes towards benefits have changed since the pandemic. The Edenred survey of 2,000 UK workers found employee demands are most influenced by a desire to:

1. Have a better work-life balance (64%) which may include flexible working hours (37%) and having the opportunity to work from anywhere (31%)
2. Seek pay rises (47%) and more support to improve their financial wellbeing (38%) due to the cost-of-living crisis, soaring energy and food costs and high inflation.

## Areas of Focus

### 1. Employee Experience

A renewed focus on company culture – on the employee experience - is needed to recruit, retain, and develop talent. Insight from the Gartner research suggests the following will become higher priorities in the future:

1. Flexible working, based on working location and hours
2. Employee development and progression opportunities
3. Employee recognition, pay and benefits.

It would be beneficial to consider how to implement career growth opportunities for employees, share examples of routes to progression and give opportunities for reflection and self-awareness to help create the best fitting careers for employees. This should be reinforced with development pathways, talent management schemes, mentoring programmes and fostering opportunities for employees to increase their knowledge and enhance their skills. In particular, the academic development pathway should be aligned to external frameworks such as the Researcher Development Concordat<sup>8</sup>, or internal routes to professorship.

Sophisticated approaches to reward and recognition, such as competitive employee benefits should be considered to ensure employees feel valued and have flexibility.

Institutions should think about the location of work, work patterns and ways of working, tailored to individual needs and enabling more options for flexible working. A Times Higher Education (THE) survey on work-life balance in 2022 found 28% of academics feel that they can never 'switch off' from work<sup>9</sup>. Trailing options such as the four-day week or offering greater flexibility for hours, geographical work location or management of working time is key.

### 2. Inclusivity and Wellbeing

Employees are feeling increasingly stressed, stretched, and burned out. Navigating the realities of hybrid work, financial and political pressures, and being asked to do more with less contribute to those feelings. It will be important for employers to take the actions necessary to support their employees' overall wellbeing. This includes:

4. Fostering better work environments
5. Providing the mental, physical, and financial resources needed to be successful
6. Offering financial wellbeing support to employees to build a positive culture; particularly where pay rise demands cannot be met
7. Enacting and championing work-life balance.

Inclusivity needs to go beyond a strategy or a rhetoric to something more transformative and individualised to employees. Institutions need to facilitate effective conversations to enable employees to communicate what matters to them as well as the support they need to reach their full potential.

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<sup>8</sup> Further information about the Researcher Development Concordat is available [here](#).

<sup>9</sup> Tom Williams, *THE work-life balance survey 2022*, 2022.

### 3. Strategic Resourcing and Talent Management

The noise is expected to continue in 2023 around ‘the Great Resignation’ and an increased competition for talent. Considering the external drivers, we expect to see greater numbers of staff mobility this year, with a predicted high turnover rate and increase of people leaving the sector. Coupled with institutional priorities to achieve financial sustainability through strategies to attract more students, changes in delivery and adoption of more digital innovation will all require changes to the current staffing profile, skill set and needs.

To support more effective talent management, there needs to be a shift from transactional recruitment services to more strategic resourcing. My recently published [thought piece](#) on the requirement to move away from arduous and restrictive scrutiny panels should support this shift and greater flexibility to think about talent and resourcing needs.

For effective talent management, there needs to be a focus on internal talent and potential, rather than the external labour market in the first instance. Identifying opportunities and mechanisms for mobility are key. Offering different learning and development opportunities for different employees and generations will enable tailored focus on the right skills for the right people. With the cost-of-living crisis continuing, pay will continue to be a major concern of most employees. Managing this through salary reviews, and benchmarking should be a major priority in the first instance to avoid the loss of talent.

Talent supply and skills shortages are reducing which is making it harder to attract and convert candidates, particularly given the greater flexibility in hybrid working which reduces a geographical barrier to employment options. Resourcing teams should think about enabling a positive candidate experience through:

8. Shorter advertising periods
9. Increased labour market intelligence to identify alternate skills, locations, and roles as well as competitive insight to position EVP effectively.
10. Increased transparency of benefits.
11. Tailor onboarding for engaging a connection between the institutional values and the needs of the individual.

### 4. Organisational Design and Change Management

Prioritisation of genuine organisational design and associated change management should help navigate the constant disruptions experienced through the past few years.

After years of turmoil, it is important to recognise that change fatigue is high, and employees are ever less willing to cooperate with change. There needs to be a shift away from the traditional mentality of “change = structures” and focus on genuine contributors of effective organisational design, such as:

1. Decision-making and governance frameworks
2. Strategy
3. Systems, processes, and technology
4. Norms, commitment, and culture
5. Skills and competencies.

Less prescriptive and more collaborative change management is a mechanism to reduce fatigue through enabling co-creation, individual ownership, and more open dialogue around change.

## 5. Improving Leader and Manager Effectiveness

As the work environment and generational expectations of employees change, leadership and management must adapt. The shift away from workplace boundaries and a focus on standardised work routines has given way to more visible personal lives, higher rates of stress and anxiety and changes to working patterns and norms. Redefining leadership to ensure a more human-centred relationship is key, with a renewed focus on:

1. Role modelling safe self-expression, openness, and transparency at work
2. Addressing the 'whole' need (e.g., home, work, and life)
3. Adapting to tailored and flexible workforces.

Leadership needs to become more authentic, empathetic, and adaptive. Considering purpose, influence, how to demonstrate care, respect and support for wellbeing and being flexible to the needs of their team members will become qualities for great leaders in the future.

Managers and leaders need to be developed to work in this complex. Different expectations need to be managed against business requirements with a particular focus on fairness, equity, and equality. The traditional focus on targets and enabling business success are unlikely to be effective to help managers deal with other pressures facing their teams.

## 6. Preparing Institutions for the Future

Having both an internal and external lens on the influencers for work, such as horizon-scanning, skills shifts, and technological and digital transformation should ensure there are effective people strategies and practices.

The sector needs to start embracing effective workforce planning, shifting from operational matters to more strategic considerations. For academics, this can be operationally planned using Academic Workload Modelling and other initiatives, but there needs to be a focus on achieving the specific strategic priorities and, in particular, professional services being optimised as enabling functions. This ultimate model needs to:

1. Anticipate shifts in work by evaluating tasks and processes
2. Understand where critical areas of investment are required
3. Investing in innovative systems and digital technologies
4. Embedding the new ways of working.

For more information, SUMS has produced a [thought piece](#) and guidance document on how to achieve strategic workforce planning.

Organisations need to think about sustainability, purpose and responsible business and it is important that people functions reflect a wider remit on corporate social responsibility, organisational purpose, and values. Social value needs to be integrated throughout the employee lifecycle and HR needs to champion a strategic approach to responsible business.

## SUMS Recommendations

Considering and preparing for these possible priorities is important to ensure that people remain high on Executive Team agendas and that any associated people strategy is relevant and adaptive, To ensure a connection between the expectations of employees and the HR service being offered, HR leaders should consider:

1. Ensuring their People Strategies are current, relevant, and reflective of internal and external influences, context, staffing profile and priorities.
2. Ensuring 'people orientation' has whole institutional approach, not just a HR-led priority, which focuses on achieving people sustainability.
3. Assessing the HR Maturity of their teams, particularly against some of the key areas of focus (e.g., recruitment, talent, workforce planning)<sup>10</sup>. Do you have the right capabilities to take some of these priorities forward?
4. Understand the blockers and enablers to effectiveness, such as system and digital capabilities which might impact candidate experiences or the institution's culture and its importance.
5. Communicate new initiatives and approaches, encouraging employee voice and empowering them to own and advocate what their needs are.
6. Understand any risks; especially in relation to how you currently operate or cultural mindsets.
7. Do not decide on a solution before defining the problem; focus on the root causes or symptoms, seek feedback, and ensure total readiness to adapt to those changes within your HR team.
8. Assess any measures brought in as a response to the pandemic; are they still relevant, fit for purpose or appropriate? Do they need to change?
9. Look at your employee data; what does it tell you in relation to their satisfaction, how they are working, what their needs are? How does this influence workforce planning? Rather than assessing just exit interviews, conduct 'stay interviews' to understand what has motivated employees to stay. This will enable you to focus on what to stop, start and continue.
10. Think about reward and benefits; what is in scope for manoeuvrability? Is there a more flexible or strategic approach that could be considered?
11. Think about employee connections and how to keep engagement high, irrespective of work location or pattern. Management capabilities will need to be considered to enable this.

With expertise covering almost all areas involved in Human Resources, policy and employment law, the team at SUMS Consulting would be happy to help in supporting conversations further.

If you wish to discuss further or need any further information, please contact Emma on [e.l.ogden@reading.ac.uk](mailto:e.l.ogden@reading.ac.uk)

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<sup>10</sup> SUMS offer a HR Maturity assessment for members and non-members. Please contact Emma Ogden directly if you would like to know more.





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