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At the start of 2021, many of us expected the world to return to normalcy. Vaccines were starting to roll out, and many executives felt like it would be a matter of a few short months before we would all return to the workplace.

But 2021 was more volatile than expected, with the rise of new Covid variants, a massive war for talent, quit rates at an all-time high, and the highest inflation levels in a generation.

The level of volatility will only increase in 2022. New variants will continue to emerge and may cause workplaces to temporarily go remote again. Hybrid work will create more unevenness around where, when, and how much different employees are working. Many employees will be greeted with real wage cuts as annual compensation increases fall behind inflation. These realities will be layered on top of longer-term technological transformation, continued DE&I journeys, and ongoing political disruption and uncertainty.

Here are 11 underlying trends that will shape workplace volatility in 2022:

1. Fairness and equity will be the defining issues for organizations.

Debates that have fairness at the core, whether it's around race, climate change, or Covid vaccine distribution, have become flashpoints in society. According to our analysis of S&P 500 earnings calls, the frequency with which CEOs talk about issues of equity, fairness and inclusion on these calls has increased by 658% since 2018.

And questions of fairness and equity are emerging in new ways:

- Who has access to flexible work? We've seen organizations where some managers allow their employees flexibility while other managers don't.
- What happens when employees move to locations with a lower cost of living? Should employers lower their compensation even though the impact of their work hasn't changed?
- In today's labor market, companies are paying 20% compensation premiums to hire new employees. Is it fair to pay new employees so much more than established employees?
- Companies are offering new, targeted investments for specific segments of their workforce (e.g., additional financial resources to

> support employees with children). While these investments are critical to help those employees do their job, employees without children have asked "Why are employees who are parents getting something and I'm not?"

In 2022, executives will need to address how they are managing fairness and equity across the increasingly varied employee experience. In fact, this will be the number one priority for HR executives next year.

2. Despite a strong push from the Biden administration, a significant number of employers will not adopt a vaccine mandate, instead relying on testing to keep their workplaces safe.

In January 2021, less than 2% of companies were planning to implement a Covid vaccine mandate. That number steadily increased across the year before plateauing at the end of 2021 at less than 50%. Even with the rise of the Omicron variant, 2022 will not see a significant increase in the number of companies putting a mandate in place. Instead, roughly half of large employers will maintain a testing option in order to comply with the Biden administration rules.

There are several factors causing this. First, employers are concerned that a vaccine mandate will cause a mass turnover event. A Gartner survey found that heads of HR expect to see nearly 7% of the workforce quit if they put a mandate in place. While 7% may not seem like a significant number, and might be an overestimate, whatever turnover occurs will not distribute evenly. Some departments in some geographies might see turnover rates of 15%.

Second, many employers are concerned that a vaccine mandate might not survive a series of ongoing court challenges. Given that risk, they are hesitant to adopt a mandate that may be reversed at some point in the future.

Third, some employers don't feel that they have the right to make this decision for their employees and contend that it is still an issue of employee choice.

Finally, uncertainty over what being vaccinated means (e.g., do you have to have a booster shot in order to be considered vaccinated?) creates complexity in managing the entire process. Despite the additional effort of managing a testing process, a significant percentage of companies will continue to do so rather than implement a full vaccine mandate.

3. To compete in the war for knowledge worker talent, some companies will shorten the work week rather than increase pay.

Employers are offering significant compensation increases to attract and retain talent in today's market. Our research has shown that in the U.S., year-to-date salary increases have been more than 4%, compared to a historical norm of 2%.

But when we also consider inflation, real wages have declined. And if inflation continues to rise, employers will find the compensation they offer will be worth less and less in terms of purchasing power for employees.

While some companies are able to compete for talent through compensation alone, others don't have the financial resources to do so. Rather than trying to win the war for talent by increasing compensation, we are seeing some employers reduce the number of hours worked by employees and keeping compensation flat.

Historically, as wages rise, leisure time becomes more valuable and appealing to workers. Reducing the hours employees need to work gives less liquid employers a better chance to compete with organizations that offer higher overall compensation but don't offer reduced hours. Ultimately, we're likely to see a handful of organizations adopt 32-hour work weeks with the same compensation as a new way to compete for knowledge workers.

4. Employee turnover will continue to increase as hybrid and remote work become the norm for knowledge workers.

Flexibility around how, where, and when people work is no longer a differentiator, it's now table stakes. In the U.S., employees expect flexibility within their job as much as they expect a 401(k). Employers that don't offer flexibility will see increased turnover as employees move to roles that offer a value proposition that better aligns with their desires.

Unfortunately for many organizations, increasing flexibility will not slow turnover in today's tight labor market; in fact, turnover will increase, for two reasons.

First, there will be weaker forces keeping employees in seats. Employees that work hybrid or remotely have fewer friends at work and thus weaker social and emotional connections with their coworkers. These weaker connections make it easier for employees to quit their job by reducing the social pressure that can encourage employees to stay longer.

Second, there will be stronger forces enticing employees away as the pool of potential employers increases. With hybrid and remote work as the norm, the geographic radius of the organizations that someone can work for also expands. This increased attrition risk remains even in a hybrid model where employees are expected to come into the office at least once a week. Employees are much more willing to take on a longer commute when they must do so less frequently; the pool of potential employers expands alongside employees' commute tolerance.

These factors will lead to sustained, higher turnover rates compared to any historical norms. The great resignation will shift to the sustained resignation.

5. Managerial tasks will be automated away, creating space for managers to build more human relationships with their employees.

The manager-employee relationship has become more important than ever; for hybrid and remote employees, their managers are the primary connection through which they experience their employer. Managers are also the first line in surfacing and elevating fairness concerns and can make the difference between a highly public walkout or a co-created solution to employee concerns.

At the same time, HR tech vendors have been creating products that replace an increasing number of repeatable managerial tasks, such as scheduling, approving expense reports, and monitoring direct reports' completion of tasks. The next generation of technology will start to replace additional managerial tasks, such as providing performance feedback and supporting employees in building new peer-to-peer connections. Our research shows that up to 65% of the tasks that a manager currently does has the potential to be automated by 2025.

With this growth in automation, companies will be faced with a choice: decrease the number of managers or change the expectations of what it means to be a manager.

Organizations that stretch managers' spans of control across more direct reports will enable companies to decrease labor costs as they will need fewer managers. Organizations that choose to change the expectations for their managers will need to change managers' mindsets and skill sets from managing tasks to managing the full experience of employees. This goes beyond managing employees' specific responsibilities and extends to managing their perception of their career trajectories, the impact of work on their personal lives, and their relationship with the organization as a whole. While this shift may slow attrition, it requires substantially empowering managers.

6. The tools that we use to work remotely will become the tools that help measure and improve performance.

When work becomes more geographically dispersed, managers have less insight into what work their employees are doing. This leads to inaccurate and potentially biased performance ratings based upon where employees work rather than the impact they are having. A Gartner survey in the fall of 2020 of nearly 3,000 managers revealed that 64% of managers and executives believe in-office employees are higher performers than remote employees, and 76% believe in-office workers are more likely to be promoted.

Moving forward, the same tools that employees are currently using to work in a virtual environment will be used to assess the contributions that employees are making. For example, during virtual meetings, new technologies will be able to provide background information about the other people on the call. By knowing more about who is on the call, participants will be able to focus on the issues that are of the most importance to them.

Collaboration technology can also nudge employees to behave in different ways that improve the overall set of interactions across employees. For example, it can nudge managers to call on people who have not been as active in the meeting compared to other people. These nudges will cause participants to adjust the types of interactions they have to improve the quality of the meeting.

7. The complexity of managing a hybrid workforce will drive some employers to require a return to the office.

More than 90% of employers are planning to adopt a hybrid working model for their knowledge workers in 2022. While that will define the start of the year, we expect that there will be numerous high-profile companies that change course and demand that employees return, full time, to the office. Factors driving this shift will include:

- Poor business performance that CEOs try to explain away as being caused by hybrid work
- Heightened turnover of employees working a hybrid schedule
- Anecdotal reporting of hybrid employees working multiple jobs at the same time
- Perceived loss of organizational culture

However, organizations that implement a hard return to the office will quickly find that the challenges that they were facing were due to other underlying factors. Demanding employees return to the office will only further exacerbate turnover rates.

8. Wellness will become the newest metric that companies use to understand their employees.

For years, executives have experimented with different metrics, such as employee satisfaction or engagement, to understand their employees. In 2022, organizations will add in new measures that assess their mental, physical, and financial health.

Many companies expanded the wellness support they provided to their employees in the wake of the pandemic. A Gartner 2020 survey of 52 HR executives found that:

- 94% of companies made significant investments in their well-being programs
- 85% increased support for mental health benefits
- 50% increased support for physical well-being
- 38% increased support for financial well-being

These programs work for those that take advantage of them. Gartner analysis shows that employees who utilize these benefits report 23% higher levels of mental health, 17% higher levels of physical health, and are 23% more likely to say they sleep well at night. These improvements in personal outcomes translate to higher levels of performance and retention.

However, there has been limited uptake of these programs by employees. Across the last 12 months, our data shows that less than 40% of employees have taken advantage of any well-being offering provided by their employer.

In 2022, organizations will adopt new employee well-being measures that capture the financial health, mental health, and physical health of their employees to more accurately predict employee performance and retention.

9. The chief purpose officer will be the next major C-level role.

Issues of politics, culture, and social debate have fully entered the workplace. Employees have been asked to bring their whole self to work as organizations try to create a more inclusive and productive work environment. This is fundamentally different than a decade ago when employees were expected to leave their personal perspectives "at the door."

Employees also expect their employer to get more involved in the societal and political debates of the day; Gartner analysis found three out of four employees expect their employer to take a view on the societal and political debates of the day.

The combination of these factors is creating conflict in the workplace — a Gartner 2020 survey of more than 500 employees revealed that 44% of employees have actively avoided coworkers because of their political beliefs. Further, Gartner analysis found employee engagement can drop by one-third when employees are disappointed with their employer's stance on the societal and political debates of the day.

The shifting nature of organizations — how they relate to their employees, communities, and their role in society — is creating the next, new major C-suite role that will emerge in 2022: the chief purpose officer. Currently, these responsibilities are widely diffused across HR, legal, communications, and other roles in the organization. In 2022, these will be consolidated into this new role as ESG becomes even more important to corporate strategies.

10. Sitting is the new smoking.

The shift to working remotely has impacted employees in various ways. Some responded by increasing physical activity and losing weight (35%); however, more became increasingly sedentary (40%) and gained weight, likely due to the lost physical movement associated with commuting and walking around from meeting to meeting in the workplace. The discrepancy in physical movement across segments of the workforce will increase the health risks faced by some remote workers.

In response, organizations will adopt new communication plans, benefits, and technologies to support the physical movement of their remote employees to improve their health. Much like with traditional wellness programs, engagement with these physical wellness programs will often be fairly lackluster, and some companies will go too far and elicit a backlash from employees who don't think their employer has a role in their physical health. These physical wellness programs also carry DE&I risks, as they could harm the engagement of employees with disabilities.

11. DE&I outcomes will worsen in a hybrid world without intervention.

Gartner analysis has identified that employees who work remotely or on a hybrid schedule perform at equal levels compared to employees who work in the office. However, managers believe that people who work from the office are higher performing and more likely to be promoted than people who work from home. This misguided belief is reinforced by high-profile senior executives making public statements that hybrid and remote employees underperform. Given this, managers are more likely to promote and give bigger raises to their employees who come into the office compared to those who don't — even though there is no sustained difference in performance between the two groups.

Data also shows that in a hybrid world, women and people of color prefer to work from home compared to white men. Given that, without intervention, gender wage gaps will widen and the degree of diversity within leadership benches will weaken. Without greater intentionality, underrepresented talent could be excluded from critical conversations, career opportunities and other networks that drive career growth.

We've all been living through the greatest workplace disruption in generations and the pace will not slow down. What will change is how variable that disruption becomes. In 2022, leaders will need to learn how to thrive in a period of disruption that plays out unevenly across their organizations.

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