

HR Trends for 2023: Future of Human Resource Management

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The past few years have redefined the human resource management industry in more ways than one. From a more efficient hybrid work model to the metaverse, 2023 will be the year when upcoming HR trends add value to the recent transformation that the HR industry has witnessed.

What is worth looking forward to in the future of the HR industry? And what trends are out there to look out for? This article will offer insights on what to expect from the industry and how they can impact the work, worker and workplace.

Key Takeaways

- 74% of U.S. companies are using or planning to implement a permanent hybrid work model.
- The new age workplace requires empathetic, adaptive and authentic leaders for their employees.
- Giants like Meta, Apple, Google and Microsoft are investing in the metaverse workplace.
- There's a 22% gap between employer and employee perceptions of well-being at work, as well as a strong correlation between toxic work cultures and burnout.
- Employee resource groups (ERGs) provide a safe place for women, veterans, LGBT employees, people of color, people with disabilities, working parents and others.

Trends We'll Look At

- Setting the Hybrid Work Model for Collaboration
- "Human" Leadership
- Working in the Metaverse
- Change Management
- People Analytics
- The Transition From Employee Well-being To Healthy Organization
- DEI in the Spotlight

But is knowing trends enough? This article will also offer an expert's advice on strategizing HR at your workplace in anticipation of the future of HR. After all, isn't success the result of preparation?

Top 7 HR Trends for 2023

Understanding the annual shifts is crucial for any industry to keep pace with the rapid developments. To that end, we've consulted industry leaders and experts to learn the top HR trends so you can make informed decisions for your organization.

According to Dave Millner, Founder and Consulting Partner at HR Curator, "This is an exciting time to be in HR and if challenge, innovation, change and personal growth are of interest to you, then stick around."

Let's find out why!

1. Setting the Hybrid Work Model for Collaboration

With things getting back on track, the workplace is evolving into a more suitable approach for its employees and their productivity — the hybrid work model. It's an employee-centric flexible work model that includes a mix of in-office and remote work.

Permanent & Hybrid WFH
Notable Companies

- Ford
- HubSpot
- Microsoft
- Infosys
- SIEMENS
- amazon

Source: Startup Talky: List of Companies Opting for Permanent & Hybrid Work From Home

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Some major companies which hopped on the hybrid work bandwagon include Ford, Hubspot, Microsoft, Infosys, Siemens and Amazon, to name a few.

But is the hybrid option enough to keep the ball rolling smoothly? In conversation with Mark Mortensen, David Green, in his podcast — "How To Foster Collaboration Between Hybrid Working Teams" points out:

"The biggest piece of advice: get in there, have conversations, try and understand the experience of people and the needs of people, and do that in an environment that is psychologically safe, where people feel like they can be honest and open; because also, you won't be successful if you only get the veneered version written on the surface."

According to a report, "74% of U.S. companies are using or planning to implement a permanent hybrid work model." With more and more companies opting for this approach, it's clear the hybrid work model will be a key element in the future of human resources.

2. "Human" Leadership

A recent HBR article about the distinction between managers and leaders quotes, "CEOs need to manage, not just lead. Middle 'managers' need the skills of leadership, too."

Now more than ever, following the shifts that the workplace has seen, the importance of an effective leader and manager has grown by leaps and bounds. The current scenario demands empathetic, adaptive and authentic leaders for their employees.

Welcome to the era of "human" leadership!

What does it entail? Reworked lists the following ways to encourage leaders toward human leadership:

- Improve company communications
- Prioritize teamwork and collaboration
- Invest in people
- Encourage feedback
- Give recognition, rewards and compliments

Besides company initiatives, leadership expert Kerry Azar suggests looking inward:

"While our world is becoming increasingly complex and unpredictable, it's also providing us with countless opportunities to reflect on what leadership means and to actively develop the mindset, skills and tools that support great leadership."

"If leadership is about becoming 'radically human,' then there's one thing we can do each day. Ask ourselves, 'How am I getting in my own way?' Answer truthfully and be prepared to act."

“[We have] countless opportunities to reflect on what leadership means and to actively develop the mindset, skills, and tools that support great leadership.”

Kerry Azar, Head of Strategic Partnerships,
Leadership Circle Asia Pacific



Source: Great Leadership is Radically Human, Leadership Circle

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3. Working in the Metaverse

With technological advances, the metaverse workplace is on a quick path to becoming an everyday reality. But how does that work? The metaverse workplace offers virtual reality environments that let you work in a customized immersive space from anywhere in the world.

The HBR article How the Metaverse Could Change Work says:

“Imagine a world where you could have a beachside conversation with your colleagues, take meeting notes while floating around a space station, or teleport from your office in London to New York, all without taking a step outside your front door.”

The **metaverse workplace** offers virtual reality environments that let you work in a customized immersive space from anywhere in the world.



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Within the metaverse, we create digital workstations so employees can do their work independently. It also allows interactions and real-life experiences via digital avatars.

So, which companies have jumped the metaverse bandwagon? A recent CNBC report lists Meta, Apple, Google and Microsoft as investing in the internet's next big frontier.

4. Change Management

What has the past few years taught us about dealing with unforeseen circumstances at the workplace? The answer is change management.

Change management systematically deals with changes in an organization's goals, processes or technologies. It aims to implement efficient strategies to execute changes, controlling them and helping people to adapt to them with minimal hindrances.

So, while you're strategizing for change management in your organization, here are some factors to consider:

- Digital adoption platforms to implement change
- Managers and early adopters as change agents
- Change as a part of company culture
- Data-driven approach to change management
- Humanized change



Change Management Strategy Considerations

- ✓ Digital adoption platforms to implement change
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A Forbes advisor article by Dana Miranda discusses the following principles of change management by Harvard Business School professor John Kotter:

"Get representatives from across your organization involved at every stage of a change process—from identifying challenges and planning improvements to implementation and reflection.

"When the people in your organization are involved in identifying challenges and recommending improvements, they'll understand the reasoning behind changed processes and new initiatives. They'll be invested in improvement.

"Putting hard data behind organizational decisions is smart, but implementing change requires more. It also requires employees inspired by what the change will mean for their day-to-day work and the organization's ability to fulfill its mission.

"You need both the technical skills to manage projects, make a plan and oversee deliverables; and the emotional skills to communicate a vision, inspire action and empathize with concerns."

5. People Analytics

According to a Deloitte report, over 70% of companies use people analytics to improve their performance.

A Forbes article describes people analytics as:

"A data collection concerning human capital and workers' performance within an organization. But this practice also turns information into actionable and meaningful insights that HR and PA specialists use to enhance business performance and employee experience."

A report titled Impacting Business Value: Leading Companies in People Analytics highlights the following key areas in which people analytics can add value:

- Diversity and Inclusion: For actionable insights on employee sentiment and to test improvements in employee experience, psychological safety, belonging and fairness.
- Employee Experience: For data-driven employee experience/listening to get a better "feel" of the organization.
- Retention: For information about the labor market, key competitor trends, risk factors with predictive models and more.
- Workforce Planning: To predict skills and workforce costs and plan for them while managing existing costs.
- Talent Acquisition: For evaluating fairness in assessment and selection and the right hiring pace for the market demands of the business.

6. The Transition from Employee Well-being To Healthy Organization

The past couple of years finally witnessed employee mental health and well-being getting their due focus at the workplace.

A recent study by the McKinsey Health Institute found that one in four employees globally report experiencing symptoms of burnout. Moreover, the study highlighted a 22% gap between employer and employee perceptions of well-being at work and identified a strong correlation between toxic work cultures and burnout.

What can we expect to unfold on that front?

The answer lies in "The Healthy Organization" — a holistic and more inclusive enterprise-wide approach to well-being. This concept goes beyond the physical health and safety of the

employees and aims at providing more flexibility and opportunities for their training and empowerment. The Healthy Organization framework includes the following elements:



- Physical Health
- Mental Well-being
- Financial Fitness
- Social Health and Community Service
- Safe Workplace
- Healthy Culture

It's safe to say that a Healthy Organization would be a welcome trend for better productivity and greater employee satisfaction, leading to employee retention.

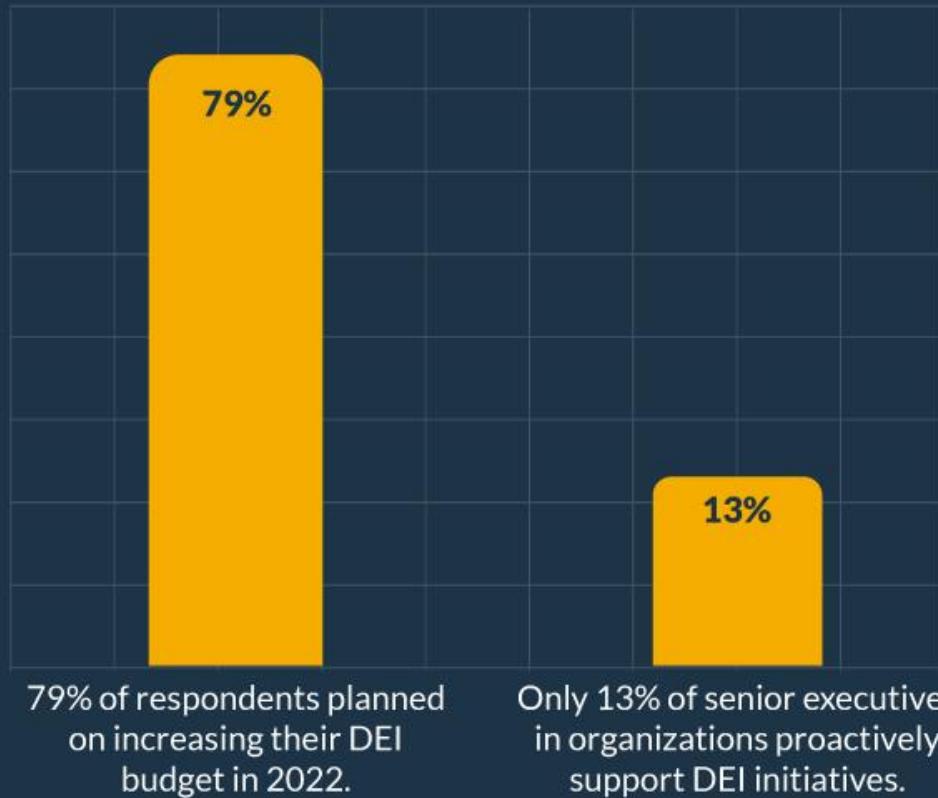
7. DEI in the Spotlight

Diversity, equity and inclusion have been buzzwords in most organizations for a while now, and rightfully so. DEI initiatives are a part of addressing bias, discrimination, harassment, unfair wages and other issues in the workplace.

The need for DEI has also increased with the evolving work models — from in-person to virtual and hybrid environments.

According to a report by Trailant, 79% of respondent companies planned on increasing their DEI budget in 2022. But money isn't enough to eradicate deep-rooted problems. The report also mentioned that only 13% of senior executives proactively support DEI initiatives. Going forward, this highlights the need for developing more DEI leaders to make positive changes in workplace behavior and culture.

DEI - Approach vs. Challenges



Source: How To Build an Effective DEI Program, Traliant

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According to a recent Forbes article, companies can use the following metrics to improve DEI:

- Recruitment metrics
- Hiring metrics
- Onboarding metrics
- Day-to-day activity metrics
- Compensation, advancement and retention metrics

Employee Resource Groups (ERGs) are another means for companies to focus on DEI. According to one report, these networks "provide a place for women, veterans, LGBT employees, people of color, people with disabilities, working parents and others to connect and help ensure that the workplace welcomes and supports their productivity."

Tips to Prepare for Changes

In a dynamic work environment, companies can never be prepared enough. Cates suggested some tips to strategize better for shifts in HR administration:

- Learning and developing efficient ways to engage employees at all times. The traditional model of contacting employees sporadically doesn't work, leading to a lack of engagement and motivation for employees feeling isolated.
- For employees working remotely, daily "virtual water cooler and coffee pot" conversations can allow them to check in and address their concerns. It provides them with a "voice" and an opportunity to seek ideas and exchange suggestions.
- Training, development and career discussions make employees feel wanted and suggest they have a future career with the organization.
- Checking in on employee mental health allows leadership to head off any major issues an employee might be experiencing.

Embrace the Future

2022 was the year to execute lessons learned post-pandemic. 2023 will be the year that witnesses technological advancements and the employee-centric side of businesses for improvements and in-depth efficiency of different HR functions.

The general overarching theme of HR in 2023 will be employee-centricity — from a holistic approach to employee well-being and an improved hybrid workplace to working in the metaverse. It would not be far-fetched to say that the future of HR might surprise employees pleasantly as the year progresses.