

Top Ten HR Trends for the 2023 Workplace

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As we enter 2023, the future of work has become the now of work. Many of the changes which started during the pandemic were accelerated and have become permanent aspects of our working lives.

Just as I have done in 2016, 2017, 2018, 2019, 2020, 2021, and 2022, here is my countdown of what you should include on your HR roadmap for 2023.

#1 Employee Well-Being Is a Human Imperative

Workplace stress is on the rise and companies are creating workplaces to be engines of well-being. Experiencing stress at work impacts the individual worker and the worker's relationships with friends, family, and co-workers. The recent Surgeon General report on Mental Health and Well-being reports 81% of workers say they will be looking for workplaces that support mental health in the future.

Delta Air Lines is one example of how a company is pursuing a well-being people strategy that focuses on the whole person, not just the individual worker. Delta Air Lines CEO, Ed Bastian, started by creating a new position with the appointment of Dr. Henry Ting, as the first Chief Health and Well-being Officer.

As part of this strategy, Dr. Ting, along with Dr. Nilay Shah and Dr. Shaheen Kurani in partnership with FLORENS, launched the Flourishing Index Survey in 2022. Nearly 24,000 Delta employees from across the globe answered the survey dedicated to understanding their health and well-being. In addition, more than 250 qualitative interviews with Delta Employees were conducted to identify immediate opportunities for well-being interventions.

Some of these include:

- Expanding the focus on mental health treatment by offering Delta employees and their household members twelve free counseling sessions per year (an increase from seven).
- Piloting a healthier food footprint by incorporating healthier and more affordable food options in Delta cafeterias and breakrooms.
- Offering new financial education programs that incentivize Delta employees to work with coaches to improve their personal finance skills such as budgeting, credit management and savings.

Dr. Shah believes that embedding well-being into the culture of Delta is the first step along a journey for employees to flourish at work, at home, and in their communities.

#2 Skills-Based Hiring Is On The Rise As Companies Recruit For Potential Rather Than Degrees

Recent research by Remote shows skills-based hiring is up 63% in the past year as more employers value experience over academic qualifications.

In addition to broadening the talent pool for employers, skills-based hiring helps to remove career and salary barriers for over two-thirds of adults in the United States who do not have a bachelor's degree. For employers, skills-based hiring broadens the talent pool, increases the speed to hire, and adds greater diversity of thought in the workforce.

This shift is accelerating as a growing number of professions, such as those in computer support and software engineering, do not need a degree to perform their jobs. The Burning Glass Institute analyzed millions of online job listings and found that the number of jobs requiring a college degree dropped from 51% in 2017 to 44% in 2021.

The shift toward skills-based hiring will accelerate in 2023 as skills emerge as the currency of the labor market.

#3 The Future of Work Is Flexibility For All Employees

Flexibility is the ability to choose one's work schedule and it no longer means just working remotely. It can mean working four or even three days a week, while working longer hours each day.

In an Executive Networks Global Research study of 1,301 workers, entitled The 2023 Future of Working and Learning Report, when we asked what matters most in terms of flexible work, more knowledge workers and frontline workers selected flexibility in when work gets done over flexibility in where work happens.

For knowledge workers, working asynchronously requires an employer to make a cultural shift where work life boundaries are respected, workers are trusted to do their jobs outside of a traditional 9-5 workday, and employers set guardrails on where live synchronous work can take place.

Flexibility in work schedules is also possible for frontline workers. For example, Chick-Fil-A allows workers the ability to work 13-14 hours on three consecutive days with full time pay, which has resulted in increased employee retention.

Work flexibility is clearly something desired by all segments of workers. This is not just a benefit in a tight labor market. We need to ask ourselves what new work rhythms can we create that will allow flexibility for all workers?

#4 Hybrid Learning Will Force Companies to Re-Invent Their Brick-And-Mortar Corporate Academies

GE Crotonville, one of the oldest corporate academies, is for sale. One of the reasons cited is the need to deliver learning closer to where work happens.

GE is not alone in re-thinking a brick-and-mortar corporate academy. Executive Networks research, conducted with 515 global heads of learning and development in partnership with NovoEd, found that nearly six out of ten learning leaders believe the growth of hybrid working and learning will lead to a re-invention of the traditional brick-and-mortar corporate academy.

The expectation that online and hybrid learning would be a temporary accommodation has evolved to companies questioning the role and purpose of a brick-and-mortar corporate academy. As Vincent Maurin, e-Academy lead at Arcelor Mittal, a steel and mining company, says, "we are very much in an experiential mode in re-thinking the physical structure of ArcelorMittal University. We are envisioning pop-up campuses, so learning happens where employees are. The concept of a pop-up campus should be flexible and ranges from using streaming technology to multiple locations, to a creating a live studio experience."

These experiments point to a future where corporate academies will be omni-channel - where learners engage where they are, whether that is in person at a corporate headquarters, in a satellite office, a pop-up space, or online.

#5 ESG Reporting Will Expand Beyond Compliance to Attract Talent

The importance of ESG (environmental, social, and governance) reporting is increasing due to new regulatory requirements and pressure from investors, boards of directors, and a range of stakeholders from current and prospective employees to consumers.

Ninety-two percent of S&P 500 companies and seventy percent of Russell 1000 companies published sustainability reports in 2020, according to Governance & Accountability Institute, including the Cisco Purpose Report and Arrow Electronics ESG Report. In fact, accountability for ESG goals has become a factor in executive level variable compensation. Our research at Executive Networks, entitled The CHRO of the Future, reports that one-third of companies include ESG metrics in executive level variable compensation plans.

Transparency of ESG performance will become the norm. One example is the new EU Corporate Sustainability Reporting Directive, mandating that companies regularly disclose information on their ESG impact and are subject to independent auditing and certification. Some companies are even creating a new C-suite title, Chief ESG Officer.

For HR and business leaders, the S in ESG will have heightened importance as both new regulations and boards of directors are leaning into talent issues like talent acquisition and retention, diversity of new hires and current workers, development of next generation talent, and pay equity and transparency.

But this is not just an issue for the board. A recent study by Nielsen found 48% of consumers care about ESG, including 83% of millennials. According to a Harvard Business Review study, 9 out of 10 employees said they would trade a portion of their life's earnings for greater meaning at work.

Scott Walker, CEO of XperthHR, says "Business and HR leaders need to develop a strategy to address the transformational impact ESG reporting will have on their company and be proactive in aligning the company's corporate strategy to ESG-related impacts."

#6 Human Skills Are The New Hard Skills For The Future Of Work

The "great disruption" in skills is underway. According to BCG and Emsi Burning Glass, over one third of the top 20 skills in job postings for the average job has changed since 2016.

What skills are needed for a future workplace where one billion jobs will be transformed by technology by 2030? Pearson's Skills Outlook report on "Power Skills" analyzed labor market trends in four major economies – US, UK, Australia, and Canada – and found that, while technical skills remain highly valued, the top five most sought-after skills that employers are seeking today are all human:

1. Communication
2. Customer Service
3. Leadership
4. Attention to Detail
5. Collaboration

Looking ahead to 2026, the Pearson Skill Outlook identified three additional human skills:

1. Personal Learning & Mastery
2. Achievement Focus
3. Cultural and Social Intelligence

John Rogers, Vice President of Strategic Accounts and Partnerships at Pearson, reinforces the need to focus on developing human skills in a future of increased digitalization, "we are seeing the level of proficiency in human skills is important across all job roles, and they will be critical to one's future employability, and underpinning all of this, is one's commitment to continuous learning."

Business and HR leaders have always known that human skills are critical, but now we're seeing a heightened demand for them as they become the "new hard skills." They rely on human connections, the ability to lead others, and they cannot be automated.

#7 Hybrid Working Is Here to Stay and Success Starts with Defining It

Hybrid working is the new normal. McKinsey predicts nine out of ten organizations will be combining remote and on-site working in the coming years. A survey conducted by ZipRecruiter finds job seekers said they would take a 14 % pay cut to work remotely.

As hybrid working becomes the permanent way of working, HR and business leaders need to set clear principles for success, rather than mandate policies.

First, start with defining what hybrid means in the organization. It's a lot more complicated than the number of days one works remote or in the office. Tiffiney Fort is Chief Orchestration Officer, Hybrid Strategy and Team Solutions for Cisco, a newly created role and one I profiled in the HBR article, 21 HR Jobs of the Future. Fort advises companies to first define the continuum of their hybrid work model, which at Cisco ranges from hybrid on-site first, hybrid off-site first, and hybrid mixed, combining both on-site first and off-site first on a weekly or monthly basis.

Before an employee starts to work in a hybrid model, the worker and team leader need to agree on guidelines to ensure inclusivity by defining the workspaces where work will happen, the technology tools needed, the team norms, core collaboration hours, and rituals for success.

To kick off a conversation about hybrid working, Fort advises, "start by discussing how employees can balance their well-being, engagement, and productivity. We have learned not to start by discussing how many days per week people should work in or out of the office at all."

#8 The Future Of The Office Will Be To Bring The Off-Site Vibe On-Site

As companies and employees grow accustomed to hybrid and remote work, the large, prestigious corporate office is being forced to redesign. Workers continue to demand flexible work arrangements, while employers believe physical presence is still needed. Recent research from Microsoft based on 122 billion email exchanges and 2.3 billion meeting interactions shows interactions with employees' immediate teams and close networks strengthened during remote work, but, the interactions with secondary networks are shrinking. This is leading to missing moments of innovation and a need to provide employees with a reason to return to the office.

Against a backdrop of surplus office space, estimated between 20-40% in the U.S. (depending on the city), Phil Kirschner, Associate Partner, McKinsey & Company, believes "a re-imagination of the real estate function is critical and needs to include a focus on both employee experience and the re-purpose of unused office space."

"This is already happening," says Kirschner, "as a growing number of heads of real estate are reporting to CHROs and innovative uses are being found for excess space which include turning them into collaboration spaces for employees and spaces to hold community events."

Dropbox, a virtual first company, has been converting some of its offices into Dropbox Studios. These spaces are designed to be "magical community spaces", combining a coffee shop,

collaborative space, group training spaces, and creating what I call the “off-site, on-site.” To help other companies, Dropbox released a Virtual First Toolkit capturing these lessons.

#9 Humans and Bots Create a New Blended Workforce

We used to think of the blended workforce as being a combination of full-time, part-time, and gig workers, but the increased use of automation has changed the definition of a blended workforce. Executive Networks’ CHRO of the Future research highlighted a changing composition of the workforce to include less reliance on full-time employees, and an increase in part-time workers and gig workers. The biggest percentage change forecasted by our sample of CHROs was greater usage of digital automation assistance (bots) by 2025.

Clearly, HR automation delivers value in increasing the speed to hire and enhancing the employee experience by providing more self-service solutions. As we think about the future blended workforce, we must be aware of the need to regularly conduct audits of these AI tools to ensure the data behind the algorithms is unbiased. This is already being required in some states such as New York, where a recent New York City statute passed in December 2021 requires that AI and algorithm-based technologies for recruiting, hiring, or promotion be audited for bias before being used. Ensuring AI is both transparent and explainable is a byproduct of this new blended workforce.

#10 HR Burnout Is a Crisis That Needs To Be Addressed

It's more important than ever to check in with your HR team members regularly. They have been on the frontline of massive changes in the workplace that go well beyond people management. They are dealing with mental health and well-being issues, business continuity, return to office plans, furloughs, and working and learning remotely. Recent SHRM research conducted among 726 HR practitioners in seven countries finds 42% of HR teams struggling with burnout.

No wonder, LinkedIn data finds, HR had the highest turnover rate in the past 12 months (higher than sales, IT and engineering). Executive Networks’ 2023 Future of Working and Learning Report also finds that 41% of HR professionals are likely or very likely to consider leaving their current employer in the next year, which is much higher in comparison to business leaders (29%), knowledge workers (19%), and frontline workers (22%).

The HR burnout crisis is more than a casualty of the pandemic. It points to how much the role of HR has evolved to be more complex, strategic, and cross-functional. Just as CFOs increased their scope since the financial crisis, HR has done the same in the last three years. Leaders must understand the magnitude of the changes impacting HR and provide them with enhanced training, access to coaching, and a recognition and appreciation of their enhanced role to the success of the organization.