

HR Insights

6 HR Trends to Monitor in 2023



Just as HR professionals quickly adapted to changes at the height of the pandemic, they must now adapt and respond to today's evolving expectations of organizations and employees alike. As such, savvy HR leaders and professionals will approach 2023 with human-centric strategies that holistically support and benefit workers. Organizations will benefit from putting people first and listening to what their people need.

This article highlights six HR trends to follow in 2023.

1. Increased Wages and Raises

There are more open jobs than people to fill them, and inflation is impacting employees' pay expectations. With a recession on the horizon, it remains to be seen exactly how wages and pay will increase. The labor market also continues to evolve. It's still worker-friendly, but not as much as it was even months ago. However, salary budgets for American employees are projected to increase in 2023. According to a Willis Towers Watson report, companies are budgeting an overall average increase of 4.1% for 2023, compared with the average actual 4% increase in 2022. Keep in mind that these are the most significant increases since 2008. Nearly half (46%) of respondents said the top reason pay budgets are increasing next year is to address inflationary pressures and drive retention.

Raises are also in the spotlight as many workers change jobs or careers. According to an ADP report analyzing payroll data, workers who changed jobs got a median raise of 16.1%. Interestingly, according to the same report, that's nearly double the median change (7.6%) in yearly pay for those who stayed in their jobs. Job hopping has proven to be a way employees can compete with increasing costs amid inflation and be better positioned to afford everyday life. To compete, organizations are finding ways to offer raises to match the pay increases of employees' counterparts leaving for other, higher-paying opportunities.

2. Pay Transparency

Today and going into 2023, workers want to know what they'll be paid before interviewing and that they're being compensated fairly compared to their colleagues. Workers also want to clearly understand their career development potential, as many are interested in professional growth opportunities.

Some large states, most recently California, have passed pay transparency requirements. For example, some states require organizations to disclose salary in job postings, but others require it only upon request. Although conditions will vary, many municipalities and states are poised to join the growing nationwide pay transparency movement. As a result, many U.S. employers feel pressured to provide salary information even when they are not legally required to do so.

Pay transparency is rising on the list of employees' demands, and employers should consider what changing requirements and employee desires for pay transparency mean. There are different ways employers can increase their pay transparency—and doing so may help improve attraction.

3. DEIB in Workplace Culture

Diversity, equity, inclusion and belonging (DEIB) is a growing initiative focused on eliminating discrimination, bias and harassment, while creating an inclusive workplace. According to a PwC survey, 75% of companies said they value and prioritize diversity. However, only 5% of companies meet high maturity levels for a successful DEIB program. This year, employers have an opportunity to pursue, enhance and make good on their DEIB initiatives.

While diversity, equity and inclusion have long been targeted efforts for employers, the concept of belonging is newer, as there's a renewed focus and need. When workers feel like they belong at work, they are more productive, motivated and engaged. Add that all up and workers are more likely to contribute to their fullest potential. That's a win-win for employers. With hybrid and remote workplaces becoming increasingly popular, additional employee experience layers must be considered among employers. Ultimately, employers can elevate employee experiences by creating workplaces where employees feel they belong.

4. Well-being Focus

Between the pandemic, inflation and job duties, more employees feel burnt out. As such, organizations are expected to take more responsibility for workers' burnout and help employees on a personal level. More employers will be considering how to take a proactive approach to employee well-being and resilience. Benefits, perks and wellness programs will shift to being more holistic to account for mental, physical and financial well-being. To address burnout and other well-being challenges, many employers will offer or expand their employee assistance programs, behavioral health anti-stigma campaigns and training for recognizing employee and peer behavioral health issues. Employers are poised to offer the education and support that today's workers need and are looking for.

5. Upskilling

Learning and developing efforts are on the rise, and many employers in 2023 will invest specifically in upskilling and reskilling. According to Gartner data, the number of skills required for a single job is increasing by 10% per year, and more than 30% of the skills needed three years ago will soon be irrelevant. It's often less expensive to reskill a current employee than to hire a new one.

As employers go head-to-head in the competitive race for talent, upskilling or reskilling their current workforce could be a solution to finding workers for their in-demand roles. Upskilling is when employers provide employees the opportunity to learn new skills to better their current work performance while also prepping them for the projected needs of the company. When upskilling employees, employers invest not only in workers but also in the company's longevity and development. Furthermore, organizations are prioritizing internal mobility more to address skills gaps and strengthen employee retention.

6. Skills-based Hiring

Regarding skills, employers may also focus their hiring efforts on looking for the right skills rather than experience or education. As labor challenges continue through 2023, employers may explore skills-based hiring to help them compete for talent. While specific qualifications may be valuable for some roles or industries, HR professionals may consider candidates based on desired skills rather than experience or education. With robust learning and development initiatives in place, employers can hire workers who are an excellent cultural fit and then train them on specific skills or tasks later. In the current worker-friendly market, many employers are having luck with taking a chance on candidates who are eager for a challenge and willing to learn on the job.

Summary

Employers can get ahead of the game by monitoring the trends that will impact the workplace and resonate with the current workforce. Many HR functions and employee expectations have significantly evolved amid the pandemic era. As such, there will still be ways to elevate and strengthen workplace strategies to be sustainable, supportive and attractive to today's workers.

Reach out to MST Insurance Solutions, Inc. for more guidance on these topics and other workplace trends.

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