PAYNW

3 Megatrends Defining HR Right Now

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HR MEGATRENDS

Every year, an international team of researchers, thought leaders, and social scientists partner to reflect on the previous year's developments, evaluate the implications for executives and their HR teams, and predict how these forces will shape organizations and the industry for years to come.

People are struggling to adapt to an era of relentless change and uncertainty. In 2022, these tensions reached a tipping point due to compounding economic instability, climate change, violence, and political unrest. The impact on organizations and their people is — and will continue to be — substantial.

Based on these daunting challenges that are having a significant impact on workers and workplaces, three major trends have been identified that are set to impact organizations on a global scale in 2023 and beyond:

Megatrend 1

NAVIGATING THE HUMAN ENERGY CRISIS

Megatrend 2

OPTIMIZING ORGANIZATIONAL PLASTICITY

Megatrend 3

THE GEN X EFFECT

1 Navigating The Human Energy Crisis

People of all backgrounds are now experiencing a level of chronic anxiety that's significantly affecting their ability to operate. Being overwhelmed in this way consumes energy that employees would normally use in their personal and professional lives — it's incredibly difficult to prioritize creativity over fear. The negative impacts on culture, retention, performance, and innovation are mounting, leaving organizations wondering how they can reduce stress for employees even when the majority of anxiety sources are external and out of anyone's direct control.

Megatrend rundown:

- The mix of stressors for different countries and people of different backgrounds varies, but they've led to an increase in clinically diagnosed anxiety issues across the board
- Experts agree the best treatment for these diverse disorders — even when external factors are the cause — is helping people to lead less stressful lives whenever possible
- Employers have a critical opportunity to become an anchor of stability for their employees by meeting the right kinds of needs at the right times

1 in 6

people say reading the news has become "severely problematic" and leads to obsessing and anxiety

Source: StudyFinds

25%

increase in the presence of anxiety and depression globally over the course of the pandemic

Source: World Health Organization

65%

of psychologists say their practices are at capacity due to surging demand

Source: The Washington Post

What You Can Do

Sixty-eight percent of employees say improving their wellbeing is now more important than advancing their career, but the top two hurdles to getting there are heavy, stressful workloads and long work hours. Make sure you're finding meaningful ways to address common stressors weighing heavily on your people by focusing on the moments that matter to them in life and work with the HR technology you use.

Here are three examples of how you can tap in to the different levels of need your employees have and provide tangible support:

Safety and Autonomy

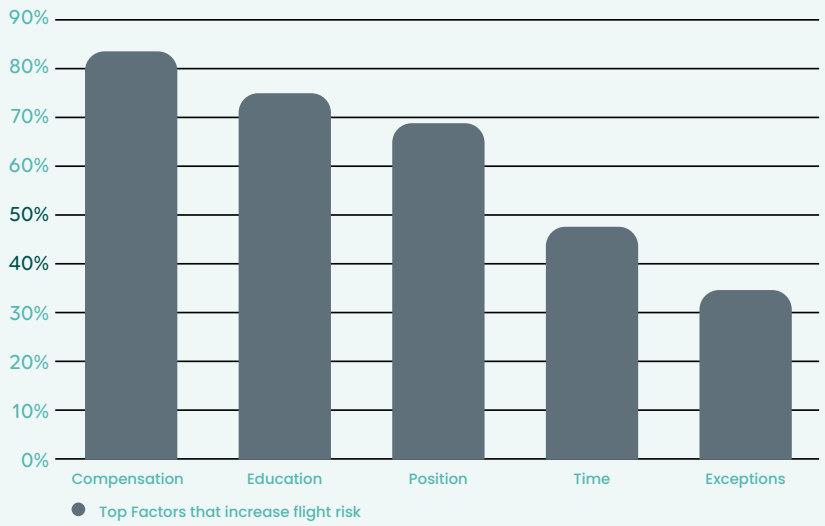
Put operational processes in place that foster physical and mental wellbeing in the day to day through fair, flexible, and personal scheduling. Giving your people more direct control over when, where, and how they work while consistently and automatically following safety standards and giving guidance to managers can help boost employee confidence, promote life-work synergy, and reduce stress.

Respect and Trust

Ensure that your people feel you're proactively looking out for them and addressing their needs to increase retention, even through unexpected challenges. Making sure your HR tools alert you when there's flight risk among your employees and guide you to why that's happening allows you to support employees with tangible actions that build their trust and help them feel they belong.

Top Contribution Factors

Factors that contribute to the probability of Matheo S. Edwards leaving.



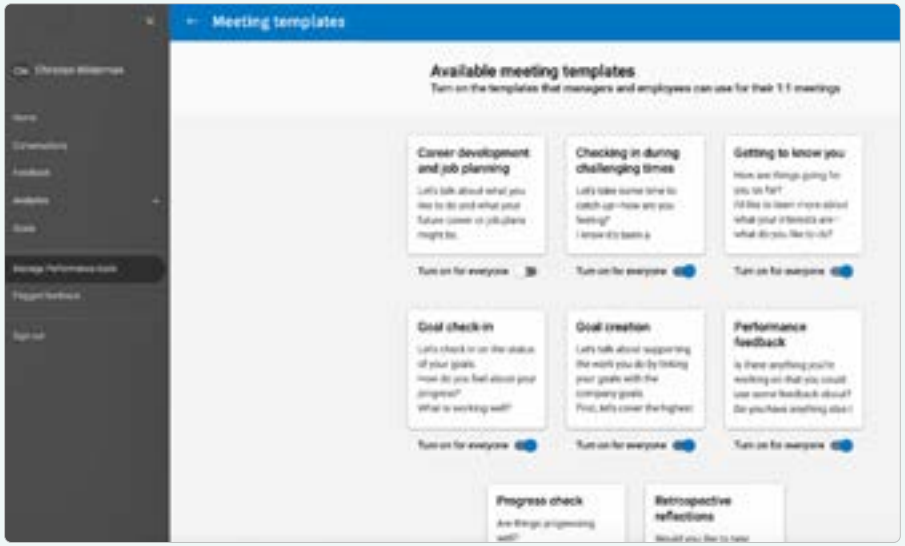
91%
Flight Risk

42%
Average of Predicted Employees

Compensation, Education, Position, Time, and Exceptions are contributing factors to the increase of flight risk for Matheo S. Edwards.

Inspiration and Fulfillment

Facilitate deeper, more meaningful connections between employees and managers on an ongoing basis by encouraging regular, structured performance and career development conversations. Helping your people understand that they have a bright future with your organization and giving clear recommendations to managers to queue up next steps relieves tension and uncertainty.



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2 Optimizing Organizational Plasticity

With all the mounting external pressures we've just discussed weighing on employees, there's also a growing impulse to fall back into pre-pandemic patterns and behaviors. In reality, though, organizations that can continually rewire and adapt will not only survive but thrive during unexpected challenges. Organizations must learn to adopt a growth mindset and seize opportunities during times of great change and challenge, taking calculated risks and learning fast in order to succeed.

Megatrend rundown:

- Organizations can learn from how the human brain develops — constantly remolding based on new experiences — to focus on actions and connections that create positive experiences and increase innovation
- Doubling down on culture and diversity, equity, inclusion, and belonging (DEI&B) is the most effective path to recession-proofing an organization and increasing agility and growth
- Strategic investments in workforce management and planning tools set up sustainable and flexible operational processes that can adapt and grow with employers quickly

91%

of CEOs from 400 of the largest U.S. organizations predict a recession in the next 12 months

Source: CNN

147%

higher earnings per share experienced by businesses with mostly engaged employees vs. their competitors coming out of the 2008 recession

Source: Gallup

Organizations that value and invest in DEI&B outperform others by as much as

400%

Source: Great Place to Work

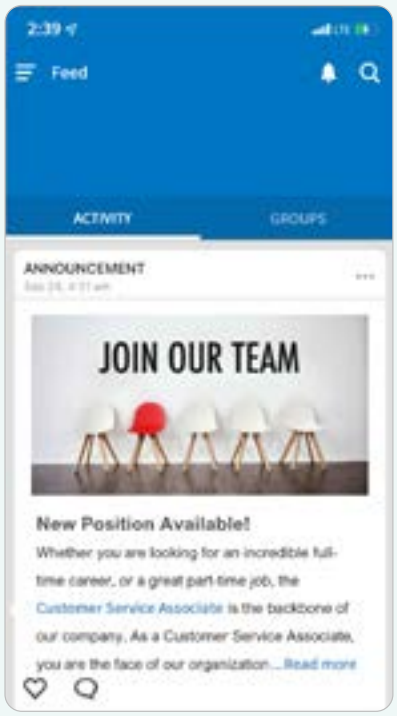
What You Can Do

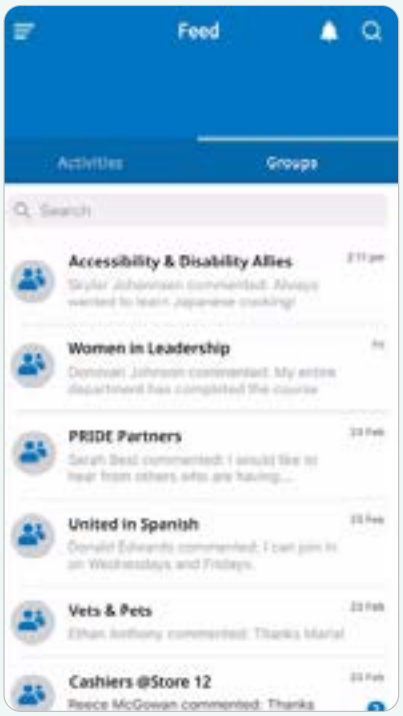
Korn Ferry anticipates that by 2030, there will be a global talent shortage of 85 million people, so the time to adapt is now. Invest in a people infrastructure today that promotes innovation and inclusion, establishes a growth mindset, and fosters a culture of trust and belonging in order to thrive through tomorrow's challenges.

Below are some ideas on how to get there:

People and Culture Networks

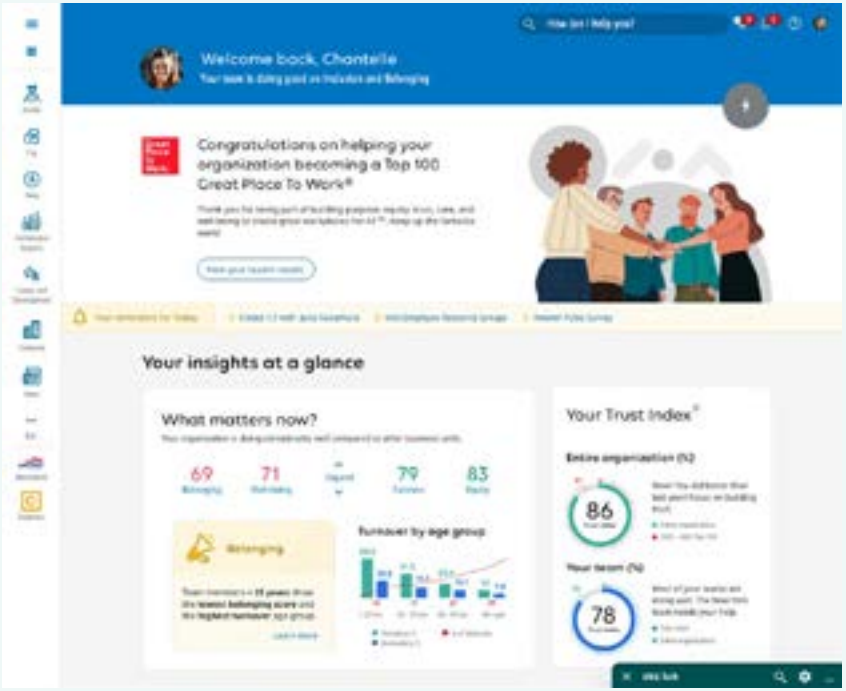
Create an environment where ideas flow freely among people at your organization and where all voices are heard. Prioritize building community spaces with your HR technology where employees can collaborate with peers and teams, provide meaningful feedback, and help you understand what resonates with your workforce to continuously improve.





DEI&B Benchmarks

Measure the actions you take to walk the walk and craft an inclusive culture by stacking your organization up against proven DEI&B metrics based on industry standards. Getting guidance on what you're doing well and where you can improve will have the most meaningful impact on your people.



Strategic Workforce Planning

Ensure you can accurately stay ahead of changes in work volume and cycles of activity your organization goes through. Having systems that can keep up with these patterns and forecast operational needs will allow you to proactively hire talent, keep you from overtaxing your people, and promote flexibility and adaptability.

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3 The Gen X Effect

Amid all the other changes we've discussed, there is also a profound shift happening at the leadership level of many organizations. As baby boomers have continued to retire in greater numbers, Gen Xers have been put in the driver's seat in the C-suite and as board members, bringing with them a new perspective on what it means to be an ethical leader. This represents an opportunity for a broader grassroots movement by employers of all types to redefine corporate behavior standards and deepen their commitment to corporate social responsibility (CSR) and environmental, social, and governance (ESG) initiatives.

Megatrend rundown:

- Gen X leaders' increased prioritization of CSR and ESG initiatives leads to better performance and higher market value for their organizations
- This shift in leadership demographics brings a different perspective on the value of diversity and inclusion at the boardroom level, often increasing total firm value
- Succession planning and broader and formalized approaches to ESG will be critical in maximizing Gen X's leadership impact

68%

of CEOs in both Fortune 500 and Inc. 500 companies were Gen Xers as of 2018

Source: UKG Blog

63%

of Bank of America's high net worth Gen X investors review portfolios to prioritize ESG investments

Source: SSRN Research Paper

66%

of U.S. public and private companies admit they still have no formal CEO succession plans in place

Source: McKinsey.com

What You Can Do

Generational identity is a potential driver of directors' abilities to impact organizational performance, according to the Paul College of Business and Economics. Organizations need to rally around the cultural growth opportunities that a new take on leadership brings and put the right systems in place to increase the ripple effect of inspiration that well-placed executive priorities can have on people in all roles.

We've identified several ways to support inclusive and socially responsible leadership with HR technology:

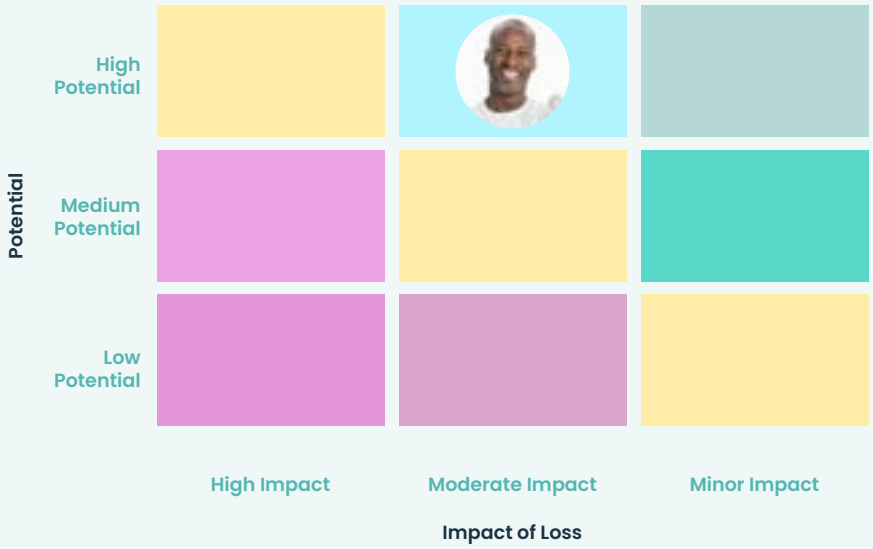
Bias Detection

Implement technology such as sentiment analysis tools throughout your recruiting, performance, and retention processes that help you uncover trends that may indicate unconscious bias. With this level of data behind you, it becomes easier to correct your practices and retrain decision makers, increasing the likelihood of making diverse, inclusive choices for positions at the director level and above.

Succession Planning

Decide on and automate the standards you use to determine when someone is ready for the next phase in their career, including executive leadership. This will let you actively track your people's readiness to move up in the organization and help you act when the time is right through connected processes.

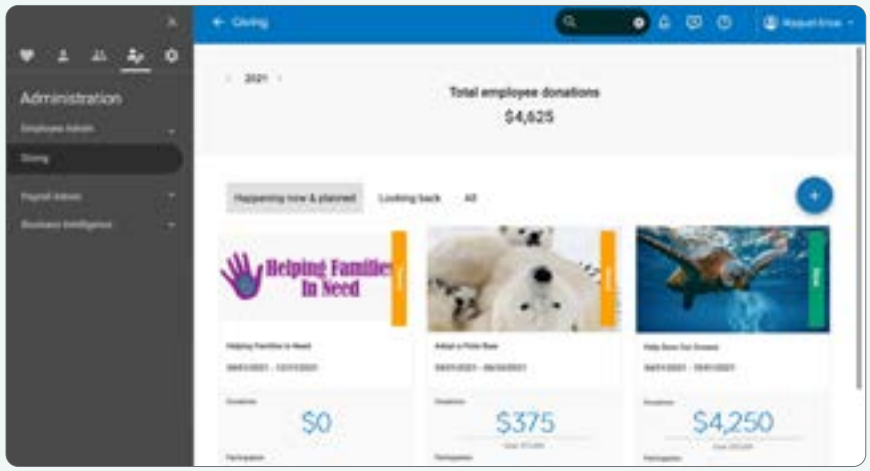
Succession Plan



Matheo S. Edwards is currently listed as Moderate Impact (Impact of Loss) and High Potential (Potential) in his succession plan.

Social Responsibility

Tap in to the causes your employees care deeply about and give them regular opportunities to invest in those causes through charitable giving woven directly into your pay systems. Making it easy to promote causes your leaders care about and allowing your people to show leadership in CSR efforts will increase engagement and benefit your employer brand.



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Organizations and their employees are under siege, faced with enormous challenges that seem to be mounting by the day. As Gen X leaders continue to ascend to C-suite and boardroom seats, they must operate in a manner befitting the persistent turbulence in the current environment. One way they can lay a solid foundation for sustainable change is by addressing the Human Energy Crisis by taking better care of their people and building Organizational Plasticity to ensure the long-term viability of their organizations.

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