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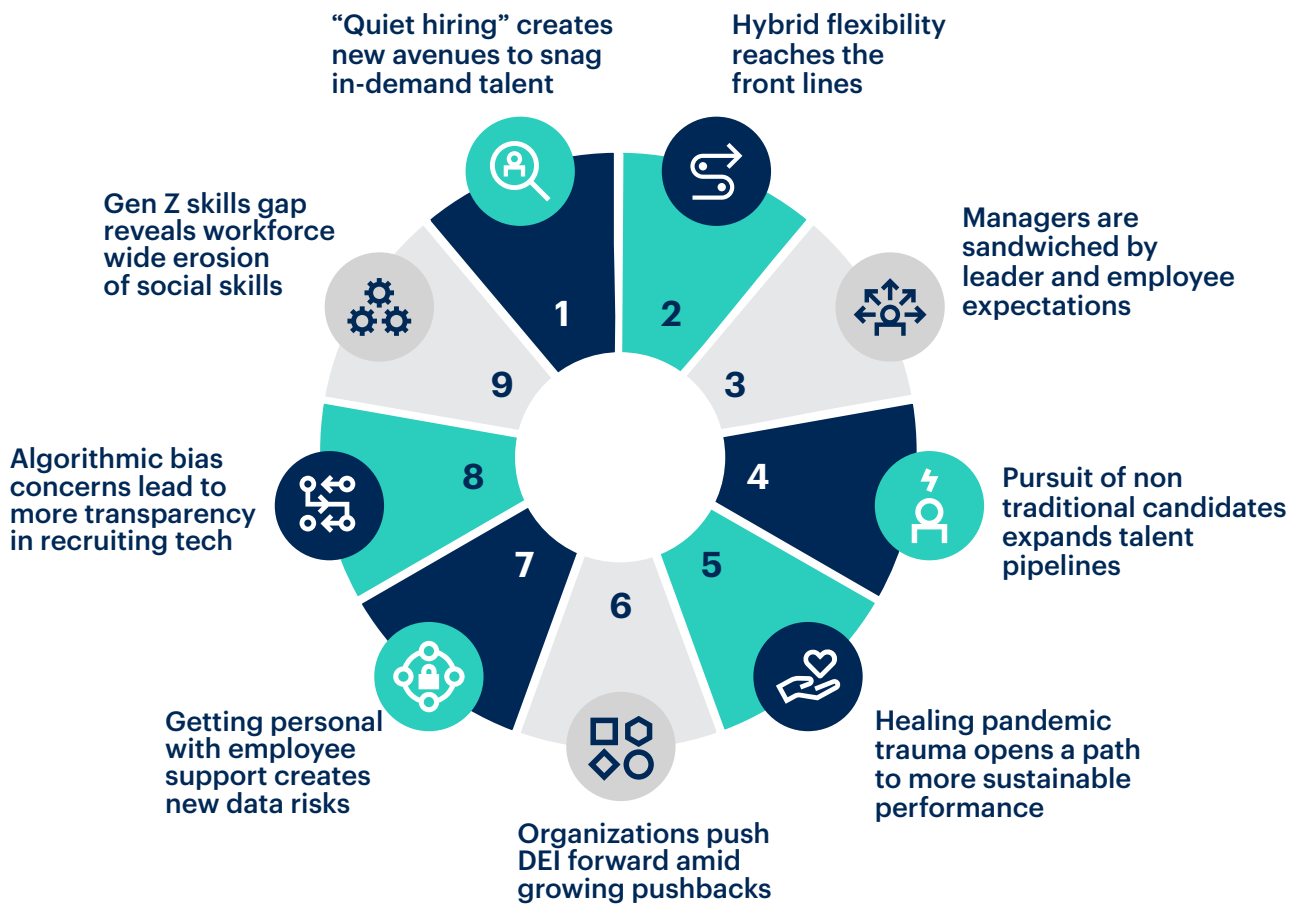# HR Toolkit: Tackling 2023 Future of Work Trends

Actionable guidance for CHROs and their leadership teams

COVID-19 continues to have a lasting impact on the future of work. Organizations face historic challenges with a competitive talent landscape, an exhausted workforce and pressure to control costs — and will need to tackle the following nine trends in 2023, as they set strategic workforce and talent goals.

This toolkit provides insights and actions for HR leaders as they assess how the future of work will impact their organization — in the immediate and long-term future.

9 Future of Work Trends in 2023

"Quiet hiring" creates new avenues to snag in-demand talent

Hybrid flexibility reaches the front lines

Gen Z skills gap reveals workforce wide erosion of social skills

Managers are sandwiched by leader and employee expectations

Algorithmic bias concerns lead to more transparency in recruiting tech

Pursuit of non traditional candidates expands talent pipelines

Getting personal with employee support creates new data risks

Healing pandemic trauma opens a path to more sustainable performance

Organizations push DEI forward amid growing pushbacks

1 2 3 4 5 6 7 8 9

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Despite worries about forthcoming recession and a wave of tech companies announcing layoffs in late 2022, the labor market remains hot. Gartner benchmarking research shows that more HR leaders are becoming optimistic about the market cooling off in the next six months, but a majority still expect it to get more competitive, not less. Organizations find themselves with a unique challenge: keeping the in-demand talent they have — and finding the competitive talent they need — when staff budgets are contracting or staying flat. Fighting for new headcount will be challenging, so organizations will have to get creative.

Anyone on LinkedIn will remember the viral wave of "quiet quitting" headlines from the second half of 2022: the idea of employees refusing to go "above and beyond" and doing the minimum required in their jobs. When employees "quiet quit," organizations keep people, but lose skills and capabilities.

These trends mean organizations are finding it harder to obtain new talent as well as to get more out of their current employees. To combat the tricky combination of an economic slowdown and the talent market squeeze, the best HR leaders will turn to "quiet hiring" — acquiring new skills and capabilities without acquiring new full-time people. We will see this manifest in a few key ways:

- New focus on internal talent mobility to ensure employees are deployed to the priorities that matter most and the opportunities that engage them best without fluctuations in headcount.

- Renewed emphasis on stretch assignments and upskilling for existing employees to provide growth opportunities while meeting evolving organizational needs, as well as employees' career aspirations.

- Experimentation with alternate employment and sourcing models (including alumni networks, gig and contract work) to flexibly bring in new talent without relying exclusively on full-time employees.

When they quietly hire, organizations first look internally for the skills they need, then experiment with alternate employment models to obtain what they can't find in-house. This approach can help keep payroll costs low, assist with retention and cultivate skills internally.

Take Action:

Advancing Internal Mobility to Fill Skills Gaps and Engage Talent

HR leaders can use these insights to help implement and revise internal mobility strategies that optimize talent outcomes.

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Entering a more permanent era of hybrid work for desk-based employees, organizations are struggling to find an equitable flexibility for frontline workers, such as those in manufacturing and healthcare. Only two in five hourly frontline workers say employees at their organization are fairly rewarded and recognized, and only three in five say their organization has consistently treated them well. [3]

Organizations are increasingly aware of the disparate experiences of desk-based and frontline workers. As a result, many have sought to make the workforcewide experience fair by simply making it equal: mandating on-site work for those who could work elsewhere. More than six in ten organizations have some sort of on-site requirement for employees whose work can be done remotely. [4] But this approach — limiting flexibility in the name of fairness — only serves to make everyone unhappy.

In 2023, smart organizations will turn back from rigid return-to-office mandates and instead pursue formal strategies for more flexibility for the frontline workforce. A Gartner 2022 Candidate Survey of 680 frontline candidates found that the job characteristics most likely to attract them to roles are:

- More control over their schedules

- More paid leave

- More stability in work schedules

Fifty-three percent of hourly frontline workers say that flexibility over their working hours is important to them, and 46% say that flexibility over the days they work is important. Hourly frontline workers are also interested in obtaining other types of flexibility, including flexibility in what they work on, who they work with and the amount they work. [5]

Investing in frontline worker flexibility can also improve business performance goals — more managers at organizations investing in frontline worker flexibility believe their organizations have met or exceeded quality improvement goals, than those at organizations not investing in frontline worker flexibility. [6] While desk-based and deskless workers will never have the same experience of flexibility, the best organizations will invest in maximizing flexibility where they can for all types of workers.

Take Action:

Case Study: A "Human Deal" for a Compelling Frontline EVP

Learn how American Water created and communicated a compelling EVP for frontline employees through a "human deal" approach.

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[3] 2021 Gartner Hybrid and Return to Workplace Sentiment Survey, n = 3,500
[4] Benchmark with Gartner: How HR Leaders Navigate Return to Workplace Pressure and Other Challenges, n = 50
[5] 2021 Gartner Hybrid and Return to Workplace Sentiment Survey, n = 3,500

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Low- and mid- level managers have a more critical role to play than ever before. For hybrid and remote workers, managers are now the primary — if not the only — colleagues their direct reports interact with regularly. Furthermore, 60% of hybrid employees say their direct manager is the most influential person they interact with in terms of connecting to their company's culture. [7]

Managers feel "squeezed" from above and below, pushed to the breaking point while navigating conflicting mandates, expanding responsibilities, wider spans of control and accelerated turnover. Senior leaders direct managers to implement corporate strategy, particularly regarding hybrid work, productivity, and culture while their direct reports expect them to provide a sense of purpose, flexibility and career opportunities — and these two pressures do not always align. For example, a majority of organizations have some type of on-site work requirement for employees who can work remotely, but 60% of HR leaders report that employees simply see no compelling reason to come into the workplace. [8] Fifty-nine percent of managers think they need to be better at balancing multiple stakeholder interests compared to three years ago. [9]

Management is a skill and for most people, it takes practice. Poor management, including reluctance to advocate for team members or micromanaging, has been amplified by the dual pressures of increased remote work (it is no longer possible to rely on direct observation as a performance management tactic) and employees' evolving needs and expectations (it's no longer enough to be present yet disengaged when you are your connection-starved employees' primary connection to the organization).

In 2023, the best organizations will take two key actions to relieve pressure on managers. First, they will provide support and training to mitigate the widening managerial skills gap. The same approaches that were successful for managers in 2019 are ill-suited for the workforce of 2023. Second, HR leaders will clarify manager priorities, making it clear how managers should allocate their time when their responsibilities have increased dramatically and redesigning their roles where necessary.

Take Action:

How to Effectively Leverage Managers' Impact on Cultural Connectedness

Use this research as a guide for effectively leveraging managers in building employees' connection to culture.

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[7] 2022 Gartner Culture in a Hybrid World Employee Survey, n = 3,876

[8] Benchmark with Gartner: How HR Leaders Navigate Return to Workplace Pressure and Other Challenges, n = 50

[9] 2022 Gartner Leadership Success in the New Environment Leader Survey, n = 1,000

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For years, organizations have talked about the strategic value of expanding and diversifying their talent pipelines. Now, two confluent trends are forcing business leaders to walk the talk. On the supply side, employees are increasingly charting nonlinear career paths. Fifty-six percent of candidates report applying for jobs outside their current career, and we expect this figure to climb further in the coming years. [10] On the demand side, organizations can no longer meet their talent needs through traditional sourcing methods and candidate pools. Furthermore, hiring managers are less concerned with industry experience and technical skills than they were in the past.

To fill critical roles in 2023, organizations will need to become more comfortable assessing candidates solely on their ability to perform in the role, rather than their credentials and prior experience. This could include:

- Relaxing formal education and experience requirements in job postings. IBM and Merck, for example, are cutting degree requirements from as many as 70% of their job descriptions. [12] One key obstacle to making this change is getting hiring managers comfortable with hiring outside that traditional mold.

- Reaching out directly to internal or external candidates from nontraditional backgrounds who might not have access to certain professional opportunities or even be aware of them.

- Redesigning roles around tasks. Organizations can also create more opportunities for nontraditional candidates through role design. This could entail creating more generalist positions and splitting specialized tasks among them, or defining highly specialized roles that focus heavily on a small number of specific tasks but do not require extensive education in the general area of expertise to which those tasks pertain.

In 2023, many organizations will change the way they think and talk about hiring nontraditional talent, and those that succeed at recruiting and retaining outside-the-box candidates will have a significant leg up in the competitive talent market.

Take Action:

Overcome Hiring Manager Resistance to Nontraditional Candidates

Leverage this guidance to change internal mindsets and reshape the hiring landscape.

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[10] 2021 Gartner Candidate Survey; n = 3,000 global candidates.
[12] Forbes, Today's Skills Shortage Could be Your Competitive Advantage - Eric Mosley, November 1, 2021

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Most current and incoming employees still experience pervasive mental health challenges as a result of the societal, economic and political turbulence of recent times. In 2022, employees' stress and worry grew above even 2020 peaks — nearly 60% of employees are stressed at their jobs every day. [13] Even if employees don't personally identify as traumatized, the collective impact will continue to echo in organizations in 2023.

In an uncertain and rapidly changing business environment, grappling with the pandemic's personal toll becomes not just an issue of employee well-being, but of overall organizational performance. Most organizations aren't yet well-prepared to treat these complex challenges, so borrowing guidance from the principles of trauma-informed care could help organizations support their employees' recovery and ultimately contribute to more sustainable performance moving forward. Eighty-two percent of employees now
say it's important that their organizations see them as a whole person, rather than simply an employee. [15] In the coming year, the best organizations will:

- Institute a wide variety of strategies to support proactive rest for employees — helping employees maintain their emotional resilience and performance rather than offering rest as a recovery solution after both have plummeted. When organizations offer proactive rest, they see a 26% increase in employee performance. [16]

- Increase discussion venues for employees to discuss challenges and difficult topics without judgment or consequences.

- Provide trauma counselors or other mental health support, especially when the workforce includes large populations of frontline or essential workers. This could not only help address individual employee challenges, but also create an opportunity to coach managers on navigating the new needs of their teams.

Take Action:

Evolve Culture & Leadership for the Hybrid Workplace: A 12-month roadmap for CHROs and their leadership team

This action plan lays out a roadmap to reshape culture and leadership for a sustainable hybrid workplace.

[13] https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx
[15] 2021 Gartner EVP Employee Survey, n = 5,000
[16] 2022 Gartner ReimagineHR Employee Survey, n = 3,479

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As organizations attempt to bolster their DEI (Diversity, Equity, and Inclusion) efforts, they are confronting greater resistance from some of their employees. Forty-two percent of employees say their organization's DEI efforts are divisive, and another 42% even resent their organization's DEI efforts. [17] This resistance is amplified by political and ideological trends that characterize DEI as social engineering or discrimination against historically favored groups.

Gartner experts define employee resistance to DEI efforts as pushback. This pushback — often from dominant groups — invalidates, disrupts or disconnects the workforce from programs meant to enable marginalized groups. It can be obvious or subtle, and it can be deliberate, but is often unintentional.

This is a fraught moment for DEI. DEI leaders are exhausted and unsure of how to approach stalled momentum around their initiatives. Many organizations ignore employee pushback due to fear of validating it as legitimate, and managers may also be afraid to get too involved, even though they are on the front lines. Forty-four percent of leaders say their actions are more scrutinized now than they were three years ago, which could result in reluctance to forcefully defend DEI initiatives. [18] Unchecked pushback can result in decreased workforce engagement and inclusion, along with lower levels of trust, which can negatively impact workforce performance and retention.

In 2023, organizations and leaders will need to engage with resistant employees whose pushback, whether subtle or obvious is an obstacle to DEI efforts. Organizations must diagnose the level of pushback and provide managers with tools and strategies to address the pushback early before it evolves into more disruptive forms of DEI resistance. This is crucial for maintaining the momentum of DEI efforts toward greater maturity and strategic impact.

Take Action:

Navigating Pushback to Diversity, Equity and Inclusion Efforts

Leverage this framework for understanding the most common forms of pushback, which D&I leaders can use to identify pushback and learn how to address it proactively.

[17] Gartner 2021 Human Deal Benchmarking Survey, n = 3,516
[18] The 2022 Gartner Leadership Success in the New Environment Leader Survey, n = 1,000

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Organizations in 2023 will operate at the intersection of two important trends. First, there is a growing sense of organizational accountability for employees' well-being. After years of collective upheaval and a workforcewide reassessment of the importance of work, most organizations are grappling with a new mandate to better support the human needs and unique contexts of their employees. This presents a particular challenge when individual needs can vary widely. Second, the post-COVID-19 explosion of remote and hybrid work has led to a commensurate HR tech boom. Organizations have invested more in adopting and advancing technologies to help employees collaborate, navigate a hybrid environment and track their work.

Those two trends can, in theory, support one another. Organizations are increasingly using emerging technologies (including AI assistants, wearables, and more) to collect more data on employees' health, family situations, living conditions, mental health and even sleep patterns in order to respond more effectively to their needs. But this also creates a looming privacy crisis. Organizations' technological capabilities are expanding more quickly than leaders can fully understand and control the impacts on their employees. Becoming more human means knowing more about employees as people, not just employees — a shift that has the potential to violate boundaries around what was once considered deeply personal and private information. Employers must prioritize transparency around how they collect, use and store employee data, as well as to allow employees to opt out of practices they find objectionable. 2023 is a great time to start building an employee data bill of rights to support your employees' need for healthy boundaries in addition to overall well-being.

Take Action:

Practical Privacy - Managing HR Data

Leverage this guidance to actively administer HR applications and associated vendor risk by enforcing minimal and deliberate processing practices.

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Algorithmic bias concerns will lead to more transparency in recruiting tech. As more organizations have begun using artificial intelligence in recruiting, the ethical implications of these practices for fairness, diversity, inclusion and data privacy have become more salient.

In the coming year, we expect this issue to come to a head, particularly as governments begin subjecting AI in hiring to more scrutiny. For example, a new law in New York City that comes into effect on January 1, 2023, will limit employers' use of AI recruiting tools, as well as require them to undergo annual bias audits and publicly disclose their hiring metrics. The White House has proposed an "AI Bill of Rights" that would impose new standards of transparency, privacy and safety, in addition to protections against "algorithmic discrimination" and abusive data practices in hiring, credit assessments, healthcare and other areas where AI is increasingly used in decision making.

The European Union is also considering legislation to protect citizens against harms caused by AI systems. Organizations that use AI and machine learning in their hiring processes — as well as the vendors they rely on for these services — will face pressure to get out ahead of new regulations and be more transparent about how they are using AI, publicize their audit data, and give employees and candidates the choice to opt out from AI-led processes.
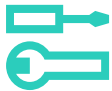
Take Action:

Top Trending Recruiting (Talent Acquisition) Technology Investments

Use this research on top trending technology investments to inform a review of the TA technology stack/strategy/roadmap.

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Since Gen Z began to enter the workforce about five years ago, business leaders have voiced concern that this extremely online generation lacks the social skills necessary to thrive in the workplace. The social isolation brought about by the pandemic has hit young people particularly hard. Forty-six percent of Gen Z-ers say the pandemic made pursuing their educational or career goals more difficult, and 51% say their education has not prepared them to enter the workforce. [23] At the same time, the workforce Gen Z is entering has profoundly changed over the past three years. Remote or hybrid work is commonplace, so many new-to-the-workforce employees have had few in-person opportunities to observe norms, pick up on professional nuances, develop casual relationships and gather evidence about what is appropriate or effective within their organizations. The expectations of managers when it comes to new hires' "soft skills" may simply not align with the experiences they've had available to them, at a time when most employees think these very skills are becoming more critical to succeed in the workplace. [24]

However, organizations need to recognize that everyone's social skills have eroded since the beginning of the pandemic, not just Gen Z. Burnout, exhaustion and career insecurity — all fueled during the pandemic — erode performance. No one, from any generation, has cracked the code for navigating our new shared professional environment. Focusing exclusively on Gen Z will not adequately address this challenge; organizations must redefine professionalism for their entire workforce.

Take Action:

Developing Skills for the Hybrid World

Leverage these insights to develop a strategy for promoting soft skills development.

Volatility will continue to increase in 2023 amid continuing changes around hybrid work, employee expectations and technology adoption. Leaders across the organization should be mindful of and get out ahead of these trends if they wish to retain employees, maintain business continuity and achieve strong performance.

[23] The National Society of Leadership and Success, How the Pandemic Impacted Gen Z's Soft Skills, February 15, 2022, https://www.nsls.org/blog/how-the-pandemic-impacted-gen-z-soft-skills
[24] 2021 Gartner State of Learning Culture Employee Survey n = 3,544.
Park, L. S., & Martinez, L. R. (2022). An "I" for an "I": A systematic review and meta-analysis of instigated and reciprocal incivility. Journal of Occupational Health Psychology, 27(1), 7–21. https://doi.org/10.1037/ocp0000293

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