

Pause, Pivot or Plan:

HR Trends of 2023

isolved™

Reflection and Prediction…

Addressing employee experience with a sharpened focus

If the past two years are any indication of what will dominate employers' to-do lists in 2023, employee experience (EX) will be at the top. According to isolved's last two annual HR leader reports, the vast majority are prioritizing EX.[1,2] In fact, 83 percent said they were in 2022. And half say it's because they want to improve retention rates[2]—which comes as no surprise considering the tight labor market.

The pandemic, widespread burnout, a record number of resignations and an economic downturn have made it an unprecedented time for employers. Businesses of all sizes and in all industries must deliver an exceptional EX if they are going to maintain a thriving workforce, and failure to do so will directly affect their bottom lines.

If 2021 and 2022 captured employers' attention and created urgency, 2023 is the time for a sharpened focus and an action plan. The results of this survey will help guide your efforts.

The trends revealed in our survey reflect how organizations are going about improving EX in 2023.

Zeroing in on Talent Retention



Investing for a Competitive Edge



Providing Support Employees Crave



Examining the Basics While Leveraging Analytics



To gain insight into these trends, isolved surveyed nearly 1,000 full-time, U.S.-based employees in Q4 2022. Employees ranged across job titles and industries. The results highlight employee experiences in 2022, as well as their expectations and priorities for 2023.

Trend: Zeroing in on Talent Retention

Employers thought 2021 was the year of the Great Resignation, but the trend continued into 2022. According to our survey data, it may impact 2023 as well, causing strain on employers' ability to keep up with the demands of running a business with limited staff. It is also stretching the current labor force thin and placing a burden on HR to replace workers within shortened timelines.

According to our research...

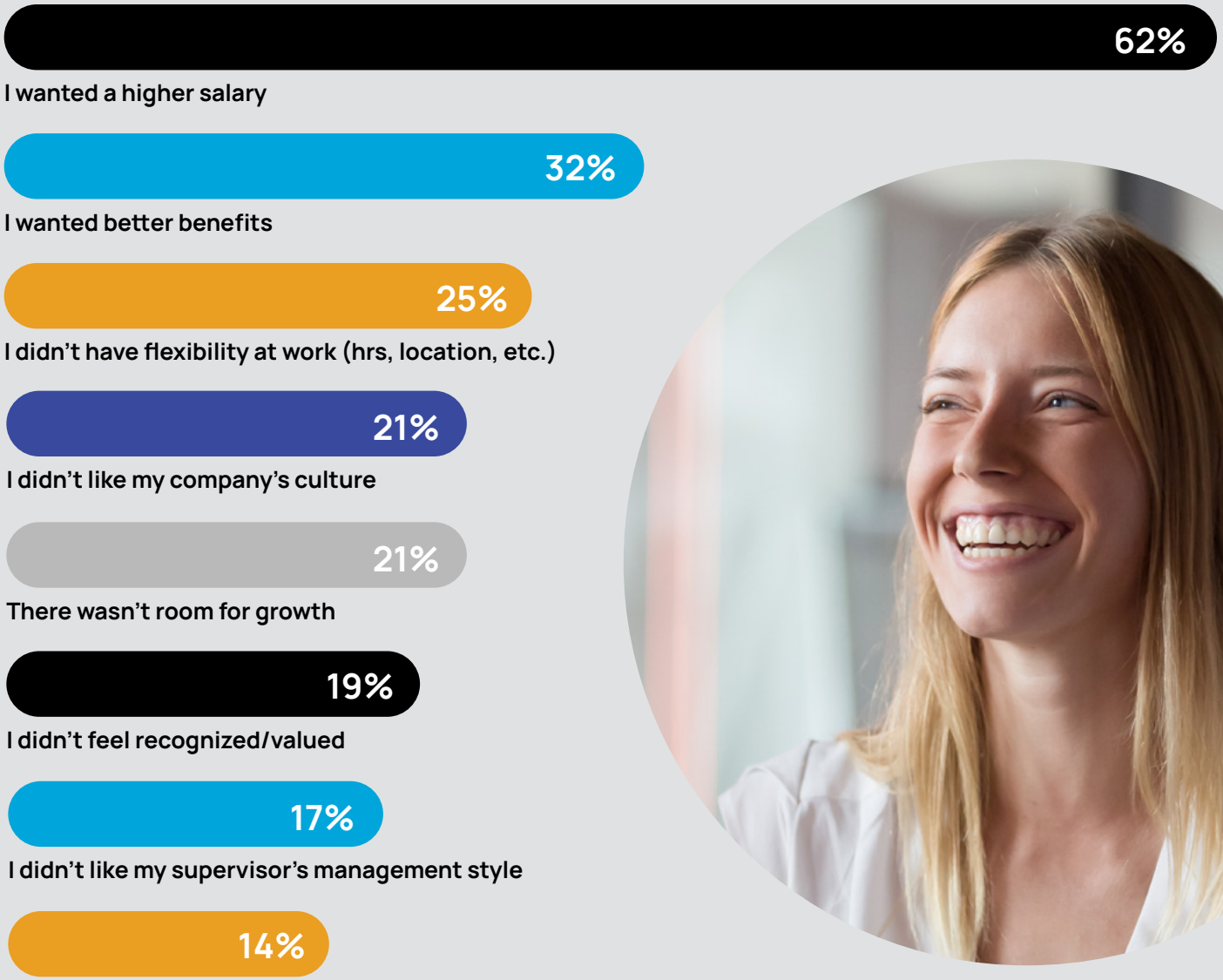
47% **of employees were tempted to apply for a new job in 2022.**

Which is roughly the same as in 2021 (52 percent), according to our survey from last year.[3]

One logical reason for the persistence of the Great Resignation is that employees don't feel financially and emotionally supported at work. Of the 37 percent of respondents who did follow through and apply for a new position, 60 percent changed their jobs. The number one reason? An overwhelming 62 percent want a higher salary (followed by better benefits and more flexibility).



Why did you apply for a new job?

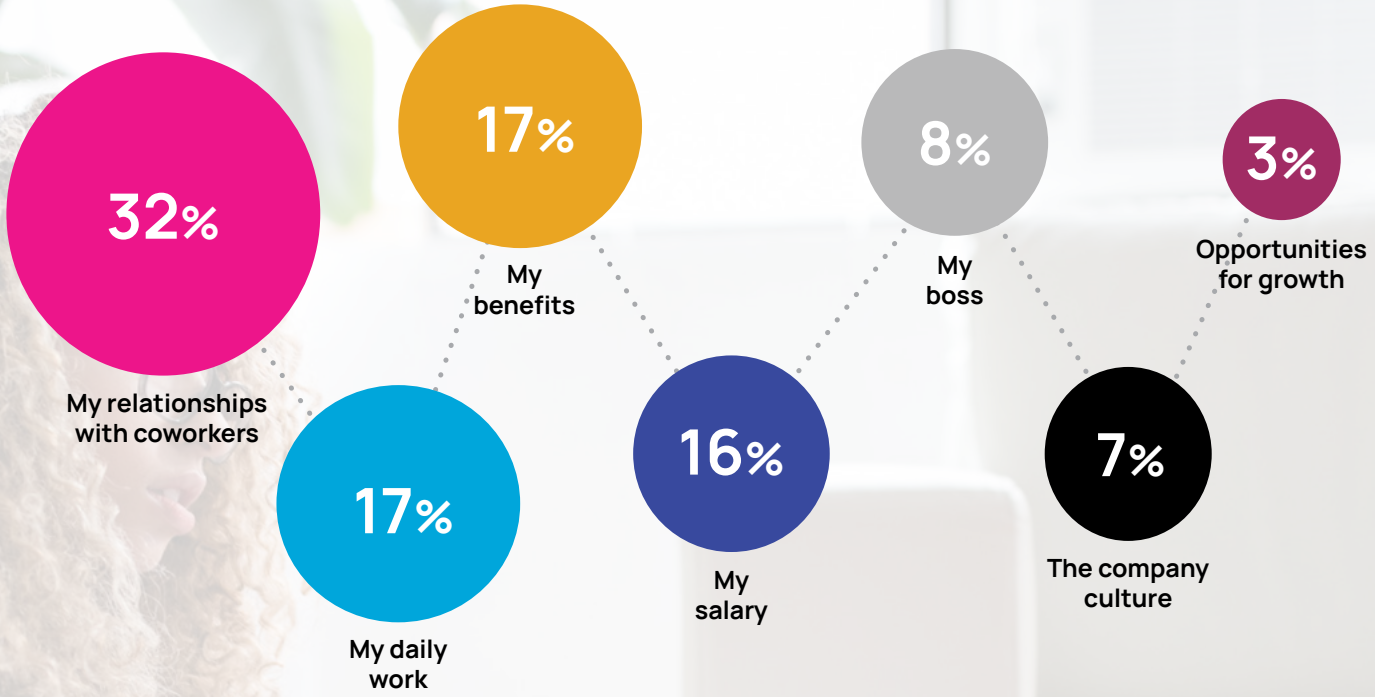


Our data indicates that culture is an area that HR departments must focus on to boost retention rates.

21% of employees say they applied for a new job because they didn't like their company's culture.

Only 7 percent say it's what they like most about their job.

What do you like most about your job?



According to respondents, the top way employers can improve culture is by paying their employees market value. This comes as no surprise considering pay transparency laws have jumped to the forefront, and the pressure is on employers to eliminate pay inequality within their organizations.

Other ways employers could cultivate positive company culture is by improving internal communications, providing a flexible work environment and investing in training for all employees—a topic we will explore in the next section.

What is the top way your HR department could improve culture?





Time is of the essence. According to our research, HR teams must act fast if they want to turn things around.

49% **of employees say they plan to explore their options in 2023.**

That number is trending upward—from 45 percent, according to last year's survey.[3]

Do you plan to look for a new job in 2023?



Trend: Investing for a Competitive Edge

One possible reason for continued high turnover is that employees don't feel supported to rise through the ranks of their organization. According to our survey:

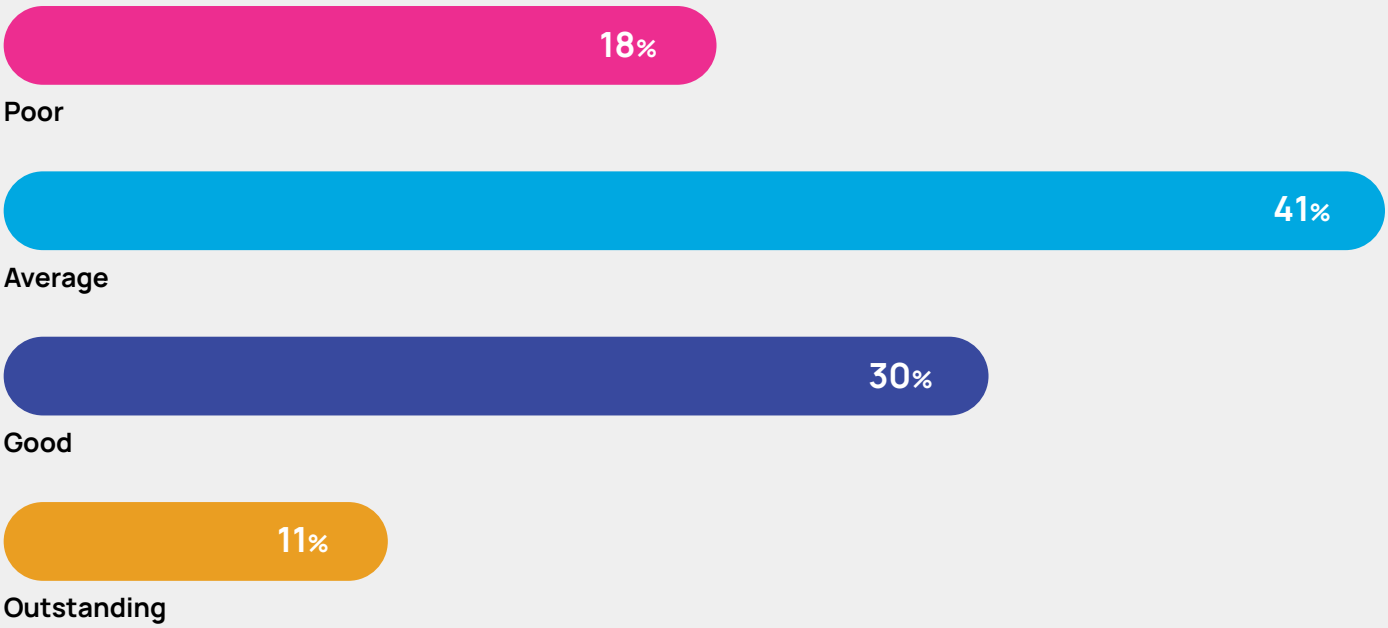


21% **of employees feel there isn't room for growth within their company.**

And what's more,

59% **of employees feel their employers could do more to advance their careers.**

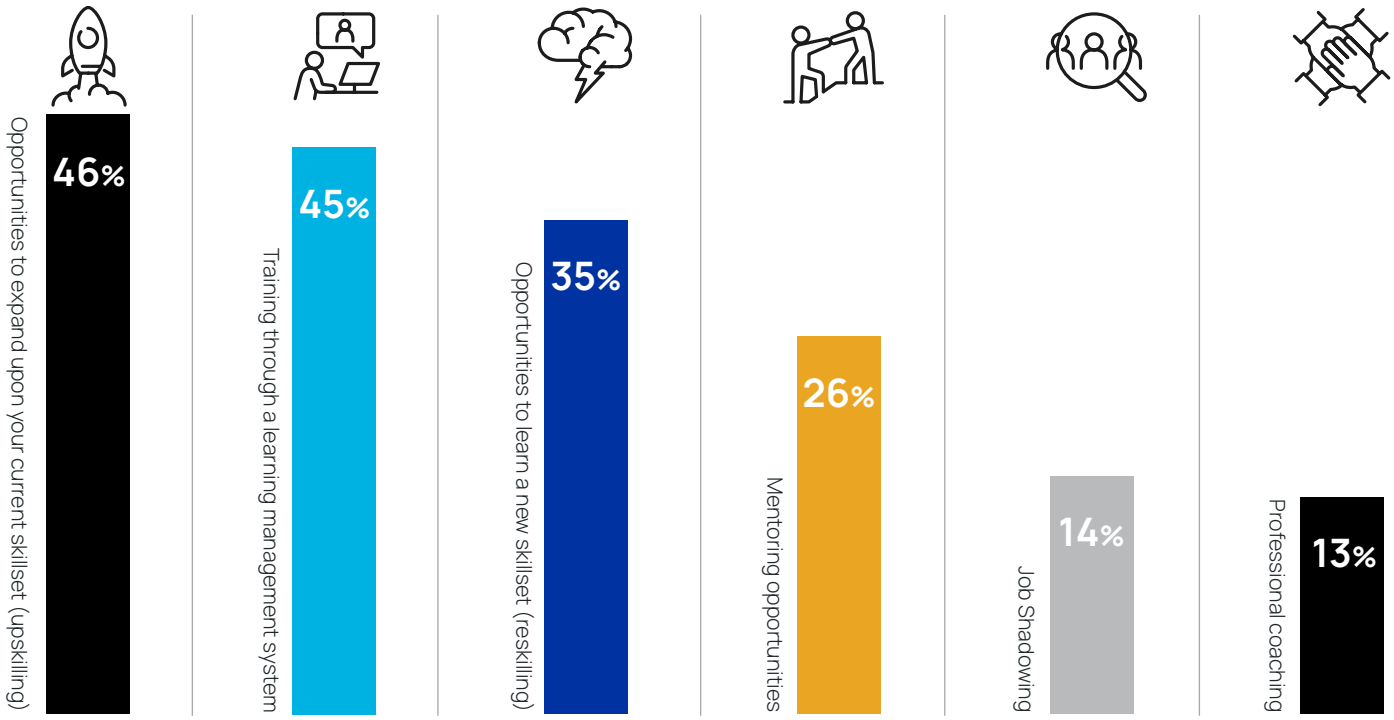
How would you rate your employer's commitment to furthering your career?



Employers are recognizing that the best way to get the most from employees is to invest in the development of their skills.

While **46 percent of employees say their employer offers opportunities for upskilling** (expanding upon their current skillset), there is room for improvement.

Does your employer provide the following to support your career growth?



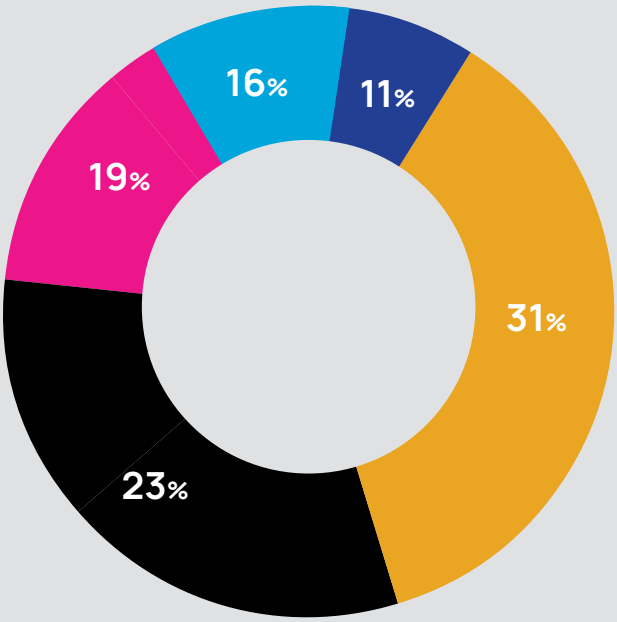
Employers will often leverage a learning management system (LMS) to help centralize and automate their training efforts. However, **29 percent of employees say their employer does not have an LMS**, while another 23 percent say they don't utilize it regularly. This is an area of opportunity for employers to invest in the technology and encourage adoption among their workforces.

Training is essential, however, setting an employee up for success within the organization happens long before the first course is assigned. It begins with the application process. A streamlined experience makes a good first impression and demonstrates to the future employee that they are valued. This is another area in need of attention.

46% **of employees consider the applicant experience to be poor.**

The main reason is that the application lacked essential information.

What statement best describes the applicant experience?



- Poor, because the application didn't include important information
- Poor, because I never heard back from the company
- Poor, because the application process took too long
- Good, because the process was streamlined, and the application was easy to submit
- Good, because the company kept in contact with me throughout the entire experience

Applicant tracking systems streamline the hiring process and create a seamless candidate experience. Investing in this technology is another area of opportunity and a way for employers to gain a competitive advantage in a tight labor market.



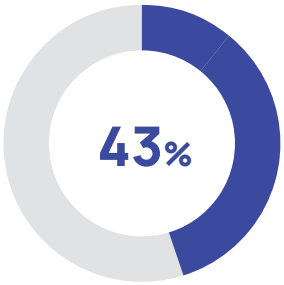
Trend: Providing Support Employees Crave

The last few years have been difficult for employers and employees alike. Employees continue to adjust to changes in the way they work, while employers scramble to maintain productive workforces. Despite it being an employee-centric job market…

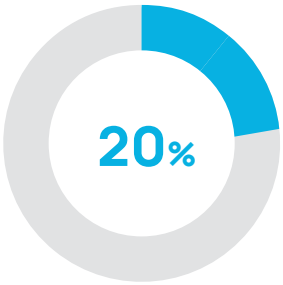
28% of employees don't feel secure in their position.

According to their responses, a recession is the biggest threat to job security.

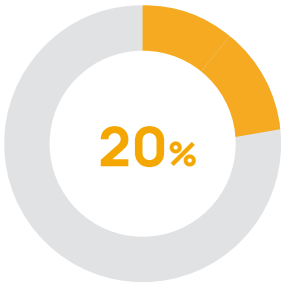
What do you feel is the biggest threat to your job security?



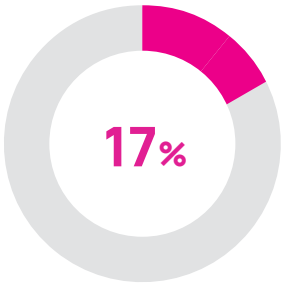
A recession may negatively affect my company



Outsourcing to gig or contract workers



Employees with better skills

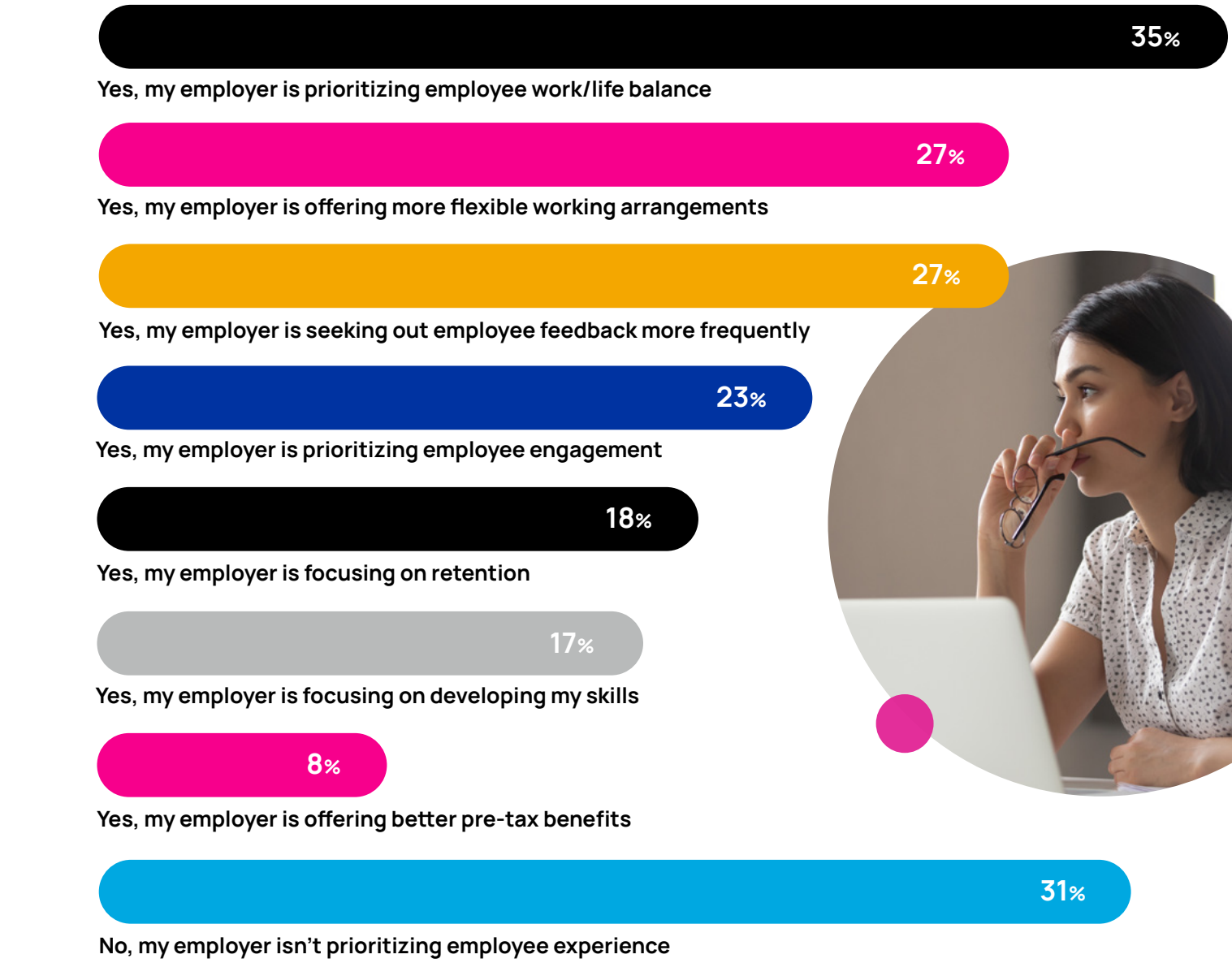


AI-driven technology

Employees are looking for support from their employers and many indicated that they are receiving it. **Nearly 70 percent feel their employer is more focused on their needs this year.** This is a significant increase from last year, when only 59 percent said the same.[3] How are they demonstrating it? By prioritizing work/life balance, according to 35 percent of respondents.



Over the last year, has your employer focused more on employees' needs, and if so, how?



A renewed focus on work/life balance has become a necessity for employers as employees are still struggling with emotional, physical and mental exhaustion brought on by excessive levels of stress.

69% of employees say they have experienced burnout over the last year.

It's important to note that 75 percent of employees in our 2022 survey said they experienced burnout over the past year.[3] The drop in burnout rates may indicate that employers' efforts are working.

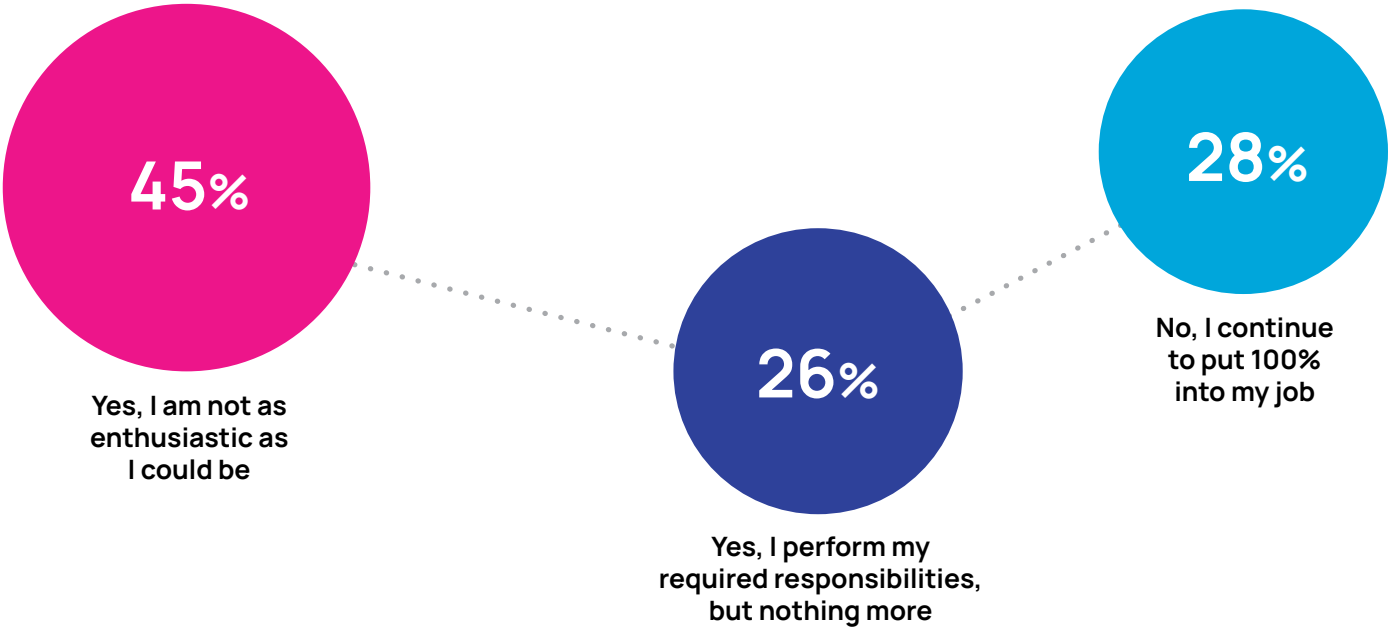


A company's success is dependent upon their employees putting in 100 percent at work, especially if they are short-staffed. But, unfortunately for many, this isn't the case. Our research supports the concept of Quiet Quitting, when employees do the bare minimum needed to keep their jobs. According to responses:

26% of employees perform their required responsibilities, but nothing more.

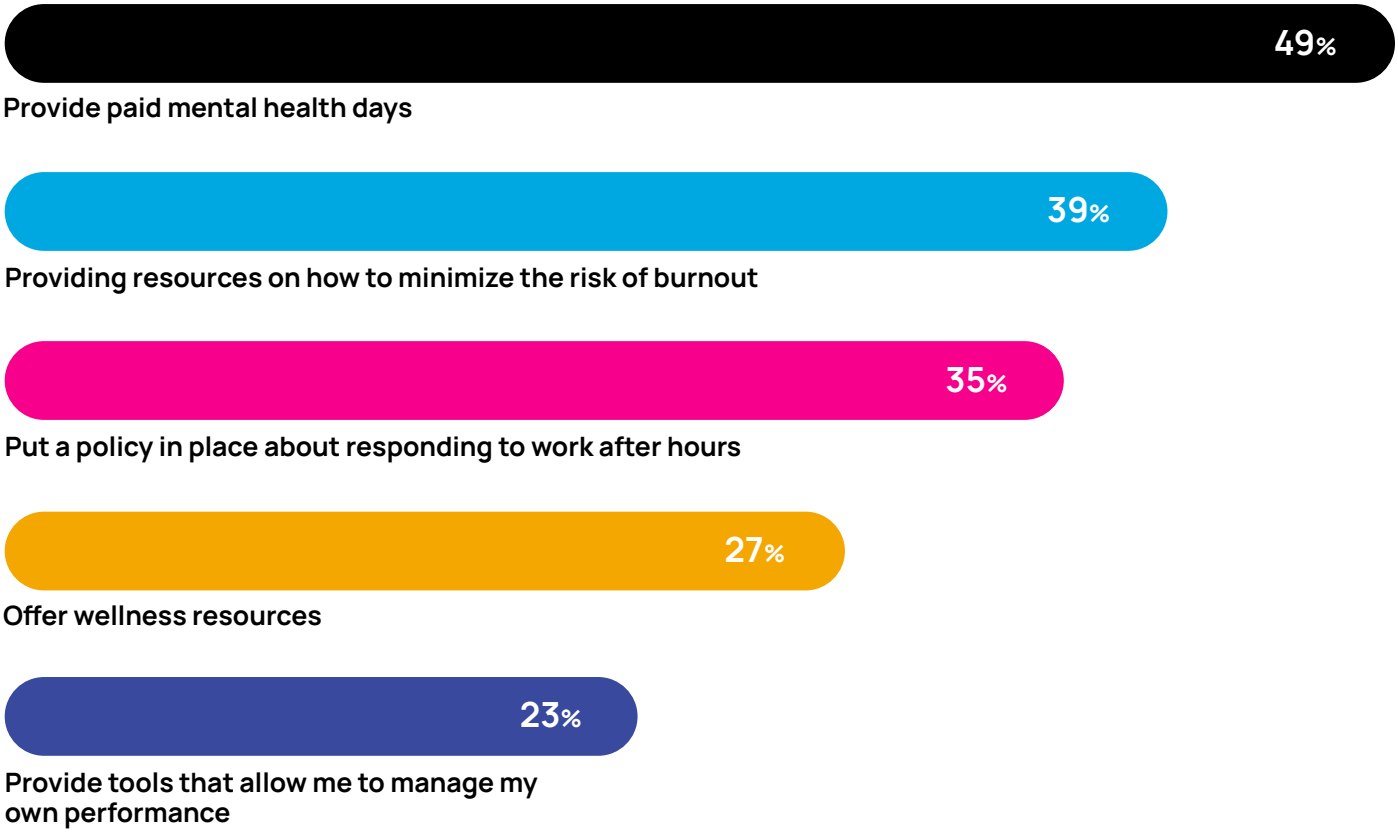


Does burnout impact your performance?



How can employers cater to their employees' needs? According to employees, providing mental health days is the leading way.

How would you like your employer to address burnout?

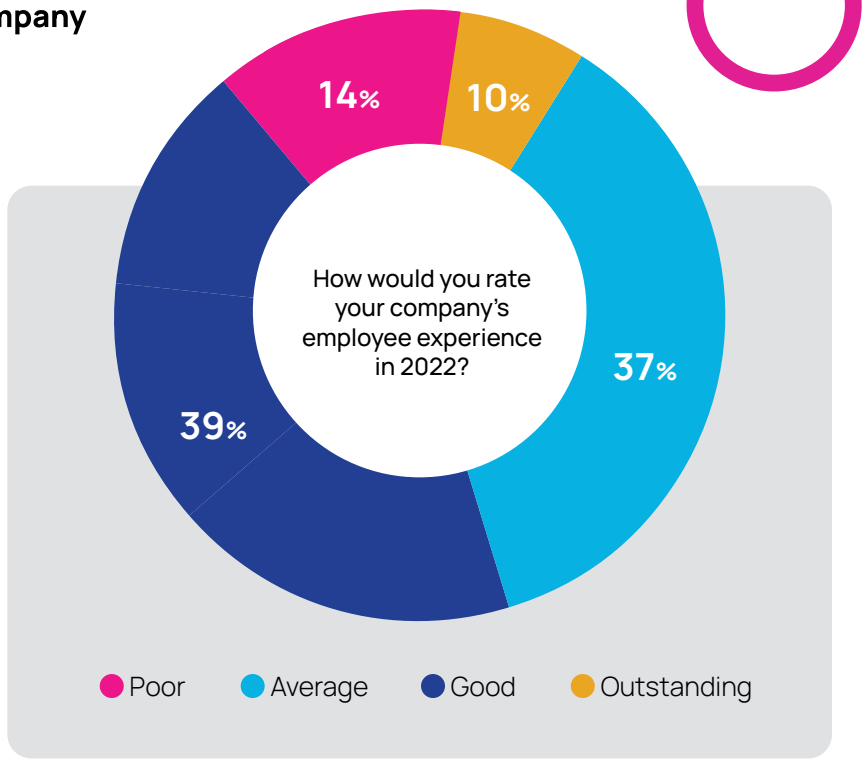




Trend: Examining the Basics While Leveraging Analytics

When it comes to boosting EX, it seems that employers have their work cut out for them.

51% **of employees rate their company EX as poor or average.**

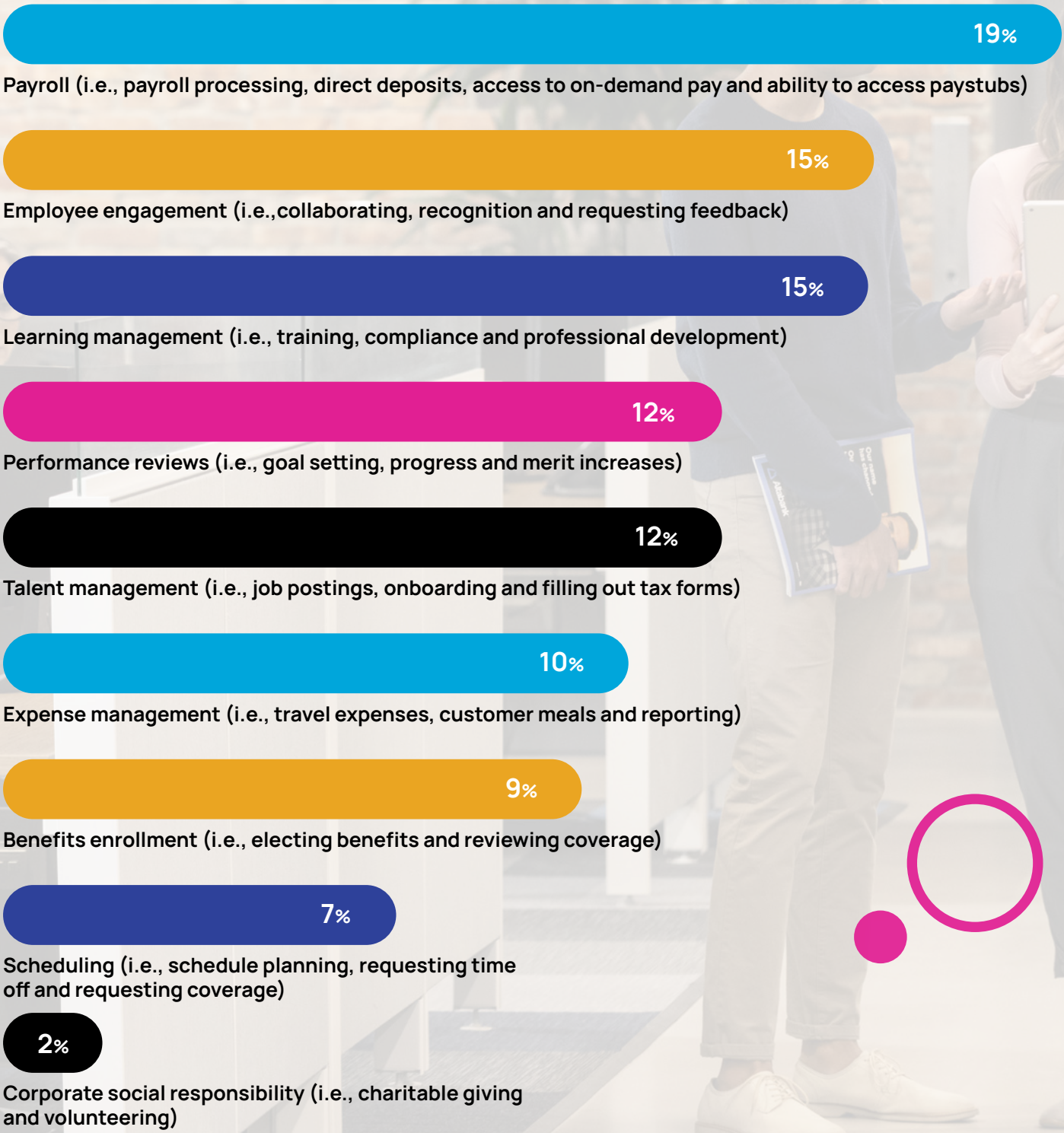


It's interesting to note that despite HR's attention to EX, this number is unchanged from last year's survey.[3]



Where should HR focus their initiatives? Our research suggests they should re-examine the basics. According to the responses, payroll topped the list. Nothing zaps EX more than late or inaccurate paychecks. Especially during times of economic uncertainty, employees want assurance that they will receive stable compensation.

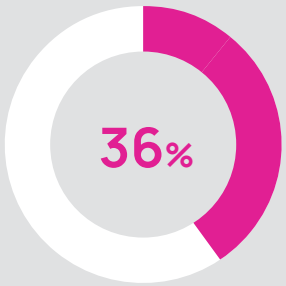
Which HR activity needs the most improvement at the company where you work?



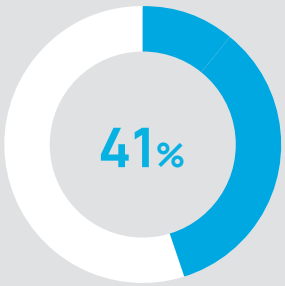
On the other end of the spectrum, forward-thinking organizations are turning their attention to AI-based predictive workforce analytics. These tools analyze employee data to shorten the time to hire, identify trends that affect turnover, uncover areas of non-compliance and help build a better EX overall. Despite concerns over these tools accessing sensitive information to predict future trends…

77% of employees are comfortable with their employer examining personal data if it means a better EX.

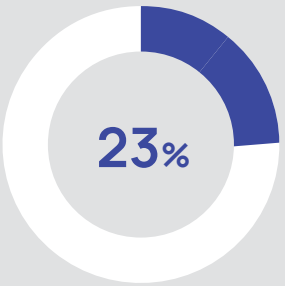
Would you be comfortable with your employer analyzing your personal employment data (i.e., gender, race, age, location, email patterns, job performance) if it could improve the employee experience?



Yes, it's fine with me



Yes, if it is done in confidence



No, I am not comfortable with it





Onward and upward

It's been difficult time for employers to keep their heads above water. The past few years have been chaotic and as a result, many HR and business leaders have adopted a reactive approach, constantly struggling to chart a course forward.

Our 2023 survey drives home the vital importance of delivering an exceptional EX. Now is the time to evolve from reactive to proactive by creating an attainable and sustainable plan to achieve it.

Successful organizations will hit the ground running in 2023 by honing in on talent retention, investing in employees and nurturing their needs, while exploring simple and sophisticated ways to elevate EX.





Methodology



isolved's 2023 HR Trends report surveyed 981 full-time employees based in the United States. Respondents range across industries and seniority levels.

For any questions about the survey or our findings, please contact Susan Prebola at sprebola@isolvedhcm.com. The survey was conducted online in October 2022, with demographics broken down as follows:*

Seniority
Entry level/associate: 41%
Manager: 39%
Director: 9%
Vice President: 3%
C-Suite: 7%

Company Size
1-5: 9%
6-25: 12%
26-50: 7%
51-200: 17%
201-500: 14%
501-1500: 13%
1501 or above: 27%

Industry
Agriculture: 2%
Assisted Living: 2%
Business and Professional Services: 8%
Construction and Engineering: 5%
Education: 12%
Financial: 6%
Food Services: 4%
Travel and Hospitality: 2%
Legal: 2%
Manufacturing: 8%
Medical and Health: 14%
Government: 6%
Nonprofit Organization: 3%
Real Estate: 3%
Retail: 8%
Transportation: 2%
Utilities: 2%
Wholesale and Distribution: 2%
Other: 11%



*Numbers in the graphics may not add up to 100 percent due to rounding to whole figures.

Sources:

1. isolved's Transforming Employee Experience Report 2021
2. isolved's Transforming Employee Experience Report 2022
3. isolved's 2022 HR Trends Report



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