

HR CHALLENGES AND SOLUTIONS FOR 2023 - LESSONS FROM THE INTERNATIONAL WEBINAR

On November 9, DEVELOR hosted the 12th RE/Think HR International Webinar with more than 100 participants from 15 countries. This time we addressed upcoming challenges and predicted trends that will shape 2023 business and how HR and L&D professionals can tackle them.

Everybody already knows that 2023 will be a "special" year, again. With our keynote speakers and senior HR guests, we discussed what major HR trends and difficulties will shape the business. In the end, we presented how HR and L&D professionals can tackle these future challenges and be the differentiating factor for their organizations.

2023 – the year to remember, again



At the beginning of the event, we presented a curated summary of expectations for 2023. Some forecasts predict a mild recession and others an apocalyptic recession for the year 2023. According to [IMF forecast](#), the next year is going to feel painful due to the following factors:

- Global recession
- War in Ukraine continues
- China's slowdown
- Energy crisis in Euro Inflation remains high (6,5 % global)
- Cost of living crisis – poverty

„Conditions aren't simply unstable, they're chaotic. Outcomes aren't simply hard to foresee, they're completely unpredictable. Situations aren't simply ambiguous, they are incomprehensible.“

Jamais Cascio
Futurist

What the world is expecting in 2023

What most of the studies we examined agreed on, and what the HR and decision makers highlighted is the following factors to greatly influence the coming year:

- **Rising inflation** will remain with us, it will influence our environment in 2023
- **Competition** for talents will continue
- **Global supply constraints** will continue to influence the business in 2023.

Due to these economic circumstances, HR leaders must weigh many trade-offs. On one side more consciousness in terms of cost savings is expected in many areas of the company and on the other hand, there's a need for investing more in talents and key people. Finding the balance now is probably more difficult than in less turbulent times.

New business requirements answer the changes around us, but there are also employee needs. So, in 2023, **HR is put under double pressure**. On one side from economic circumstances (cost cutting & cost saving) and on the other hand to invest in talents and do whatever possible to attract and keep the key employees.

Another pressure for HR in 2023 is **the consequences of the Great resignation**. A great number of people leave companies since 2021. Now, this trend is extended to "quiet quitting" which is another symptom of the lack of engagement of people. It means that people do not quit the company, but they do not do anything more than the minimum required in the job during their working hours.

Four critical challenges for HR to tackle in 2023

1 New employee expectations

First impression counts, candidate experience. People would like to be treated and valued nicely from the first point when they get in contact with the company.

2 Flexibility (location, schedules)

Tendency to move from presence to performance. Not everybody wants to go back to work. 1/3 of professionals indicated they don't expect to go back to the office full time. 3/4 indicated they have more energy and focus working from the home office.

3 Belonging & purpose

Employees want to know what they fit and how. 70% of employees say their sense of purpose is defined by their work.

4 Benefits

Due to the Covid era, there is a greater need from employees for a holistic approach to benefits. Companies need to focus on supporting their colleagues with their mental and emotional well-being.

"HR should put their oxygen masks on first, so we'll be able to help others!"

Lana Faust Križan
Group HR Vice President
MOL Group

The answer - Human-centered leadership

In May 2019, the World Health Organisation (WHO) [officially recognized burnout as a chronic medical condition](#), naming it an 'occupational phenomenon'—to reflect that it is a work-based syndrome caused by chronic stress.

[A Gallup study](#) revealed that **if a supervisor or someone at work cared about them, employees were significantly more likely to stay with companies, have much more engaged customers, be substantially more productive and generate more profits.** In examining the link between leadership styles and profitability, research also showed that **compassionate leadership was found to have the greatest influence on productivity and profitability.**

What do we mean by human-centered leadership?

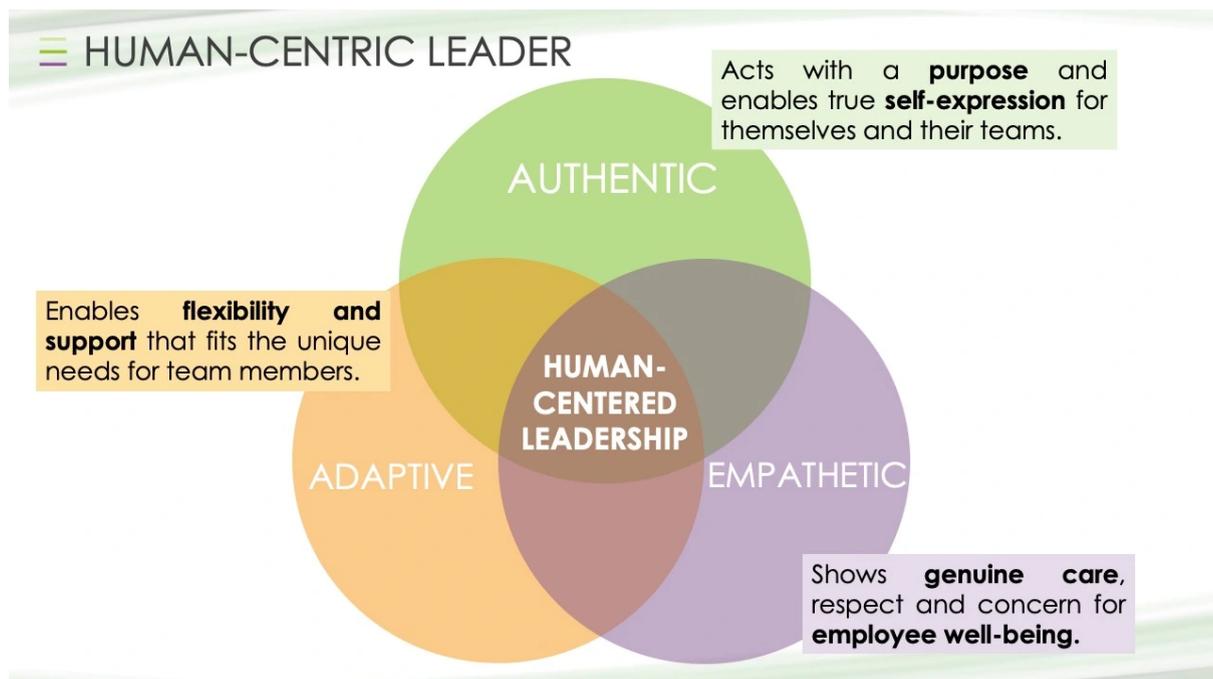
Human-centered leaders prioritize their people and culture.

Yet, it is not about people pleasing or just about feelings. It includes compassion, which is the ability to be sensitive to the challenges that people are facing, to respond with empathy, and then take action to support and develop them. It is about a genuine intention to contribute to the well-being of others and to see them

thrive. This can sometimes require giving honest feedback, but most of the time, it is about seeing how we can each help add to the happiness of others.

Leadership has always been central to the human experience and has been studied formally and informally for thousands of years. Typically, when we think of a leader, we think their job is simply to define a clear vision statement answering the “What, Why, and How” of an organisation. In defining the approach and criteria the organisation hopes to achieve, the leader provides employees with direction, assistance, and purpose that motivate an organisation's stakeholders or group of followers to achieve tasks or strategic goals.

However, human-centred leadership goes beyond this definition. You may have some questions – Does being compassionate make me soft as a leader? Does leadership require having human-centred skills? Why and how will integrating leadership abilities and compassion-based skills improve my leadership in my company?



Leadership is more than having people follow you

This is a core tenet of human-centered leadership. It is not a title and is not achieved by just following a few principles. It can be formal or informal, based on real power or perceived power, role or context-based.

Leadership is complex, but the critical component of being a leader is the courage to make the right choices, whether they be the most popular decisions or not; at the

same time, they must draw their stakeholders—be they employees, investors or communities—into a compelling vision.

Therefore, **human-centered leadership does not look the same for everyone.**

Everyone has their own personal leadership styles – it does not matter whether you are a C-suite leader or an Executive. In becoming a Human-Centred leader, you must take the first step on a personal journey to explore your own psychological, physical, team-based, and organizational leadership capacity.

The effects of empowering every person to pursue a shared purpose of achieving a positive, lasting impact on others around them go beyond better team culture or kinder office environments. It is important—foundational, even—to the excellent execution of an organization's mission and vision.

Human-centric leadership is not only a skillset, but it's also a leadership approach and leadership culture. The human-centric leader is authentic, empathetic, and adaptive.

And so to conclude

1 The VUCA world becomes the BANI world.

Brittle, Anxious, Non-linear, and Incomprehensible is the definition of the business reality for today. To help navigate it, HR must help bring capacity & resilience, empathy & mindfulness, context & adaptivity, and transparency & intuition. HR has to be the antidote of the VUCA/BANI environment, e.g. create calmness and stability. In a volatile world, HR should provide calm, in an uncertain world, certainty, in a complex world, HR should support their leaders to be very simple and in an ambiguous world, they should create a clear strategy.

2 Revisit your Employee Value Proposition

In times of change and uncertainty, a defined or refreshed EVP and better alignment with employee expectations, combined with a clear connection to overall business strategy, will serve as a guiding light for any decision. Without it, we risk running disconnected initiatives that miss the objective.

3 HR and L&D must focus

To successfully support business in 2023, we believe HR and L&D functions shall choose the focus.

They should

Focus on **critical challenges** – Retention and Engagement, Mental health, Adaptive leadership.

Pay attention to **key target groups** – Critical employee groups, Talents with potential, people that work in strategic jobs, mid-, first line leaders, HR's

And keep in mind **the impact delivered** – Sustainable mindset and behaviour change and business impact should be on top of their mind.

Four HR steps to help people and businesses succeed

Monitor & reflect on EMPLOYEE EXPECTATIONS. Use available tools to get insights into their minds, and encourage conversation.

Focus on MENTAL AND EMOTIONAL HEALTH. Promote it and provide tools to achieve it. It mustn't only be words without action. Rather than talking about it, make sure people know how to act on it.

Prepare ADAPTIVE, HUMAN-CENTRIC LEADERS. They are suitable to tackle the BANI world and help their people to do that. Without an updated leadership framework and action, the rest of the organization is destined to fail.

Become the HOME OF GROWTH. Make the growth of employees a central focus and they will reward you with the business results.

Contact DEVELOR to learn how we can help you with these efforts with our employee experience services, leadership programs, and mindset programs or consult with us and build custom solutions to help you tackle whatever 2023 has in store for you.