

# Market Burst

## Top trends in talent

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August 2022

## Co-working strategies for remote talent

Remote and hybrid working models are now the norm for most organisations. But for many employees struggling with work/life boundaries, returning to the office is the preferred option.

Lessons learned from the pandemic show that working from home can be lonely, as nearly [two-thirds](#) of people who spend at least some time in the home office feel isolated. According to a 2022 study by PwC, [6 in 10](#) employees would like to work at their company's premises at least partially, while [11%](#) would prefer to work in the office full-time. Humans value face-to-face communication and draw energy from social interactions. It is no surprise that [74%](#) of employees who have returned to the office on a full-time or hybrid basis say they are happy with the move back.

The question remains how can companies with no local offices or fully-remote firms provide their employees with meaningful human connections and work routines?

One solution is enabling co-working options that give home-based workers, freelancers, and digital nomads a sense of location stability. Shared office spaces allow for meeting new people, expanding professional networks, and improving overall wellbeing. Studies show that people who go to co-working spaces are [85%](#) more capable of separating personal and work-life, while nearly [9 in 10](#) report being more productive there than when working from home.



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**35% of HR leaders leverage standard geographic pay differentials for their largely remote and geographically dispersed workforce – [Founders Circle Capital](#)**

## Challenges of rising pay expectations

The current labour shortage has put upward pressure on pay, and rising inflation in many countries is adding to that tension. This situation can lead to pay compression - when new hires are getting more money due to changing market conditions while the compensation of existing employees remains the same. Consequently, it threatens retention as the current workforce must look outside for better-paying employment opportunities.

To keep pace with increasing inflation and higher costs of living, some executives are reallocating working capital, paying employees more to cover growing expenses. For example, with inflation hovering around 9% in the UK, [PwC](#) has recently confirmed that more than 20,000 of their in-country employees will get a pay increase of at least 9%, while 70% would get a rise of 7%. The company said they are investing more than £120m in pay rises and allocating a further £138m to bonuses this year.

What about firms that cannot afford a boost in salaries for all employees? They need to experiment with total reward packages. Employers can consider merit, spot, sign-on and referral bonuses or even cover costs of extracurricular trainings. Others can turn to schemes focused on flexible working or personal development to keep employees on board, even if salary gains do not match inflation.

## Winning back workers in the new talent game

Research from McKinsey shows that [nearly half](#) of employees who left voluntarily during the pandemic are not returning on their own. As organisations struggle to find and retain talent in the scarce marketplace, workers remain confident they can find employment quickly, whenever and wherever they want. Organisations must attract the talent back, and the critical question is how. The strictly transactional approach does not work anymore, and firms need a more holistic strategy that offers a people-first approach.

Companies must restructure comprehensive benefit packages with work-life balance in mind. Nearly [3 in 10](#) workers cited a lack of workplace flexibility and well-being support as primary reasons to leave a job without another opportunity in hand. Firms need to consider benefits that offer the critical home/work flexibility. A few options include subsidised cleaning services, on-site childcare, and various forms of flex time like midday shifts.

As for workplace stickiness, employers must consider inclusive “relational factors” to draw in new talent and retain labour already in the organisation. Almost [30%](#) of workers who have returned to employment pointed to sustainable performance expectations, career advancement potential and meaningful work as the factors that drew them back. For example, firms can introduce role-testing schemes for job candidates to test drive the overall environment and daily requirements. Another idea is to create internal mobility programmes for current employees to develop in the areas that interest them most.

## Digital learning is here to stay

Learning and development has an essential role to play in the transformation of the working world. With digitalisation reshaping how we work and creating brand-new job opportunities, upskilling and reskilling are necessary to retain employees and realise business strategies.

Many leaders know that transforming their L&D function is essential to build a culture of continuous learning, one recent example being Mercedes-Benz. The company has committed to invest [€1.3 billion in L&D](#), in Germany alone, by 2030. The new scheme – labelled Turn2Learn – combines a wide range of digital learning opportunities, customised learning paths, and continuing education programmes. Mercedes will provide their employees with free access to e-learning platforms, offering thousands of online courses in areas such as software, data science, cloud computing, and general business.

The past few years have seen an exponential growth of digital learning across companies, with the Covid pandemic and remote work critical in this shift. New generations entering the workforce solidify this trend as they value the flexibility of e-training. According to eLearning Industry, [89%](#) of employees want courses to be available anywhere, anytime they need it, and [85%](#) want to choose training timings that fit their schedule. In addition, [8 in 10](#) believe frequent learning opportunities are more important than formal face-to-face sessions.

The availability of e-learning aligns with worker preferences, boosting firms' EVP and adding to the attractiveness of the employment packages. Also, with digital learning options, companies can instantly react to the new learning needs identified across the organisation. At the same time, learners can test their acquired knowledge immediately, which speeds up onboarding in the new roles.

The average funding for EdTech start-ups has increased from **\$8.4 million** in H1 of 2021 to **\$13.1 million** in H1 2022 – [Unleash](#)

### Retirees returning to the labour force

Throughout the pandemic, US workers aged 55 to 74 have been severely impacted by job loss. Nearly [400,000](#) had to retire from unemployment because they could not find suitable jobs. It would seem that in the current market, with a record high number of open requisitions, they have a good chance of finding a new role. However, there are a few challenges.

To save money, companies relocate jobs to lower-cost locations. Older employees are left behind, as their experience and salary exceed the bandwidth. Other firms reduce middle management layers, eliminating mid-to-senior level roles and replacing them with junior positions. Another challenge for older workers is that in terms of visuals and content, most of today's job sites and ads appeal to 20-30-year-olds only. The older workforce is underrepresented and often falls victim to unconscious bias.

Meanwhile, spiralling inflation and the soaring cost of living have pushed older workers to look for work across the UK. Over the past year, more than [116,000](#) people aged 50+ were working or pursuing employment. More than half were men over 65, whose economic activity levels raised by [8.5%](#) in a year. In-depth research indicates the increase is driven by people who entered retirement and are now returning to work rather than people working longer.

It is necessary for companies to build strategies for engaging older employees, provided they are an invaluable source of know-how and experience, not to mention an alternative talent channel. Improving health and safety standards and providing extended health coverage is one way to attract and retain this cohort. However, some industry experts claim that older workers cannot compete for jobs without strict anti-ageism regulations, which is a big task for policy-makers.