

Market Burst

Top 2023 Predictions

- 1. The future of work is non-linear**
- 2. Recruiting – a top priority for HR leaders**
- 3. Talent shortages are not going away**
- 4. Upskilling and reskilling gain more momentum**
- 5. Side hustles continue as economy remains uncertain**

January 2023


The future of work is non-linear

Last year, the push for a shorter working week gained significant traction globally. In the UK, 70 companies successfully piloted the [four-day week](#) project, over 30 US businesses launched the pilot, and the largest German trade union began campaigning for a shorter workweek, to name just a few examples.

The four-day workweek is part of a larger conversation on flexibility that invites us to rethink the relationship between working hours, productivity, and wellbeing. With the growing workforce demand for flex work schedules, this trend is expected to gain even more traction in 2023 and will likely be one of the key drivers of the world of work in the upcoming year.

[Asynchronous work](#) and communication already play a vital role in the daily operations of global teams that work across several time zones. Taking this one step further and introducing non-linear work schedules could also result in a better work-life balance. Non-linearity would make it easier to autonomously accommodate unforeseen and pre-planned life occurrences – without the added stress of compromising professional or personal lives.

Despite the concerns of those managers who fell prey to [productivity paranoia](#), moving away from 9-to-5 might benefit businesses. Almost [one-third](#) of employees with flexible schedules report higher productivity levels, and over half admit that their ability to focus is far greater when they are free to choose working hours. It is estimated that flexible schedules can increase employee productivity by almost [30%](#).



Employees with flexible schedules report **29%** higher productivity and **53%** greater ability to focus.

- [Future Forum](#)



Recruiting – a top priority for HR leaders

According to [Gartner](#), 36% of HR leaders admit that their sourcing strategies are not enough to find candidates with adequate skills. In 2023, recruiting teams will continue to struggle with low talent supplies and high turnover, as retaining talent in hybrid and remote environments is a substantial challenge.

Companies must leverage data and analytics to find new sources of accessible candidates where traditional talent pools are insufficient. Using market intelligence, leveraging a strong EVP, and identifying alternative locations and skill sets are all key to an intelligence-based sourcing strategy.

In [Pontoon's experience](#), using location analysis and competitive market insights is a valuable part of a [source and screen](#) solution that can fill requisitions while reducing time to hire – and so is the practice of benchmarking profiles of high-performing employees and comparing them to job applicants.

Building an equitable internal labour market and supporting internal mobility is another solution. Allowing for mobility across different company locations caters to the needs of those employees who want a taste of the [digital nomad](#) lifestyle while maintaining stability and career progression. In the world of remote and hybrid settings, offering more flexible working arrangements is an opportunity to attract and retain talented employees.

To address the risk of employee disengagement in remote and hybrid work environment, companies must also develop onboarding programmes that create a sense of emotional proximity. These must be tailored to prospective employees' individual needs and underscore the organisation's value proposition for non-office-based workers.

Talent shortages are not going away

Ageing populations will contribute to a [diminishing workforce](#) across the globe, including the world's leading economies – Germany, UK, France, US, and Japan. [The UK and Germany](#) may be impacted by declining work immigration rates which translate to a reduction in the potential labour force. To expand their talent pools, industry leaders should consider looking for qualified candidates beyond the borders of the countries they operate in. However, the question is not only where to find talent, but also how to keep it.

[Behavioural trends](#) across the workforce that have recently contributed to the Great Resignation and quiet quitting are bound to continue in 2023, resulting in problems with high attrition across all sectors. To mitigate behavioural risks, companies should boost the employee experience. For workers in niche-skill roles, including IT and engineering, a better experience can mean clear career progression paths, internal mobility, flexibility around choosing projects they find particularly engaging, and the ability to decide where and how they work. The last factor is crucial since [nearly half](#) of tech workers say they would consider leaving a company if it stopped offering remote working opportunities. For non-desk workers in retail and manufacturing, flexibility means more freedom in choosing preferred shift times and having more predictable schedules around which they can plan their personal lives.

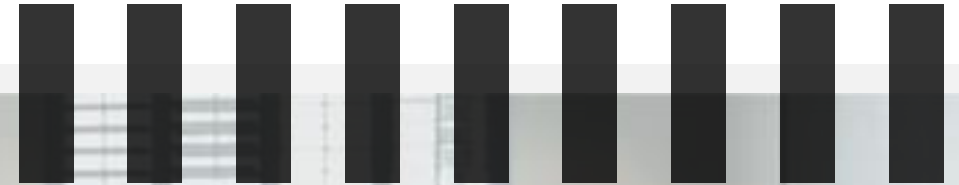
Competitive pay is expected to remain a powerful candidate attraction and retention strategy throughout 2023 as the recession looms. According to Pontoons' [Global Workforce of the Future](#) report, while salary ranks relatively low on the list of job satisfaction factors, it is nevertheless the first reason for changing jobs. Only [4 in 10](#) persons in non-managerial positions feel that their salary is a fair reflection of their work. That is why organisations must ensure that salaries for open roles remain competitive in times of extreme economic and political uncertainty.

Upskilling and reskilling gain more momentum

In 2023, almost all companies ([96%](#)) plan to maintain or even increase their learning and development budgets. Nearly every company has seen its learning initiatives fail in the last [five years](#), but now the focus on L&D is expected to be greater than ever as reskilling and upskilling become critical in attracting and retaining employees in a highly competitive market.

Upskilling can be a powerful retention lever. Pontoons' [Global Workforce of the Future](#) report has established that for one third of workers the lack of re - and upskilling opportunities is the main reason for quitting. A significant portion ([44%](#)) of employees who want to stay at their current company would still appreciate a greater focus on career growth and upskilling. The report shows a substantial disconnect between how managers rate their company's skill development strategies and how employees in non-managerial positions see the effectiveness of employer initiatives in that space. While [6 in 10](#) managers say their company is investing in upskilling and career progression opportunities, only [36%](#) of non-managers agree with that statement.

Investing in continuous learning is key to employee engagement. Training, internal and external certifications, and microlearning online modules can help employees perceive their jobs as careers that can be strategically developed and managed, contributing to purposeful company culture and better retention rates. Upskilling is also critical for bringing new employees up to speed and can significantly diminish the risk of talent shortages.



Side hustles continue as economy remains uncertain



With rising inflation holding a tight grip on economies worldwide, side hustles are expected to be an essential source of additional income for many individuals throughout 2023. Approximately [one quarter](#) of Gen Z in the US have an additional source of income outside their regular jobs – almost 10% more than workers in other age groups. Even though the need for additional income reflects the precarity that younger generations face on the job market, some speculate that Gen Zers, as an entrepreneurial generation driven by money and meaning, will lead the normalisation of [side hustle culture](#). Combining two or more professional activities is expected to become an important part of Gen Z's [professional identity](#) that cannot be confined to a single job or even one industry.

Normalising side hustles will go hand in hand with the recent phenomenon of [career cushioning](#) which motivates employees across all generations to prepare themselves for a possible job loss in times of economic downturn. It can also be a way to try new career paths as people consider leaving their current positions for something that fits their aspirations while offering better pay. [McKinsey's](#) report shows that one-third of European workers expect to quit their jobs in the first half of 2023 to seek career development, recognition, and inspiring leadership.

Rather than worrying about what employees do outside their daily jobs, businesses should focus on improving their internal career advancement opportunities to be the employer of choice for current and prospective candidates. One way to achieve this is to invite employees to participate in work-exchange schemes, where they can shadow colleagues in other departments, perform new tasks, and solve challenges that fuel personal development.

