Research report

Innovation in flux and the future of HR

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Contents

Introduction

We're on a roller coaster of change – and that's unlikely to slow anytime soon. The major disruption caused by the global pandemic (including seismic supply chain challenges) was swiftly followed by global economic and societal impact of the war in Ukraine – a catalyst for spiraling inflation. To address current cost pressures and gain competitive advantage through digitization, open and generative AI boasts great potential to factor both human capabilities and automation into the decision-making process.

Rising costs will tip many economies into recession, but there are notable pockets of opportunities. It's the countries and/or industries that effectively meet the moment that'll accelerate through these challenges, creating winners alongside potential recessionary losers.

From a talent perspective, businesses must balance inevitable organizational changes with strong retention strategies. Unlike previous "fire and rehire as needed" approaches from cyclical recessions, the combined "changed habit" impact of the pandemic and the "black swan" event causing spiraling inflation will require a distinctive, multifaceted strategy from talent professionals.

In this report, you'll gain:

- Understanding of previous global economic downturns and how the impact of the global pandemic – and other current world events – differs.
- Commentary and observations from senior HR and talent acquisition (TA) leaders on the difference between past and current change events and the legacies of both.
- Recommendations on how the world of HR/TA is evolving at pace.

Global economic turmoil: Legacy regional demand cycles and current events

To provide a window into the impact of major change events on labor demand and supply – and show how the current economic climate is unique – the research illustrates:

- Macroeconomic trends in key geographies
- Job advertising trend data for real-time demand levels
- Real-time job change rates for key geographies, seniority levels and industries
- Key trends in changing candidate behavior

Macroeconomic trends impacting talent acquisition in key geographies

Macro indicators:	U.S.	U.K.	Europe	India	Singapore	China	Brazil	Mexico	Argentina
Inflation (June 2023)	3%	7.9%	5.5%	4.8%	5.1% (May 2023)	0.0%	3.2%	5.1%	115.6%
Imports (trend line)	Down	Down	Down	Down	Down	Down	Down	Down	Down
Exports (trend line)	Down	Down	Down	Down	Down	Down	Down	Up	Down
Annual GDP Growth (Q1 2023)	2.6% (Q2 2023)	0.2%	1.1%	6.1%	0.7% (Q2 2023)	6.3% (Q2 2023)	4%	3.7%	1.3%
Employed persons (trend line)	Up (above pre-pandemic)	Down (just below pre-pandemic)	Up (significantly above pre-pandemic)	Up (above pre-pandemic)	Up (above pre-pandemic)	Down (below pre-pandemic)	Up (significantly above pre-pandemic)	Up (significantly above pre-pandemic)	Up
Wage growth (May 2023 and trend line)	5.7% (flat)	6.9% (up)	4.6% (Q1 2023)	N/A	Index: 119 (v 50 threshold (up)	Index: 73 (v 50 threshold) (down)	Index: 130 (v 50 threshold) (up)	Index 144 (v 50 threshold) (up)	6.9% (April 2023)
Unemployment rate (May 2023 and trend line)	4.0% (June 2023 up)	4% (up)	6.5% (down)	7.7% (flat)	1.8% (Q1 2023 down)	5.2% (June 2023 down)	8.0% (June 2023 down)	2.7% (June 2023 down)	6.90% (Q1 2023)

***Figure 1.** Macro-economic & labor market indicators in key geographies (July 2023)*

Source: *Indeed Hiring Lab, real-time job posting data*

For more statistical information, please see the **appendix**.

Key observations

- With so many other extraordinary factors in play – including a war in Europe, ongoing global supply chain disruption, and realization of the potential of digitization and automation – the slowing of the global economy isn't playing out, from a labor demand perspective, in a traditional recessionary manner.
- Macroeconomic forces continue to vary by country and industry, resulting in widely differing patterns of labor demand.
- Where inflation remains stubbornly high and talent shortages are evident, workers continue to push for wage increases to counter negative real-terms wage growth – potentially fueling inflation.

United States

After peaking at more than 8%, the inflation rate in the U.S. continues to decline sharply (3% in June 2023). Though import and export levels remain strong, they peaked alongside annual GDP growth, which declined to 1.8% in Q1 2023.

Pre-pandemic levels of employment and wage growth will be returning shortly or have already plateaued. This shows a decline in the demand for labor and a rise in unemployment.

United Kingdom

The inflation rate in the U.K. remains notably higher than in the U.S. and Europe, though past its peak of 11.1% in October 2022 (falling to 7.9% in June 2023). Imports and exports are buoyant, though both have declined in recent months. Annual GDP growth was just 0.3% in Q1 2023.

While close to pre-pandemic levels, the size of the U.K. workforce has peaked and the unemployment rate is again rising. Nominal regular wage growth has come down from its near-term peak (9.2% in June 2021), but it remains above pre-pandemic levels and is increasing. Crucially, however, the continuing high inflation in the U.K. means that real-terms pay growth remains negative.

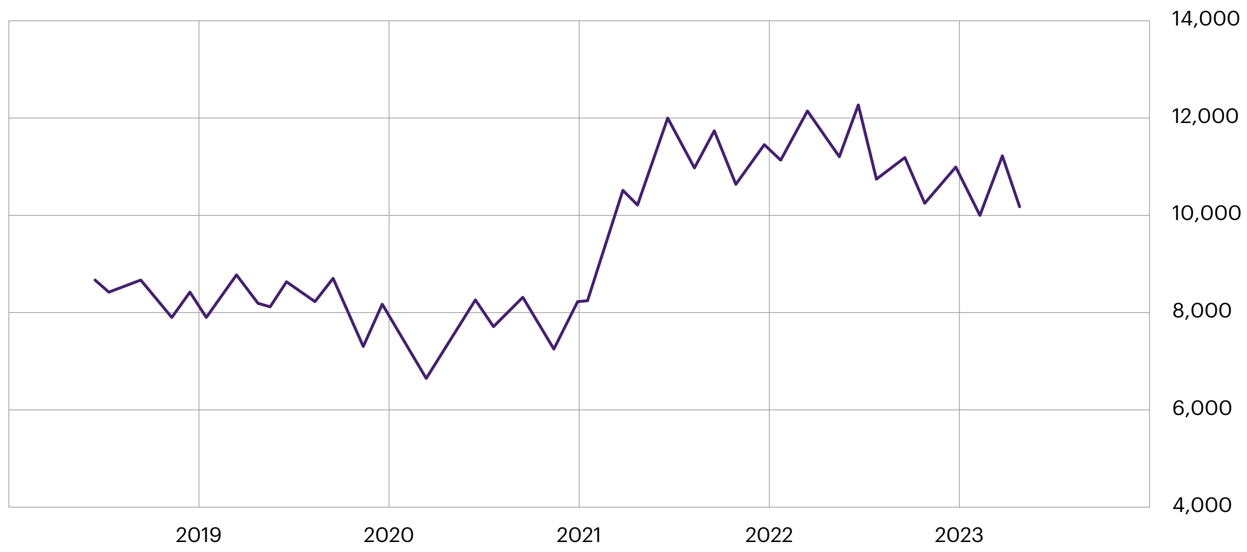


***Figure 2.** U.S. official vacancy numbers (June 2018-2023)*

***Source:** U.S. Bureau of Labor Statistics*

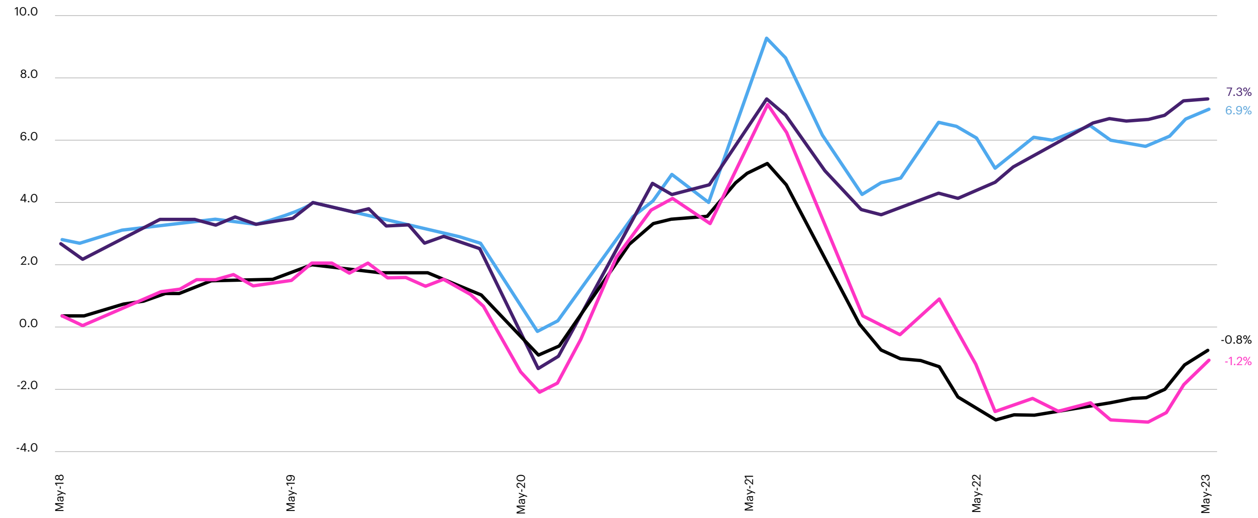


***Figure 3.** U.K. nominal and real-terms regular & total pay growth*

***Source:** U.K. Office for National Statistics*

Europe

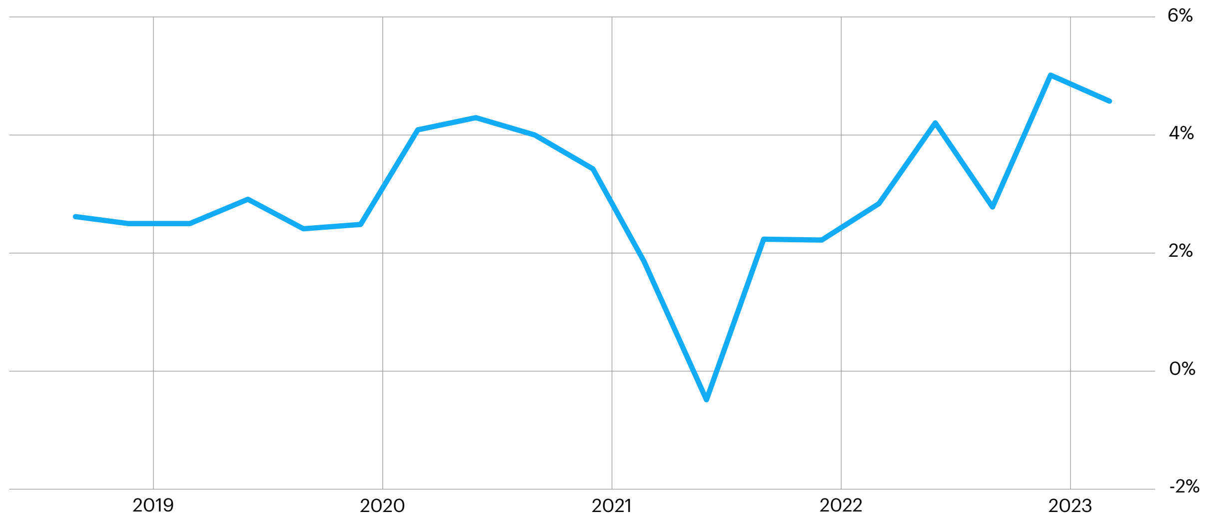
With ongoing war in Europe, post-pandemic challenges are fueled by uncertainty – notably in countries near conflict and those with economies relying heavily on the manufacturing industry.

Germany, Europe's largest economy and manufacturing engine, is being hard-hit by the rising fuel prices triggered by post-pandemic demand and exacerbated by the war in nearby Ukraine. Since officially entering a recession in May 2023, employment has plateaued and unemployment has risen (5.7% in June 2023).

Neighboring Poland also has significant challenges, including double-digit inflation (11.5% in June 2023 after an 18.4% high in February 2023). Unsurprisingly, annual wage growth is in the double digits too (12.2% in May 2023) – due to increased demand from employers (especially those with legacy teams in Ukraine) and demands from workers to offset exceptionally high inflation levels.

Collectively, inflation in European countries is now falling sharply (5.5% in June 2023) after peaking at just over 10% in October 2022. Import and export levels remain strong but appear to have peaked. GDP growth was 1.1% in Q1 2023 – the weakest performance since the onset of the pandemic in 2020.

The size of the European workforce continues to increase and the unemployment rate continues to fall – albeit from notably high levels. While nominal wage growth appears to have plateaued – like the U.S. – sharp drops in inflation levels mean workers will start to feel the benefit. This sits in stark contrast to the U.K., where stubbornly high inflation levels are fueling wage rise demands.



Figures 4 & 5: *Wage growth rate & inflation rate in the Euro Area (2018-2023)*

Source: *Eurostat*

India

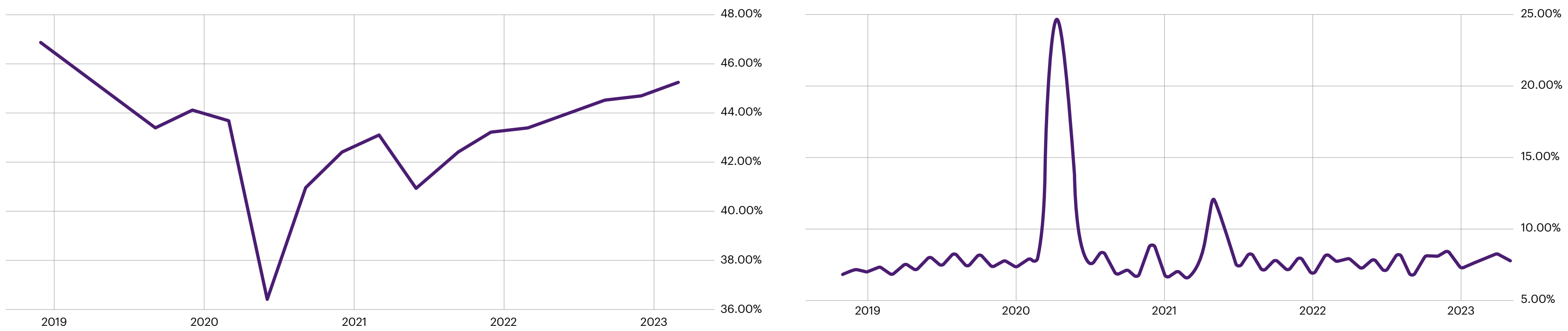
Inflation is falling sharply in India. Import and export levels remain strong, though notably down year over year (YoY). Annual GDP growth was extremely strong in Q1 2023, at 6.1%.

The employment rate in India is slowly increasing and now surpasses the level immediately prior to the pandemic. Despite this, the unemployment rate remains higher than just before the pandemic.

Singapore

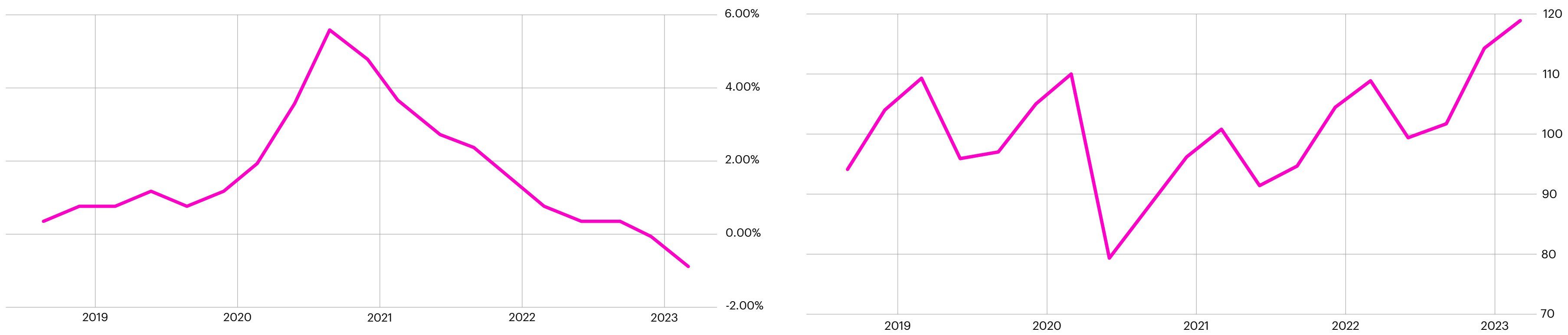
In Singapore, the inflation rate is falling. There were seasonal drops in imports and exports during Q4 2022 on top of declining volumes for the year. GDP also remains in decline.

Employment in Singapore is slowly rising as unemployment falls sharply, causing higher labor costs.



Figures 6 & 7: *Employment rate & unemployment rates in India (2018-2023)*

Source: *India, Centre for Monitoring Indian Economy*



Figures 8 & 9: *Unemployment rate and labor cost index in Singapore (2018-2023)*

Source: *Statistics Singapore*

China

China's experiencing remarkably low inflation (0.0% in June 2023). While imports and exports were down year over year, they remain strikingly higher than pre-pandemic levels. After sharp declines, GDP appears to be recovering – against a comparison period thwarted by lockdowns.

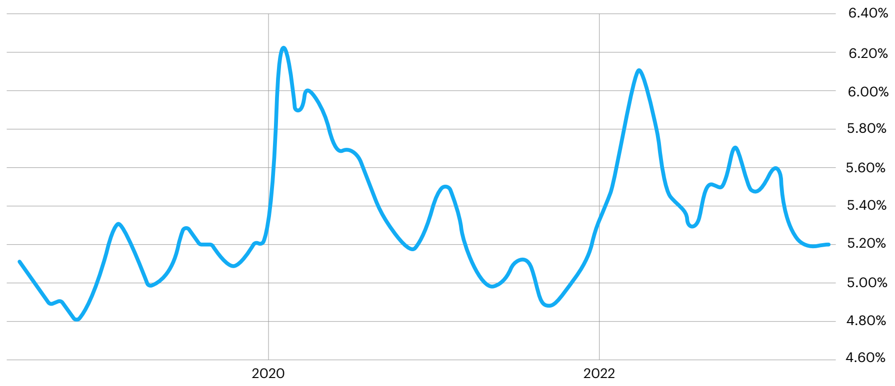
Employment in China fell sharply in 2022. With no visibility of 2023 employment figures, the unemployment rate is falling. Labor costs are also dropping but remain inflated (NB: 50 is the index threshold).

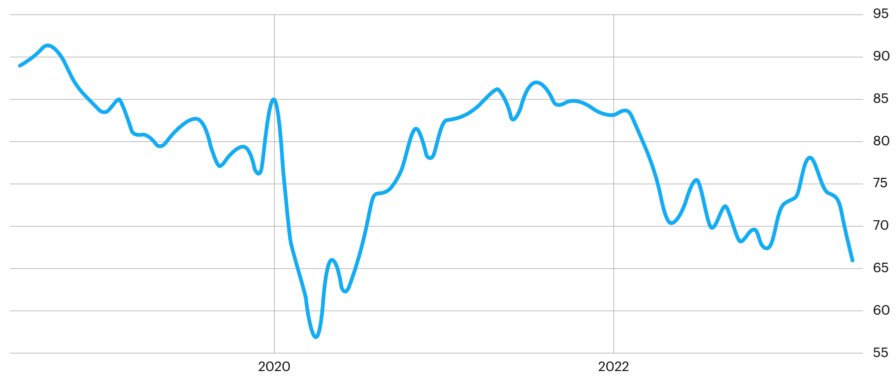
Unemployment has been down since 2021, but it remains high at 8.3% in May 2023 – lower than the 12% prior to the pandemic. The labor cost index surpassed pre-pandemic levels in early 2023 and continues to rise sharply.

Brazil

Brazil's annual inflation rate dropped sharply in 2023, reaching 3.2% in June. While imports and exports were down year over year, they're notably higher than pre-pandemic levels. The annual GDP growth rate expanded to 4% in Q1 2023.

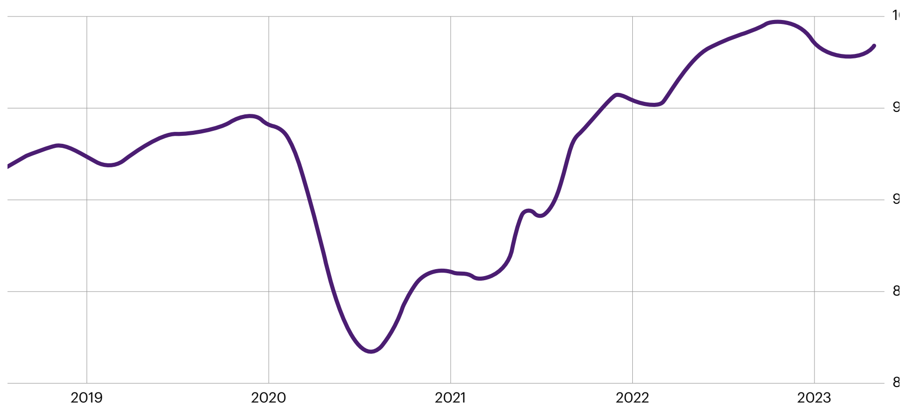
Though employment declined in late 2022 and early 2023, it rallied in Q2 2023 and is significantly above pre-pandemic levels. Unemployment has been down since 2021, but it remains high at 8.3% in May 2023 – lower than the 12% prior to the pandemic. The labor cost index surpassed pre-pandemic levels in early 2023 and continues to rise sharply.

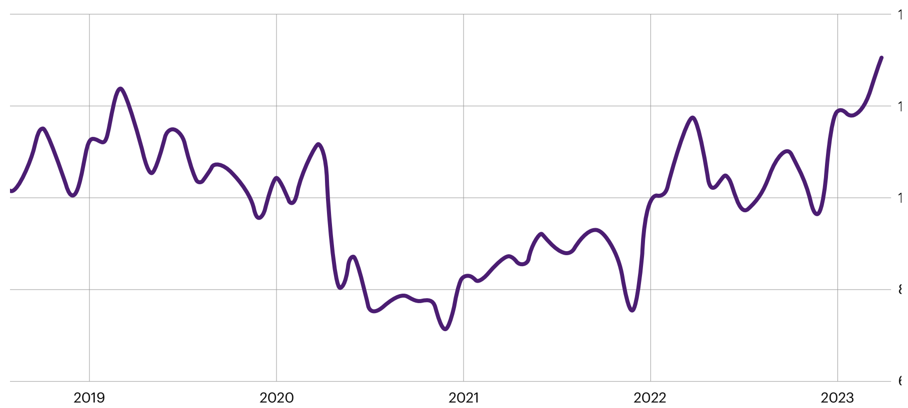




Figures 10 & 11: Unemployment rate (%) and labor costs (v index = 50) in China (2018-2023)

Source: National Bureau of Statistics for China and Cheung Kong Graduate School of Business





Figures 12 & 13: Employed persons and Labor Cost Index in Brazil, 2018-2023

Source: Instituto Brasileiro de Geografia e Estatistica (IBGE) and Banco Central do Brasil

Mexico

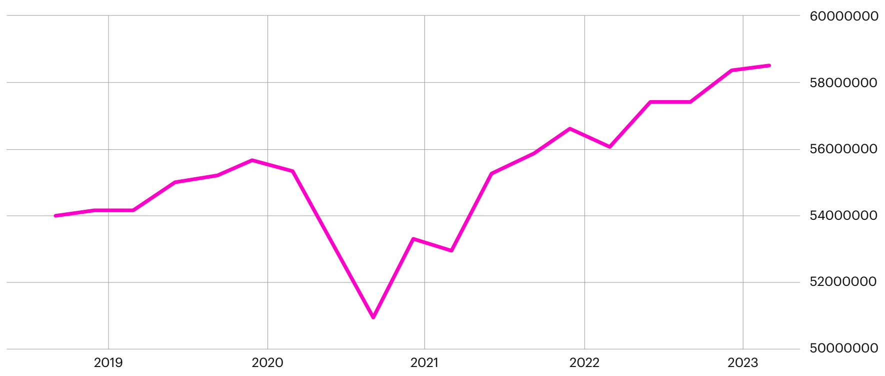
In Mexico, the inflation rate fell from its near-term peak of 8.7% in September 2022 to 5.1% in June 2023. While imports were broadly similar year over year in June 2023, annual GDP growth rallied to 3.7% in Q1 2023.

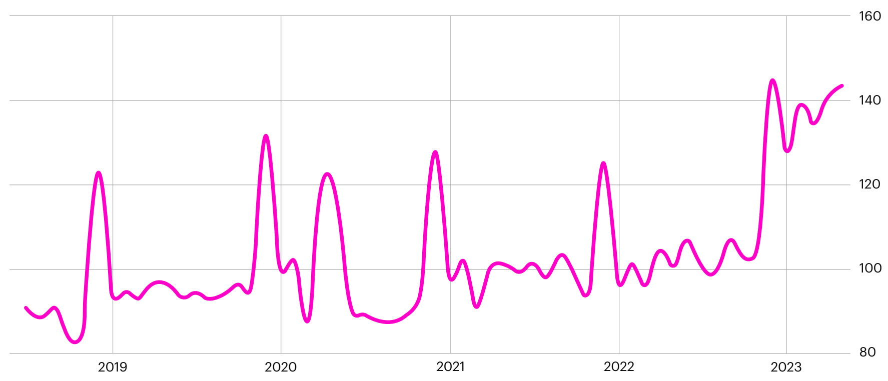
Employment in Mexico continued to rise and was notably higher in March 2023 than pre-pandemic. Unemployment continues to decline, hitting 2.7% in June 2023. Wages rose sharply in 2023 because of heightened demand and inflationary pressures.

Argentina

Argentina's inflation spiked at 116% in June 2023. In the same month, imports were 17% lower year over year, while exports were down 35%. Annual GDP has also been dropping (1.3% in Q1 2023).

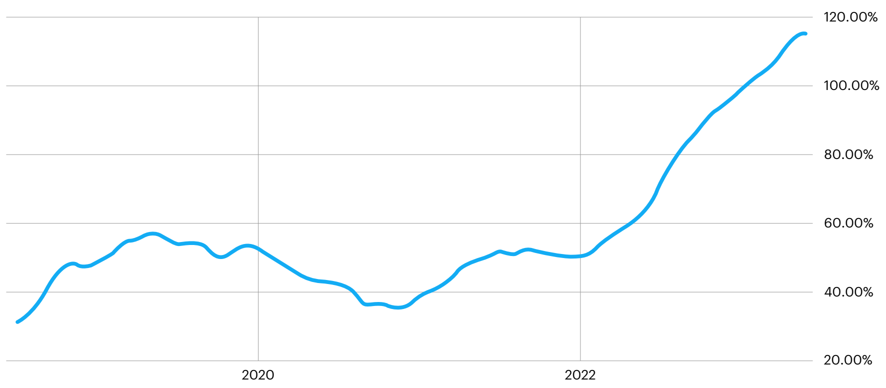
Employment in Argentina continues to rise steadily and is higher than before the pandemic. While unemployment has fallen sharply from its pandemic-related peak of about 13%, it was 6.9% in Q1 2023. Wage growth was 6.9% in April 2023 but will likely rise because of the inflationary spike in subsequent months.

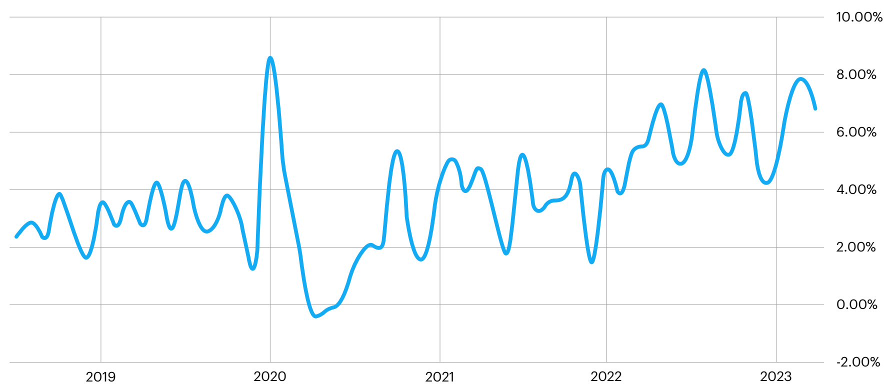




Figures 14 & 15: *Employed persons and labor cost index in Mexico, 2018-2023*

Source: *Instituto Nacional de Estadistica Y Geografia (INEGI)*





Figures 16 & 17: *Inflation rate and wage growth in Argentina, 2018-2023*

Source: *Instituto Nacional Estadistica Y Censos (INDEC)*

Real-time job advertising data

	U.S.	Canada	U.K.	France	Germany	Australia	Japan
All sectors	-17%	-23%	-19%	+9%	-9%	-18%	-11%
Product/manufacturing	-19%	-23%	-20%	+16%	-13%	-11%	-55%
Banking/finance	-44%	-43%	-17%	-2%	-23%	-26%	-22% (insurance)
Scientific R&D	-25%	-26%	-23%	N/A	-14%	-7%	-41%
IT operations & help desk	-42%	-41%	-27%	+5%	-16%	-39%	-16%
Nursing	-7%	+8%	-17%	+37%	N/A	-8%	-5%
Media & communications	-40%	-35%	-36%	-7%	-21%	-35%	0%
Software development	-61%	-63%	-43%	-13%	-27%	-48%	-14%
Industrial engineering	-33%	-31%	-18%	+10%	-7%	-24%	-20% (mech. eng.)

Figures 18: *Summary of year-over-year change in job advertising volumes (June 2023)*

Source: *Indeed Hiring Lab, real-time job posting data*

Key observations

- Job advertising levels remain higher than pre-pandemic levels in key geographies, but they're now largely down YoY.
- Of the **countries** mapped, YoY job advertising volumes in France are the least impacted, while the U.S., Canada and the U.K. are the most impacted.
- Of the **industries** mapped, YoY job advertising volumes in nursing are the least impacted, while software development are the most impacted.

Year-over-year volumes are down in most key geographies and industries

When comparing job advertising volumes on a YoY basis, however, most key markets and industries were experiencing negative growth at the end of June 2023.

Moreover, there are notable industrial differences in YoY job advertising volumes – coupled with geographical variations within industries.

In the U.S. and Canada, job advertising volumes in key industries are all lower than in May 2022 (except nursing in Canada).

Similarly, the sharp YoY decline in job advertising volumes in the U.K. has resulted in all key industries being firmly in negative territory.

In Germany, job advertising volumes in all key industries are now in negative territory, year over year.

France is a key outlier, however, with several key industries still in positive territory.

In Australia, several key industries have only just moved into year-over-year negative job advertising growth territory. In contrast, most are already in negative in Japan.

For more statistical information, please see the **appendix**.

Real-time churn data: Voluntary turnover

In key geographies, voluntary turnover remains high

Challenging economic times historically underscore the allure of job stability among employees – but this wasn't the case post-pandemic. Data from two key geographies show the "great resignation," which occurred in late 2021 and early 2022, only further exacerbated hiring demand and activity.

Voluntary turnover rates in the U.S.

Peaking in November 2021, the voluntary turnover rate in the U.S. fell back close to pre-pandemic levels by April 2023 (2.4% versus 2.3% in January-March 2020). This equated to 3.8 million – the lowest since March 2021 and much lower than the record near-term peak of about 4.5 million monthly resignations. This remained remarkably higher, however, than an average of the three months prior to the pandemic (3.5 million across January-March 2020).

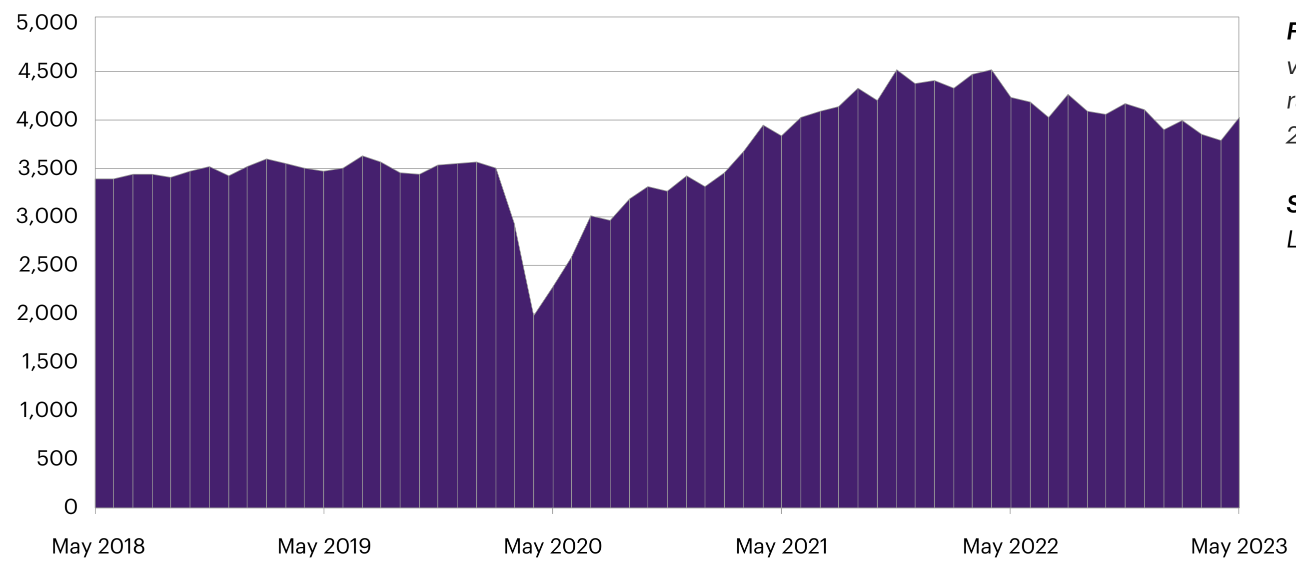


Figure 19. *U.S. job voluntary turnover rate, May 2019-May 2023*

Source: *U.S. Bureau of Labor Statistics*

Voluntary turnover rates in the U.K.

In the U.K., the number of resignations is documented by job-to-job changes – and trends are similar to the U.S. Post-pandemic, the number of voluntary job moves rose sharply in 2021, remaining relatively steady for two quarters before rising to the near-term peak in Q2 2022. At 322,000 in Q1 2023, this remained higher than in the quarter prior to the pandemic (201,000 in Q1 2020).

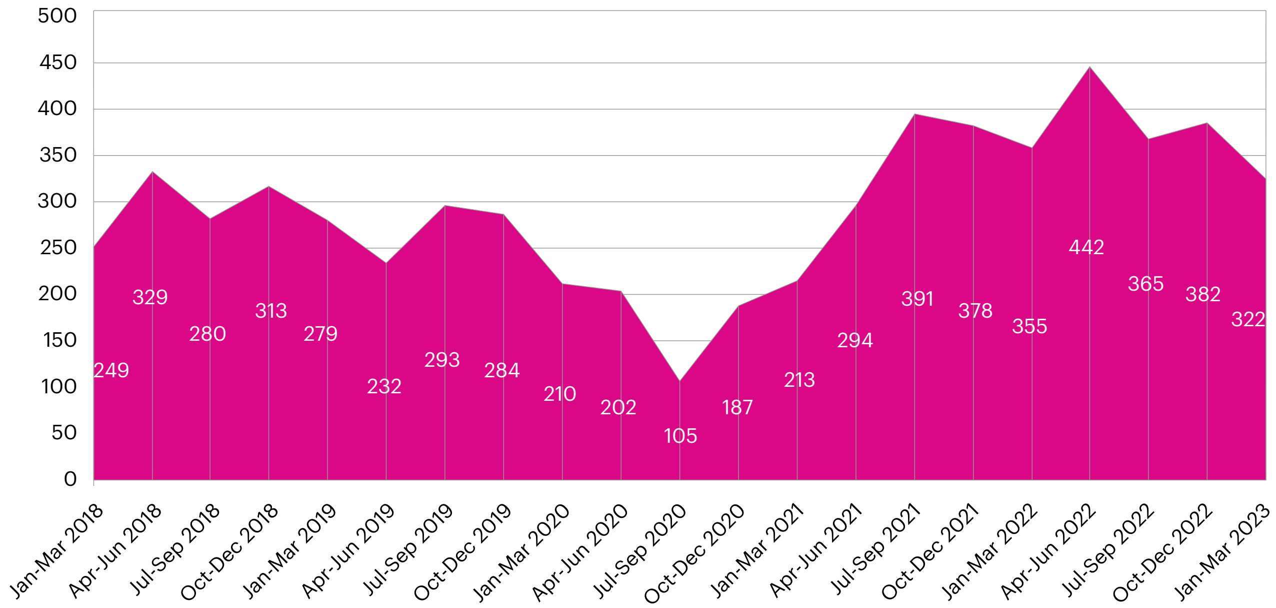


Figure 20. *U.K. job-to-job moves based on resignations (Q1 2018-2023)*

Source: *U.K. Office for National Statistics*

Job change rates

Not all who choose to leave their jobs immediately find, desire or require alternative work. Using LinkedIn data[1] to explore job change rates – talent moving between and within organizations – among visible mainly white-collar professionals globally, the annualized current run rate was 4% at the end of June 2023 (based on quarterly activity multiplied by four). Rates are noticeably higher in Northern and Eastern Europe.

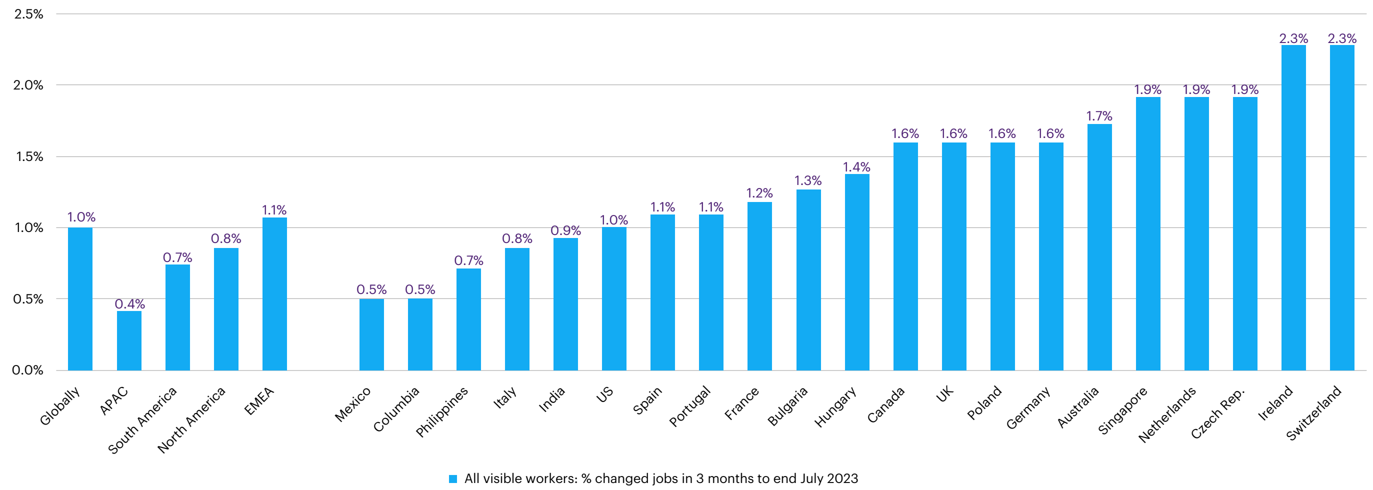
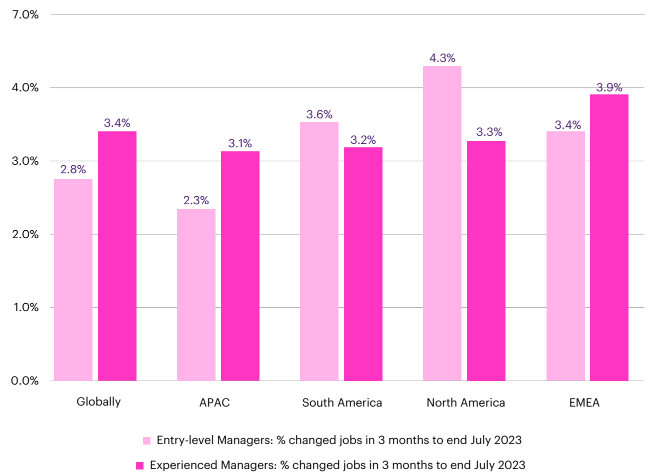


***Figure 21**. All visible workers: Percentage that changed jobs (May-July 2023)*

***Source:** Cielo analysis of LinkedIn data*

Key observations

- Northern Europe was at the epicenter of knowledge worker job change activity in May-July 2023.
- Change rates remain significantly lower in the Asia Pacific region.



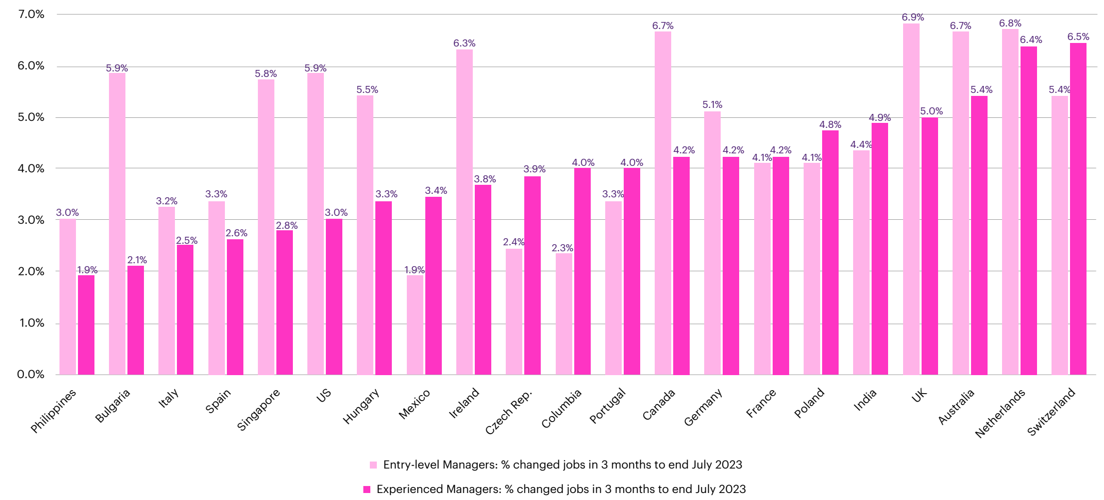


***Figure 22 & 23**. Entry-level and experienced managers by region & country: Percentage that changed jobs (May-July 2023)*

Looking at seniority, there's significantly more job change activity globally among entry-level managers (11.2% annualized job change run rate) and experienced managers (13.6%). Rates vary within these two levels by geography – with, once again, high levels in key countries across Northern Europe.

Similarly, the annualized job change run rate for the most senior personnel was 11.2%, with heightened rates in Northern European countries and APAC.

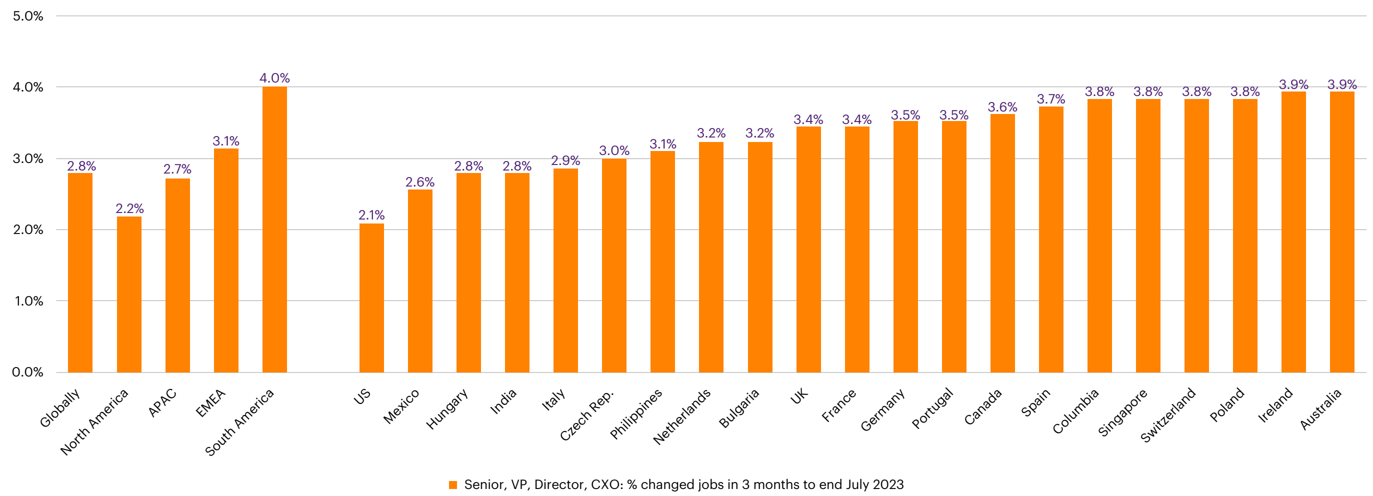


***Figure 24**. Senior, VP, Director & CXO: Percentage that changed jobs (May-July 2023)*

Annualized job change run rate:
The forecast of talent moving between and within organizations based on current data.

At an industry level, the annualized job change run rate (moving into or staying in the industry) in healthcare was just over 5% at the end of June 2023. Four countries (Australia, Switzerland, the Czech Republic, and the Netherlands) had rates that were more than double the global average.

Annualized job change run rates in financial & professional services were higher than other industries – averaging 8.4% globally and 9.2% in EMEA. This included a rate of 22% in Germany and 20.4% in the Netherlands.

In consumer brands, the annualized job change run rate was just over 5% at the end of July 2023. Five countries (Germany, Switzerland, France, the U.K., and the Netherlands) had rates of 10% or higher.

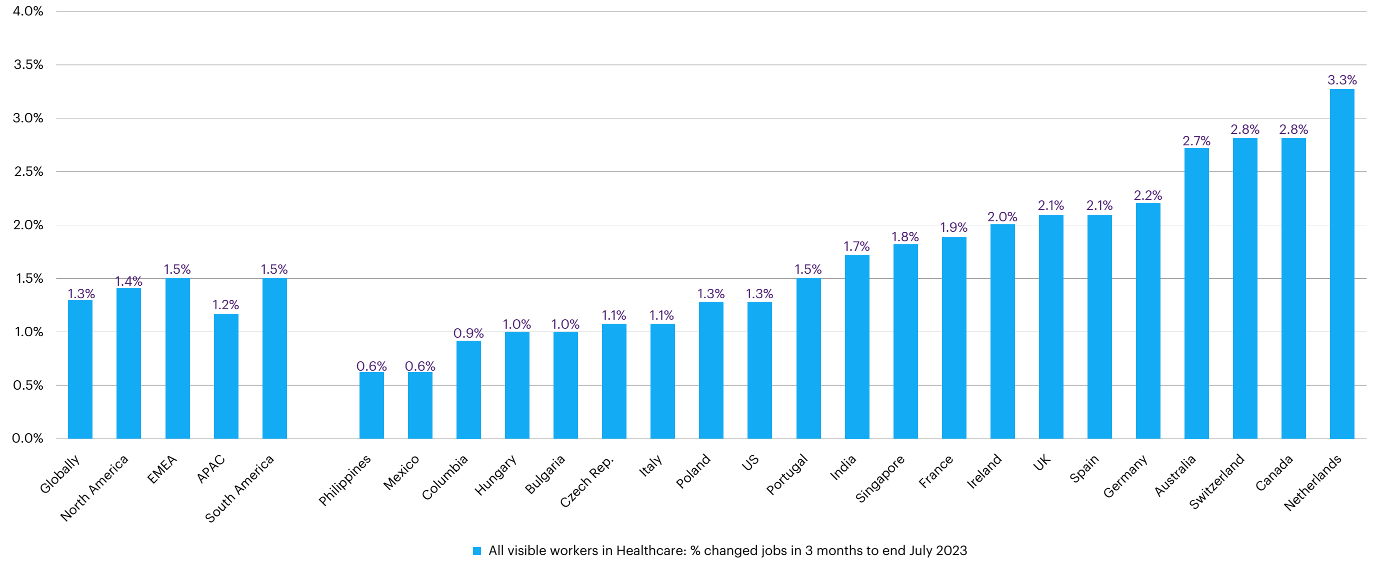


***Figure 25**. All visible workers in healthcare: Percentage that changed jobs (May-July 2023)*

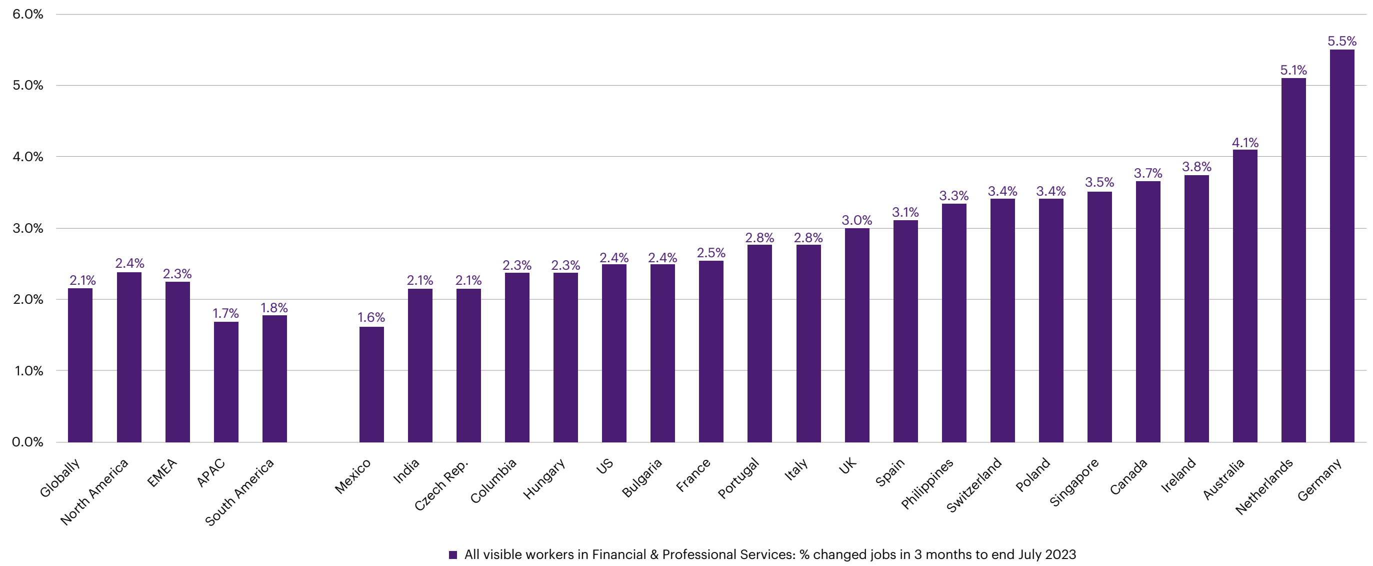


***Figure 26**. All visible workers in financial & professional services: Percentage that changed jobs (May-July 2023)*

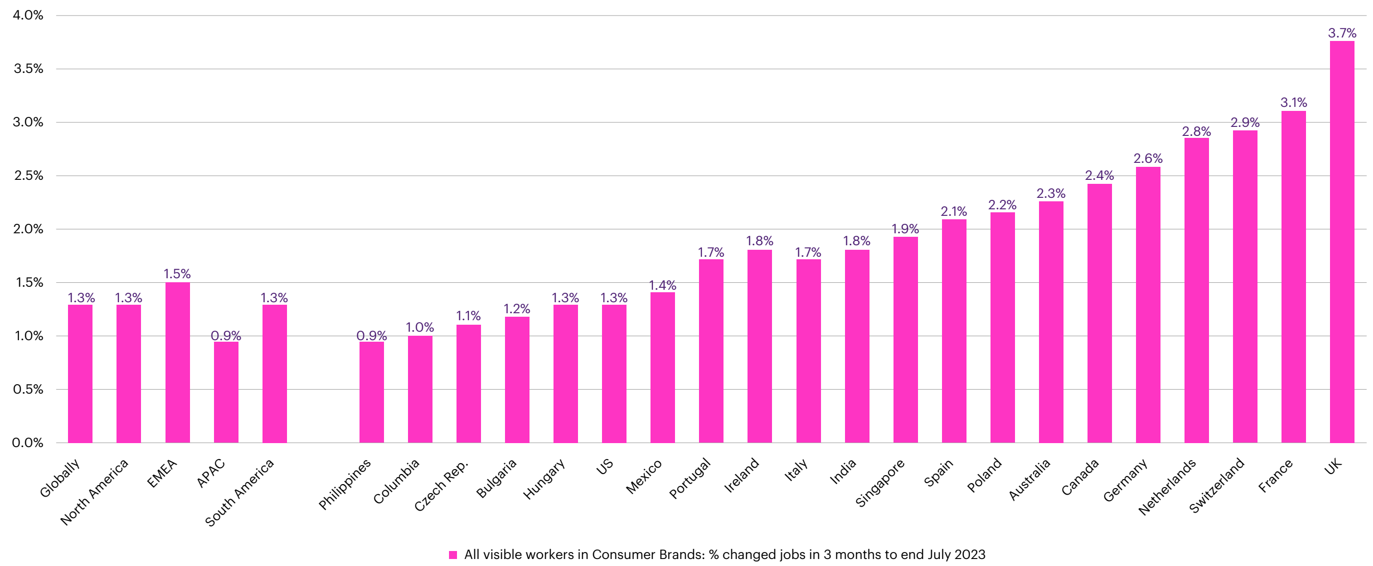


***Figure 27**. All visible workers in consumer brands: Percentage that changed jobs (May-July 2023)*

In advanced manufacturing, the annualized job change run rate was just over 5% at the end of June. Five countries in Northern Europe had rates of 10% or more.

In life sciences, behind the global average job change run rate of 7.6% were notably higher activity levels in both North America and Northern Europe (plus Poland).

In technology & media, there's an 8% annualized job change run rate – suggesting many of the tens, if not hundreds of thousands of workers who've been displaced over the last year still haven't found new roles. The U.K. was an outlier at 20.4%.

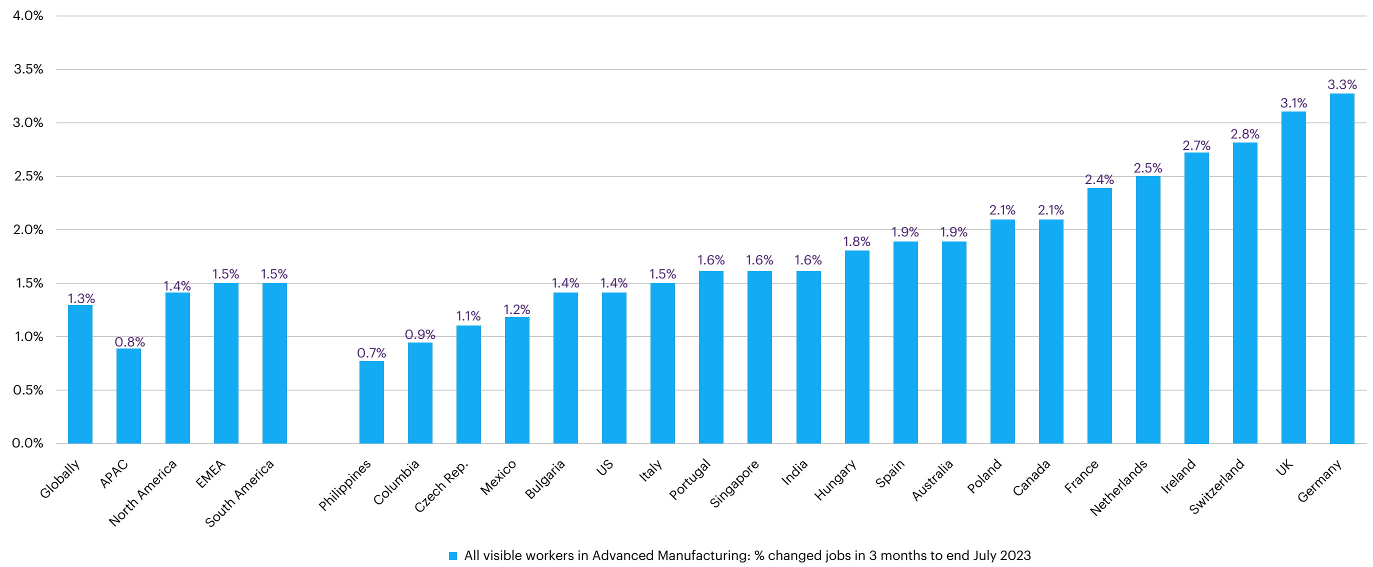


Figure 28. *All visible workers in advanced manufacturing: Percentage that changed (May-July 2023)*

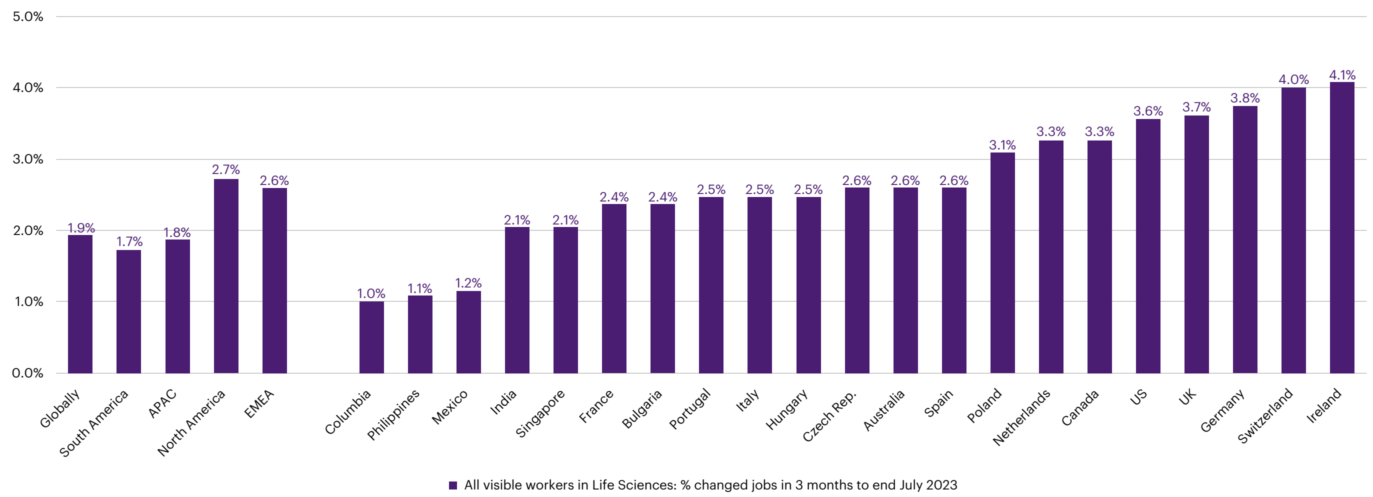


Figure 29. *All visible workers in life sciences: Percentage that changed jobs (May-July 2023)*

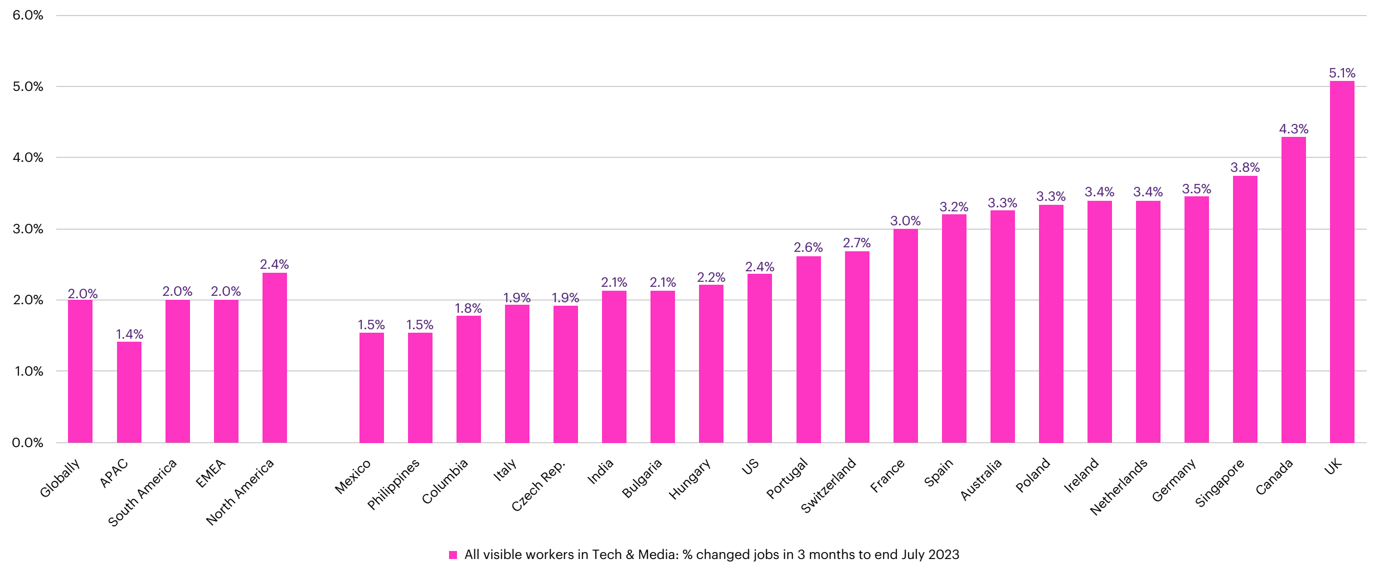


Figure 30. *All visible workers in technology & media industries: Percentage that changed jobs (May-July 2023)*

Source for all: *Cielo analysis of LinkedIn data*

Key factors influencing new candidate behaviors

The cost-of-living crisis is driving the search for higher-paying roles

Implications: A handful of states in the U.S. now have pay transparency laws, increasing visibility for some workers. Since most applicants in key geographies worldwide say they won't apply to a role without salary information, this should drive non-mandated behavioral change among employers.

Even before the recent cost-of-living crisis, a PwC survey of 52,000 people across 44 countries found "being fairly rewarded financially" was the most important consideration (cited by 71% of respondents) when considering a change in work environment.[2]

High inflation compounded the importance of financial reward. According to research by YouGov in the U.K.[3], in mid-December 2022, 74% of adults were worried about their financial situation due to rising costs.

These fears were playing out among jobseekers: the main motivator in 2023 for finding a new job was a higher salary (57%).

Amid the cost-of-living crisis, the research showed how candidate expectations were shifting and people were becoming more selective in the roles they consider:

- 62% were more likely to ignore a job ad that didn't disclose salary
- 68% were more likely to pay closer attention to the benefits listed in a job description
- 52% were more likely to take greater interest in company performance

A similar survey in the U.S. by the Society for Human Resource Management in March 2023 found 74% of individuals were less interested in applying for jobs where the pay range wasn't included in the job ad.[4]

Most important factors when considering a change in work environment, % of respondents[2]

Source: *PwC, 2022 Global Hopes and Fears Survey*

How pay transparency influences applicant behavior

82% of U.S. workers are **more likely to consider applying** to a job if the pay range is listed in the job posting.

74% of U.S. workers are **less interested in applying** to job postings without a pay range.

73% of U.S. workers are more likely to **trust organizations** that provide pay ranges in job postings than ones that don't.

Source: *SHRM, Equal Pay Day 2023: Pay Transparency*

In most countries, wage information still isn't included in job postings. Some states in the U.S. have legislation mandating the inclusion of pay ranges in job ads to drive gender pay equity, while employers in other countries are voluntarily doing so for competitive advantage. According to Indeed:

- In the U.S., job ads carrying wage information rose from 18% in February 2020 to 44% in February 2023,[5] suggesting wider adoption than just mandated states.
- In India, where there's no such mandate, 46% of job postings included salary information in April 2023 – a 64% year-over-year increase.[6]
- In Australia, job ads with reward information reached 35% in June 2023.[7]
- In Singapore, 35% of job ads carried wage information by March 2023 – 1.8 times higher than in March 2019.[8]

The search for more disposable income is also leading more people to work two jobs and/or side hustles

Implications: An increasingly significant number of people (officially and unofficially) are earning a living through multiple jobs. Employers who offer flexible or condensed work arrangements will be able to attract and retain this talent pool, especially as this work style continues to gain preference.

A 2023 Deloitte survey[9] highlights the rising need for cash among global Gen Zs and millennials – who are often living paycheck to paycheck. The survey of about 23,000 respondents across 44 countries found:

- 46% of Gen Zs and 37% of millennials have either a part- or full-time paying job in addition to their primary job, both up slightly from last year.
- Money is the primary driver for taking on extra work, according to 38% of Gen Zs and 46% of millennials.
- Side jobs include selling products or services online (21% of Gen Zs and 25% of millennials) and gig work like food delivery or ride-sharing apps (20% of Gen Zs and 19% of millennials).

Across age groups, the U.S. Bureau of Labor Statistics reported in January 2023 that 8 million Americans (about 5%) have two or more jobs. A different report by a group of economists at WHF Research suggests that may actually be closer to 10%.[10]

Similarly, the U.K. Office for National Statistics reported that the number of people with two or more jobs recently peaked at about 1.26 million of the workforce (3.8%) in January-March 2023.[11]

"While Singapore has not introduced pay transparency laws, we are seeing more employers actively advertising salary in their job postings.

It comes against the backdrop of talent shortages over the last couple of years as companies competed fiercely for talent."

Callam Pickering
Senior Indeed Economist
APAC[8]

In Europe, even before the cost-of-living crisis, 3.3% of employees in the EU ages 20-64 worked two jobs in Q3 2021 – and 0.4% had three jobs or more.[12] These percentages vary among countries, with the Netherlands (9.3%), Denmark (7.5%), Finland (7.3%), Estonia (6.1%), and Austria (5.5%) recording higher shares of people with at least two jobs. By Q1 2023, the number reached 7.9 million employed people – 4% of the EU's employed workforce.

With the official data collected via social surveys, they are just that, however – individuals are reporting their working arrangements to the authorities. As such, these are likely to truly be "official" jobs, with the unofficial side hustles likely going unreported. With the WFH Research survey being anonymous and "unofficial", it is likely that workers will be open to referencing all activities from which they earn an income, so in countries such as the U.K. and the U.S. up to one in 10 workers has some other work interest than their main job.

Those with multiple jobs are also likely to consider alternative schedules like condensed hours or four-day weeks rather than a traditional workweek.

There's been a "return to the office" for some but not all

Implications: While the amount of people working either fully or partially remotely has fallen, it has plateaued. It's clear: some employees and employers prefer these work arrangements. These numbers vary by industry and/or occupation, so a company-wide hybrid work policy likely won't attract talent expecting to work remotely.

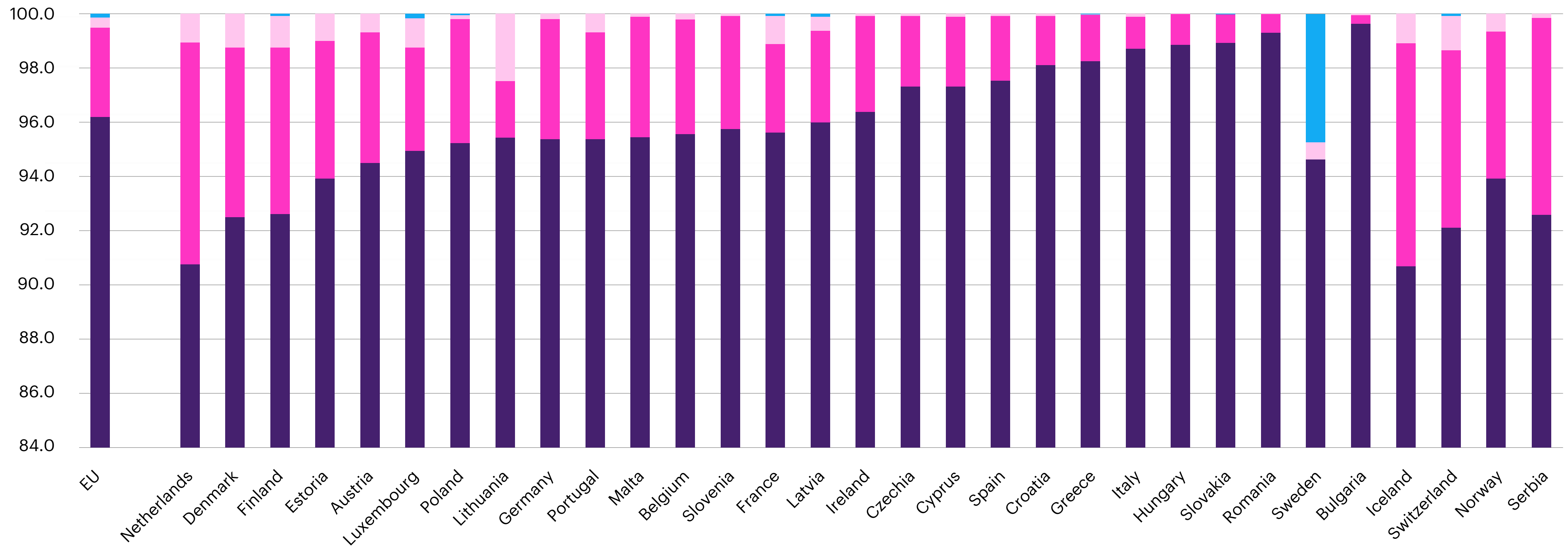


***Figure 30**. Percentage of employed people with two or more jobs (Q3 2021)*

***Source:** Cielo analysis of Eurostat data*

By the end of 2023, Gartner estimates that 39% of global knowledge workers will be hybrid, while 9% will be remote.[13] While all countries have increased their proportion of hybrid and fully remote work since 2019, Gartner notes that "the allure of fully remote and hybrid work varies significantly by country."

Across 42,000 workers in 34 countries, WFH Research from April-May 2023[14] determined that nearly 26% had hybrid arrangements and almost 8% worked entirely remotely.

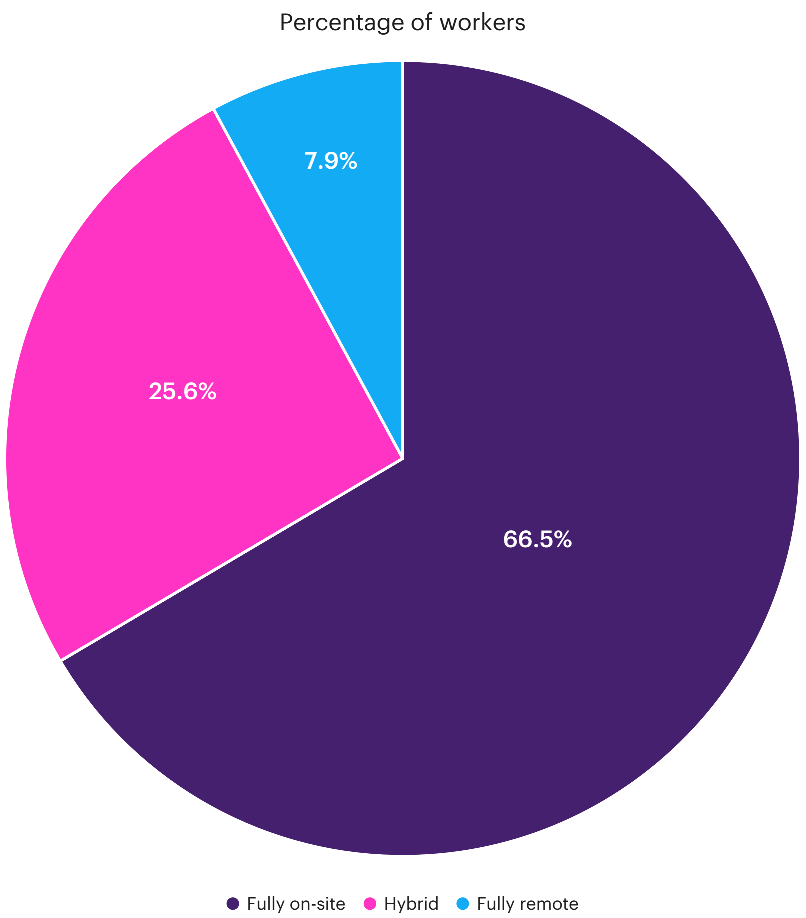


Figure 31. *Work arrangement in April-May 2023*

Source: Sources: Cielo analysis of WFH Research, Working from Home Around the Globe, 2023 Report

"The U.S. number of fully remote and hybrid knowledge workers will account for 71% of the workforce in 2023."

"**Japanese** employers are focused more on employees returning to the office full time compared with other employers around the globe. In Japan, the number of fully remote and hybrid knowledge workers will total 29% of its workforce in 2023.

In **Europe**, where face-to-face interaction remains a preference, the hybrid style of work is projected to increase in 2023.

In **Germany**, fully remote and hybrid knowledge workers will account for 49% of the German workforce in 2023. Given their cultural and vertical industry mix, the number of fully remote and hybrid knowledge workers in the U.K. will be on the rise over the same period.

The **U.S.** number of fully remote and hybrid knowledge workers will account for 71% of the workforce in 2023. In the U.K., fully remote and hybrid knowledge workers will represent 67% of its workforce in 2023."

Gartner
Forecast Analysis, Knowledge Employees, Hybrid, Fully Remote and On-Site Work Styles 2023

The WFH Research study supports Gartner's view that interest in working from home varies by country. It also shows the gulf between current working practices, those that employees perceive are planned by employers, and the average number of desired work from home/remote working days.

Beyond these universal rates, June 2023 data from the U.K. indicates that work location rates also vary by industry. Notably, at 28%, the fully remote proportion within IT & communication is more than three times the industry U.K. average (8%). The proportion working remotely within professional, scientific and technical industries (19%) is more than double the national rate.

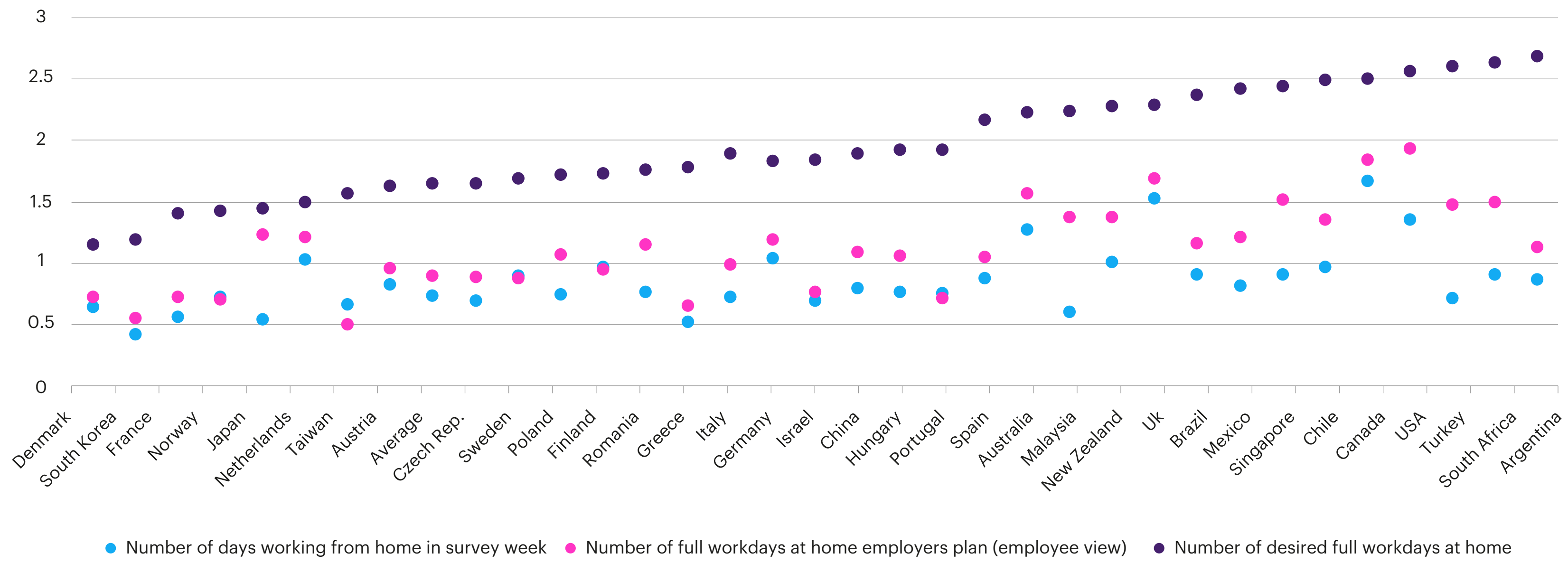


***Figure 32**. Current, planned and desired work-from-home arrangements*

***Source:** Cielo analysis of WFH research*

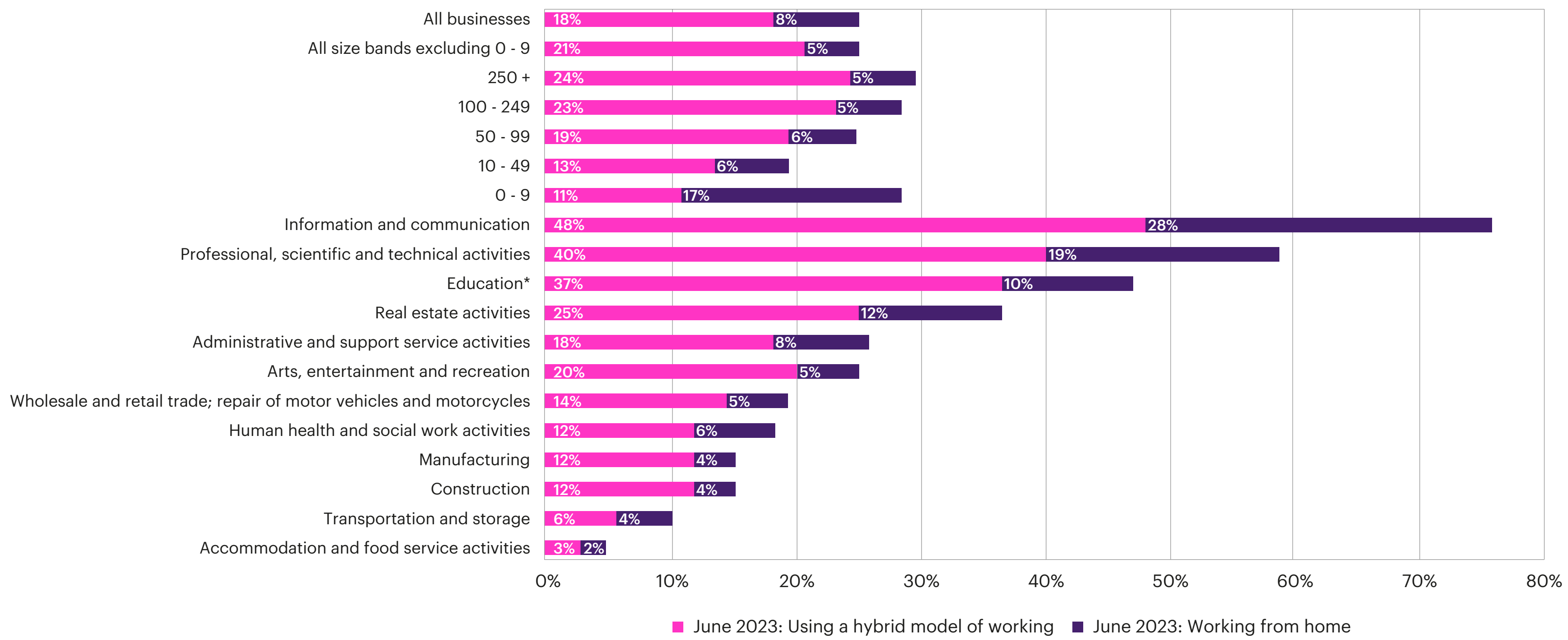


***Figure 33**. Hybrid and remote working by size of organization and industry in the U.K. (June 2023)*

***Source:** Indeed Hiring Lab Remote Working Job Index*

Remote or hybrid job ads on Indeed skyrocketed during the pandemic and remain above pre-pandemic levels. But the proportions in the U.K. – and likely other countries too – remain lower than the percentage of people actually with this flexible workstyle.

Interestingly, the number of posts on Indeed mentioning remote or hybrid work outstrips the percentage of searches for such work – potentially because "remote work is expected, not sought."[15]

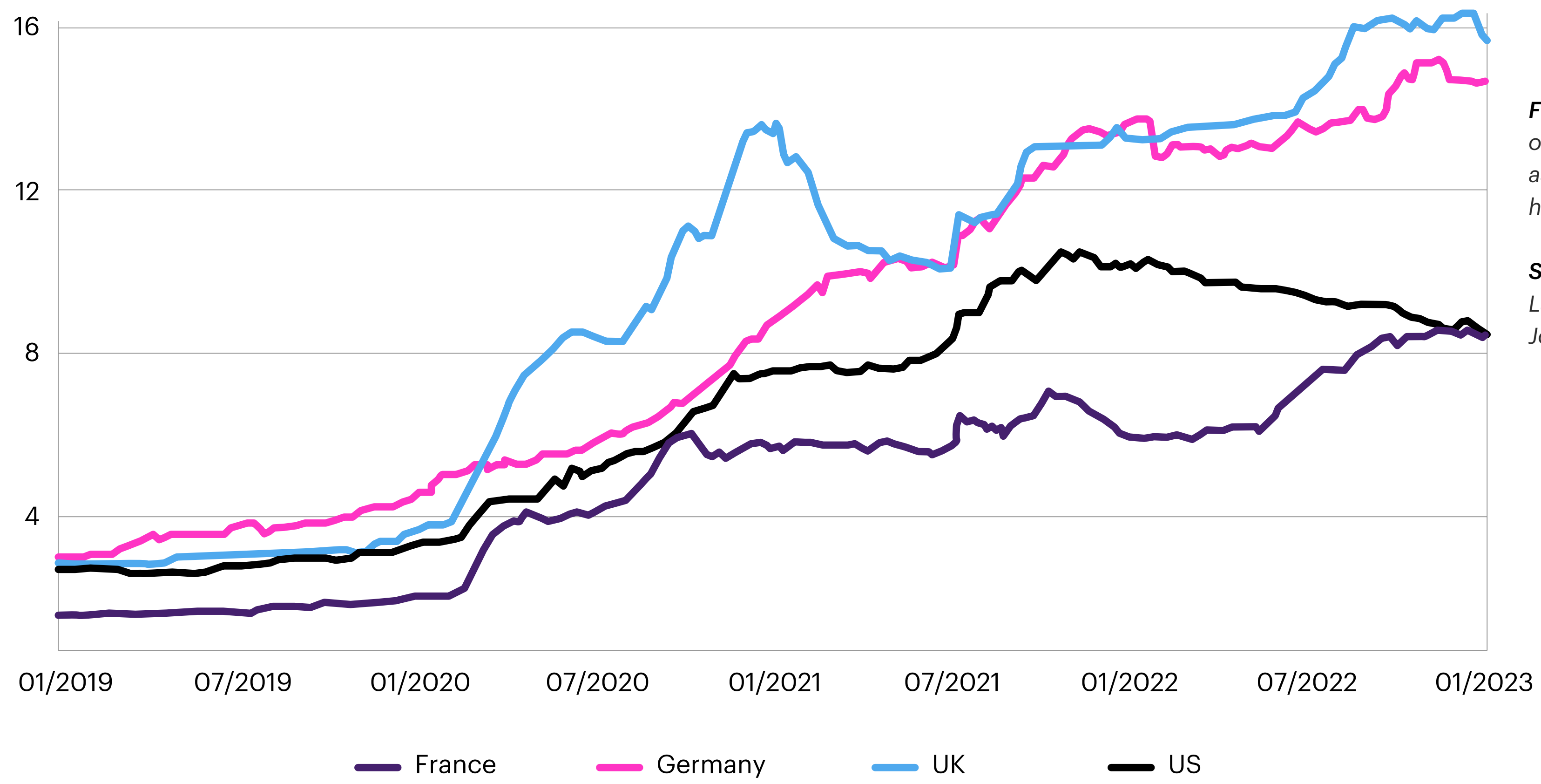


***Figure 34**. Percentage of jobs advertised as either remote or hybrid*

***Source:** Indeed Hiring Lab Remote Working Job Index*

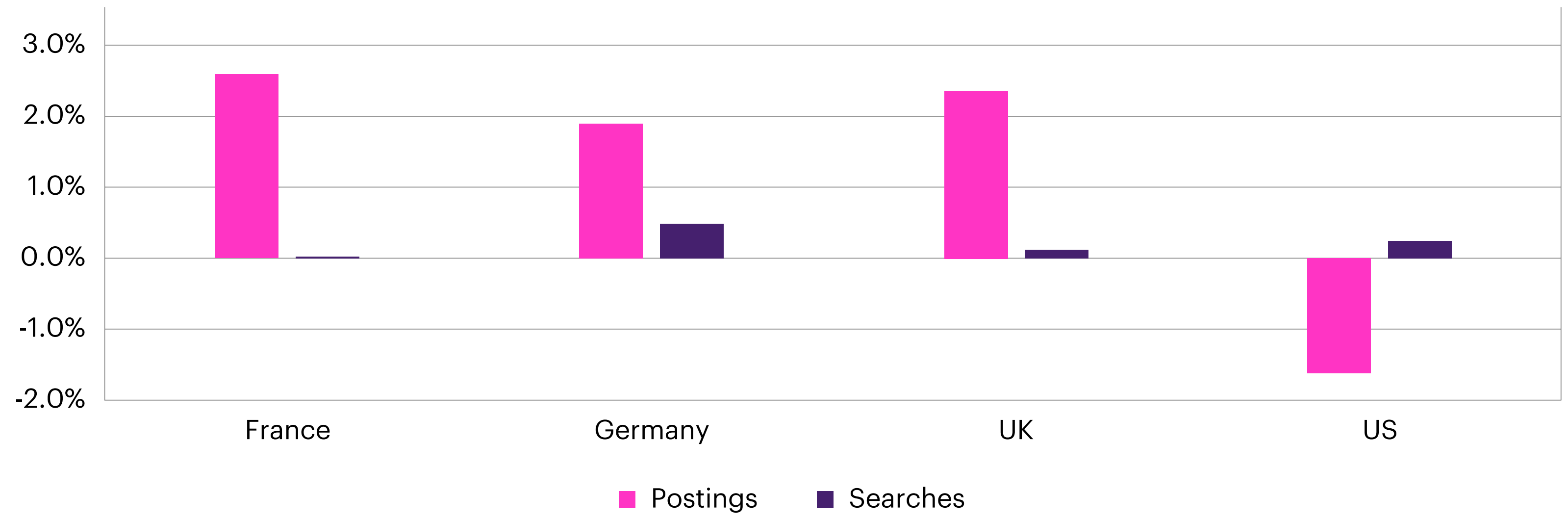


***Figure 35**. Percentage of jobs advertised as either remote or hybrid vs. the percentage of searches looking for these work arrangements*

***Source:** Indeed Hiring Lab Remote Working Job Index*

Employers likely underestimate how much candidates want a company to align with their own values and beliefs – especially younger generations

In a 2023 Deloitte survey[9], climate change remains at the forefront of the minds of today's early career talent – ranking third among Gen Zs and second among millennials. This talent continues to demand climate action from employers and believes some companies have deprioritized sustainability strategies.

In the U.S., a 2023 study by Benevity[16], shows another concern for these job seekers is a company's diversity, equity and inclusion (DEI) practices.

95% of employees weigh a prospective employer's DEI efforts when choosing between job offers

87% of employees would feel more loyal to a company with a track record of prioritizing DEI

"It's important that businesses don't decrease their sustainability efforts as economic uncertainty looms."

"The majority agree that their employers are working to address climate change (55% of Gen Zs / 53% of millennials), although only 20% of Gen Zs and 16% of millennials strongly agree. But they want their employers to do more: 50% of Gen Zs and 46% of millennials say they and their colleagues are pressuring businesses to take action in climate change, which marks a slight increase from 2022. It's important that businesses don't decrease their sustainability efforts as economic uncertainty looms. Around half of Gen Zs (53%) and millennials (48%) think their companies have already deprioritized sustainability in recent years due to external factors like COVID-19 and the war in Ukraine".

Deloitte
Gen Z and Millennial Survey 2023

On LinkedIn, jobseekers can now easily filter based on company commitments to find organizations that align with their personal values and beliefs – directly impacting whether they apply or not.

Implications: Just as candidates are increasingly not applying for roles that don't mention pay, they're increasingly able to filter out roles with organizations that don't meet their expectations around corporate commitments.

Commitments

- Career growth and learning
- Diversity, equity and inclusion
- Environmental sustainability
- Social impact
- Work-life balance

"DEI isn't just a nice to have – it's a business-critical investment for employers seeking to attract and retain top talent."

"While salary and well-defined roles and responsibilities will always remain core components in workplace selection, there has been a sharp increase in the evaluation of how employers act, what they say and how they engage with the world around them. In 2023, DEI isn't just a nice to have – it's a business-critical investment for employers seeking to attract and retain top talent. In fact, the vast majority (95%) of employees now weigh a prospective employer's DEI efforts when choosing between job offers with similar salary and benefits."

Benevity
The State of Workplace DEI

Lessons learned: Insights from TA/HR professionals who've overcome times of turbulence

To craft bold talent solutions, it's helpful to examine the past and hear firsthand how leaders met the moment in periods of fluctuation. Here are some key observations from interviews with HR and TA leaders across the Americas, Europe and Asia Pacific on the difference between past and existing change events.

Observation #1: Outside enterprise-level organizations, very little systemic change in TA happened because of the 2008 global financial crisis.

"The 2008 financial crisis was so vanilla in terms of a change event. A typical 10% headcount layoff scenario: nothing new came from it – notably no systemic change," says Malcolm Louth, Global Fractional Strategic HR Advisor.

For many, layoffs cut deep within the TA function because of sharply reduced hiring needs – a position they found difficult to build back from. This was true for Sean Barry, Vice President Talent Acquisition at Allstate based in the U.S., who was working within the financial services industry at the time:

"As a consequence, when it was time to build back, the first challenge that many organizations faced was securing the resources to do so. Crucially, however, very few used the build-back opportunity at that time to dramatically change processes or manpower."

Matt Yates, Director Talent Acquisition – EMEA at Uber, was also working in financial services at the time and witnessed deep cuts across enterprise employers, largely due to inflexible TA infrastructures.

"The last financial crisis brought to light how inflexible the TA models were in most enterprise organizations."

"The last financial crisis brought to light how inflexible the TA models were in most enterprise organizations. Many were exposed to the sunk costs of headcount and tech partnerships built in and around a continued upward hiring trajectory.

What came out of that exposure during the last recession was threefold:

- Installing a systematic process, regulating the authority to hire.
- Creating new resourcing models (often outsourced) with built-in flexibility, allowing the TA function to breathe in and breathe out according to business needs.
- Building a dynamic internal market based around skills rather than job titles. Embedded in this was a drive to generate referrals – helping connect the organization internally and create a starting point for much of the resourcing."

Matt Yates
Director Talent Acquisition – EMEA
Uber

Observation #2: HR and TA leaders arrived at the executive table during the COVID-19 pandemic, taking center-stage to deliver on business needs and objectives – many were invited to stay there.

"The suddenness of the situation – and the epic nature of differentiated needs – were where the pandemic differed from a cyclical downturn," observes Louth. "The world of HR/TA didn't stop when the world stopped. In fact, we became the executives' chief ally and asset as most of the key business decisions that they were having to make at speed had a people implication. We needed to be there at their side, to advise and execute at speed. And for many people within HR/TA, this level of involvement and influence was a new experience – one that they likely never want to go back from."

Mandar Thakur, a TA Leader from a Fortune 50 company, recalls: "Retail was one of the industries which had to radically transform how it looked at talent engagement, attraction and delivery. We had to ramp up staffing the stores, as our stores were a lifeline for people during lockdown. The pandemic-related demand for frontline staff was on an unprecedented scale, however, as was the speed with which we all needed to find people."

Barry was also working in retail at the time: "When the pandemic hit the retail sector, it was like no other experience. The industry had to shift from a process that typically took three weeks to fill an open role to processing applications in the morning and enabling workers to start a shift within 24-48 hours. To do so, it had to strip back the entire process to the absolute essentials – look at every part of that process that prevented people from starting straight away – and leverage the potential of technology."

Thakur agrees: "Technology was critical to our success. Moreover, the enabling technology was already there – like QR codes and how they were embraced by restaurants and their customers to replace physical menus. We had to just swiftly learn how to leverage and deploy existing technologies into newly configured processes."

Iris Zhou, Head of Talent Acquisition – APAC at Bayer, observes that "TA tech within many organizations was in such a state, with multiple legacy systems – many of which are underutilized. The pandemic taught us how to grab the technology that we needed to fulfil new needs, which entailed one-company decision-making rather than siloed and a recognition of the need to do things differently and at speed."

Beyond the need for essential workers in certain industries – such as retail, life sciences, logistics and healthcare – challenges were aplenty and kept TA at the center of the advisory circle and delivering on these unique new needs.

"The net result was an assessment-led process that delivered volume and speed."

"To deliver against unprecedented need, three things needed to happen: leverage technology, streamline talent acquisition processes, and take a look at legacy policies. And with speed being the need of the hour, we had to develop new talent delivery models at extraordinary pace that would receive executive sponsorship. The net result was an assessment-led process that delivered volume and speed. For e.g. as assessment-led process for like roles that delivered new hires at volume and speed".

Mandar Thakur
TA Leader at a Fortune 50 company

An APAC TA Leader, MedTech, agrees that the ability to pivot resources into areas of need and message management was key. "Within TA, this entailed developing the capability to both recruit remotely and work as a virtual team. The keys to success were candidate experience, the speed of the process, the quality of interactions and consistency in messaging. Being at the heart of business decision-making was also critical: As HR/TA is very highly regarded in the industry, we typically already operated at the center of strategic operations, which was crucial. The move to 100% virtual hiring within the life sciences arena was a big shift. On the flip side, TA functions at an enterprise level within the industry are extremely progressive with tech innovations, so most grasped its potential really easily."

In industries where operations effectively stopped, there was an extended period of shock for employers and their workers alike. Yates, who was working in global investment at the time, recalls that "the initial focus was purely on enabling the existing workforce who needed to continue working to be able to do so. Crucially, there was no route map for this, so the enabling processes and communication plans just had to be engineered and delivered effectively at speed, with HR at the center of planning and delivery."

Thakur says: "HR/TA's influence within organizations fundamentally changed as a consequence of the experience that we went through in the pandemic. Stakeholders are keen to hear our opinion now more than ever due to the impact we achieved when the business needed us to come up with optimal solutions.

We also now have a different mindset, moving from a service mentality – being order takers – to a collaboration mentality; what levers we can pull in partnership with our stakeholders to deliver results."

Louth agrees and believes this shift will be permanent for many organizations: "The pandemic accentuated the need for HR to become significantly more strategic, advisory and to subsequently deliver at speed on business decisions that they had influence in. This jettisoned many in HR/TA to the heart of business decision-making – potentially for the first time."

"Legacy rules became so abstract, HR and TA just had to deliver – and at speed."

"For conglomerates, with a portfolio of companies, it was extremely nuanced, with major differences in terms of need depending on the industry. In some parts of the organization, HR would be managing layoffs or mothballing operations while in others they were managing hypergrowth, attempting to double headcount.

And as the majority of business decisions had a people implication, HR was at the center of all discussions, advising on what could be achieved and then actioning the consequences of those decisions. Legacy rules became so abstract, HR and TA just had to deliver – and at speed.

As well as having new challenges, we also had amplified ones, notably in terms of critical need for effective communication. The need for simultaneous messaging appropriate to a wide range of scenarios was key. This included the effective messaging to the retained workforce – most of whom needed to be supported to work remotely – was critical, explaining what was happening in a captivating and understandable way. In times of stress, there is heightened importance for leaders to be able to effectively communicate, reassure with integrity and motivate people."

Malcolm Louth
Global Fractional Strategic HR Advisor

Observation #3: The pandemic transformed the way retained HR and TA employees think about recruiting practices. And their achievements during this time have influenced the mindset of the wider business.

"Outside those industries where operations largely ground to a halt, making layoffs to the TA team within the pandemic would have been a ridiculous thing to do," recalls Louth. "In organizations with multiple large change and communication requirements in play, TA professionals were redeployed to acute areas of need – and were pulled back when needed back in the core TA team."

APAC TA Leader, MedTech, witnessed the same retention approach within the life sciences industry when the pandemic hit – an industry renowned for the maturity of the resourcing model: "Enterprise organizations within the industry typically had a blended TA solution in place: internal team, outsourced team, contract recruiters, and project recruitment solutions.

As such, they had flexibility in terms of how they dealt with sudden change. When there was a need to put infrastructure back into place, they had various levers they could pull. By way of example, once internal recruiters had managed candidate relationships where pauses in hiring took effect, they were redeployed against other areas of critical need. This also meant that they could be called back into their legacy post as soon as the need arose again."

Louth continues: "This broke down 'specialism' walls that were previously very high – both within TA/HR and across the wider business – and everyone – became more flexible and accommodating of change. One of the legacies from this is that everyone now realizes that they can flex with ease left and right to meet business needs rather than just stick to their area of specialism."

A number of interviewees for this report expressed their apprehension about renewed calls to go back to the way things were before these extreme circumstances that drove significant change in processes.

TA professionals have witnessed, firsthand, what happened within the candidate pool when the option of fully remote working – the default extreme circumstance when the pandemic hit –
is removed. That said, Yates believes the candidate will increasingly drive the return to office.

"There are social and well-being elements to work which you simply cannot get through remote working."

"It's not feasible in the long term to deliver effective learning and development for new entrants remotely – particularly as very few organizations changed how they delivered learning as a consequence of the pandemic. While many love not having the commute and like dropping the kids and being home for dinner, do they actually find their work more fulfilling by working from home? And there are social and well-being elements to work which you simply cannot get through remote working – which are again, really important for early career workers."

Matt Yates
Director Talent Acquisition – EMEA
Uber

The APAC TA Leader, MedTech – an extremely "in-person" industry – is witnessing "far from all candidates wanting to continue this remote-only experience, many are keen to return to some in-person interviewing and some level of return – in full or part – to the office." She's also extremely interested in what the churn level will be among those hired virtually during the pandemic: "Did the company live up to what they believed they were joining when that could only be portrayed to them virtually? Is the culture what they were sold rather than they would previously have experienced through real face-to-face touchpoints during the recruiting process?"

In terms of a return to some face-to-face interviewing, Louth believes this is driven by hiring manager and candidate demand to meet in person before making/accepting an offer. He also agrees that "only time will tell how well this process worked, in terms of both parties making the right choice and how that has translated into an impact on productivity, tenure/churn."

Yates concludes that in the long term, "the best approach for recruiting and working will vary by occupation and geography – so employers will need to retain a hybrid approach. There will, however, be casualties for employers when they're too prescriptive in how they choose to undo elements of what – due to extreme circumstances – was such a radical change from the norm."

Similarly, among TA professionals who've demonstrated that a paradigm shift to technology-led, virtual recruiting models work as well if not more effectively than legacy ones, many will struggle with the concept of reverting to a potentially slower, more labor-intensive process without a clear rationale.

"It should be possible to make a hiring decision within 24 hours within any industry."

"Having lived through the experience of working within retail at the early stage of the pandemic – achieving the art of the seemingly impossible – I want to change the entire way that people get a job. It should be possible to make a hiring decision within 24 hours within any industry. As such, rather than looking at iterative change, my default position now is to always look to fundamentally change the recruitment model."

Sean Barry
Vice President, Talent Acquisition
Allstate

Observation #4: Companies who displaced their TA team during the pandemic likely rebuilt recruiting functions that are less streamlined, agile, and technologically advanced – and many have missed the opportunity to seize the benefits of this shift.

"In industries where a large part of the TA team was let go during the pandemic," recalls Yates, "companies really struggled to build back as the suddenness with which recruiters were in demand again was almost as swift as the speed at which they had been displaced."

This is similar to how most companies rebuilt their TA functions after the last financial crisis. If the organization didn't need to radically transform recruitment, it likely didn't construct a new TA function that varied from the previous one.

Despite the pandemic forcing many organizations to rapidly devise new ways of recruiting, those that revert to a legacy model are more likely lose both the momentum and the people that drive transformation.

Just like remote working, some organizations viewed radical change as a temporary "need to do" situation rather than a useful social experiment. Companies embracing this change are gaining an edge in the race for talent and improving their bottom line.

Barry notes: “In the insurance industry, the majority of workers who were initially forced into remote working have opted to remain working in this capacity. That’s enabled us to compete with companies and industries that traditionally paid more. It’s also increased the potential for us to hire more of the right people rather than being contained to a pool within commutable distance of an office. It’s become a wonderful retention tool.”

Eunice Z. Clements-Tweedie, Global Vice President, Global Talent Acquisition at IHG Hotels & Resorts, says it's also important to consider how the surge in flexible work options impacted organizations with those arrangements already in place.

"The things we used to worry about – and believed couldn't be done – are now possible."

"The key legacies of the pandemic were agility and adaptability. The things we used to worry about – and believed couldn't be done – are now possible. It requires a different mindset from everyone - HR, TA and business stakeholders."

Mandar Thakur
TA Leader at a Fortune 50 company

"Companies who operated on an open and flexible work-location basis before pandemic-related events enforced this as a 'new normal' consideration essentially lost their legacy USP. Moreover, there was a tendency to believe that they needed to formalize what they had always done into a 'policy,' in line with everyone else around them."

Eunice Z. Clements-Tweedie
Global Vice President, Global Talent Acquisition
IHG Hotels & Resorts

Observation #5: Agility – fueled by dissolving legacy siloes (both within and across functions) – was core to TA's transformative change during the pandemic and has become its invaluable legacy.

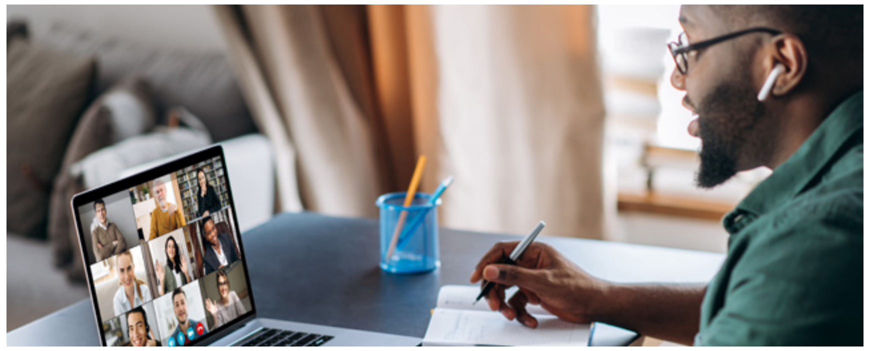
Barry agrees that "it was the swift removal of the siloes in decision-making that was key. To achieve what the business needed to happen overnight, everything had to align. It wasn't about resources, it was about doing things fundamentally differently – and this translated into process simplifications and automation. Speed in decision-making was also of the essence for workers."

For APAC TA Leader, MedTech: "The need for agility wasn't new – the industry already had a focus on how to drive this. Agility was always the goal. The burning platform that the pandemic created generated a greater level of openness to consider it, however. It certainly greased the wheels for change. In terms of how this translates into TA, for an industry that is quite conservative, these challenges have certainly pushed the envelope – and have certainly opened minds about where talent is, where work can get done and how we source it. All of these considerations were on the roadmap, but they're being accelerated now."

To enable significant – and agile – change during the pandemic, TA also had to hone its change management skills.

Thakur explains that "the pandemic heightened the need for agility and adaptability – and it was astonishing to see how people figured out how to do things differently overnight. We needed to adopt a 'test and learn' and 'fail fast' mentality. A willingness to make iterative changes has now become a habit and so has the willingness to take successes from one area of the business to areas across the enterprise to help drive transformational change."

The APAC TA Leader, MedTech, agrees: "A notable legacy of the pandemic event for many large corporates is that it accelerated change management that was already being planned. We saw how fast we could adapt and change when we had to, so now we will harness that experience and continue our change management with enhanced speed and rigor."



"We have to capitalize on the agile mindset that we all developed during the pandemic."

"The breaking down of organizational siloes during the early stage of the pandemic was the most enabling factor in TA achieving its objectives. We have to capitalize on the agile mindset that we all developed during the pandemic. We have to maintain a resourcing model that delivers on customer expectations and enables our people to engage with them where they are. When the business identifies changing customer need and says, 'this is our need, go fill it,' we have to be agile enough to do that. This will require the biggest change in the corporate recruiting mindset, however. From here on in, it will be a case of 'what is the market asking for and what are we doing to meet it.'"

Sean Barry
Vice President, Talent Acquisition
Allstate

Observation #6: Perspectives on the current level of economic uncertainty vary by industry, organizational type and geography. Most believe, however, that they are already in some form of "next major event."

Barry, based in the U.S. and currently working in the insurance industry, notes, "We are already in another big economic event."

While data shows, however, that hiring in the U.S is still happening, there's strategic intent behind each and every hire, observes Thakur.

For Louth, based in Europe but working for organizations globally, the rapid need for change is now constant.

Louth believes the current cautious approach to hiring is really in the candidates' interest: "Organizations should only be bringing people in where there is a good level of certainty that the need for the role will remain. What's also happening is that organizations are taking more interest in speculative applications and having discussions with candidates about future potential need. This is currently providing a boost to pipelining initiatives."

"We're still in the big economic event that commenced with the pandemic, with the pace of change now being accelerated by the potential of AI."

"It's been hard to exit 'emergency measures' as there have been so many other types of emergencies since. And a war in Europe has certainly heightened the belief that the good times are over. Many in the C-suite are used to more regular economic cycles and know how to manage through the big, wide curves. This is more like a series of earthquakes and aftershocks – and you never know where they will come from. It's currently like sleeping with one eye open. In essence, we're still in the big economic event that commenced with the pandemic, with the pace of change now being accelerated by the potential of AI."

Malcolm Louth
Global Fractional Strategic HR Advisor

From a corporate life sciences perspective in APAC, the TA Leader, MedTech, notices "there isn't a sense of foreboding, nor are we buckling down for the next global crisis. There are some regional issues, but these are countered by a sense of optimism. During the pandemic, new challenges needed new solutions. And residual issues, born out of multiple challenges, including chip shortages, have demanded that we find ways to meet customer needs while managing expectations. All these challenges drive innovation."

Beyond how companies view and respond to large-scale events, it's crucial to acknowledge how life-changing the pandemic experience was for candidates – particularly those in China.

"The industry just tends to deal with opportunities and challenges on a country-by-country basis."

"In comparison to the pandemic, where the challenges felt like a tidal wave, it currently feels like the tide is coming in. The industry just tends to deal with opportunities and challenges on a country-by-country basis, acknowledging that there are challenges, but these are countered by notable opportunities."

APAC TA Leader, MedTech

"We continually have to take far more care when considering resource availability and how to approach recruitment."

"During prolonged periods of strict lockdown in China, people's views on life changed. Notably, they've become less adventurous and less prepared to embrace uncertainties. In essence, they've become far more risk adverse.

They've also become more cautious about travel, far less prepared to move to another city for work, and significantly more interested in remote work.

This means that we continually have to take far more care when considering resource availability and how to approach recruitment."

Iris Zhou
Head of Talent Acquisition - APAC
Bayer

Observation #7: Opportunism, the need for business transformation, and risk-driven "bring it back home" are driving talent shortages despite slowing demand.

Louth says the current situation is unusual. "Despite recessionary pressures, government bailouts and continuing high levels of inflation, there's still a war for talent. Where organizations are currently challenged is where they're using their memory muscle of how they behave in a typical recessionary environment. This is far from a typical cycle and the supply side of the equation is different in so many ways."

During a typical economic cycle, he explains, organizations would use the "'you're lucky to have a job' angle and recruit with ease as the market picked up. But that approach doesn't work in the current market for two reasons: most organizations have business-critical initiatives they can't pause and there are still plenty of opportunities for job seekers."

Another major initiative in play, which impacts the demand side of the equation, is the need to "bring it home."

"The greatest societal impact of the pandemic was to change candidate behavior."

"This climate is not akin to a typical economic downturn. Every organization I look at has areas of ongoing need, notably opportunistic need: expansion into new countries, bolt-ons, business transformations. This is keeping the organizational foot on the hiring gas in a way that isn't a characteristic of a normal economic downturn.

The greatest societal impact of the pandemic was to change candidate behavior. And that's playing out in what we're seeing in the current challenging economic climate – notably continuing candidate shortages and wage inflation in a time of, unquestionably, reducing overall need."

Matt Yates
Director Talent Acquisition - EMEA
Uber

"Labor arbitrage can be peanuts compared to the risk of fragmented supply chains which the events of the last few years have exposed."

"The war in Europe is inevitably affecting confidence levels in fragmented/extended supply chains, so many organizations are saying 'just bring it home' as a consequence, particularly in Germany.

I also believe that the days of labor arbitrage may be coming to an end. Why do we pay differently in different geographies when this huge social experiment has proven that many forms of work can be done remotely from any geography?

And with ongoing supply chain challenges leaving many companies woefully exposed, I think many organizations have already started to view offshoring and nearshoring in a completely new light as a consequence of the pandemic – with many now bringing work back to places where we were sure it shouldn't be. Labor arbitrage can be peanuts compared to the risk of fragmented supply chains which the events of the last few years have exposed."

Malcolm Louth
Global Fractional Strategic HR Advisor

Observation #8: Open and generative AI are gamechangers for TA: Business resource planning will increasingly consider whether to invest in AI technology and/or people. TA will increasingly inform these decisions, morphing into an advisory and acquisition function.

Yates believes that "generative and open AI will be a bigger change event than even something as significant as the global pandemic. It'll be the most seismic event to happen to the TA industry. It won't be knocking on the mainstream door of recruitment in the next year, but it will eventually transform the industry."

Zhou is seeing this firsthand, from both a business planning and TA perspective: "Technological advancements are transforming the requirement from TA, both at a strategic and a tactical level. We've always talked about being a talent advisor. The pandemic and advancing technology have firmly opened the doors to that opportunity."

Once TA teams begin adopting open AI, Zhou believes it's important to remember:

"Advancements are rarely made through singular company efforts. We need to collaborate with others to achieve its greatest potential. This also means that the data is no longer owned by your company but is shared across all participating companies. How much you derive from that shared intelligence is based on how you interpret it – and that's where competitive advantage kicks in. Crucially, this data will become the key component within the suite that's enabling TA to become talent advisors."

"If an organization needs to grow sales, to what extent do they invest in more sales heads and/or invest in technology?"

"We've reached a stage now where the decision-making process around how to resource against requirements will increasingly consider both human and technological options. If an organization needs to grow sales, to what extent do they invest in more sales heads and/or invest in technology? Workforce planning – or resource planning – has become an extremely sophisticated process and now takes longer, as each and every resource requirement becomes considered in context of what it means to the future business model.

Another significant change is that TA now has access to phenomenal talent and market intelligence tools, enabling it to transform into a true talent partner. In the past, we relied upon the hiring manager to steer recruitment. By embedding AI in our processes, we're sitting at the center of a data lake, from which we can generate truly valuable talent and competitor market intelligence. These insights are shifting the balance from hiring manager-led decision-making to a true partnership based on actionable insights."

Iris Zhou
Head of Talent Acquisition – APAC
Bayer

Observation #9: The shift to "AI-powered talent partner" will require recruiters and other TA professionals to transform their skill sets.

According to Yates, "A key part of the success – or otherwise – in embracing the potential of AI will come from identifying and hiring a different type of TA professional. We're already seeing a change in the skill set required for a recruiter, which will increasingly include data literacy, stakeholder management, change and project management."

Zhou agrees that this transformative journey is already underway – and the future TA professional profile looks drastically different than the conventional recruiter profile.

"Recruiting experience will inevitably become less important than data skills, passion and curiosity."

"While we're at the beginning of this journey, the reality is that we won't be looking for the traditional profile of recruiter in the future – we'll be looking for a combination of legacy recruiting skills and people who have the ability to interpret data and tell a compelling story with it.

Crucially, we'll also be looking for people with learning agility. And we'll be significantly more open-minded about the diversity of the TA team. We'll be open to people who've never done recruitment before – including data analysts and data scientists – and recruiting experience will inevitably become less important than data skills, passion and curiosity."

Iris Zhou
Head of Talent Acquisition – APAC
Bayer

Observation #10: TA transformation will be more successful when an organization's also undergoing an HR transformation.

Zhou explains that "in many companies, TA is standing behind HR which is standing behind the business." She believes that leaders need to understand an organization and identify whether its culture will welcome transformation before enacting change.

"As a TA expert," she continues, "you have to translate opportunities into operational initiatives and then go on to facilitate change. To do that, you have to reimagine work. If I identify an opportunity or an initiative that has strong links to the business agenda, I'll push hard to make it happen. You don't have to wait for HR to invite you to do it. You are HR – and TA isn't separate in the eyes of the business. But you need to clearly articulate the purpose of any proposed change in a way that's beneficial to the organization – and then let HR be your ambassador. But if they can't articulate your change, don't do it."

"TA – through access to market intelligence and AI – has a real opportunity to become a true talent partner to the organization."

"The ideal scenario for enacting change is when the whole of HR is undergoing transformation, as change needs to be systemic. It has to be one effort.

Right now, HR transformation is huge within life sciences, typically with much greater technology adoption and the HR partner significantly reducing their involvement in TA.

At the same time, TA – through access to market intelligence and AI – has a real opportunity to become a true talent partner to the organization. The journey is really at the beginning, though."

Iris Zhou
Head of Talent Acquisition – APAC
Bayer

Observation #11: There's a widening juxtaposition between the positive hiring experience and the negative dismissal experience some employees face, which is damaging and unsustainable.

As a consequence of the pandemic, companies became more invested in the welfare of their workers and, in certain geographies, their families.

Conversely, Louth notes that "we have seen a tendency to increasingly dismiss employees by email in a way that isn't people-centric. While this resulted from a situation where we had to do things differently, it may now be time to reconsider whether, just because you can do something, you should."

Interviewees say this extraordinary new phenomenon created a new spirit of solidarity, especially at companies that supported impacted workers throughout the transition. These leaders also voice concern over the widening gulf of employee perception of companies at the start, middle and end of their journey with an organization.

There's also a widening juxtaposition between the positive hiring experience and the negative dismissal experience some workers face.

"Employers are the ones who made work transactional – and the increase in ghosting by candidates is one of the direct results of that."

Sean Barry
Vice President, Talent Acquisition
Allstate

"During the pandemic, many companies had to provide resources that would have been incomprehensible beforehand."

"I think a lasting legacy of the pandemic will be an expectation, in certain key geographies, that companies take not just an increased interest in the welfare of workers – notably their mental health – but of their extended families as well.

During the pandemic, many companies had to provide resources that would have been incomprehensible beforehand. Enabling people to live at production facilities to keep them running; providing learning materials for the children of workers who had no schooling; facilitating access to PPE to enable not just our workers but their families to be as safe as possible. I am not sure how many organizations have recognized this new level of expectation, are prepared to continue to embrace it and – if so – are yet effectively communicating it in their EVP."

Malcolm Louth
Global Fractional Strategic HR Advisor

Conclusions and considerations

While macroeconomic indicators are pointing toward the onset of what looks like a recessionary event, the dynamics of labor market demand and supply in 2023 are fundamentally different to a typical cyclical event and are bucking the "canary in the mine" trends.

- The key reason for the ongoing talent shortages is a combination of pandemic-fueled corporate opportunism, the need to bring home extended supply chain initiatives that left companies exposed during global supply chain issues, and the competitive race to adopt AI to enable business transformation.
- Organizations simply cannot afford to take their foot off the gas on these strategic initiatives and are continuing to hire on a project basis at pace.

In industries where the pandemic generated urgent/changed hiring needs, the experience was transformative for HR/TA.

- HR/TA professionals who lived through this experience are now transformed, notably in their new-found realization of the art of the possible when legacy siloes are broken down, the organization adopts the necessary agile mindset and they're entrusted and challenged to build something new at extraordinary pace.
- They will not be able to stay in or join any organization that largely reverted back to legacy ways – just as many candidates who work remotely won't go back to the office.
- Organizations that didn't have urgent pandemic-related hiring needs, and largely displaced their TA teams when the lockdown commenced, largely rebuilt with no transformative change.
- A key legacy of the pandemic: many companies and individuals who transformed TA during the pandemic will gear-change away from those who didn't.

Successful transformation of TA during the pandemic occurred because HR and TA professionals "entered the room where things happen." Moreover, they have largely stayed there.

- Most critical business decisions that had to be made during the pandemic had a people implication. As such, HR/TA was at the heart of discussions and decision-making and responsible for delivering on the change requirements.
- For many, this was a newfound position of influence, which few will wish to relinquish.
- This has led to a paradigm shift in the role of the HR/TA professional. At a strategic level, many are now involved with business and resource planning (in its widest possible sense: manpower and/or tech) and at a tactical level, they are bringing their newfound skills and capabilities (notably talent market intelligence and agility) to the role of "talent advisor/partner."

Where this transition from talent acquisition to talent advisor/partner is being most successful is where an HR transformation program is also in progress.

- The key reason for this is that change needs to be systemic rather than siloed.
- With most HR transformations being fueled by automation/digitization, this sets the appropriate climate for TA to concurrently transform in its use of technology and adoption of AI.

If TA is to harness the potential of AI in its transformation, the DNA of the TA professional needs to evolve.

- There will be a much greater need for data analytical skills and the art of interpreting and creating compelling narratives using data.
- Curiosity and learning agility will also be critical components of the DNA.

Just because something can be done through use of AI/automation, doesn't mean it should be.

- Automating technologies may seem efficient to an organization, but may be unpopular with candidates and ultimately impact the quality of hire.
- Pilot testing will evidence the impact of any proposed change on candidate behaviors.

Candidate behaviors and beliefs also irreversibly changed during the pandemic.

- The evolution of TA solutions and processes will need to consider this changed persona rather than be built around legacy beliefs of what candidates want and how they'll behave.

The heightened need for company-wide agility during the pandemic is deemed the most valuable legacy by all those who worked through the extraordinary event.

- The assessment of perceived levels of agility will increasingly become a key component of the TA professional's assessment of any potential company they're considering joining, as they now know how instrumental it is in achieving personal success.

Far from HR and TA professionals preparing for the next recession, they've become more attuned to working in a constant state of flux. And those who were at the epicenter of pandemic-related change now have the DNA to deal with swift, ongoing transformational change. The ability to embrace agility and new technologies will prepare them for the next major TA transformation: the evolution from talent acquisition professional to talent advisor.

Footnotes

1. Cielo analysis of LinkedIn data, end of July 2023
2. PwC, Global Hope & Fears Survey 2022: https://www.pwc.com/gx/en/issues/workforce/hopes-and-fears-2022.html
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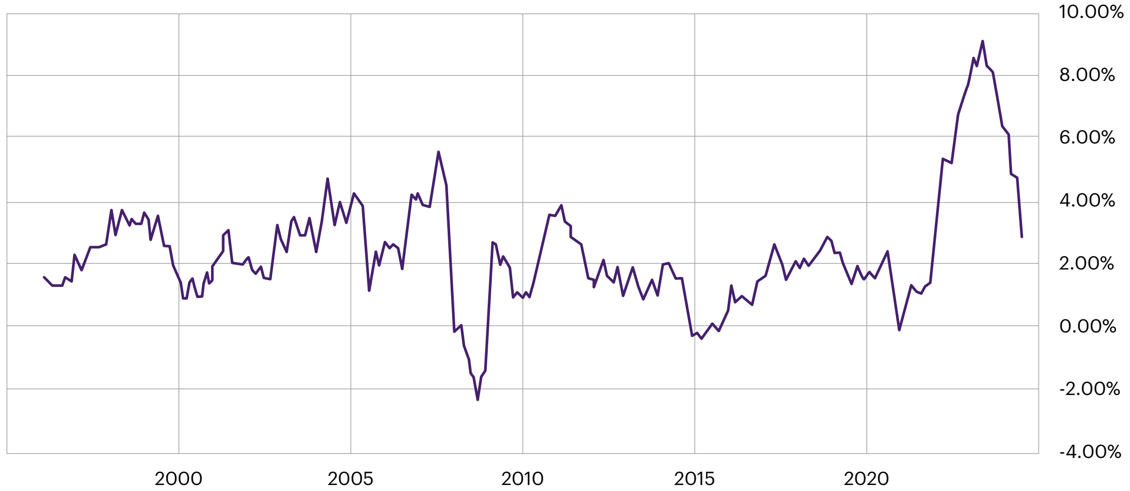
15. Indeed Hiring Lab, Remote Hybrid job tracker: https://www.hiringlab.org/uk/blog/2023/06/28/remote-hybrid-job-tracker/
16. Brevity, The State of Workplace DEI 2023: https://benevity.com/state-of-dei-2023?utm_medium=pr&utm_source=website&utm_campaign=state-of-dei

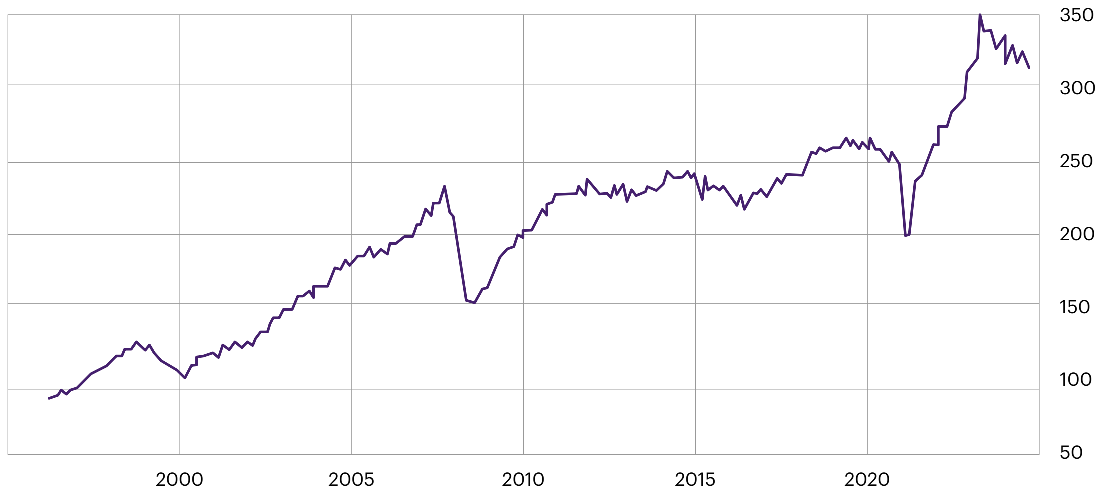
Appendix

Appendix

Macroeconomic and labor market indicators: U.S.

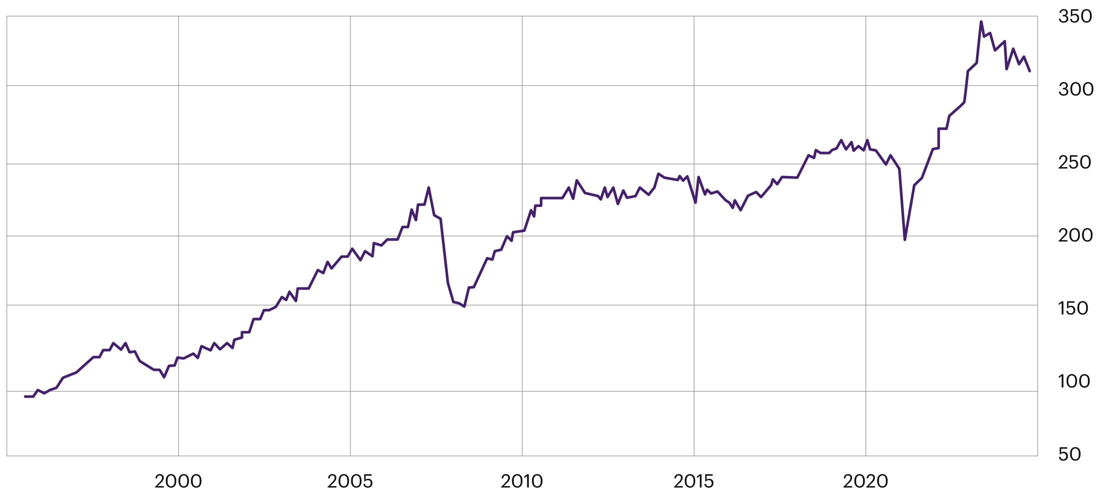


Annual inflation rate: the rate in the U.S. has clearly passed its peak, declining to 3% in June 2023

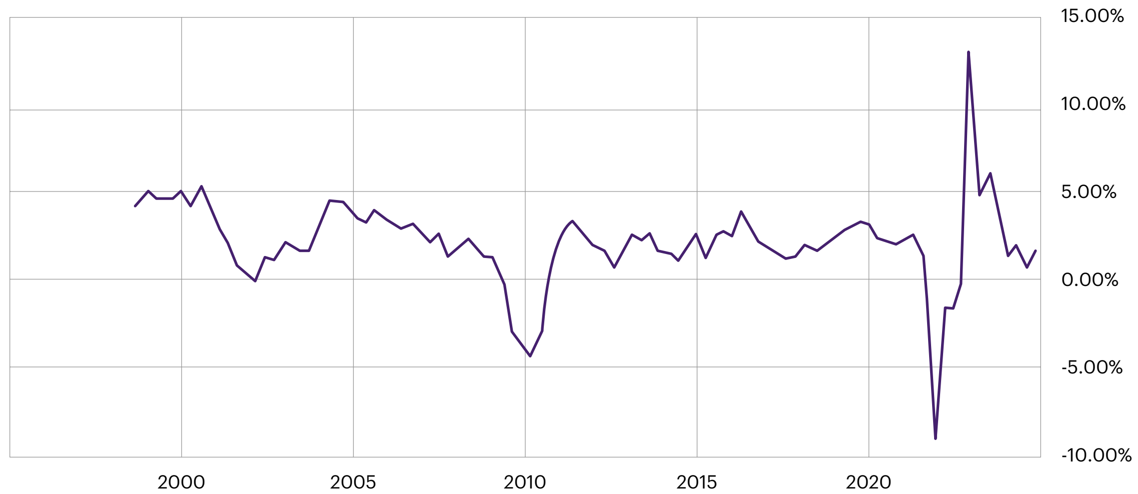


Imports: ($bn): volumes are declining for the world's second largest importer (the U.S.) after post-pandemic surges

***Source:** U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics and U.S. Census Bureau*



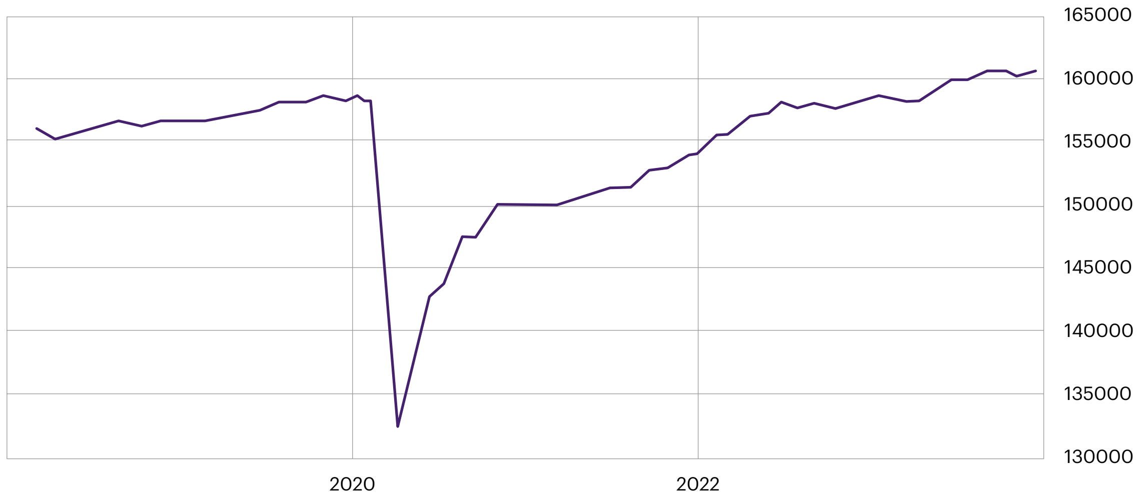
Exports ($bn): having risen sharply post-pandemic, volumes appear to have peaked



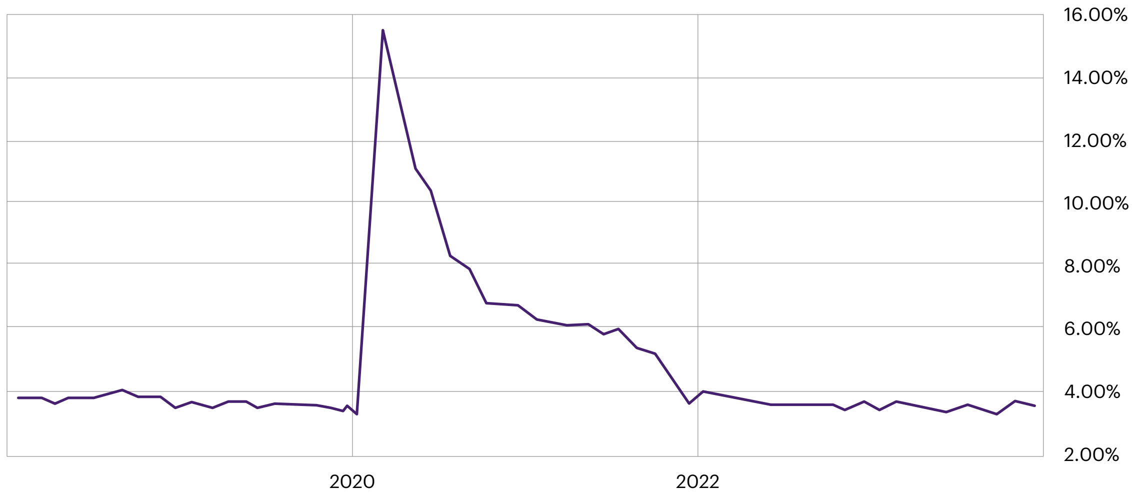
Quarterly GDP growth rate: accelerated to 2.6% growth in Q2 2023

Appendix

Macroeconomic and labor market indicators: U.S.

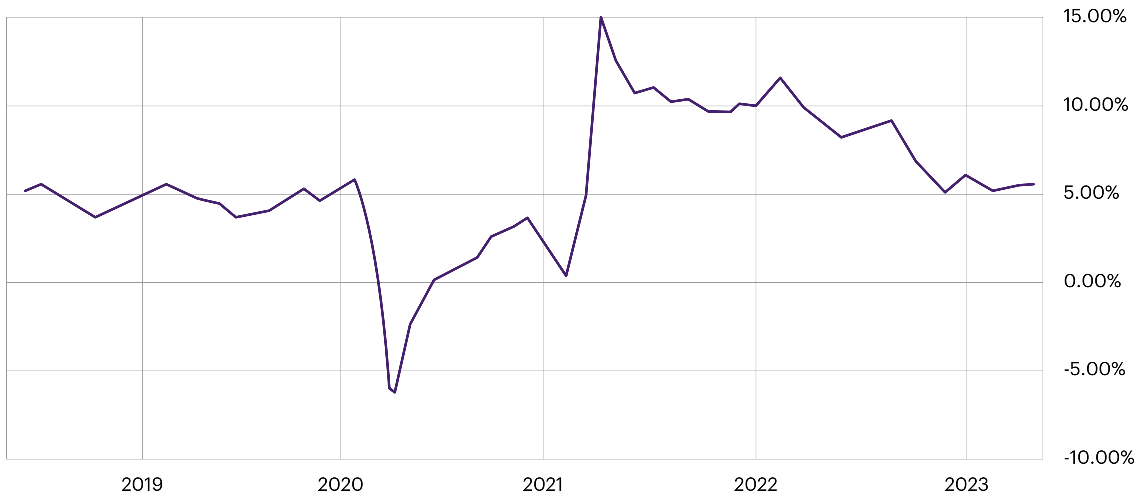


Employed persons: continuing to rise and above pre-pandemic levels at 161 million in June 2023

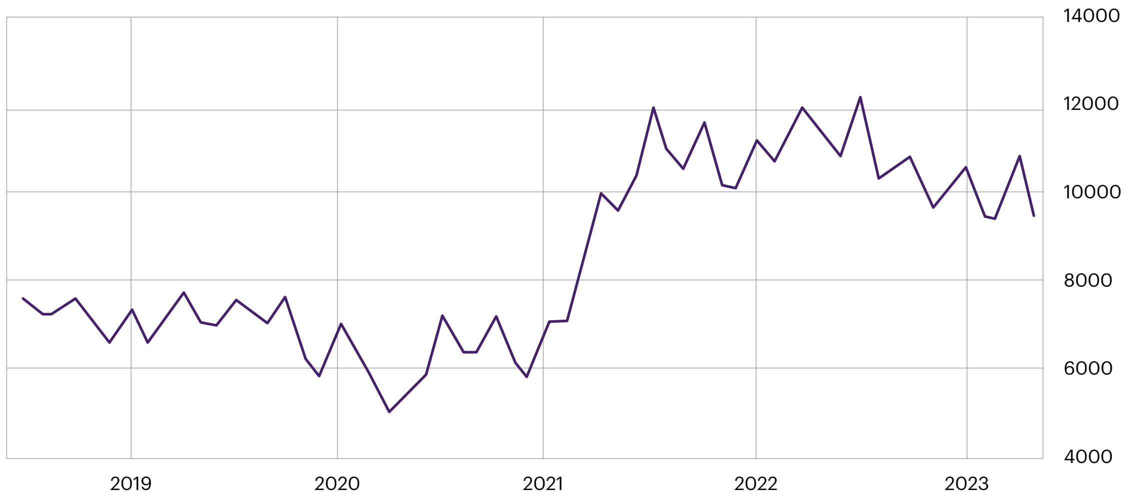


Unemployment rate: rising slightly from 3.4% in April to 4% in June 2023 – but still relatively low

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics and U.S. Census Bureau



Wage growth: peaked at 15% when the U.S. sought to rehire in volumes post-pandemic but now back to pre-pandemic levels (5.7% in May 2023) and above inflation

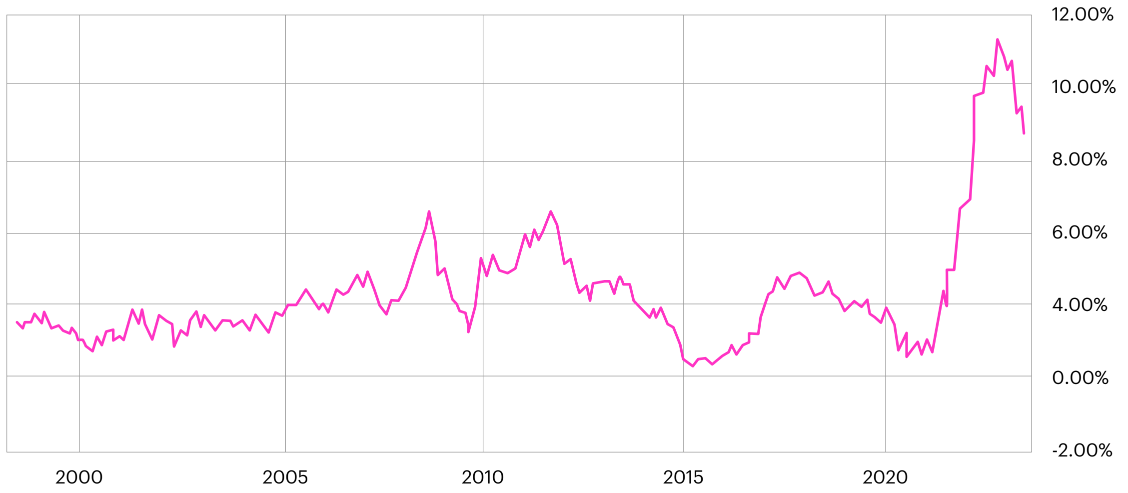


Official vacancies: while still notably higher than pre-pandemic levels, vacancy levels are notably declining

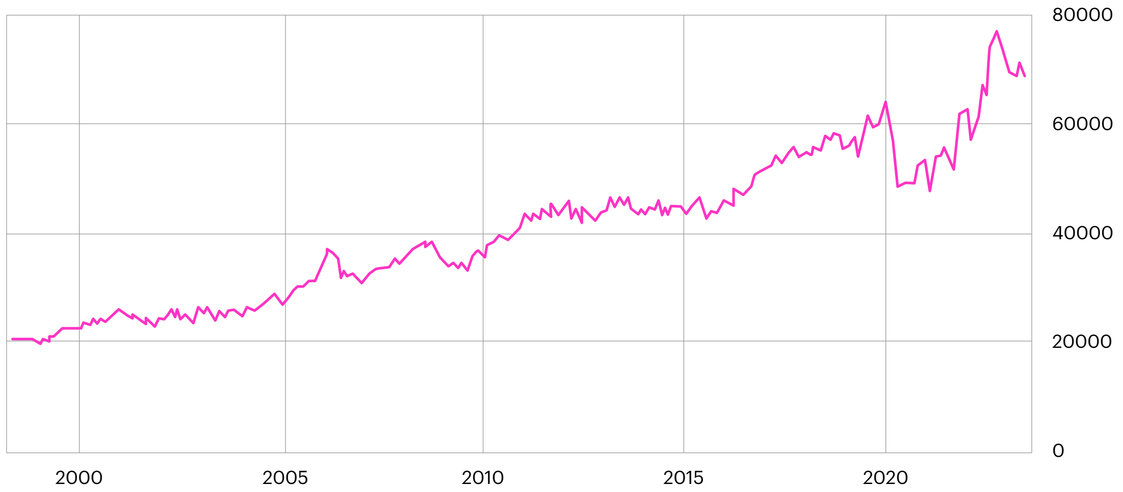
Appendix

Macroeconomic and labor market indicators: U.K.

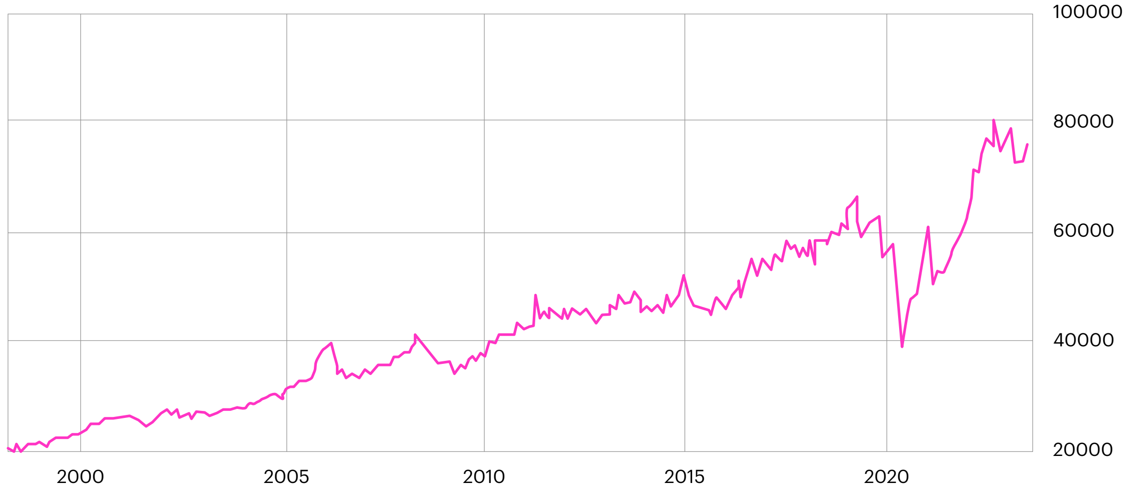
Source: U.K. Office for National Statistics



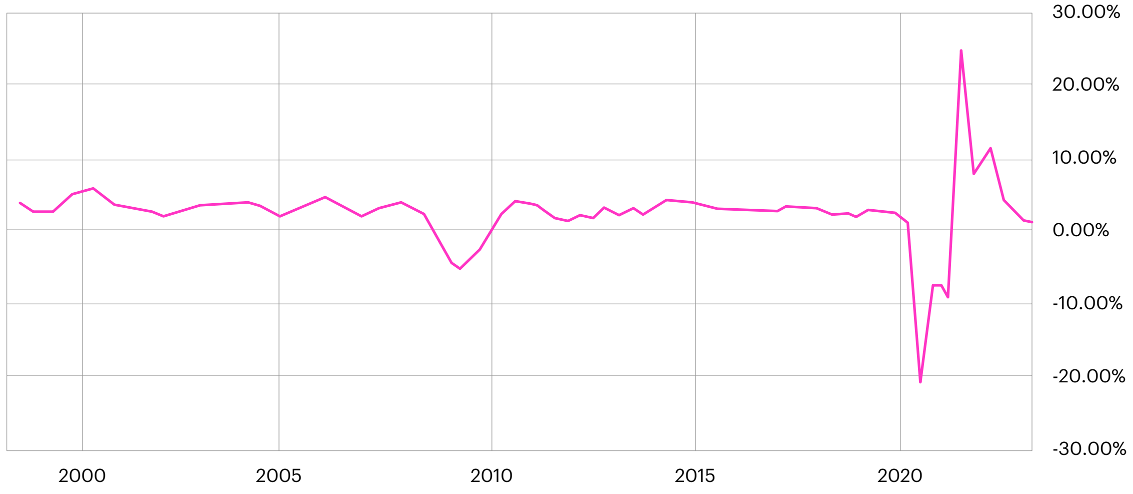
Annual inflation rate: remains notably high in the U.K. but fell to 7.9% in June 2023



Imports (£bn): volumes are now declining after post-pandemic surges



Exports (£bn): volumes are now falling after post-pandemic surges

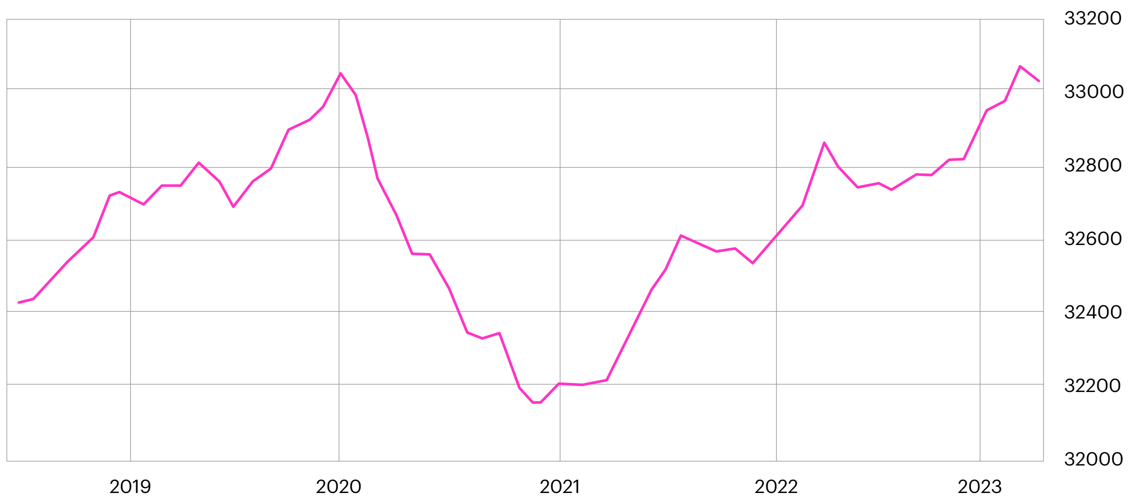


Annual GDP growth rate: just 0.2% in Q1 2023

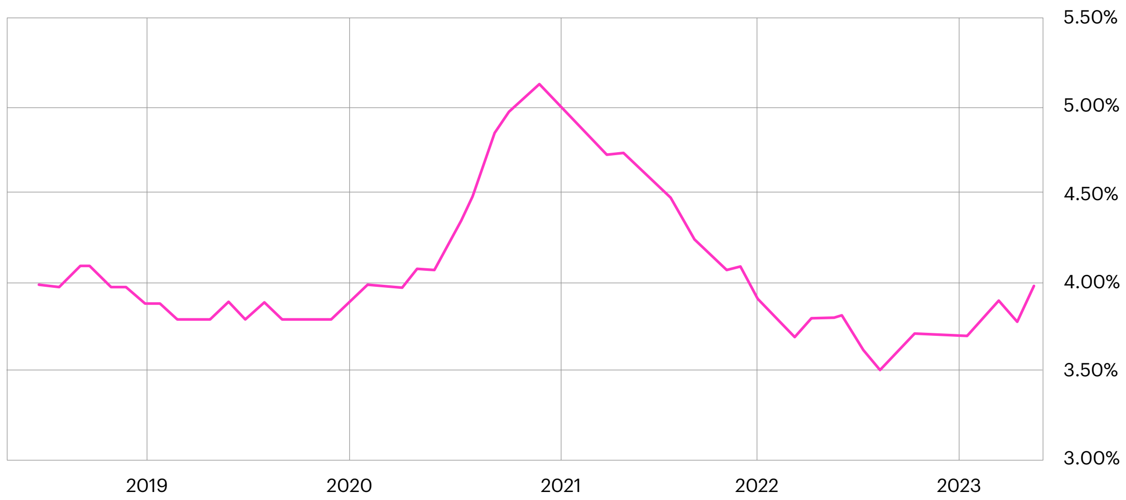
Appendix

Macroeconomic and labor market indicators: U.K.

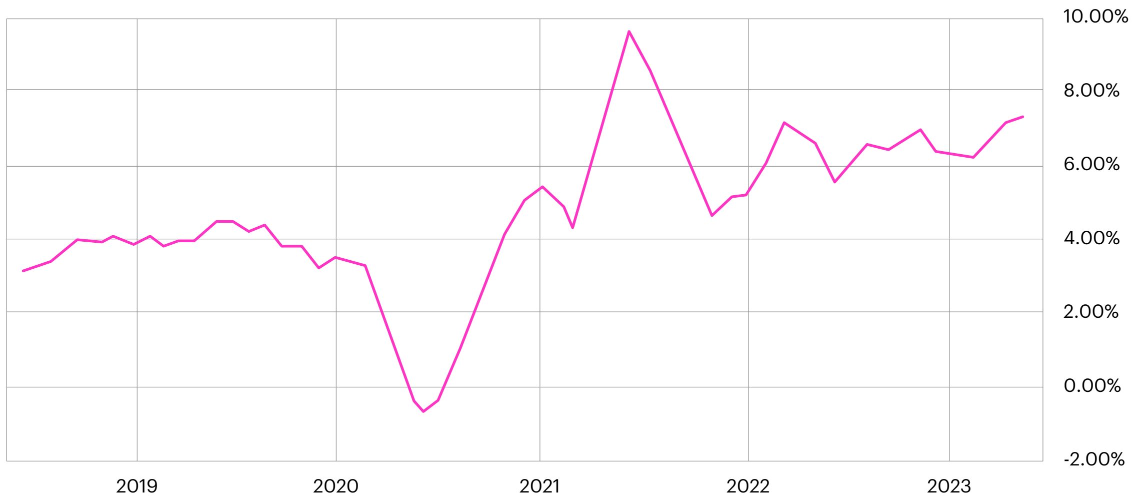
Source: *U.K. Office for National Statistics*



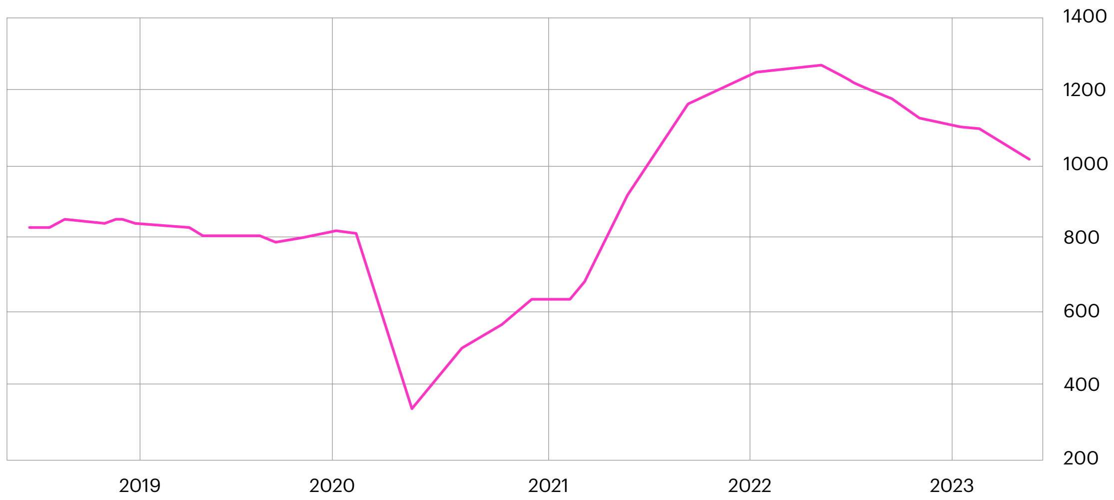
Employed persons: while the "all in employment figure" fell in March-May, numbers are similar to pre-pandemic levels



Unemployment rate: rising steadily now, reaching an average of 4% across March-May 2023



Wage growth: while nominal annual regular pay wage growth remains strong in the U.K., at 6.9% in the three months to May 2023, the rate of inflation in the U.K. means real-terms pay growth remains firmly negative



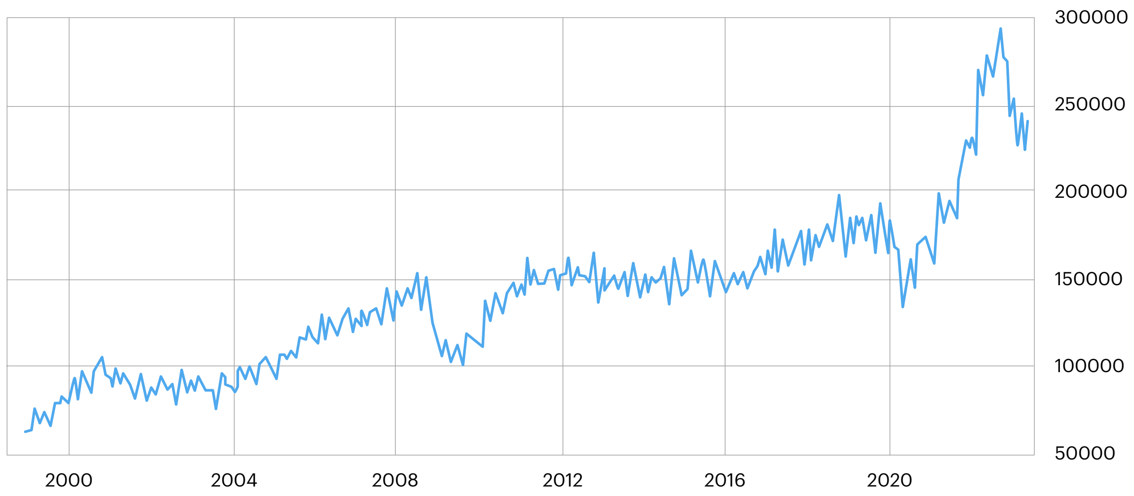
Official vacancies: while still notably higher than pre-pandemic levels, vacancy levels are notably declining

Appendix

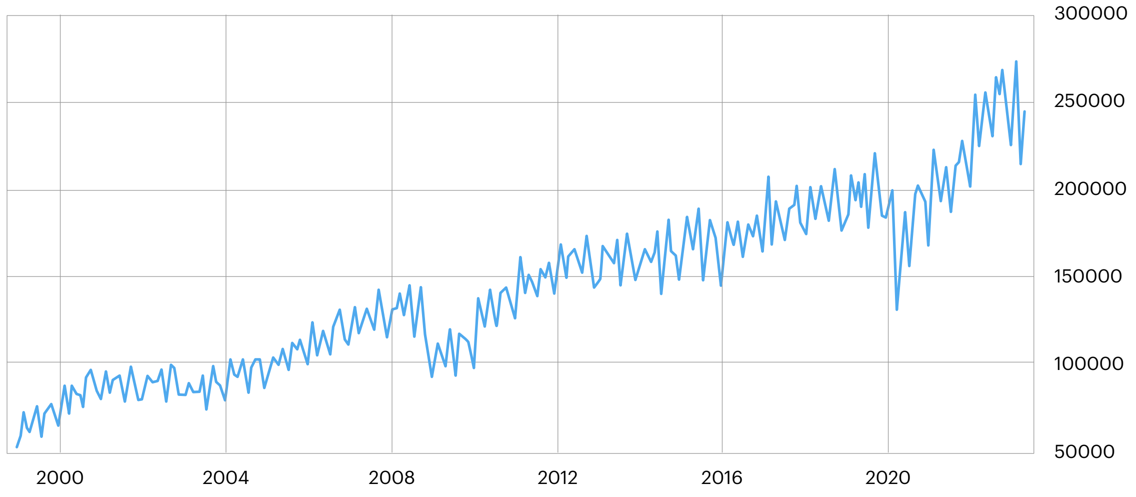
Macroeconomic and labor market indicators: Europe

Source: *Eurostat*

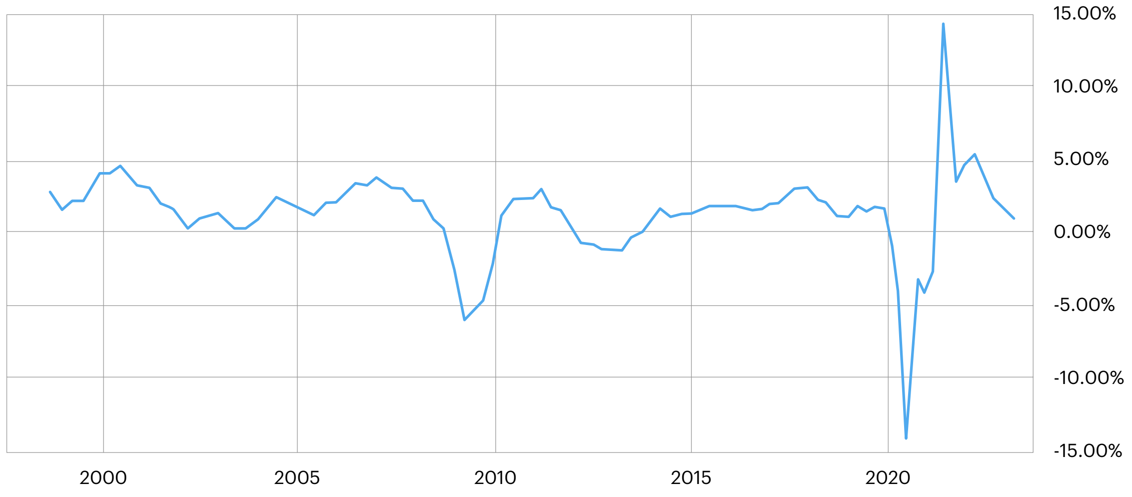
Annual inflation rate: at 5.5% in June 2023, it's declining sharply in Europe



Imports (€m): surging post-pandemic, volumes fell by 13% YoY in May 2023, indicating decreasing domestic demand



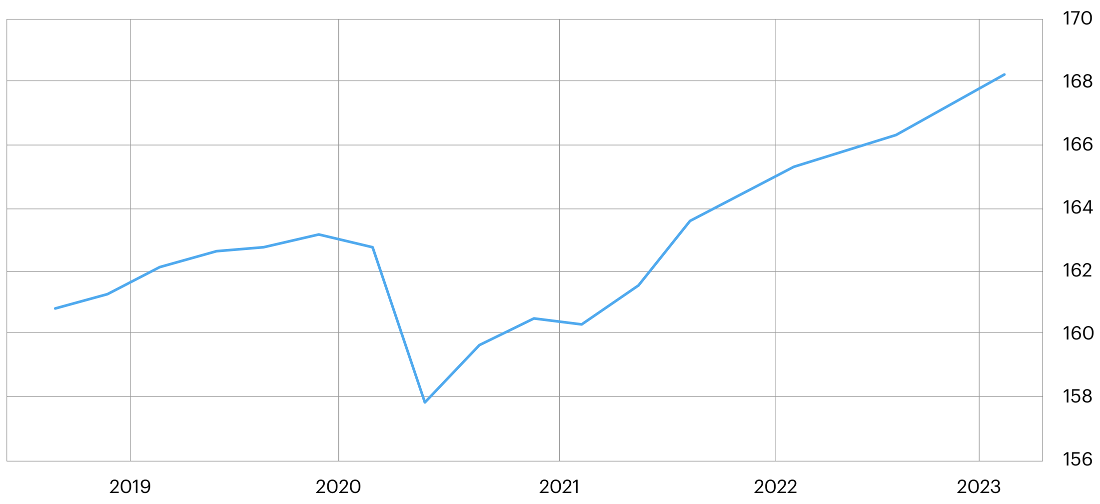
Exports (€m): growth trajectory remains strong but volumes fell 2% YoY in May 2023



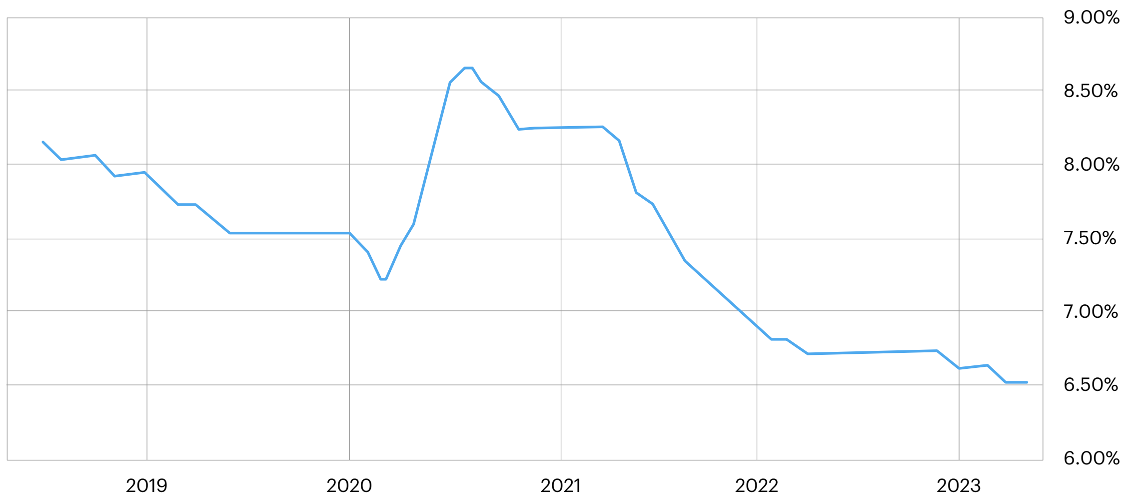
Annual GDP growth rate: further declined to 1.1% growth in Q1 2023

Appendix

Macroeconomic and labor market indicators: Europe

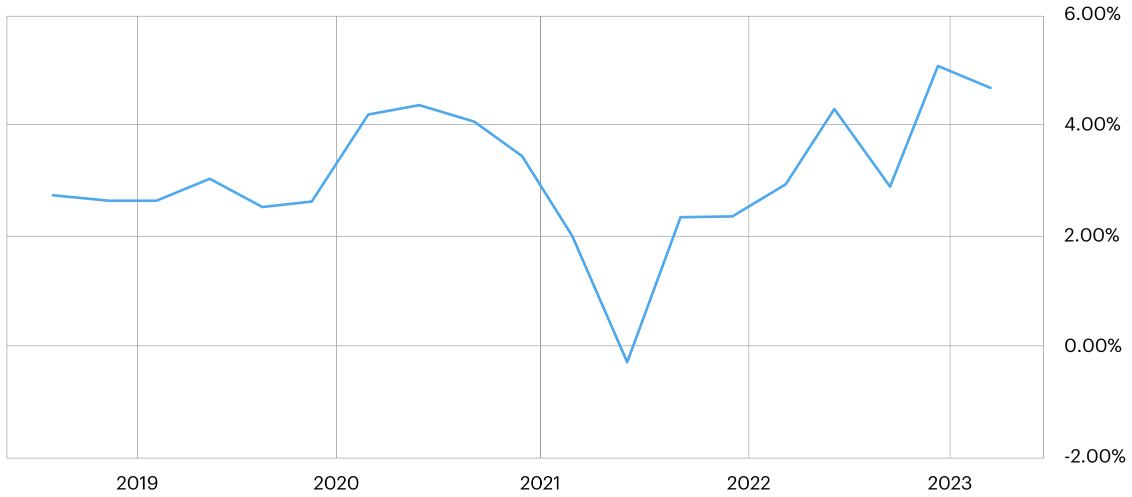


Employed persons: surging above pre-pandemic levels, to reach 168 million in Q1 2023



Unemployment rate: continues its decline in Europe but from notably high levels

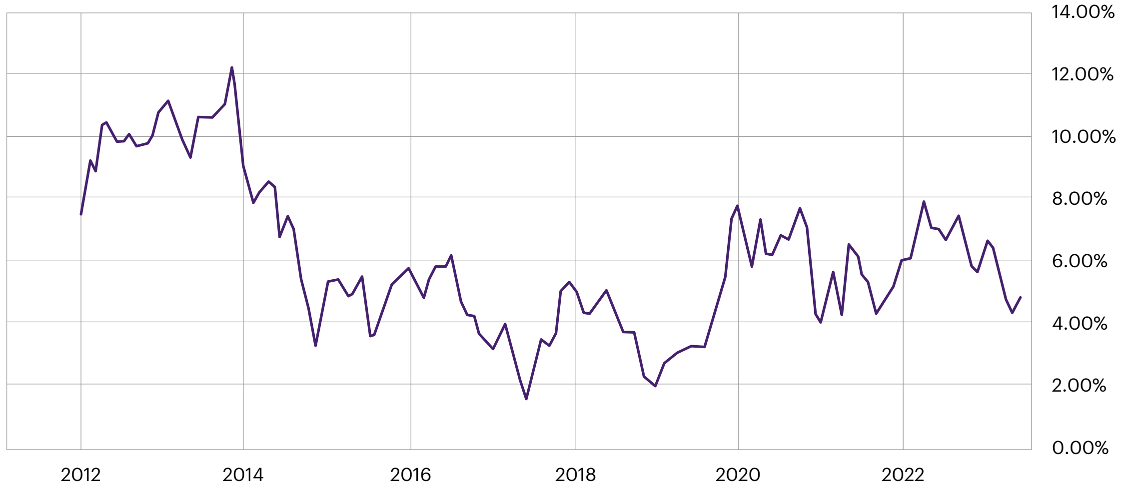
***Source:** Eurostat*



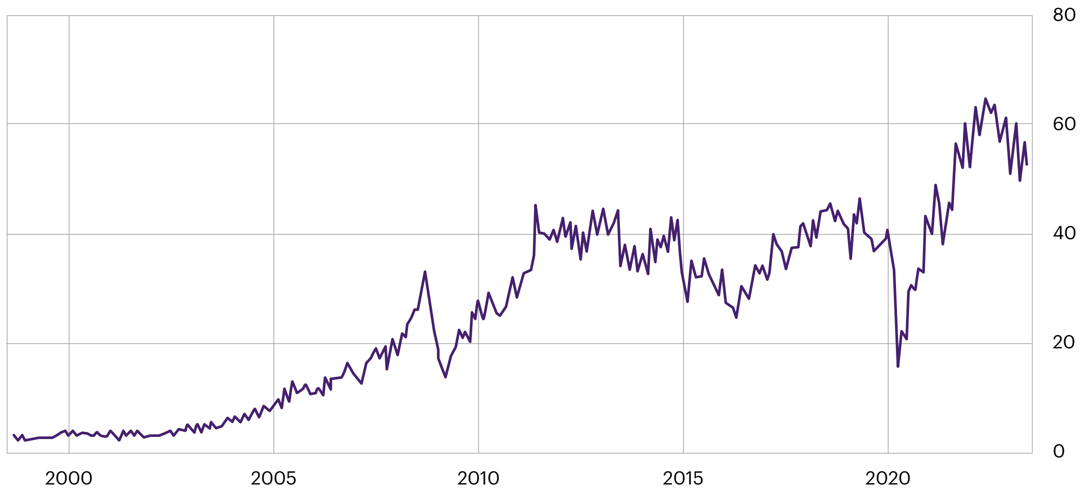
Wage growth: continues its upward trend in the Europe Zone, reaching 4.6% in Q1 2023

Appendix

Macroeconomic and labor market indicators: India

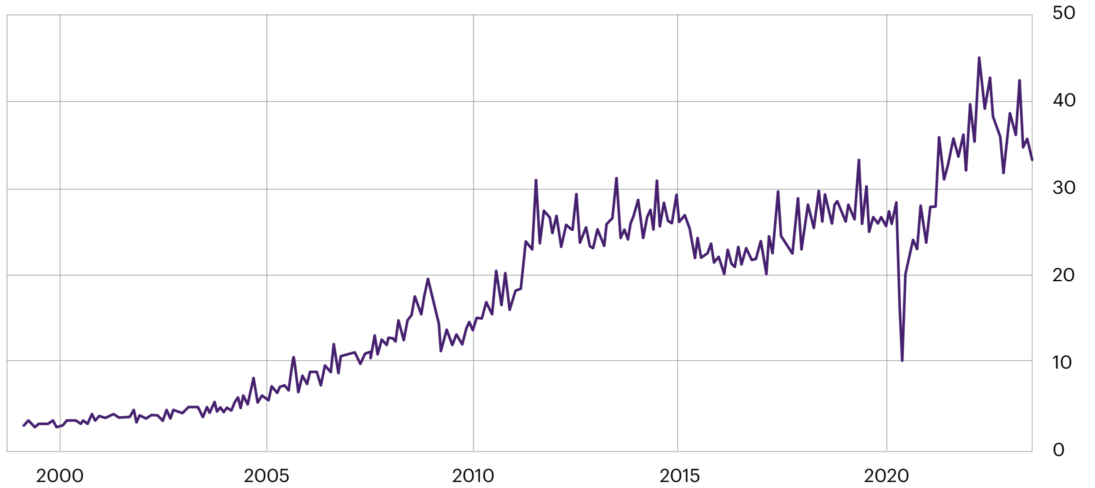


Annual inflation rate: 4.8% in May 2023

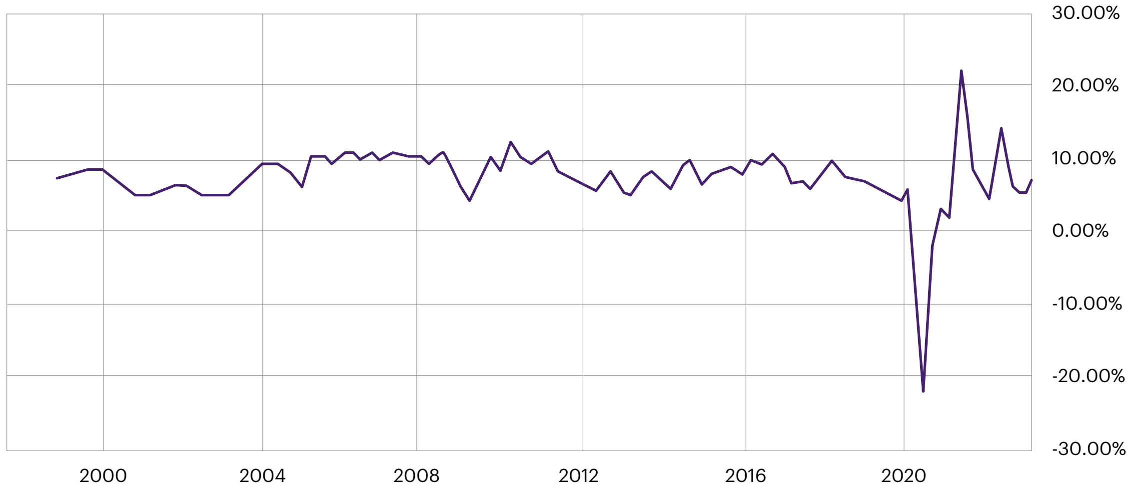


Imports (U.S.$bn): 18% lower in June 2023 than a year earlier, pointing to lower domestic demand

Source: *India, Ministry of Commerce & Industry, Centre for Monitoring Indian Economy and Ministry of Statistics & Programme Implementation (MOSPI)*



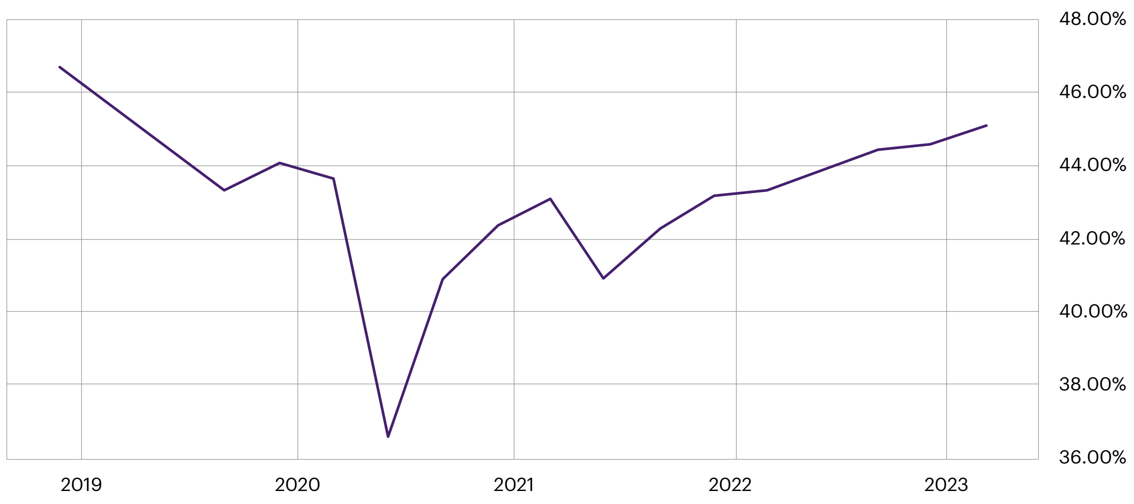
Exports (U.S.$bn): 23% lower in June 2023 than a year earlier, highlighting notably weaker global external demand



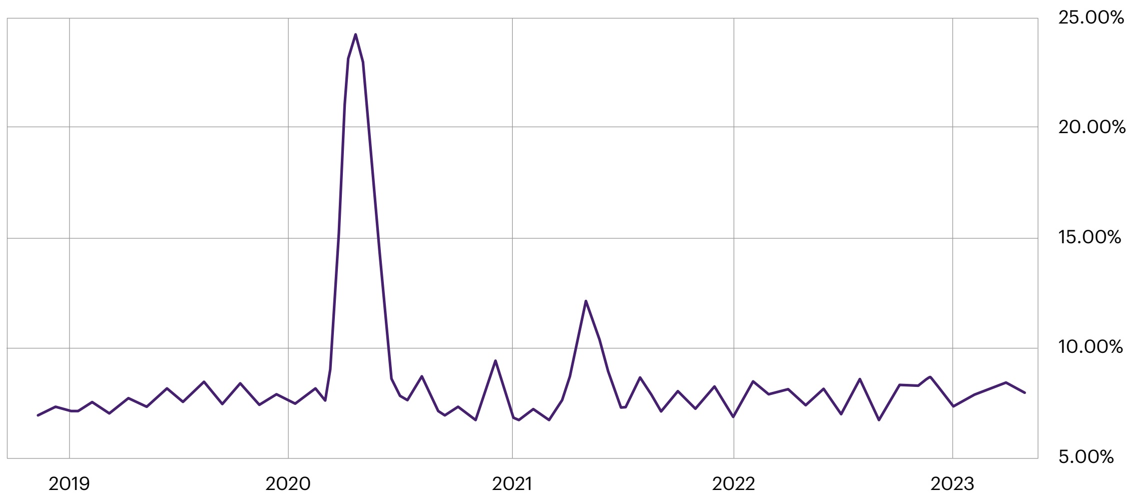
Annual GDP growth rate: expanded by 6.1% in the year to Q1 2023, with services emerging as a major driver (comprising more than 50% of GDP)

Appendix

Macroeconomic and labor market indicators: India



Employment rate: slowly increasing, reaching 45% in Q1 2023

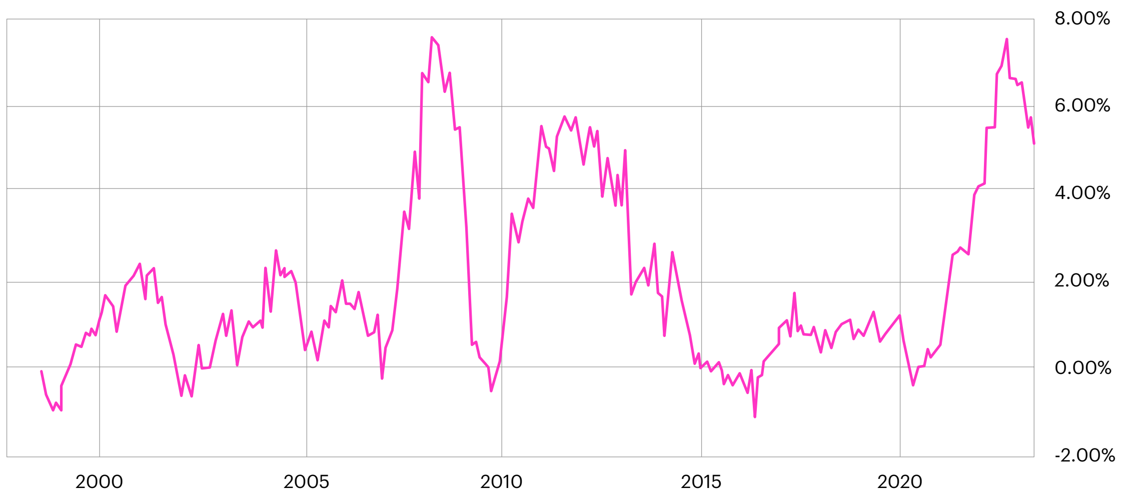


Unemployment rate: reached 7.8% in May 2023

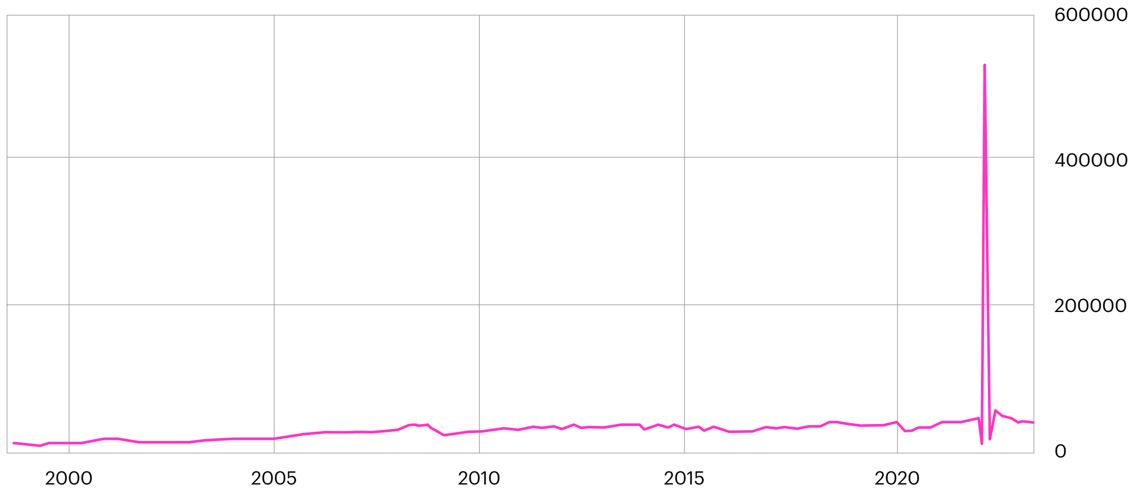
Source: *India, Ministry of Commerce & Industry, Centre for Monitoring Indian Economy and Ministry of Statistics & Programme Implementation (MOSPI)*

Appendix

Macroeconomic and labor market indicators: Singapore

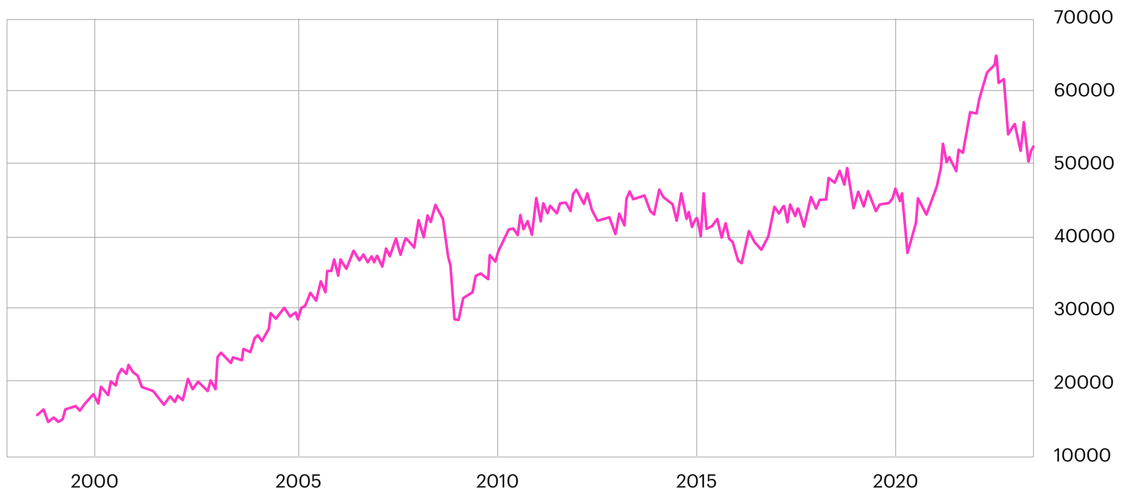


Annual inflation rate: falling sharply in recent months, dropping to 5.7% in April 2023

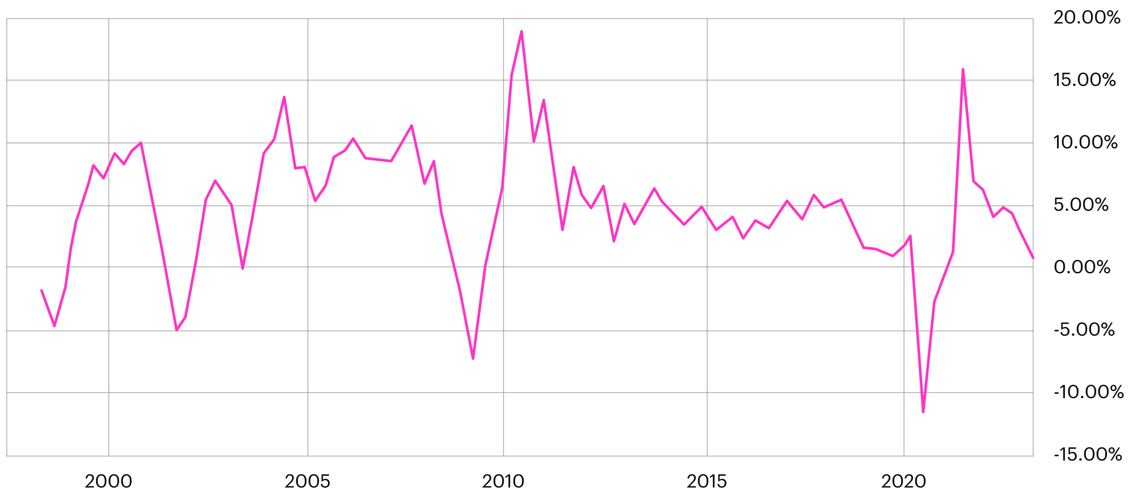


Imports (SGDm): the trend line has been declining since the near-time peak in July 2022

Source: *Statistics Singapore and Ministry of Manpower, Singapore*



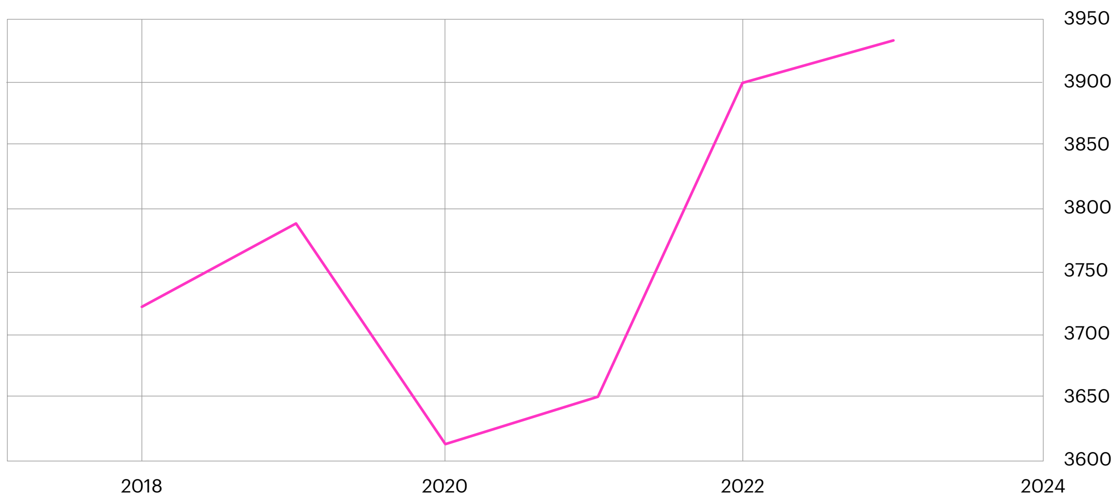
Exports (SGDm): beyond the seasonal drop in Q4, the trend line is now sharply downward



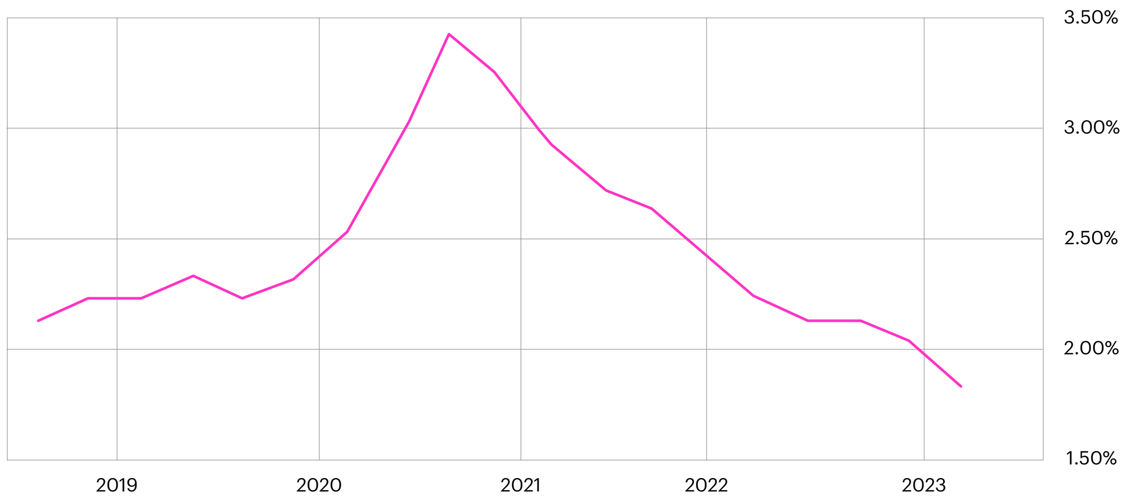
Annual GDP growth rate: 0.7% in Q2 2023

Appendix

Macroeconomic and labor market indicators: Singapore

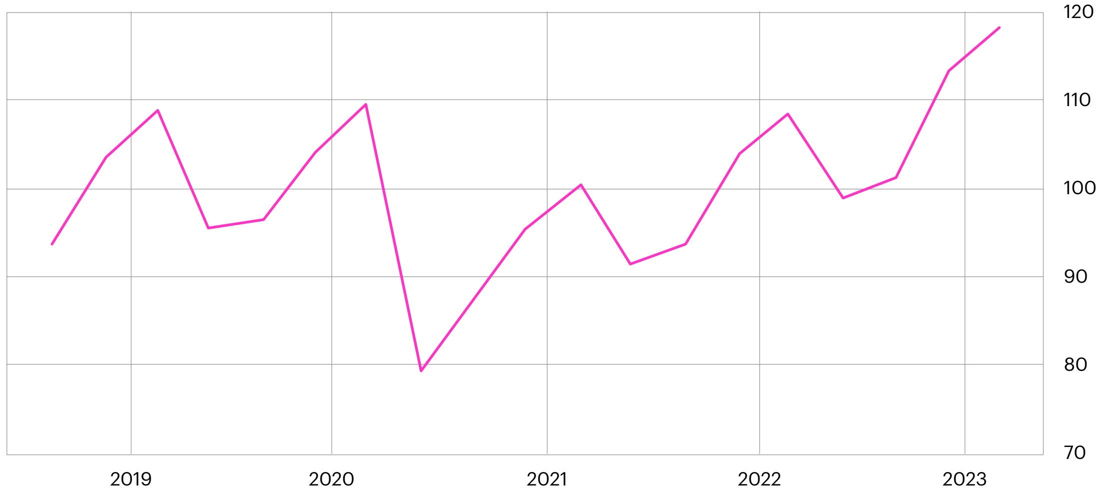


Employed persons: rose slightly to 3.93 million in 2023, notably higher than 3.78 million in 2020



Unemployment rate: a sharp decline across 2022 and early 2023 to 1.8% in Q1 2023

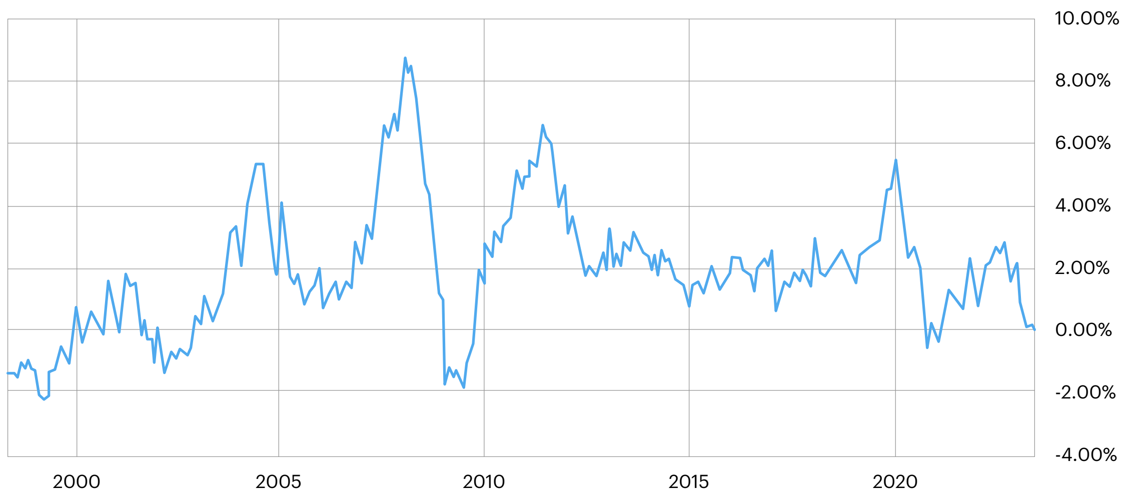
***Source:** Statistics Singapore and Ministry of Manpower, Singapore*



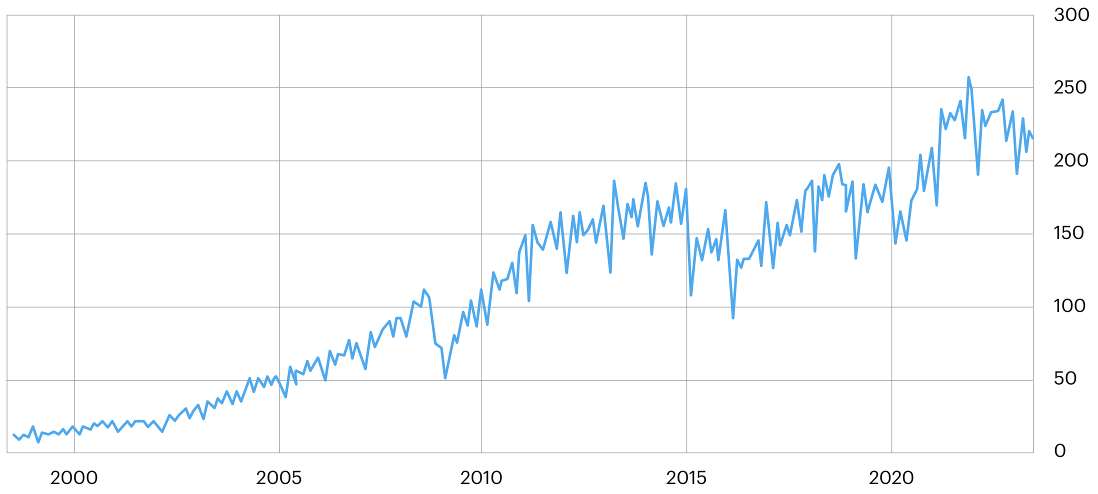
Labor costs: continue to increase – reaching an index of 119 in Q1 2023 (against the index threshold of 50)

Appendix

Macroeconomic and labor market indicators: China

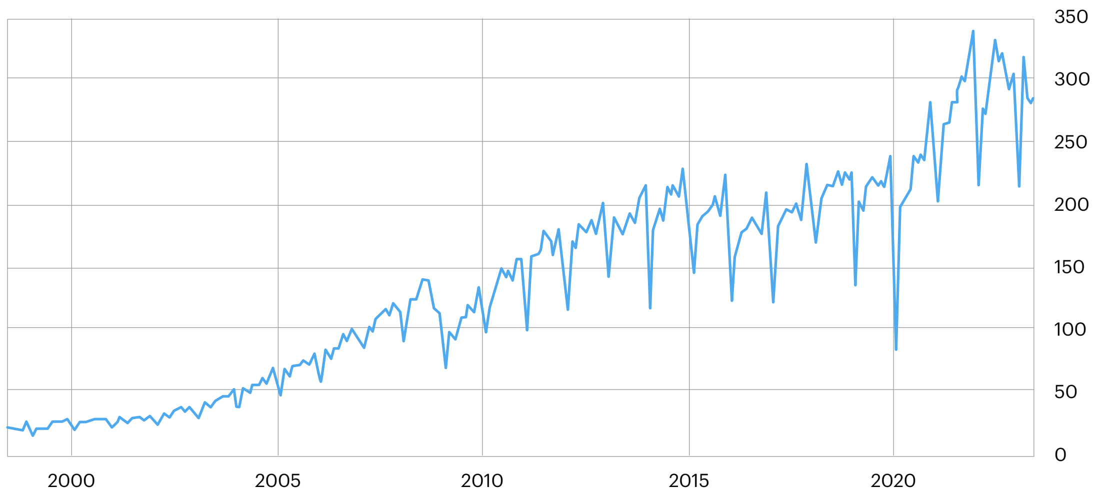


Annual inflation rate: remains low, dropping to 0.0% in May 2023

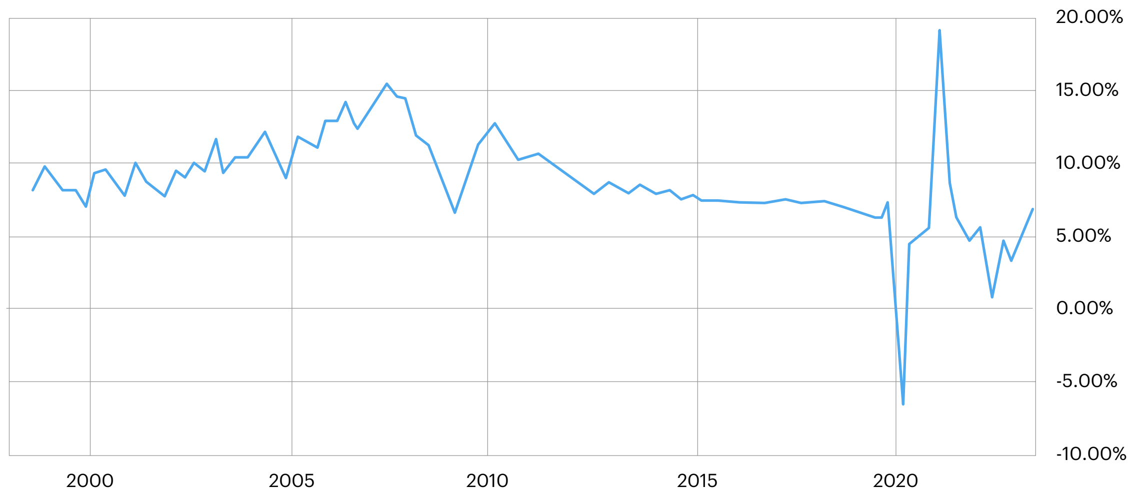


Imports (U.S.$ bn): trending downward

Source: National Bureau of Statistics for China, Ministry of Human Resources & Social Security, China, General Administration of Customs and CKGSB Cheung Kong Graduate School of Business



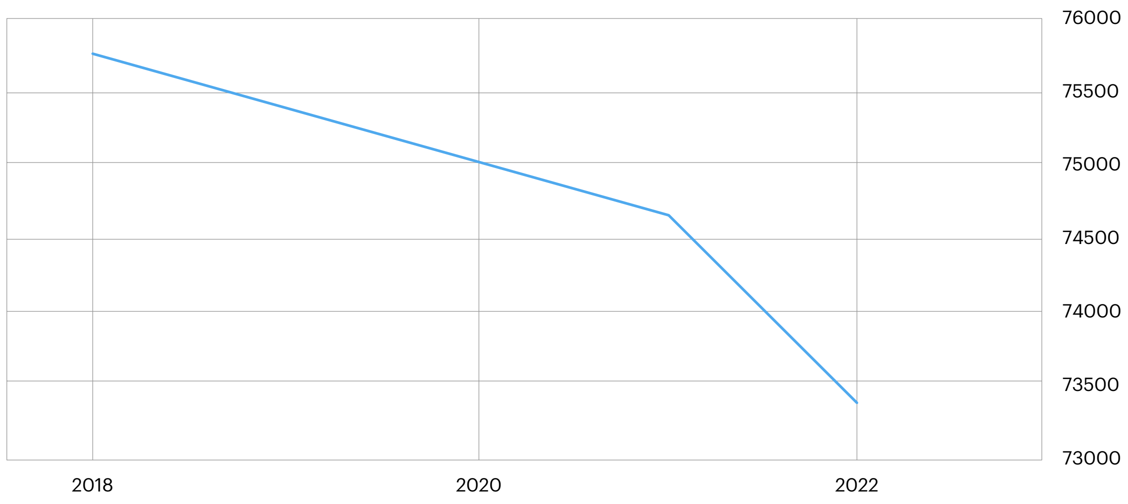
Exports (U.S.$bn): trending downward



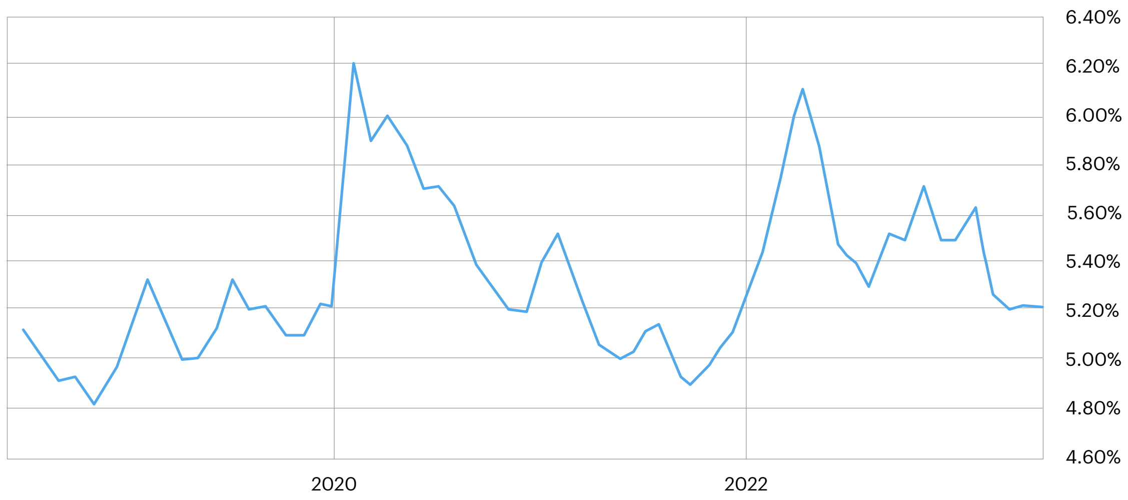
Monthly GDP growth rate: having recently declined, it's rallying again, reaching 6.3% in Q2 2023. These figures are distorted, however, by the low base comparison when Shanghai was in lockdown

Appendix

Macroeconomic and labor market indicators: China

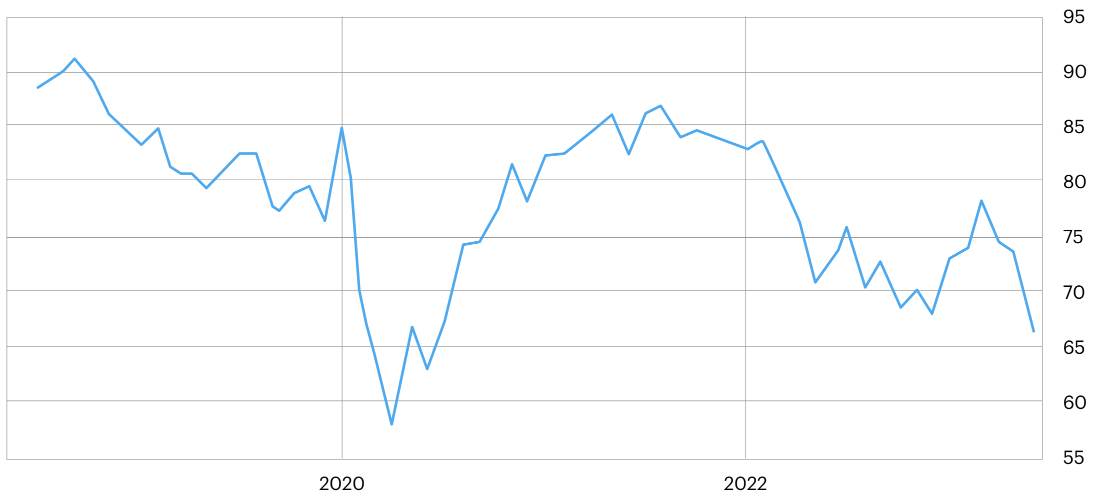


Employed persons: declined sharply across 2022 to 746 million in December 2022



Unemployment rate: having declined sharply in recent months, it has recently flatlined at around 5.2%

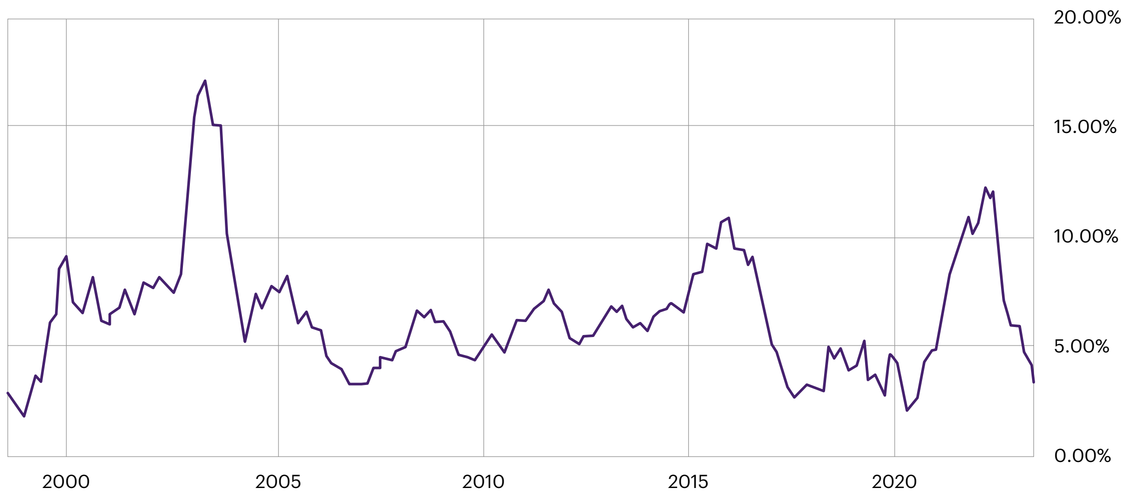
Source: *National Bureau of Statistics for China, Ministry of Human Resources & Social Security, China, General Administration of Customs and CKGSB Cheung Kong Graduate School of Business*



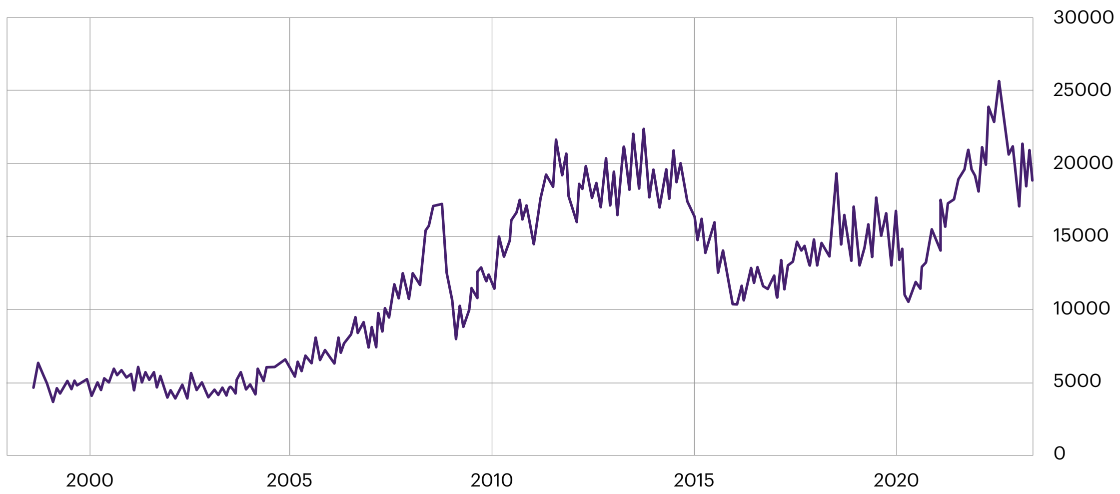
Labor Costs: dropping sharply in 2023 (against the index threshold of 50)

Appendix

Macroeconomic and labor market indicators: Brazil

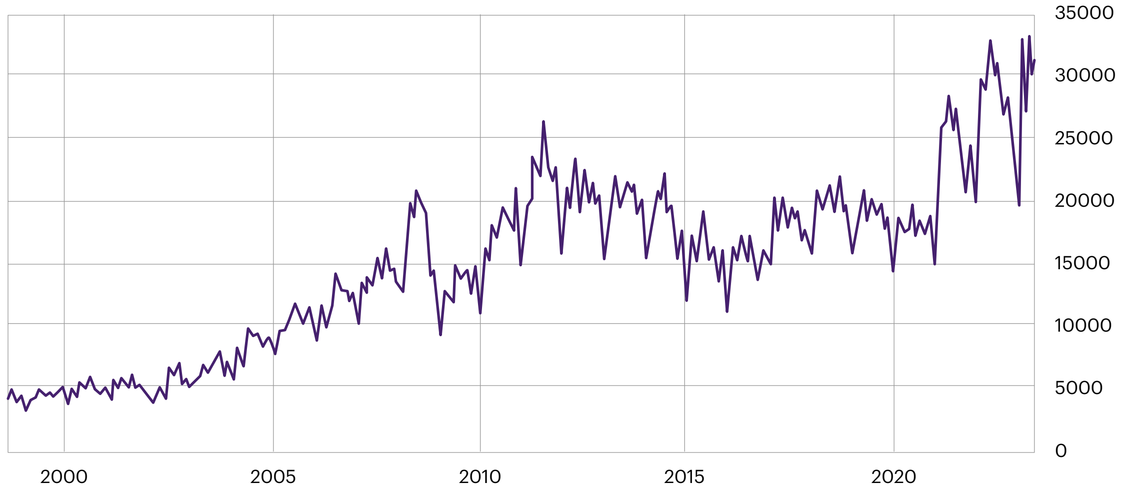


Annual inflation rate: dropping sharply from a near-term high of 12% in April 2022, to 3.2% in June 2023

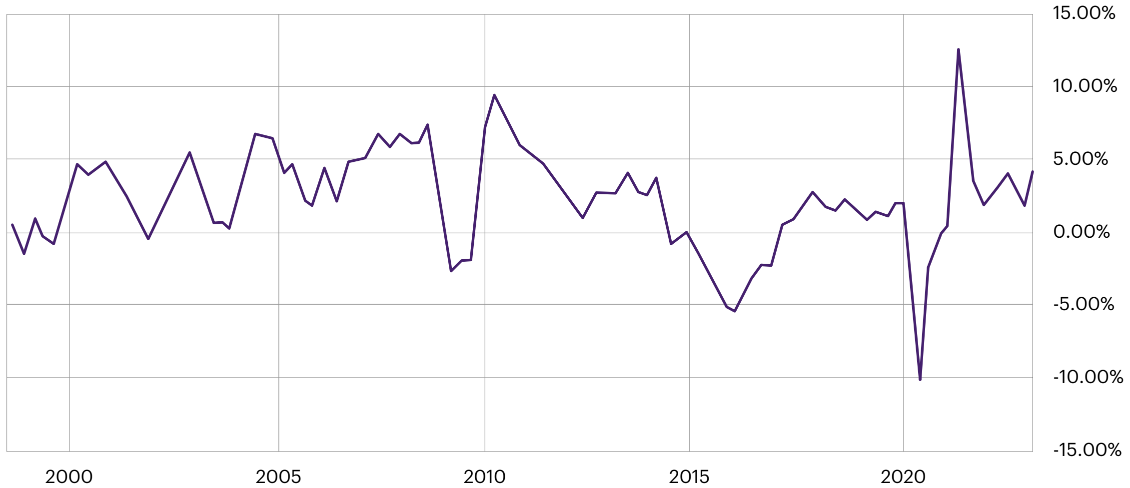


Imports (U.S.$bn): down 18%, YoY, in June 2023

Source: *Instituto Brasileiro de Geografia e Estatistica (IBGE), Ministerio Do Desenvolvimento, Industria e Comercio Exterior and Banco Central do Brasil*



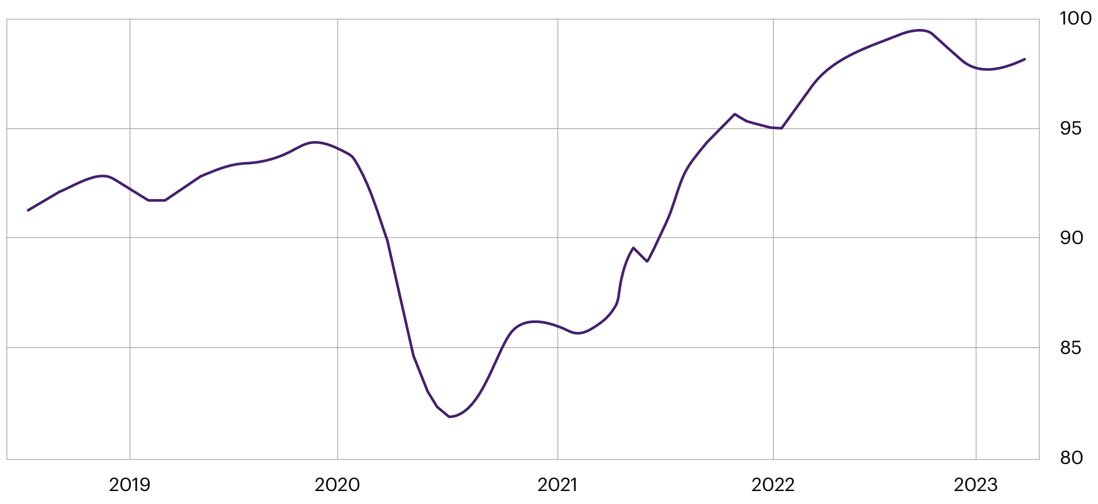
Exports (U.S.$bn): down 8%, YoY, in June 2023



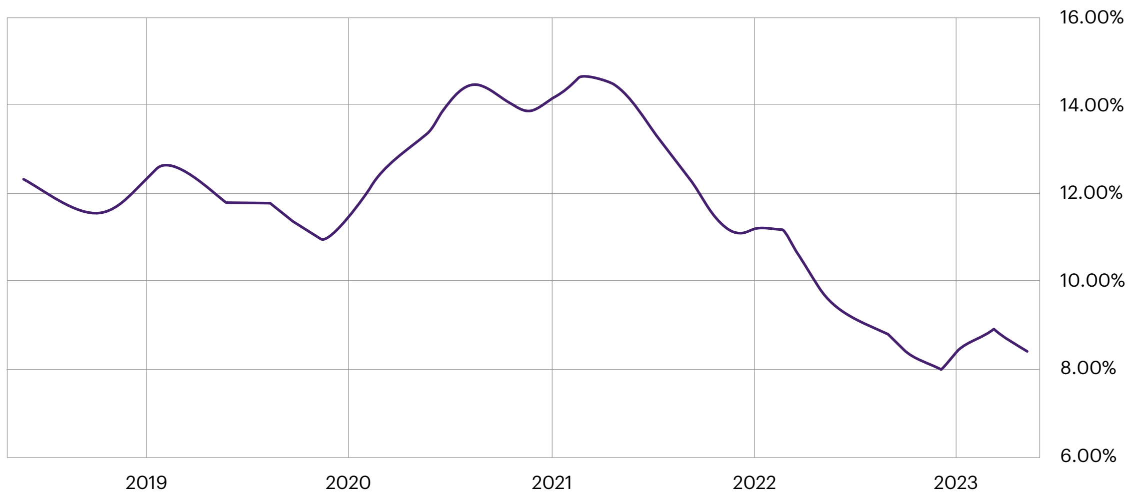
Annual GDP growth rate: expanded 4% in Q1 2023

Appendix

Macroeconomic and labor market indicators: Brazil

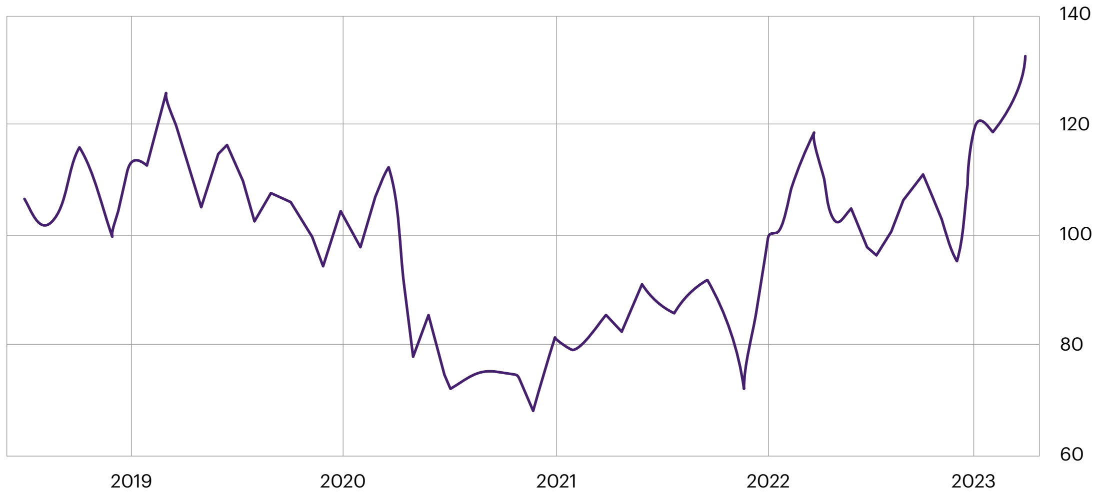


Employed persons: 98.4 million in May 2023, significantly higher than pre-pandemic levels



Unemployment reate: 8.3% in May 2023, significantly lower than pre-pandemic levels

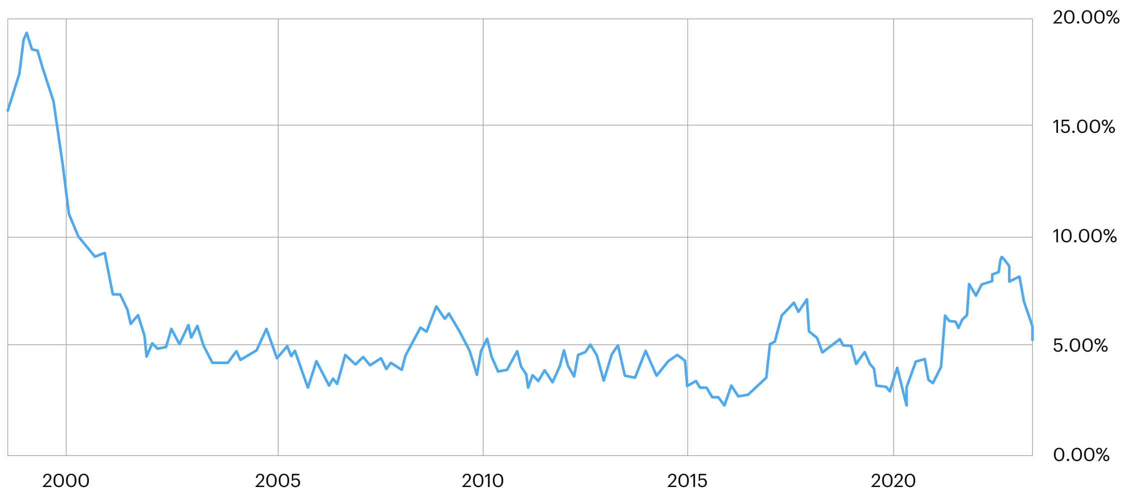
***Source:** Instituto Brasileiro de Geografia e Estatistica (IBGE), Ministerio Do Desenvolvimento, Industria e Comercio Exterior and Banco Central do Brasil*



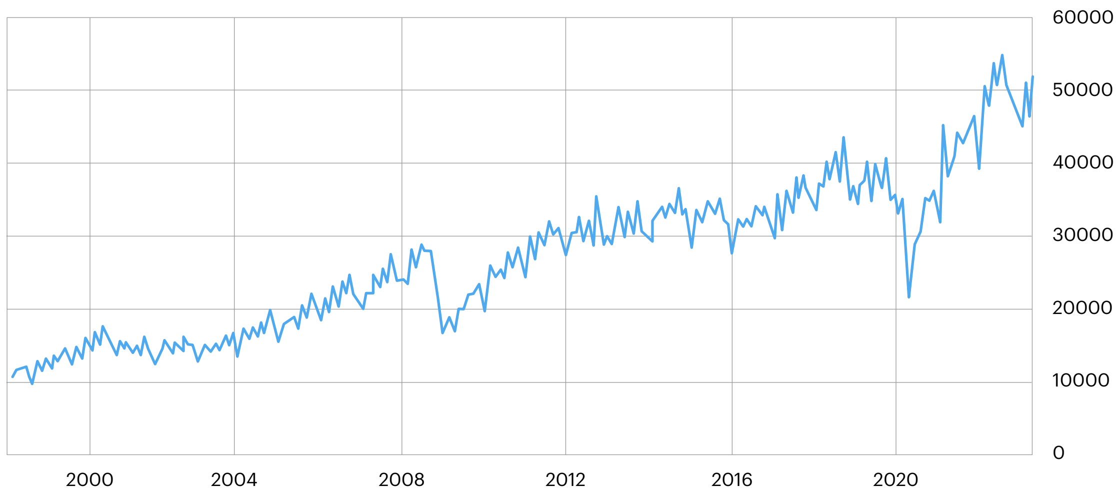
Labor Costs index: above pre-pandemic levels and rising sharply in 2023

Appendix

Macroeconomic and labor market indicators: Mexico

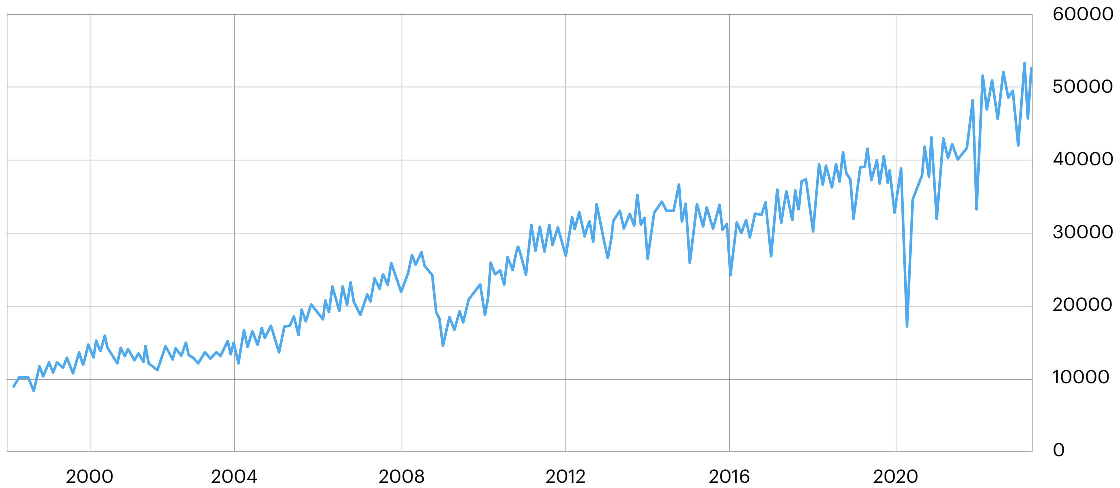


Annual inflation rate: dropping sharply from a near-time high of 8.7% in September 2022 to 5.1% in June 2023

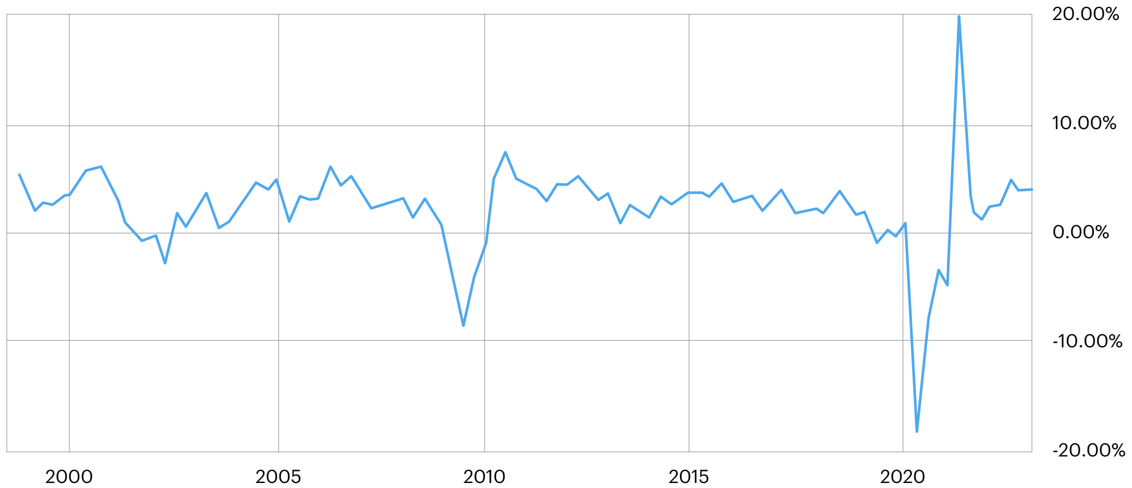


Imports (U.S.$bn): marginally lower than a year earlier in June 2023

Source: *Instituto Nacional de Estadistica Y Geografia (INEGI)*



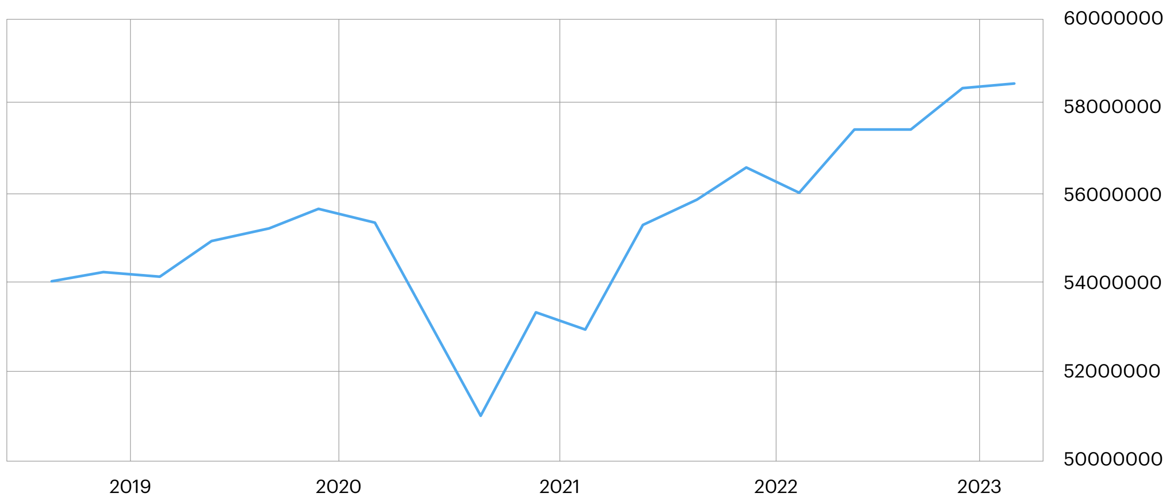
Exports (U.S.$bn): up 8%, YoY, in June 2023



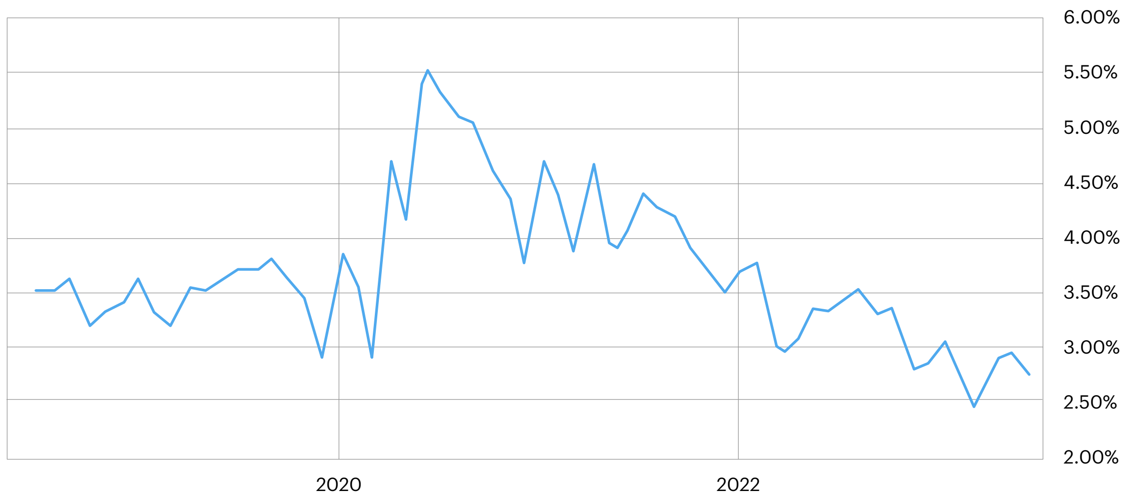
Annual GDP growth rate: expanded to 3.7% in Q1 2023

Appendix

Macroeconomic and labor market indicators: Mexico

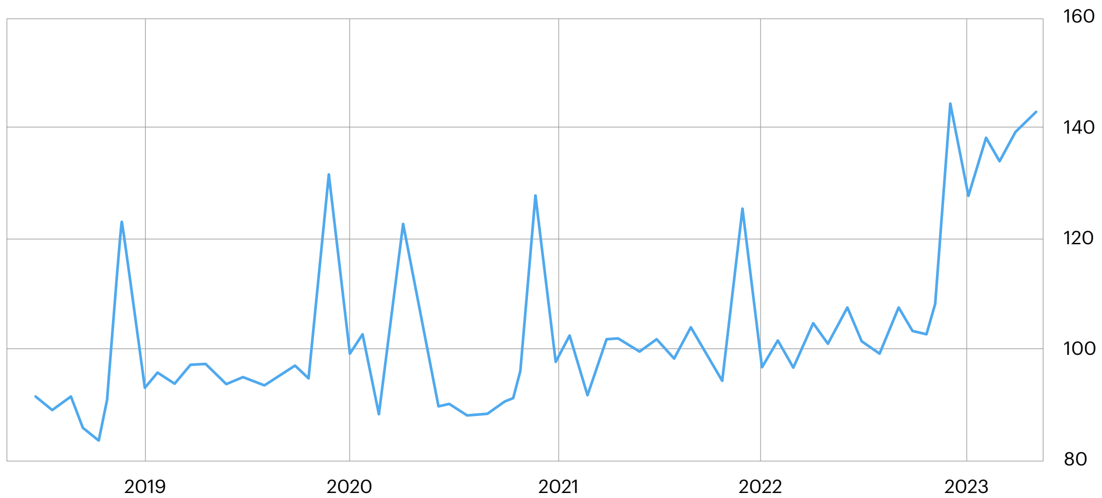


Employed persons: 58.5 million in Q1 2023, significantly higher than pre-pandemic level



Unemployment rate: continues to trend downward and is significantly lower (at 2.7% in June 2023) than pre-pandemic levels

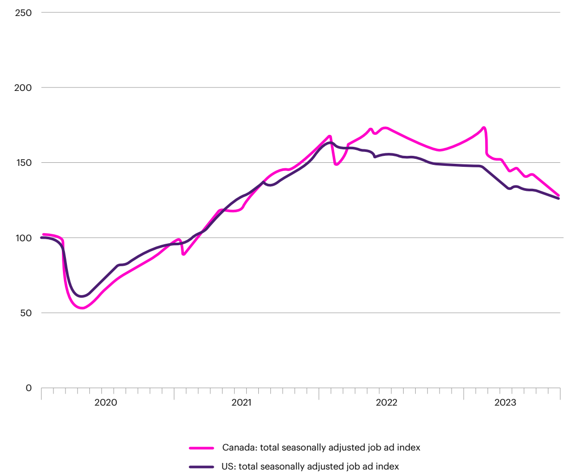
Source: *Instituto Nacional de Estadistica Y Geografia (INEGI)*

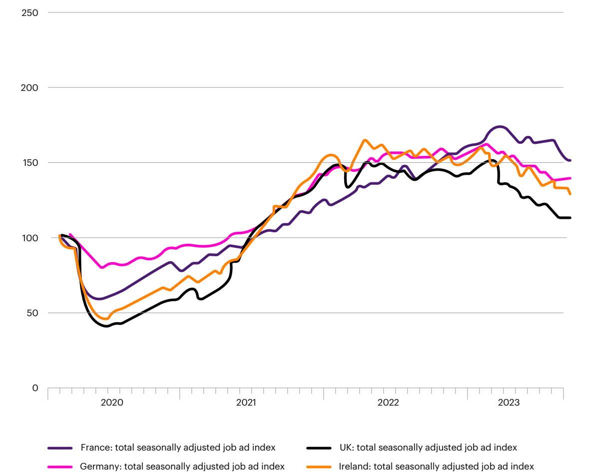


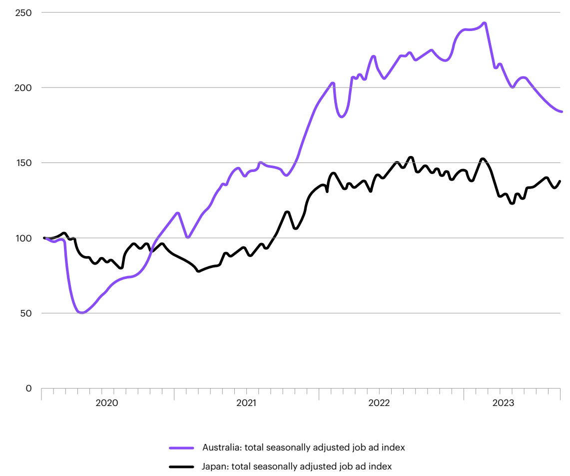
Labor cost index: rising sharply in 2023

Appendix

Real-time job advertising data

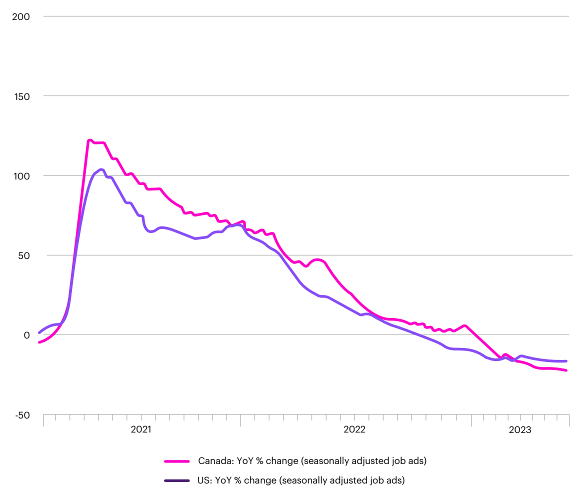


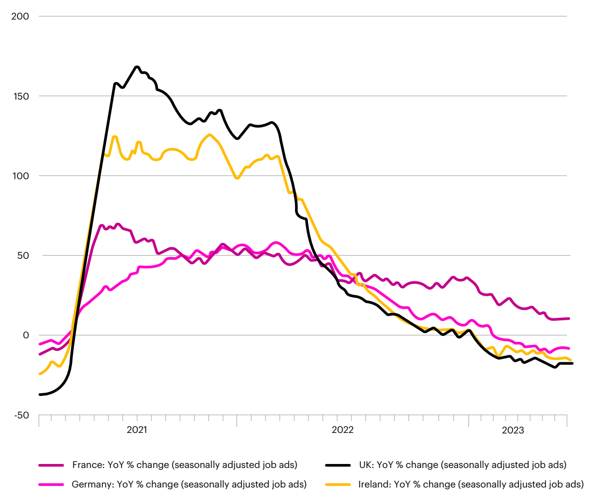


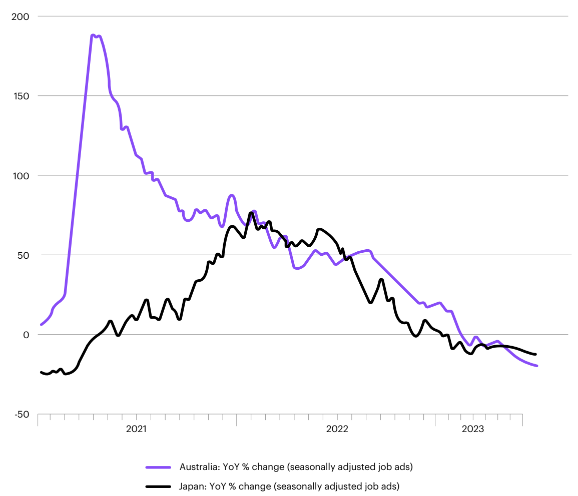


Job advertising index by country (February 2020 vs. June 2023)

***Source:** Indeed Hiring Lab, Real-time Job Posting Data*

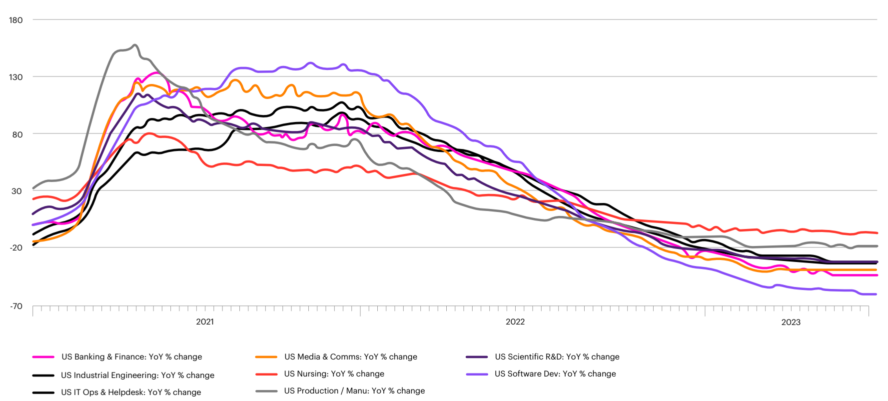


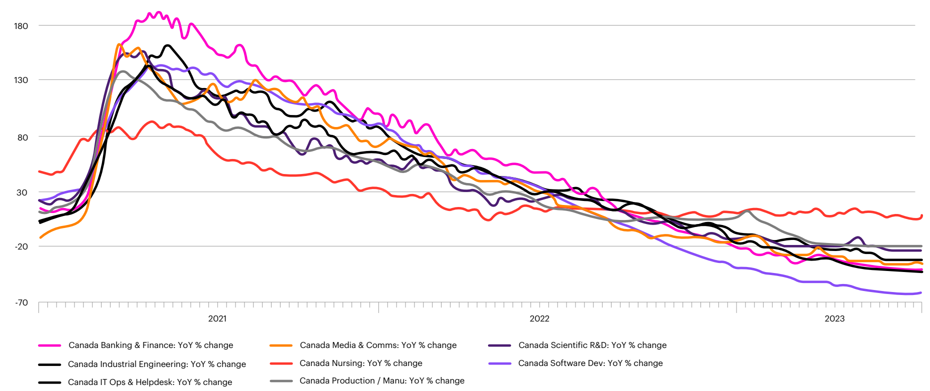




Job advertising index by country (YoY comparison, June 2023)

***Source:** Indeed Hiring Lab, Real-time Job Posting Data*



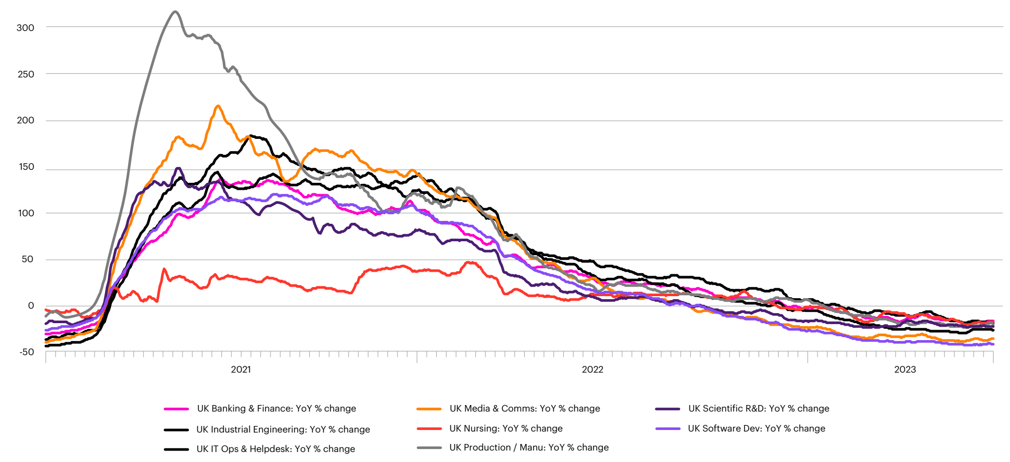


Seasonally adjusted job advertising levels in the U.S. and Canada by industry (YoY percentage change, June 2023)

***Source:** Indeed Hiring Lab, Real-time Job Posting Data*

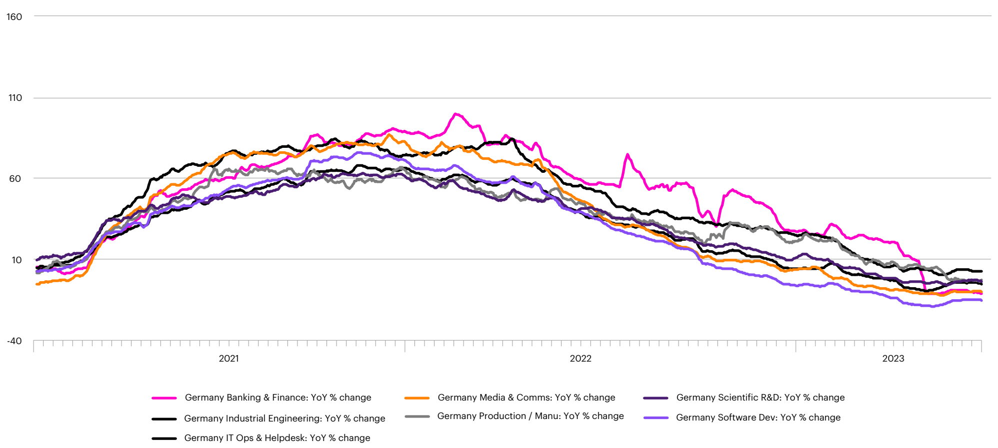
Appendix

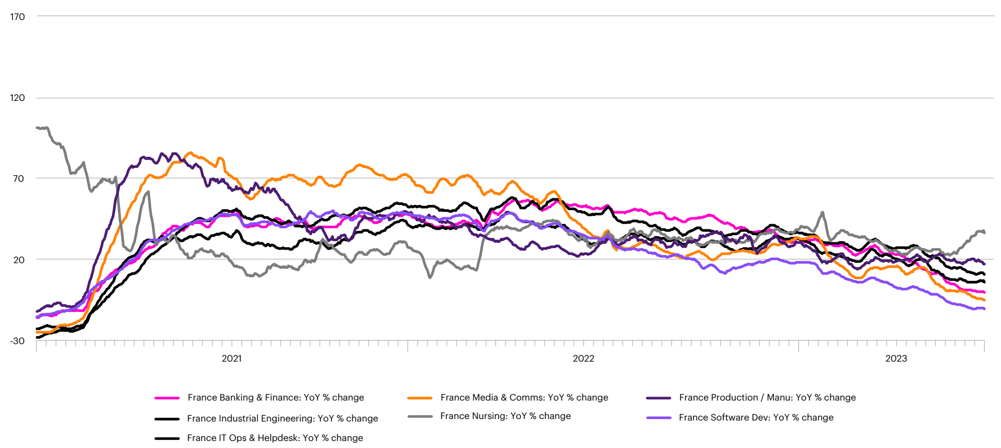
Real-time job advertising data



Seasonally adjusted job advertising levels in the U.K. by industry (YoY percentage change, June 2023)

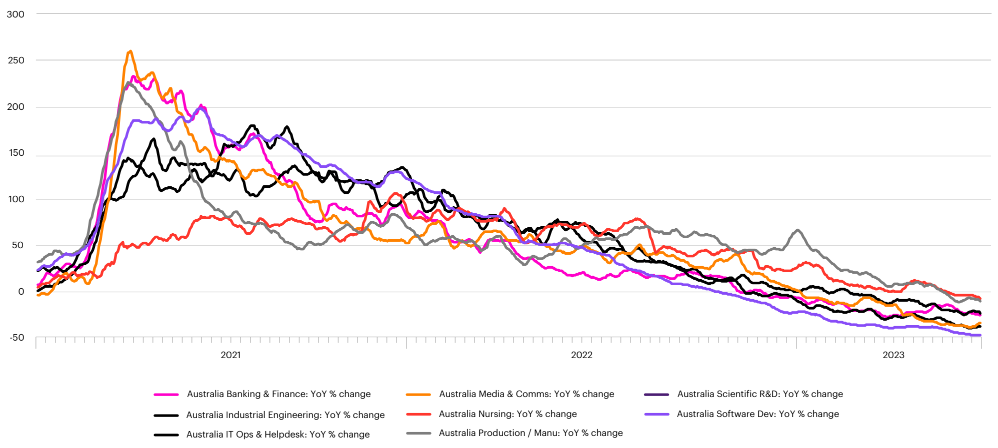
Source: *Indeed Hiring Lab, Real-time Job Posting Data*

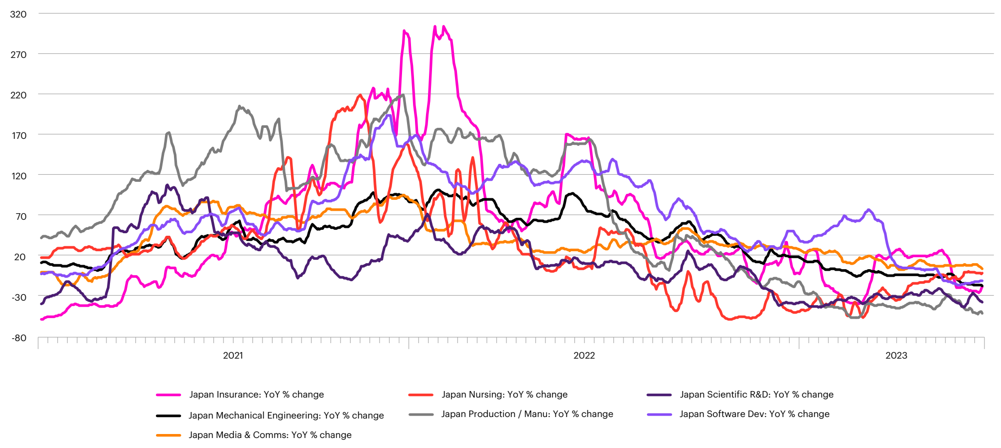




Seasonally adjusted job advertising levels in Germany & France by industry (YoY percentage change, June 2023

Source: *Indeed Hiring Lab, Real-time Job Posting Data*





Seasonally adjusted job advertising levels in Australia & Japan by industry (YoY percentage change, June 2023)

Source: *Indeed Hiring Lab, Real-time Job Posting Data*

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