

Top trends in talent

# Market Burst.

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# Rethinking pay in the market driven by high inflation



Faced with high inflation, some companies rethink their compensation strategies to match today's soaring prices and higher cost of living. However, most firms don't rush to adjust employee wages, creating a potential competitive advantage for employers that are prepared to offer higher salaries.

A recent report by PayScale reveals that 4 in 10 firms are planning for pay increases higher than 3% in 2022. Still, this won't be enough to combat inflation in most cases, causing concern to many employers. 85% of organizations worry about rising inflation eroding the value of wage increases, as pay is already why they are losing talent.

Only 17% of American workers said their raises kept up with market conditions in 2021, in a recent poll by Momentive.

Almost 9 in 10 workers are concerned with the soaring inflation; however, nearly half said it hadn't harmed their finances yet.

Businesses must rethink the effectiveness of their total reward packages, as boosting salaries for all employees may be too expensive. In some cases, employers are turning to schemes focused on flexible working to keep workers on board, even if salary gains don't match inflation. Others offer merit, spot, sign-on, and referral bonuses or even cover costs of extracurricular training. Firms willing to experiment with compensation and benefits packages will see an uptick in talent attraction and lower turnover.

## Longevity is another angle for a reimagined work environment

Companies need to get creative when attracting and retaining candidates in the current competitive market. Firms are turning to different vacation schemes to appeal to new employees and keep their existing talent.

Sabbaticals have steadily gained more and more popularity as employees struggle with workloads. Firms across the globe have started to realize the long-term benefits of prolonged breaks, including sectors that were traditionally more conservative in terms of work perks. [Goldman Sachs](#), for example, has recently introduced a program that includes 6-week unpaid leave for people who have been with the organization for at least 15 years.

Start-ups are taking even bolder approaches. UK digital bank [Monzo](#), has started offering a 3-month paid sabbatical for every four years their employees spend with the company. In a slightly different take, US restaurant platform [SevenRooms](#), announced their “Fresh Start” program, giving their new employees first two weeks off. The company provides pay and benefits while setting official start dates 14 days before the work begins - a twist on a sign-on bonus.

While sabbatical or other leave policies may add costs and uncertainty for companies, employers must consider more innovative benefits to stay competitive. Workers are hungry for change in balancing work and life, and their expectations are getting even higher with more employment options to choose from.



## Increase in work disengagement among women

Companies have demonstrated a strong commitment to employee wellbeing throughout the pandemic, but burnout levels are rising, especially among women. [Gallup](#) has recently reported that women experience more on-the-job stress than men, and the gap has only widened during the pandemic. Work exhaustion among male workers has varied, dipping significantly to 22% in 2020 and then rising to 26% in 2021. By contrast, women's burnout increased four points to 34% in 2020 and remained at that level throughout 2021. [McKinsey's](#) report shows that female leaders are especially likely to feel overwhelmed and disengaged. More than 50% of women managing teams are often or almost always challenged to maintain pace, and nearly 4 in 10 have considered leaving the workforce or reducing their careers.

While companies need to take care of all their employees' wellbeing, the figures around female workers' dissatisfaction levels are especially worrying. If women start dropping out due to heightened work stress, this will significantly impact female representation and worsen the current talent crisis.

A shift towards outcome-based performance culture will be crucial in fighting burnout. Women notably took on a significant amount of additional household duties during the pandemic, which made traditional performance management methods based on hours worked rather than output inadequate.





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# Insight into the “antiwork” movement

The so-called “antiwork” movement is growing as people embrace a work-free lifestyle. What started as a social media phenomenon has been recently noted by some companies as a long-run risk to labor force participation.

In the US, 21.3 million people voluntarily resigned from their jobs between July and November 2021. The global labor force participation rate in 2022 is projected to remain 1.2% below that of 2019. While many factors impact employees' dropout rate, the desire for more balance between life and work is one of the critical forces driving the current Great Re-evaluation. Although “antiwork” started before the pandemic, the key priorities of both movements are aligned - it's about rethinking work possibilities and considering alternative forms of employment. What was deemed revolutionary before 2020 has become part of the current new normal, as workers globally started to redefine their work and life priorities.

“Antiwork” also focuses on pushing back against work exploitation. Experts suggest that while it's still too early to tell whether this movement will have measurable impact on labor rights, there is an unprecedented shake-up regarding how workers do their jobs and the conditions they expect from employers. The high demand for talent across multiple industries has increased employment options and consequently heightened worker expectations regarding pay, work flexibility, and working conditions. Firms must consider these factors if they want to attract and retain talent.

# AI becoming an integral part of recruitment processes

Hiring process digitization seems to be sticking around long after it started during lockdowns and has now been embedded into the recruitment cycles for good. 82% of firms recently surveyed by Indeed confirmed that they had implemented virtual interviews during the pandemic, and 9 in 10 plan to continue this practice in the future. Now, a growing number of companies are using AI-led video interviews to assess candidates. Compared to traditional virtual assessments, it's a step into the future as AI-algorithms take over candidate evaluations. Experts claim that fully automated interviews will provide efficient screening, expand talent pools, and ensure consistent hiring practices by reducing bias. Still, some wonder about the impact on the candidate experience.

While it is still too early for any conclusive reports, a recent article by HBR sheds light on the possible shortcomings of AI-led video assessments. One concern is that candidates may be confused about the type of interview they will be participating in, how the algorithm will assess them, or if facial recognition is involved. As a result, candidates may feel the need to hold a fixed gaze, a fake smile, or an unnatural posture, which can be emotionally and cognitively exhausting. Another drawback is the dehumanising aspect of being assessed by a machine. Transparency is key, and candidates need to know if the algorithm makes the final decision or if a human will work with the data. HR managers and hiring platforms will need to develop guidelines and best practices on using this technology to the advantage of both candidates and hiring managers.

