Leadership Vision for 2023

Top 3 strategic priorities for Talent Management Leaders
Leadership Vision for Talent Management Leaders in 2023

Amidst economic uncertainties and cost pressure, and with talent both scarce and expensive, talent management leaders must understand how the trends impacting the workforce and broader organization will shape their priorities in 2023 and beyond.

In this climate, it is critical TM leaders take action to increase the positive impact that they and their teams have on the organization.

Talent management leaders can use this research to respond to major trends impacting the workforce and improve their own personal impact and effectiveness.

Key Questions Addressed

What are the major trends affecting Talent Management leaders?

How should Talent Management leaders prepare for the year ahead?

How can Talent Management leaders create a more integrated talent management function?
Organizations Face Uncertain and Confusing Times

The Triple-Squeeze
*Three Compounding Pressures that Most Executives Have Likely Never Experienced*

1. **Rising Inflation**
   - 90% of CEOs expect a significant rise in inflation within the next 12 months.
   - 23% of CFOs are specifically increasing employee pay to compensate for consumer price increases.

2. **Scarce Expensive Talent**
   - 50% of HR leaders expect increased talent competition over the next 6 months.
   - 46% of HR leaders anticipate attrition will remain high for in-demand roles in 2023.

3. **Global Supply Constraints**
   - 48% of CFOs believe supply-chain volatility and shortages will last beyond 2022.

Source: 2022 Gartner CEO and Senior Business Executive Survey; 2021 Gartner CFO Capital Allocation Survey; Gartner webinar poll: CFOs’ 2022 Playbook for Enhancing Profitability and Driving Digital Acceleration; Attracting and Retaining Critical Talent While Preparing HR for Disruption (July 2022); 2023 Gartner HR Priorities Survey
Workforce Is Increasingly High Priority for CEOs

Top 10 CEO Business Priorities, 2022 and 2023

Percentage of Respondents Including in Their Top Three Mentions, Coded Responses

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>51%</td>
</tr>
<tr>
<td>Tech-Related</td>
<td>34%</td>
</tr>
<tr>
<td>Workforce</td>
<td>31%</td>
</tr>
<tr>
<td>Corporate</td>
<td>29%</td>
</tr>
<tr>
<td>Financial</td>
<td>20%</td>
</tr>
<tr>
<td>Products &amp; Services</td>
<td>15%</td>
</tr>
<tr>
<td>Customer</td>
<td>15%</td>
</tr>
<tr>
<td>Environment</td>
<td>9%</td>
</tr>
<tr>
<td>Cost</td>
<td>9%</td>
</tr>
<tr>
<td>Sales</td>
<td>6%</td>
</tr>
</tbody>
</table>

n = 410, all respondents

Q: Please tell us about your organization's top five strategic business priorities for the next two years (2022-2023).
Source: 2022 Gartner CEO and Senior Business Executive Survey
### Shifts in Employee Expectations Are Here to Stay

New Employee Expectations Impacting Retention and Attraction

<table>
<thead>
<tr>
<th>Flexibility</th>
<th>Shared Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>52% of employees say flexible work policies will affect the decision to stay at their organizations.</td>
<td>53% of employees want their organizations to take actions on issues they care about.</td>
</tr>
<tr>
<td>n = 3,500 employees</td>
<td>n = 5,000 employees</td>
</tr>
<tr>
<td>Source: 2021 Gartner Hybrid and Return to Workplace Sentiment Survey</td>
<td>Source: 2021 Gartner EVP Employee Survey</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Well-Being</th>
<th>Person-First Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% of companies have introduced new well-being benefits or increased the amount of existing well-being benefits</td>
<td>82% of employees say it’s important for their organization to see them as a person, not just an employee.</td>
</tr>
<tr>
<td>n = 77 HR leaders</td>
<td>n = 5,000 employees</td>
</tr>
<tr>
<td>Source: 2021 Gartner EVP Benchmarking Survey</td>
<td>Source: 2021 Gartner EVP Employee Survey</td>
</tr>
</tbody>
</table>
Talent Management Leaders Must Weigh Many Trade-Offs

Periods of economic uncertainty can offer business leaders the opportunity to reinvest to drive future growth, but this requires deliberate prioritization of trade-offs in budget.

Some of the most relevant and significant trade-offs HR leaders must balance are managing spend, securing talent, and accelerating growth.

Increased digitalization and automation will ultimately make workflows and processes simpler, faster, and more cost-effective while also providing HR staff with more time to focus on the activities that add business value. At the same time, HR leaders must address business leaders’ concerns and ensure the organization’s employee value proposition (EVP) is clear and designed to attract and retain the right talent – particularly those with digital and data skills.
Talent Management Leader Priorities for 2023

Top Business-Supporting HR Initiatives

1. Leader & Manager Effectiveness
2. Organizational Design and Change Management
3. Recruiting
4. Employee Experience
5. Learning and Development
6. Future of Work
7. Diversity, Equity and Inclusion
8. Talent Analytics
9. Performance Management
10. HR Technology Strategy and Management

n = 134 heads of talent management

Source: Gartner 2023 HR Priorities Survey
Q: Please select the two key initiatives you need to concentrate on the most in your function to effectively support each of the priorities you ranked most critical to your organization.
Leaders Need a New Approach

The shifting work environment has changed employee expectations and blurred the relationship between leader and employee. It requires leaders to approach their core responsibilities in new ways by displaying “human-centric leadership” – leading with authenticity, empathy and adaptivity. While these traits have been listed among the key qualities of great leaders in the past, today’s environment has made them imperatives that employees no longer just desire but demand.

<table>
<thead>
<tr>
<th>Core Leader Responsibility</th>
<th>Role Model Behavior</th>
<th>Support Teams</th>
<th>Deliver Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior Approach</strong></td>
<td><strong>Professional</strong></td>
<td><strong>Employees</strong></td>
<td><strong>Efficient</strong></td>
</tr>
<tr>
<td></td>
<td>Enable workplace boundaries</td>
<td>Address work needs</td>
<td>Manage standardized workflows</td>
</tr>
<tr>
<td><strong>Work Environment Shift</strong></td>
<td><strong>Social and Political Turbulence</strong></td>
<td><strong>Work-Life Fusion</strong></td>
<td><strong>Hybrid Work</strong></td>
</tr>
<tr>
<td></td>
<td>High stress and risk of controversy</td>
<td>Increasingly visible personal lives</td>
<td>More variety in work patterns and norms</td>
</tr>
<tr>
<td><strong>New Approach</strong></td>
<td><strong>Personal</strong></td>
<td><strong>People</strong></td>
<td><strong>Individualized</strong></td>
</tr>
<tr>
<td></td>
<td>Enable safe self-expression at work</td>
<td>Address life needs</td>
<td>Manage tailored, flexible workflows</td>
</tr>
</tbody>
</table>

Source: Gartner
Recommended Actions for Talent Management
Leaders to Build Human-Centric Leadership

Evaluate the current state of human-centric leadership at your organization and the existing HR support by partnering with C-suite and senior leaders.

Identify successful human-centric leaders in high-impact roles by collaborating with business unit leaders.

Determine equitable selection criteria to identify employees who can share diverse perspectives with leaders as mentors to expand leader mindsets.

Catalog high- and low-stakes opportunities for leaders to display vulnerable human leadership.

Review your employee value proposition to define specific employee experience attributes that leaders can impact.

Ask leaders to actively commit to clear expectations for human-centric leadership by providing the option to choose between people-leadership and non-people-leadership career pathways.
To decrease change fatigue and support employees through uncertainty, talent management leaders should lead their organizations to adopt an open-source change strategy instead of a top-down change strategy. When employees are active participants with ownership in an open-source change strategy employees are 1.5x more likely to be willing to change and overall change success is 14x more likely. The risk of change fatigue also drops as much as 29 percentage points.
Recommended Actions for Talent Management Leaders to Lead Open-Source Change

- **Communicate** openly about disruptions and changes.
- **Encourage** employees to share change insights horizontally.
- **Identify** and engage specific groups of employees who may help increase support for change initiatives.
- **Shift** ownership of implementation planning to employees to increase change success.
- **Solicit** feedback on plans and share feedback centrally to demonstrate that employees’ voices are being heard.
- **Empower** employees to provide upward feedback and constructive criticism and share negative reactions with leaders to improve feelings of control.
- **Provide** employees with prompts or questions to promote active involvement in change and to better understand its impact on their work.
Leading in a Volatile Labor Market

The labor market has fundamentally changed over the last couple of years. While some of the shifts are temporary, three shifts have changed how organizations acquire talent. Progressive talent management leaders are re-designing how they approach key elements of the recruiting process to overcome the changes in talent supply, attrition and candidate expectations.

<table>
<thead>
<tr>
<th>Demand</th>
<th>Attrition</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent supply is low in traditional talent pools.</td>
<td>Retaining talent in a hybrid and remote environment is more difficult.</td>
<td>Candidates are harder to attract and convert.</td>
</tr>
</tbody>
</table>

**Build an Intelligence-Based Sourcing Capability**
- Find accessible, not just available, talent with labor market intelligence.
- Identify alternate skills, locations and roles that may be able to do the job.
- Use competitive intelligence to position EVP effectively.

**Create an Equitable Internal Labor Market**
- Target potential in the internal, not just external, labor market first.
- Expand equitable opportunity in the internal market.
- Incentivize managers’ support for mobility.

**Build Onboarding for Engagement**
- Create emotional proximity by connecting to the organization’s mission.
- Tailor onboarding to the needs of the individual.

Source: Gartner
Recommended Actions for Talent Management
Leaders to Lead in a Volatile Labor Market

- **Adapt** hiring strategy using talent intelligence to respond to the changing competitive, sourcing and candidate landscape.
- **Leverage** labor market shifts to source talent across functions and locations.
- **Create** an equitable internal labor market by democratizing awareness through technology, opening universal access to opportunities and incentivizing support for mobility.
- **Increase** engagement during onboarding by creating emotional proximity through connecting to the organization’s mission and tailoring onboarding to the needs of the individual.
Talent Management Framework

Integration starts and ends with the business

Talent Acquisition
Performance Management
Learning & Development
Succession Management
Employee Experience
Change Management
Organizational Development
Total Rewards

Diversity, Equity & Inclusion
Workforce Planning & Analytics
Company’s Mission, Vision & Guiding Principles

Aligned Talent Management Partnership

Source: Gartner
Steps to Create an Aligned Talent Management Partnership

Most HR subfunctions currently operate independently with little transparency into day-to-day efforts or workstreams across teams. In fact, only 46% of HR leaders report their HR function and HR processes are designed to deliver talent management services as integrated solutions that enable key organizational capabilities. It is imperative that talent management leaders forge aligned talent management partnerships.

1. **Identify** talent management stakeholders.
2. **Translate** business priorities to talent implications.
3. **Cascade** talent implications to HR Subfunctions.
4. **Identify** connection gaps and opportunities.

Source: Gartner
Step 1: Identify Talent Management Stakeholders

Example: Stakeholders Involved in Leadership Development

Key Questions for Consideration

• Which talent management initiatives currently exist within the organization?
• Which HR activities and other subfunctions are directly related to or have implications for talent management?
• Which HR leaders are responsible for designing and maintaining those activities and subfunctions?
• How do HR leaders currently communicate those activities and subfunctions?
• Which talent management activities do business leaders interact with most frequently?
• With whom do business leaders discuss those activities within the HR function?

Source: Gartner
Step 2: Translate Business Priorities to Talent Implications

Talent Management Processes Aligned With Business Priorities

*Illustrative*

<table>
<thead>
<tr>
<th>Business Priorities</th>
<th>Talent Challenges</th>
<th>Talent Implications</th>
<th>Talent Management Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support market expansion via acquisition.</td>
<td>Leadership Vacuum</td>
<td>Leadership Development</td>
<td>Talent Acquisition, Leadership Development</td>
</tr>
<tr>
<td></td>
<td>STEM Staff Shortage</td>
<td>Acquire New Staff</td>
<td>Workforce Planning, Performance Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relocate Current Staff</td>
<td>People Analytics, Succession Management</td>
</tr>
</tbody>
</table>

Source: Gartner
Step 3: Cascade Talent Implications to HR Subfunctions

Align Business Priorities With Talent Management Activities and HR Subfunctions Involved

Illustrative

<table>
<thead>
<tr>
<th>Talent Implications</th>
<th>Talent Management Activities</th>
<th>Subfunctions Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Development</td>
<td>Leadership Training</td>
<td>Learning &amp; Development</td>
</tr>
<tr>
<td>Acquire New Staff</td>
<td>Leadership Assessment</td>
<td>Performance Management</td>
</tr>
<tr>
<td>Relocate Current Staff</td>
<td>Recruit locally.</td>
<td>Talent Acquisition</td>
</tr>
<tr>
<td></td>
<td>Absorb talent from acquired companies.</td>
<td>Compensation &amp; Benefits</td>
</tr>
<tr>
<td></td>
<td>Select and prepare employees for change.</td>
<td>Talent Acquisition</td>
</tr>
<tr>
<td></td>
<td>Develop relocation packages.</td>
<td>Learning &amp; Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensation &amp; Benefits</td>
</tr>
</tbody>
</table>

Source: Gartner
Step 4: Identify Connection Gaps and Opportunities

Sample Map of Talent Management Connections

*Talent Challenges*

- Leadership Vacuum
- STEM Staff Shortage

*Talent Management Activities*

- Leadership Development
- Talent Acquisition
- Workforce Planning
- Succession Planning
- Compensation

- Executive Hiring Needs
- Talent Market Analysis
- Risk Analysis of Critical Skills

- Skill Needs Assessment
- Development Programs
- Performance Reviews
- Performance Management

Source: Gartner
Actionable, objective insight

Position your organization for success. Explore these additional complimentary resources and tools for HR leaders:

**Research**
- **Top 5 Priorities for HR Leaders in 2023**
  - Learn about actionable and objective insights to tackle your top HR challenges.
  - [Download Report](#)

- **Build a Better Strategic Plan for Your Function**
  - Turn your strategy into action with our tools and templates.
  - [Download Template](#)

**Resource Hub**
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- **Journal**
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