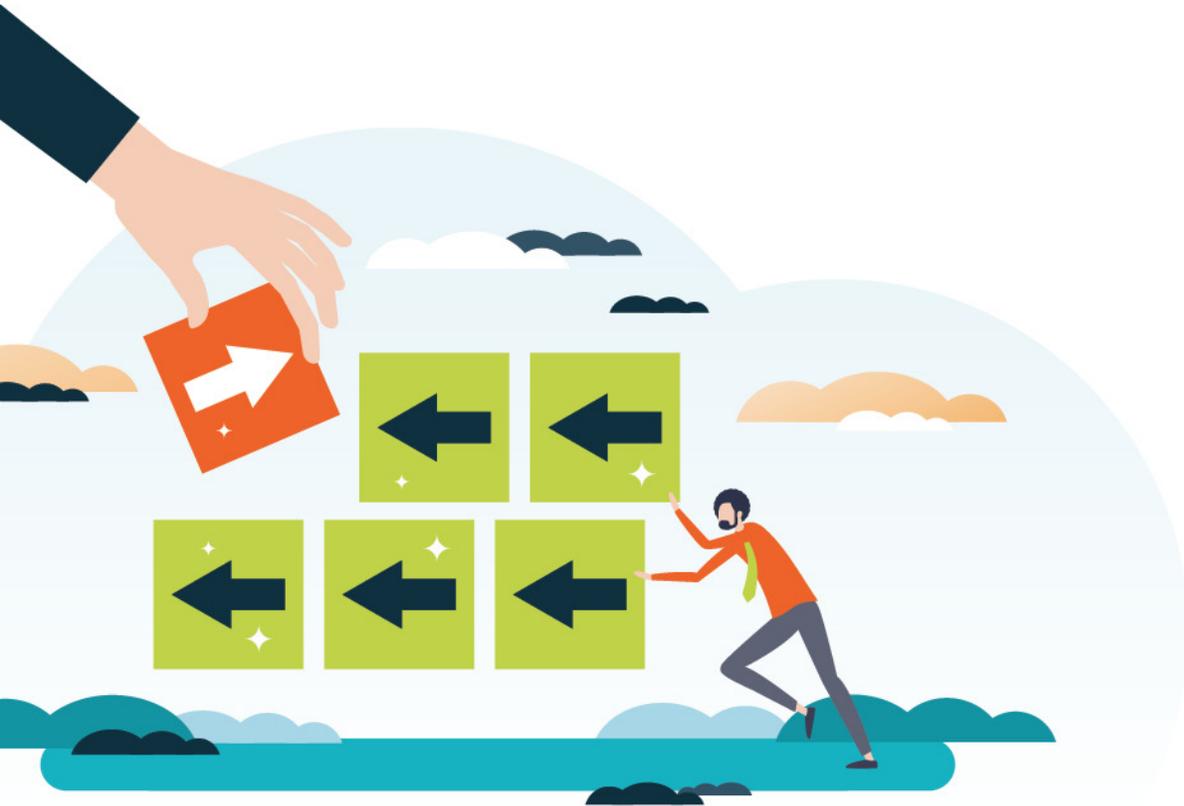


BUSINESS RESILIENCY WEBINAR SERIES

Outlook 2023:

Business insights and leading trends
for SMB growth leaders





THE GENERAL THEME FOR 2023 SEEMS TO BE ...

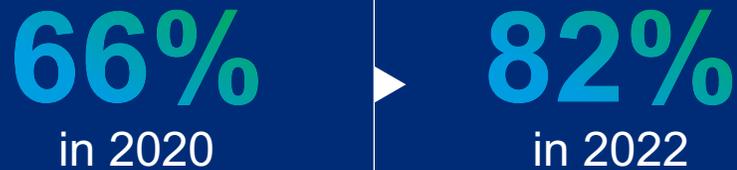
Dynamic

Several key factors are combining to create uncertainty for US employers:

- **Economic pressures** – rising costs, supply chain issues
- **Tight labor market** – finding and keeping talent
- **Labor force sentiment** – high expectations for flexibility, balance and meaningful work

A collective sense of optimism mask a myriad of different experiences across genders, generations and geographies

Trust in companies to do the right thing for society is up:



And the number of employees saying they are thriving has increased:



Which employees feel they are thriving today?

Gender	
Male	67%
Female	58%

Generation	
Gen Z (16–24)	51%
Gen Y (25–39)	67%
Gen X (40–55)	62%
Baby Boomers (56–74)	49%

Current work location	
Remote	69%
Hybrid	67%
Onsite	47%

Industries	
Automotive	56%
Chemicals	76%
Construction	70%
Consumer goods	57%
Energy	72%
Financial services	74%
Health Care	55%
Insurance	71%
Life sciences	82%
Manufacturing	65%
Professional services	58%
Retail	55%
Technology	73%

Region	
North America	70%
Latin America	58%
Europe	56%
Middle East	69%
Asia	66%
Pacific	69%
South Africa	56%



AMONG INSPERITY CLIENTS SURVEYED ...

Performance is strong

- **85%** of our client respondents are performing as well as or better than they did last year, despite the challenges in the business environment
- **61%** say business is performing better than 2021
- Another **24%** say they are performing at the same level that they did in 2021

Source: August 2022 Business Outlook survey, "What is your current outlook for the year-end performance of your organization in 2022?" (n=424 Insperity clients).

2023 areas of focus

Market conditions present a number of challenges, but some rise to the forefront for leaders.

- Inflation and managing operational costs are key considerations for our clients going into 2023.
- The tight labor market and generally managing through external uncertainty are other top concerns.

Source: August 2022 Business Outlook survey, "Which of the below are top concerns for your organization? Select all that apply." (n=371 Insperity clients).

TOP CONCERNS



Workforce challenges weigh heavy on executives' minds this year

96% feel they are in an employee-centric labor market

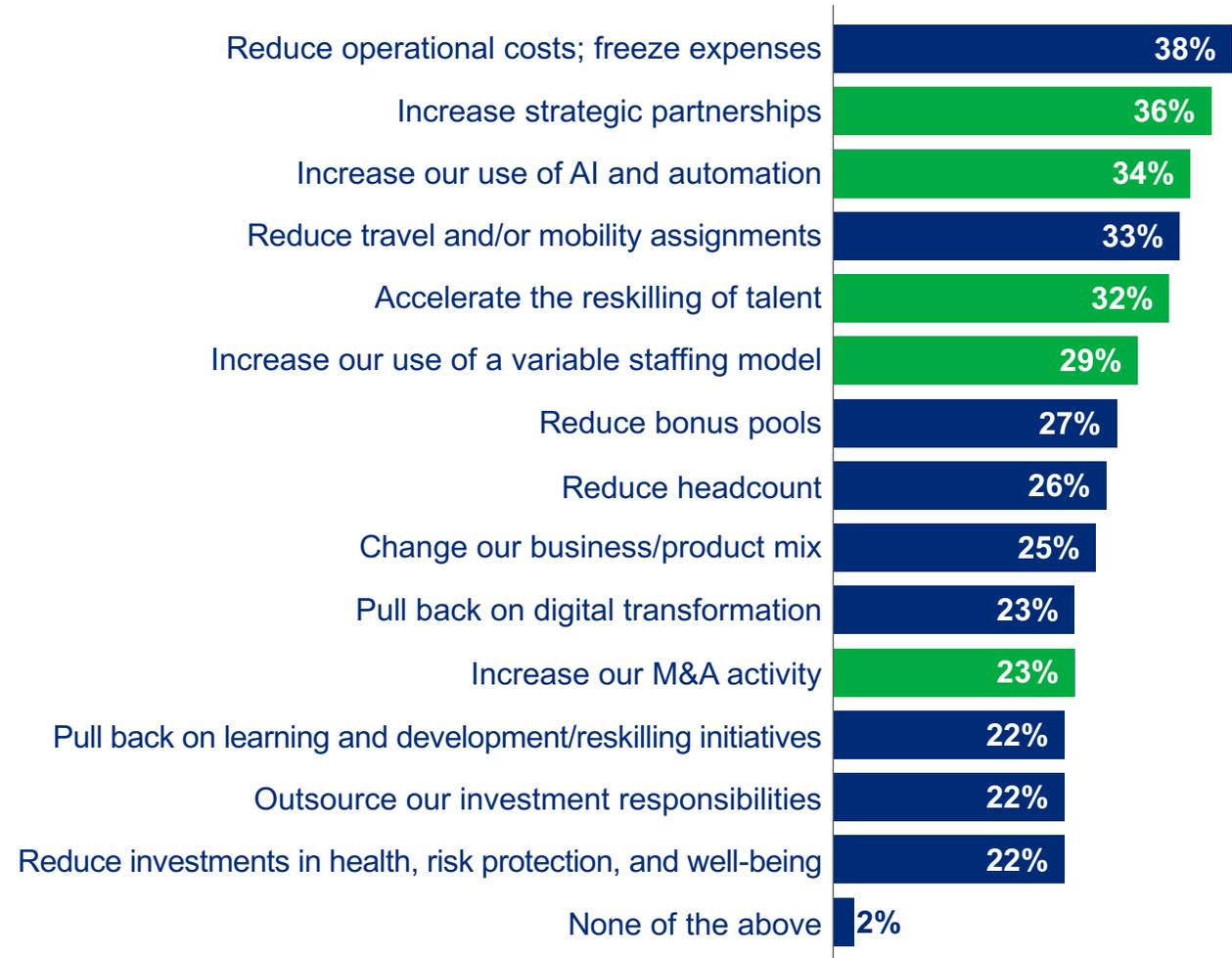
63% worry about hiring the right talent at the right price at the right pace

56% worry about lower engagement among certain populations

66% are facing a labor shortage crises

How have the events of 2020/2021 shaped Executives views on where they will invest/retreat if faced with another economic downturn?

■ Increase investment



The rise of the Relatable Organization



Reset for relevance

Build resilience by leading with values and an adaptive design



94% of employees expect their employer to pursue a sustainability agenda



88% of executives are prioritizing setting targets related to responsible work practices



Only 1 in 3 HR leaders has prioritized putting sustainability at the heart of the transformation agenda

Work in partnership

Create equitable, transparent and rewarding partnerships



61% of employees will only join a company if they can be remote/hybrid



81% of HR leaders are worried that remote working will deteriorate the culture



71% of executives are concerned about promotion prospects for remote workers

Deliver on total well-being

Nurture a healthy workforce with benefits that matter



1 in 3 executives say their investment in health and well-being has delivered a measurable return



31% of companies are introducing mental or emotional well-being strategies



55% of employees fear for their future financial wellness

Build for employability

Meet future work needs with a skills-based organization



79% of employees know what skills are needed for tomorrow



84% of companies are investing in AI-powered skills identification/valuation



1 in 5 employees is not convinced of the return for reskilling

Harness collective energy

Unlock potential with human-centered work environments



97% of organizations are planning enterprise-wide transformation in 2022



27% of employees say organizational complexity is a barrier to transformation



1 in 5 HR leaders say redesigning work to improve agility was a priority for 2021, but it was difficult to make progress



What are you doing to forge new ways of partnering that are increasingly relatable, sustainable and attuned to the ways people want to work?

Download the full Global Talent Trends Study at www.mercer.com/global-talent-trends

While our clients anticipate challenges over the coming months, they expect to come through strong in 2023



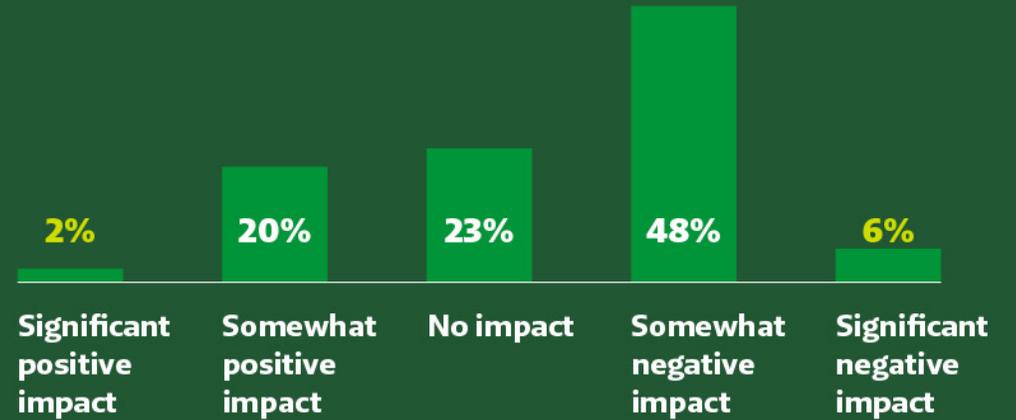
expect the economic environment to impact their business negatively over the coming months

Most feel the impact will ultimately **not be significant**

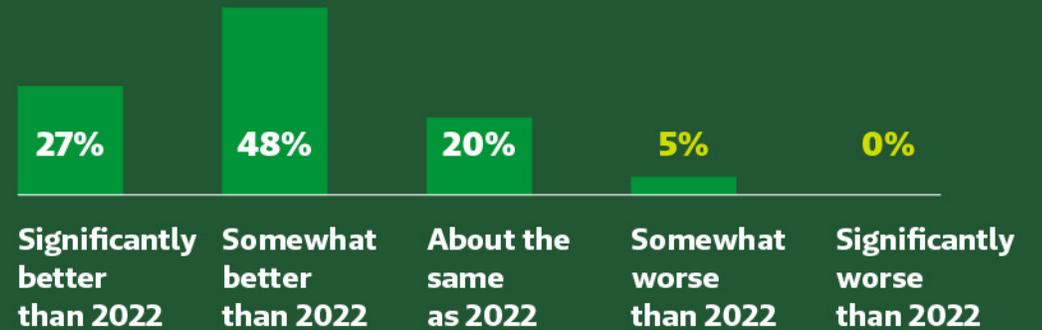


say they expect to perform better in 2023 than in 2022

EXPECTED IMPACT OF ECONOMIC ENVIRONMENT



OUTLOOK FOR 2023 PERFORMANCE



Source: August 2022 Business Outlook survey, "Which of the below are top concerns for your organization? Select all that apply." (n=385 Insperty clients).

AMONG INSPERITY CLIENTS ...

Responding to an
employee-centric
labor market

60%
recruiting for
open positions

TOP CONCERNS

Maintaining & building a strong culture

58%

Compensation

48%

Managing health care costs

45%

Employee wellbeing & wellness

42%

Leadership development

40%

Managing a virtual workforce

27%

Compliance & reporting

16%

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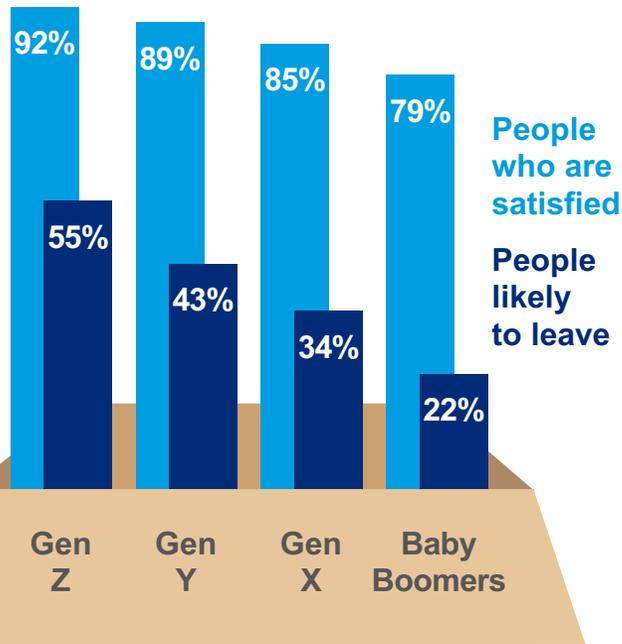
16%

Source: August 2022 Business Outlook survey, "Which of the following are your top HR concerns? Select all that apply." (n=371 Insperity clients).

Partnering to play the Great Resignation to your advantage

70% of HR predict higher than above attrition this year

Talent/skill acquisition and retention are CEO's top 2 asks of HR for 2022



Employees with highest intent to leave work in:

Automotive (52%)



Technology (46%)



HR is anticipating the highest turnover in:

#1 Young talent

#2 Professionals

#3 Digital talent

Top reasons Employees stay*

1 Job security	7 Opportunity for career progression	4
2 Flexible working policy	8 Opportunity to continuously develop	3
3 Competitiveness of pay/rewards	9 Organization's brand/reputation	13
4 Fair pay/responsible rewards practices	10 Pension/retirement options	5
5 Vacation/time-off policies	11 Employee well-being programs	
6 Medical insurance	12 My manager	9

*Arrows represent 2020 ranking

People would forgo a pay increase for flexibility

What would you forgo a pay raise for this year?



We are making progress on closing the career gap for some, but not for all

Employees' view when it comes to how their organization supports their career: ■ Agree ■ Disagree ■ Don't know



Gen Z's feel most misunderstood: Although 71% say their manager understands their current skills, interests, and skills gap, they are the most pessimistic



Men feel more mobile: More likely to agree with 'my organization is supportive of employees who want a change mid-career (77% vs. 69% for women)



Women are less familiar with their options: Less likely to say their skills will be suitable for a role in another part of the company (35% vs. 39% for men)

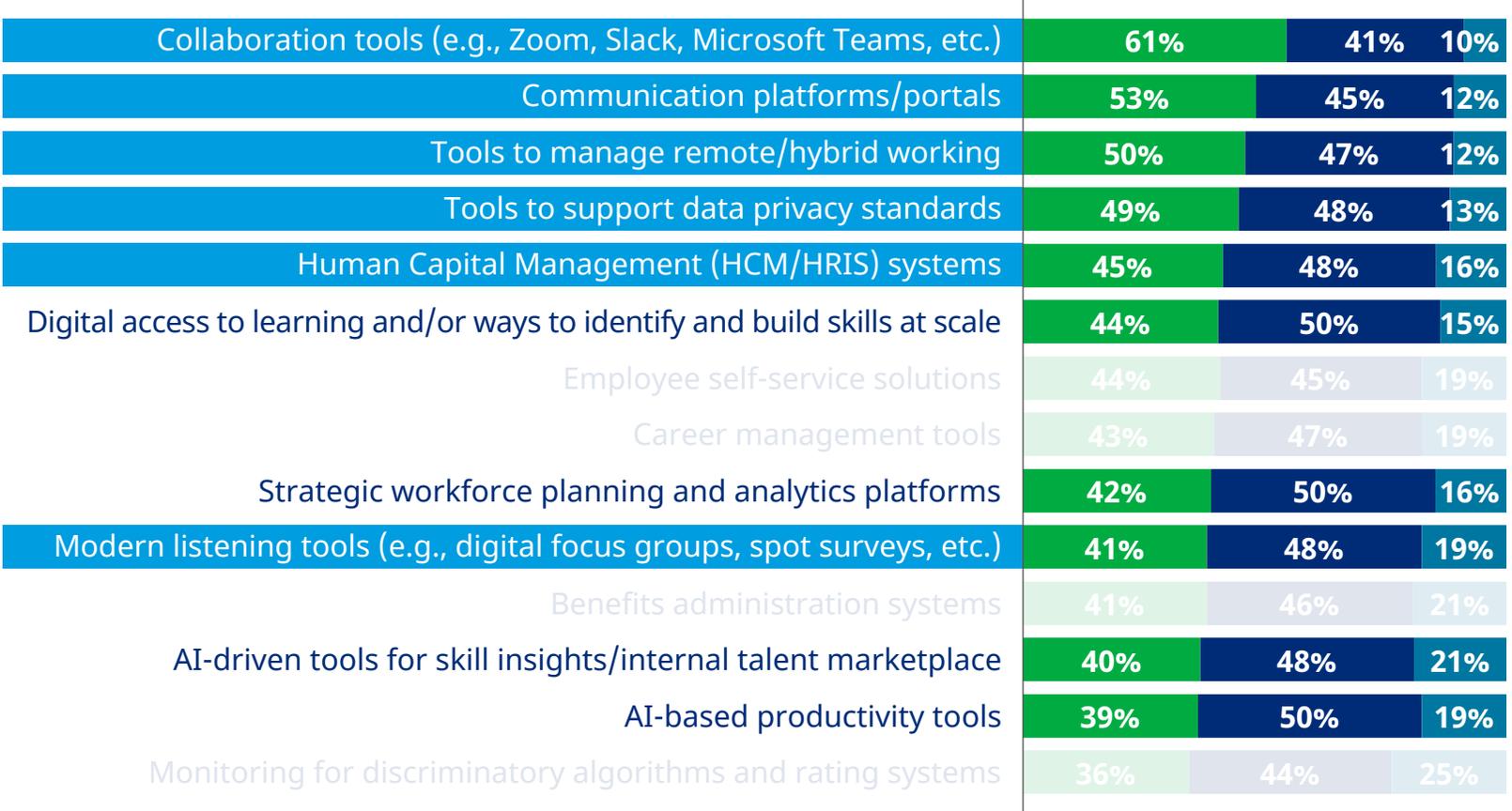


Baby boomers feel forgotten: 58% say there is support available for those nearing retirement

Keeping up with digital transformation

How are organizations planning to invest in technology?

■ Invested in 2021
 ■ Plan to invest in 2022
 ■ Not applicable
 ■ Statistically significant difference



High Growth Companies' top investment priorities in 2021

High Growth Companies' top investment priorities for 2022

82% of Executives say they introduce new automation and technology with a humanistic, consultative approach

77% of Employees say they trust their organization to upskill or reskill them if their job changes due tech (up from 55% in 2020)

37% of Individual Contributors say their company is not good at communicating how AI or automation will improve ways of working

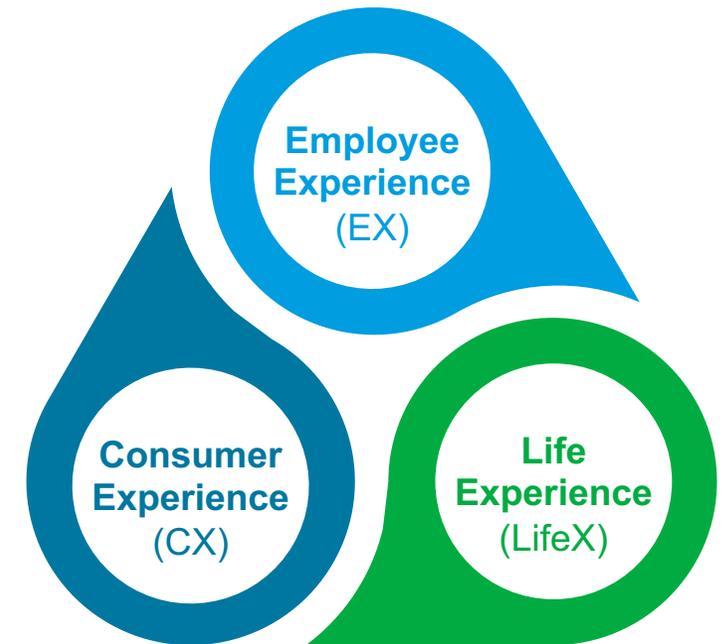
Baby Boomers are less likely to see AI and Automation making their job more interesting

Reframing work-life integration in the new world of work

Energized Employees are significantly more likely to say they can integrate their work and personal lives

Less energized people are less satisfied and less motivated but more likely to stay

	Energy amplifier	Energy diminisher
Individual	<ul style="list-style-type: none"> Feeling you can always bring their authentic self to work (83%* vs. 49%) Feeling financially secure (79%* vs. 68%) 	<ul style="list-style-type: none"> Feeling replaceable by AI (10%* vs. 46%) Companies who don't offer remote/hybrid working especially for Gen Z (54%* vs. 66%)
Business area/team	<ul style="list-style-type: none"> When pay/promotion decisions are made fairly, equitably, and without bias (82%* vs. 55%) Managers who understands current skills and interests (85%* vs. 64%) 	<ul style="list-style-type: none"> Lack of diversity (9%* vs. 20%) Lack of clarity on career opportunities (17%* vs. 47%)
Strategy/governance	<ul style="list-style-type: none"> Women and minority groups are well-represented in higher leadership (83%* vs. 66%) Sustainability strategies and goals are a clear priority for the Executive team (86%* vs. 59%) 	<ul style="list-style-type: none"> Slow moving culture (29% vs. 25%*) Not being rewarded for acquiring new skills (21%* vs. 25%)



The emergence of “Life Experience” (LifeX)

*For energized employees



Insperity[®]

HR that Makes a Difference[™]