

## TRENDS AND CHALLENGES ON THE LABOR MARKET IN THE NEW POST-PANDEMIC CONTEXT

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***Abstract:** Any crisis, even a sanitary one, means a moment of evolution. And evolution is not always equal to expansion, but also to recalibration, readjustment and reconsideration of priorities. Experts agree that the labour market has undergone the greatest transformation in recent generations, and the pace of change will not slow in 2022. The factors currently influencing the labour market are: the consequences of the pandemic, the fight for talent, the level of inflation that has already set in. It overshadows wage increases, continuous technological developments and the way they transform jobs, the growing focus on diversity, equity and job inclusion, and the uncertain political environment. This paper shows the main trends and challenges that will shape the labour market in the next period and also the changes and restructuring in HR policy within companies.*

***Keywords:** pandemic crisis, labour market, post-pandemic context. HR department, HR trends.*

### INTRODUCTION

The pandemic was an unexpected event, which had ramifications in all areas of activity, majorly influencing not only the internal HR policies of companies, but also other policies and plans.

Any crisis, even a sanitary one, means a moment of evolution. And evolution is not always equal to expansion, but also to recalibration, readjustment and reconsideration of priorities.

The high degree of uncertainty and volatility has led to changes on several levels. First, it has led companies to rethink their workflows and adapt their organizational model to the constraints imposed by the pandemic.

2021 has shown us that when there is a lot of uncertainty in the game and it tends to become a constant, the only thing that drives you forward is courage. And we have seen this in full in the year that has ended, for both employees and employers: candidates who are more confident and more

courageous in not accepting less than they deserve from a job, from a team, from an employer; HR teams working continuously, at risk of burnout at times, only to be able to recruit key talent in record time.

## **TRENDS AND CHALLENGES THAT WILL SHAPE THE LABOR MARKET IN THE POSTPANDEMIC CONTEXT**

Experts agree that the labor market has undergone the greatest transformation in recent generations, and the pace of change will not slow in 2022. The factors currently influencing the labor market are: the consequences of the pandemic, the fight for talent, the level of inflation that has already set in. It overshadows wage increases, continuous technological developments and the way they transform jobs, the growing focus on diversity, equity and job inclusion, and the uncertain political environment.

The main trends and challenges that will shape the labour market in the next period can be summarized as follows<sup>1</sup>:

**1. Accelerate the process of automation and digitization of the employment relationship**, both in terms of management and administration of documents required by labour law, but also of employee relationship management by continuing to implement software and applications that facilitate the response of human resources departments to employee requests (chatbots, virtual assistants or applications through which employees can generate a series of documents to prove their status as employees). At the same time, in the sphere of the recruitment and evaluation processes of the candidates, the digitization tendencies will be accentuated by the implementation of new tools destined to the automation of their various stages.

Automation and Artificial Intelligence (AI) tools are impacting more and more processes and operational flows, regardless of the field of activity. Automated production lines with the help of industrial robots, self-service cash registers or virtual assistants that take the place of human operators are just a few examples. If we refer strictly to these situations, a consequence of the integration of these tools in the medium term will be the disappearance of jobs such as cashier or callcenter operator. On the other hand, with the automation of various routine processes, the role of human interaction will become increasingly important in many areas, and software skills and digital skills will be in high demand.

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<sup>1</sup> <https://www.wall-street.ro/articol/Careers>

## **2. Work from home, hybrid or remote**

Hybrid work will continue to be preferred by employees. According to the study “Normal Resetting: Defining the New Era of Work,”<sup>2</sup> conducted by Adecco between May 13 and June 4, 2021 at Overall, 53% of employees prefer a hybrid working model. This model opens up new opportunities and boundaries, gives equal opportunities to more employees, motivates and increases their confidence by giving them the flexibility and opportunity to manage their time and resources.

Therefore, the main trend that will dominate the labor market in 2022 will remain remote or hybrid work. In the case of telework, companies will continue to focus on employee adaptability and internal communication, which must be as transparent and efficient as possible, as a need to replace physical distance between employees. Also, the emotional health of the employee will be a major concern of organizations this year, in the context of remote work. If we talk about hybrid work, the main goals of employers will be much more attention to the physical health of employees who will go to the office a certain number of days a week, as well as finding an optimal mix between hours worked at home and those worked from the office.

In this context, we will witness the revision and flexibility of time and work schedule.

In the context of accelerating automation projects, we will most likely witness the reconfiguration of some positions. The implementation of automated processes will require reviewing the skills required for certain positions or even redefining them. More and more IT skills will be needed to operate various applications and automation tools.

## **3. Companies will invest more in employee training**

We continue to see a dynamic labour market fuelled by rising labour demand. As an effect of the pandemic, companies will increasingly take on the role of trainer of candidates, investing in training and development programs for employees, partially complementing the skills they should have acquired during college.

## **4. More creative retention and engagement programs**

The development of creative programs to retain and increase the degree of employee engagement will be emphasized against the background of changing employees' perceptions of the workplace. It is no longer perceived only as a source of income, but as part of the employee's life. Therefore, rewards or benefit packages will no longer be the only tools for employee retention, but will need to take into account a number of other variables such as the work

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<sup>2</sup> <https://www.adeccogroup.com/future-of-work/latest-research/reset-norma>.

environment, the individual needs of employees, their expectations regarding the place of employment. work, development needs and work-life balance.

Thus, in 2022, we can talk about creating a new market for products to stimulate the involvement of employees (remote engagement) and to measure the performance of employees working from home.

**5. Increasing staff turnover**, a trend closely linked to another phenomenon we are currently facing and which we have encountered before the pandemic - staff shortages. Since the last quarter of 2021, after a period in which staff turnover has slowed down against the background of economic instability, employees began to become much more active in the labor market and eager to make a career change. This desire for change either existed before the pandemic, but due to the health situation could not be manifested, or it came with working in remote or hybrid mode, when employees became much more open to accepting interviews. This trend will be intensified by the ease with which candidates can make a career change, encouraged by this very hybrid way of working.

#### **6. Salary on demand**

Also in 2022, we estimate that a global trend will be felt on the Romanian labor market, namely salary on demand. The lack of labor force has led employers to resort to increasingly creative measures, designed to attract staff. Thus, this phenomenon has grown, which allows employees to access their salary at any time for the days already worked, without having to wait for the payday. This new trend in the labor market has clear advantages, such as flexibility in managing finances and less worries about unforeseen expenses. Probably more and more companies will be willing to approach this payroll system as a method of retaining employees in the company or at the same time, in order to attract new talent.

#### **7. Increase the salary or decrease the work week**

Wage increases over the past year have been overshadowed by inflation. In this context, we expect employers to look for solutions to stay competitive in the labour market and to diversify their range of benefits. There are already companies that have successfully implemented the 32-hour workweek, it remains to be seen whether their results will turn into sources of inspiration.

#### **8. Work-Life Balance**

Employees prefer to have flexibility, especially in terms of days and hours worked, ie how they manage their time spent at work, and now they manage to do it much better because they have gained experience. Employee productivity has increased and will continue to grow in 2022, as

digital skills have been greatly developed in recent years, and the ability to collaborate virtually and be close to a distance has become second nature. Lately, we have also seen improvements in maintaining the balance between personal life and work, a direction that needs to be maintained and further improved, respectively. According to the Adecco study, more than  $\frac{3}{4}$  of the participants want to keep the flexibility they have gained regarding their own agenda and time management.

In 2022, employees will evaluate and re-evaluate, much more carefully than before, what work means to them. Stability, security, organizational culture, wellbeing, flexibility, autonomy and further development are becoming increasingly important. 8 out of 10 participants in the study want to maintain the balance between personal life and work in 2022. Therefore, a new job offer can only be more attractive if it has more advantages than before.

### **9. Wellbeing**

The priority in 2022 will be to adapt to a hybrid way of working and to the wellbeing of employees. From this perspective, companies will be forced to change the way they manage core business activities to meet both the needs of their customers and the needs of their own employees.

Well-being, mental health, fulfilment and happiness at work are also directions highlighted by the Adecco Study. According to Adecco statistics, 4 out of 10 employees report suffering from burnout; burnout is and will remain one of the main concerns of leaders. The solution for 2022 is similar to the actions so far: involvement in as many wellbeing, support, coaching, mentoring, etc. actions as possible.

**10. The role of Managers is changing**, emphasizing human interaction, they remain the link between the organization and people without moving away from the area of operational management, but increasingly comprising a component of empathy, human interaction that directly influences the unity of the team. .

In 2022, leaders need to reconnect with employees and reinvent organizational cultures. 2 out of 5 respondents (according to the Adecco Study - “Normal Resetting: Defining the New Era of Work”) mentioned that they are considering changing jobs for an organization with more flexibility and a higher level of independence.

### **11. Diversity and inclusion**

The labour market in such a hybrid work model has the opportunity to demonstrate that the diversity & inclusion policy is not just a statement present in the Internal Regulations but is a behaviour assumed and promoted by the entire organization. Mature employees, those who have already

experienced more jobs when choosing an employer, are more sensitive to the ratio "my time and knowledge" versus "my value for the company."

**12. The shortage of candidates will increase the number a foreign employees.** Foreign employees are already an obvious part of the population. The lack of labour force is obvious in Romania as well as the openness to "import" of workers.

## CHANGES AND RESTRUCTURING IN HR POLICY WITHIN COMPANIES

The trends and challenges in the labour market presented above will lead to restructuring and changes in internal processes and HR policies within companies.

According to a study conducted by Gartner, on a sample of 550 leaders in HR, the top priorities in People Management for 2022 will include<sup>3</sup>:

- ***rethinking recruitment processes around skills rather than roles*** - 47% of respondents to a study conducted by a recruitment platform in Romania do not know what skills their employees have, while 40% said they cannot develop fast enough skill development solutions to meet the needs of the company;
- ***creating a context in which the changes are also positive*** - 55% noticed that their employees are exhausted due to the changes in recent years. Moreover, in another Gartner study, researchers found that small changes (new colleagues, new managers, new procedures) are more common and 2.5% more tiring for employees than large organizational changes;
- ***understanding and integrating the future of work*** - 49% say they have no concrete plans to adapt their strategy to the future of work, while a third say they only consider remote work. But the truth is that the pandemic has brought many more important changes in the way we work today and it is important to keep in mind trends in restructuring the People Management strategy.

Compared to previous years, when we were all taken aback, 2022 comes with an extra familiarity with the new normal. Psychologically, socially and professionally, we have adapted to our new life. Companies have rebuilt their internal policies and processes, there are back-up plans and succession to all sorts of possible scenarios, which makes things smoother.

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<sup>3</sup> <https://www.gartner.com/en/human-resources/trends/top-priorities-for-hr-leaders>;  
Gartner surveyed more than 500 human resources leaders across 60 countries and all major industries to identify HR trends and assess HR priorities and expected challenges for 2022.

Organizations have long understood that they need to secure their management team with professionals with a high degree of endurance, reliable, quick in reaction and decision, but also close to the people in their teams. A crisis is not overcome individually, but together, through the strength and adaptability of the whole team.

Another trend is that companies are more open than ever in implementing organizational transformation programs that give them greater efficiency and flexibility.

The third trend is that the new conditions have accentuated the globalization of the search for candidates for a certain job. The companies can look for a candidate in Romania or Hungary, or Greece to deal with the marketing and sales policies of the Czech Republic or the regional logistics of that organization.

There will continue to be local employment, but companies are reorganizing regionally and organizations become parent companies, local teams become regional teams, and local-focused managers are replaced by project managers with regional responsibilities. It doesn't matter where a particular project is initiated, it matters the vision, the impact, the degree of technology and the allocation of human resources on an organizational chart rather flattened than hierarchical.

Technology has become an engine to which every activity must adapt - including HR. But it is not the only adaptation this department needs. It is necessary for Human Resources to be dispersed at the level of divisions and departments - it does not matter that we are talking about recruitment, coaching, assessment, succession programs, etc. It is more effective to train department managers in Human Resources matters than to train a Human Resources specialist for the activities of all departments in the company. E-learning, assessment, recruitment platforms have been created, employees can participate in virtual regional / global teams in the development of various projects in which they are co-opted. All these tools will gradually replace the functions of the classic Human Resources departments. Whether it will be better or not, we will see.

Human resources consulting firms are adapting the way they provide consulting services in the first place and then continue to offer the services in which they specialize or can take over from the activities outsourced by companies. A trend that is also observed among the services offered by recruitment agencies is the creation of platforms, ERPs dedicated to recruitment or evaluation processes that provide direct access to companies and candidates in completing projects.

An interesting effect of the pandemic was the acceleration of internal promotions to top management positions.

## CONCLUSIONS

The pandemic has radically changed the way we work, and these changes will persist.

The COVID-19 pandemic has accelerated changes in the way we work — and prompted a slew of HR trends to which the entire human resources function must respond in a coordinated way.

The top HR priorities for 2022 reflect an urgent response to these HR trends, which are forcing organizations to change their workforce and workplace strategies. This, in turn, means HR leaders are having to evolve the way they identify, attract and retain critical skills and redesign work to enhance the employee value proposition (EVP) and drive business performance.

This moment presents a unique opportunity for HR leaders to shape the future of work in ways not previously considered a possible win-win for both employees and employers. A few HR trends, in particular, create challenges and opportunities for all HR professionals in 2022. The psychology of people has changed, in the sense that most have realized that in addition to the job, no matter how interesting and generous it may be rewarded, they also need a time of their own to dedicate to family, loved ones, hobbies, so he prefers to continue working in the remote system. Others, on the other hand, consider that the time spent working online does not meet their professional and social needs, so they want to return to the office and the strict business environment.

Then, in the case of employees who wanted a change, they either postponed the moment and stayed in the same job, or relied on the idea of "all or nothing" and started working on their own business, and then embraced the new career. .

We suddenly switched to remote work in 2020, in areas of activity where this was possible. The remote form of work will be preserved and will generate new ways of working and new behaviours. In the future we will move to smart working, a trend in the HR area where the flexibility in terms of space and working time, together with technology is complemented by the trust and responsibility entrusted to people.

These trends, the expressed desire of employees to continue working from home, but also the fact that accelerating digitization offers the opportunity to attract talent that in the traditional model would be difficult



to achieve, are sufficient reasons to keep and adapt what we started in 2020. However, there is a need for a regulatory framework for this way of working that accommodates the needs of people and the company. Of course, it is important to maintain agility and flexibility in approach, both in the HR area and at the business level.

***People are the most valuable resource of a company, but also the most vulnerable.***

Such a strategy that puts the people and his talent in the spotlight always brings the best results. Companies must continue to have this approach and focus on agile, short-term plans, but also on technology, as a major driver in transforming human resource management practices and adapting to the new normal.

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