

# EMERGING TRENDS FOR EMPLOYERS

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## Artificial intelligence is influencing HR tech

According to IBM's 2017 survey *Extending expertise: How cognitive computing is transforming HR and the employee experience*, 66% of CEOs believe artificial intelligence (AI) can drive significant value in HR. Half of the HR executives surveyed agree, saying they recognize that AI has the power to transform key dimensions of HR.



### Improving candidate selection, job match and retention.

AI can help managers identify new hires with the highest probability of success, place them on the right teams and pair them with the right supervisors. AI can also recommend learning opportunities and career options, and suggest which employees may be at risk of leaving.



### Enhancing workplace learning.

Many employers using AI-based learning technology are creating more personalized learning experiences and seeing an increase in employee productivity and retention.



### Automating routine

### HR tasks.

AI can reduce time spent on routine tasks such as onboarding employees, responding to common questions, scheduling meetings, and more.

With the right tools, HR staff can analyze data rather than just collect it, and partner with other departments to better meet the organization's objectives.

**“BETWEEN 2016 AND 2018, THE NUMBER OF COMPANIES OFFERING PAID PARENTAL LEAVE GREW FROM 26% TO 35%.”**

Source: SHRM. *2018 Employee Benefits*.

## Rise of paid parental leave

Fierce competition for top talent and changing demographics in the workforce have brought paid parental leave to the forefront. The Society for Human Resource Management (SHRM) *2018 Employee Benefits* report notes that between 2016 and 2018, the number of companies offering this benefit grew significantly from 26% to 35%. There are also a growing number of states offering employees the right to take paid parental leave.

While employers of all sizes are starting to offer paid parental leave, large companies are

leading the charge. SHRM reports employers with 10,000+ employees were twice as likely to offer paid maternity leave (60% vs 30%) and/or parental leave (52% vs 25%) than employers with 500 or fewer employees.

There are many benefits to employers offering paid parental leave including an increased likelihood of new mothers returning to work after the birth of a child, plus sustained or even improved productivity. Parents and their child also benefit from fewer financial worries during leave, more time to adjust to the new reality of being a parent and critical bonding time with baby.

A carefully crafted parental leave policy may give employers the edge in a competitive labor market.

## ESG investing is increasing

Environmental, Social and Governance (ESG) investing is “sustainable investing” that seeks positive returns while evaluating the long-term impact a company’s practices have on the environment, society and the governance of the business itself.

Various forms of sustainable investing have been around for decades, but interest in these strategies has increased in recent years. According to the 2017 McKinsey & Co. report *From “Why” to “Why not”: Sustainable Investing as the New Normal*, ESG investments make up 26% of professionally managed assets around the world.

# 36%

of baby boomers believe environmental and social factors play an important role in investment decisions, vs.

# 67%

 of millennials.

Concerns about these issues are growing as younger generations enter the workforce. According to the *2018 U.S. Trust Insights on Wealth and Worth®* survey, 36% of baby boomers believe environmental and social factors play an important role

in investment decisions. Among millennials, this nearly doubles to 67%.

Regulatory developments and the establishment of responsible investing initiatives act as another catalyst for ESG investment growth. The U.S. Department of Labor (DOL) issued guidance that pension fund fiduciaries can consider ESG factors in investment decisions. Other countries require their pension plans to disclose whether ESG data is incorporated into investment policies, and some countries outright ban controversial investments.

Major financial analytic firms such as Bloomberg, FactSet, Thomson Reuters, Morningstar and MSCI are conducting ESG research as well. The upsurge of data, combined with growing investor interest and new regulations, has fostered the desire and ability of active managers to integrate ESG analysis into the investment process.

## Mental health in the workplace

According to the National Alliance on Mental Illness (NAMI), approximately one in five adults in the U.S. experiences some form of mental illness. Mental health issues are becoming increasingly impactful on the workplace and,

# \$1 trillion

**COST OF DEPRESSION AND ANXIETY DISORDERS IN LOST PRODUCTIVITY TO THE GLOBAL ECONOMY.**

Source: WHO. *Mental Health in the Workplace*, (2017).

if mismanaged, can lead to lower productivity, higher healthcare expenses and potential legal claims. The World Health Organization (WHO) estimates in its *Mental Health in the Workplace* report that depression and anxiety disorders cost the global economy \$1 trillion each year in lost productivity.

Employers can take steps to address mental health in the work environment by promoting available resources and examining workplace culture. Adopting a collaborative approach to addressing employee mental health ensures their needs are met, and satisfies legal obligations to reasonably accommodate mental illness under the ADA.

Taking steps toward creating a positive work environment that supports employees’ mental health will pay off in terms of retention, engagement and productivity.