

2024

Workplace Trends



Meet Our Team



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Karen works with client teams to promote their organizational needs seamlessly and effectively, through strategy and planning. She is also responsible for the HR Happy Hour Network media production and promotion. Previously, Karen served 15 years as an elementary educator and early childhood administrator. Her focus is on learning solutions that are engaging and practical.

Staying Ahead of the Curve: Why HR Professionals Need to Follow Trends

Staying on top of emerging trends offers great value to leaders, as the latest trends can provide insight into the technology, economic, and even societal factors that will impact the current and future state of the organization. Leaders use trends to identify potential opportunities and threats, and to develop strategies for responding to them. For example, if a leader notices that customer preferences are shifting towards a certain product or service, they can use this information to adjust their marketing strategies and R&D investments and ensure that their organization is well-positioned to capitalize on the trend. Similarly, if a new kind of workplace trend like increased desire for remote and flexible working gains favor in the employee base, leaders can use this information to adjust working arrangements and expectations in response.

Trends that impact their current employees directly, and the world of work more generally, are important for leaders to assess and understand. The workplace continually evolves, and technological, labor market, and cultural and demographic trends all affect employees – what they expect from their organizations, what they value, and how they make their decisions on where, how, and even when to work.

By monitoring trends, leaders can identify emerging technologies, new customer and employee preferences, and other changes that could affect their organization. Staying current allows you to keep ahead of the competition and be better prepared for any potential disruptions or shifts in the landscape. Trend analysis provides leaders with valuable data that can be used to inform decisions about product development, pricing, marketing, and of course for talent strategy and workforce planning. By staying informed about trends, leaders can ensure that their organization remains competitive and successful, both in the external marketplace and in the ongoing competition for the best talent.

2024

Workplace Trends

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Trend 1: Generative AI; Unleashing the Power of Automation

As 2024 begins, Generative AI has emerged as the most disruptive workplace technology trend in decades, leveraging this capability to its fullest extent is top of mind for HR leaders.

To get the most out of their organization, HR leaders need to have a solid understanding of Generative AI. This form of artificial intelligence is specifically designed to generate new data, text, images or objects from existing data and has the potential to completely transform various HR and Talent Management functions. By automating many HR tasks, and providing intelligent assistance, Generative AI can free up HR leaders to focus on more strategic activities.

Some of the important areas where Generative AI is impacting HR, talent, and leadership teams include recruitment, employee recognition and engagement, performance management, HR service delivery and many more in the future.

In recruitment for instance, Generative AI can be used to generate customized outreach messaging tailored to individuals in an existing candidate pool, quickly identify the most qualified candidates for a particular job, and even suggest new job titles and descriptions that better align with the organization's needs.

Additionally, Generative AI technology can be used to reduce bias in the hiring process by allowing employers to assess a more diverse pool of candidates by creating candidate qualification summaries that focus on candidates' skills and experiences only, and not personal or identifying factors. This eliminates the potential for unconscious bias, such as gender or racial bias, that can occur when a human is manually reviewing profiles or resumes. Employers can create a more equitable process by allowing them to identify candidates that have the skills and experience needed for the job, regardless of their background.

For employee recognition and talent management, Generative AI can improve employee engagement and retention by identifying employees who may be at risk of leaving the organization and providing managers with language and message for targeted interventions to help engage and retain them, based on their specific situation. This kind of personalized feedback to employees offers valuable insights into their performance and helps them to identify areas that need improvement. Gen AI can also be used to create personalized learning experiences for employees, ensuring that they are constantly developing their skills and staying engaged, and making progress toward their career goals. By embracing Generative AI, HR leaders can foster an environment that encourages employee growth and continuous development.



In performance management, Generative AI tools can be used to help managers summarize all the feedback moments, milestones, and achievements for an employee for the entire performance review cycle and help craft language for annual performance review documents –

thus mitigating against recency bias that often colors or clouds performance review processes. Managers can then use these Gen AI drafts as a starting point for their final reviews and discussions with their team members. And Gen AI can now also be used in the Goal creation and setting process for the next review period – helping employees and managers author goals that align with company objectives and values and ones that are measurable and achievable.

Trend 2: Harnessing the Power of Skills for Growth and Development

A focus on skills, not just credentials or job roles, offers the organization new opportunities to tap into underserved sources of talent and increase economic opportunity for all.

A skills-based organization is an organization that focuses on the skills, demonstrated abilities, and potential of its employees and has reduced its reliance on traditional qualifications like college degrees or designated years of specific experience when making hiring, development, and promotional decisions. This type of approach can provide many benefits to both the organization and its employees.

Organizations that focus on skills over job descriptions can be more successful because they will be able to better identify and match the right person, (which could be a candidate, an employee, a contractor, a gig worker, or even not a person at all), to the right job. By looking at a person's skills and abilities rather than their job title or descriptions of the prior jobs they've held, organizations can expand their talent pools, and be more likely to find the best candidate for the job who can bring the most value to the organization.

Organizations that focus on skills in their recruitment efforts will see improvements in identifying the best-fit candidates, regardless of their background, schools attended, formal degrees attained, or other more traditional and standardized measures of job fit. Skills-based organizations have realized that everyone's journey is unique, and that skills, capabilities, and relevant experiences can come from many, often more diverse backgrounds. In this way, a skills-based focus during recruitment should bolster organizational diversity initiatives, as by design, recruitment based on skills and not on specific, formal qualifications opens and broadens the potential pool of candidates to be considered.

Additionally, skills-based talent management approaches allow the organization to more effectively align learning and development investments with the capabilities that the organization requires, and that support employees in their career plans and aspirations. Skills-based organizations invest time and deploy technology solutions that enable the development of skills libraries or ontologies, and map the skills possessed in the workforce, with the skills needed to execute on current and future business objectives.



Finally, skills are an important component that supports more complex, and future-ready workforce planning efforts. With some of the emerging

technology solutions, organizations can deconstruct the traditional job structures and descriptions into more identifiable and discrete tasks to be accomplished, and the relevant skills required to complete the tasks. This understanding allows the organizations to evaluate skills gaps and determine the best methods to remedy them – which could be upskilling or reskilling of current staff, external hiring, internal mobility, flexible or gig workers, or even the use of automation or AI technologies. But fundamental to this understanding of the work and the workforce, will be to define a common skills vocabulary that unites jobs, work, tasks, people, and outcomes.

Trend 3: Adapting to Evolving Workplace Demographics

As the workforce population evolves, organizations need to consider how to best support both their older, more experienced employees while also ensuring the different needs, expectations, and motivations of the newest entrants to the organization are met.

For context, during the two-decade period between 2000 and 2020, the share of employed workers ages 60 and over has doubled among both men and women. This aging of the U.S. workforce is due in part to the overall aging of the U.S. population. Since 2006, when the sizable Baby Boom generation began to reach age 60, the proportion of the population that is ages 60 and over has grown dramatically, while younger age groups have remained steady or declined, with most of the decline occurring among those under age 40 as birth rates have continued to fall. Organizations should consider the physical and mental health of their aging employees, as well as the need for job flexibility. Additionally, organizations should consider the training needed by older employees to help them stay up to date with technology, offering flexible work arrangements, including more part-time or retirement transition schemes, or providing additional support services such as retirement counseling and wellness programs. Plus, organizations facing increased retirements and retirement eligibility should be intentional about setting up mentoring, coaching, and managed knowledge transfer from the older cohort of workers to the younger workers entering the workforce to mitigate the potential large loss of institutional knowledge and experience that often accompanies employee departures.

Meanwhile, as many organizations are facing some parts of their workforce getting older, the next generation of workers, Generation Z, is now making their presence felt in America's workplaces. And the workplace had better be ready! Gen Z is the first generation entering the workforce that have never known a time before ubiquitous high-speed

internet, powerful smartphones, and social media. Plus, their worldviews are affected by growing up in the aftermath of the Great Recession and have been acutely impacted by entering adulthood during the pandemic era.

For HR leaders, it is important to understand the emerging macro trends Gen Z manifests in the workplace. So far, Generation Z values salary less than every other generation. If given the choice of accepting a better-paying but less-interesting job versus having work that was more interesting but didn't pay as well, Gen Z seems to be evenly split over that choice.



Diversity has also emerged as an important consideration for Gen Z. Diversity matters to them across multiple dimensions and is not just solated to race and gender classifications but also related to identity and orientation.

Organizations that can better represent the wide range of differences in their external branding and recruitment marketing are much more likely to diversify their talent pipelines.

To win over the Gen Z worker, employers will need to highlight their efforts to be good global citizens. And actions speak louder than words. Companies must demonstrate their commitment to a broader set of societal challenges such as sustainability, social justice, climate change, and hunger

Trend 4: The Changing Nature of Compensation

With many organizations facing ongoing talent challenges, expanding workforce management to incorporate more diverse and disparate sources of capability, along with investments in tools to facilitate these initiatives, will increase in 2024.

In 2023 we saw increased attention to issues of Pay Equity – from organizations looking to remediate pay inequities that have lingered for years, from HR technology providers, many of whom have developed new tools to help organizations identify and understand pay inequity in their structures and practices, and even in the popular consciousness as evidenced by the Nobel Prize in Economics being awarded to Professor Claudia Goldin for her pioneering work studying Pay Equity and the drivers and causes of inequity. Next year we expect Pay Equity to move from a subject associated with corporate social responsibility efforts to one that is a more fundamental component of talent strategy and employee engagement. Research has shown that not only do employees want to be assured of fairness and equitable treatment for themselves, but they also want to know that their colleagues across the organization are also being treated in a fair and equitable manner. Solution providers who develop tailored capabilities, reporting, and decision-making support tools to facilitate the process of analyzing and adjusting compensation amounts as needed to move towards, and ultimately achieve Pay Equity, should see an extremely busy year ahead.

Adjacent to Pay Equity is the issue of Pay Transparency, the employer practice of disclosing information about employee compensation standards to others – internally, externally or both. Pay transparency is usually described as a spectrum of openness on which employers often choose the degree of transparency which they are comfortable with and that is influenced by state and local requirements and their own compensation philosophy. The main catalyst for bringing issues of pay

transparency to the forefront has been an increase in state and local mandates requiring pay ranges be published on online job advertisements and other new rules which require employers to provide the pay range for a position by the time of the final interview or upon request by the applicant, including internal applicants. Other states have or are considering rules that will require businesses to file annual reports showing company wages broken out by race, gender, ethnicity, age and other categories. We expect these kinds of mandates to continue to be adopted by more states and this in combination with employees increasingly considering organizations' approach to Pay Equity (see above) and inclusion in their choice of employer, will lead to more organizations loosening the privacy grip on compensation approaches and compensation administration.



Finally, we see the increased levels of employee activism, most commonly reflected in organized labor actions in examples like the UAW strike, the UPS truck drivers' lucrative new contract, organizing activity at retail chains like Starbucks and more, as a sign that

employees are no longer willing to quietly accept what they see as suboptimal compensation packages from their employers. An uptick in labor organizing and activism along with persistently tight labor markets in many industries and in many locations, will continue to put pressure on HR departments to carefully manage and plan compensation budgets and adjustments in 2024. While the era of “quiet quitting” may be over, many of the conditions that drove that trend are still in place, and some, like the calls for increased in-person working, are increasing.

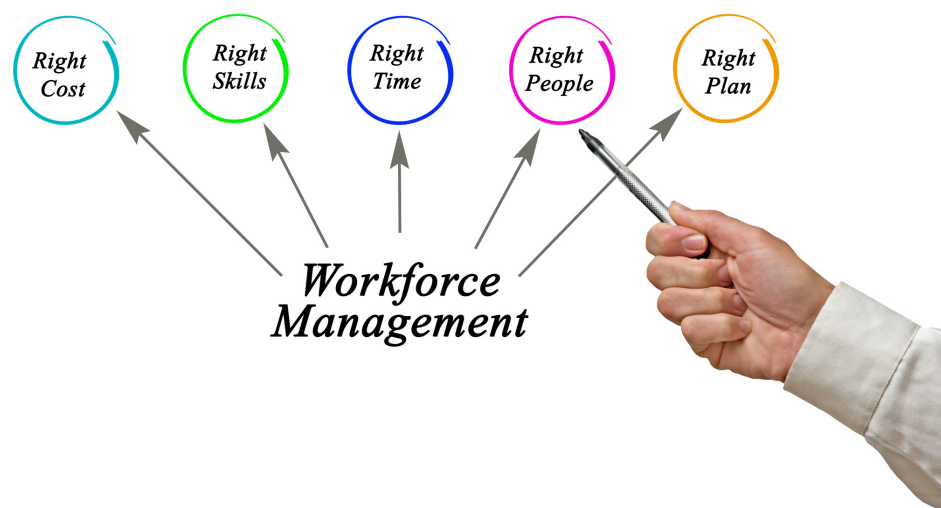
Trend 5: Unlock the Benefits of Total Workforce Management

With many organizations facing ongoing talent challenges, expanding workforce management to incorporate more diverse and disparate sources of capability, along with the tools to facilitate these initiatives, will increase in 2024.

Among the lingering workforce impacts driven by pandemic era disruptions, has been the increase in size and volume of the gig and freelance economy, particularly in the US. As of 2023, 73.3 million freelancers are estimated to work in the US and 76.4 million are expected in 2024. Those figures are up from the estimated 57.3 million just prior to the pandemic. Whether they were caught up in early pandemic layoffs or furloughs, were compelled to strike out on their own for health, safety, or caregiving reasons, or were part of the “Great Resignation” when so many workers re-evaluated their work and employers, the increase in the gig and freelance economy is noteworthy. Additionally, US applications for new business licenses surged in 2020 – 2022 – with over 5 million new business applications created in ‘21 and ‘22 – up from 3.5 million in 2019 (the last full year before the pandemic). Finally, while gig and freelance workers leapt, and new business formations surged, the total number of “regular” employees in the US has only modestly grown in the decade of the 2020s – rising from 152.1 million in January 2020 to 156.9 million as of September 2023.

These labor market factors along with seemingly perpetual skills gaps and skills mismatches cited by many organizations are necessitating a more expansive, flexible, and creative approach to planning, sourcing, hiring, and deploying talent – essentially an updated and modern definition of Total Workforce Management. To meet the needs of the organization for talent having the desired skills, in the correct location, at the right time, for an acceptable cost, HR and workforce planners are developing plans and strategies that incorporate talent in all its manifestations – “regular” employees, part-time staff, contract labor,

consultancies and boutique firms, gig workers both in-person and virtual, and even new tools like AI and RPA – all to meet the organizations’ often rapidly changing talent and skills requirements. Adopting Total Workforce Management offers numerous benefits to the organization – more and diverse sources of talent, increased agility, ability to expand to new markets and locations, and to engage with more of the “best” talent, who often don’t desire traditional employment situations.



In 2024 we expect a continuation of these talent and labor market conditions, and an increase in organizations adopting more flexible and expanded workforce management and looking for better technology solutions to help them with

planning, hiring, deploying, compensating, evaluating, and reporting on this expanded, multivariate workforce. We have seen some movement by a few of the larger, more established HCM technology providers to either build native capabilities to support Total Workforce Management, or to acquire technology solutions operating in the staffing or vendor management verticals (primarily), to offer these expanded capabilities to their customers. Enhanced integrations to third-party gig and talent marketplaces are also on the horizon. We see these trends continuing in 2024, as it seems likely that the workforce consisting of nearly 100% “regular” employees will not return anytime soon.

Summary:

The Future is Uncertain AND Exciting

If the last few years of workplace and societal change and disruption has taught us anything about the world, especially the world of work, it's that the only certainty in the workplace is change, and that organizations that succeed will be the ones that can adapt and capitalize on these changes. While we are confident that the important workplace trends for 2024 which we have identified in this report are all relevant, and are likely to impact organizations of all types, we also know that it is of course an incomplete list of the potential challenges and opportunities that will face organizations in the coming year. No report of this type written at the end of 2019 for example, correctly predicted the pandemic that swept the globe in 2020. And not many, when listing the trends for 2023, adequately predicted the rapid and significant impact of Generative AI on all kinds of organizations.

So, while no one, including us, can know or predict the future with certainty, we can take steps to prepare the organization and our teams for the most likely and important changes, challenges, and opportunities that we expect to face in the coming year. We have tried in these pages to identify several of the standout trends we think will impact work, workplaces, and the HR profession in 2024. We will continue to use our work, our platforms, and our expertise to enable organizations and people to successfully navigate these trends, and any other potential surprises that the world and the world of work springs upon us in 2024.

Thanks for reading and we hope you have a prosperous and Happy New Year!

Partner with us in 2024









H3 HR Advisors is a full-service Human Capital Management consulting, research, and advisory firm. Additional packages or retainer options available.



Launched in 2009, The HR Happy Hour Media Network hosts a range of shows focused on Human Resources, management, leadership, and workforce technology. We feature the longest continuously running internet radio show and podcast on all things HR and HCM.

Succeed by building relationships that drive your ambitious business results forward with experience and insights you can trust

-  HR and learning leaders bringing our combined 70+ years of experience to your project
-  Providing an objective look at your solution and marketing needs
-  Helping you reach your product and customer goals
-  Utilizing our company research to support your business imperatives
-  Thought leadership to understand the evolving workplace
-  Projects tailored specifically to your needs

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