



The World of Work in 2024

| May 3, 2024

Mike Aitken

Executive Vice President, HR Professional Solutions
SHRM Pennsylvania State Conference

Eleanor Grubbs



Constellation of Challenges & Opportunities

WoW 2024



**The State of the
Workplace**



**The State of the
Economy**



**The Importance
of Culture & Inclusion**



**Brave New
World of AI**

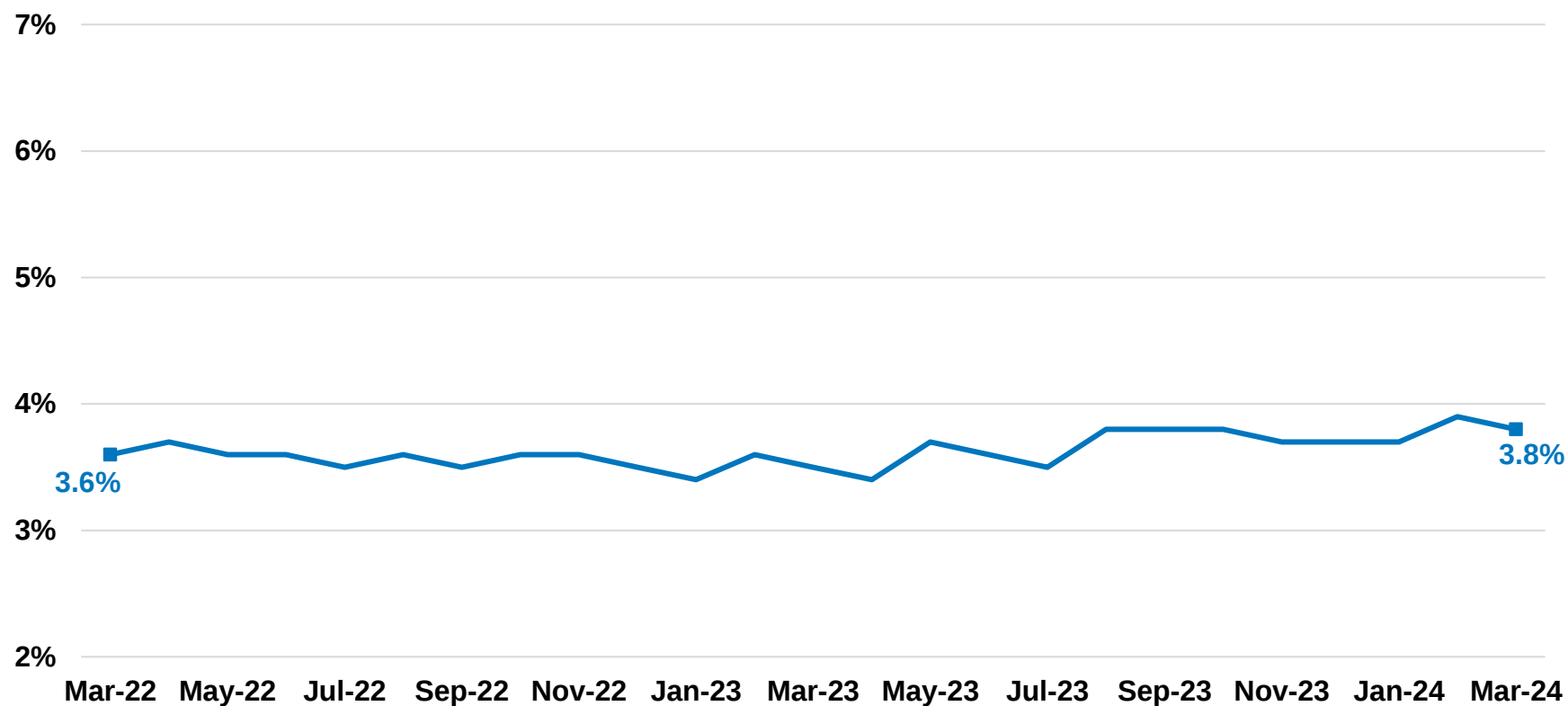


State of the Economy

The US unemployment rate increased by 0.2% since March 2022

US UNEMPLOYMENT RATE, 16 YEARS AND OLDER

MARCH 2022 – MARCH 2024



SOURCE BLS



BETTER WORKPLACES
BETTER WORLD™

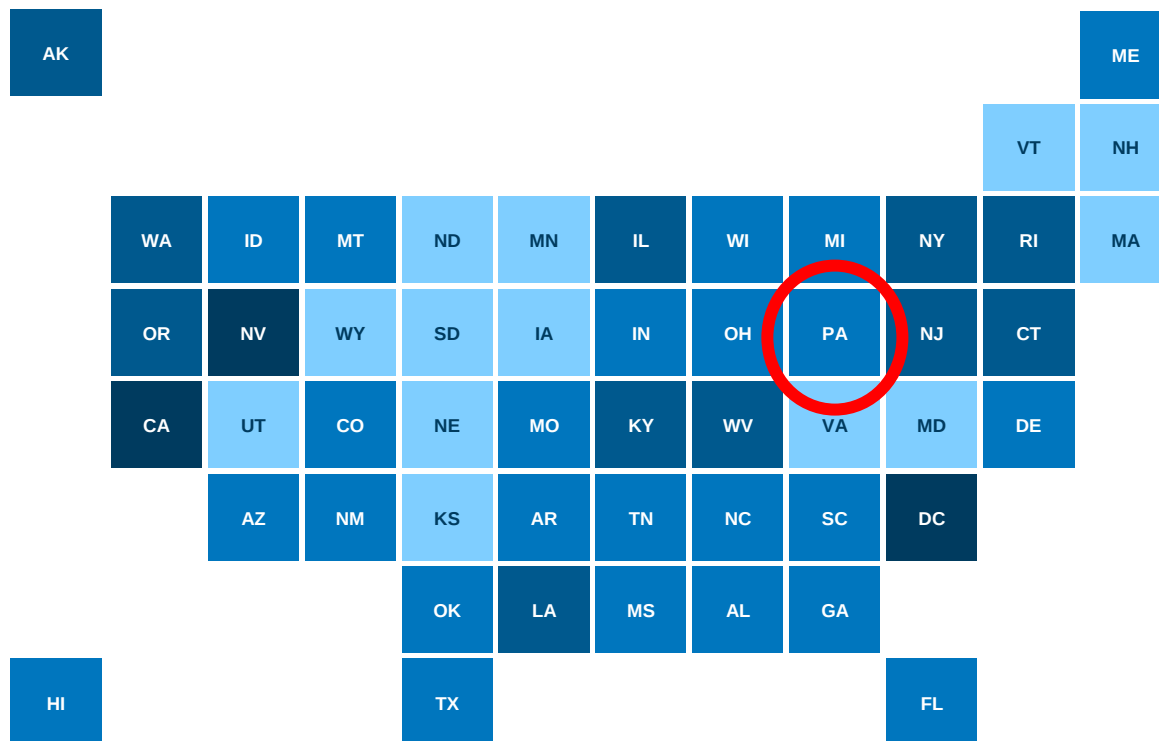


State of the Economy

The US unemployment rate increased by 0.2% since March 2022

STATE UNEMPLOYMENT RATE

MARCH 2024



KEY TAKEAWAYS



California

California had the **highest** reported unemployment rate in March 2024 at 5.3%



South Dakota

South Dakota had the **lowest** reported unemployment rate in March 2024 at 2.0%

SOURCE: BLS.

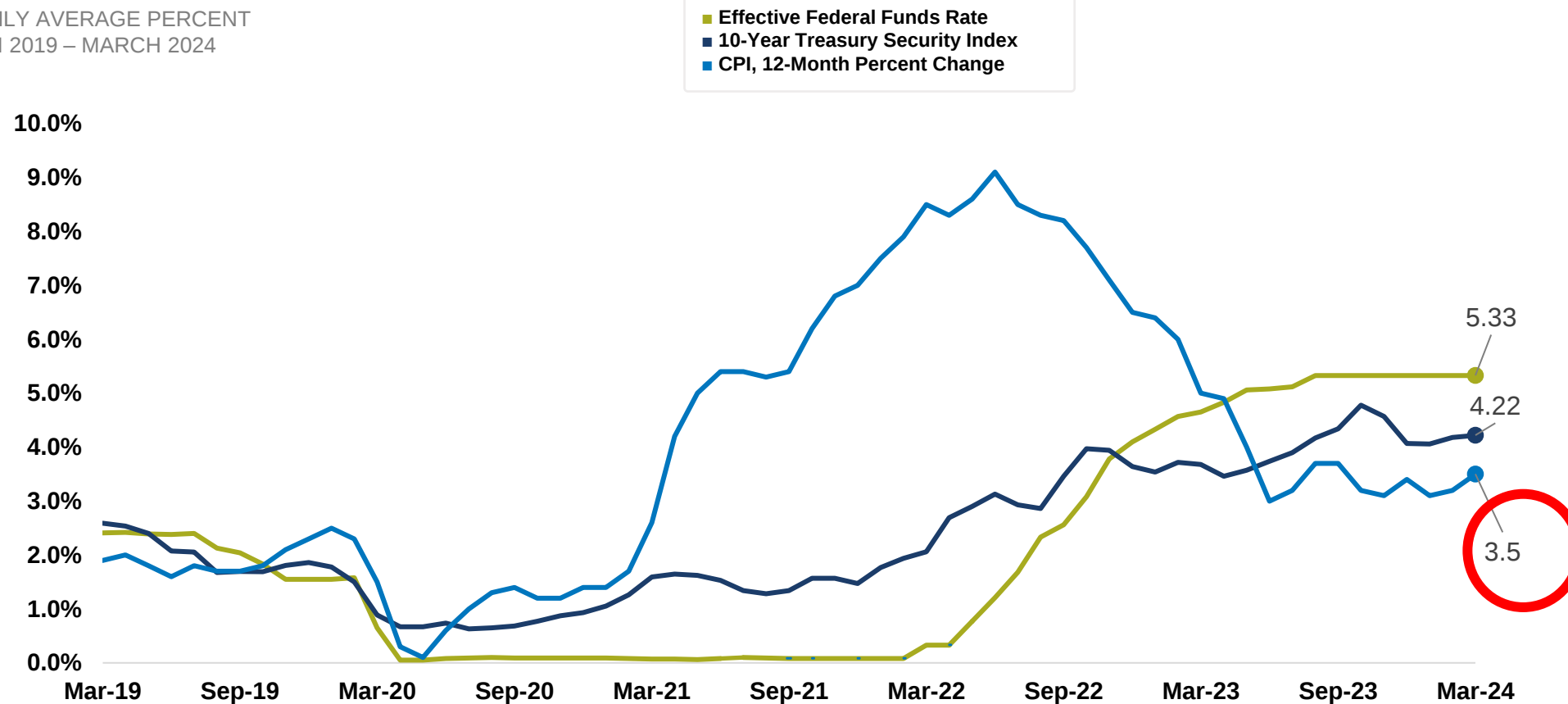


State of the Economy

CPI has increased to 3.5% in March 2024

INFLATION AND INTEREST RATES

MONTHLY AVERAGE PERCENT
MARCH 2019 – MARCH 2024

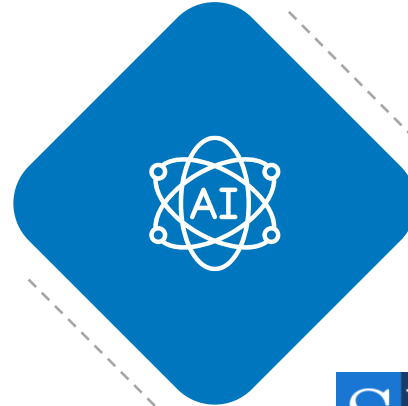


SOURCE FRED, Bankrate, Bureau of Labor Statistics.



HR Executives: Challenges and Opportunities in 2024

The Brave New World of AI



Balancing Operational Efficiencies and Talent Challenges

Retaining and Engaging Employees



Training an Evolving Workforce



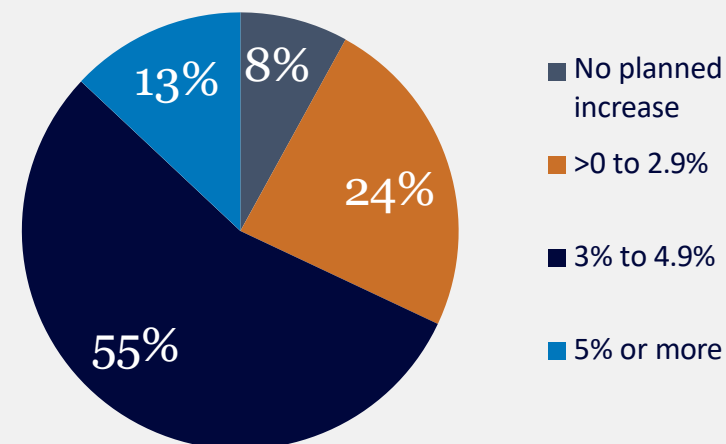


78 % of organizations are planning to pay *more* for talent in 2024.

87%

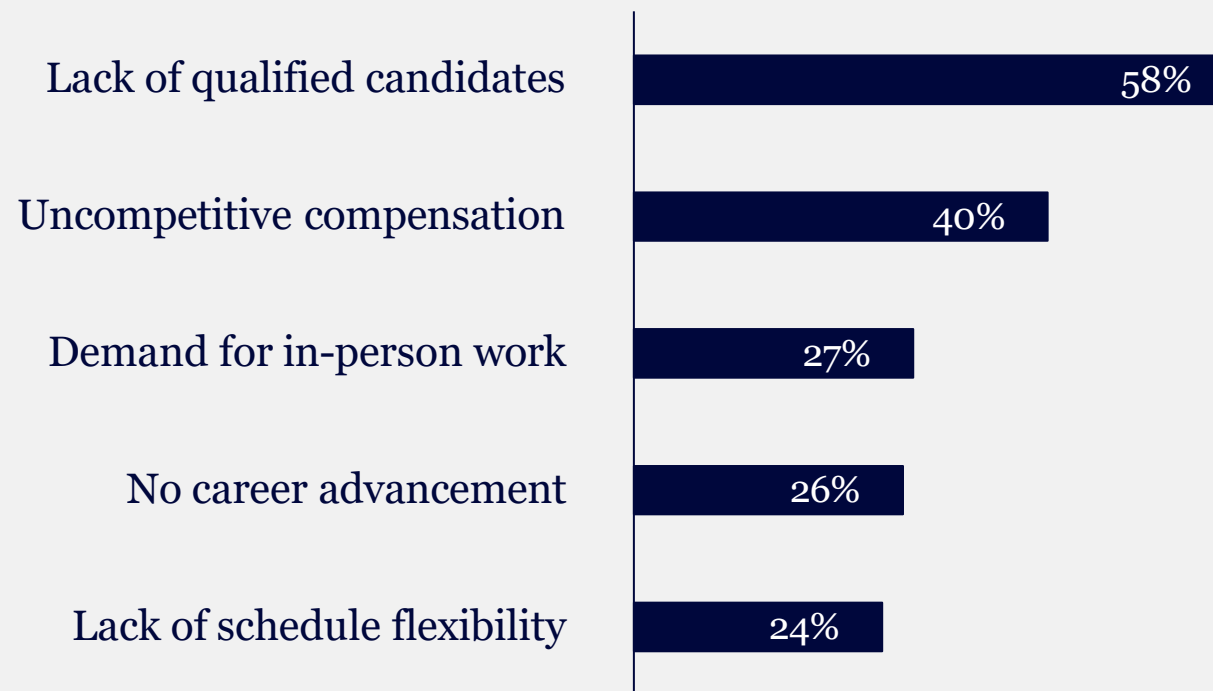
of U.S. workers say providing fair compensation to current employees ***should be*** a top priority for **2024**.

Projected compensation increases for 2024



HR Executives: Talent Challenges in 2024

What has been your organization's greatest challenge to finding talent in 2023?



SOURCE SHRM, State of Workplace Study, January.

© 2024 SHRM. All Rights Reserved



Recruitment challenges by industry



Spotlight:
Additional challenges
for the Government &
Education industries

Industries most likely to report that candidates don't have the needed credentials / certifications <i>(versus 19% across all industries)</i>	Healthcare & Social Assistance  31%	Government & Education  26%	
Industries most likely to report candidates don't have the right technical skills <i>(versus 37% across all industries)</i>	Manufacturing  53%	Professional, Scientific, & Technical Services  49%	Construction, Utilities, Agriculture, & Mining  47%
Industries most likely to report an increase in candidate "ghosting" <i>(versus 46% across all industries)</i>	Healthcare & Social Assistance  60%	Wholesale/Retail Trade, Transport & Warehousing  60%	Manufacturing  56%

Organizations in the Government and Education industries reported a few other recruitment challenges at higher rates than other industries:

Salaries/pay are not competitive for the market
56% (vs. **39%**)

A lengthy or complicated hiring process
35% (vs. **19%**)

Candidates do not meet the minimum education requirements for their positions
26% (vs. **14%**)

Qualified candidates are not able to move to the local area
22% (vs. **14%**)

SOURCE SHRM, State of Workplace Study, January.

HR Executives Priorities: Investment in 2024

The top 3 areas of increased investment for 2024:

1

Training and Development

37% of organizations
plan to invest **more** in 2024.

2

HR Compensation

34% of organizations
plan to invest more in 2024.

3

Leadership Development

33% of organizations
plan to invest **more** in 2024.

© 2024 SHRM. All Rights Reserved

SOURCE SHRM, State of Workplace Study, January.



The top organizational priorities for 2024:

81%

Maintaining Morale &
Engagement

Only 28% of HR professionals
believe their organizations was
very or extremely effective at this
in 2023.

78%

Retaining Top
Talent

Only 29% of HR professionals
believe their organizations was
very or extremely effective at this
in 2023.

SOURCE SHRM, State of Workplace Study, January.



HR Executives Priorities: Investment in 2024



Organizations will focus on



Training and development for people managers

Improving people managers' soft skills (76%) and understanding of their roles are top plans for 2024 (76%).



Upskilling/reskilling current employees

53% of organizations say this a top priority for 2024, yet only 21% were very or extremely effective at upskilling or reskilling in 2023.



Succession planning and mentoring

63% of organization plan to support a formal or informal mentoring program in 2024.



OTHER SOLUTIONS TO EXPLORE:

- ✓ Co-sourcing of talent
- ✓ Apprenticeships/Internships
- ✓ Veterans
- ✓ Individuals With disabilities
- ✓ Older workers
- ✓ Opportunity youth
- ✓ Formerly incarcerated

The Importance of Culture & Inclusion

The cost of turnover due to
workplace culture exceeded

\$223 Billion

... over the past five years





The Importance of Culture & Inclusion

Strong agreement that culture is important to an organization's bottom line

Working Americans believe that a great workplace culture positively contributes to their organization's bottom line

84%

Executives agree or strongly agree that they believe that a great workplace culture positively contributes to their organization's bottom line

97%

People Managers agree or strongly agree that they believe that a great workplace culture positively contributes to their organization's bottom line.

94%

HR professionals agree or strongly agree that they believe that a great workplace culture positively contributes to their organization's bottom line

96%

The Importance of Culture of Inclusion

49%
of organizations have had
difficulty **retaining** full-time
regular employees in last 12
months.

SOURCE SHRM, Talent Trends 2024, April

Top 6 reasons for retention challenges

**Among organizations experiencing retention challenges in the last 12 months*

1.	Salaries/pay are not competitive for the market	56%
2.	Employees' personal reasons	54%
3.	Poor people managers / leaders	50%
4.	Limited advancement opportunities	49%
5.	Inability to offer flexible work arrangements, such as remote work	44%
6.	A lack of work-life integration/balance	27%

Top 6 reasons for lack of retention challenges

**Among organizations not experiencing retention challenges in the last 12 months*

1.	A positive workplace culture	70%
2.	Benefits packages are competitive for the market	68%
3.	Positive work-life integration / balance	61%
4.	Salaries/pay are competitive for the market	58%
5.	Good people managers / leaders	54%
6.	Ability to offer flexible work arrangements, such as remote work	51%



41% of HR professionals whose organizations have **not** had trouble retaining full-time regular employees in the last 12 months say their organization provides **realistic job reviews** (i.e., communicates both the good and bad aspects of a job and realistic view of what the job entails) when hiring



The Importance of Culture & Inclusion

THE STATE OF CIVILITY



UNCIVIL BEHAVIOR AT WORK IS BECOMING COMMONPLACE

Nearly **two-thirds** of workers said that they have experienced incivility or witnessed incivility in their workplace within the past month



SOCIETAL AND POLITICAL TENSIONS ARE RISING

One-third of U.S. workers believe workplace conflict will increase over the next 12 months

CIVILITY IS A BUSINESS IMPERATIVE

Uncivil workplaces lead to job dissatisfaction and turnover.

WORKERS WHO RATE THEIR WORKPLACE AS UNCIVIL ARE:

3 x

More likely to be dissatisfied with their job.

2 x

More likely to leave their job in the next year.



The Importance of Culture & Inclusion

INCIVILITY CREATES BARRIERS

Civility breaks down barriers against authentic self-expression and promotes employee well-being. Compared to workers who have not witnessed or experienced incivility at work in the past month, those who have are:



More likely to filter much of what they say



Less likely to speak their mind in their workplace



Less likely to share their honest thoughts without fear at work



Less likely to be their authentic selves at work

HOW UNCIVIL BEHAVIOR SHOWS UP

According to workers who experienced or witnessed incivility at work, the top 5 uncivil behaviors observed were:

1. Addressing others disrespectfully
2. Interrupting or silencing others while they are speaking
3. Excessive monitoring or micromanaging
4. Ignoring others or paying little attention to others
5. Unprofessional or disrespectful body language

In 2024, SHRM is encouraging organizations and individuals to be catalysts for civility by starting 1 Million Civil Conversations. Together we can make the world a better place, one conversation at a time. Learn more at SHRM.org/civility

Citation: Civility, Conflict and Expression, SHRM Research, 2024



JOIN THE CONVERSATION. **#CIVILITYATWORK**

The Brave New World of AI

HUMANS & AI

Several perspectives have formed over the years around AI, robotics and machine learning. Workers have taken differing views on their utility. ,



Work Automation as an Aid

35% of US workers believe their jobs will require the use of AI as an aid.



Work Automation as a Replacement

23% of US workers believe they will be displaced by AI or automation in the next 2 years.



Work Automation as an Optimizer

50% of US workers report their performance would be optimized with AI tools.



Work Automation as a Enhancer

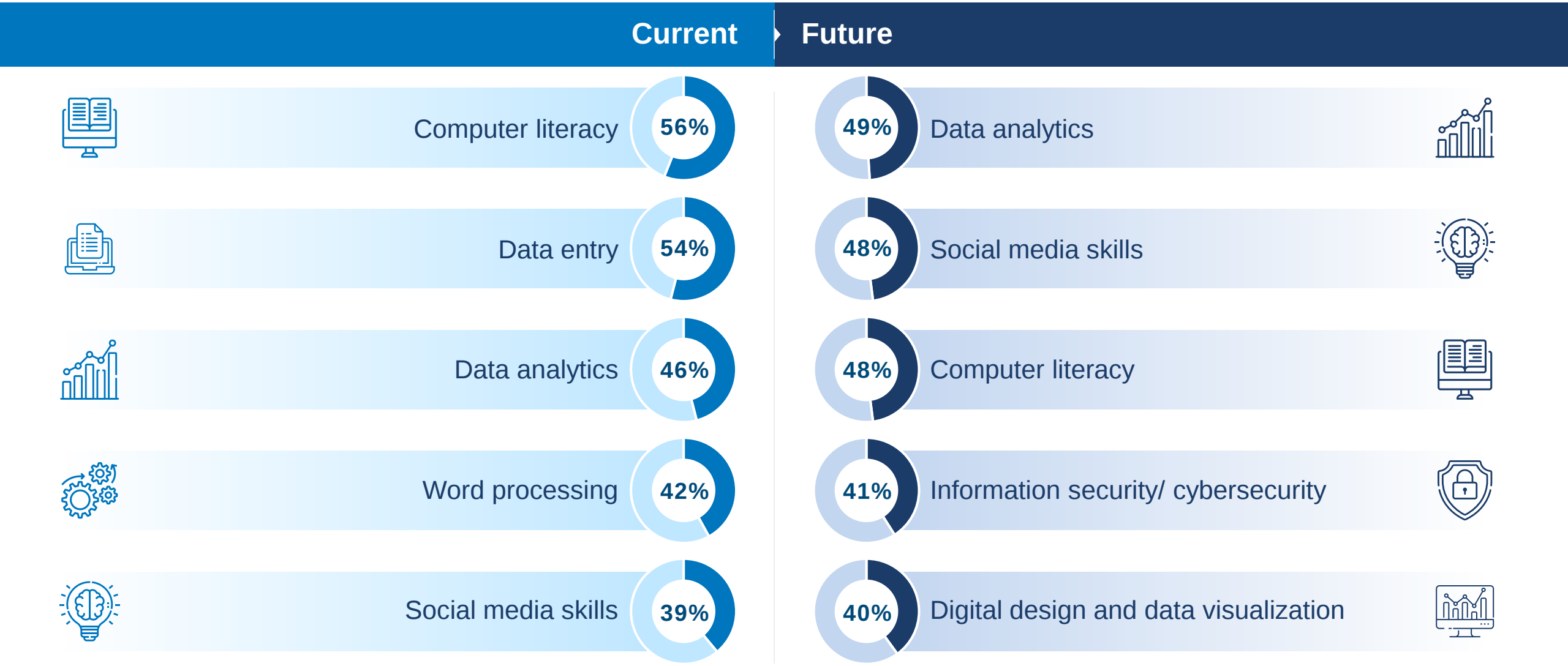
57% of US workers believe AI will enhance their workplace experiences for the better.





The Brave New World of AI

Current and Future Digital Needs





The Brave New World of AI

Leveraging AI in the workplace



RECRUITING

- Sourcing candidates
- Resume screening
- Initial Interviewing
- Testing
- Eliminating bias



PERFORMANCE MANAGEMENT

- Monitoring, learning, coaching
- Training



BENEFIT MANAGEMENT

- Benefits enrollment
- Disease and diagnosis identification
- HC management
- Self-serve



WORKPLACE EFFICIENCY

- Communication
- Sentiment analysis
- Text summarization
- Self-service



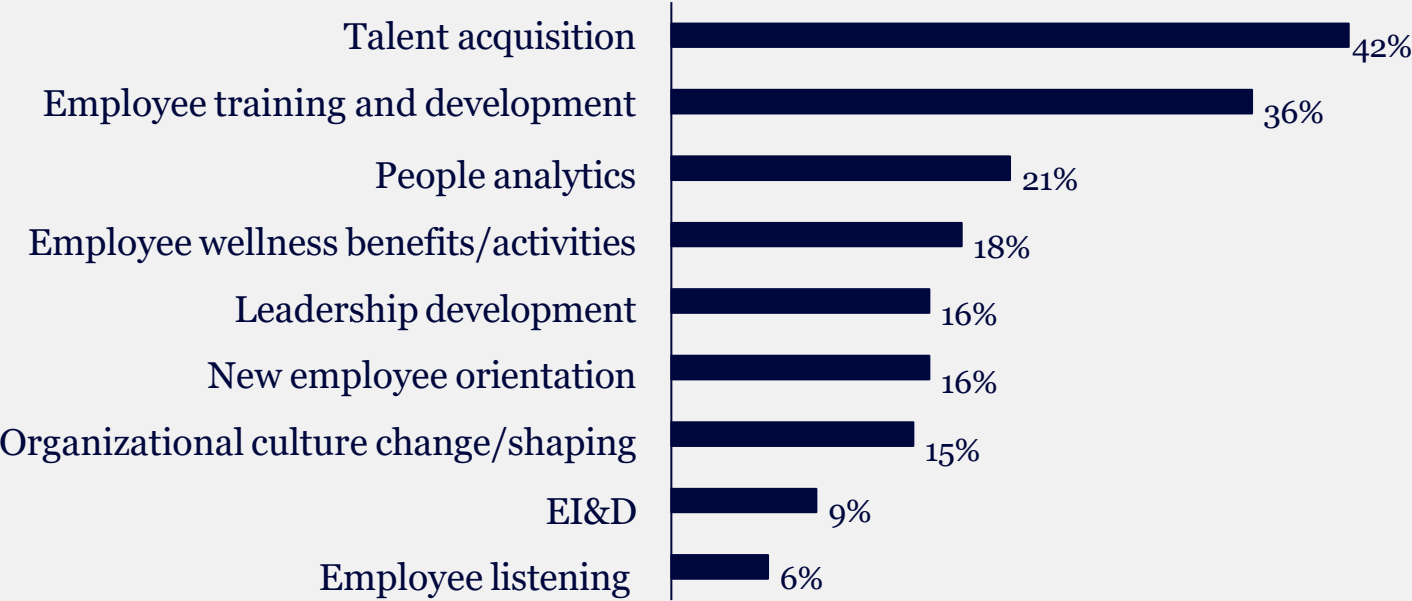
FUNCTIONS

- Procedural automation (robots)
- Lower-level writing
- Process monitoring



The Brave New World of AI

For which HR functions do you use AI?



12% of HR professionals

15% of U.S. workers

believe their organization
effectively integrated AI into
the workplace in 2023.

SOURCE SHRM, State of Workplace Study, January.



The Brave New World of AI

25%

of HR departments are
using AI today.

26%

of HR departments plan to
adopt AI in 2024 or thereafter.

By 2025, half of HR departments could be using AI.



The Brave New World of AI

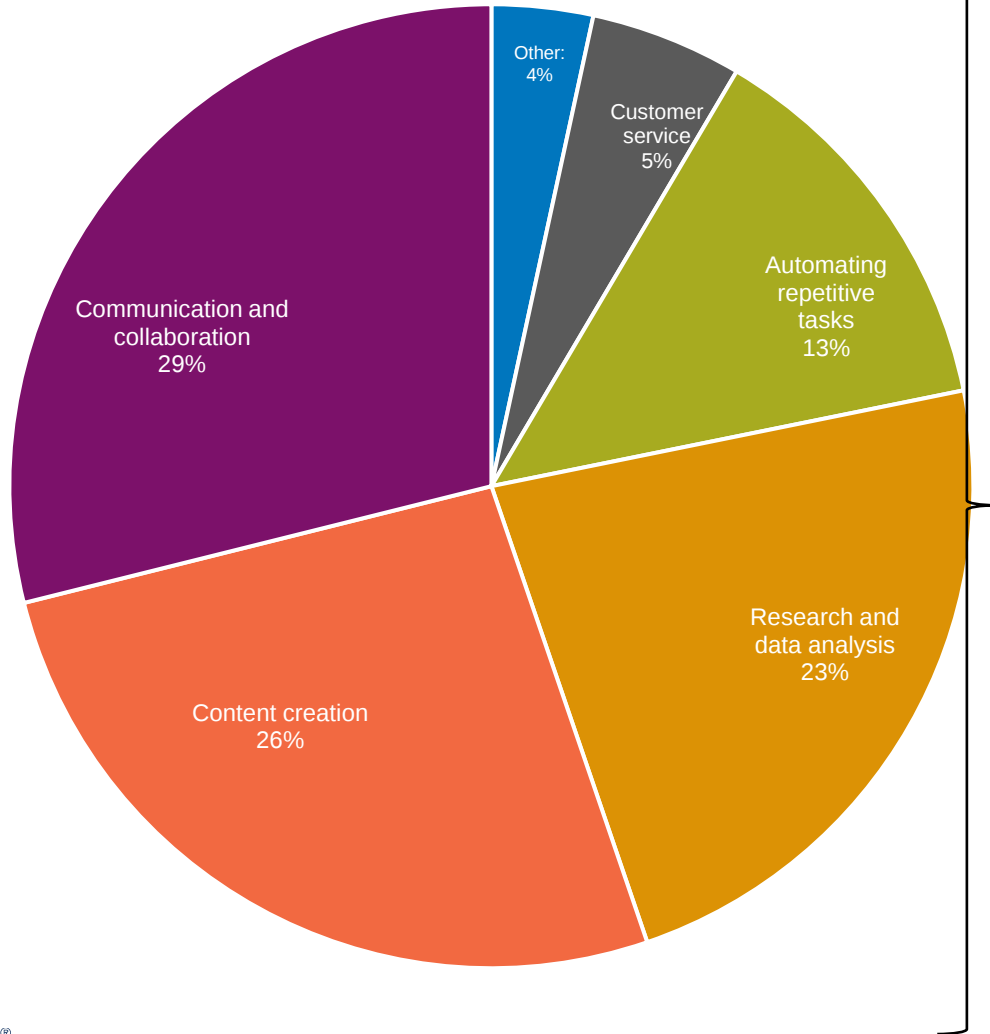
75%

of organizations have **no guidelines or policies** around the use of generative AI.

34%

of HR professionals report **using a generative AI program at work.**

SHRM Staff Primary Use Cases for AI



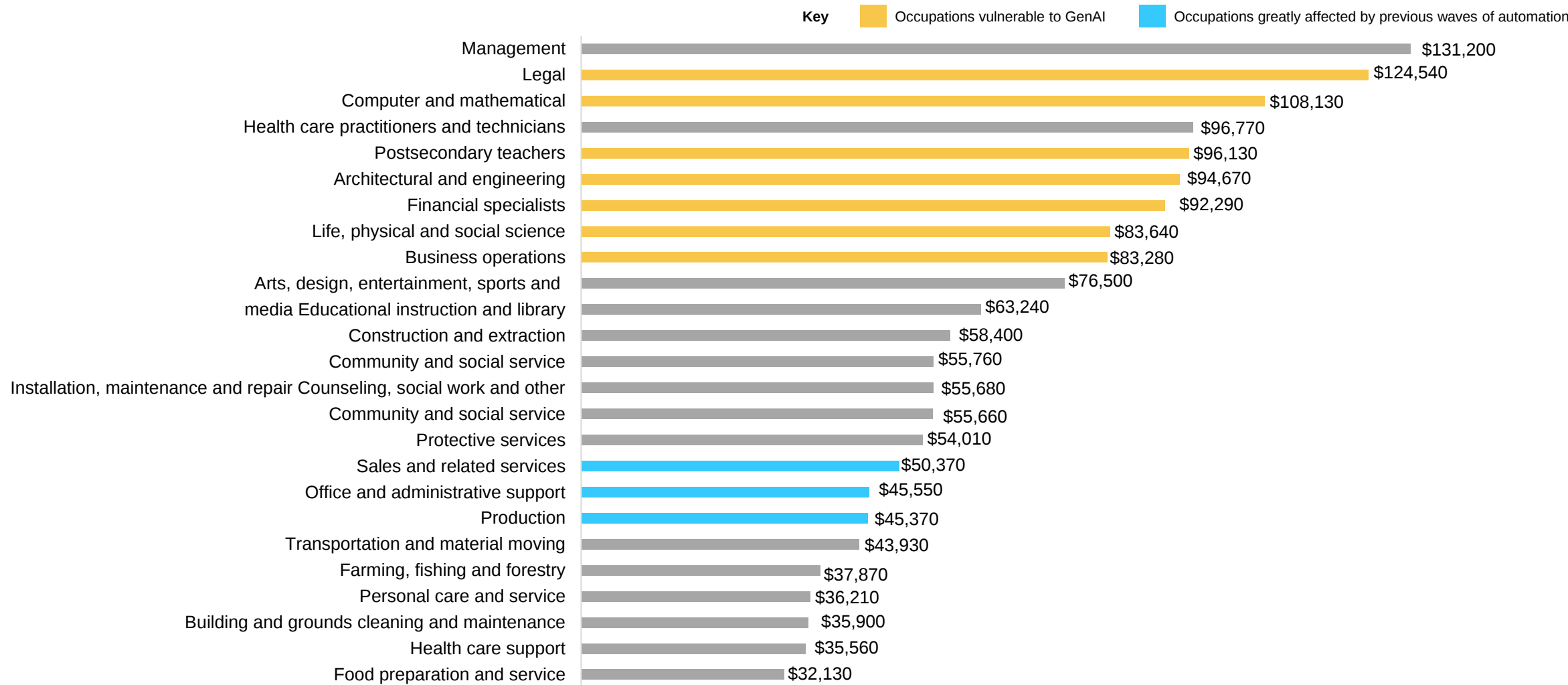
What tools are they using?

Tool	# of Users (Multi-select)
ChatGPT (includes Pro)	129
Zoom Companion	36
Google Gemini	30
SOAR	9



The Brave New World of AI

Occupations most affected by GenAI compared to previous automation waves





The Brave New World of AI

Workforce Skills that will increase/decrease in importance

Skill 	Description 
AI literacy	Being familiar with AI basics, understanding its potential and limitations.
Systems evaluation	Assessing the performance of AI and predicting potential issues.
Data literacy	Interpreting vast amounts of data processed by AI.
Emotional intelligence	Engaging in invaluable human-to-human interactions requiring empathy and interpersonal understanding.
Continuous learning	Adapting to the rapidly evolving landscape of AI.
Critical thinking	Evaluating complex situations and AI-generated content or decisions.
Digital security and privacy	Safeguarding data and understanding the security implications of AI systems.
Creativity	Harnessing human creativity that surpasses AI's generative capabilities.
AI model training	Training, refining and improving AI models.
Neural network understanding	Grasping the intricacies of neural architectures and their applications.
AI optimization	Fine-tuning AI algorithms for efficiency and effectiveness.
Reinforcement learning	Harnessing this AI approach, which enables machines to learn through trial and error.
Natural language processing	Teaching machines to understand human language, a specialization in AI.
Generative adversarial network (GAN) skills	Understanding GANs, which can generate data mimicking real datasets.
Explainable AI (XAI)	Making AI decisions transparent and understandable to humans.

 Decreased Importance	
Skill	Reason for Decrease
Writing and basic content	GenAI can produce routine textual, visual or multimedia content.
Graphic design	AI-driven design tools can suggest color palettes, design logos and lay out webpages.
Research	GenAI can automate preliminary stages, including data gathering and basic analysis.
Web development	AI tools can auto-generate web layouts and produce code for common functionalities.
Coding	GenAI can produce standard code templates, reducing the need for basic coding.
Simple data analysis	AI's prowess in data processing may decrease demand for basic data analysis.

- Despite the best efforts of savvy HR leaders, workforce reductions will become increasingly pressing as GenAI transforms the macroeconomic landscape. HR leaders must remember that layoffs are not the only downsizing option available; more subtle strategies, such as implementing hiring freezes and leveraging natural attrition, can be deployed to minimize disruption to employees. Reskilling may also be an effective alternative to laying off displaced employees. Helping these individuals transition to different roles via
- New tools and training opportunities can ensure continuity of experience and boost workforce morale. In this time of heightened disruption, the emotional toll of job insecurity will underscore the need for robust employee support systems, including mental health and transition programs.



The Brave New World of AI

Next steps

Evaluate your organization's composition



What is your exposure to GenAI?

- Financial services
- Law
- Market research
- Business Services / Consulting

Evaluate the roles within your organization



- Automated/augmented/transformed
- Skill Development investments

Consider your current talent pipeline



- Evaluate how GenAI may affect talent shortages or surpluses in markets of interest. Service, manual and other in-person occupations that have been experiencing staffing shortages, such as nursing, are unlikely to be impacted by GenAI, and current labor shortages will remain. Meanwhile, GenAI-fluent tech talent will become highly sought-after, and savvy HR leaders are wise to begin building a pipeline for such talent now.

Develop a game plan





The State of Talent in the New World of Work

Parting thoughts.....

1. Deep breath, lots of things to consider...
2. Understand the climate in which you operate
3. Determine/Align/Confirm your organization's culture
4. Finalize and execute on your talent strategy

Appendix





74% of HR executives say *inflation* was a top concern for their organization in 2023.

Top Priority

Reducing costs and increasing efficiencies is a top priority for organizations in **2024** (cited by 68% of HR executives).

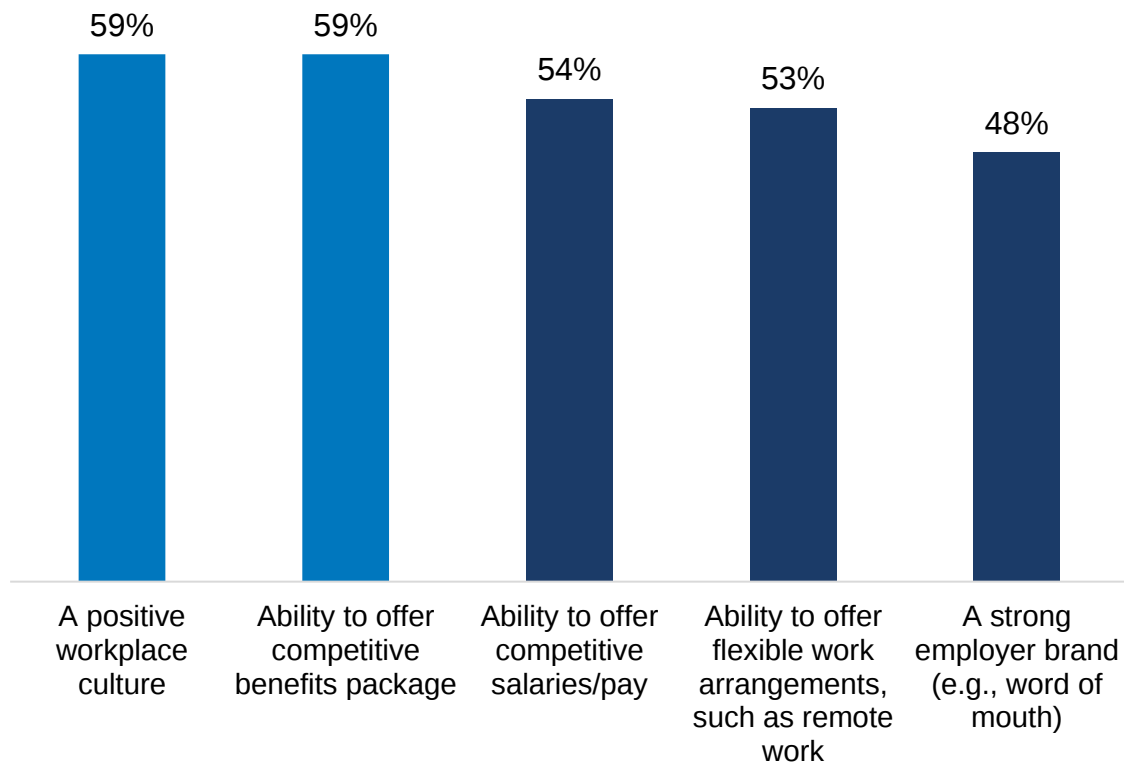
Top Barrier

Budget constraints is a top barrier to achieving **2024** priorities (cited by 51% of HR executives).

The Importance of Culture

Reasons for ease of recruitment in the last 12 months

**Question was select all that apply.*

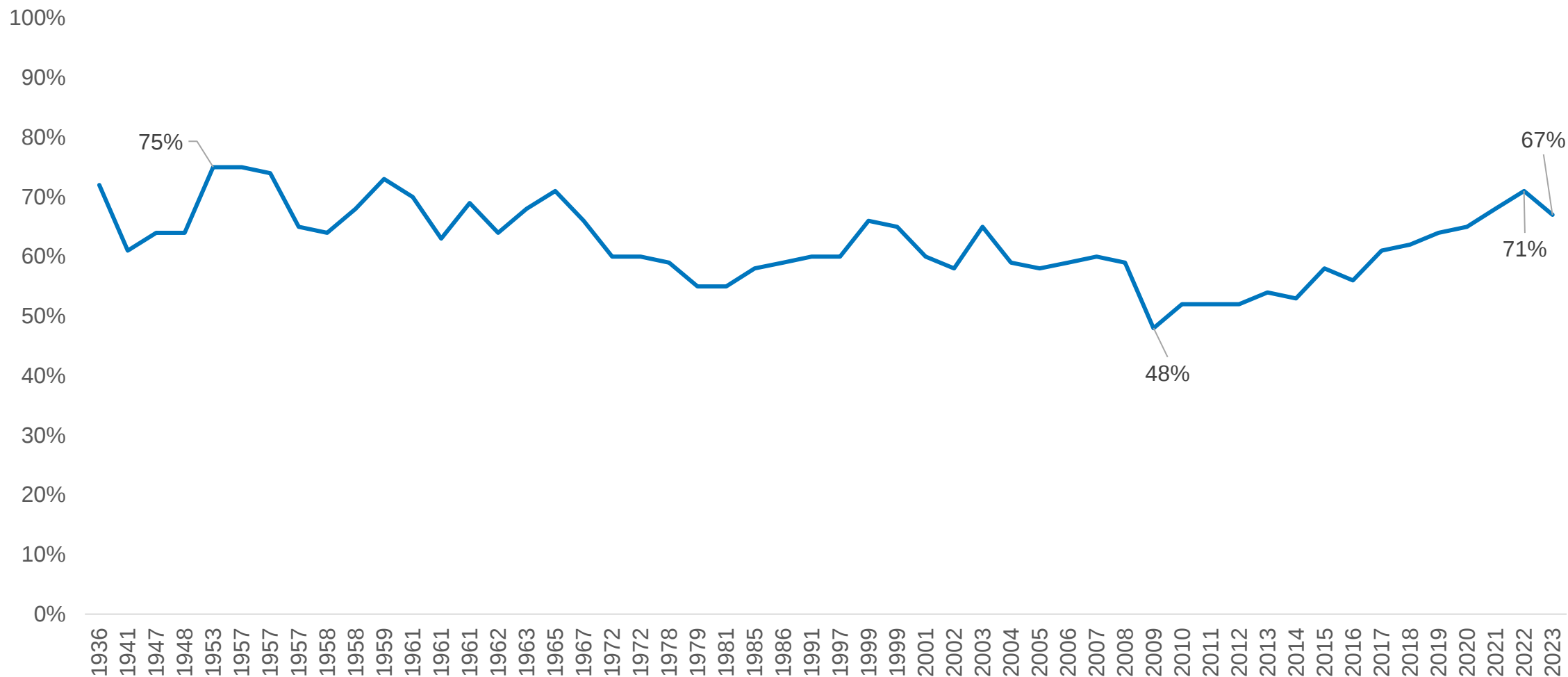


- Among organizations that **didn't** have trouble recruiting for full-time regular positions in the last 12 months, having a **positive workplace culture** and the **ability to offer a competitive benefits package** were the top two reasons why.

SOURCE SHRM, Talent Trends 2024, April

The Importance of Culture

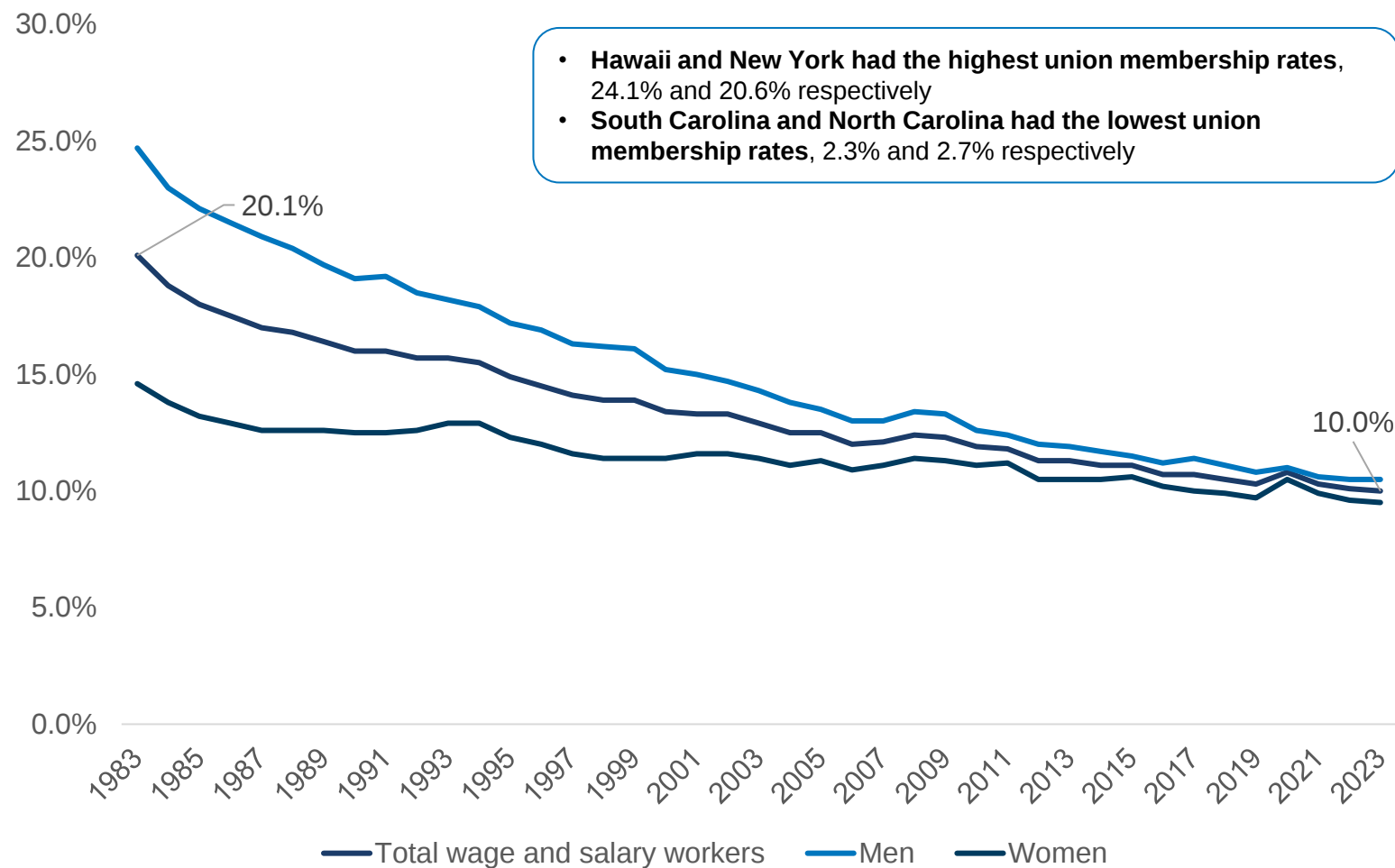
In 2023, 67% of Americans approve unions



SOURCE Gallup.

The Importance of Culture

The unionization rate in 2023 is the lowest on record

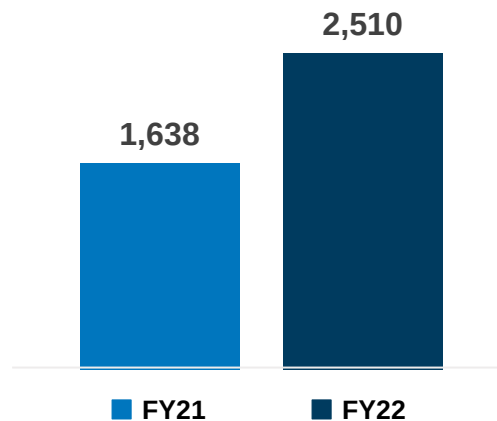


SOURCE U.S. Bureau of Labor Statistics.

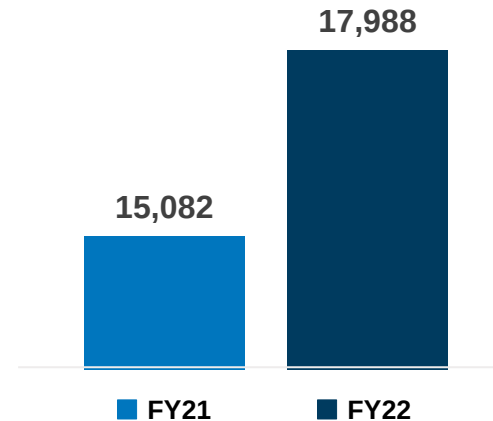
The Importance of Culture

Union representation petition filings increased by 53% in Fiscal Year 2022

Union representation petition filings



Unfair labor practice charges



KEY TAKEAWAYS

- In Fiscal Year 2022, 2,510 union representation petitions were filed at the National Labor Relations Board (NLRB); this is a 53% increase from the 1,638 filings during Fiscal Year 2021
 - Representation petitions are filings by employees, unions, or employers to have the NLRB hold an election to determine if employees want to unionize
- During the same time period, unfair labor practice charges sent to the NLRB have increased by 19% from 15,082 in FY21 to 17,988 in FY22

SOURCE National Labor Relations Board.