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HR MEGATRENDS & WORKPLACE PREDICTIONS
by UKG

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UKG (Ultimate Kronos Group)

Megatrends

Each year, UKG assembles an international team of researchers and thought leaders who reflect on the previous year, evaluate implications for leaders and HR, and predict how these forces will shape organizations for years to come

HR MEGATRENDS by ÜKG

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UKG – Ultimate Kronos Group

Leading Comprehensive HCM

Powerful and Flexible Payroll

Impactful HR Service Delivery

Enterprise Workforce Management

Specialty Scheduling Solutions

HCM technology facilitates *what* needs to be done to become a great place to work

Better Organizational Performance

More Connected Workforces

More Engaged People

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New (Post-Pandemic) World of Work

Changed employee expectations – flexibility, voice, wellbeing

Employees re-evaluating priorities – "great reassessment" → intense competition to attract/retain talent

Major demographic changes

Remote vs. on-site (front-line) employees – different needs and expectations

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New Work Arrangements

Employees are returning to the office — but with more remote work flexibility than ever.

— % Exclusively remote   — % Hybrid   - - % On-site

Data are among U.S. full-time, remote-capable employees.

GALLUP

"Defeated CEOs are now conceding that hybrid working is here to stay – a year after 62% said they expected a full-time return to office by 2026"

Fortune

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- **3.5 million job quits/month**

- **People continue to rethink what they want out of work – and life**

- **1.6 jobs for every job seeker**

- **492,000 vacancies in state/local government – only 182,000 hires**

- **SLG ratio of vacancies to hires = 2.7**

- **Private sector = 1.5**

"Government Worker Shortages Worsen Crisis Response"

Retention Challenges

State and Local Government Employees:
Morale, Public Service Motivation, Financial Concerns, and Retention

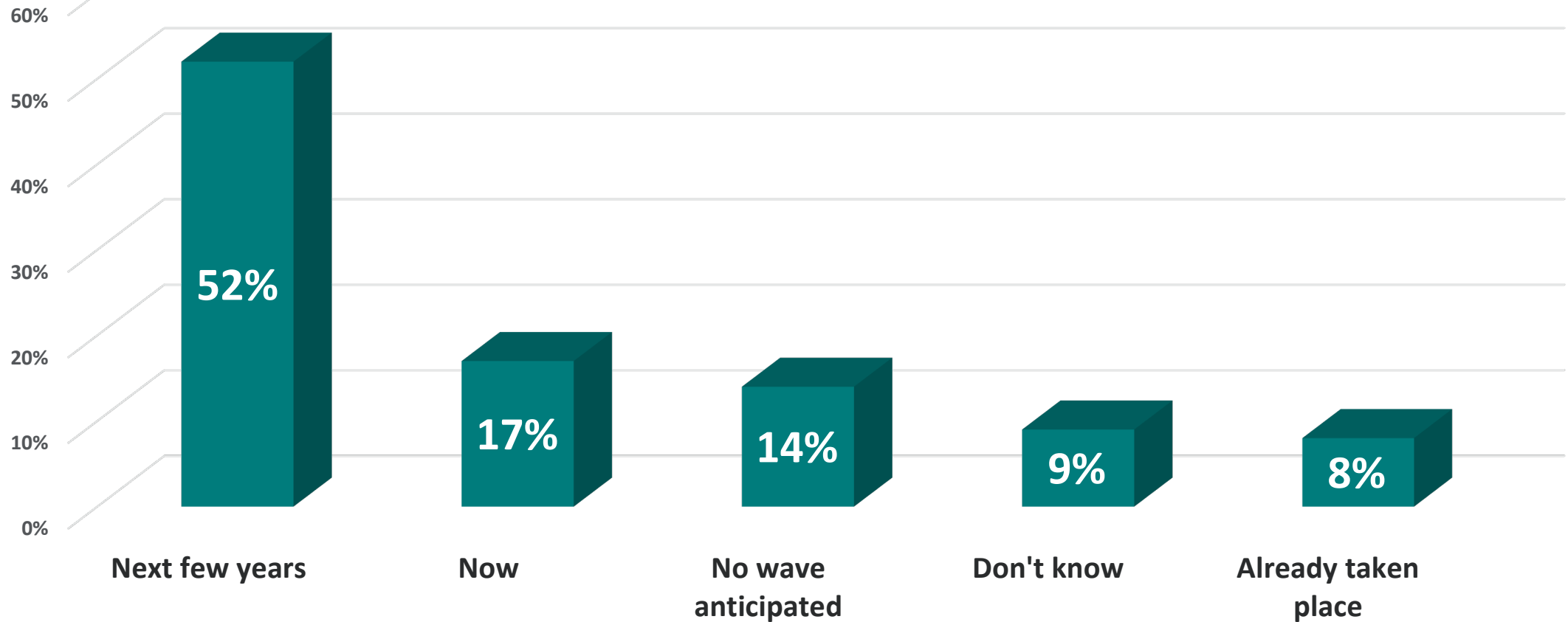**MissionSquare**
RESEARCH INSTITUTE

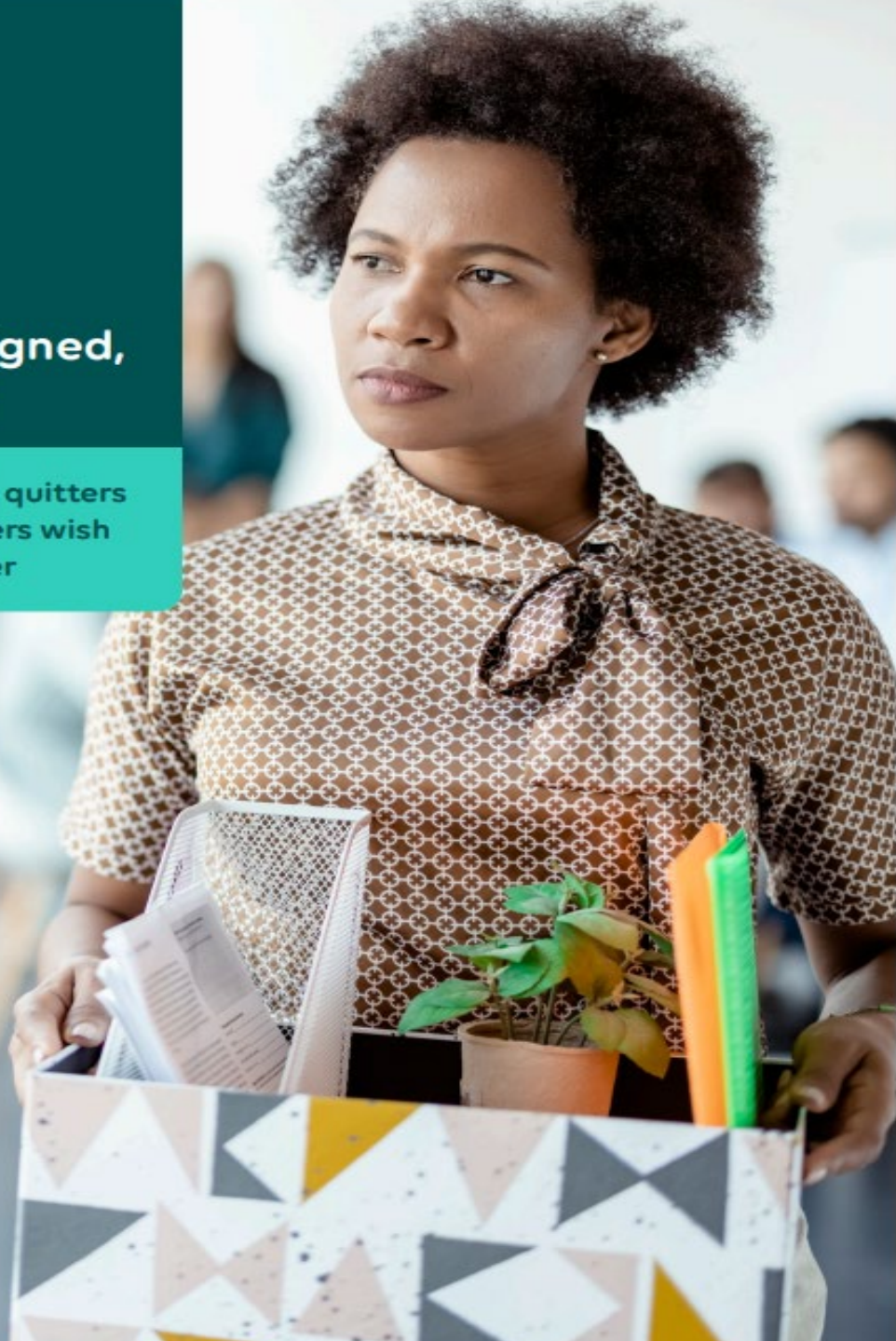**59%** are considering **leaving their jobs voluntarily** in the near future

77% agree that the **increase in people leaving** their jobs voluntarily **has put a strain on their own workload**, with 34% reporting that it has been a significant strain

When Will Public-Sector Employees Retire?

Bar chart:
- Next few years: 52%
- Now: 17%
- No wave anticipated: 14%
- Don't know: 9%
- Already taken place: 8%

Y-axis: 0%, 10%, 20%, 30%, 40%, 50%, 60%

MissionSquare Research Institute

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Resign, Resigned, or Re-sign?

Pandemic-era job quitters and their managers wish they had a do-over

This report is based on a global survey across six countries that compares responses of 1,950 employees who quit their jobs during the COVID-19 pandemic with responses from 1,850 people managers who had employees on their team quit. It examines employee sentiment about quitting, if they regret their decision, the chances they would boomerang back to their old job, and the disconnect between managers and employees about why people are leaving during the Great Resignation.

43% GLOBALLY
"I was better off in my old job."

41% GLOBALLY
"I quit my job too quickly."

Globally, job changers miss the following most:

38% My peers/coworkers

31% Familiarity/comfort in the role

22% The customers served

19% Compensation/pay

16% Work-life balance

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83% of organizations want to be *human-centric*

LinkedIn Learning

Megatrends provides roadmap

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The Megatrends

Redefining the Employee/Employer Relationship

There is no-one-size-fits all

From Buying and Borrowing to Building and *Mining*

Introducing another option to traditional skills acquisition

The ESG Gut Check

Intensifying political culture wars are putting ESG – especially DEI&B – under a microscope

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Redefine and Personalize the Relationship:

Build Employee Engagement

Poll #1

In our organization, improving employee engagement is a high priority

- **Strongly disagree**

- **Disagree**

- **Neither agree nor disagree**

- **Agree**

- **Strongly agree**

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Why Does Engagement Matter?

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OPEN

Top Pet Insurance For Your Dog

Search Top Pet Insurance For Your Dog Today. Custom Options For You.

This cat is just pretending to be a dog for the health insurance. We've seen it a million times.
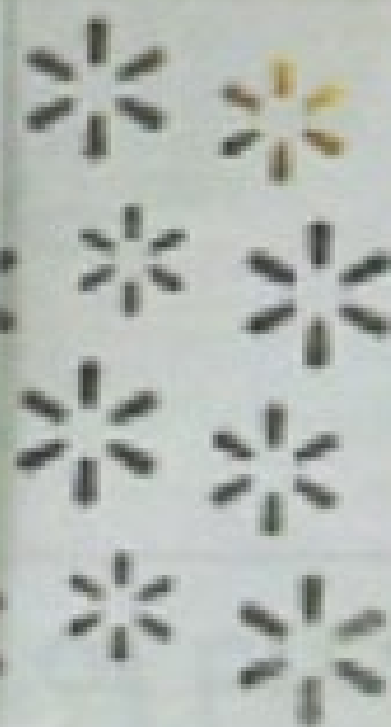
Great Places to Work Have Engaged Employees

KPIs	Employees say …	Great Place to Work-Certified Organizations	U.S. Average
Productivity	Are given resources needed to do job	81%	52%
Recruiting	*Promote their organization to family and friends*	**86%**	**54%**
Retention	*Plan to work there for a long time*	**84%**	**55%**
Service	Provide excellent customer service	89%	66%
Agility	Organization moves fast and innovates	82%	49%

Great Place To Work®
Certified 2024
USA

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Engaged Government Employees

- **10 times more likely to believe organization is achieving mission**

- **Twice as likely to believe they influence cost savings**

- **3 times more likely to say they influence customer service**

- **3 times more likely to stay with the organization**

- **4 times as likely to say their mental health is good or very good**

Institute for Public Sector
Employee Engagement

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The U.S. Surgeon General's Framework for

Workplace Mental Health & Well-Being

76%

of U.S. workers reported at least one symptom of a mental health condition.

84%

of respondents said their workplace conditions had contributed to at least one mental health challenge.

81%

of workers reported that they will be looking for workplaces that support mental health in the future.

"We can build workplaces that are engines of well-being, showing workers they matter, their work matters, and they have the necessary resources and support to flourish"

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Poll #2

What percentage of employees in your organization do you think are highly engaged?

- 0-20%

- 21-40%

- 41-60%

- 61-80%

- 81-100%

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Most Employees Not Engaged

Global engagement nearly *doubled* in past 15 years... but only from 12% to 23%

State government:

43% engaged

Local government:

40% engaged

Globally, disengaged employees represent $8.8 trillion in untapped productivity

Gallup

Institute for Public Sector Employee Engagement

Gallup

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1

Redefine the Employee/Employer Relationship

There is no one-size-fits-all

To Build Engagement

Provide a Positive and Personalized Employee Experience

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Employee Experience

Apply

Interview

Get the job

Onboard

Set goals

Enroll in benefits

Get paid

Access pay data

View schedule

Request day off

Clock In/Out

Swap shifts

Leave (retire)

Get Promoted

Develop skills for next job

Review performance

Complete assigned work

Take sick day

Request leave of absence

Attend training

Submit timecard

Attest to hours

Take vacation

View accrued hours

DAILY
WEEKLY
MONTHLY
YEARLY
ONCE

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Positive Employee Experience: The Business Case

2.4x more likely to **delight customers**

5.2x more likely to be a **great place to work**

3.7x more likely to **adapt well to change**

2.2x more likely to exceed **financial targets**

5.1x more likely to create a **sense of belonging**

5.1x more likely to **engage** and **retain employees**

4.3x more likely to **innovate effectively**

PEOPLE OUTCOMES

Josh Bersin

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Customized Experience:
Avoid Generalizing About Generations

Age + **Life Stage** + **Personality Traits** + **Life Experience** = **Work Style and Expectations**

- Aggregate statistical data mean little for individual employees

- Putting a person in *one category*, based on *one characteristic*, minimizes the value of their life experiences

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Age is More Than a Number!

Reaction Time	24	Creative Thinking	25
Vocabulary	71	Productivity	35
Arithmetic	50	Leadership Skills	47
Changing Careers	39	Concentration	43
Emotional Intelligence	60	Solving Puzzles	27

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Technology Promises Customization at Scale

Generative AI offers the ability to boost engagement by providing customized messaging and interactions with individual employees, as well as guidance for leaders to do the same

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From Buying and Borrowing to Building and *Mining*

Another Option to Traditional Skills Acquisition

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Employers Face a Persistent "Double Whammy"

- **Economists predict permanent labor shortages**

- **At the same time, critical skills gaps are vexing employers, a trend that's expected to increase along with AI and other technological advances**

Labor Shortage

By 2030, >85M jobs could go unfilled globally due to lack of skilled people

Korn Ferry

The Aging Population

By 2050, 25% of people in Europe and North America will be age 65 or older

World Health Organization (WHO)

"Ageing populations in many parts of the world, creating shortages of labor and placing a greater onus on productivity for driving growth."

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The Aging US Population

Washington Post
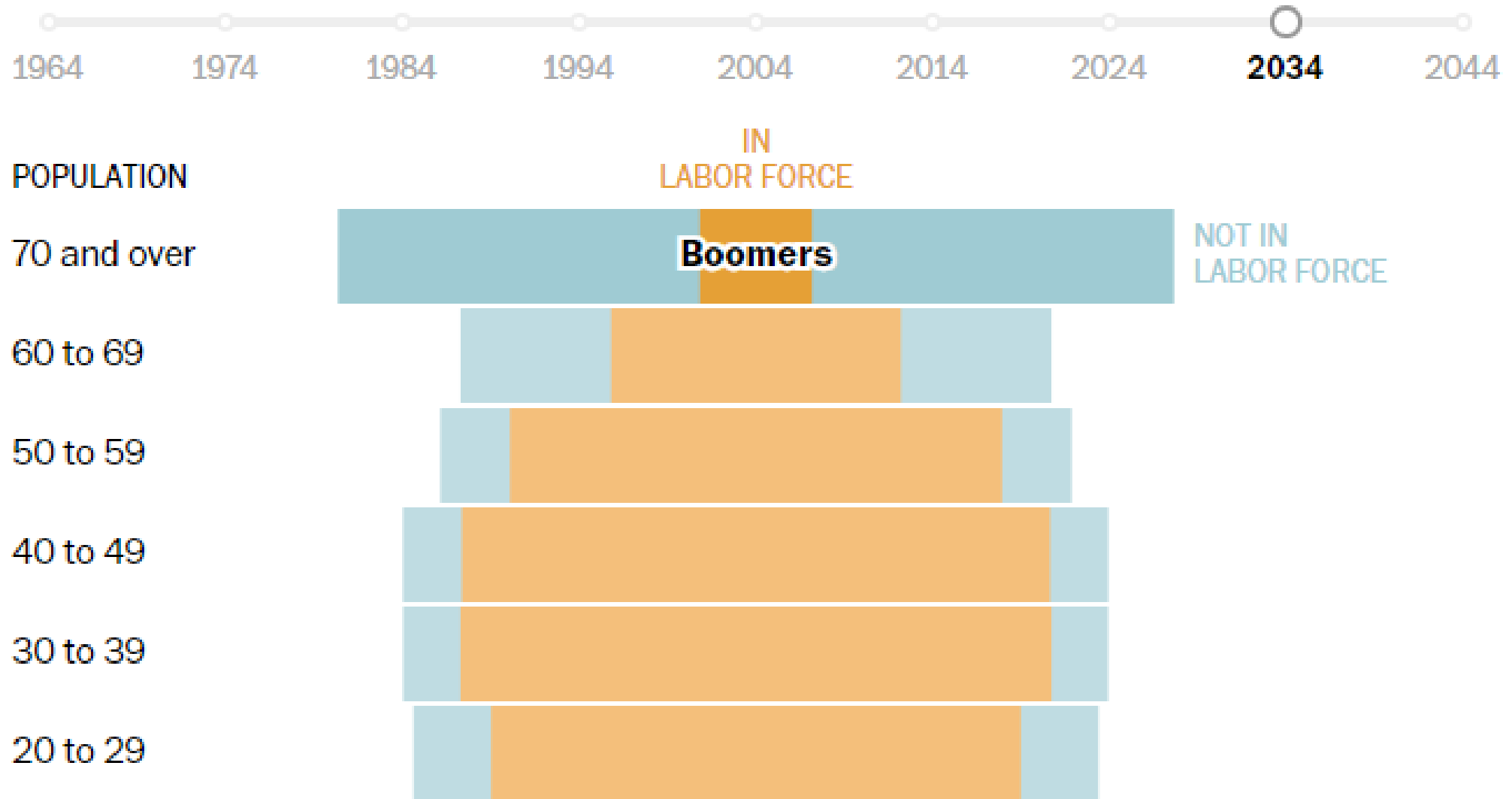
A Curious Phenomenon

- **Organizations tend to value external candidates over internal candidates**

- **However, external hires get significantly lower performance evals in first 2 years, have higher turnover, and are paid substantially more**

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Promote Internally to Improve Culture

- **Internal candidates know your culture**
- **Employees already know how to work with them**
- **Fair promotions inspire others to perform at high levels**
- **Employee engagement and retention can be improved**

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Uncover Hidden Gems – Internally and Externally

"Flexibility in education requirements enables more career pathways that offer higher-paying positions to workers who are frequently overlooked by employers."

World Economic Forum

Dropping degree requirements forces hiring managers to focus more on soft skills and specific about skills in job postings, which are better predictors of actual job performance.

Gartner

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AMERICAN PSYCHOLOGICAL ASSOCIATION

Validity and utility of alternative predictors of job performance.

"Hiring based on skills is <u>five times more predictive</u> of job performance than hiring based on education and more than <u>twice as predictive</u> as hiring based on work experience"

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"STARs" – Skilled Through Alternate Routes
Screening Out STARs Limits Diversity
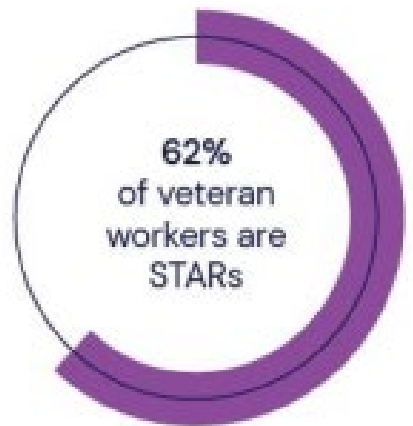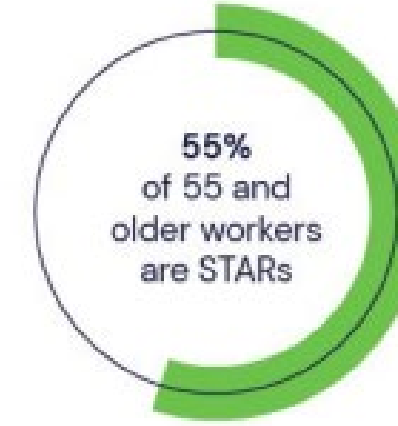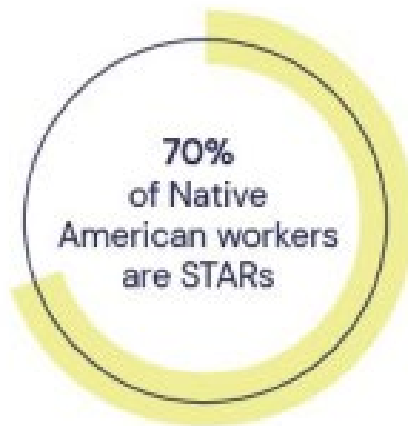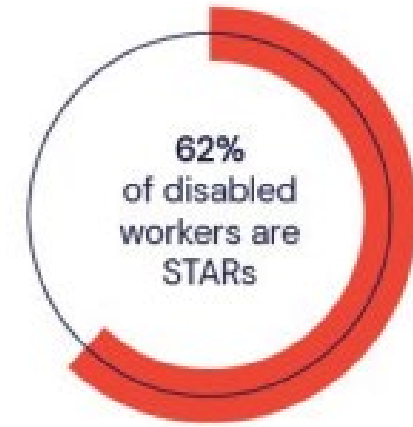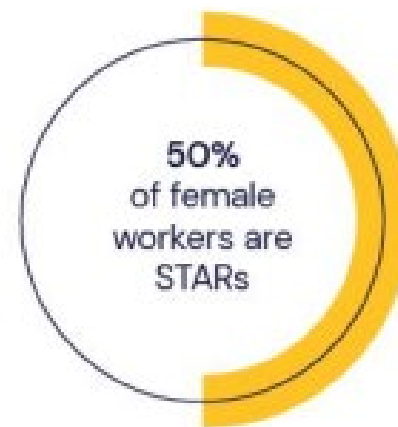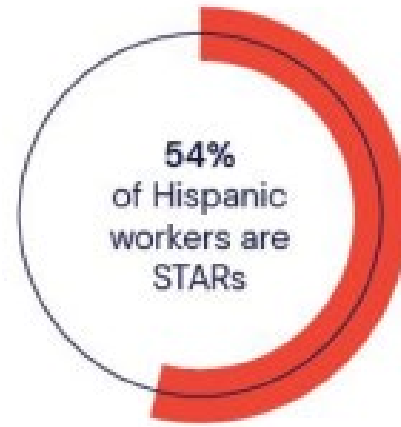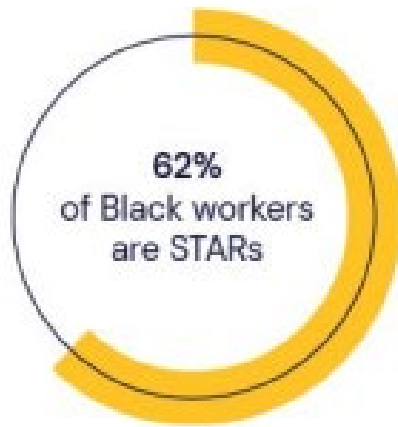
The Impending ESG "Gut Check"

Intensifying Culture Wars Put ESG Initiatives Under Microscope

- **Environmental – impact on environment, stewardship of natural resources**

- **Social – how the organization interacts with stakeholders, including communities, customers and employees**

- **Governance – how the organization is managed**

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Complex Issue for Leaders

Push Back

In the US, growing political backlash to DEI&B can influence further investment and progress

The Receipts are Due!

At same time, frustration that after years of "talking the talk," *results* have been largely underwhelming

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DEI&B – The Business Case

- 70% of active and passive job seekers asses if organization's workforce is diverse before applying / accepting a job offer (Glassdoor)

- "Cognitive diversity" (thoughts, ideas, values) boosts innovation by 20% (Deloitte)

- Organizations with more racially and ethnically diverse workforces have a 35% performance advantage over homogenous orgs (McKinsey)

- Diverse teams outperformed individual decision-makers up to 87% of time (People Management)

- 80% said inclusion was important when choosing an employer (Deloitte)

- 23% said they left one organization for a more inclusive one (Deloitte)

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High-Quality DEI Programs –> Greater Diversity

Percentage of leaders who are women — 25 (No- or low-quality), 35 (High-quality)

Senior-level leaders who are women — 18 (No- or low-quality), 23 (High-quality)

High-potential leaders who are women — 14 (No- or low-quality), 23 (High-quality)

Percentage of leaders from minority racial/ethnic backgrounds — 16 (No- or low-quality), 31 (High-quality)

Senior-level leaders from minority racial/ethnic backgrounds — 12 (No- or low-quality), 26 (High-quality)

High-potential leaders from minority racial/ethnic backgrounds — 9 (No- or low-quality), 26 (High-quality)

Legend: No- or low-quality DEI program / High-quality DEI program

Where DEI&B Efforts Failing

Percentage of leaders planning to leave their organizations

More Women and Minority Leaders Plan to Leave to Advance

Legend:
- Non-Minority Men
- Non-Minority Women
- Minority Men
- Minority Women

First-level: 19, 28, 33, 41
Mid-level: 21, 30, 35, 44
Senior-level: 29, 40, 46, 49
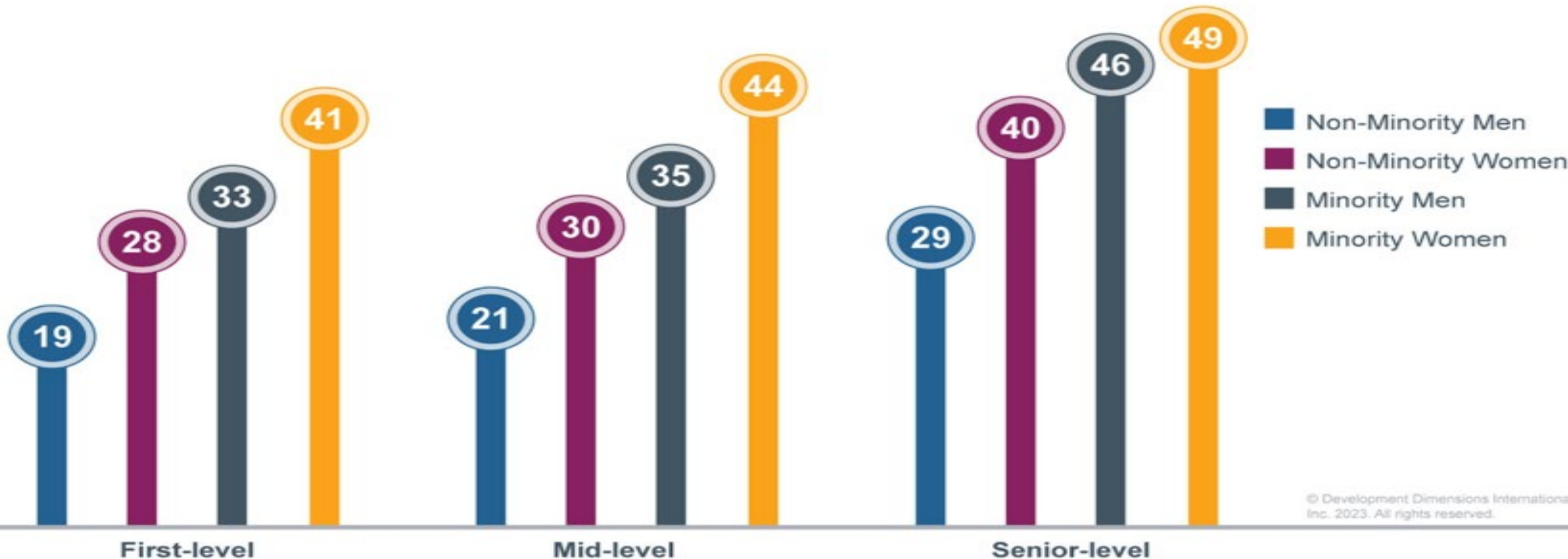
DEI&B Efforts Failing

Employers say they're making DEI changes — but employees don't see progress

Employees still report discrimination at work

Few employees — or HR leaders — describe their workplace as "fair"

Employees don't feel respected

Employees not confident their organization will do the right thing

Employees want to feel comfortable being their authentic selves at work

Employees want their managers to be comfortable discussing DEI&B

Gallup

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Taking Action

The 2024

HR

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& WORKPLACE PREDICTIONS

by UKG

Checklist

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1

Redefining the Employee/ Employer Relationship

Provide positive, personalized experience, including employee self-service

Train managers to ask right questions – understand their people (who they are, what they want) and available employee resources

Give employees info they need; GenAI can provide customized interactions and messaging with individual employees

Collect and act on employee experience data

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From Buying and Borrowing to Building and *Mining*

Find people internally and externally with curiosity, flexibility, and problem-solving (soft skills) and who take enterprise view

Where feasible, eliminate degree / experience requirements

Help employees grow, build skills, be themselves (e.g., ERGs, mentorships, gig assignments)

Conduct strategic workforce planning, install systems to monitor employee skills / development

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The ESG "Gut Check"

Understand / communicate DEI&B business case

Develop tools to monitor progress and course-correct with data

Communicate values and hire people who share them. Create meaningful incentives / consequences for adhering to values

Be transparent about where efforts are succeeding and falling short – and be intentional about improving

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The 8 fastest-growing jobs in the US

2023
Jobs on the Rise
United States
Linked **in**

5. Employee Experience Manager

4. Truck Driver

3. Diversity and Inclusion Manager

2. Human Resources Analytics Manager

1. Head of Revenue Operations

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100 Best Companies to Work For

FORTUNE

Scan the QR code to download a checklist with actionable insights to apply in your workplace today.

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