



HR Trends in 2024

The Workplace Evolution in
Uncertain Economic Times

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Proceed with Caution in 2024

If there's one word to describe how most small to mid-sized businesses will likely approach the road ahead in 2024, it's with caution.

Caution with **business decisions** – thanks to an unpredictable economy, influenced by world events and upcoming elections. Caution related to **generative AI** – with all its benefits and risks – as leaders determine the best fit in their own workplace, and caution on how to best **communicate** with a workforce that is more knowledgeable than ever of its workplace rights.

To help you prepare for these expected HR trends in 2024, our experts dive into each, and offer strategies that will help your company navigate them successfully throughout the year.

- ▶ Managing Your Workforce Through Economic Uncertainty
- ▶ Preparing the Workplace for Generative AI
- ▶ An Evolving Relationship with a More Informed Workforce

▶ Following are HR trends to look out for in the new year.

Managing Your Workforce Through Economic Uncertainty

When we embarked on 2023, economists widely predicted a recession, but instead, the economy outperformed expectations despite high inflation and rising interest rates. Will 2024's economy be as resilient?

Factors such as political instability, market volatility, and an impending election make forecasting for the new year a daunting task for small and mid-sized business owners. Even [economic forecasts vary widely](#), with little consensus from experts on whether the U.S. has only delayed the inevitable recession or if the country is in the clear.

"In some respects, pessimism lingers," writes Brenden Rearick in Money's article, ["Will there be a recession in 2024? Here's what economists predict."](#) **"Concerns are focused mostly on the Federal Reserve's interest rate hikes.** ... These high interest rates and their trickle-down effects, some have argued, are putting enough pressure on businesses and consumers to drive the economy into a recession in 2024."

If anything is clear, it's that economic uncertainty is upon us in 2024.



The Impact on Business Owners

With economic uncertainty comes trepidation as small-business owners evaluate their approach to decision making in anticipation of a downturn. This trepidation can have significant and lasting impacts on small businesses. For example:

- ▶ Open positions may be left unfilled, leading to employees juggling more responsibilities and ultimately impacting morale.
- ▶ Expenses and departmental budgets may be scaled back, impacting initiatives such as new customer acquisitions.
- ▶ Operating costs, which have increased in recent years due to supply chain issues and high inflation, may continue to be unpredictable, making it difficult to budget or set pricing for services and goods.
- ▶ Loans or other financing may be difficult to obtain if a recession does hit as lenders will be reluctant to lend to businesses at risk of default.
- ▶ Growth initiatives may be shelved as companies take a more risk-averse approach to managing their business.



As you prepare for the year ahead, you might be changing course on decisions and business initiatives. **Strategies that emphasize financial stability** – such as cutting unnecessary costs, increasing cash flow, or diversifying revenue streams – can help you develop a more flexible business model designed to weather any economic conditions that come your way.

The Role HR Plays in Managing Your Workforce During Uncertain Economic Times

Perhaps one of the most important HR strategies to consider in 2024 is a renewed focus on your employee retention strategy. Retention has been a hot topic in 2023, mostly due to a tight labor market that has made it difficult to fill open positions. But the benefits of strong retention reach far beyond dealing with a challenging labor market. Replacing employees – and the institutional knowledge they take with them – is time consuming and costly for management.

Eleesha Martin, G&A Partners' director of Recruitment Process Outsourcing, estimates the [cost of replacing an employee](#) ranges between one-half to two times the employee's annual salary. Turnover can also negatively impact employee morale, which can lead to decreased productivity.

Ultimately, stronger retention leads to happier employees, which equates to a better bottom line through:

- ▶ Lower employee turnover rates, which saves management time and money.
- ▶ Increased productivity, as happy employees are 12% more productive than unhappy employees, according to the Social Market Foundation.
- ▶ Better customer service, as happy employees tend to provide customers with a better experience.
- ▶ Fewer sick days or breaks during the workday.
- ▶ A workplace culture focused on employee satisfaction.



6 Tips to Improve Your Employee Retention Strategy

At the heart of a strong retention strategy is a workplace culture that promotes better employee engagement. Here are 6 tips to cultivate a culture that will lead to stronger employee retention:

1 **Develop a culture of open communication.**

In times of uncertainty and when information is lacking, people will develop their own narratives that may be based on flawed perceptions or inaccurate information. In the year ahead, transparency and open communication with employees will be increasingly important.

As your company faces challenges, be open with your team, and encourage an open-door policy so employees feel empowered to bring concerns (or new ideas) to their managers or leaders. Ask for feedback regularly. But be prepared to act based on their responses. This will help to build trust with your employees and show them that their opinions are valued.

2 **Promote better work-life balance.** Today's employees continue to seek a better work-life balance, and you can promote this in a way that makes the most sense for your organization. Consider offering remote or hybrid work schedules, or if your business doesn't lend itself to this structure, explore flexible scheduling – such as an earlier or later start time or extended midday breaks.

3 **Evaluate your compensation and benefits packages.** If you haven't evaluated your compensation and benefits packages recently, now's the time. Employees prioritize both when considering whether to pursue new opportunities (or stay put), so assess whether your pay and benefits packages are competitive within your industry, and if possible, make adjustments.

If offering competitive benefits is a challenge due to costs, consider working with a professional employer organization (PEO), which provides [access to Fortune 500-level benefits](#) that rival major corporations at affordable prices for you and your employees.

4 **Recognize your employees.** Rewards and recognition matter to your employees. Encourage managers to ask their team members how they prefer to be recognized so they can provide tailored rewards. Ways to recognize your employees include:

- Sharing kudos for employees during weekly team meetings
- Extra time off, such as a Friday afternoon or an additional day of PTO
- Team lunch
- Company awards at monthly or quarterly staff meetings
- Emails or handwritten notes thanking employees for a job well done

For more ideas, read ["10 ways to show gratitude to your employees, year-round."](#)

5 **Provide support for employee well-being.** Increased awareness of mental health issues post-pandemic has made overall well-being – mental, emotional, physical, and/or financial – a priority for many workers. You can provide resources to promote employee well-being through extended benefits, such as an employee assistant program or Teladoc services that provide easy access to mental-health resources.

6 **Offer professional development and career growth opportunities.** In LinkedIn's 2022 Global Talent Trends report, 59% of employees said they want their employers to invest more in professional development. Workplace training and development is beneficial for both your employees and your business. Through courses, conferences, or mentorship programs, your employees can learn and develop new skills, and they are more likely to be fulfilled and engaged in their role. At the same time, this new knowledge can lead to innovation or improved efficiencies in your organization, and you'll be developing employees to promote into new roles in the future.

Preparing the Workplace for Generative AI

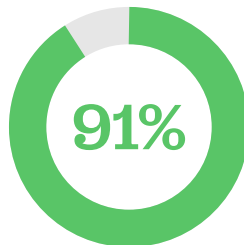
Since the launch of OpenAI’s ChatGPT in late 2022, generative artificial intelligence (AI) has quickly stirred up curiosity – and some fear – amongst business owners, HR leaders, and workers. While thoughts of increased productivity and innovation have enticed managers and business owners, concerns over being replaced by AI have occupied some workers’ minds.

AI isn’t new to the workplace or our everyday lives. But as more and more companies tested and utilized generative AI in 2023, it became clear – AI works best when combined with the checks and balances (and brains) that only humans can provide. The use of AI, though, will make way for employees to shift from mundane or repetitious tasks to more meaningful strategic and innovative efforts.

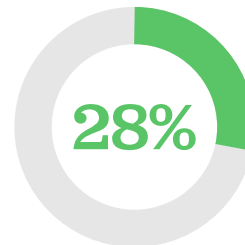
In short, when used with proper guidance and training, AI presents opportunities for business owners *and* their employees.

For small-business owners who are investing in AI – the 2023 Small Business Now report estimates a quarter are doing so – the benefits they’ve discovered include cost savings and improved profitability.

The study reports:



of small-business owners currently utilizing AI say their business is more successful as a result.



of small-business owners using AI expect a savings of at least \$5,000 over the next 12 months.



The Impact on Human Resources

Human resources professionals have benefited from AI for several years now. With the addition of generative AI, more potential exists to automate manual tasks and improve additional areas of the employee lifecycle, including:

- ▶ **Recruiting:** Recruiters can utilize AI to craft job descriptions.
- ▶ **Onboarding:** AI helps guide new hires through the onboarding process and ensures each step is completed.
- ▶ **Professional Development:** HR teams can engage AI to develop more personalized learning paths for employees based on previous courses the employee has completed.
- ▶ **Performance Management:** AI can analyze data from multiple sources over a period of time – providing managers and HR leaders with a clearer picture of an employee’s overall performance, and the ability to more efficiently create development plan objectives and goals.

Douglas Henry, an RPO account manager at G&A Partners,

recognizes that AI’s efficiencies paired with an employee’s oversight can yield promising results for recruiters. For example, AI tools can scan resumes for open positions, and, in many cases, help identify candidates that recruiters may easily miss. “When recruiters are reviewing a stack of 100 resumes, it’s easy to stop looking through the pile after you’ve found four or five candidates who match the job requirements,” says Henry.

“AI can quickly scan the entire stack of resumes, however, and flag every candidate that is a match. That gives us a larger group of qualified candidates to review, but in much less time than we would require to review them manually.”

At that point, the human element kicks in, Henry said, and recruiters must objectively review the candidates to determine who is a good fit moving forward.

The Role HR Plays in Preparing the Workplace for Generative AI

HR leaders and business owners play a pivotal role in determining how your organization adapts AI. As with the entrance of social media into the workplace, your HR leaders should evaluate the potential risks associated with AI, determine how it can be useful within your organization, and then craft policies and training to guide employees on how to use it properly.

And keep humans in the process to ensure you produce the best outcomes.



“Humans need to be involved to review outputs for accuracy, suss out bias, and ensure models are operating as intended,” writes Kathy Baxter and Yoav Schlesinger in the Harvard Business Review article, [“Managing the Risks of Generative AI.”](#)

“More broadly, generative AI should be seen as a way to augment human capabilities and empower communities, not replace or displace them.”

5 Tips on How to Approach Potential Risks with AI

Be aware of potential risks associated with generative AI as you determine how to adapt the technology, such as:

- 1 Employee Concerns:** Many employees are concerned whether AI will replace their jobs, so it's important to maintain open and transparent communication with your workforce. Acknowledge that AI is here, its potential benefits to the business, and that roles may change. Providing AI training to your employees may also help them discover creative ways the tool can benefit them – and your business.
- 2 Bias Within AI Tools:** Language learning models are trained with publicly available content and data, which is then used to create content when users type requests into generative AI prompts. If the training data includes biases – such as pertaining to race, gender, ethnicity, or socioeconomic status – then the AI output may inadvertently include those biases. Think of it this way: If the learning language models evaluated colors on websites, and 80% of those websites used the color red as its primary color, then an AI output regarding web design is likely to be dominated by red, because that's what the model has absorbed. It's imperative that you are aware of these [potential biases](#) and train your staff to look for and recognize them when working with generative AI.
- 3 Inaccurate Content:** As with biases, language learning models can't necessarily identify if the data or content they are trained on is accurate. So, it's important that you instill checks and balances within any workflow that utilizes generative AI, to ensure the content is accurate.
- 4 Legal Risks:** [New York City introduced legislation](#) this year that requires businesses to audit any HR technology systems that aid in hiring or promoting employees for biases. More legislation is likely to follow at the state and federal level, and the [Equal Employment Opportunity Commission recently issued guidance](#) on how to measure adverse impact when AI is used as part of employment selection tools. Ultimately, employers must ensure that using AI – even from a third-party vendor – doesn't result in workplace law violations.
- 5 Privacy and Security Concerns:** Be aware of the consequences of feeding sensitive company data into AI models and remember that your organization's current privacy and data policies also apply to AI. HR leaders should reach across departments to work with IT and compliance teams, ensuring privacy and security concerns are addressed before implementing AI in the workplace.

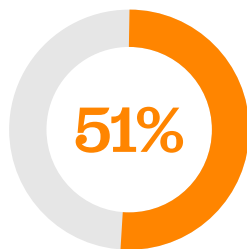
Interested in creating AI policies and procedures, but not sure where to start? Consider these [7 Tips to Help Establish and Roll Out an AI Policy](#).



An Evolving Relationship with a More Informed Workforce

From **#quietquitting** to **#bareminimummondays**, several workplace trends took centerstage on social media platforms, including TikTok, this year – as workers, career coaches, and employment lawyers aired their workplace grievances online. These viral social media posts represent one way today’s workforce is gathering information (factual or not) – related to workplace rights, trends, or company reputations.

Twenty years ago, most employees relied on email, water cooler gossip, or news-related websites to receive the latest information on workplace trends or rights. But today’s social media platforms offer a significantly greater reach. In fact, **TikTok’s following in the U.S. is over 122 million** – largely due to the platform’s popularity, engaging content, and accessibility.



A recent study from Her Campus Media reported that **51% of Gen Z women prefer using TikTok as their search engine of choice over Google.**

Social media, however, isn’t the only avenue for today’s job candidates and workers to share their workplace experiences or access employment-related information.

Other resources include sites such as:

- ▶ **Glassdoor and Indeed**, which give current and former employees a platform to discuss their company, while providing job candidates with a glimpse into average salaries for a position, a company’s culture, and its reputation.
- ▶ **Your company website**, which not only serves to attract or help clients and customers, but is often a first introduction for those who want to learn more about your business.
- ▶ **Employment-related blogs** by lawyers and nonprofit organizations, which educate workers on their employment rights and make sense of recent rulings and legislation.
- ▶ **The U.S. Department of Labor’s [worker.gov](https://www.dhs.gov/workers)**, which is dedicated to helping workers understand their rights.

The Impact on Your Business

There's no denying that today's workforce is more **empowered** – both with the ability to share their experiences and feelings with the world and to learn and understand their rights within the workplace.

They are also empowered due to regulations such as the **National Labor Relations Act**, which protects their right to act with their coworkers to address work-related issues. For example, talking about their wages, benefits, or workplace conditions with coworkers is a protected right. In some cases, these rights extend to social media, as well.

“Even if you are not represented by a union, federal law gives you the right to band together with coworkers to improve your lives at work – including joining together in cyberspace, such as on Facebook,” states the [National Labor Relations Board website](#).



Understanding your employees' rights is important as a business owner since infringing on these rights can lead to employees filing complaints with the NLRB.

The Role HR Plays in the Evolving Relationship with a More Informed Workforce

Your HR representative or team should begin by **updating company handbooks** and reworking policies, ensuring they don't infringe on your employees' rights. Then, **review your job descriptions** for accuracy and work with your Legal team or an employment lawyer so you are up to date on the latest developments and understand how these regulations impact your workforce.

You should also **educate your managers on employment rights** and equip them with the resources they need to foster an open environment and open communication. This will help employees feel more comfortable to bring issues or concerns directly to their managers.

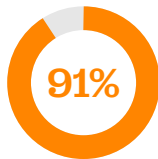
Viral workplace social media posts and other online grievances are shared by employees who feel undervalued, disengaged at work, and who have lost trust in their managers or company. Revisiting your company culture and assessing your employee engagement efforts will go a long way toward restoring trust with your employees and growing a workforce that feels valued and cared for.



5 Tips to Strengthen Company Culture and Employee Engagement

1 Listen to your employees and provide ways for them to offer feedback. Your employees likely have ideas and feedback – negative and positive – to share about your company or their leaders. Give them a platform to do so regularly, then listen and act! You may not be able to address every issue, but you can use the feedback to identify areas for improvement. When you do make changes to address employee feedback, let your employees know that their feedback helped facilitate the change.

2 Facilitate better communication with managers.



In the [Interact/Harris](#) poll, **91% of employees said their managers lacked good communication skills.**

Furthermore, the report revealed that poor communication led to accomplishments going unrecognized, unclear directions for employees, people taking credit for other workers' ideas, and a lack of constructive criticism. Employees need clear, consistent communication from their managers to understand expectations, successfully complete their work, and improve their performance. They also want to feel valued, heard, and be recognized for their accomplishments. Consider implementing training for managers aimed at improving their communication skills with their team members.

3 Provide managers with leadership training. Many employees begin leadership positions without any training on effective leadership skills. As part of your professional development, offer leadership skills training to employees when they are promoted into leadership roles and ongoing development opportunities as they continue in these roles.

4 Evaluate salaries to ensure pay equity. Compensating employees in similar positions with equal pay not only boosts morale and reduces employee turnover, but it's also required under the Equal Pay Act as well as numerous state regulations and laws. Some states have also introduced salary range transparency laws, which may require employers to disclose salary ranges to job applicants. Conducting pay audits can help your HR team identify pay disparities and opportunities to improve equity.

5 Be transparent. As a business owner, you're likely aware that employees won't always be pleased with your decisions or policies. However, your employees may be more understanding if you are transparent about the reason behind your decisions. For example, if rising benefits prices have forced you to change plans, share that with your employees. If your business model doesn't support a remote or hybrid environment, be open with your employees about the reasons why. Then, when possible, consider offering alternatives that show you understand your employees' concerns and are working to find solutions.



Embracing 2024's HR Trends with an HR Partner

As a professional employer organization (PEO), G&A works with small and mid-sized businesses to manage HR, payroll, and benefits administration. We also help companies enrich their company culture with strategic HR initiatives, such as employee engagement and retention – the kind of difference-makers that can help you weather 2024's economic uncertainty and manage a more informed workforce.

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