

State of the Workforce 2024: Navigating the New Realities of Leadership

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Executive Summary

In an era marked by rapid shifts in the labor market, understanding the state of the workforce is more crucial than ever for businesses and non-profit organizations. This white paper draws on our experience working with over 300 businesses and organizations, scholarly research, and data from the U.S. Department of Labor to offer a detailed analysis of the forces reshaping today's workplace. It aims to equip leaders with the knowledge and strategies necessary to excel in talent recruitment and retention amidst these changes.

By focusing on engagement, leadership, cross-sector learning, and the foundational elements of culture, businesses can create environments where employees feel valued, connected, and motivated to contribute their best.

Introduction

The landscape of work has undergone significant transformations in recent years, influenced by macro trends that challenge traditional paradigms of employment. As organizations strive to adapt to this evolving environment, the need for a strategic approach to talent management has become paramount. This paper explores the key issues and trends affecting the workforce in 2024, providing actionable insights for navigating these complexities.

What It Means for You

We've long found that specific industries can learn from other industries; that the core principles of leadership and workforce are industry-agnostic.

Macro Trends in the Workforce

Understanding the Crisis in Employee Engagement

69% of all employees are disengaged from their jobs.

This disengagement is a silent epidemic plaguing workplaces, leading to diminished productivity, creativity, and overall workplace morale.

An Employee-Centric World

The current labor market unequivocally favors employees, a trend characterized by high job mobility and significant leverage in job negotiations. This shift necessitates a reevaluation of how organizations attract and retain talent, emphasizing the need for adaptive strategies that prioritize employee needs and preferences.

69% of all employees are either not engaged or actively disengaged.

Gallup, October 2023

The Burnout Epidemic

A pervasive sense of overwhelm and burnout among employees signals a critical challenge for workplace well-being. This issue underscores the importance of supportive management practices and well-being initiatives as integral components of organizational culture.

It's simply become too easy for employees to quit; there's another job waiting nearby. And when someone is burned out, the grass always seems greener somewhere else.

Even worse for clubs are employees who are burned out *but stay*. Clubs depend on quality service to maintain a happy membership. But when the bartender is burned out, or the teaching pro is actively looking for another job, service slides. Members become unhappy.

The Adaptability Gap

The inability of many managers and HR teams to navigate the new labor landscape poses a significant barrier to organizational resilience and competitiveness. Bridging this adaptability gap is essential for fostering a culture that can thrive in the face of ongoing change.

Our work over the last several years with leaders confirms this theory. Some of your leaders and managers have adapted well; others haven't. This is no different than any other business or organization we work with.

What's it All Mean?

First, the challenge of retention is significant.

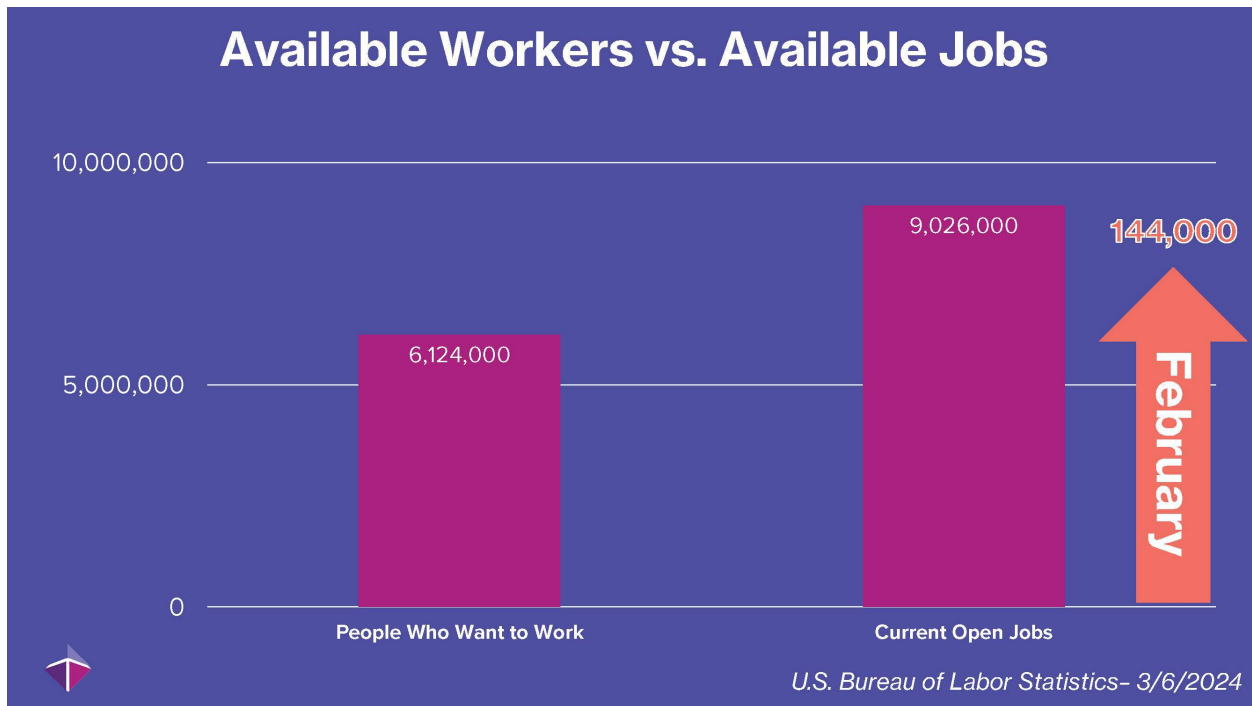
If a business has 200 employees, a 55% voluntary quit rate means someone needs to recruit, interview, hire, onboard and train 100+ employees every year.



And that number only includes people who quit – not those who are terminated or laid off.

That's a significant amount of time and commitment. No wonder hiring and retention have moved to the top of many CEO's priority lists.

Hiring Challenges



With the number of open positions in the United States nearly doubling the pool of available talent, organizations face a major challenge in filling roles. This imbalance highlights the need for innovative recruiting strategies and the importance of retention efforts.

Employees – especially great employees – have a choice. They don't have to work for you, and loyalty and longevity to an employer are as arcane as the days of the gold watch for twenty years of service.

What are the Causes?

Every business and organization is unique, obviously, but we see as common themes a lack of meaningful connections at work, a mismatch between employee values and organizational goals, and the ever-looming specter of burnout.

This has resulted in a new term for an old problem: Quiet Quitting. Basically, it's an employee who is just going through the motions in order to pick up a paycheck or get benefits. This is a silent killer for businesses.

Everyone knows who the bad employees are. They're just waiting for you to do something about it.



It's estimated that 45% of all employees are Quiet Quitters.

Direct supervisors are the key to employee engagement – but most managers and supervisors are quiet quitting as well!

There is little doubt that there are people in managerial positions at your business who – by their exit – would improve the experience – for both staff and your clients/end-users.

The New Workforce Reality

Redefining Longevity

The perception of a "great hire" has evolved, with three years now representing a significant tenure. This shift reflects changing career expectations and the need for organizations to adapt their talent management strategies accordingly.

A key to longevity is getting the people who are about to attain three years of service to move into the next category (ostensibly, 5-10 years).

Many organizations are now charting employee turnover by length of service. It would be interesting to see what the turnover rate is – for example – among employees with less than 3 years' service or between 5-10 years.

The Rise of Recruiting and Retention

Recruiting and retention have emerged as top priorities for C-suite leaders, reflecting the critical role of talent management in organizational success. This elevation underscores the strategic value of effective talent practices in today's competitive landscape.

It requires a more nuanced understanding of what motivates employees, how they seek connection and fulfillment through their work, and the ways in which remote work can both challenge and enhance these elements.

Seemingly small programs – like creating an internship program or establishing an alumni network for former employees are long-term solutions. While you may not immediately hire an intern for a full-time position, a positive experience will ensure that intern will recommend you to future colleagues and fellow alums. Alumni programs are a future resource for great hires (or referrals).

Sometimes it's not just about being a great place to work. Sometimes it's about being a great place to be from.

Accountability and Management

The responsibility of mid-level managers in ensuring employee satisfaction and retention is more pronounced than ever. This accountability points to the need for development and support systems that empower managers to succeed in these roles.

Spending focus and money on leadership training for mid-level managers as well as senior leaders creates more awareness of the responsibilities of leadership.

We find that most people are promoted into leadership positions because they're the hardest worker, or the smartest person, or even because they're the best 'suck-up' to senior management. But none of those qualities translates into a good leader. People need to be trained and developed.

Understanding Today's Workers

The Importance of Connection and Belonging

The need for meaningful connections and a sense of belonging remains as strong as ever. Fostering a culture where employees feel genuinely connected to their coworkers and aligned with the company's mission is crucial. This sense of belonging can significantly mitigate feelings of isolation and disengagement that remote workers might experience.

Expectations Shaped by Experience

The experiences of employees in previous roles now set the baseline for their expectations in future positions. Organizations must strive to meet or exceed these expectations to attract and retain top talent.

The last best experience a person has becomes the minimum expectation for what they want at their next job.

If you want to attract someone with “7 years of experience,” for example, then they’re used to at least 3-4 weeks of annual vacation. If they work from home twice weekly, they’re not going to want to sacrifice it.

It’s not employees that need to change, it’s the employer.

The simplest way to start? Update your employee handbook. 15 days paid time off is now the baseline for new employees. Get your leadership to discuss previous ‘rules’ that may impede great employees from coming (or staying) at your organization.

The Imperative of Fair Compensation

A fundamental requirement for today's workers is the perception of being fairly compensated for their contributions. Addressing this need is crucial for maintaining morale and commitment.

**The #1 Key to Understanding Today’s Workforce?
Employees must feel they’re fairly paid for what they do.**

If an employee believes they are not fairly paid, there is no known leadership technique to keep that employee working for you. It's the first question your managers should be asking your employees. Especially your great ones.

Make sure you're doing a good job of keeping compensation competitive. Constantly monitor salary ranges through Indeed.com, industry information, or by going on LinkedIn to see what your competitors are paying. Establish defined salary bands and update them annually.

The New Rules of Commuting

The hybrid workforce has changed the way people view their commute. We find that if an employee must commute more than 30 minutes one-way to work, the likelihood of them being hired by you (or staying with you) is extremely low.

Don't hire people who need to commute more than 30 minutes; it won't work out.

Then there's what we call "**Market Suppression Syndrome.**" If you're based in an expensive market to live in, it's going to be exponentially harder to hire lower paid, or minimum wage employees. (Think of a restaurant in Beverly Hills or Manhattan trying to hire a dishwasher.) Those employees often can't afford to live within reasonable commuting distance to those upscale locations.

Lower-paid employees don't measure their success by the benefits they receive or the prestige of their employer. They measure success by how much they get paid. And if that employee is making \$20 per hour at the restaurant and they can make the same pay by working at the McDonalds across the street – they're going to work at McDonalds.

(Note: this doesn't apply to management jobs or jobs where people are looking to build a career; studies show those employees are far more willing to commute longer distances than other employees who are basically in it for the paycheck.

Rethinking Recruiting: Beyond Experience and Education

The evolving landscape of the workforce calls for a reevaluation of traditional hiring criteria. With a substantial shift in priorities, the focus is moving away from conventional markers of a candidate's potential, such as education and experience, toward more intrinsic qualities like character and adaptability.

Think about it: who is your best employee? We're willing to bet that person isn't your best employee because they came to you with the most years of experience or the highest level of education. More likely, they're your best employee because they have a great attitude or they're willing to chip in for any task.

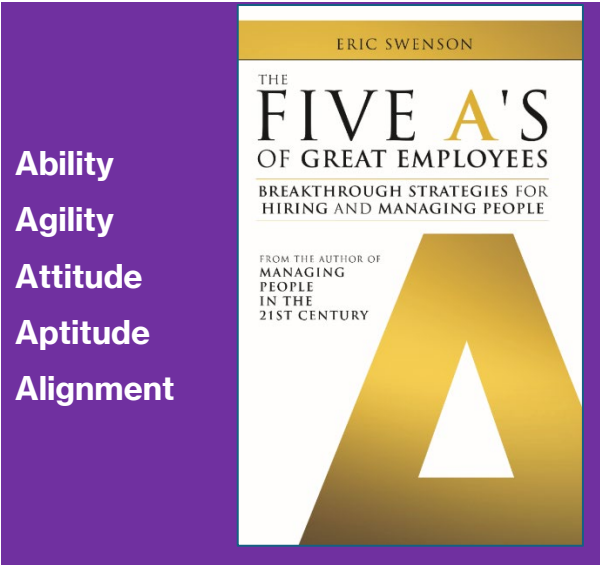
Great employees are about everything that's NOT on their resume.

Great employees are about everything that's NOT on their resume.

Valuing Expertise and Potential

In the current workforce, expertise and potential are increasingly valued over tenure and education. This trend calls for a reassessment of hiring and promotion criteria, emphasizing skill and future capability.

Do you *have* to have a person with a four-year college degree? Do you need to hire an IT person with 8+ years' experience? Or will a high school graduate with four years of experience at great employers suffice?



The Expectation Gap

A significant challenge in talent management is the disparity between job expectations and reality. Data suggests that 61% of employees decide to leave their positions because the role did not meet their initial expectations. This disconnect underscores the imperative for employers to deliver on their attraction promise, ensuring that the job experience aligns with what is communicated during the recruitment process. Addressing this expectation gap is crucial for reducing turnover and enhancing employee satisfaction.

61% of employees decide to leave their positions because the role did not meet their initial expectations.

We encourage our clients to have candidates spend 20-30 minutes with employees who currently have (or recently had) that position. Perhaps they can have a coffee or tour them around the office. Those employees will be in the best position to talk about expectations – as well as advise you if those people will be successful.

Character Over Credentials

The reliance on experience as a primary hiring criterion is rooted in the assumption that experienced candidates will require less training and adapt more quickly. However, this perspective overlooks the potential and adaptability of individuals with less traditional backgrounds. The principle of hiring for character and training for skill presents a compelling alternative, suggesting that it's more feasible to cultivate specific competencies than to instill foundational qualities like work ethic, integrity, and teamwork.

Organizations are encouraged to reframe their approach to talent acquisition, recognizing the value of diverse experiences and the importance of character traits in driving success. This shift necessitates developing robust training programs that can efficiently bridge skill gaps, thereby broadening the talent pool and fostering a more inclusive and dynamic workforce.

What's In It For Them?

Because there are significantly more job openings than qualified candidates, it's no longer just about "why should we hire you." It's equally critical to clearly define what's in it for them.

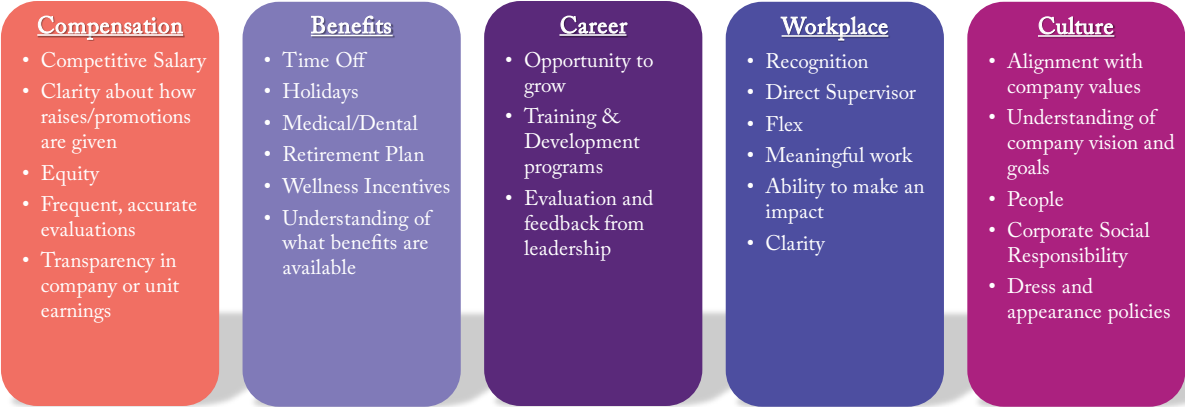
Why should a great employee work for you? Or stay with you?

The Employee Value Proposition is a key element in attracting and retaining top talent. Organizations must reassess and enhance their EVP to reflect the priorities

of the modern workforce, such as work-life balance, career development opportunities, and a strong sense of purpose. This may involve offering more flexible working arrangements, creating clear pathways for advancement, and aligning work with broader societal goals.

We believe there are five components to a great Employee Value Proposition:

WII-FM: The Components of an EVP



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The Five Building Blocks of a Robust Culture

We see five critical components essential for cultivating a vibrant and sustainable workplace culture:

1. **Reality Check:** Assessing whether the organization truly lives up to its stated values and culture. Are you really who you say you are?
2. **Recruitment Strategy:** Aligning job offerings with the expectations and experiences of potential candidates.
3. **Employee Engagement:** Actively engaging with employees through surveys, interviews, and open forums to gather honest feedback.
4. **Management Training:** Equipping managers with the necessary tools and knowledge to lead effectively, especially in a hybrid or fully remote work environment.
5. **Accountability and Recognition:** Establishing a culture that rewards achievements and addresses performance issues in a constructive manner.



Cultivating a Culture of Continuous Improvement

Building a positive workplace culture is an ongoing process that requires constant attention, adaptation, and improvement. It involves not just the HR department or top management but every employee at every level of the organization.

A culture that values and acts on feedback is inherently dynamic and resilient. It's critical to implement regular employee surveys, one-on-one meetings and forums where employees can voice their opinions and ideas without fear of reprisal.

When you're a leader, people tell you what they think you want to hear.

Leadership must not only listen but also act on this feedback, demonstrating that employee input is valued and can lead to real changes. This approach not only improves workplace culture but also empowers employees to be part of the solution.

Enhancing Managerial Competence

As we've said throughout this white paper, line (or middle) managers are the linchpin of engagement. They play a critical – often the only – role in translating organizational values into daily practices.

70% of team engagement is attributable to the manager. But most of your managers are **also** quiet quitting.

Up to 80% of managers in the U.S. today have never been trained in leadership. They get promoted because they're the hardest worker, the smartest person, or because they've been there the longest. But none of those characteristics translate into effective leadership.

Yet we're entrusting our success – from hiring to development – to someone who doesn't know how to lead?

Equipping these managers with the skills to lead effectively is no longer a nice thing to have. It's a must. This includes training in emotional intelligence, conflict resolution, and motivational techniques. By investing in managerial development, organizations can ensure that their culture is nurtured at every level.

As the CFO says to the Chief People Officer:

“What if we spend all this money on training and development and they leave?”

The CPO responds, “What if we don't spend the money and they stay?”

Conclusion

Navigating the complexities of the 2024 workforce demands a nuanced understanding of the current trends and challenges. By recognizing the importance of adaptability, employee-centric policies, and strategic talent management, organizations can position themselves for success in this dynamic landscape.