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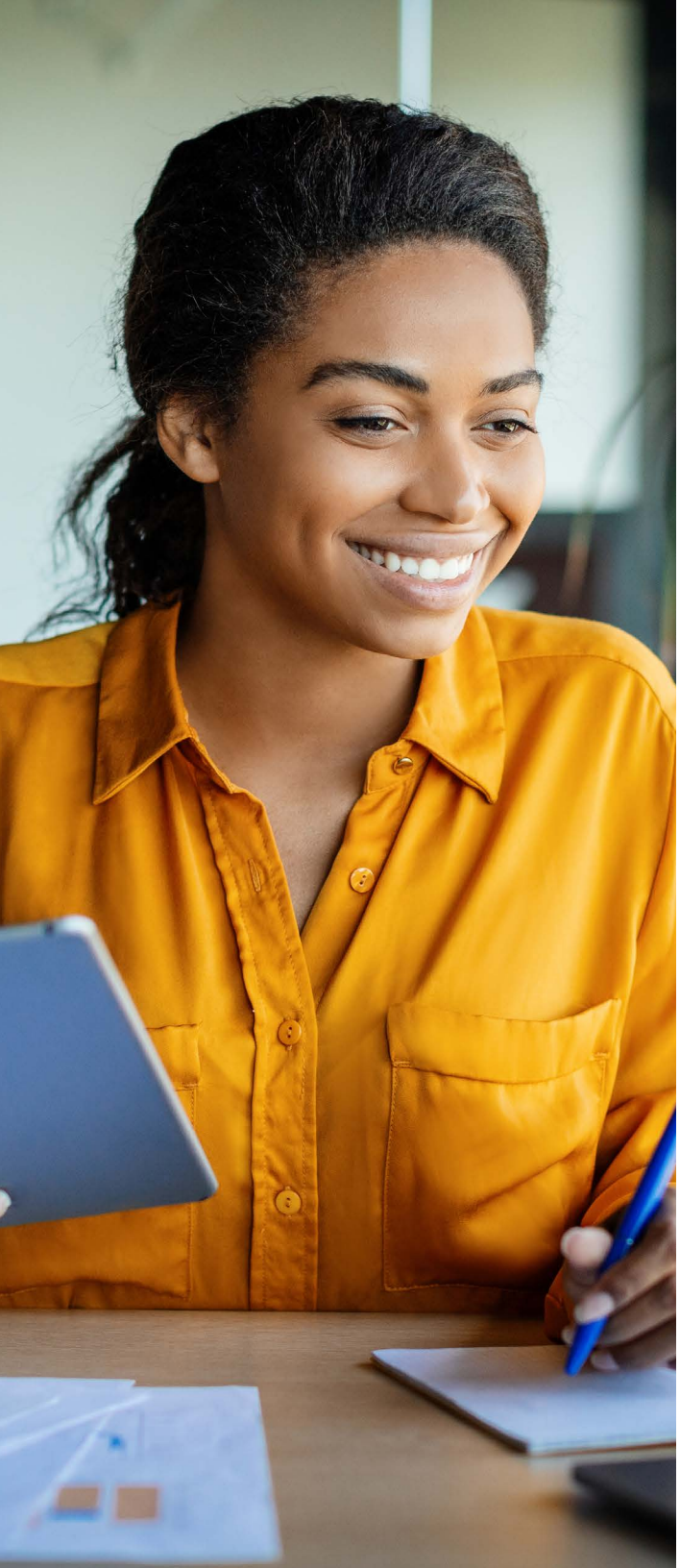
Seeking clarity and confidence in a changing world of work

HR trends and priorities for 2024



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Introduction

Major trends are impacting the world of work and will continue to generate change throughout 2024. Developments in data and generative artificial intelligence (AI), HR technology, diversity, equity and inclusion (DE&I), talent and compliance are transforming HR, influencing leadership discussions and affecting workers' personal and professional lives. Staying informed can help leaders gain a competitive edge in a business climate that's constantly labeled "evolving," "disrupted" and "ever-changing." This guide discusses some of the most significant trends leaders should be aware of, including those related to **generative AI**, **pay transparency** and **skills-based talent initiatives**, and offers several considerations to help facilitate strategic adjustments.

Data and generative AI

Generative AI is supplementing HR's data-driven tool belt

The ability to extract insights from data isn't new, but it's getting an upgrade thanks to generative AI. Generative AI can rapidly analyze data and convert it into helpful information leaders can use. For example, a leader can potentially ask a generative AI tool how many employees are affected by a new retirement law, and the tool could quickly respond with the number, list the specific employees affected and help with the next steps. Other potential use cases include the identification of competitive pay gaps ("How many of my employees are paid in a competitive manner?"), receiving answers to general questions ("When was Jane hired?" "Who's my lowest-paid employee?"), procedural and process enhancement ("How can I conduct better job interviews?" "Can you provide a sample job description for a payroll manager?") and so much more. The technology has potential, and use cases will continue to be discovered.

Suggestions to consider

Generative AI and other advanced AI features are already appearing in HR and payroll solutions, helping leaders with sourcing, screening and selection, onboarding and learning, payroll and benefits administration, career and individual development, performance management and succession, workforce management and employee engagement and talent activation. Choosing the right solution can be challenging for organizations, but it doesn't have to be. Simplify the process and look for these six value-adds:

- **Insights and reminders:** These can help leaders prioritize important work and stay on top of their duties.
- **Reliable, comprehensive data:** AI solutions providers within the HR space should have a vast workforce dataset they can draw from. Leaders can capitalize on it using AI.
- **Employee experience assistance:** This capability can help organizations create more engaging employee experiences, supporting retention and engagement.
- **Payroll inspector:** This tool can proactively identify payroll issues and errors, preventing them before they happen and saving leaders time and money.
- **Answers based on internal data:** This capability can provide user-friendly, conversational insights about an organization's data.
- **Intelligent employee management tools:** These tools can proactively identify and address potential issues that managers may not have otherwise been aware of, before they become problems, helping leaders manage their teams more effectively.

Learn more about **how AI is powering the future of HR and payroll**

Generative AI is making reliable people data a must-have

An emphasis on having trustworthy data to power generative AI solutions is becoming clearer. No longer is reliable data a nice-to-have. Effective solutions require clean data to deliver reliable people analytics, straightforward explanations of laws and regulations and other forms of data-driven assistance. Having reliable data is essential in ensuring that generative AI and other AI technologies provide high-quality insights that help protect organizations from acting on misleading information.

Suggestions to consider

In addition to maintaining clean data internally, ensure that HR and payroll providers are committed to using reliable, comprehensive data in their generative AI solutions. Additionally, generative AI constantly learns from new inputs, so work with experts to review and validate the outputs. Crunching data and interpreting insights using generative AI tools is helpful, fun and efficient, but a commitment to reliability and comprehensiveness should always be a priority.

Learn more about **the difference it can make**

Ethics and compliance are influencing decisions about data and generative AI

As generative AI in organizations gains ground, strategies for ethics and compliance are becoming crucial. These strategies should focus on how workforce data will be used alongside generative AI and how organizations plan to follow related laws and regulations. Consider who will be using the data and generative AI tools, how they'll be using them, who has access rights and responsibilities, what type of data is being used, what an AI ethical framework looks like and how best to comply with legal and regulatory requirements. Having foundational governance guidelines is essential for any organization leveraging generative AI. These guidelines should account for considerations such as:

- What is our generative AI ethics policy? How will we ensure it's being followed?
- How do we manage data privacy and data security amid generative AI disruption?
- What rights do our employees have over their data being used to train generative AI models?
- How do we ensure we're complying with related laws and regulations?

Suggestions to consider

Advanced expertise is needed to navigate today's complex risks and threats. Safeguarding workforce data is no easy feat, requiring various experts and intricate layers of security and technology. Organizations need an HR and payroll provider that has invested significantly in advanced data protections, security specialists and intelligence platforms — one that prioritizes protecting and securing workforce data around the clock and integrates security principles into its products, services, business processes and general infrastructure. Multiple protection channels, including data security, data privacy, fraud and crisis management, should be a given. Additionally, consider whether the provider:

- ☑ Collects and uses only the minimum personal data necessary for business purposes.
- ☑ Performs regular privacy risk assessments on data processing activities.
- ☑ Has a records information management (RIM) policy.
- ☑ Maintains administrative, technical and physical controls to protect personal data.
- ☑ Ensures its business partners meet data security and data privacy standards.
- ☑ Complies with applicable laws for transfer of personal data across country borders and with binding corporate rules for client data processing services.

Learn more about the importance of **data security** and **data privacy**

Organizations are asking for comprehensive pay data

Following the rise of remote work, organizations are under increased pressure to provide competitive pay to workers in multiple locations. Pay transparency laws and additional pay-data reporting requirements have also become significant compliance challenges. These developments are contributing to a growing need for comprehensive workforce pay data to help leaders respond to these rules, regulations and expectations. Advancements in people analytics are proving helpful, with focused compensation benchmarks representing pay in remote areas and organizational pay data enabling leaders to close competitive pay gaps, assist in formulating a strategy for offering equitable pay to distributed and underrepresented workers, create competitive pay scales to align with pay transparency expectations and implement pay transparency compliance strategies. By acting on these advancements, organizations can make smarter pay decisions, better comply with laws and regulations and support current and prospective talent.

Suggestions to consider

A people analytics solution or monthly pay insights data from the ADP National Employment Report (NER) can provide detailed worker pay data representing various locations. Leaders can use these to inform responses to pay equity and pay transparency and to continually align pay scales with talent expectations, labor costs and competitive offerings. Many organizations are finding it significantly challenging to create competitive offer packages and respond to firm competition and demands for higher salaries.[1] In addition to acquiring solid pay data, tracking developments in pay equity and pay transparency will be essential for the success of these organizations moving forward. Otherwise, they risk violating pay transparency laws and not meeting the needs of current and prospective employees.

For more on pay transparency and pay equity, visit the **ADP Pay Transparency Resource Center**

HR technology

HR technology is receiving an intelligent upgrade

Leaders should expect more powerful, integrated technologies in 2024. They will likely be easy to use and potentially optimize time-consuming everyday tasks while proactively revealing HR and workforce insights, allowing leaders to prioritize their people and other meaningful work. Several technologies are involved, but generative AI tools are leading the charge, enhancing HR and payroll solutions and finding their place in related use cases. These tools can potentially help leaders:

- Generate personalized interactions such as candidate and employee emails.
- Create initial job descriptions and employee handbooks.
- Compile inputs and suggestions to make performance reviews more simplified and consistent.
- Answer employee questions about benefits, pay, time, laws and regulations.
- Streamline and elevate workflows and assist with onboarding and open enrollment.
- Support personalized learning and development.
- Quickly translate documents and so much more.

These capabilities save leaders time, help them quickly understand and interpret vast amounts of workforce data and allow businesses to scale without investing in more resources. The technology and its use cases continue to evolve, and leaders should stay up to date as they do.

Suggestions to consider

Data-driven insights, human-centric design and a commitment to ethics and transparency are vital differentiators for HR and payroll vendors utilizing generative AI.

Data-driven insights

A vendor with large workforce datasets can offer more nuanced and targeted generative AI solutions. Focus on a provider with a data-first design mindset, which is essential to a reliable, comprehensive generative AI approach. Find a vendor whose datasets can't be outshone.

Human-centric design

Keeping multiple diverse perspectives involved during the design of generative AI tools is paramount for accuracy, accessibility and fairness, so find out if providers are considering it during product development.

Ethics and transparency

Ethics and transparency are critical. Does the provider talk about their generative AI solutions? What is their AI ethics policy? Generative AI is changing the world, so providers should discuss their deployment intentions, objectives and commitments.

Learn more about **why that's important**

HR vendors are expanding into new territories, countries and regions

HR vendors are widening their global footprints to fuel growth and meet client demands. Organizations continue to flourish thanks to remote work and the resulting availability of international talent, and HR vendors are looking to improve their solutions to meet related requirements across multiple business sizes. This rapid, globally focused expansion is creating several technology-driven globalization models with considerable variation. Most vendors investing in globalization are using a vast partner ecosystem of application programming interfaces (APIs) and robotic process automation (RPA) to improve the user experience. Few are attempting to fly solo.

Suggestions to consider

Organizations expanding their international footprints should consider consolidating their HR systems and simplifying their processes using a single service provider and system of record (SOR). This framework can help reduce the complexities of managing a global organization, improve data accuracy and increase HR and payroll productivity. Look for an experienced provider that helps organizations:

- Navigate an array of global HR scenarios.
- Keep pace with global business demands, using technology and service innovation.
- Track fast-changing laws and regulations across multiple regions.
- Tap into global experts' decades of experience.
- Simplify workflows and reduce administrative burden by unifying data into a single SOR.
- Deliver compliant payroll using the same SOR.
- Realize the monetary and time savings of global consolidation.

Learn more about **consolidating HR and payroll**

HR technology innovation is contributing to pay transparency

Pay transparency tools are helping HR and business leaders respond to pay transparency laws and expectations. These tools include solutions such as pay equity explorers, compensation insights and compensation benchmarking. Pay transparency laws often require employers to publish pay and benefits in job descriptions and when current and prospective employees request these disclosures. These tools can help leaders proactively close unexplained pay gaps, create and refine pay ranges and determine what similar companies pay. While these tools aren't brand-new, they're being fine-tuned to meet employers' pay transparency needs today. Even businesses not mandated by pay transparency laws may find these tools helpful, especially if transparency is a growing expectation or requirement in their industry.

Suggestions to consider

Ensuring that current and prospective employees feel valued is crucial. Organizations must pay them fairly and ensure consistent compensation plans to achieve this goal. In their daily work, leaders should be able to effectively manage complex compensation scenarios as they happen and access compensation insights backed by workforce data. Having visibility into the broader workforce can help leaders take the fairest possible approach to pay equity — the primary intended outcome of pay transparency requirements. Aligning with HR technology that optimizes spend and captures what similar organizations are paying can help leaders monitor internal compensation changes and redefine their pay strategies and pay scales.

For more ways to respond to pay transparency, visit the **ADP Pay Transparency Resource Center**

Wellness, rewards and recognition are receiving attention in employee experience technology

Major HR vendors have released recognition and rewards tools, emphasizing the importance of recognition, though both are still considered crucial technology considerations. Among 20 percent or more of all organizations planning to increase HR technology spending in 2024, rewards and recognition are among the top four spend categories.[2] This demand for rewards and recognition tools makes sense as organizations prioritize engaging and rewarding their workers.

From a wellness perspective, today, there are more categories of wellness technology than talent acquisition, signaling a complex market encompassing multiple subcategories under physical, mental and financial wellness. Employee wellness becomes even more critical in the context of labor shortages, as a failure to create a culture of understanding where healthy behaviors are valued may reduce desired hiring and retention outcomes. Financial wellness, in particular, has become a large part of the HR industry conversation, with benefits such as earned wage access (EWA) often playing a pivotal role.

Rewards and recognition

are among the **top four** HR technology spend categories for 2024.

Suggestions to consider

Leaders seeking to improve employee wellness have plenty of technology options from which to choose. Regarding finances, leaders can take advantage of EWA capabilities offered by HR and payroll providers — giving employees faster access to their already-earned wages — and offer pay cards that can provide direct deposit up to two days early, plus options for employee savings growth and money management. Additionally, transitioning to these alternatives can help organizations reduce the costs and inefficiencies of paper-based pay and enable compliance for various payment needs.

Learn how pay cards, EWA and financial wellness come together to empower workers and save leaders time and money.

Regarding physical and mental wellness, **technology-enabled options** range from employee workout applications to **employee assistance programs** (EAPs) and more.

DE&I

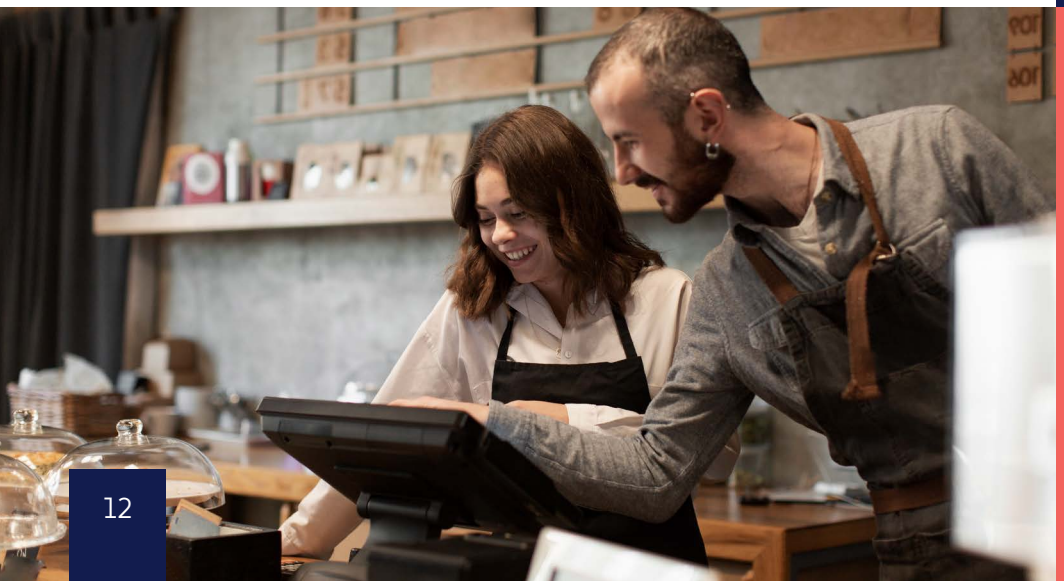
Pay equity considerations remain strong as pay transparency laws gain ground

Pay equity considerations show no signs of ceasing. A recent survey of United States workers conducted by the ADP Research Institute found that a third of respondents felt they were not paid fairly.[3] Pay transparency is a mechanism for improving pay equity and an ongoing compliance and workforce trend. It will continue to command the attention of leaders in the new year, given the ongoing enactment of state and local pay transparency laws. These laws have potential noncompliance consequences and compel organizations to disclose pay in job postings and to current and prospective employees when asked. An organizational communications strategy addressing how pay decisions are made and shared will be important as leaders respond to pay transparency laws, worker expectations and conversations about pay gaps and what constitutes competitive pay.

Suggestions to consider

Pay data should inform pay transparency communications strategies, pay equity analyses and the development of pay ranges. Managed correctly, pay data can dispel rumors and assumptions, guide the closure of pay gaps, provide a referenceable, high-quality source of competitive-compensation insights and support compliance goals. Making pay more equitable may also help with employee engagement, as workers who believe their pay is unfair are 3.4 times less likely to be fully engaged.[3] As pay transparency laws and expectations proliferate, leaders will increasingly be unable to conceal pay from candidates and employees, so in addition to developing a compliant plan for addressing pay-related inquiries, leaders should consider closing existing pay gaps and adjusting pay ranges as needed — but not without data.

Explore data-driven pay transparency solutions

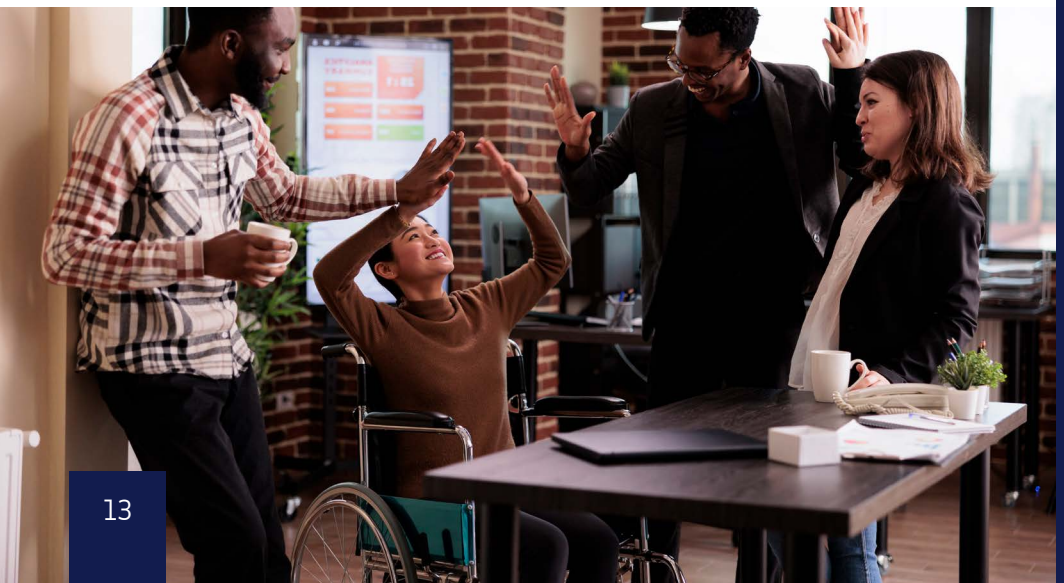


3.4 times

Workers who believe their pay is unfair are **3.4 times** less likely to be fully engaged.[3]

Inclusion is playing a leading role

Leading with inclusion is becoming a priority for DE&I decision makers. Some organizations have even placed the "I" at the beginning of their preferred DE&I initialisms. Judicial developments influencing which factors organizations should consider while making employment decisions are contributing to this shift, causing organizations to thoroughly review their programs, hiring practices and development offerings. Simultaneously, organizations that have previously prioritized the development of certain groups have expanded their charters and offerings to avoid excluding others. Whether this shift to an inclusion-focused model will create a lasting, meaningful impact is still being explored. Still, it's well understood that incorporating diverse voices and perspectives into every function and decision-making process can engender novel, unique and more all-inclusive business outcomes. In the meantime, leaders should consider whether transitioning to an inclusion-first function would suit their needs. Proactively establishing an inclusion-centric DE&I program would make this transition easier.



Suggestions to consider

When developing an inclusion-first DE&I program, use workforce data to inform strategies and decision making. An inclusion survey can gauge inclusion sentiments. Low inclusion may indicate the need for changes, and a shift to an inclusion-first program might be worth considering. Moderate or high inclusion could mean that shifting to an inclusion-first program might not be immediately necessary. Still, inclusion should be a continuous concern, even when results are satisfactory; inclusion shouldn't stop when great results begin. Alternatively, consider partnering with a consultative service that employs DE&I experts, who can help identify inclusion gaps and integrate inclusion into recruitment programs, performance management strategies, leadership practices and training. People analytics is also a viable option for identifying gaps in diversity and pay that might be affecting feelings of inclusion.

A neurodivergent employee experience is increasingly important

Organizations are expanding their understanding of disability, with neurodivergence being a key part of this expansion. Neurodivergent people might have different learning styles, communication preferences and problem-solving skills, and organizations continue to recognize the value of hiring and retaining people who possess unique strengths that can be harnessed to help businesses thrive. The consideration of neurodivergence as a critical part of the employee experience is an ongoing DE&I priority and can help organizations:

- Address labor shortages by expanding the scope of hirable candidates.
- Learn from autistic people and people with ADHD, dyslexia, dyscalculia, dyspraxia and other types of neurodiversity.
- Offer the proper accommodations during hiring, onboarding, retention, growth and development and offboarding.
- Create a brand that promotes neurodiversity and accommodations for people who are neurodivergent.
- Develop products and services that include neurodivergent employees, clients and partners.

Suggestions to consider

Improving the employee experience is a top priority among all businesses.[1] Incorporating neurodivergence into these initiatives is worthwhile but involves more than just committing to hiring people who are neurodivergent. It includes assessing the employee experience to ensure it isn't creating barriers to equitable opportunities for success. Keep these considerations in mind:

- ☑ Can accessible audio, visuals and digital experiences be implemented to enhance job descriptions, paperwork and other deliverables?
- ☑ Are recruiters and hiring managers trained to prioritize candidates' job-related skills over their body language and eye contact?
- ☑ Are recruiters and hiring managers prepared to provide video interviews and interview questions in advance, which, for some people who are neurodivergent, creates an equitable opportunity for success?
- ☑ Can current and prospective employees who are neurodivergent access accommodations such as assistive technologies, helping them feel included across the employee experience?

When adjusting the employee experience, lean on the guidance of DE&I professionals with expertise in neurodiversity and in accommodations for people who are neurodivergent. Assess the level of workforce neurodiversity using surveys with optional self-identification questions and optional questions about work and communication preferences; however, avoid asking medical and ability-related questions. Consult an attorney or compliance expert to ensure alignment with applicable laws and regulations. A consultative service can help organizations prevent DE&I pitfalls and accommodate people who are neurodivergent, from the moment they apply to the moment they exit and beyond, as they recount their tenure to others. Additionally, hiring knowledgeable employee relations and accommodations teams, training current professionals in these areas or acquiring comparable services may prove helpful.

Generative AI is having inclusion implications

As of early 2023, generative AI has reached over 100 million users,[4] including many in the HR industry. The technology is revolutionizing the space, providing robust and efficient ways to automate tasks and distribute information; however, it may not always account for the needs and perspectives of diverse groups, leading to outputs that are not inclusive, accurate or considerate. While it can be handy, its outputs may not always include the nuances of people's experiences if not designed with a human touch. This outcome is often due to limited training datasets, which generative AI models learn from. This limitation may lead to replications of norms and stereotypes if the outputs are used to make decisions, improve products and services and in other use cases. To reduce risk, include a human touch when using generative AI to ensure its final outputs consider all people.

100 million

As of early 2023, generative AI has reached over **100 million** users,[4] including many in the HR industry.

Suggestions to consider

As generative AI is integrated with HR and payroll solutions, ensure that providers are committed to using AI responsibly and to including diverse groups. Providers should be dedicated to the ethical and transparent use of generative AI and have processes for incorporating diverse perspectives and for reducing risks and biases.

Generative AI tools may not produce outputs with everyone in mind. The following tips and considerations can help organizations respond to generative AI's inclusion implications:

- Consider the information, double-check it and continue once it's accurate.
- Carefully engineer prompts. Be specific to increase the likelihood of receiving a desired output. Prompting is an iterative process that needs constant testing and validating and human input for the most accurate interpretations.
- Ask current and prospective HR and payroll providers about their approach to AI and how it can help.

Leaders are acting on DE&I before and beyond legislation

The idea that compliance is DE&I's be-all and end-all is no longer the norm in every situation. More often, leaders consider DE&I essential not only for compliance but also for human prosperity. Instead of waiting for mandates that compel them to act, organizations are taking proactive DE&I measures, adopting pay transparency to support pay equity, applying more intersectionality to their initiatives and broadening definitions of disability, gender, race and ethnicity. This proactivity underscores DE&I's influence on creating workplaces where everyone can thrive. Organizations will continue to recognize DE&I's benefits, which include higher levels of business performance, innovation and revenue, and research suggests the global workforce is satisfied with how they're doing, with 53 percent of employees saying their company has gotten better at DE&I compared to three years ago.[5]

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Suggestions to consider

Regardless of when action occurs, DE&I efforts can be backed by data. Data on workforce composition, organizational pay equity, DE&I benchmarks and promotion and termination reasons affecting diversity can be the key to strategic, successful DE&I programs. This data can help prove and disprove assumptions and support meaningful changes to recruitment, retention and pay. An added benefit is that this data is easily accessible, thanks to today's technology.

Learn more about **the possibilities**

Talent

Skills may be the secret to the labor shortage

Organizations are having difficulty filling roles even though there are 6.36 million unemployed workers in the labor market.[6] This disconnect could stem from factors such as a mismatch of education with business needs, organizations tending to buy skills rather than build them in conjunction, a shortfall in experienced talent or an increase in roles that require skills in new technologies. Regardless, a skills focus can help close this gap. In addition to finding the right skills, leaders should focus on building them. More specifically, management skills and people skills are ranked as the top two most needed skills for the future of work.[5] Plus, a skills focus can help increase workforce diversity. For example, focusing on skills during hiring may unlock access to previously overlooked candidates, leading to promotions and advancement opportunities rooted in fairness and objective skills assessments.

6.36 million

Organizations are having difficulty filling roles even though there are **6.36 million** unemployed workers in the labor market.[6]

Suggestions to consider

There are two ways a skills focus can help employers answer the labor shortage. The first way addresses internal development by training employees for crossover and multifunctional roles. Instead of hiring new talent in every case, organizations can intentionally expand the skill sets of current employees and provide more opportunities for internal mobility. The second way is through hiring people with transferable skills. This course of action requires a new approach from leaders as they evaluate candidates. Generative AI, for example, could help identify transferable skills that may not have been identified before. Investing in new hires and employee training can help leaders satisfy organizational needs and help employees feel more valued, leading to greater commitment and performance, given that leaders are investing in them and their growth. In addition to skills, employers should also find ways to lean into employees' strengths — activities they love and are great at — and consider putting employees in roles where they can maximize those activities because it leads to greater engagement, performance, productivity and reduces turnover.[7] Combine skills-based talent development with strengths-based talent development, and your employees will likely better understand their natural gifts and tendencies and those of others.

Learn more about **continuous skills development**

The traditional career path is evolving

How workers' professional lives are developing is unlike the career path of the last 40-50 years. Careers are personal, unique and nonlinear, and workers' professional lives are developing in multiple ways, marked by increased mobility from role to role and nontraditional education. Obtaining an advanced education before entering the workforce is becoming less common. For many mid-skill and even some higher-skill roles, employers are no longer requiring a bachelor's degree,[8] and the percentage of U.S. adults aged 18 to 29 who view a college education as very important has dropped by 33 percent.[9] More workers are opting to enter fields that don't require a degree or are entering the workforce while going to school. A traditional career path is assumed to be a cadenced, choreographed, stepwise upward line. But this doesn't account for the worker who changes industries or roles more frequently or whose career goal is stability in their position rather than upward mobility. Workers prioritizing maximizing compensation may shift between different roles and organizations more frequently. On the other hand, workers who value a stable work-life balance may opt for roles that don't demand constant movement and change. These are just two examples that challenge a traditional, linear career path.

Suggestions to consider

Leaders should lean into this new reality by embracing nonlinear aspects of workers' career journeys and by considering new career-pathing methods that align with real employees' needs, goals, strengths and personal definitions of career success. This approach can help improve their understanding of current and prospective employees, which will ultimately help them better understand what their employees value. This doesn't mean employers should completely discount education — depending on the role, it may still be relevant. Organizations could also consider credentialing opportunities for employees and prospects that align with the role as an alternative educational path.

Instead of only focusing on the next traditional step in a career path, leaders should look beyond what might seem obvious and lead with strengths-based development so their employees can perform at their best while exploring their areas of interest. A talent management and activation platform is one way to achieve this goal. It can help tailor performance management to employees' linear or nonlinear goals.

U.S. adults aged 18 to 29 who view a college education as very important has dropped by **33 percent**.[9]

Pay transparency and pay equity are becoming table stakes

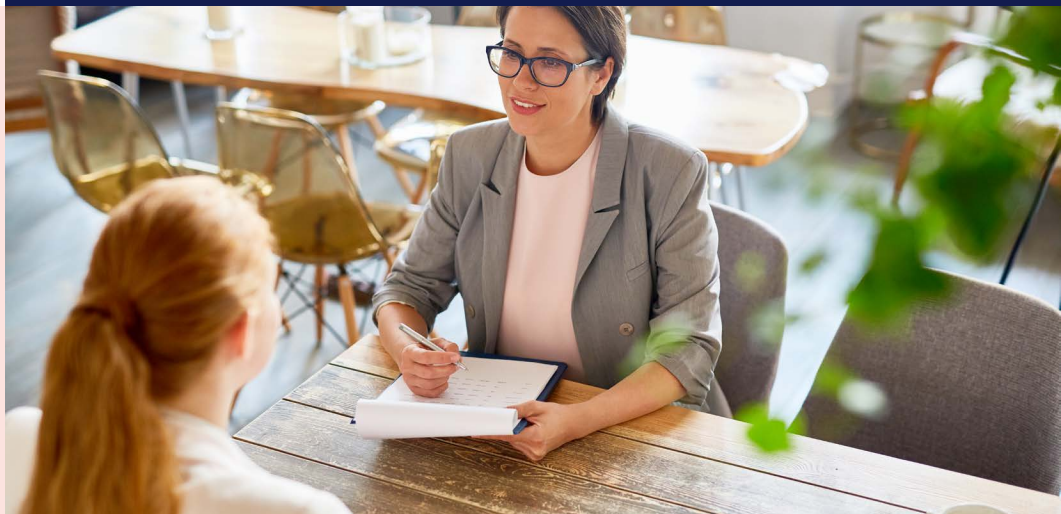
Pay transparency and pay equity are not passing trends. They will continue to increase in importance for current and prospective employees, recruiters and organizations more broadly. Regardless of whether organizations are subject to state or local laws requiring pay transparency, they should conduct a pay-strategy evaluation and close unexplained pay gaps. Employees care about pay equity — pay transparency shows that the organization does, too.

Suggestions to consider

Pay equity and transparency can work to the employer's advantage when executed correctly. Commitments in these areas can build trust with current employees and significantly affect prospective talent attraction. Job postings with pay listed have 30 percent more applicants.[10] Employers should invest in upgrading their pay strategy as soon as possible. While pay equity and pay transparency may not be a top priority for organizations operating outside jurisdictions requiring fair, transparent pay, this expectation is growing at the candidate-employee level and may expand legislatively in 2024.

For more on managing pay equity and pay transparency, visit the **ADP Pay Transparency Resource Center**

Job postings with pay listed have **30 percent** more applicants.[10]



Generational movement is changing the landscape of work

There's an entire generation phasing out of the workforce in the next five to 10 years. On the heels of the Baby Boomers, a new generation has already begun making waves in the workplace — Generation Z. While organizations may net roughly the same number of employees, this doesn't mean their workforce will remain unchanged.

Medical insurance is still ranked as the most important benefit by **82 percent** of employees.[11]

Suggestions to consider

Leaders should learn what current and prospective employees value and find meaningful. While medical insurance is still ranked as the most important benefit by 82 percent of employees, other benefits, such as retirement savings plans and mental health coverage, are ranking significantly higher than in years past, meaning employees are increasingly thinking about retirement and prioritizing mental health and well-being.[11] These realities highlight how important it is to ask employees what they really want because, as a workforce population evolves, so does what they consider vital. Instead of guessing what employees want, employers should ask honest and strategic questions using an organization-wide survey that captures employees' thoughts, needs and values. Scientifically validated templates can help generate the most reliable data and translate to better decision making.

Organizations are continuing to realize the importance of the employee experience

Topics related to the employee experience remain popular, and many organizations continue to realize just how important it is. Most organizations don't employ someone who owns the employee experience despite a growing need to create an attractive one end-to-end. Amid ongoing labor shortages and retention worries, a positive employee experience could be the difference between filling or extending open roles and between keeping or losing current employees. Employees prioritize experience above everything else, be it career growth and development, health and well-being or financial wellness.

Suggestions to consider

Nowadays, employees prioritize their physical, mental and financial well-being and seek employers who share the same concerns. Leaders should prioritize meeting the expectations of their employees and providing them with authentic, engaging experiences that enhance individual, team and organizational performance.

Find out more about **where leaders should focus their efforts**

Compliance

Multistate compliance for remote workers continues to be an issue

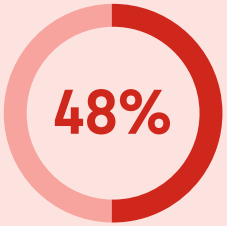
Multistate compliance for remote workers continues to be a hot-button issue as states pass laws, workforces become more geographically dispersed and employers realize their obligations are multistate regardless of where their headquarters are located. During the COVID-19 pandemic, many workers could work from anywhere with an internet connection. Almost half (48 percent) of workers say they have already relocated or are considering relocating, and nearly three in 10 workers (28 percent) believe that, within five years, having the ability to work from anywhere will be the norm in their industry.[5] These sentiments present challenges for employers trying to keep up with the locations of their remote employees and follow all applicable regulations.

Employers who unknowingly acquire compliance requirements in new jurisdictions due to unreported remote-worker relocations might face certain risks. This issue could become more troublesome when an employee requests medical, parental or family leave, acquires a new wage-garnishment lien, is subject to state-level Affordable Care Act (ACA) reporting or is trying to file their taxes, which are commonly connected to the state where the worker resides. If the employee were classified in the wrong state, the employer may be out of compliance with multiple regulations from the time the worker lived in that state.

If a remote employee works in a state in which the employer is not already present, the presence of an employee may create a legal presence or nexus for the employer, which must then register with tax and other state regulatory bodies and pay and file corporate income tax returns in the state, as well as withholding taxes, unemployment insurance and workers' compensation, among other things.

Suggestions to consider

Current data on where remote employees work and live is essential for compliance with state and local regulations, such as payroll taxes, wage garnishments, electronic pay and the ACA. It's also prudent to require employees to report their intentions to move to new states in advance and make it easy for employees to report that they've moved. This process could be as simple as adding an "I've moved" button to an employee portal. Another option is establishing an automatic notification that alerts HR staff when an employee address change is made. This option helps reduce the risk of noncompliance with state and local laws and helps ensure organizations meet various statutory requirements for themselves and their employees.



of workers say they have already relocated or are considering relocating.[5]

Multistate benefits administration is making compliance more complex

In recent years, many states have enacted laws addressing benefits employers must provide for their employees, causing benefits administration across state lines to become a significant challenge for many HR departments. Some state and local laws have different requirements, making compliance even more difficult. Whether it's state-specific retirement plan options or paid leave policies, employers should understand the laws in all states and localities where their employees work and live. When leaders invest in learning about newly enacted and pending legislation, it can show their commitment to supporting their employees and help reduce the risk of noncompliance.

Suggestions to consider

Consider planning for proposed state and local laws to avoid being reactive once they are fully approved. Ensure educational and technological resources are available to understand how the legislation might affect the organization. This proactivity is part of an effective compliance management strategy.

EWA providers are becoming subject to regulations in certain states

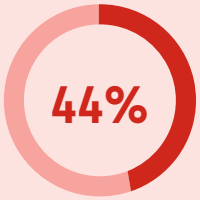
Earned wage access, or EWA — providing earned wages before the next paycheck — has become popular with employers and employees, especially in the restaurant, retail and health-care industries. With 44 percent of employees reporting that they have less than $1,000 available to cover unexpected out-of-pocket medical costs,[11] it makes sense to allow employees to request earned funds early to help them avoid additional stress. At zero cost and no risk to employers, EWA is a win-win. Compliance issues include clarification of whether EWA qualifies as a form of lending – that is, whether state lending laws apply and, if so, what restrictions apply to fees or other costs. Two states have enacted laws to regulate EWA providers and to establish appropriate consumer protection guardrails for access to earned wages. Others may follow suit.

Suggestions to consider

Three considerations important for maintaining compliance with EWA regulations include:

1. Being aware of any pending state legislation that may pass in the near future.
2. Being mindful of employees who work in other states and of those states' regulations.
3. Considering an EWA solution that does not charge employees for access to earned wages.

Even if an organization's headquarters is in a state that doesn't have EWA regulations, employees working in states with these regulations are protected by that state's laws. Employers are encouraged to know where employees live and to review current and pending state laws as they evaluate EWA tools for implementation.



of employees report that they have less than $1,000 available to cover unexpected out-of-pocket medical costs.[11]

Legislation affecting 1099 workers is being considered

In the post-pandemic labor market, workers are looking to maximize flexibility and make the best decisions for themselves and their families. Employers must be aware and prepared for pending legislation that could change how 1099 workers are classified. A recently proposed rule from the United States Department of Labor (DOL) requires a multifactor totality-of-the-circumstances analysis in which no one factor is evaluated on its own or weighted heavier than the others to determine the status of a contract worker. If passed, this rule would potentially overturn the status of some workers previously classified as independent contractors.

Suggestions to consider

In addition to considerations for the proposed federal rule, employers should also carefully consider state requirements and tests to determine contractor status. Consulting with legal counsel before making worker classifications is the best way to ensure that all 1099 workers are classified correctly. Misclassification exposes employers to the risks of noncompliance and to potential class-action lawsuits. Partnerships with platforms committed to staying abreast of proposed and enacted legislation can help employers mitigate risk and manage independent contractors as the rules evolve.

Regulations on the use of AI are expected to continue

Given the meteoric rise of generative AI, employers are moving quickly to implement the technology to improve efficiencies and reduce costs. Subsequently, the federal government issued an executive order addressing AI risks and a voluntary AI risk management framework for organizations to adopt and review. For example, New York City law requires employers that are using automated employment-decision tools that assist or replace discretionary decisions for hiring and promotion to notify all candidates and employees that AI is being used and to provide an option to opt out. In addition, New York City employers must also obtain and publish a bias audit performed by an independent third party.

Suggestions to consider

Other states have proposed similar legislation regulating the use of AI, particularly regarding bias and data privacy. Employers are encouraged to stay informed on any new legislation in their jurisdiction so they can adequately prepare to comply.

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