



2025 HR Trends Webinar

October 29, 2024

Welcome & Agenda



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**The Evolving
HR
Landscape**



**Top HR
Challenges
for 2025**



**Panel
Discussion**



Please use the Q&A button at the bottom of the screen to submit questions. We will answer them at the end as time allows. If a question is not responded to, we will follow up after the webinar.

The data in this presentation is compiled from our 2025 HR Trends survey and additional research sources. The survey was conducted in August and September 2024. The results are primarily from Wisconsin-based businesses across a wide variety of industries.

The Evolving HR Landscape

The role of HR is affected by the world around us. It impacts how, where, and what we do, and it is constantly evolving. To be successful, we must adapt and prioritize.



**Economic Factors & Political
Uncertainty**



**Mental Health & Well-
Being**



**Acceleration of
Artificial Intelligence**



**Focus on Inclusive
Excellence**



**Five Generations in the
Workplace**



Flexibility

AI & HR

Experimental Phase – Focus on Efficiencies

76%

of HR Leaders believe their organization must start using AI solutions in the next 12-24 months, or it will not be as successful as companies that do.



AI is an invaluable tool in HR, but it does not replace the importance of the “Human Touch” in the process.

57% of survey respondents reported NOT using AI & automation in HR processes.

Of those utilizing AI, **21%** indicated that they are employing it specifically for recruitment and retention purposes.

AI & HR

Recruitment and Retention

- ◆ **AI-driven chatbots** on career websites can improve candidate screening, gather information, and conduct preliminary screening efficiently.
- ◆ **AI in predictive analysis** can identify employee trends and provide for a more strategic and data-driven HR approach.
- ◆ **AI tools like ChatGPT** can assist with writing compelling job descriptions (which a professional must review and edit).
- ◆ **Notetaking AI tools** can summarize interview notes, reducing incomplete notes requiring additional follow-up with the candidate.
- ◆ **AI tools** can help streamline repetitive HR-related tasks.

5 Generations in the Workforce

Shaped by Shared Experiences

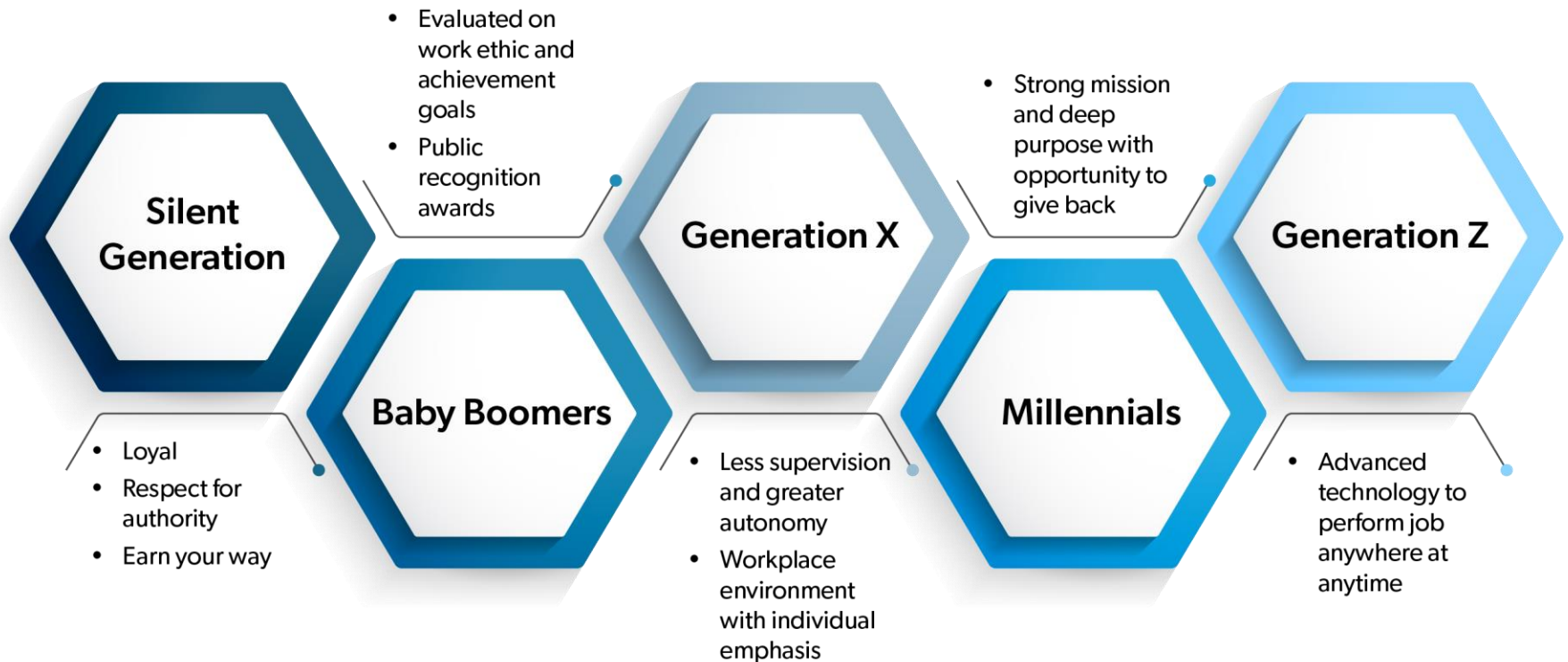
Future
Workforce

Category	Silent Generation 1925-1945	Baby Boomers 1946-1964	Generation X 1965-1979	Millennials 1980-1994	Generation Z 1995-2009	Gen Alpha 2010-2024
Social Markers	World War II	Moon Landing	Stock Market Crash	September 11	Great Financial Crisis	COVID-19
Leadership Styles	Controlling	Directing	Coordinating	Guiding	Empowering	Inspiring
Ideal Leader	Commander	Thinker	Doer	Supporter	Collaborator	Co-Creator
Learning Style	Formal	Structured	Participative	Interactive	Multi-model	Virtual
Influence Advice	Officials	Experts	Practitioners	Peers	Forums	Chatbots
Marketing	Print (traditional)	Broadcast (mass)	Direct (targeted)	Online (linked)	Digital (social)	In situ (real-time)
Slang	Bees Knees	Bummer Peace Out	Chill Pill Dude Groovy	OMG Lame Adulthood	Ghosted FOMO Fam	Sus Sigma

5 Generations in the Workplace

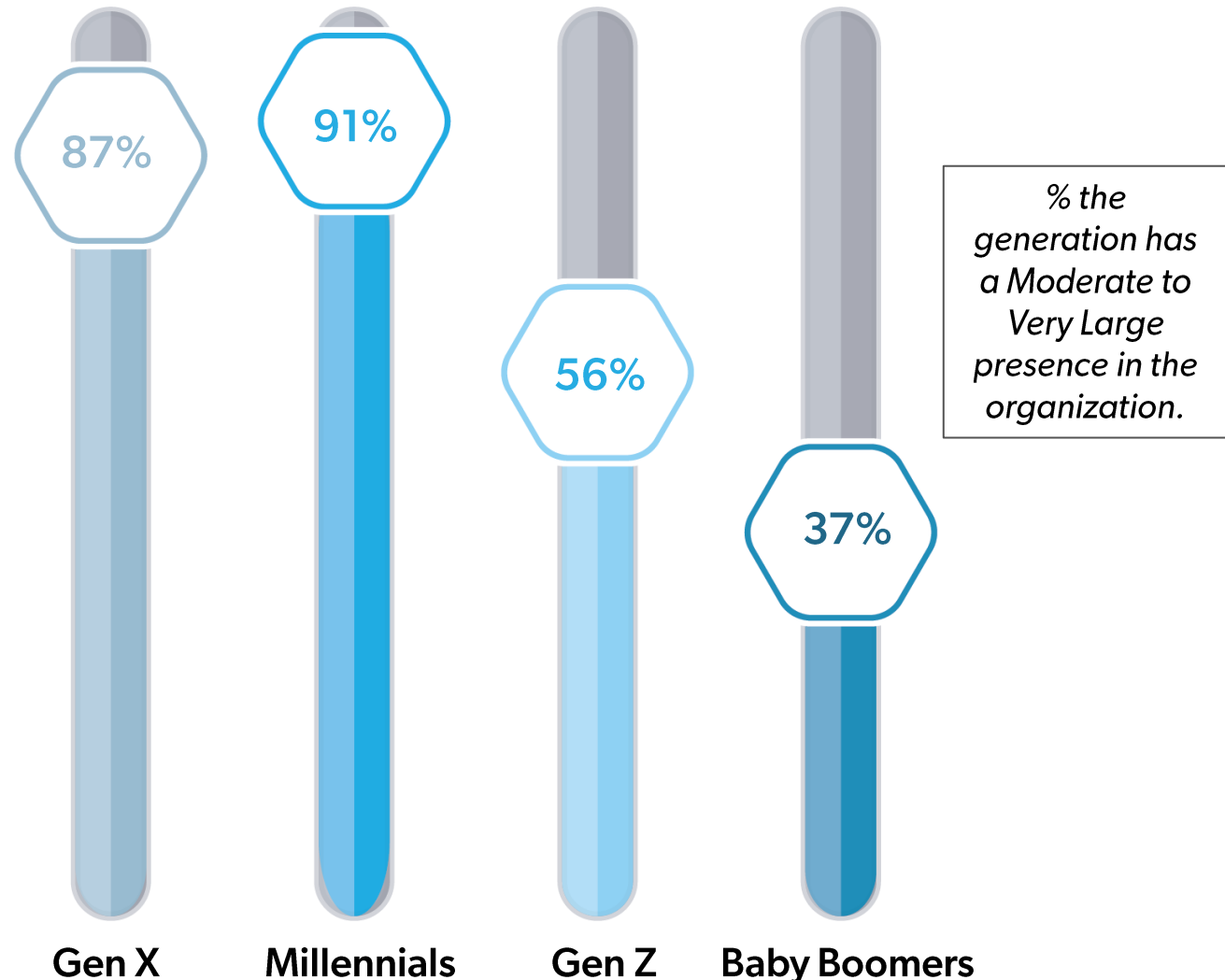
Generational Differences

Generations have different motivators and respond to different communication styles. Managers need to have cross-generational skills to be effective.



5 Generations in the Workplace

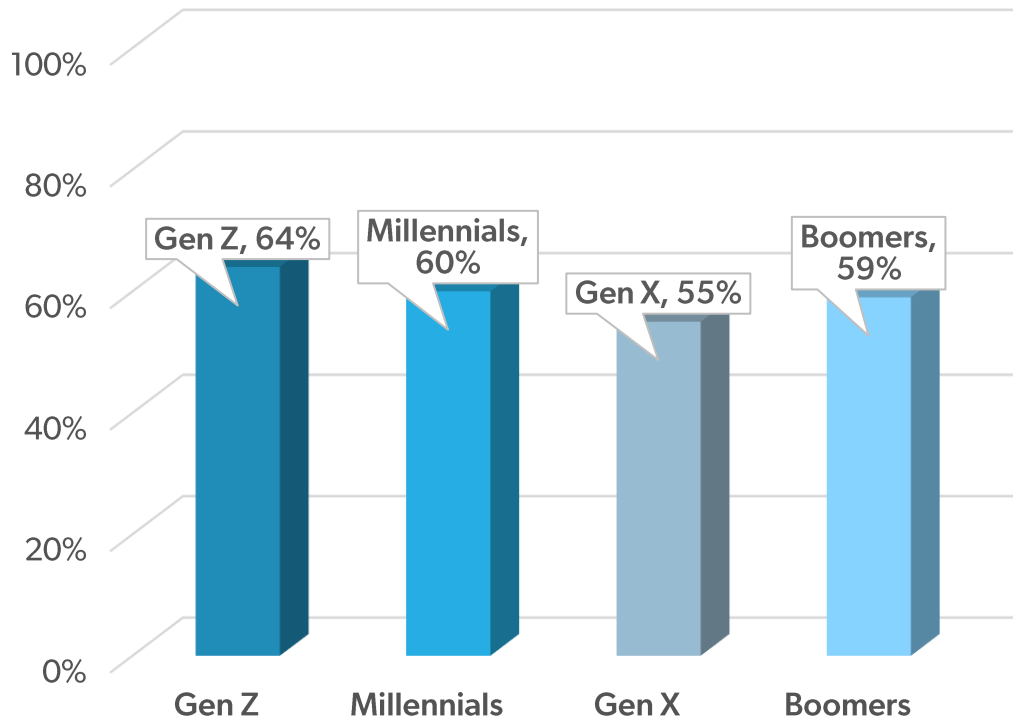
Gen X and Millennials are the Majority



Example of Differences: Total Rewards Preferences

Benefits Meet My Needs

% Agree/Strongly Agree



Total Reward Preference Examples

- **Generation Z:** mental health and well-being.
- **Gen X and Millennials:** support to help care for their dependents (caregivers).
- **Boomers:** more choices such as preventative cancer screenings and telemedicine.

36% of organizations have or plan to increase their mental health investment.

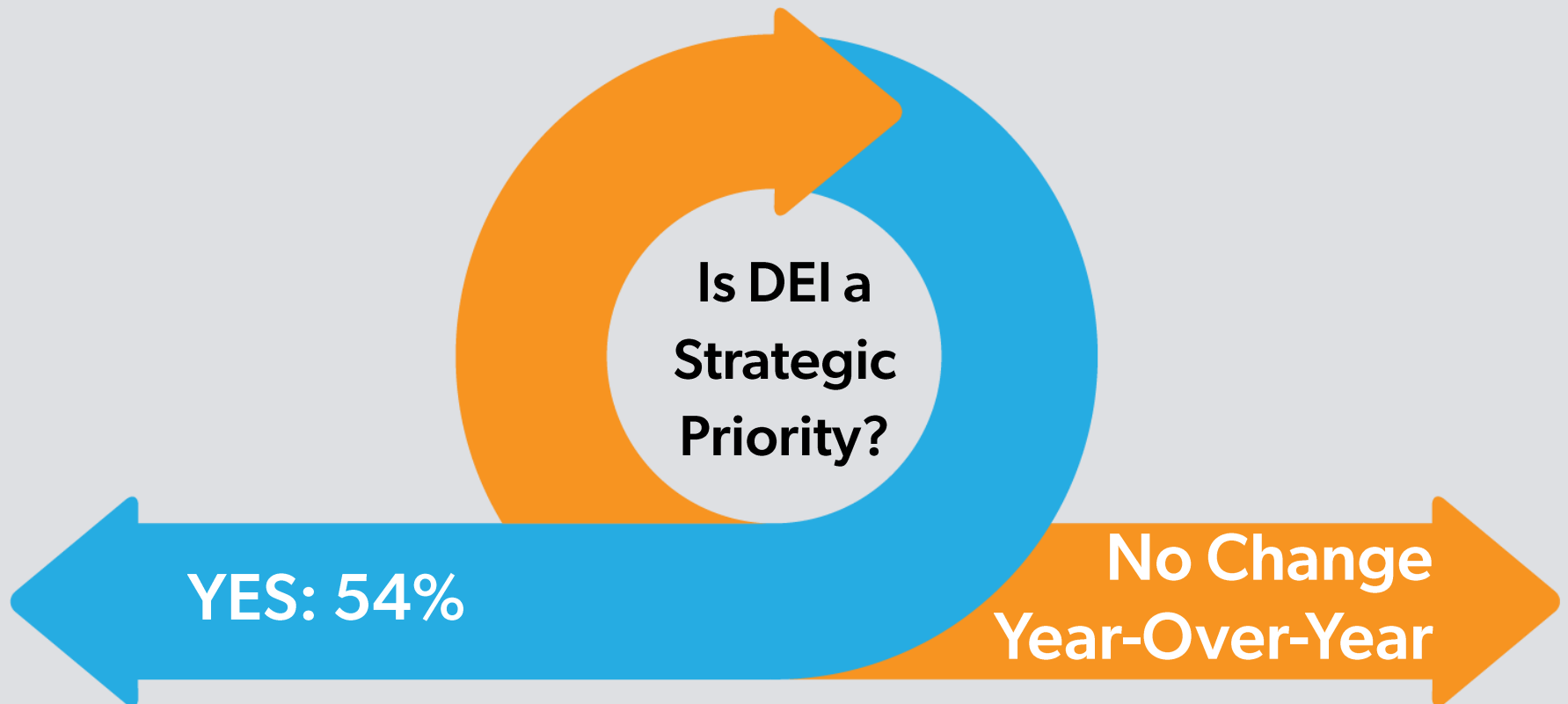


5 Generations in the Workplace

- Generation is just one layer of identity.
- Be cautious about generational myths and stereotypes.
- Shared needs across generations include respect, connection, competence, and authority.
- Foster collaboration between generations in the workplace.
 - Provides complementary abilities and skills.
 - Gives access to different networks.
 - Improves decision-making process.
 - Can inspire innovation and learning.

Inclusive Excellence

Diversity, Equity, and Inclusion (DEI)



Flexibility is Here to Stay

Types of Flexibility

- 67% offer flex time (flexible start and end times).
- 61% will continue to offer hybrid work.
- 45% offer part-time/reduced work schedules.
- 39% offer remote work full-time.



Days in Office Requirements

- 28% require employees to work from a worksite location 5 days per week (+4 % from 2023).
- 37% require employees to work from a worksite location 1 to 4 days per week.



Making Flexibility Successful

- Set expectations.
- Leaders must think & act differently.
 - Communication & engagement.
- Ask employees for feedback.
- Give purpose for coming into the office.



Top 3 HR Challenges for 2025

1

Attracting the
Right Talent

2024: #1

2

Meeting Higher
Total Rewards
Demands

2024: #3

3

Building a
Sustainable
Workforce
Through
Succession
Planning

2024: #9

2024: #1: Attracting the Right Talent; #2: Leadership Development; #3 Meeting Higher Total Rewards Demands

1

Attracting the Right Talent

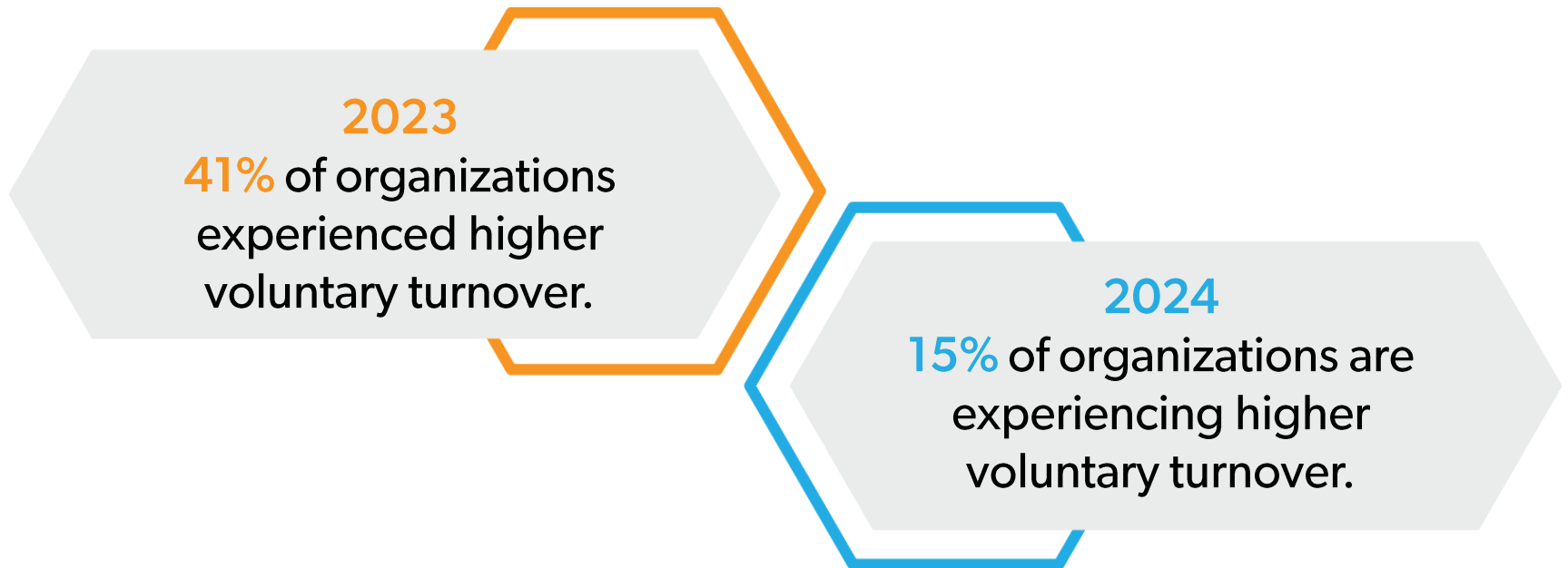
- 4th consecutive year as the #1 HR Challenge
- 82% of survey respondents rated “Attracting the Right Talent” as a moderate to significant challenge
- Recruitment is one of the top three priorities for 57% of survey respondents.

Why?

- ✓ Lack of quality talent – 63% of survey respondents are not satisfied to moderately satisfied with the quality of talent.
- ✓ Skill shortages
- ✓ Candidate expectations
- ✓ Compensation and benefits
- ✓ Lack of career advancement

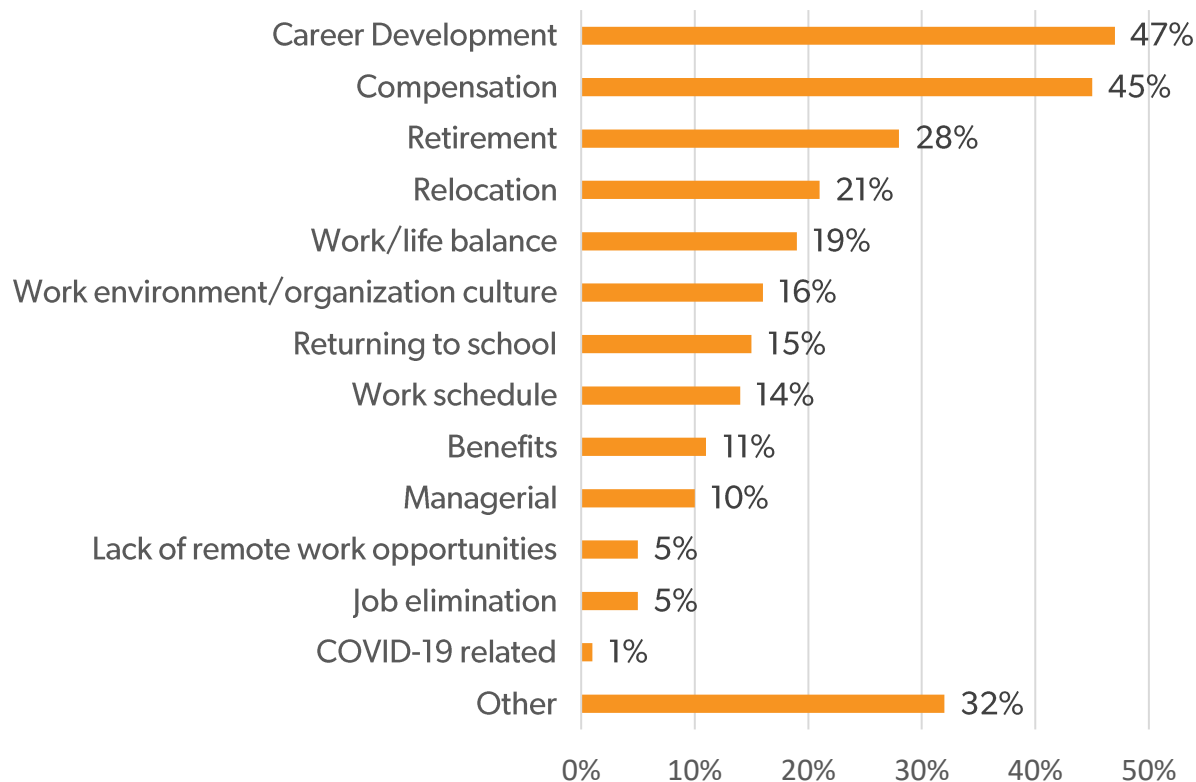
Voluntary Turnover

While “attracting the right talent” is a challenge for many organizations, there is good news. The percentage of organizations experiencing higher voluntary turnover decreased from 41% to 15% year over year.



Why are Employees Resigning?

Career Development, Compensation, and Retirement



Nearly 7 out of 10 U.S. workers said they would **quit their job over a bad boss**, with **millennials** being the most likely to do so.

Talent Acquisition Strategies

- ◆ Create an attractive culture. Survey your staff regularly and discuss the results with them openly.
- ◆ Forgo traditional job descriptions and consider upskilling or reskilling to widen your talent pool.
- ◆ Prioritize the candidate experience to create a positive employer brand. Slow or unorganized hiring processes hurt your brand over time.
- ◆ Move fast. (56% of organizations state that their time-to-fill ratio is 30-60 days). The best candidates move quickly.
- ◆ Evaluate your workforce structure (22% of survey respondents are doing so to address this challenge).
- ◆ Use a contingent workforce. (64% of organizations use a contingent workforce, up 17% from last year).

Talent Acquisition Strategies

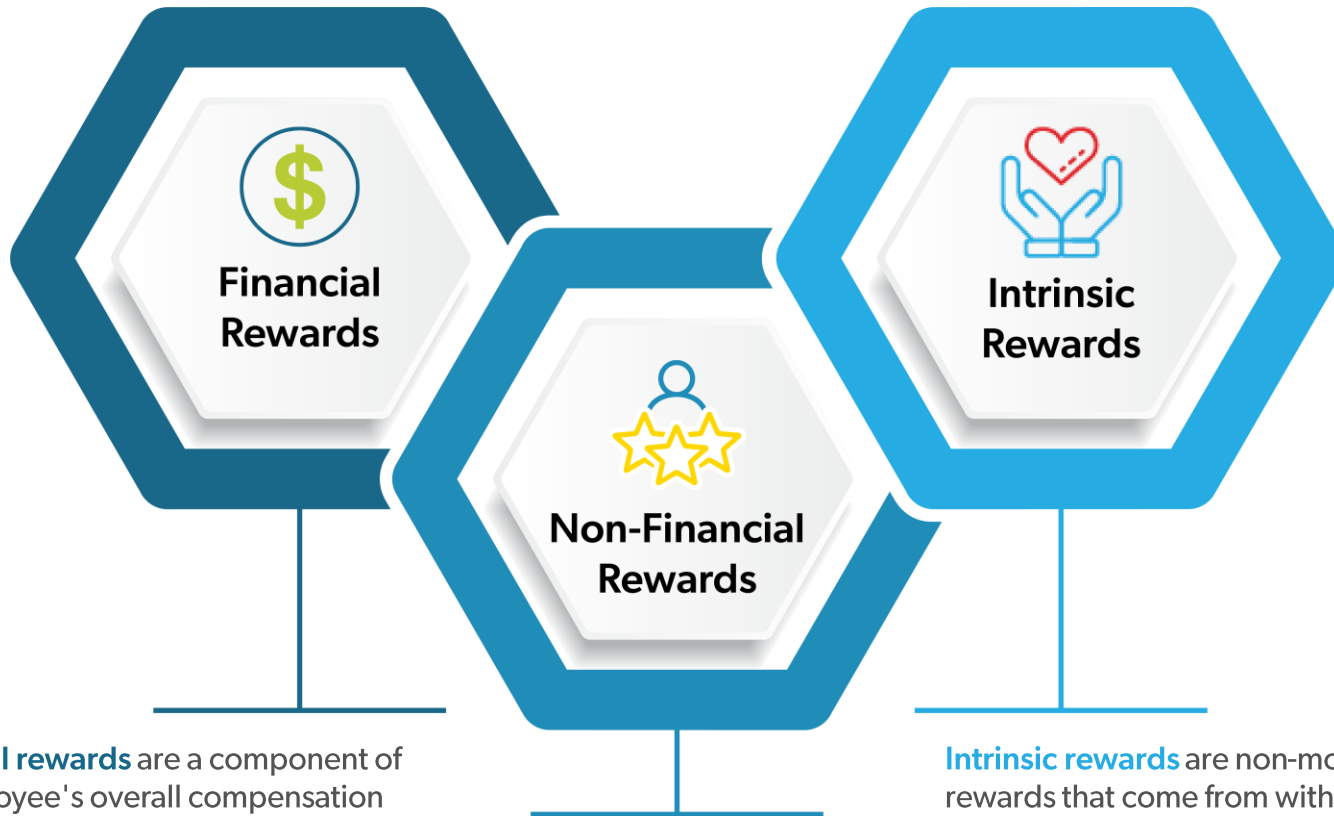
- Write inclusive job postings to expand and create a more diversified talent pool. This is important as diversity increases in the younger generations.
 - Inclusive job descriptions: 48%
 - Referral programs: 38%
 - Community engagement and outreach: 25%
 - Internship and scholarship programs: 25%
 - University and college partnerships: 24%
 - Employee Resource Groups: 13%
- Use job boards/career websites, employee referrals, and recruitment agencies (Top 3 sources of HR Trends survey participants).

2

Meeting Higher Total Rewards Demands

- Last year's #3 HR Challenge moved up one spot to #2
- 76% of survey respondents rated "Meeting Higher Total Rewards Demands" as a moderate to significant challenge
- 42% rate compensation and/or benefits planning as one of their top 3 priorities for 2025.
- Compensation is the #2 resignation reason per survey respondents.
- 62% of employers are experiencing pay compression.
- 15% of organizations report using a dry promotion strategy.

Starts with Compensation Philosophy



Financial rewards are a component of an employee's overall compensation package and refer to the monetary compensation and benefits provided by an employer.

- Base Pay
- Bonuses
- Equity Awards
- Benefits
- Retirement Plans

Non-financial rewards refer to incentives, recognition, or benefits given to employees that do not involve money.

- Time Off
- Recognition Programs
- Professional Development
- Work-life Balance
- Career Advancement
- Perks and Benefits

Intrinsic rewards are non-monetary rewards that come from within an individual. They are the personal benefits or gratifications that individuals experience as a result of their actions, decisions, or accomplishments.

- Sense of Purpose or Fulfillment
- Mastery
- Recognition
- Personal Growth

Financial Rewards



◆ Total Direct Compensation

- Base Pay
- Short-term and Long-term incentives
- Bonuses: sign-on, referral, retention, spot

◆ Benefits

- Paid time off
- Medical/dental/ vision, prescription drug, etc.
- Retirement
- Leave programs
- Life insurance
- Short-term and long-term disability
- Accident coverage
- Supplemental insurance offerings
- Discount programs
- Deferred compensation

Modern Trends



Paid Parental Leave



Pet Insurance



Paid Caregiver Leave



Paid Fertility Treatments

Non-Financial Rewards



- Paid volunteer time
- Recognition programs
- Work-life balance
- Career opportunity & pathing
- Mobility
- Leadership and manager quality
- Talent development
- Learning & education
- Mentorship
- Flexibility

Modern Trends



Subscriptions



Wellness Solutions



Company Supported Community Involvement



Skill Sharing

Intrinsic Rewards



- ◆ Genuine, caring communication
- ◆ Recognition
- ◆ Personal Growth
- ◆ Respect from leaders
- ◆ Pride in your work
- ◆ Having a sense of competence
- ◆ Mastering a skill
- ◆ Total Rewards Statements

“Employees who receive words of appreciation from management or their coworkers are 2.5 times more engaged than those who go unrecognized.”



Base Pay Increase Budgets



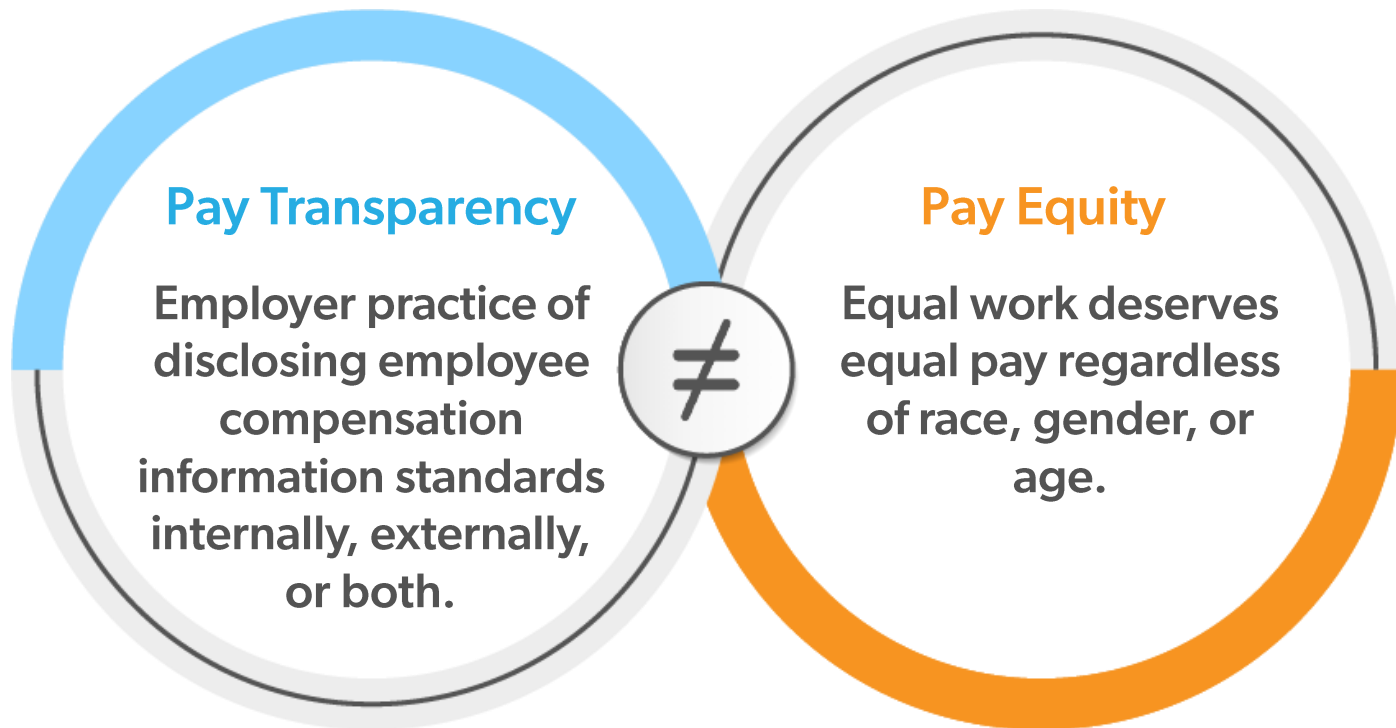
2025 Planned Median Base Pay Increases are Down from Actual 2024 Median Increase

Year	Overall Median	Overall Average
2024 Planned	3.5%	4.0%
2024 Actual	3.5%	3.5%
2025 Planned	3.0%	3.3%

30% of respondents indicated that the 2025 base pay increase budget is "to be determined"

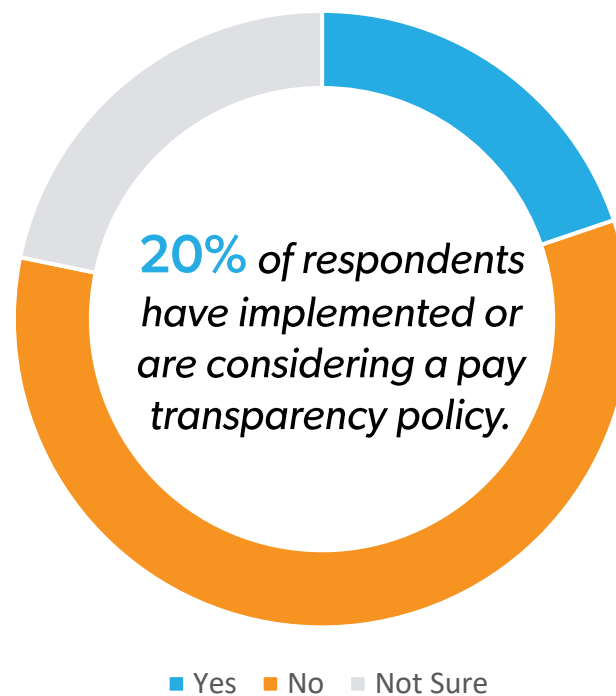
Median Base Pay Increase Budgets	2024 Actual	2025 Planned
Information Technology	8%	5%
Professional & Business Services	4.5%	4.1%
Manufacturing	3.1%	2.6%

Pay Transparency & Pay Equity



Evolution of Pay Transparency

- **Digital Platforms** like Glassdoor, Indeed, and Payscale provide pay information, accelerating the push for it.
- **Generational Demands.** Millennials and Gen Z are vocal advocates for it.
- **Legal Requirements.** 11 states have pay transparency laws, and 13 have proposed legislation.
- **Examples of Pay Transparency Laws**
 - **Job descriptions:** employers must list the intended pay range in job descriptions.
 - **Hiring process:** Employers must provide pay at a specific point in the hiring process (interview, offer, etc.)
 - **Employee requests:** Employers must provide salary information when it is requested by an employee.



Benefits of Pay Transparency

- ◆ Provides reassurance to employees that they are not being discriminated against by receiving a lower wage.
- ◆ Builds trust between employee and employer.
- ◆ Demonstrates an employer's commitment to social responsibility.
- ◆ Lowers the chance of discriminatory lawsuits related to pay.
- ◆ Positive effect on the employer's brand, which ultimately can impact the bottom line.

Pay Transparency

Are You Ready?

1. Where are you on the journey?

- *How much do you currently communicate about pay, and do your practices vary?*
- *Have you done an internal pay equity analysis?*
- *Have you conducted an external pay equity analysis?*

2. Do you have a solid compensation foundation and strategy?

3. What changes do you need to make?

4. How will you communicate?

- *Proactively communicate your pay practice changes and policies.*
- *One-on-one meetings with total reward statements (employee & supervisor)*

5. How will you test and measure impact?

- *Employee engagement surveys.*
- *Measure compensation transparency against high-level outcomes and turnover.*

Total Rewards Best Practices

- ◆ Benchmark market for compensation and benefits prevalence.
- ◆ Assess what you already have in place.
- ◆ Collect employee feedback.
- ◆ Address pay compression and policy for promotion increases.
- ◆ Align compensation philosophy with the organization's strategy, values, and priorities.
- ◆ Keep up with the trends.
- ◆ Make total rewards balanced, flexible, inclusive, and fair.
- ◆ Communicate total rewards to employees.
- ◆ Track the cost and impact.
- ◆ Create a plan to execute over time.

3

Building a Sustainable Workforce through Succession Planning

- Last year's #9 HR challenge jumped up six spots to #3.
- 69% of survey respondents rated "Building a Sustainable Workforce" as a moderate to significant challenge
- 4.1 million Americans are set to turn 65 this year and every year through 2026.

Succession Planning Defined

The future-focused practice of identifying the knowledge, skills, and abilities to perform certain functions and then developing a plan to prepare multiple individuals to potentially perform those functions.

Succession Planning

Succession planning and leadership development are essential concerns across all industry sectors.

- **Long-term Succession Planning** involves preparing for expected leadership changes well in advance.
- **Emergency Succession Planning** involves creating a process and strategies for replacing key leaders unexpectedly.
- **Succession Planning Continuum** can range from relatively simplistic and bounded to relatively complex and comprehensive.

Replacement Planning	Succession Planning	Succession Management
<ul style="list-style-type: none">• Identify Successors	<ul style="list-style-type: none">• Identify Successors• Develop Successors	<ul style="list-style-type: none">• Identify Successors• Develop Successors• Include all Organizational Levels

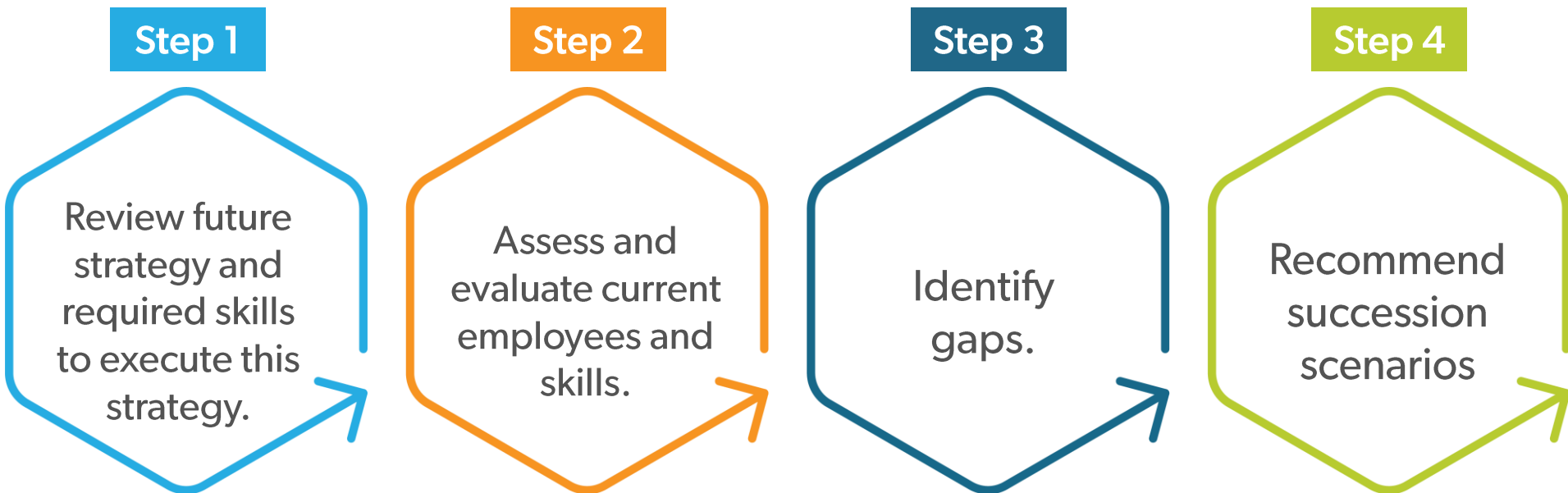


Basic

Comprehensive

Succession Plan Approach

There are many different approaches to succession planning. This systematic approach closely ties succession planning with business and operational strategy to ensure leadership continuity by improving employee development, retention, and/or recruiting talent.





Step 1: Review Future Strategy

- ◆ Review future business strategy, mission, visions, values, current organization chart, reporting structure, and tenure.
- ◆ Determine key or “critical” positions.
- ◆ Define current and future skills, experiences, and competencies to execute the future strategy.

Step 2: Assess and Evaluate Current Employees

- ◆ Evaluate and assess current employees for their potential to step into key roles.
- ◆ Assessment methods can include:
 - 9-box grid (performance and potential)
 - Interviews with the leadership team and managers
 - Performance reviews
 - Hogan Assessments
 1. Leadership Forecast Series
 2. High Potential Report





Step 3: Identify Gaps

- ◆ Perform an analysis to identify gaps.
- ◆ Assess employees to determine who has the skills and ability to grow into these roles.
- ◆ Determine what gaps can be filled with internal talent and which will need external recruiting.
- ◆ For internal succession:
 - Determine what resources, training, or experience is needed to fill these gaps.
 - Create individual developments to create a roadmap for success.

The left side of the slide features a decorative background of overlapping hexagons in shades of orange and blue. Each hexagon contains a white silhouette of a person. The hexagons are arranged in a pattern that recedes into the distance, creating a sense of depth. The overall color gradient transitions from a warm orange at the top to a cool blue at the bottom.

Step 4: Recommend Succession Scenarios

Combine all the components from the previous steps to develop a plan based on succession scenarios. The plan should include:

1. Gap analysis of current and desired roles.
2. Transition plan.
3. Successors who are ready to fill roles now and in the future.
4. Development plan for each individual.
5. Recommended search plan, comprehensive search process, and timeline for filling key positions.

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2024: #9

2024: #1 Attracting the Right Talent; #2: Leadership Development; #3 Meeting Higher Total Rewards Demands

Welcome Panelists



**Martha
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Coaching &
Consulting*

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Because people are the heart of every business.

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from temporary to direct hire

Recruiting

Executive, Professional and
Board of Directors search practice

Total Rewards Consulting

Total Rewards, Compensation Consulting, Hogan
Assessments, and Employee Engagement



THANK YOU!

- ◆ Today's presentation and the recording will be emailed to attendees.
- ◆ To request additional information or for any questions, email Jill Dohnal, Senior Director of Marketing, at jill.dohnal@qtigroup.com.



Our Work is People. Because People are the Heart of Every Business.