



BETTER WORKPLACES
BETTER WORLD™

THE EVER-CHANGING TALENT LANDSCAPE

| April 14, 2023

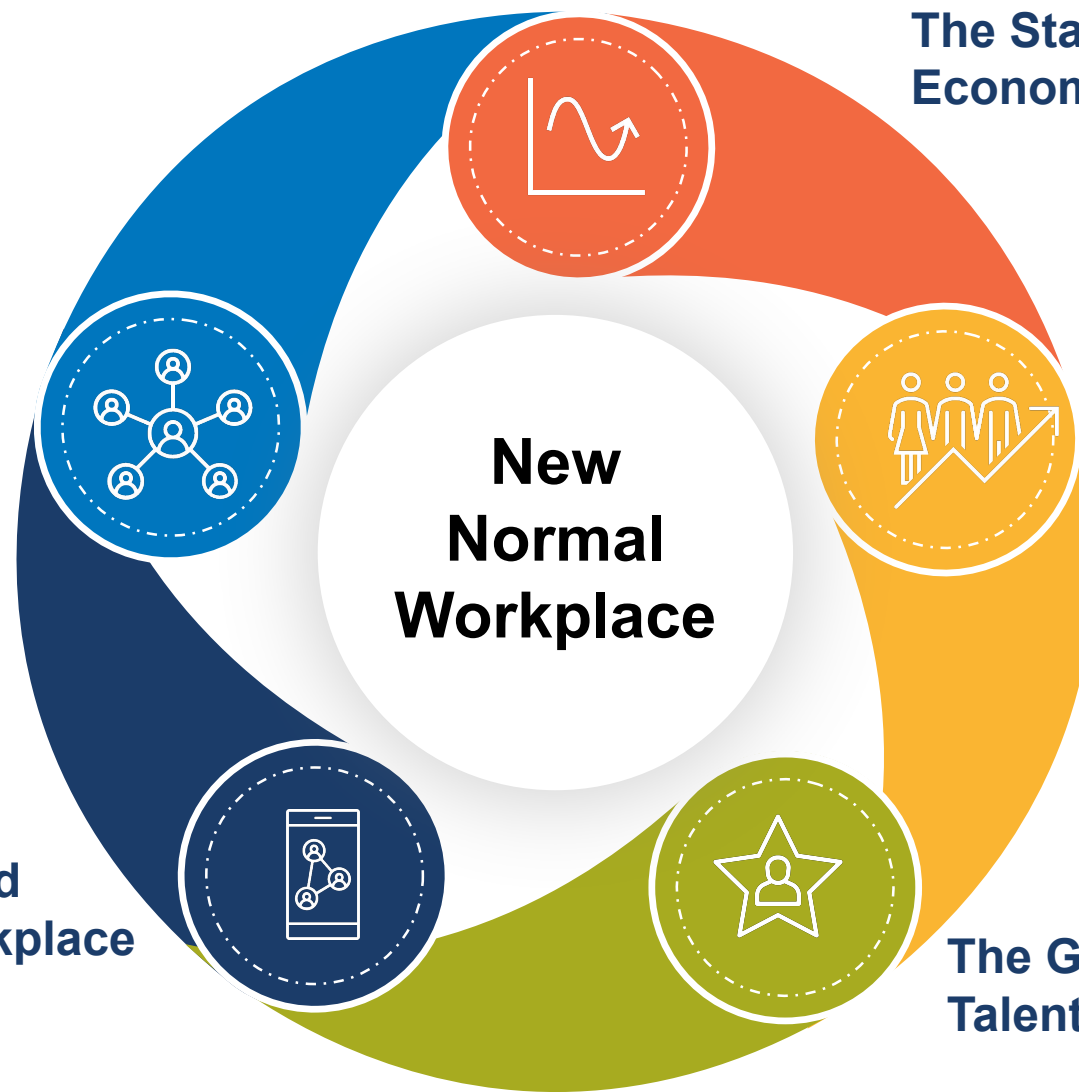
Mike Aitken

Chief Membership Officer
California SHRM

Constellation of Challenges

Culture & Inclusive

The Workplace Compact and Democratization of the Workplace



The State of the Economy

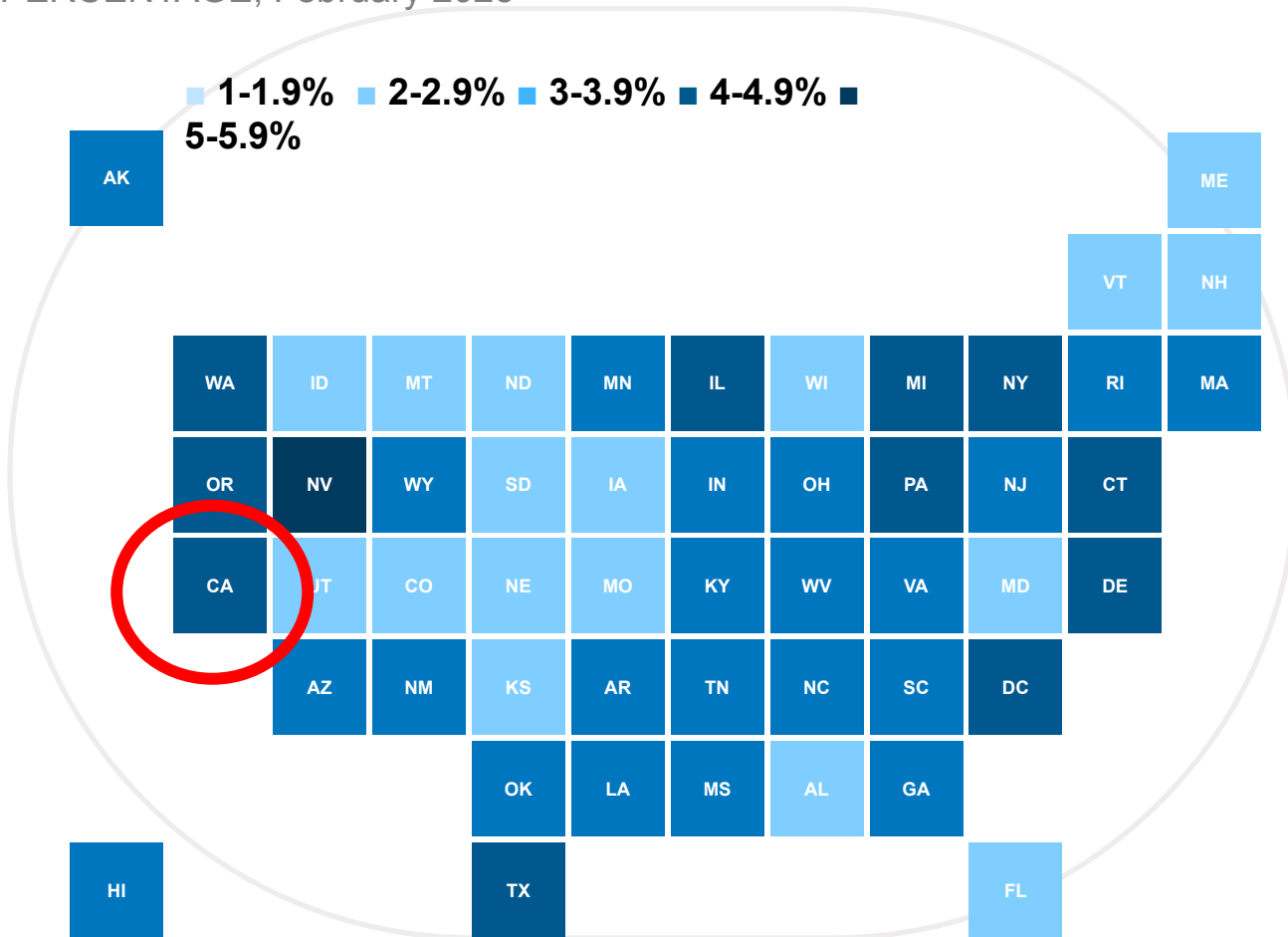
The SOTW

The Great Resignation /The War for Talent

State of the Economy

State unemployment rates was at or above 4% in 11 states (+ DC) in February 2023

Unemployment rate for workers, by state
PERCENTAGE, February 2023



KEY TAKEAWAYS



Nevada

Nevada had the highest reported unemployment rate in January 2023 at 5.5%



North Dakota & South Dakota



ND and SD had the lowest reported unemployment rates in January 2023 at 2.1%



US unemployment

Since August 2021, the national unemployment rate fell 1.6%

State of the Economy

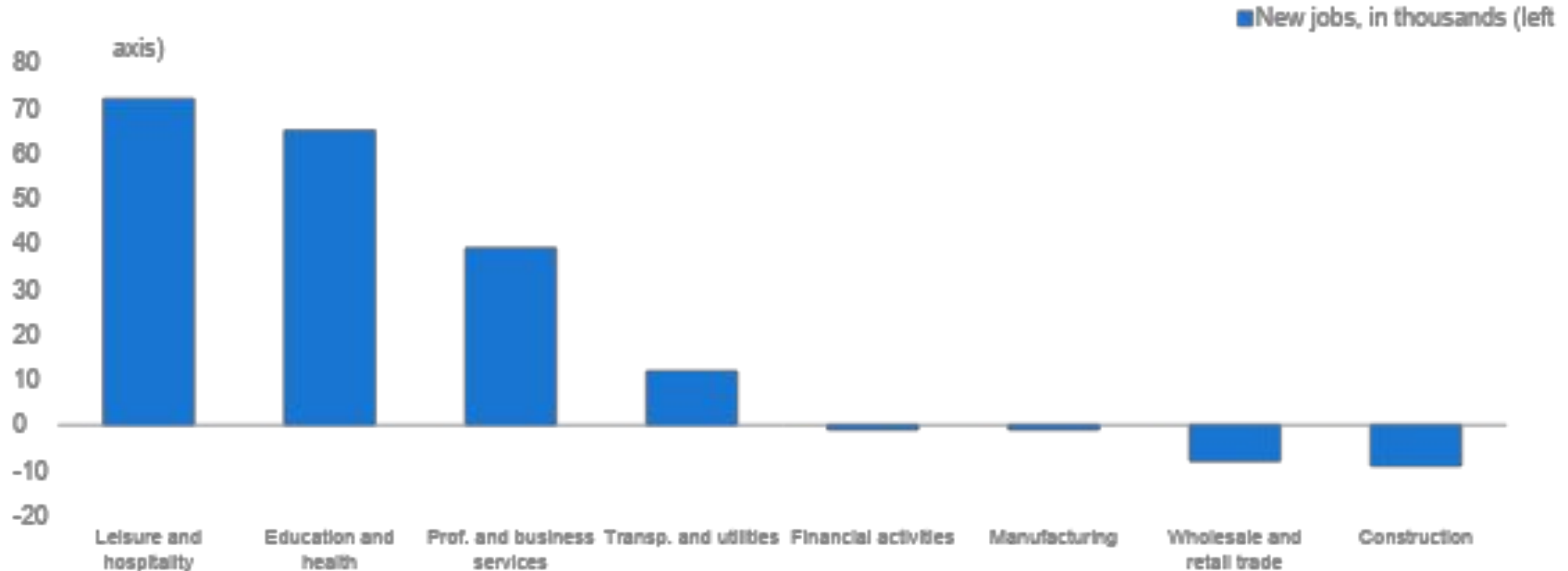


Leisure, hospitality, education & health industries had the largest numbers of new jobs in March 2023

Change in employment over the last month by industry

SEASONALLY ADJUSTED

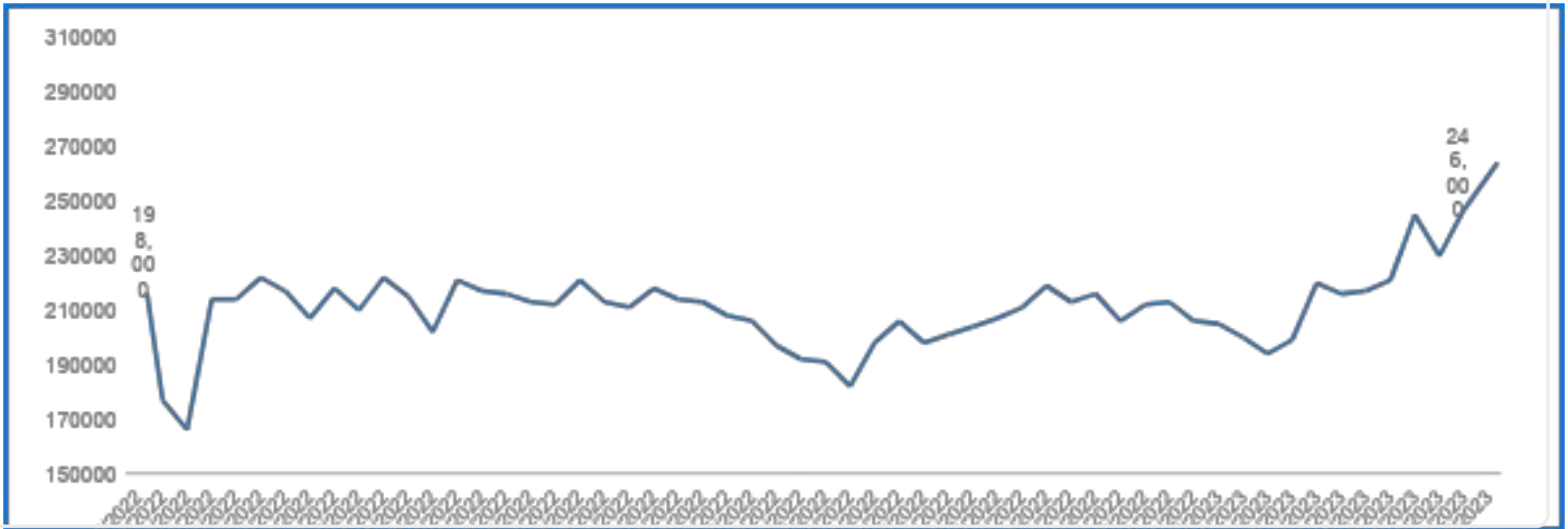
MARCH 2023



State of the Economy

Initial unemployment insurance claim numbers have increased since March 2022

Initial unemployment insurance weekly claims
WEEKLY CLAIMS, SEASONALLY ADJUSTED
MARCH 2022 – MARCH 2023



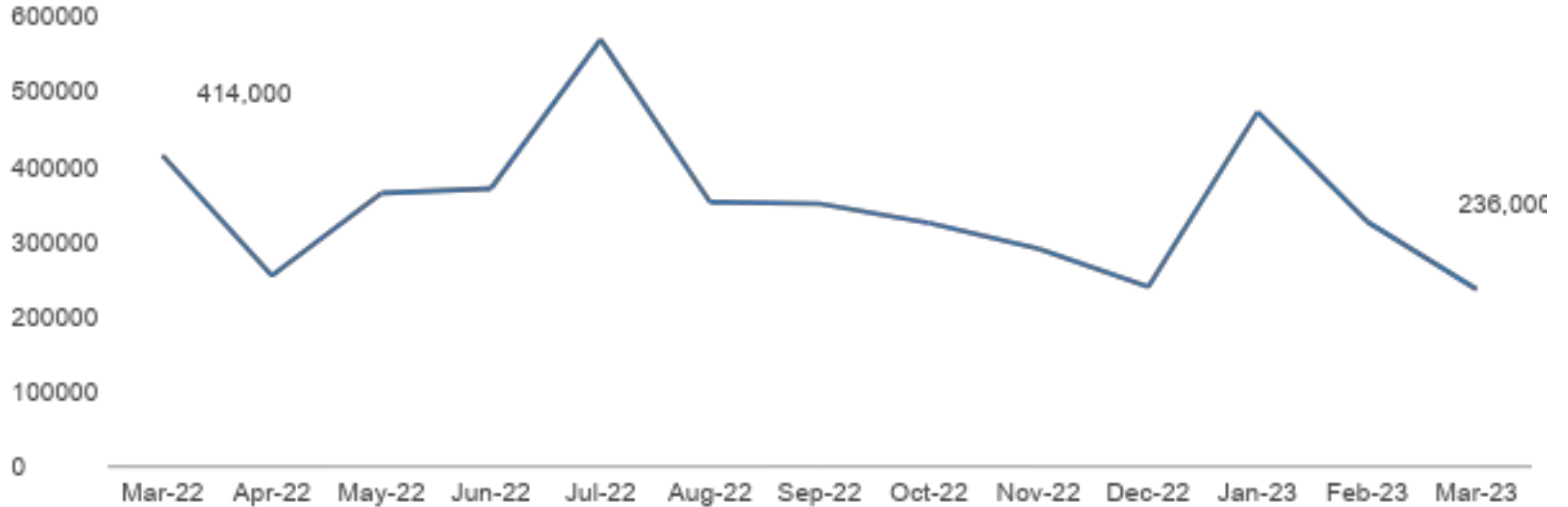
State of the Economy

The number of jobs added each month declined significantly compared to March 2022

Monthly changes in US nonfarm payroll employment

MONTHLY CHANGE, SEASONALLY ADJUSTED

MARCH 2022 – MARCH 2023



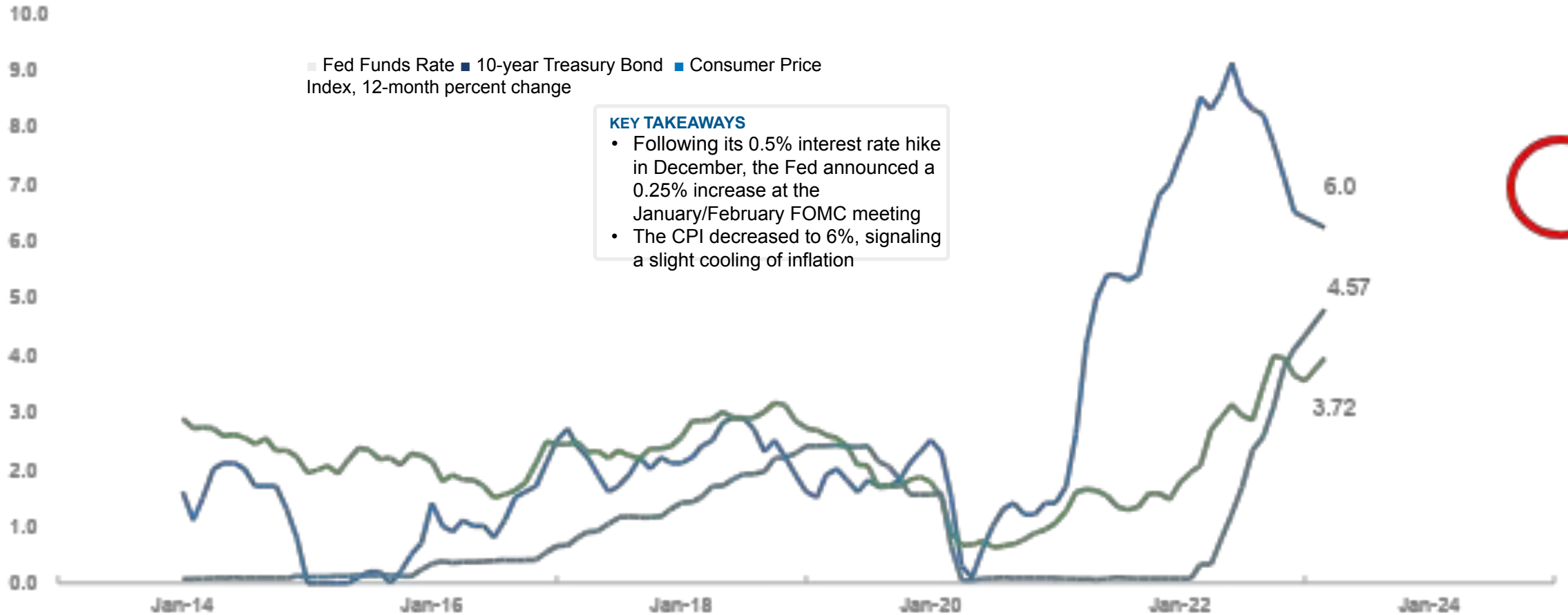
SOURCE US Bureau of Labor Statistics, Federal Reserve Bank of St. Louis

State of the Economy

Inflation continues to cool as prices decreased by 0.4% to 6% in February

Inflation and interest rates

MONTHLY AVERAGE PERCENT, DECEMBER 2018 – FEBRUARY 2023



SOURCE FRED, BLS, FOMC.

State of the Economy

Causes of rising inflation

Pandemic-related causes



- Government stimulus programs caused inflow of money into the economy
- Demand for services declined due to business restrictions, but demand for goods that are in short supply rose

Labor shortage



- Workers have more incentives to demand raises due to the short supply of labor, causing costs to increase
- 6.4 million Americans started new jobs and 5.9 million quit or changed jobs in January 2023; meanwhile employers reported 10.8 million job openings

Supply chain disruptions

- Shipping prices are increasing, causing higher costs and contributing to inflation
- Major distribution bottlenecks are creating global supply chain issues throughout every sector
- Nationwide shortages of commercial truck drivers have created further bottlenecks and more expensive shipping costs
- American manufacturers are concerned that China's strict lockdown measures, due to the spread of the omicron variant, will worsen global supply chain disruptions

Russia-Ukraine conflict

- US sanctions on Russia following the country's invasion of Ukraine are contributing to rising prices
- On March 8th, President Biden announced a US ban on Russian oil, natural gas, and coal imports via an executive order; average gas prices in the US reached \$4.173 per gallon, a record high, after the news of the embargo
- On June 14, AAA recorded the highest national average of \$5.016 per gallon; the average price has since fallen to \$3.436 per gallon as of March 21, 2023
- **Russia is a large exporter of commodities**, such as wheat and metals, and access to these commodities may be impacted through sanctions on Russia
 - Americans may see increases in the **cost of food and other goods**
- The Federal Aviation Administration's ban on flying over Ukraine, Belarus and multiple areas in Russia has caused costly flight diversions
- Rising oil costs have dramatically increased ticket prices, especially Europe bound flights





HR Executives Priorities in 2023

Maintaining	Maintaining employee morale and engagement (73%)
Retaining	Retaining top talent (70%)
Finding and Recruiting	Finding and recruiting talent with the necessary skills (57%)
Developing	Developing more effective leaders/people managers (56%)
Performing	Performing fair and competitive compensation evaluations/adjustments (52%)

SOURCE SHRM, State of Workplace Study, January.



Employees Perspective of Priorities in 2023

U.S. Employee Rank	Item	HR Exec Rank
1	Performing fair and competitive compensation evaluations/adjustments	5
2	Retaining top talent	2
3	Maintaining employee morale and engagement	1
4	Providing good healthcare coverage	13
5	Finding and recruiting talent with the necessary skills	3

SOURCE SHRM, State of Workplace Study, January .



HR Strategies in the current economic environment

Most organizations (67%) are factoring in inflation for 2023 pay raises.

- However, 92% are planning an increase of less than 7% (*a conservative estimate of inflation*).
- Most executives report employee raises in the range of 3% to 5%.

If there is an economic slowdown, what are organizations planning to do?

- Hiring freeze (55%)
- Reduce or eliminate contract/temp/gig workers (44%)
- Eliminate or reduce bonuses (40%)
- Eliminate or reduce merit increases (30%)
- Implement layoffs (24%)
- Close offices/work locations (10%)

Over 2 in 5

U.S. workers (41%) are actively searching for a new job right now, or plan to over the next few months.

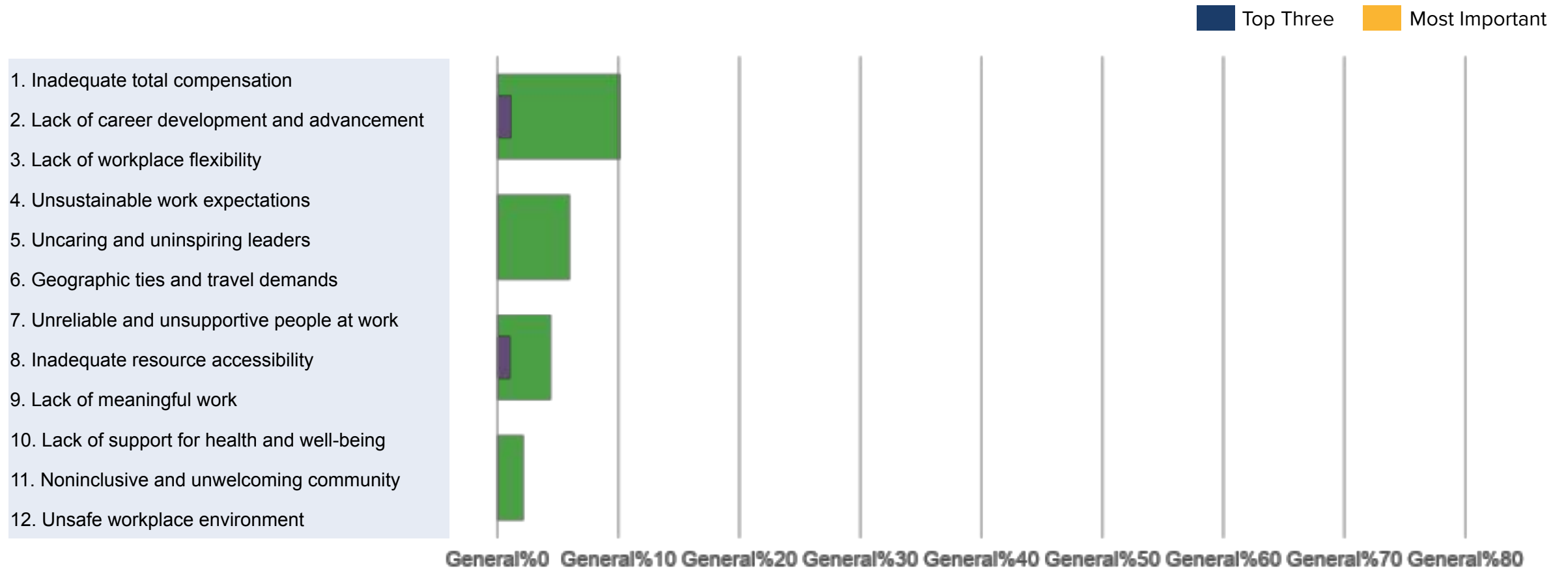
Almost half of U.S. executives (49%) indicate that in the past 6 months, their organization has seen higher or much higher turnover than usual.

Over 2 in 5 HR professionals (43%) said their organization has seen higher or much higher turnover in the past 6 months.

The Great Resignation / Talent War



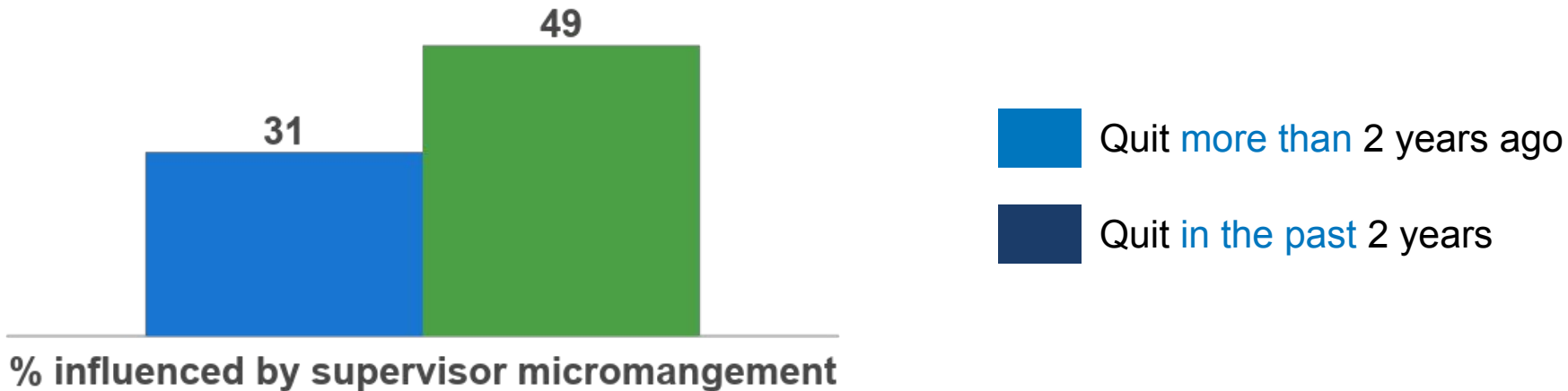
Top Reasons for Employees Leaving



Results weighted to be representative of all HR professionals in the United States

Chart: SHRM Research Institute | Source: 1,516 respondents to the SHRM Voice of Work Panel

U.S. workers who quit their jobs in the past 2 years are more likely to say their decision to quit was **influenced by their supervisor micromanaging them.****








Of U.S. workers who quit within the last 9 months:*

31% had not accepted a new job when they quit.

28% regret leaving their last job.

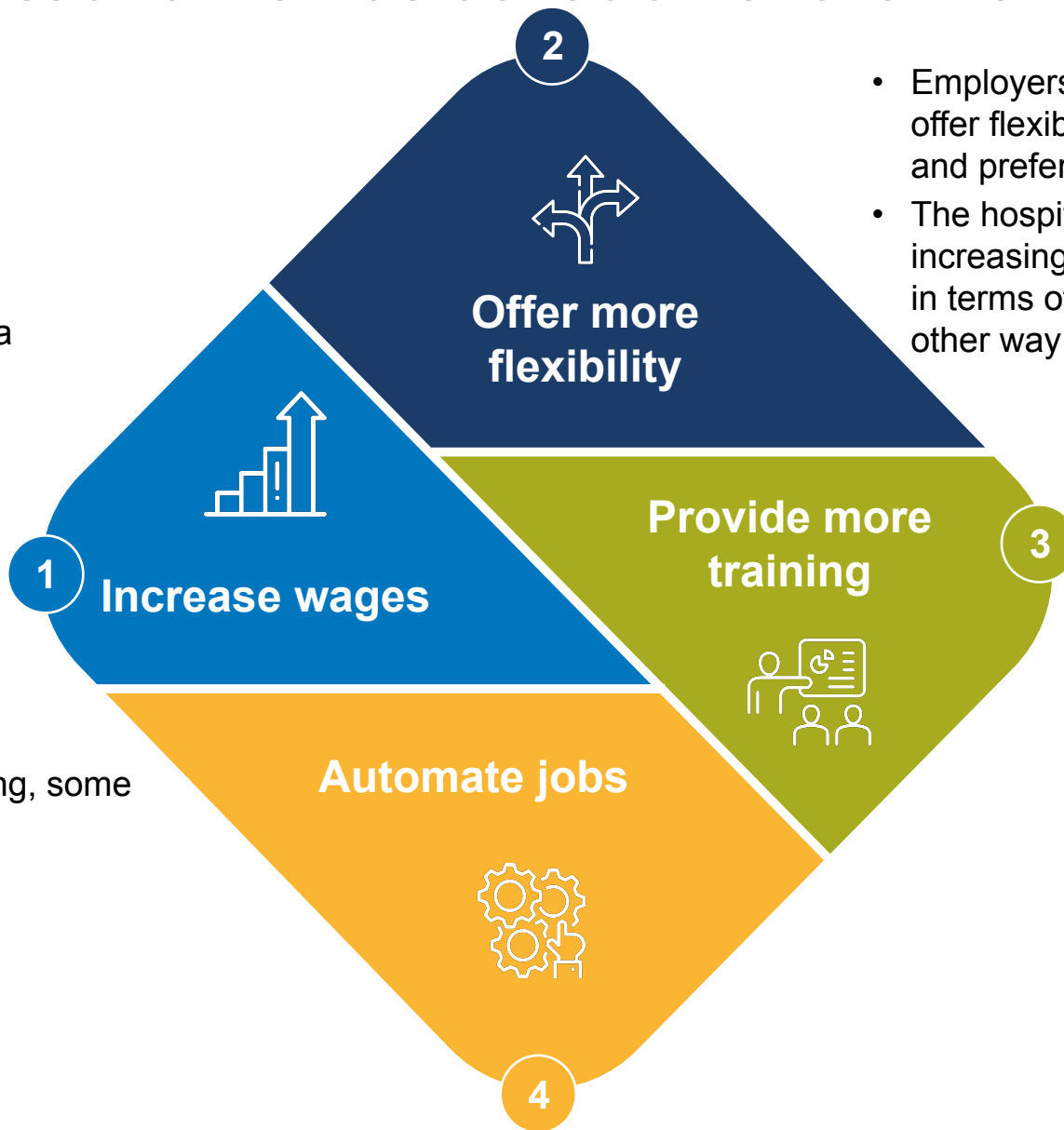
The Great Resignation / Talent War

	TOP RECOMMENDATION	ALTERNATIVE RECOMMENDATION
Challenge #1 Inadequate Total Compensation 	Provide Total Reward statements. An individualized document can show all types of rewards in one place.	Increase pay transparency. Ensure employees know what is done to confirm pay fairness.
Challenge #2 Lack of Career Development and Advancement 	Increase promotions from within. Promote internal candidates and publicize those promotions.	Publicize career paths. Finding and sharing common paths to promotions can be helpful.
Challenge #3 Lack of Workplace Flexibility 	Employ a one-to-one approach. Be open to creative solutions that fit employees' unique situations.	Consider remote work (for some). Even in on-site companies, some workers can work remotely.
Challenge #4 Unsustainable Work Expectations 	Conduct work reviews. Determine job activities that can be eliminated or reduced to alleviate overload.	Have leaders express gratitude. Recognition and thanks from VPs / execs can go a long way.
Challenge #5 Uncaring and Uninspiring Leaders 	Define expectations for leaders. Have executive clearly state how they expect all managers to lead.	Manage leaders' weaknesses. Find ways to work around areas where a leader may struggle.



Workplace Compact and Democratization of the Workplace

- Some firms, like Under Armour, McDonald's, and Bank of America have raised their minimum wage
- Others, like Amazon, are offering signing bonuses
- Experiencing wage inflation



- Employers are more willing to offer flexibility in working location and preferences
- The hospitality sector is increasingly catering to workers in terms of hours, rather than the other way around

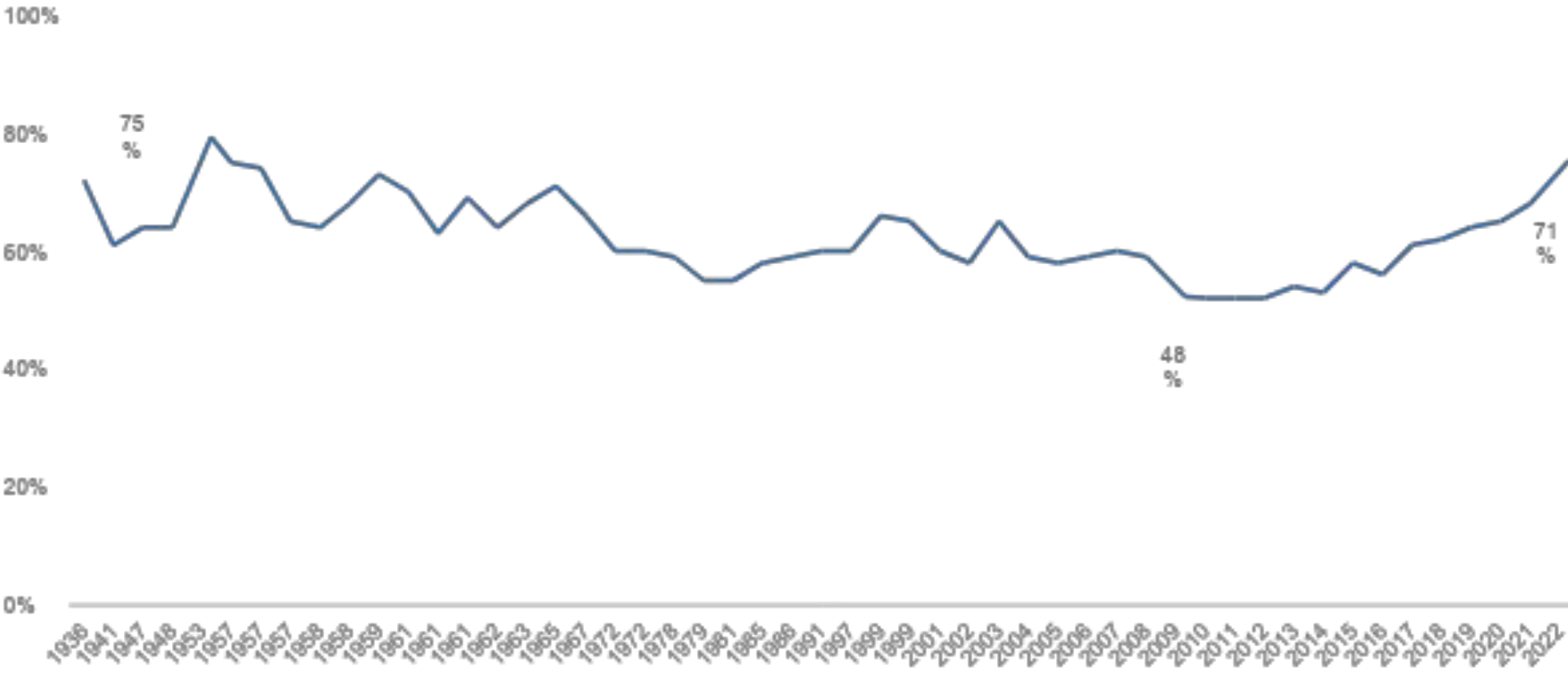
- Many companies disbanded their training infrastructure after tough periods in 2001 and 2008, but now realize the need for increased training programs
- This will enable companies to hire from a bigger pool of workers, as they will be able to train people on the job

- With the cost of labor rising, some companies may invest in automation instead



Workplace Compact and Democratization of the Workplace

In 2022, 71% of Americans said they support unions, the highest rate since 1965

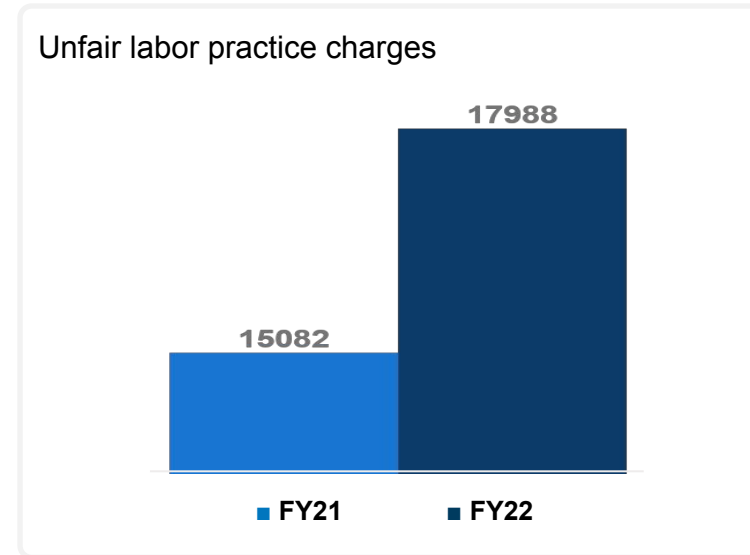
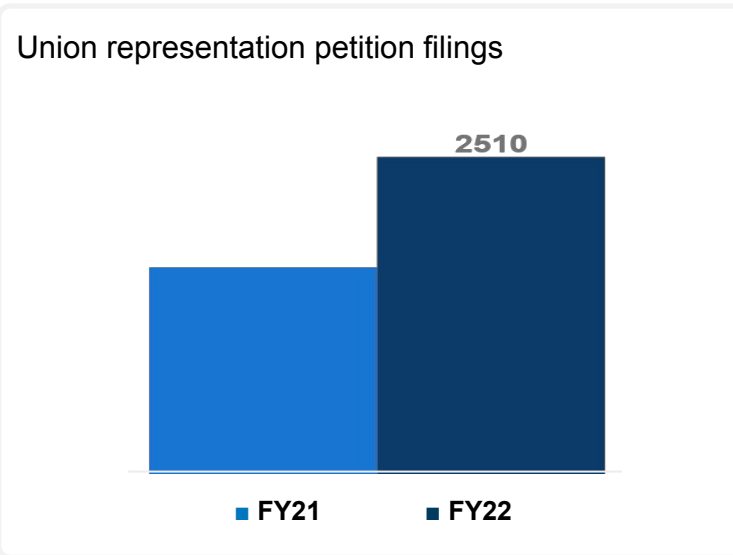


SOURCE Gallup.



Workplace Compact and Democratization of the Workplace

Union representation petition filings increased by 53% in Fiscal Year 2022



KEY TAKEAWAYS

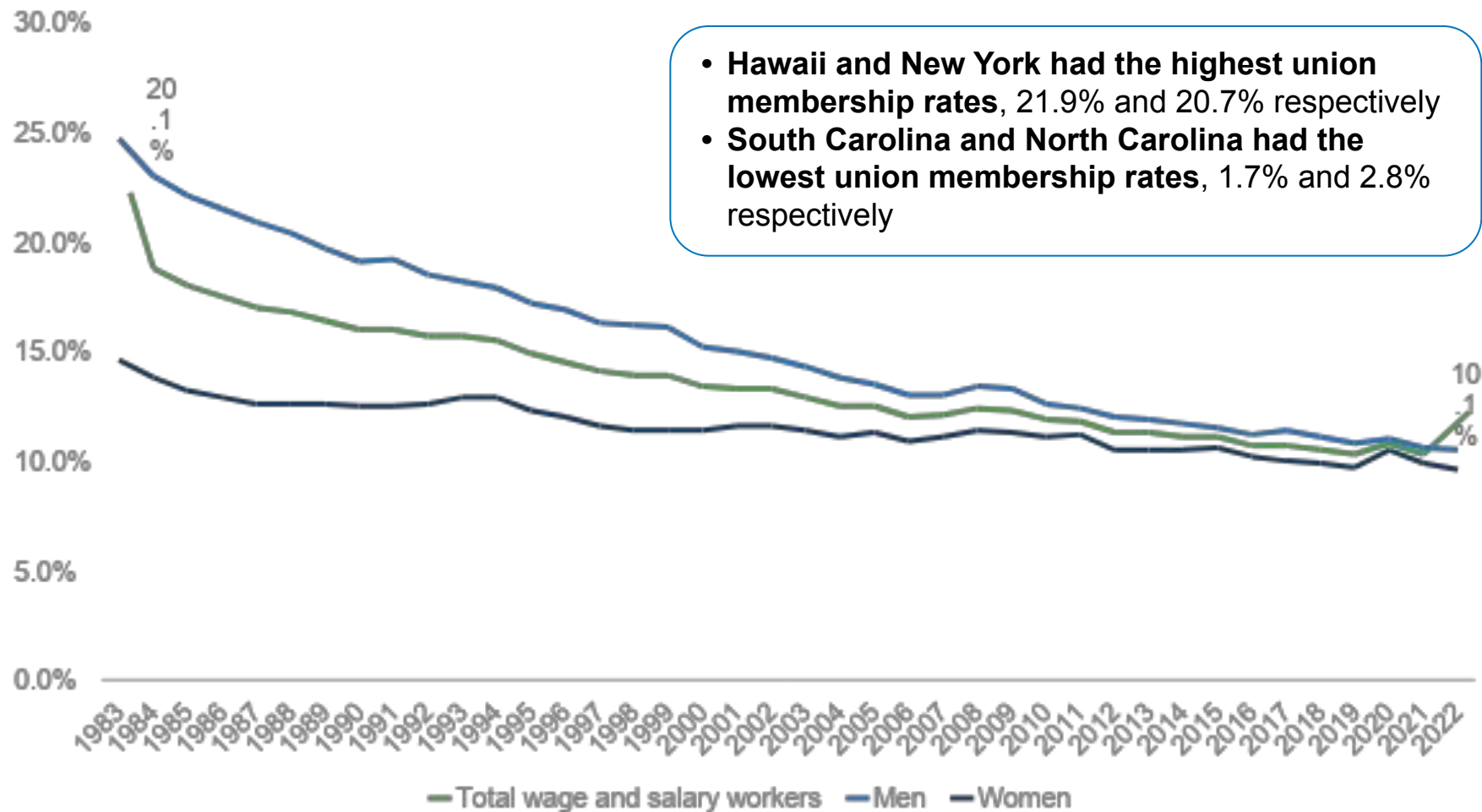
- In Fiscal Year 2022, 2,510 union representation petitions were filed at the National Labor Relations Board (NLRB); this is a 53% increase from the 1,638 filings during Fiscal Year 2021
 - Representation petitions are filings by employees, unions, or employers to have the NLRB hold an election to determine if employees want to unionize
- During the same time period, unfair labor practice charges sent to the NLRB have increased by 19% from 15,082 in FY21 to 17,988 in FY22

SOURCE National Labor Relations Board.



Workplace Compact and Democratization of the Workplace

The unionization rate in 2022 is the lowest on record



SOURCE U.S. Bureau of Labor Statistics, NPR, U.S. Department of Labor.



Workplace Compact and Democratization of the Workplace

ESG is an organization's corporate financial interests that focus mainly on sustainable and ethical impacts. Their role is to ensure accountability and systems to manage a corporation's impact.

Environmental



Social



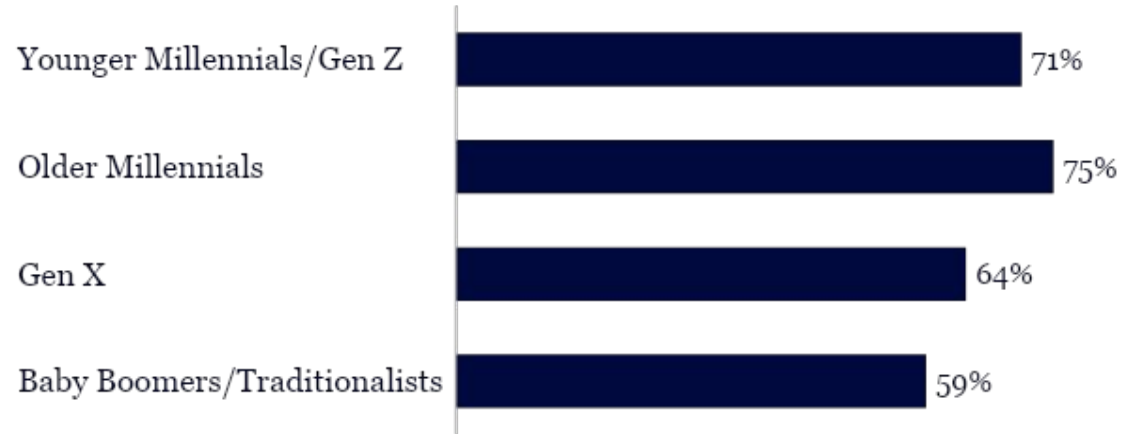
Governance



ESG Goals in Organizations



66% of U.S. workers wish their organization was more concerned about ESG, particularly younger workers:



Workplace Compact and Democratization of the Workplace

Organizations Focus on Social Factors, While U.S. Workers Emphasize Environmental Concerns





ESG Goals Boost Retention, Employee Engagement and Sense of Purpose

Impact of ESG Goals on U.S. Workers

U.S. workers say their organization's ESG goals make...

- 86% them proud to work for their organization
- 86% their job more meaningful
- 86% them want to continue to work for their organization
- 85% them feel they are contributing to a greater cause

Anticipated Impact of ESG Goals on U.S. Workers

U.S. workers say if their organization had ESG goals it *would* make...

- 81% them proud to work for their organization
- 73% their job more meaningful
- 75% them want to continue to work for their organization
- 75% them feel they are contributing to a greater cause



Workplace Compact and Democratization of the Workplace

ESG Strategies as Recruitment Tools

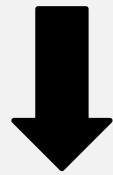
Nearly 1 in 3 U.S. workers willing to take pay or benefit cut for value-aligned jobs.

U.S. workers would be willing to take a job with....



Lower pay

29%
of U.S. workers

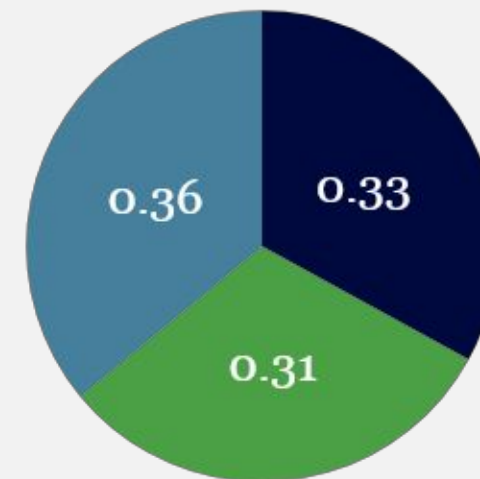


Fewer benefits

30%
of U.S. workers

if the organization's ESG strategies aligned with their values and beliefs.

The Influence of ESG on U.S. Workers' Decision to Apply to Their Current Organization



■ A factor ■ Not a factor ■ Unaware of organization's ESG strategy

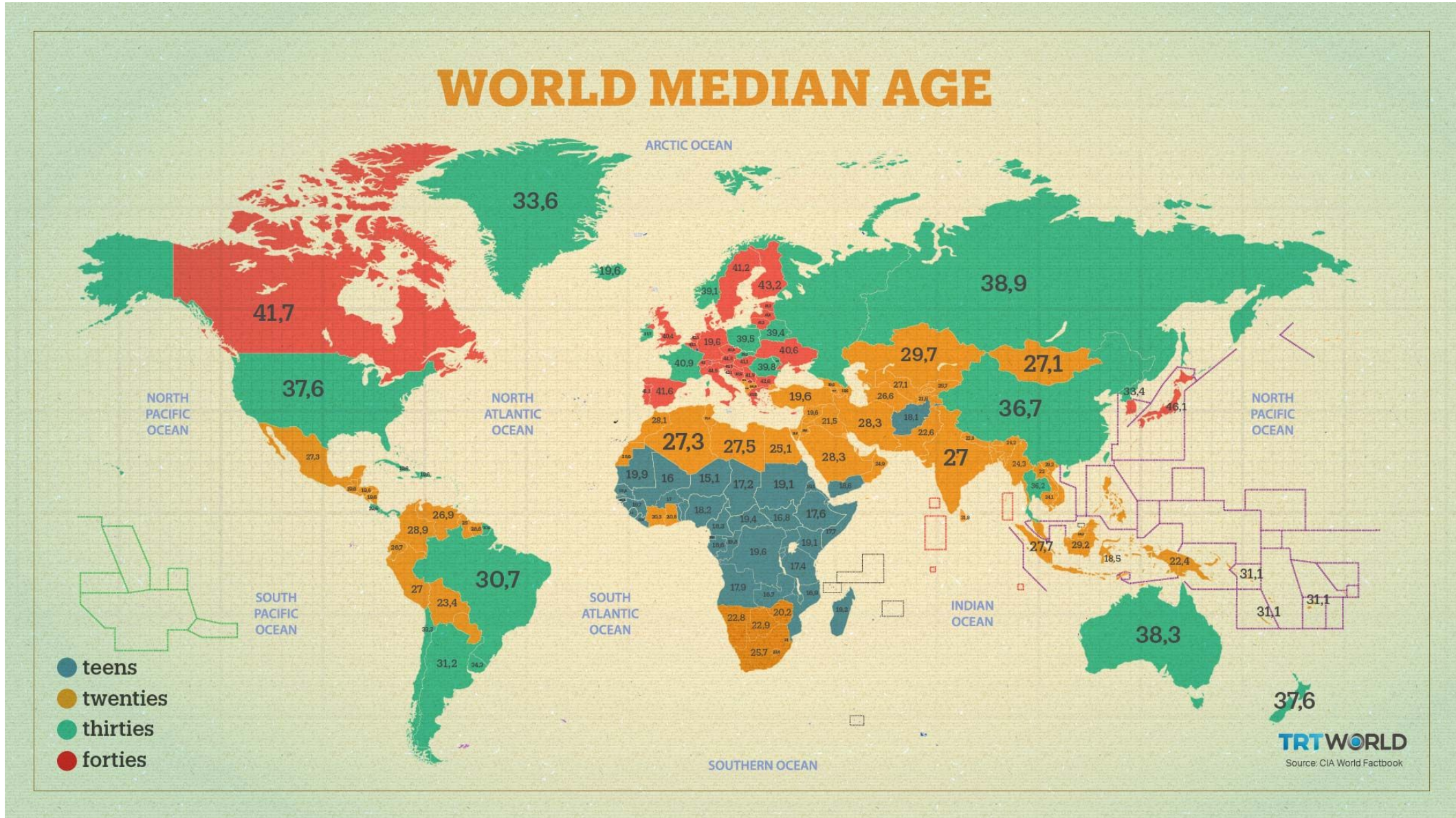


Workplace Compact and Democratization of the Workplace

ESG Strategies Address Top Organizational Priorities



The Importance of Culture



The Importance of Culture

Multigenerational Workforce Management

The first person to live to 150 years old has already been born.

8

As length of life increases, it is likely we will see **eight generations** in the workforce by 2050.

21

Twenty-one percent of organizations have opted for **flexible retirement** as a means of maintaining a workforce.

37

The average age of workers in developed nations is **37.4 years old with fewer than 2 children per household**; nearly 8 years older than it was in 2010.

15

The average Gen Z professional will switch roles **15 times**. By comparison, their grandparents changed jobs 4 times in their entire career.

The Importance of Culture

The cost of turnover due to workplace culture exceeded

\$223 Billion

... over the past five years

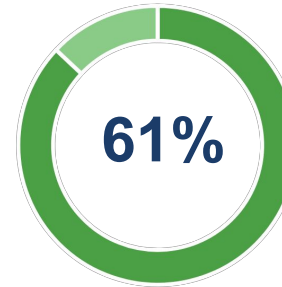


The Importance of Culture

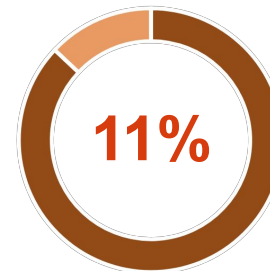
Strong agreement that culture is important to an organization's bottom line



However, not all employees agree that their organization has a good workplace culture.



3 out of 5 Working Americans (61%) rate their workplace culture as good or very good, whereas...



1 out of 10 (11%) would rate their workplace culture as poor or very poor.

The Importance of Culture

What is the Workplace?

