

2024 Shifting Labor Market and Talent Trends



Market Outlook

Attraction and retention challenges remained persistent in 2023 as organizations across industries struggled to find and keep workers. Zywave's 2023 Attraction and Retention Employer Pulse Survey found that over 60% of respondents listed attraction and retention as a top-five business challenge, but this was notably down from 80% in 2022. Looking ahead to 2024, labor markets are expected to remain competitive yet ease up compared to what employers have experienced since the beginning of the COVID-19 pandemic. Competition to win over talent against competitors remains year over year, but how employers react and win over workers continues to change. This year, employers should understand how the market is shifting while focusing on new talent strategies.

While labor challenges are trending down, they remain an operational challenge for employers—especially when it comes to attracting new employees. Changes to the economy, technology and worker desires are unavoidable. As such, employers will be tasked with navigating these factors as they change year over year. These labor and talent trends are likely to shape the employment market in 2024:



Increased compensation—According to industry data, employers are budgeting for an average salary increase of 4% in 2024, down from 4.4% in 2023. While these numbers are high by historical standards, they don't match the raises workers want. Zywave's research found that employers listed "matching worker demands for compensation" as their top current attraction and retention challenge, with 48% listing it in their top three. Employers will need to make tough decisions about how to increase employee compensation or face the prospect of losing workers to competitors who are offering more.



Skills-based hiring—Employers are struggling to find employees with the right skills and develop them for roles that are increasingly complex. The skills needed to perform a job at a high level change every year, leaving employers with the option of trying to acquire those skill sets by hiring or upskilling current employees. Skills-based hiring allows employers to hire for specific skills rather than focus on candidates' education or certifications. While some positions have a legitimate business case for more requirements, employers are finding that focusing on skills-based selection processes can grow their talent pool and help find the right candidate for a job.



The Great Gloom—Employers will face significant employee engagement challenges in 2024, referred to as the "Great Gloom." Employees aren't likely to resign as fast in 2024 as in previous years, but many are increasingly unhappy with their jobs. This dissatisfaction can be due to general stress, worsening mental health, return-to-office mandates, low wages and a lack of career advancement opportunities. The reasons employees are dissatisfied can vary by industry; however, savvy employers across industries will prioritize improving employee engagement in 2024 and avoiding the negative impacts of this trend.



Generation (Gen) Z's growing workforce presence—A report from employment website Glassdoor predicts that in 2024, Gen Z will surpass the "baby boomer" generation (those born between 1946 and 1964) in workforce participation. Gen Z is defined by the U.S. Census as individuals born between 1997 and 2013. This group is rapidly changing the workplace—making employers rethink how they attract and retain workers. This generation prioritizes culture, wants learning and development opportunities, and desires flexibility. They also want a say in reshaping how the workplace works and hope to be able to contribute and problem-solve—even in entry-level roles. To win over this generation, employers will need to rethink how they recruit workers. Expanding an online presence, using social media, and using university and recruiting strategies are good channels to reach younger workers. Creating a collaborative culture with career advancement will help keep them.

These factors are likely to influence the talent market in 2024. Employers will need to adapt by taking inventory of how these trends are likely to impact their workplace and prioritizing strategies to help them navigate the ever-changing labor market.