

HR Will Need to Strike a Fine Balance in 2024 To Keep Employees Happy

HR Brew | Mikaela Cohen | December 18, 2023

The new year will bring new challenges for HR leaders. Remember earlier this year when everyone was preparing for a recession?

Well, feel free to exhale: We may have avoided one (for now), and a report from investment group IG Wealth Management concluded that the likelihood of a recession in 2024 is less than it was in 2023. But the cost-saving measures businesses have taken in anticipation of a potential economic downturn—from cutting benefits to RTO mandates and layoffs—may continue to affect employees in the new year, a recent Glassdoor report found.

“What we’re seeing is both a combination of the consequences of decisions made in 2023 and reality catching up to some of those [recession] fears,” Aaron Terrazas, chief economist at Glassdoor, told us. A few trends, he added, will impact HR teams.

Bad news benefits. Wage growth leveled off in 2023, after inflating in 2021 and 2022 as employers tried to retain workers amid the Great Resignation. Terrazas told HR Brew that wages may not fall in 2024. But employers may continue cutting benefits like tuition reimbursements—a perk, he said, he’s seen declining in recent years—to offset budget constraints leftover from recession worries.

He said this could create recruitment and retention challenges for workers who value or depend on eliminated offerings.

Layoffs loom. Layoffs can have a lasting effect on morale, Terrazas said, adding that he expects HR pros at companies that cut jobs or benefits in 2023 will be focused on improving employee satisfaction in 2024.

Layoffs especially impact middle managers, because they tend to take on extra work when teams are downsized, he said, adding that HR leaders should be mindful of a “degree of unhappiness brewing” that could affect their retention of managers in the new year.

Carrots and sticks. As the labor market has cooled and bargaining power has returned to employers’ hands, some CEOs have mandated strict RTO policies, arguing that in-person work is better for business and remote work is bad for productivity. Terrazas said this is a transition from “carrots” incentivizing office returns to “sticks” mandating them.

In 2024, HR leaders will have to strike a “narrow balance” to “keep their employees happy and in seats,” Terrazas concluded.