



HR leaders double down on attraction, retention

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Survey shows an intense focus on training, wellbeing

Amid a sustained period of low unemployment, human resources leaders are clear about their priorities as they work to support organizational objectives.

Attracting and retaining top talent is overwhelmingly the primary challenge that human resources professionals said they are facing in Grant Thornton's 2024 HR Leaders survey. Respondents identified improving the ability to retain talent as their main priority for the next 12 months, followed closely by their ability to attract talent.

The survey of more than 620 HR leaders — CHROs, chief people officers, chief talent officers, vice presidents and directors — shows the urgency for HR professionals to maintain effective workforces in a competitive talent environment, and it reveals some of their plans for preparing their workforce for the future. HR leaders are developing a broad-based approach to maintain and improve the capacity for their people to be the engine that drives organizational growth.

This objective is likely to require:

- An unwavering commitment to training and development, which survey respondents identified as their co-No. 2 priority for the next 12 months (behind employee retention and tied with employee attraction). Artificial intelligence (AI), which can play a key role in this effort, requires immediate employee education on how to use new tools that can improve their productivity.
- Attention to employee wellbeing. Although HR leaders said employees' wellbeing has improved over the last 12 months, tepid employee engagement statistics point to the need for improvement in this area.
- Restructuring — or at least fine tuning — the HR operating model. Almost eight in 10 respondents fully expect that their HR functions will be modernized to deploy automation, improve efficiency and reduce costs.
- Focus on ESG and diversity, equity, inclusion and belonging (DEI&B) as employers welcome and advance people from the widest possible variety of backgrounds.
- Careful merger and acquisition integration planning to help organizations maximize the value achieved from transactions, which are expected to increase in the coming year.

HR leaders should waste no time embarking on ambitious, broad-based, people-focused initiatives. Population trends indicate that at least in the United States, employee attraction and retention may be a challenge for decades. Members of the Baby Boom generation will continue to retire through the next decade, which will put a dent in the U.S. workforce. Meanwhile, declining birth rates from 2014 through 2023 (except for a brief pandemic-related rise) reported by the Centers for Disease Control and Prevention indicate that the coming generation's native-born workforce will be modest in size.

"These major societal trends reinforce the importance of employee retention in particular," said Jennifer Morelli, a Grant Thornton Growth Advisory Services Principal. "These trends will hit some industries, such as manufacturing, particularly hard."

Fortunately, there's a lot that forward-thinking HR leaders can do to prepare for the changes ahead.

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Jennifer Morelli

Principal, Growth Advisory Services
Grant Thornton Advisors LLC



Putting employees first

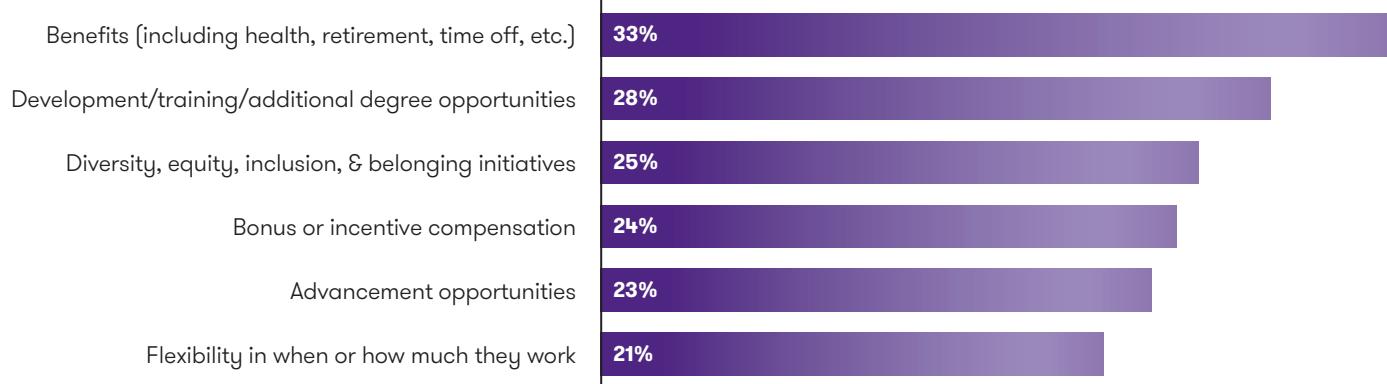
Training, developing and promoting

There's little doubt that technological enhancements, including AI implementation, will play a major role in addressing workforce shortages in the coming years.

Almost half (47%) of finance leaders in Grant Thornton's most recent [quarterly CFO survey](#) said their organizations are already using generative AI, and another 47% say they are exploring

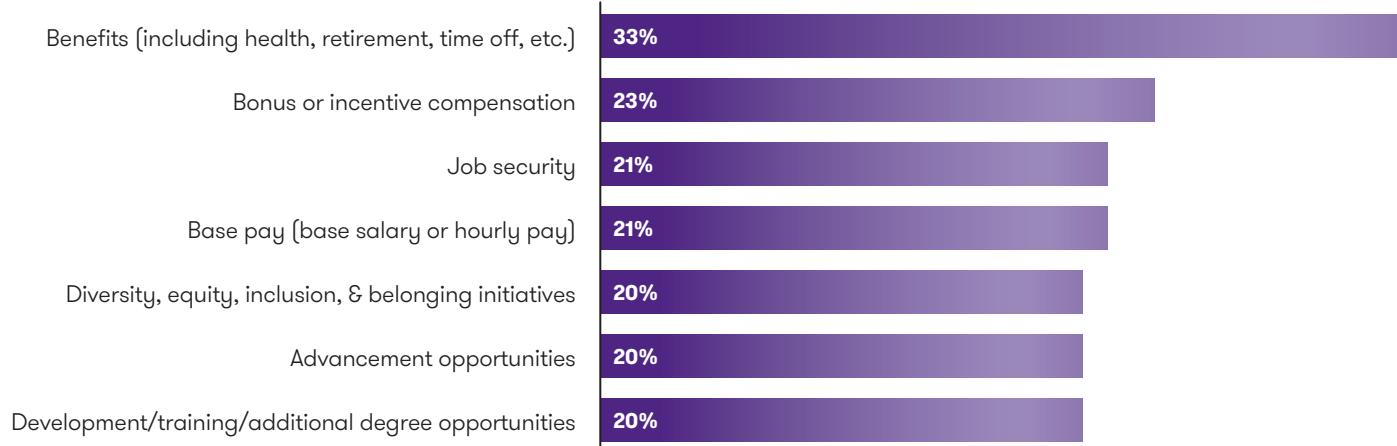
potential use cases for the technology. Meanwhile, more than three-fourths (77%) of HR leaders say their organization has an AI strategy in place. AI shows enormous potential to improve productivity, but it will require acceptance from employees and the organization.

Why do you believe employees join your organization?



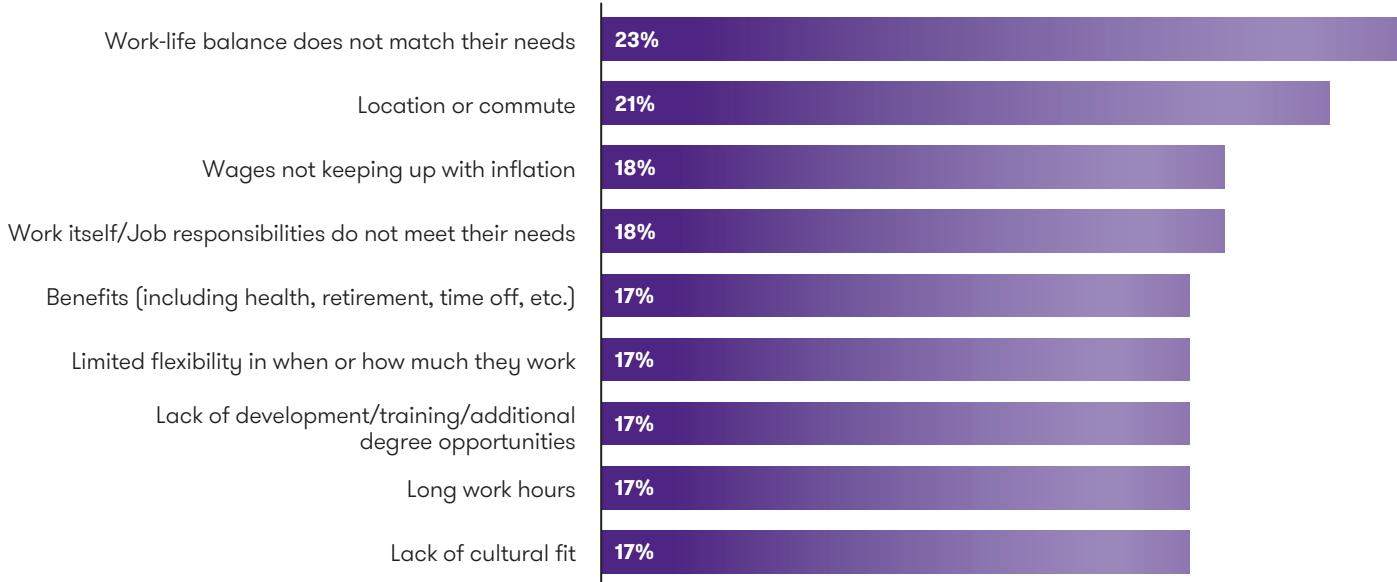
HR leaders said the top factors that convince new employees to join their organization are benefits, development and training opportunities, and DEI&B initiatives.

What's keeping employees at your organization?



HR leaders say that benefits is the number one reason that employees stay with their organization. Bonus or incentive compensation, job security and base pay also rank highly as important factors for new hires.

Why are employees leaving your organization?



Although HR leaders cited benefits as the top reason that they are able to hire and retain employees, other reasons emerged as the reasons employees leave their organizations. Inadequate work/life balance, inconvenient commutes, wages not keeping up with inflation, and the work itself were cited as the top factors.

In the HR Leaders survey, 78% of respondents said their employees have enough opportunities to build skills valuable for advancement and development. In today's environment, workforce skill development remains a key reason employees join a company.

Some organizations are using AI to help develop training. Based on questions that employees ask, AI platforms can suggest new competencies for them to develop, and then offer self-paced interactive training that's tailored for their needs.

As automation emerges in this area, HR leaders need to maintain a human element to training and development. Although younger workers in particular may prefer web-based training (and onboarding), a personal touch also remains important, said Joe Ranzau, a Growth Advisory Services Managing Director for Grant Thornton.

"Be mindful to balance the cost savings and convenience of virtual onboarding," Ranzau said. "Most humans crave interaction — when using virtual onboarding, try to minimize the use of pre-recorded content."

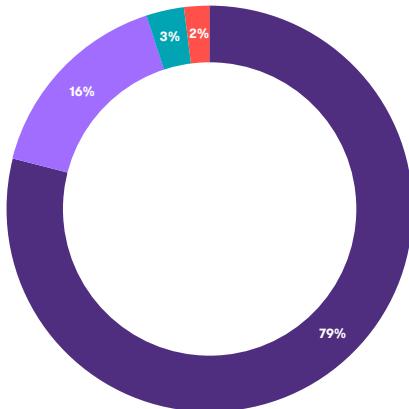
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Joe Ranzau

Managing Director, Growth Advisory Services
Grant Thornton Advisors LLC

My organization is transparent about the career path and advancement of our employees.

- Completely agree and agree **79%**
- Slightly agree **16%**
- Slightly disagree **3%**
- Completely disagree and disagree **2%**



HR leaders say transparency about career paths, considered an essential employee engagement quality, is delivered by an overwhelming majority of organizations.



Prioritizing wellbeing

Companies get high marks from HR leaders for their commitment to employee wellbeing, as 79% of respondents said their organization places a high priority on improving the employee experience.

Meanwhile, HR leaders said that in the past 12 months, employee wellbeing has improved at least somewhat at their companies, physically (79%), mentally (78%) and financially (74%). These favorable results are in stark contrast to what we see broadly as employees continue to struggle with managing their mental health and wellness and the role work plays.

Other indirect measures of wellbeing were less positive. On average, HR respondents said more than one-third (37%) of their employees are disengaged. And the top reason cited by HR leaders for people leaving their organizations is that work/life balance does not meet their needs.

What this conflicting perception shows us is that HR leaders and managers need to dig deeper to understand the challenges faced by employees and take an active role in supporting them in their mental health needs and measuring the improvement, said Margaret Belden, Grant Thornton Growth Advisory Services Director. “Offering employee assistance programs and other wellness activities are simply not enough. Leaders need to look at the work environment, the activities, the intensity of the work schedule and expectations, and allow for a safe environment to speak up about challenges,” Belden said.

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Director, Growth Advisory Services
Grant Thornton Advisors LLC

Company benefits, of course, play a prominent role in employee wellbeing, and HR leaders cited benefits as the chief reason their company attracts and retains talent. They stated that some of their differentiators are personalized wellness, the ability to freely choose working hours and providing housing, transportation allowance and child-education subsidies.



Improving HR workflow

HR operations optimization

Seventy-eight percent of survey respondents said they expect their HR function to be modernized, and 83% anticipate the need to update their HR operating model in the next year.

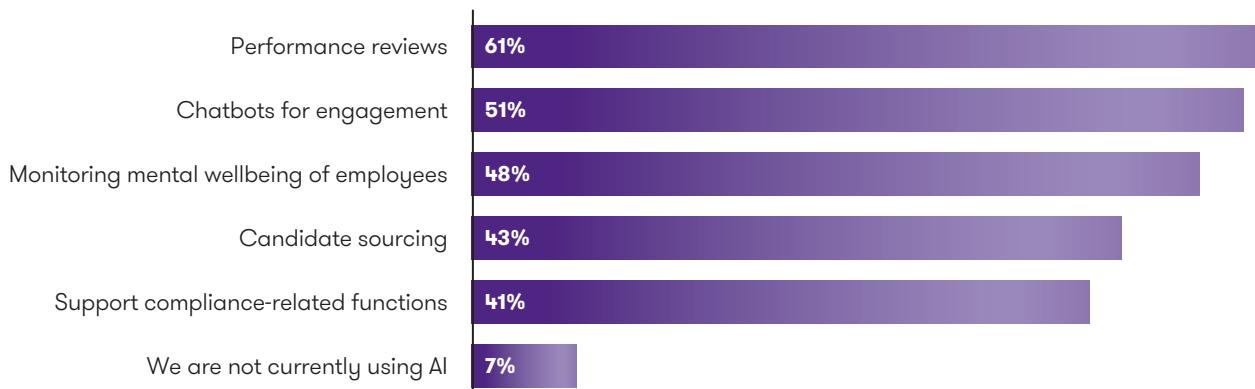
The emerging availability of transformative new technology makes this an ideal time for HR leaders to reimagine their entire operating model. Ranzau said legacy technology systems often have kept various HR functions in silos that have been an obstacle to cohesion in HR.

For example, if one silo is devoted to pay, another focuses on benefits and a third handles learning and development, HR services can become fragmented. Ranzau said that in HR, strategy unfortunately sometimes follows structure, when it would be better if the reverse were true.

“Employees have shifted to view the entire HR experience as one,” Ranzau said. “So, HR leaders need to start thinking more about shifting to a chief employee experience officer role with an integrated view of the whole function. Re-engineer HR to meet employee expectations rather than sticking with a structure and technology that keeps everything in silos.”

Meanwhile, HR organizations already are taking advantage of the many efficiencies that AI can offer. Forty-three percent of respondents are using AI for candidate sourcing, which can have both benefits and consequences.

How is your organization using AI?



More than six in 10 HR leaders say artificial intelligence is being used to assist with performance reviews at their organizations. AI also is being deployed in chatbots to drive employee engagement, and as a tool for monitoring employee wellbeing. Although 43% of respondents say they are using AI for candidate sourcing, the technology provides both opportunities to prevent bias in hiring and risks for introducing bias into the process.

HR leaders also are concerned about other AI implementation issues. When asked to choose the three most important challenges to successful AI adoption, respondents chose data privacy concerns (51%), integration with existing systems (49%) and lack of a clear business case (38%) as their top concerns. Generative AI, when used in HR functions, has significantly improved cost of delivery and streamlined onboarding and learning programs, Ranzau said.

But to do so requires access to private information of employees, which HR leaders see as a potential data privacy risk. Part of minimizing that risk, Ranzau said, involves training a company's workforce on AI implementation. This is the top barrier to AI adoption in HR, and it needs to be addressed to enable optimized, integrated operations inside and outside the HR function.

Ranzau cautioned that if regulators or the courts find that their AI tool does introduce illegal discrimination into hiring practices, companies will be held responsible, even if the discrimination is inadvertent.

Delivering on DEI&B and ESG

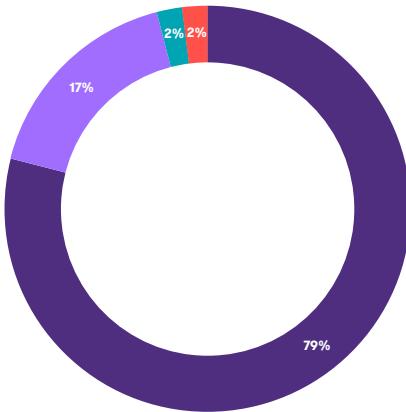
More than half (56%) of HR leaders say their organization has increased its focus on DEI&B in the past 12 months, and just 6% said their DEI&B efforts decreased during that period.

Delivering on DEI&B and ESG, identified as a top HR priority

for both talent acquisition and retention policies, can widen an organization's talent pool, add new perspectives that can lead to innovation, and help in attracting employees, particularly among younger generations who are focused on these efforts when selecting an organization.

People from all backgrounds and identities have equitable opportunities to advance their career in my organization.

- Completely agree and agree **79%**
- Slightly agree **17%**
- Slightly disagree **2%**
- Completely disagree and disagree **2%**



Almost four in five HR leaders feel advancement opportunities at their companies are equitable to all backgrounds and identities.



Outside challenges

Post-M&A integration

“People truly make or break an acquisition, and you need to invest the time up front to understand the people issues and risks and plan for integration to ensure employees are engaged throughout the process.”

Angela Nalwa

Director, Growth Advisory Services
Grant Thornton Advisors LLC

One of the main causes of disruption in today’s employee market is M&A activity. More than three-fourths (77%) of HR leaders said their organization has conducted an acquisition in the last two years, and 72% expect their organization to merge or acquire another business in the next year. Grant Thornton’s most recent [survey of M&A professionals](#), meanwhile, shows that deal activity is expected to increase this year.

Angela Nalwa, Grant Thornton Managing Director, Transaction Advisory Services, said this should prompt HR leaders to review their readiness for an acquisition, including HR strategy, organization structure, integration processes, and overall policies and practices to ensure they are well prepared for these activities and have a repeatable and impactful playbook.

“People truly make or break an acquisition, and you need to invest the time up front to understand the people issues and risks and plan for integration to ensure employees are engaged throughout the process,” Nalwa said.

Talent loss challenges all industries

Looming in the background as a potential hurdle for mission-critical attraction and retention initiatives is the survey finding that 42% of HR leaders said they anticipate layoffs at their company in the next six months. That’s closely aligned with the 40% of CFOs who stated the same in Grant Thornton’s [CFO survey from the second quarter of 2024](#).

“Given the continued challenge of identifying and retaining employees and the selective nature of employees in joining an organization, we need to be thoughtful about how and when we consider releasing employees,” Belden said. “As we have seen in the past, it is hard to recover from lost talent, and we continue to face challenging employee preferences.”

Although AI may substantially shift the roles and duties for the workforce over the coming years, population trends indicate that our current HR Leaders survey’s intense focus on attraction and retention will need to continue.

The successful organizations of the future will be the ones with HR functions that meet workforce issues head-on and keep their people equipped to support business objectives.

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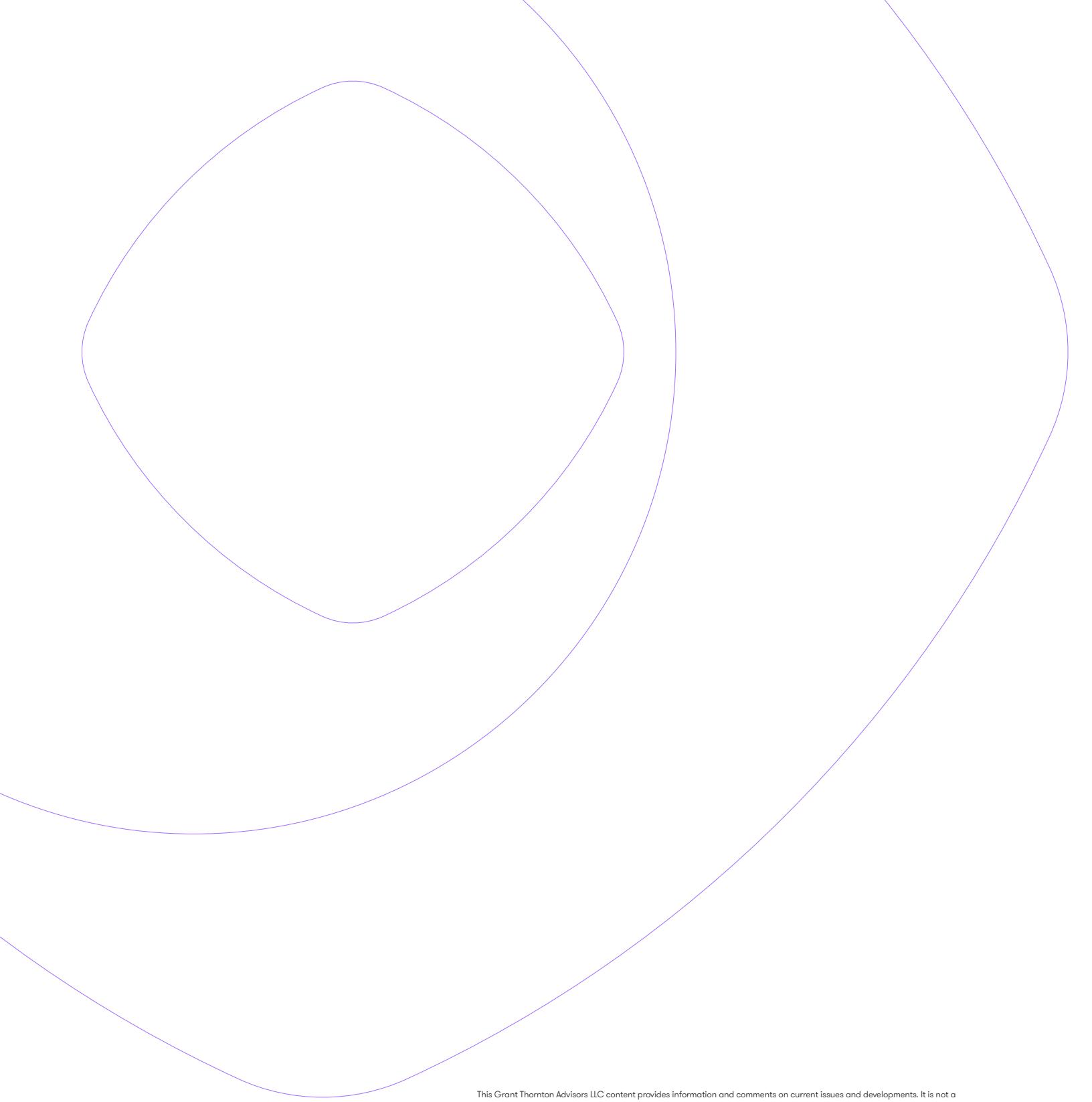


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