Q3/4 2024 Trends

Workplace insights and trends in work-life balance, employee well-being and company culture.

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We're pleased to present Circles' **2024 Q3/4 Workplace Trends Report**, our second edition! Our inaugural report was read by over 8,000 individuals, and we extend a heartfelt thank you to everyone who shared their enthusiasm and feedback. As we approach the end of FY24, we're seeing a noticeable shift towards retaining employees through enhanced, personalized lifestyle benefits and flexible work arrangements. This mindset shift aims to transform workplace culture into a valuable asset that enriches the employee experience. AI remains a trending topic, and as you'll read in trend #6 (see page 40), it brings more opportunities than challenges for HR teams, with innovative strategies emerging almost daily.

Despite inflation, high interest rates, and the upcoming presidential election, the U.S. economy remains resilience. Home prices across the country rose by 6.4% in February compared to the previous year, marking the fastest growth rate since November 2022. But mortgage rates have hit their highest levels in recent history, surpassing 7% as reported by Freddie Mac, hindering the American dream for many. The unemployment rate in April was 3.9%, slightly higher than the 3.8% recorded in March. Despite ongoing economic uncertainty and geopolitical instability, corporate profits are optimistically forecasted to rise in 2024 and into 2025, especially in the biotechnology, renewable energy, healthcare (telemedicine and predictive analysis), and fintech sectors.

Drawing on the collective experience and expertise of our team, this report delves into what we see trending now and our vision of how these trends will impact the future of the workplace. Employee well-being strategies are now at the forefront of HR planning, with significant improvements in mental health and family planning benefits. This reflects the broader trend of personalizing employee benefits to accommodate diverse lifestyle choices and needs at every stage of their work and life journey. Leaders know their employees are their greatest asset and are committed to making them happy to drive their business forward. And that's just the tip of the iceberg.

We hope you find this report valuable for you and your organization. The entire Circles team, along with hundreds of client partners over the years, has contributed to our extensive knowledge base, helping to create this report. Our goal remains steadfast: to deliver fresh insights, actionable strategies, and best practices to help organizations create a future of work where everyone feels valued, supported, and connected.

Thank you for joining us on this journey towards a more fulfilling, satisfying and productive workplace.

Craig Window
President, Circles US

Trending topics

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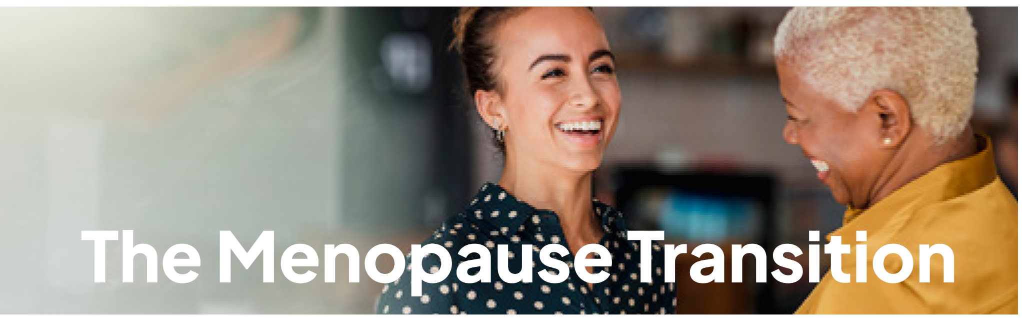
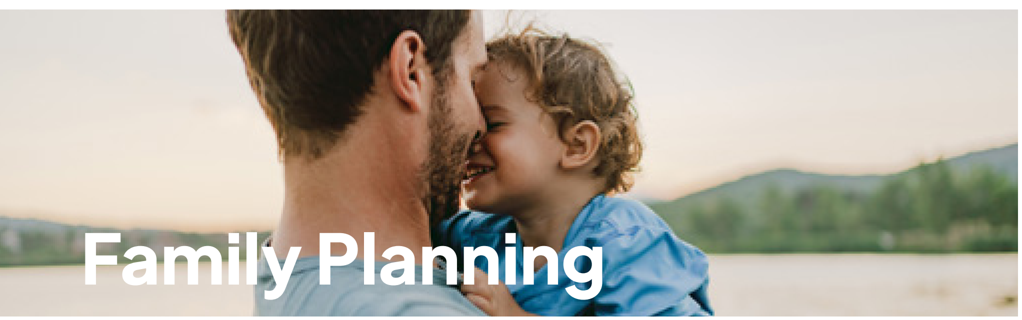
Trending: employee well-being

(1) Focus on three key areas to improve employee well-being





Prioritizing employee well-being requires organizations to understand and address the biggest issues that employees face, both at work and in their lives outside work.

Recently, we've seen employers embrace and prioritize benefits, initiatives, and policies that do more to support employees and their families throughout many life stages and challenges.

These efforts are characterized by three trending considerations that impact large portions of the active workforce today are mental health, the menopause transition, and family planning.

Well-being: Mental health support

While this may be unspoken, employers often contribute to work-life imbalance through unrealistic workloads, overtime expectations, or a lack of flexibility in workplace solutions. Employees carry that work stress into their home life, struggling to disconnect from work, leading to burnout and decreased job satisfaction. In fact, 35% of working Americans

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say their work negatively impacts their mental health, according to the Society of Human Resource Management (SHRM) research, and fewer workers reported a neutral or positive impact.

The top three factors contributing to workplace stress, according to a separate SHRM study, are:

Workload
64%

Pay/ compensation
57%

Nature of their work
48%

Across the population, the National Alliance on Mental Illness (NAMI) reports that 20% or 1 in 5 adults are affected by mental illness each year but less than half (47%) of those people receive treatment. Why are so many Americans going without treatment for their mental health issues?

The primary reason people don't get the mental health treatment they need is cost. According to a recent Mental Health America study, nearly half (42%) said they cannot afford mental health care and 17% said their health insurance doesn't cover enough. Many employees also report an absence of accessible mental health services in their workplace: 50% or more of employees in 11 of the 16 reportable industries said there are no services available or they are not aware whether they exist.

Talking about mental health in the workplace with colleagues and bosses remains largely taboo, which may contribute to the reasons people do not seek treatment. Employers who prioritize employee well-being have a responsibility to address the stigma by leading the conversation, with more robust mental health care benefits, educational events on mental health topics, and flexible policies that make mental health treatment more accessible to employees (such as expanded PTO, flex time, and hybrid work schedules). All of these actions contribute to a 'culture of acceptance,' which NAMI suggests is crucial to alleviating feelings of social isolation and workplace stress, in addition to supporting talent attraction and retention goals.

While mental health challenges can affect anyone, the examples on the next page come from three professional segments who are profoundly struggling with employee mental health issues.

Mental health struggles in the legal industry:

- The tragic death of Pinsent Masons U.K. partner Vanessa Ford rocked the global legal industry because so many know what it is like to feel overwhelmed, stressed and burnt out. Ford ended her life amid acute mental health struggles. She reportedly experienced intense guilt over missing family time — spending time with her two young sons — as work on an impending deal intensified.
- The top tier commercial legal industry certainly has some unique stress factors: the industry is very fragmented; internal competition is fierce; and every minute is measured.
- Ford's story has sparked renewed advocacy for great acknowledgment of the human condition in demanding work environments, as well as the need for employers to proactively support employees' mental health as part of broader well-being initiatives.

Mental health struggles in healthcare:

- The American Hospital Association (AHA) revealed stunning figures around the prevalence of stress and mental health challenges in the industry. AHA found that 93% of health care workers reported stress, 86% reported anxiety, 77% reported frustration, 76% reported exhaustion and burnout, and 75% said they were overwhelmed. But only 13% of front-line health care workers say they received behavioral health services.
- During the COVID-19 crisis, we saw a spike in support for health workers. But while the pandemic may be largely over, healthcare professionals continue to face mental health challenges.
- In a 2023 *HealthDay*-Harris Poll survey, 63% of doctors and nurses said they experience burnout at work and research suggests that health workers, including physicians and nurses, are at increased risk for life-threatening mental health challenges.

Mental health struggles in the financial sector:

- In another historically high-stress profession, employee depression, anxiety and loss of life are rising.
- Long work days, fewer breaks, and tight deadlines create a pressure cooker for many employees in finance.
- Many firms are also understaffed and working with shrinking budgets, further increasing the demands on those who work there.
- Research by Calm revealed that 36% of workers in the finance industry are feeling stressed and anxious more than half the days or nearly all the time. Also concerning are the 44% of bank employees who say being overworked negatively impacts their mental health and 34% say being too busy has the same result.

Well-being: Supporting physical health at critical life stages

We're noticing an upward trend in employers doing more to support employees and their families during major life stages, particularly around support for the menopause transition and family planning.

Regarding the menopause transition

According to the Mayo Clinic, perimenopause symptoms can start in the 30s and can last 8–10 years before a person reaches menopause. This phase in life — the menopause transition — is often associated with symptoms that upset sleep, cognition, emotions, and other biological processes. In fact, 40% of employees report that symptoms of the menopause transition interfere with their work on a weekly basis, according to Maven Clinic.

Providing support for a significant life change that will impact around half of the workforce is not a nice-to-have bonus. It's foundational — and it's crucial to supporting sustainable business outcomes, too. Without appropriate support and treatment, perimenopause symptoms can cost organizations and stifle growth and innovation.

The Mayo Clinic found that "15% of women either missed work or cut back on hours because of menopause symptoms." That loss of productivity costs an estimated $1.8 billion each year.

When it comes to employer support for the menopause transition, the times are changing, if slowly. In the past year, menopause, and the policies and benefits surrounding it, have come front and center. With the prioritization of well-being — and the facts that 57% of all women in the U.S. work full-time and more than 75% of people work throughout their menopause transition (which is typically in their 40s and 50s) — it's no wonder. Awareness and discussion of menopause are becoming normalized. Including menopause transition benefits as a part of a holistic benefits strategy is the first step in recognizing and addressing health issues for this inevitable life transition. Roughly half the workforce will experience firsthand and many more will have an immediate family member who goes through the transition.

Recently, the Equality and Human Rights Commission (EHRC) published new guidance on the menopause transition in the workplace. The guidance aims to help employers understand their legal obligations when "supporting workers experiencing menopausal symptoms," while serving as a tool to educate employers on the symptoms and impacts of the menopause transition. Armed with this knowledge, leaders can be better equipped to create policies and offer benefits that serve the unique needs of this significant life stage.

Regarding fertility

Starting or growing a family is a big decision and doesn't come easily to everyone who wants it. We see employers offering more benefits and policies that help support employees who wish to expand their family, through access to fertility treatment and services, adoption support, additional PTO for appointments, and so on.

Fertility services have become an increasingly valuable employee benefit. Maven Clinic research found that 70% of millennials would change jobs to gain access to fertility coverage.

This figure is in stark contrast to the 40% of employers that offered fertility benefits in 2023, according to the International Foundation of Employee Benefit Plans. That was an increase from 30% in 2020, indicating that employers are beginning to expand fertility benefits.

For organizations that do not yet offer fertility coverage, it's an important consideration. The need for fertility services is rising and the costs are prohibitive for most people without help from medical benefits. According to Pew Research, nearly half (42%) of Americans have had fertility treatments or know someone who has, up from 33% five years prior. One round of in vitro fertilization (IVF) treatment can cost as much as $30,000 when paying out-of-pocket, an expense that is likely out of reach for most people in the workforce.

CIRCLES BEST PRACTICE

Prioritizing employee well-being

Employee well-being has a profound effect on organizational culture and the work environment. Circles encourages its clients to address their workforces crucial needs by prioritizing employee well-being. This protects the business from losing valuable workers due to turnover, the loss in productivity that comes from higher absenteeism, and the inclusion challenges that are a result of employees feeling uncared for and isolated.

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Actions for employers to consider

Finding ways to support employees' work-life balance while meeting business needs is essential for maintaining a happy, loyal workforce and building a thriving culture.

To support overall employee well-being:

- **Raise awareness and reduce stigma.** Include mental health, the menopause transition, and family planning issues in conversations around employee well-being, educate employees and managers with mental health training, and support work/life balance with practical policies.
- **Foster a supportive work environment** where leaders encourage open dialogue and communication between managers and employees, allowing people to express their needs and concerns without fear of negative consequences.
- **Offer resources and providers (and easy access to them).** Providing support at the employer's expense — whether through medical insurance, additional employee benefits and/or supplemental support programs funded by the organization — may help alleviate financial concerns associated with seeking treatment.
- **Provide benefits and programs that promote well-being and work-life balance — and mean it.** Avoid practicing 'well-being washing' by ensuring that your goals and rhetoric are backed up by tangible programs and policies. This could include programs like mindfulness sessions, stress management workshops and fitness activities, to name a few.

To support individual mental health:

- **Train managers to be alert for symptoms of burnout and stress.** Provide them with resources for addressing early signs before a crisis point is reached.
- **Make the available resources well-known to employees** by improving communication and education around the supports your organization offers.
- **Encourage Employee Resource Groups (ERGs)** and provide time and space for them to meet.
- **Offer additional PTO** and set expectations that employees feel comfortable taking time off when they need to recharge or seek treatment.

To support families and their health challenges:

- **Offer physical accommodations** like flex time/location, hybrid work schedule, etc so people can manage their symptoms and appointments.
- **Create support groups/networks** (ERGs or another framework) and provide resources for those groups.
- **Proactively fight ageism** with policies that include and support people at all life stages.
- **Provide comfortable workplaces** with temperature controls, access to natural light and proper ventilation, which benefit all employees.

Trending: personalized benefits

(2) Interest in personalized, lifestyle benefits is on the rise

In general, employee benefits and workplace perks are playing an increasingly large role in talent attraction, employee engagement, and retention.

The growing attention on employee benefits has employers working to identify which benefits offer the flexibility employees need, while appealing to a wide range of workers.

In Lockton's 2024 National Benefits Survey, they found a clear benefits philosophy was key to striking the right balance between offering competitive benefits that would attract and retain talent, and managing growing costs.

One popular benefit, flexible spending accounts (FSA), offers employers a unique solution to this challenge. FSAs (or lifestyle spending accounts) are employer-funded accounts that offer employees reimbursement for expenses on a variety of items, services, and activities. This type of benefit allows employees to choose the types of support that fit their individual needs so it's an effective and efficient choice for today's multi-generational workforce.

What's trending in this area is the increase in contribution limits, and the ability to rollover up to $500 which provides some flexibility to the "use it or lose it" aspect. Another notable change is the expansion of eligible expenses to include over-the-counter medications and menstrual care products, empowering FSA participants to use their funds for a wider range of health-related needs.

These types of accounts do, of course, come with some administrative requirements and financial costs — as much as $850 per employee per year on average — which can be

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cost prohibitive. Employers retain the funds they place in such accounts until employees use them, if they do at all. In some cases, this is an example of well-being washing, where employers appear to support employees with programs like this, but in reality, intentionally under promote them so the company winds up spending less. Despite the vast flexibility of spending accounts, even well-intentioned employers are still grappling to raise awareness and utilization.

Benefit utilization continues to challenge employers

HR leaders are constantly asking, "Where do we want to spend our dollars?" The answer often hinges on how much of the employee population a new or expanded benefit could help. Will this be relevant to 2% of the population? 10–15%? 75–80%? In many cases, benefits relevant to the largest proportion of the workforce will top the priority list.

Yet, there's a slight disconnect between the benefits that are relevant to a given employee and the benefits that the employee will use. There are a few common reasons for this:

- Employees are not aware of all the benefits available to them
- Employees aren't 'connecting the dots' as to what benefits are available at the time they need them
- Benefits are inconvenient to use due to confusing instructions, cumbersome platforms and/or limited operating hours

There's a deceptively simple trending solution that solves for the challenges related to benefits use: cross-promoting benefits.

Using Circles as an example, our holistic customer success strategy includes promoting the other benefits our clients offer their employees. Jessica Stanton, VP of Account Management at Circles U.S., says, "*Supporting our clients in promoting all their benefits really resonates. Because employees come to us for such a wide range of services, we are a great centralized group to help promote other available benefits. This is important for a newly launched Circles client, MedStar Health. For this account, we actively promote their new employee assistance program (EAP) that supports mental health for physicians. Doing so ensures the service stays top of mind for their busy practitioners.*"

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CIRCLES BEST PRACTICE
Increasing Benefits Usage

Cross-promoting employee benefits using all available communication channels is the most effective way to boost benefits utilization. Through our work with clients, Circles has identified this best practice as the ideal way for employers to educate employees about available benefits and help them take advantage of the support offered. Our work-life balance advocates make employees aware of related benefits they may need, such as suggesting a caregiver benefit when they complete a request for meal delivery for an aging parent, or providing suggestions for backup childcare support when they are researching local daycare centers.

Offering value-based benefits for better utilization

Value-based purchasing initiatives aren't exactly new. They emerged in the early 2000s, led by organizations like the Centers for Medicare and Medicaid Services (CMS). At that time, programs began tying financial incentives to care quality, which paved the way for broader value-based reforms. Basically, the antiquated fee-for-service model that shifts costs to employees was replaced with one that takes a proactive approach to outcomes.

We're now seeing renewed attention and excitement around the types of benefits that help employees feel truly supported and cared for. Benefits programs are seeing success in this area each and every year, with increasing focus on wellness and well-being, because happy and healthy employees are good for business! Employees who live healthier lifestyles tend to be more productive and are absent less often.

Structuring a total benefits package more broadly to include other types of work-life balance benefits – ones that reduce stress and encourage healthy living – pay off with lower turnover rates and an even better bottom line.

CIRCLES BEST PRACTICE

Measuring & Achieving ROI

Tying financial incentives to program usage and participation helps ensure there is 'skin in the game' for both the vendor and employer. Circles has found that those incentives keep programs top of mind and ROI remains a focal point for both benefit providers and HR leaders.

Employees want (and deserve) more

The trend towards personalized benefits, including voluntary benefits and LSAs (lifestyle spending accounts), empowers employees to tailor their benefits according to their unique needs and lifestyles. This shift reflects a modern workplace that values individuality and personal choice. The push for more personalized benefits will also challenge HR teams to rethink traditional benefits packages and shift to more of a total health and well-being approach — connecting physical health, mental health, and financial health.

Here are some trending examples of such offerings:

- **Providing on-site convenience services** like car wash/detail, dry cleaning, package receiving, and other errand-running services.
- **Offering reimbursement or discounts on total health services**, ranging from gym memberships to financial planning classes.
- **Having benefit ambassadors act as the main point of contact** for promoting benefits and understanding when benefits may be applicable to an employee.

These days, employee benefits geared toward health and well-being go well beyond a traditional medical insurance plan. Paychex reports as many as 2 in 5 employees are experiencing some combination of mental health concerns, performance issues, and stress and 78% of employees reported they're more likely to stay with an employer because of their benefits program. Extended health coverage, including benefits that include wellness resources like massage therapists top the list for what top talent is looking for.

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Benefits that address lifestyle needs

Enhanced medical benefits

Within the topics we covered in trend # 1 (see page four), ‘family-friendly’ benefits that offer better and more expansive support for people in all phases of life are becoming increasingly more valuable to employees and job seekers alike. Employer-sponsored fertility benefits are among the most popular. According to Mercer, about 45% of large employers offered in vitro fertilization (IVF) coverage to their employees last year, up from 22% in 2019. The shift is driven by heightened discussions around employee financial wellness, as fertility treatments carry significant costs.

73%
of employees have caregiving responsibilities

Work-life balance benefits

Today’s workforce demands more flexibility than ever before. Flexible work schedules and resource support that take into consideration childcare and elder care are essential. An astounding 73% of employees have caregiving responsibilities — and most employers don’t track this. According to research by Harvard Business Professor Joseph Fuller, this results in U.S. businesses losing $35 billion annually from failing to attract, support, and retain these crucial workers. While we traditionally think about moms wrestling to balance work and family, this is a universal challenge for parents. Fuller’s research found that a third of men change jobs when they become caregivers.

Financial health benefits

More people want to buy homes, but they’re struggling with high interest rates and rising prices, a new report from the

National Association of Realtors found. Sales of existing U.S. homes fell 4.3% in March from the month before, the first month sales have declined since December. The average home price last month was $393,500, up 4.8% from March 2023. Offering benefits that help employees with credit repair, savings strategies and programs, and real estate resources may help people get closer to making their homeownership dreams come true.

Another interesting trend to watch: pensions could be making a comeback. IBM announced a shocking benefits twist in late 2023 by ending its 401(k) match for its roughly 300,000 employees and switching to a defined benefit (DB) plan with no employee contribution — essentially a pension plan. We'll keep an eye on this, so watch for this to make an appearance in a future trend report.

Mental health benefits

As employees continue to experience overwhelm and burn out at work, benefits that help employees reduce stress (rather than just "manage" it) and improve their emotional wellness will be a top priority. It also makes sense from a hiring and recruiting perspective, since 60% of employees recently surveyed by Paychex said that mental health benefits will factor into selecting their next job. Adding or expanding mental health benefits — and promoting them during the recruiting process — can help boost talent attraction and recruiting outcomes. For more on the types of benefits to consider, be sure to read trend # 1 of this report, starting on page 3.

60%

of employees say mental health benefits factor into their job selection

Trending from Circles' clients

Across all these topics, Circles works with clients who are on the leading edge of identifying and implementing ways to improve support for employees in all stages of life. Here are just a few examples of effective strategies that are helping our clients boost benefits utilization and support a happier, healthier employee population:

More/better support for new parents, especially those who are re-entering the workforce. Not with just leave policies, but support assimilation back to the workplace - childcare, after school programs, new parent groups, etc.

Stronger support for employee/business resource groups (ERGs/BRGs). This involves a stronger integration of benefit providers into employee resource groups within an organization. Those groups are becoming increasingly important and larger in size, especially as workers look for ways to collaborate and interact with like-minded individuals who are passionate about the same topics and interests. Providers are finding unique ways to engage this vocal audience, giving them more resources in their toolkits and putting all of the available support the organization has to offer at their fingertips.

Supporting new hires coming together for in-person events. This concept is especially relevant for new hires who are working in remote and hybrid roles. We're seeing groups of new hires come together during their first 1–3 months in a new role to socialize, build community, and make contacts. Traditionally, supporting those logistics (where to eat, where to go outside of office, team building, etc.) sit with the department head or the Community Manager, but we've recently seen an uptick in requests to help with managing those logistics as it can become burdensome to the planner. We'll work closely with the department lead to understand how many people are coming together, during what days and in what location. We can then work to tailor an itinerary or ideas for various out of work activities to make it more interactive and meaningful.

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Trending: culture as currency

(3) Using culture as currency

Discussions around work culture have taken on more weight in recent years, as organizations grapple with the best strategies for fostering a more positive and supportive work environment, integrating remote and hybrid employees, and addressing symptoms of toxic culture. Still, we hear from clients that culture continues to challenge employers in nearly every industry.

According to HR Dive's Identity of HR 2024 survey, culture tops the list of HR concerns. And that makes sense, because work culture has a profound impact on employees' well-being and ability to be productive and innovative.

A culture crisis

The Society of Human Resource Management (SHRM) research found that nearly half (45%) of employees report feeling "emotionally drained" from their work. In a different study, SHRM revealed that nearly the same number (44%) report feeling burned out and 51% say they feel "used up" at day's end.

Feeling connected to organizational culture can help prevent stress and burnout. The trouble is, many employees are feeling disconnected right now. In fact, Gallup found that only 20% of employees strongly agree that they feel connected to their work culture. This is a slight improvement from the engagement levels five years ago but it's still high, and is significant enough to influence higher turnover and lower productivity.

45%
of employees feel emotionally drained from their work

80%
of employees do not feel strongly connected to their work culture

Overall, employee engagement among U.S. workers is at an 11-year low. Gallup reported that some 4.8 million fewer U.S. employees were engaged in early 2024, with the most profound drops in engagement occurring among remote, hybrid and younger workers.

At the end of 2023, only one-third of workers were considered highly engaged — that is, highly involved and enthusiastic about their work.

Employers once strategically targeted engagement with pay increases, bonuses, and additional benefits. However, recent economic uncertainty may be leading to wage stagnation and SHRM suggests pay increases are trending downward.

Employee engagement the U.S. is at an

11 year low

This means employers will need to rely on creative thinking and additional efforts to keep employees loyal and satisfied.

In this respect, we see culture emerging as a new form of currency — not to replace fair compensation, but to enhance the employee experience and provide an environment where employees can thrive.

A thriving culture benefits everyone

Great work culture can be a driver for talent attraction and retention, a boon to employee engagement, and a contributing factor to business growth. When we think about culture as currency, we're focusing on how organizations can provide employees (and job seekers) with a great culture in exchange for their loyalty, improved performance, and innovation. It's a win-win – employees can get what they need to thrive and employers can enjoy a workforce that consistently performs higher and reaps the positive business outcomes that come with that.

The elements of a strong culture include:

- Clear values that employees can align with
- Strong leadership that embodies those values
- Transparent communication with purpose and meaning
- Collaboration and teamwork are encouraged and supported
- Learning and growth opportunities (especially internal promotion) are available
- Diversity, equity and inclusion (DEI) are core values
- Work-life balance to support employee health
- Health and safety for employees (both at work AND at home) are a top priority
- Sustainable leadership pipelines within the organization

A strong culture starts with an employee value proposition (EVP)

Employers and employees, by definition, have a transactional relationship. Companies financially compensate workers for their time, energy, and effort; workers supply those things to benefit the company. Recently, we're seeing more employers expand the concept of 'compensation' to include non-monetary benefits and perks, like flexible work arrangements, recognition, and so forth. We're building on this idea by thinking of culture as another way to enhance the EVP.

A strong EVP can create a culture that inspires valuable talent to want to work at an organization, while simultaneously helping to retain the talent you already employ. Attracting and retaining employees are table stakes for running any business. Keeping employees happy is what helps organizations succeed. Unfortunately, there are some powerful disconnects that keep some companies struggling to survive.

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50%
of employees feel their employer fosters a respectful work environment

28%
of employees left an organization after feeling unfairly treated

A key feature of positive organizational culture is respect. And, according to SHRM's State of Global Workplace Culture in 2023, only half of workers around the globe report feeling their employers foster a respectful work environment and more than a quarter (28%) of employees left an organization after feeling unfairly treated. On the flip side, positive culture fuels engagement, especially when organizations take employee archetypes into consideration when building out employee engagement strategies. According to McKinsey research, "the higher the level of satisfaction and commitment experienced by employees, the higher their self-reported performance and well-being."

A strong EVP treats people like people, not just workers and includes:

- Clear articulation of why the organization is a great place to work, including the company mission, vision, values and anything that differentiates it from the competitors
- Authenticity with regard to brand values
- Commitment to brand reputation (walk the walk, not just talk the talk)
- Employee-centric benefits that align with employees' wants/needs and shows them they are valued as humans, not just means to an end
- Opportunities for advancement and career growth
- A positive work environment and work culture, one that values diversity and make everyone feel included and a sense of belonging

Three trending strategies for fostering great work culture

We are seeing organizations positively impact their culture in a variety of ways. These trending strategies can drive better outcomes:

1 Encourage employee well-being initiatives

Prioritize employee well-being by creating and/or providing access to wellness programs, expanded mental health resources, and initiatives that support work-life balance. Although the efforts can seem siloed, it's critical to think about well-being as a holistic strategy that embodies physical health, mental health, emotional health and financial health.

Tending well-being initiatives to consider:

- **Physical health:** on-site golf simulators, on-site medical offices, health screenings, safety training, nutritional workshop, fitness classes.
- **Mental health:** resources for counseling and treatment, stress management workshops, work-life balance programs.
- **Emotional health:** mindfulness and/or meditation sessions, social events with coworkers and friends.
- **Financial Health:** personal debt reduction workshops, retirement planning.

2 Improve the overall employee experience

For the past few years, headlines and social media have been filled with chatter around "toxic" workplaces. In 2023, the American Psychological Association (APA) reported that nearly one quarter of employees said their work environment negatively impacted their mental health. Employers can address this issue head on by providing employees with a work environment, regardless of their physical location, where they feel safe, physically and psychologically. When employees feel seen, heard, and valued, employee satisfaction can increase, as can business outcomes.

Trending employee experience initiatives to consider:

- **Prioritize employee well-being**, and provide resources and tools that support it.
- **Offer a hybrid work model with enhanced amenities** that pull from the hotel industry to "hotelify" the workplace. This takes all of the thoughtful, meaningful and intentional service acts and amenities that high-end hotels provide to keep their guests returning and brings them into the workplace to keep employees (and guests) coming back. Learn more about that in our Complete Guide to Workplace Hospitality.
- **Embed DEI throughout the organization's workflow** to create a culture of inclusion that is recession-proof, according to Harvard Business Review.

Three trending strategies, cont.

3 Promote diversity, equity and inclusion

We have seen how authentically embracing diversity and inclusivity can create a culture where all employees feel valued and respected. Exposure to diverse perspectives and backgrounds allows employees to learn from one another's experiences, leading to increased empathy, tolerance, and understanding within the workplace. An inclusive work environment like this also promotes collaboration, teamwork, and mutual respect among employees, improving the experience for all.

Trending DEI initiatives to consider:

- **Incorporate inclusive hiring practices** including inclusive language in job postings, DEI-centered recruiting events, advertise on job boards that attract diverse talent
- **Provide diversity training and education** such as addressing unconscious bias, understanding different communication styles, how to handle discrimination
- **Encourage Employee Resource Groups (ERGs)** that empower employees to connect with colleagues over shared interests or identities
- **Promote an inclusive work culture** by creating policies that work for everyone, fostering open communication, acknowledging holidays of all cultures
- **Adopt community outreach programs** that give employees paid time off to volunteer for nonprofits

By putting some of these trending initiatives in place, world-class organizations can provide world-class employee experiences, and thus attract top talent. When leaders pay attention to culture and make it a strategic priority, employees and businesses alike can thrive.

Trending: return to office (RTO)

(4) RTO, FORO and hybrid work

If you had any doubt that the prospect of returning to work (RTO) is frightening, if not traumatic, for employees who have enjoyed the freedom and flexibility of remote work, new research proves the point. Recent LiveCareer research, based on input from about 4000 U.S.-based workers found that 53% fear the prospect of returning to the office full-time more than climate change — 43% fear it more than getting divorced.

And it's just as challenging for employers, too. Byron Beebe, Global Chief Commercial Officer, Human Capital Capabilities for AON cites: "We're in a more transitional workplace today than we have been in the past. We think employers are struggling with the balance of offering employees flexibility, but still demanding performance and productivity."

53% of employees fear RTO full-time more than climate change

43% of employees fear RTO full-time more than divorce

FORO: Fear Of Returning to Office

Clearly, fear of returning to office (FORO) is very real. Eric Ciechanowski, a career expert with LiveCareer said: "If the prospect of going through a divorce or the life-altering effects of climate change seem less daunting to the workforce than going back to the office, clearly it's time to rethink the uptick in return-to-office mandates."

Why the fear?

Flexibility, according to LinkedIn, is the top benefit of remote work, according to 22% of respondents to a recent survey. That flexibility can be related to where they choose to live (19%), as well as the ability to choose their work location (13%). When they feel this flexibility is, or will be, threatened, there will be backlash.

22%
of employees cite flexibility as a top benefit of remote work

Despite the craving for flexibility, though, there is also evidence of emerging negative issues related to working remotely including isolation, lack of social interaction, and blurred lines between work and home life.

Hybrid work models are becoming a trend that can address the "all of nothing" of fully remote or fully in-office. That's an approach that has backfired for many organizations. The Washington Post reports that thousands of employees at a German multinational software company signed a letter saying they felt "betrayed" by the company's "radical change in direction" on its back-to-office directive. So betrayed, in fact, that many threatened to leave instead of returning to the office or being required to work on-site with customers at least three days a week.

From Apple to IBM, companies are calling workers back to the office. But even organizations as stalwart and conservative as the federal government are rethinking things. In 2023, the White House asked agencies to find a balance between remote and in-office work.

Failure and frustration aren't givens, though. Some companies are finding that they can successfully lure employees back into the workplace, if they give them compelling reasons to return.

Give employees a reason

Trend #3 — Culture as Currency (see page 20) — points out that crafting a compelling employee value proposition (EVP) can help build a thriving culture. Gallup also recognizes the power of an EVP — recommending that when it comes to RTO, a "workplace value proposition" is a must.

In other words, don't just demand that employees come back to the workplace. Give them some compelling reasons to do so. Make them want to come back by making RTO "commute-worthy."

Gallup points to "4 C's" for making the workplace experience meaningful and productive:

- **Connection**. Humans are social animals. They crave connections. In fact, Gallup reports that Americans have the highest levels of happiness when they spend six to seven hours a day socializing. Employees need to feel connected, not just to their colleagues, but also to their organizations. One of our eBooks, Creating the Workplace of the Future, dives into the importance of nurturing and sustaining social connections in the workplace.
- **Culture.** When employees spend time with their teams, it's important for them to feel connected to the company's mission and purpose. That can be difficult to do when they're physically distant from their coworkers. Read more about this in trend #3: Culture as Currency (see page 20).
- **Collaboration.** Yes, technology has made it possible for us to work together, but what is the quality of those connections? Scientific American reports that in-person collaboration is more effective in sparking innovation. "Bringing people together virtually doesn't seem to boost disruptive research," they say.
- **Creativity.** The kind of spontaneous interactions that occur around the water cooler, or over lunch with coworkers, can't take place remotely. Those interactions serve as catalysts to creativity, innovation, and problem solving.

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77%
of employees
did not work remotely
in March 2024

The commute is back

The Bureau of Labor Statistics (BLS) reported that 77% of employees didn't work remotely at all in March 2024. Still, it's hard to dispute that remote work — at least in its hybrid style — is coming to an end. What workplaces around the country are seeing is a gradual shift to on-site work, with pockets of pushback.

Commutes matter. They eat into the free time and flexibility that today's employees increasingly crave. In fact, economist Nick Bloom and his colleague Arjun Ramani conceded that workers will now factor in commute time — and frequency — into their job searches and negotiations.

That means that if employers want to snag top talent, and of course they do, they have to make their offices worthy of the distance and time spent commuting.

Commute-worthy office experiences are ideal

The trend of "hotelification" is emerging as workplaces make an effort to make their jobs worthy of lengthy commutes — and to make their workplaces more comfortable. "Workplace hospitality" is the thoughtful intention to foster a sense of community and connection, and a culture that promotes work-life balance while personalizing the employee experience.

An environment that provides many of the same types of comforts that employees enjoy in their remote offices can help to foster a sense of community and connection. That's the kind of setting that can promote collaboration and drive high performance.

It is, in essence, the best of both worlds.

McKinsey notes, though, that this type of initiative must stem from the top. "Executives should treat EX (employee experience) as seriously as CX (customer experience) by being more scientific and more tailored in their approach," they say. Taking such an approach can support Gallup's 4C's by:

- **Facilitating socialization in the workplace.** The Society for Human Resource Management (SHRM) reports that 70% of employees don't feel they're able to socialize enough when they're working remotely. Among those who are able to enjoy the flexibility of a hybrid work arrangement, 39% say that the workplace can serve as a hub for social interaction.
- **Enhancing the employee experience.** Create memorable impressions and make employees feel valued through the use of personalized services and amenities.
- **Fueling strong connections.** Even something as seemingly simple as geographical proximity can help teams integrate more fully. That happens more easily in person than when interacting remotely.

It's possible to combat FORO by focusing on creating a workplace experience that's high on hospitality and low on friction. Employees won't mind a commute if it leads to positive engagement, collaboration, and convenience.

CIRCLES BEST PRACTICE

Creating exceptional workplace experiences

Circles knows that creating a commute-worthy environment is a best practice that today's employers can embrace to combat FORO and get employees back to the office without angst or pushback. That's a Circles best practice. We offer clients services that support their employees to create exceptional workplace experiences. This includes errand-running, personal package shipping, travel planning, on-site amenities (e.g., dry cleaning, car detailing, washing), notary services and more.

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Trending: focus on retention

(5) Employee retention and Gen Z

LinkedIn's 2024 Workplace Learning Report, based on inputs from its 900 million members in more than 200 countries, reveals that despite media points that might suggest employers aren't worried about keeping employees on board in the current economy, they are. In fact, LinkedIn indicates that 90% of organizations are concerned about employee retention.

Retention, of course, is important in any economic environment. Employers invest significantly in their human resources and those human resources represent significant intellectual capital for the organization. No organization wants to risk losing that capital — especially to a competitor.

It's not just organizations that feel the heat when a prized employee leaves, though. Other employees often find themselves called upon to pick up the pieces when a colleague departs.

One in three employers say that they're anticipating higher turnover in 2024. Finding strategies designed to keep employees on board is what's keeping today's business leaders and HR teams up at night.

33%
of employers anticipate higher turnover in 2024

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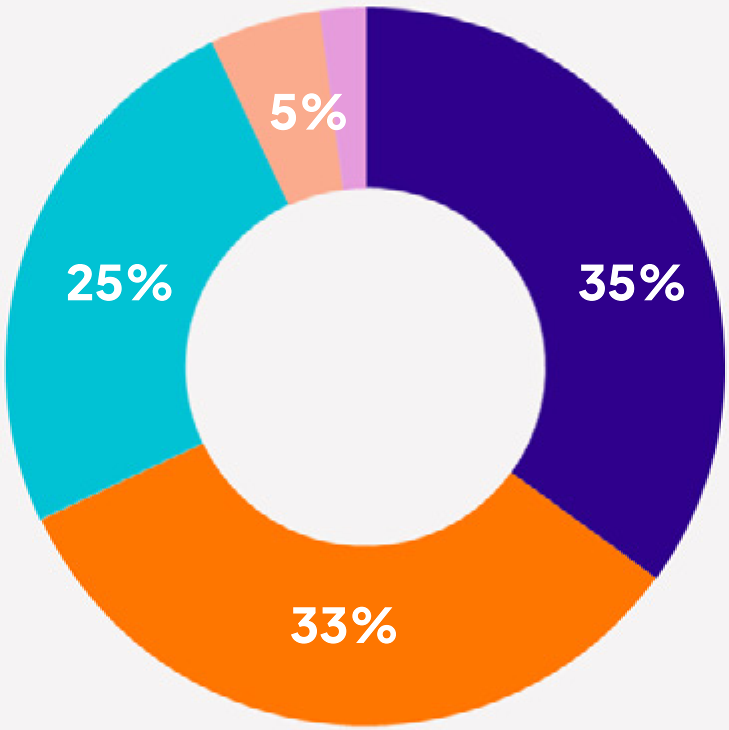
Changing generational workplace demographics

While Baby Boomers have long dominated the workplace, their numbers are diminishing — now down to about 25% according to the University of Phoenix. Millennials now represent the highest percentage of workplace generational representation (35%), with Generation X not far behind (33%). While Generation Z is the youngest cohort, they're catching up fast. The U.S. Bureau of Labor Statistics (BLS) expects this group to represent about 30% of the workforce by 2030.

Each generation has different needs. Recognizing this, and in light of their desire to retain staff in a competitive business environment and labor market, employers are beginning to focus on customized solutions and employee engagement strategies to meet each generation's unique needs.

There are, of course, overlaps in needs across generations — the differences are distinct enough to make a one-size-fits-all approach futile. It is also important to note that some individuals may fall outside of their generational category. The key takeaway is that employers and their HR teams need to focus on devising retention strategies that appeal to varying needs. The personas on the following pages can be used as a general guideline.

Five Generations in the Workplace



- Millennials 35%
- Gen X 33%
- Baby Boomers 25%
- Gen Z 5%
- Traditionalists 2%

Engaging and retaining

Baby Boomers

Boomers, born between 1946 and 1964 are optimistic, competitive, team-oriented, and often workaholics. They're motivated by company loyalty, teamwork, and their duty to their organizations and their colleagues. From a communication standpoint, Boomers value efficiency, and have a preference for phone and in-person connections.

This generation is still very much committed to the workplace and not planning to leave any time soon — in fact, 49% expect to work past the age of 70, or have no plans to retire at all!

Retention strategies for Boomers

In 2024 and beyond, ensuring your Baby Boomers are poised to stay on board should include:

- Respecting their traditional approaches to work
- Focusing on face-to-face or phone conversations whenever possible
- Following hierarchical structures and formal leadership styles

The Boomers in your midst appreciate clear paths to promotions (yes, they're still interested in promotion!), opportunities for professional development and financial rewards. They value meaningful recognition and the opportunity to share their expertise (hint: mentorship programs can be a great way to engage this generation as well as their younger cohorts).

Because retirement is still in the cards for many Boomer workers, we're finding that offering them assistance with important financial decisions related to their retirements could be much appreciated. They also value flexibility and the opportunity to transition into retirement slowly — perhaps through part-time work, consulting, or working remotely while traveling.

Engaging and retaining

Gen X

Gen X employees, born between 1965 and 1980 are flexible, informal, skeptical, and independent. They're motivated by diversity, they crave work-life balance and they're known to value their personal interests over their company's interests. They're similar to Boomers in that they prefer to communicate via whatever channels are most efficient.

Retention strategies for Gen Xers

Gen X is poised to outnumber Baby Boomers in the workforce by 2028. Savvy organizations are taking steps to appeal to them now, by:

- Recognizing their need for work-life balance
- Empowering them through autonomy
- Supporting their participation in local volunteer and community events, activities, and groups

Because Gen X values independence, work-life balance and flexibility, we're finding that providing opportunities for personal growth, acknowledging their work ethic, and offering flexible work arrangements can increase their engagement.

This generational cohort expects employers to support them not only at work, but outside of work as well. For them, work gets done whenever and wherever it can. Remote support offered digitally or through phone calls or emails can help ensure that access is inclusive and meets their communication preferences.

Keep in mind that Gen Xers are the "sandwich generation" — often caring for both children and aging parents. We see a trend toward helping them do that while managing their own work-life balance through training programs and workshops, resources for finding gyms and fitness classes, mental health support and wellness initiatives.

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Engaging and retaining

Millennials

Born between 1981 and 2000, Millennials are competitive, civic- and open-minded and achievement-oriented. They're motivated by responsibility, the quality of their managers and having unique work experiences. They're also rapidly becoming the largest cohort in the workforce — expected to make up 75% of the global workforce by 2025.

Understanding this group and their preferences is critical. Unlike their Boomer and Gen X colleagues, their communication preferences involve instant messages (IMs), texts, and email.

Retention strategies for Millennials

We're finding that effectively appealing to this generation requires:

- Recognizing and understanding their need for flexibility in work options and scheduling
- Using digital channels when communicating with them
- Meeting their needs for meaningful work and a sense of purpose

Millennials are also now moving into the sandwich generation, so work-life balance and support is becoming increasingly important.

For Millennials, work must have meaning. They're driven by purpose, feedback and opportunities for continuous learning. Savvy employers are ensuring the engagement of their Millennial employees through regular feedback and ample opportunities for skill development and career growth.

Moving forward, we're seeing more opportunities for employers to invest in mentorship programs, and to foster diversity and inclusion to meet Millennials' need for a diverse and inclusive work environment. Flexible work arrangements, work-life balance, and holistic wellness programs that address physical, mental, emotional, and financial well-being will help to keep them engaged and on board.

Engaging and retaining

Gen Z

Members of Gen Z, the latest generational cohort to enter the workforce, were born between 2001 and 2020. While small in number now, this group is poised to have a significant impact on the workforce, making it especially important to identify and focus on ways to retain them for the long term.

Gen Z has been found to be global, entrepreneurial, progressive, and less focused than other generations — their attention quickly shifts from one thing to another; they value variety and are energized by new opportunities. Similar to Millennials, they're motivated by diversity. They also appreciate personalization, individuality, and creativity.

Retention strategies for Gen Z

We've found that 67% of Gen Zers want to work at companies where they can learn skills that will help them advance their careers. Appealing to them will require:

- Showing commitment to their growth and development
- Knowing they need meaningful work and a sense of purpose
- Leading through authenticity and transparency

Forward-thinking employers are providing members of Gen Z with a transparent and inclusive culture that includes opportunities for creativity and innovation. They're providing the kind of new tech tools that this generation appreciates.

Finally, Gen Z is a generation that particularly values sustainability and opportunities for community support and outreach. Workplace benefits that promote these initiatives will be a good way to keep them connected and engaged.

Trending: tenure-based benefits

Recognizing the importance of keeping employees of all generations actively engaged in and committed to their workforces, employers are exploring new ways to meet their needs. One emerging option is tenure-based benefits; this is a way to clearly convey the value you place on longevity and your commitment to being inclusive across generations.

While benefits options cannot have unintended discriminatory consequences, it is possible — and advised — to use benefits strategically and meet varying employee needs to better build loyalty. As SHRM points out: "There are no federal laws requiring plans to provide the same benefit coverage to all employees."

One way that Circles delivers benefits that meet different employee needs, while also demonstrably valuing longevity, is by offering its employees a one-month sabbatical for every five years of service. This time off helps them recharge in ways that are most meaningful to them, wherever they may be in their life's journey.

As William F. Xiebell, CEO of Gallagher's Benefit & HR division notes: "The workforce makeup and employee needs are evolving at a rapid rate. As a result, employers have to consider more comprehensive benefits and compensation offerings that can enhance the overall employee experience."

As we move further into 2024 it's important to consider ways to leverage key findings about generational preferences to identify unique ways to meet their needs to ensure engagement, productivity, commitment — and loyalty.

CIRCLES BEST PRACTICE

Delivering multi-generational benefits

Providing different work arrangements, using different leadership and communication styles, and providing different benefit programs are just a few ways that Circles guides the HR teams and business leaders of our clients to accommodate different generational preferences. For example, for Boomers, our programs help as they downsize — finding movers, storage companies and researching top retirement cities. For Gen Z, because work gets done whenever and wherever, we offer programs digitally via an on-line portal, accessible 24/7.

Trending: AI in HR

(6) AI in HR: more positive than negative

"AI can help us do things better, faster and more efficiently, but how can we harness it to ensure that the work we're doing is enriching for employees?" says Brian Fisher, global solutions lead at Mercer.

Artificial intelligence (AI) has taken the world by storm. While it's really nothing new — it was formally established at a Dartmouth College workshop in 1956 — and provides the technological backbone for a wide range of business applications, the emergence of generative AI (GenAI) raised awareness and new adoption significantly over the past year.

While some analysts, like David Rosenberg, have warned of an AI bubble that is starting to deflate, most organizations are still eagerly moving onward. This is true even in business settings like HR where some are perplexed that an industry based on the word "human" is so enamored with machine-powered solutions to their work.

But, in truth, we are all enamored with the power and potential of AI because it permeates all functional business areas, promising increased efficiency, and deeper insights into business problems and their potential solutions.

HR is no different, but we are seeing differences in how HR professionals are using the tools, to ensure employees understand AI enhances their job, not replaces it.

Many applications for AI in HR

AI has already been proven to solve a wide range of use cases in HR practices. For instance:

- Enhancing hiring efficiencies by streamlining screening, helping to generate interview questions, and collating responses.
- Automating tasks like payroll and benefit administration.
- Simplifying onboarding and offboarding by helping to reduce the heavy paperwork required for creating contracts, job descriptions, and other key documents.
- Recommending and administering customized training based on employees' skills and career choices.
- Tracking employee engagement by deploying survey tools and aggregating data to provide HR teams with critical insights.

That's likely just the tip of the iceberg.

As in other departments across every business enterprise, AI has the potential to significantly save time and create efficiencies. Those are great benefits, but these benefits also raise some concerns.

Topping the list: concern over job replacement.

AI-related concerns over job replacement

AI offers big benefits. But there is an elephant in the room and a question looming on most employees' minds: Will AI replace my job?

Pew Research reports that 62% of Americans think the use of AI in the workplace will have a major impact on workers over the next 20 years. They have concerns or fears about:

Job security How will AI automation impact their jobs and their duties? Will it actually replace some jobs?	**Bias and fairness** AI is not perfect. There are concerns about potential biases in AI algorithms that could lead to unfair treatment in decision-making processes.
Skills obsolescence The work environment is changing rapidly and employees are afraid of being unable to adapt and acquire the new skills to work alongside AI technology.	**Privacy and data security** Just as with any other technology, people — including employees — are worried about the collection and use of personal data by AI systems.

62%
of Americans think AI in the workplace will have a major impact on workers

Helping employees understand and embrace AI

It's the job of HR and direct managers to have critical conversations with their employees, and communicate transparently that AI will help, not hinder their job. Helping employees clearly see how they will benefit from, rather than be negatively impacted by, AI can help to engage and motivate them to embrace the technology rather than fear it.

Here are a few ways that HR and managers can show employees how AI can help them in their daily tasks. Some of these tools may already be familiar:

- **AI-powered tools** like Grammarly can help employees do their jobs better and minimize routine, and often boring, tasks, like proofreading.
- **Project management tools** like Asana and SaneBox can help employees be more efficient and productive.
- **AI-powered learning platforms** like Zavvy can be tailored to employees' individual learning styles and professional development needs.
- **Chatbots powered by AI**, like ChatGPT, can help employees access information much more quickly.
- **Predictive analytics tools** like IBM's Watson, can help quickly identify patterns in behavior, purchases, and more.

There are dozens of these tools available today, and more emerging continually.

In addition to tools, companies are finding unique ways to engage and involve employees in learning how to use AI in their work. At law firm McDermott Will & Emery for instance, a "Prompt-a-thon" was held giving employees an opportunity to experiment with GenAI together to brainstorm ways to solve problems with AI.

Supporting employees as they learn about, and learn to use, AI, Wired reports, goes beyond just accessing the value of today's technology. "It also sets the stage for what is yet to come, what can be conceived of as a Fifth Industrial Revolution."
It's a revolution that companies like Circles are already engaged in.

Leveraging AI in service operations

While AI began in the 1950's with pioneers in computer science, savvy organizations — including Circles — have been leveraging AI over the past few years to support automated request routing with all of its virtual operations. This has helped minimize the need for manual intervention for incoming requests, inquiries, and questions, and has streamlined the workflow process. For instance:

Automated routing: directing requests to qualified experts swiftly, reducing response times.

Optimized processes: centralizing communication channels for resource optimization and increased efficiency.

Quicker turnaround: matching requests with internal experts to expedite responses and resolutions.

Improved satisfaction: enhancing member experiences through personalized and swift support.

Operational efficiency: supporting better and more informed resource allocation and workload management.

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Circles has also integrated AI into its internal operating model to help personalize responses to incoming member requests swiftly and accurately. This ensures that each interaction is tailored to the specific needs, requirements and preferences of our members. The AI leverages member profiles and request history to understand context, past interactions, survey data, preferences, and overall sentiment, enhancing the member experience through:

- **Personalization.** Circles' AI analyzes member preferences to deliver tailored responses based on captured information, such as dietary restrictions, hotel loyalty information, or flight seat preferences.
- **Efficiency:** Automation enables rapid and accurate information retrieval from Circles' internal systems, resulting in faster response times, reduced wait times, and increased human engagement for members.
- **Trustworthiness:** Circles uses pre-qualified vendors and vets information to ensure quality and reliable results, so members can trust that responses meet standards for service quality, pricing, and availability.

"As we evolve our AI capabilities at Circles, it supports our vision of creating more meaningful connections with our members while continuing to deliver personalized, efficient, and trustworthy services," says Craig Window, President of Circles U.S. *"We're excited about the future possibilities of AI and how it can deliver even greater value to our members and clients."*

A new role: Chief AI Officer

The proliferation of AI in organizations of all kinds is driving the emergence of a new C-level role—the Chief AI Officer (CAIO).Companies like Accenture and Claritas have already appointed CAIOs and they aren't alone. The U.S. government is also making the role a priority. Last month, The White House ordered federal agencies to appoint CAIOs after the Justice Department had already tapped a CAIO in February. It's unclear how many chief AI officers there are currently, but Digiday reports that the number of "head of AI" positions has tripled over the past five years and that these positions have increased by 13% since December 2022 according to data from LinkedIn's 2023 Future of Work report.

HR teams need to make sure they have a seat at the table when their leadership teams, including new CAIOs, meet to scope and plan AI initiatives. HR can play an important role in encouraging cross-functional collaboration with other business units using AI to leverage data and strengths.

Here's an insightful perspective from John Land, a partner at Mercer, emphasizing the inevitability of AI's impact on the future of work — and all of us:

"Today is the slowest day of change any of us will experience for the rest of our lives."

While the pace of change will only continue to accelerate, Land offers a reassuring reminder that, as humans, "we have always been adapting." And that will continue.

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