

# Revisiting HR Challenges at the Dawn of 2024

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**A new year is always an appropriate time to stop and evaluate progress in any given endeavour and, moreover, to consider any new factors that may have entered into the equation. In HR, as in almost every other sector of business, such factors abound.**

## The challenge for individuals

Individuals are caught in what Zygmunt Bauman called “liquid life”<sup>1</sup>, which means that they are deeply immersed in a consumer society, relentlessly pursuing satisfaction at an accelerated pace, longing and shifting towards authenticity, embracing individual uniqueness, and enhancing capacity to collaborate generously with others (by leading, sharing knowledge, helping, or even teaching others) as well as with AI-equipped robots.

The demands of contemporary work life require a significant focus on knowledge acquisition, a diverse set of collaborative skills, and the ability to navigate under different circumstances and unknown consequences. In this intricate landscape, seeking support or assistance from teammates, colleagues, or managers becomes essential for effective functioning. Regardless of one’s function, responsibilities, or role in a company, the interdependence among team members is and will become crucial.

## The emerging context: managing HR in a VUCA world and other environmental factors

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Companies worldwide in a VUCA era face new challenges on many fronts — economic, social, environmental, and technological. Considering a working career solely as an individual path should be viewed as a mistake and, hence, it is essential to recognise the interconnectedness of diverse roles within the working environment. Individuals require interaction with others for their development, and continuous upskilling so that they can maintain an

The objective of this short article is to briefly introduce some key factors that may influence the HR arena, acting individually or collectively.

### The rise of intelligent machines and their impact on the individual worker

The current momentum of accelerated digital transformation coupled with the growing strength and ubiquity of generative artificial intelligence (AI) necessitates the acquisition of new knowledge and competencies to maintain performance, efficiency, and productivity. AI is becoming an integral part of everyday life. While it's undoubtedly driving innovation and creating efficiencies in some fields, it's also causing a fair amount of fear and uncertainty. The threat to jobs is real, creating both opportunities and redundancies. The Boston Consulting Group indicates that "the explosive popularity of ChatGPT and other forms of generative AI suggests that we are witnessing the start of a new order for business and society"<sup>2</sup>. However, concerns arise regarding whether handing over control of our lives to algorithms can exacerbate divisions and inequality in society. We need to identify the correct interaction between people and machines.

### Climate change is increasingly becoming a political issue

The urgency of averting the catastrophic effects of climate change is escalating rapidly. Technology is widely acknowledged as playing a critical role, with innovations such as clean energy and carbon capture seen as integral parts of the solution. However, the willingness of individuals and organisations to take responsibility, along with the way political and economic trends unfold, will likely be even more critical in addressing this global challenge.

### Culture wars

The term "culture war" refers to an ongoing polarisation of society, often characterised by a left-versus-right or liberal-versus-conservative debate largely conducted via social media channels. There is a trend to steer audiences towards

content that is likely to confirm their biases, while also inflaming feelings of injustice or inequality.

### **Turbulent times for economies**

Hard economic times often lead governments to opt for reducing spending on public services and utilities, implementing job cuts, and causing a reduction in living standards. Currently, there is an intense campaign to manage inflation efficiently, secure the supply chain, reduce costs, and create safe environments for doing business. Inflationary pressures are exacerbating commercial strain due to high prices for certain products. On the wages side, the decline in purchasing power is causing unease and fostering conflict between employers and workers.

### **The evolution of work and employment**

Changes in how people work will continue to affect many aspects of our lives and society. Although some companies are implementing back-to-office policies, remote and hybrid working remain at higher levels than before the pandemic. This improves global mobility, as workers are no longer tied to living close to employment centres. However, it can also lead to increased social isolation and reduced social cohesion. In its survey on AI, McKinsey notes that "looking ahead to the next three years, respondents predict that the adoption of AI will reshape many roles in the workforce".<sup>3</sup>

### **The generation gap**

The wealth and property ownership gap between generations will continue to drive global and social change. The Deloitte Global 2023 Gen Z and Millennial Survey points out that the responses from Gen Z and Millennials reflect "how the disruptive events of the last few years have shaped their lives and views, and highlight that while they acknowledge some positive change, they remain deeply concerned about their futures". The survey indicates that 49 per cent of Gen Z and 62 per cent of millennials say that work is central to their identity, work-life balance" and that "having a good work-life balance is the top trait they admire in their peers, and their top consideration when choosing a new employer".<sup>4</sup>

### **The ageing population**

World Bank forecasts reveal an ongoing progressive ageing process. According to these projections, people aged 65 and over will account for 10 per cent of the world population in 2022<sup>5</sup>. This represents a doubling of the initial percentage, which was around 5 per cent in 1960, as illustrated in table 1.

**Table 1** Population aged 65 and over as a percentage of total world population

YEAR	PERCENTAGE (%)
1960	5
1970	5
1980	6
1990	6
2000	7
2010	8
2020	9
2022	10

Source: Our own interpretation based on the World Bank (2022).

The decision-making behaviour of older adults may be influenced by a tendency towards risk aversion, particularly when confronted with potential losses, as suggested by Albert and Duffy.<sup>6</sup> This inclination towards risk aversion could give valuable insights into the nature of decision-making in ageing populations.

### Ongoing urbanisation

Over the past 50 years, both social structures and patterns of coexistence, as well as mobility systems in large cities, have undergone significant transformations. The European Commission, through its "Knowledge for Policy" website, notes that "people in search of better opportunities, such as jobs, services, and education, have been moving from rural to urban areas across the world, and this accelerating trend is likely to continue in the future. The number of people living in cities has more than doubled over the last 40 years and is projected to reach 5 billion by 2050." On one hand, it favours productivity, while on the other hand it is "the cause of problems associated with environmental degradation, public health, housing, congestion, and inequalities".<sup>7</sup>

### The new patterns of migration

Economies will persist in benefiting from an influx of predominantly young, able-bodied, and active workers. Concerns about the potential strain on utilities and public services, as well as the impact of new arrivals on indigenous populations, will continue to fuel political divisions. In advanced economies, the offer of jobs, visas, and educational opportunities will increasingly be used to address the skills gap. The International Organisation of Migration highlights the increasing numbers of key migration indicators, as depicted in table 2.<sup>8</sup>

**Table 2 Key facts and figures from World Migration Reports 2000 and 2022 respectively.**

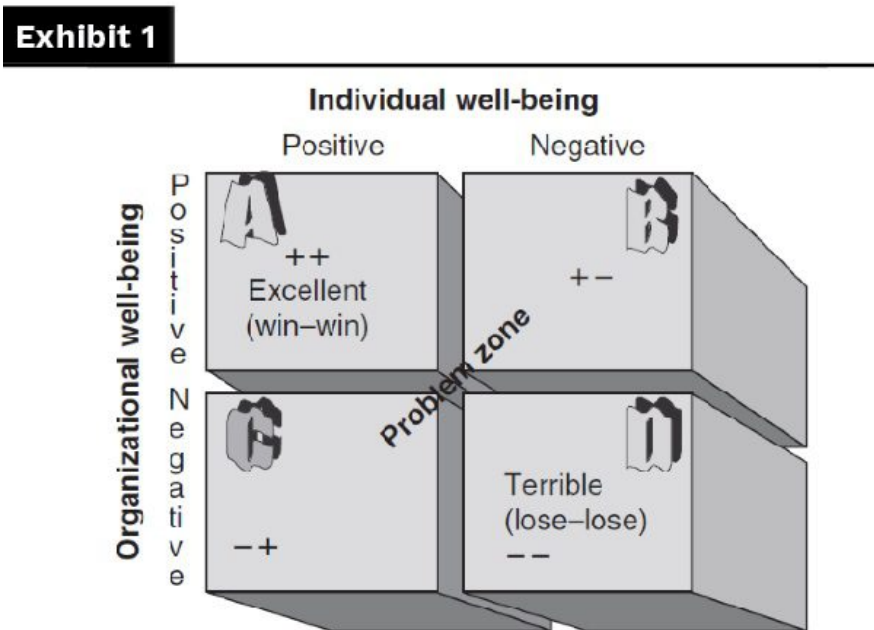
• Estimated number of international migrants:	173 million / 281 million
• Estimated proportion of the world population who are migrants:	2.8 per cent / 3.6 per cent
• Estimated proportion of female international migrants:	49.4 per cent / 48.0 per cent
• Estimated proportion of international migrants who are children:	16.0 per cent / 14.6 per cent
• Global international remittances:	US\$128 billion / US\$702 billion
• Number of refugees:	14 million / 26.4 million
• Number of internally displaced persons:	21 million / 55 million

**The new definition of education(rethinking education)**

The speed of technological innovation means that opportunities are opening in industries that did not even exist when many of today’s workers were at school. UNESCO indicates that a new social contract for education is needed. This means “an implicit agreement among members of a society to cooperate for shared benefit”. UNESCO also suggests that “the starting point is a shared vision of the public purposes of education. This contract consists of the foundational and organisational principles that structure education systems and the distributed work done to build, maintain, and refine them.”<sup>9</sup>

**The new model of well-being**

A schematic bidimensional model of well-being is presented in exhibit 1.



Source: Dolan S.L. *The Secrets of Coaching and Leading by Values*, Routledge, p. 2.

This model proposes expanding the concept of “successes” to encompass both organisational and individual perspectives simultaneously, while also integrating the mental and physical dimensions of well-being. In quadrant A, true well-being is achieved, where individuals perform well while maintaining their personal, mental, and physical health. Quadrant A represents a win-win situation. Quadrant D is considered problematic, where not only does the employee perform poorly, but their health is also adversely affected. Quadrants B and C are also problematic, as either individual health or organisational health is compromised.

## Prospective view of the five HR mega-challenges in “Tomorrowland”

People management has transformed organisations. Their traditional transactional role is no longer aligned with the current needs of businesses. Instead, human resources (HR) has evolved into agents of change, requiring them to be closely aligned with the business and take on more strategic responsibilities.

Organisations will encounter a multitude of challenges in effectively managing the people within their workforces in the coming years. This can be categorised into the following areas:

### 1. Cultural diversity and the creation of integration policies

The world offers a unique opportunity for people of different ages, races, religious beliefs, and political ideologies to live together, without discrimination based on gender or sexual orientation. The 17 Sustainable Development Goals of the UN is a voluntary roadmap ([THE 17 GOALS | Sustainable Development](#)). However, despite the interconnectedness and connectedness that exists in many areas, barriers to travel and work persist in some countries.

**As the modern workforce evolves, a new HR trend is taking centre stage, manifested by the convergence of reward, culture, flexibility, and meaningful work.**

Organisational culture must enable people to be involved, generate commitment in the face of difficulties, and facilitate professional development. Additionally, in recent years, the coexistence of different generations in the same organisation has meant that each cohort has its motivations and idiosyncrasies, making it necessary to establish communication, management, and reward mechanisms adapted to each group. As Baby Boomers retire, Generation X (born between 1965 and 1980) is

stepping into leadership roles across many industries. Unlike their predecessors, Gen X leaders combine traditional leadership styles with an innate understanding of technological advances, valuing both experience and innovation. This unique combination has ushered in a more agile, tech-savvy, and holistic approach to leadership, driving businesses into the future with adaptability and foresight.

As the modern workforce evolves, a new HR trend is taking centre stage, manifested by the convergence of reward, culture, flexibility, and meaningful work. No longer isolated elements, these factors are working together to drive employee satisfaction, productivity, and loyalty. The modern employee is no longer driven by financial incentives alone; they seek a holistic employment experience that aligns with their values and aspirations. This shift reflects a broader societal recognition that our jobs can, and should, provide more than just a pay packet.

## **2. The employment relationship model, part-time work management, and hybrid portfolio management (face-to-face and virtual)**

The employment relationship model that has worked for more than a century is under scrutiny. The trend towards shorter working hours is continuing. The four-day week is gaining ground. On the other hand, nomadic working arrangements are not left out of expectations. The return to the office has called into question the benefits of teleworking. Companies have seen a decline in engagement, integration, and communication in their teams. The physical distance has not been reduced by the virtual relationship. The gig economy or on-demand economy continues to make inroads with new ways to generate new revenue.

The impact of changes in the relational models of work would affect the degree of participation and mobilisation in the pursuit of a common project. New knowledge will make it necessary to recycle certain foundations, update others, and incorporate new skills and capacities.

Today, people do not come to the office to work alone in a corner. They come to participate in collaborative projects, solve operational problems more quickly, and contribute their ideas and expertise to strategic projects. Spaces and tools, both physical and digital, for co-creation and collaboration are needed.

As an example of the changing times, employees who live within 80 kilometres of a Zoom office in the United States and beyond will be required to be present at least two days a week from September 2023. Zoom describes this as adopting a “structured hybrid approach”.<sup>10</sup>

A significant number of employees, including 70 per cent of Gen Z and half of millennials, are turning to side hustles and gig work. Their motivations are twofold: the need for extra income due to the rising cost of living and inflation, and a preference for flexible, skills-based jobs that deviate from the traditional 9-to-5 model.

Traditional side hustles, such as driving for a transportation company or delivering food, have historically supplemented incomes. However, the modern gig economy has been transformed by the explosive growth of influencer marketing. The influencer market is estimated to reach \$21.1 billion in 2023, a 29 per cent jump from 2022. What started as a trend among the youth is now engaging a broader demographic with popular platforms. This shift is being fuelled by the accessibility

and flexibility of remote working, allowing individuals to create influential content during their working hours.

Hybrid working models are likely to dominate, impelled by a results-driven culture that redefines performance metrics. As organisations juggle between the compelling benefits of remote work with the intangible benefits of in-office collaboration, one thing is certain: the future of work will be a crucible for broader societal change, forcing us to redefine not just how we work but why people work.

### 3. Demographic challenge and a new definition of talent

The earth's inhabitants are experiencing a continuous and steady growth in resource consumption. This growth is closely tied to the increasing concentration of populations in urban centres, driven by the generation and demand for employment opportunities in these areas. However, depopulated and ageing regions face a challenge known as the "talent development trap" in Europe. This phenomenon highlights the need to reconsider the definition of tomorrow's talent and emphasises the importance of lifelong learning.

The maintenance of trades and professions is undergoing changes influenced by shifts in consumption patterns and the evolving habits and behaviours of both companies and individuals. Individuals are calling for the creation of fair and non-precarious employment opportunities, emphasising the need for talent to be recognised and promoted without bias or discrimination based on gender, age, sexual orientation, or disability.

**Talent is not perceived as an abundant resource but rather as a scarce commodity. Managing talent becomes crucial, especially when there is a need to fill vacant positions in the face of a lower supply compared to the potential demand.**

One of the most pressing paradoxes in the world of work is the challenge of positively correlating labour supply and demand. There is a growing need to identify and attract talent to fill the new professions and roles that are emerging, addressing the evolving dynamics and expectations in the contemporary workplace.

Talent is not perceived as an abundant resource but rather as a scarce commodity. Managing talent becomes crucial, especially when there is a need to fill vacant positions in the face of a lower supply compared to the potential demand. The ongoing war for talent is expected to intensify, particularly with the increased involvement of AI recruitment processes.

The competition for human capital will influence the speed at which individuals join and integrate into organisations. This dynamic will compel companies to consistently enhance their talent management processes to attract, retain, and effectively integrate skilled individuals into their teams.



Contemporary organisations are no longer solely based on the production of goods and services but also consider the economic and social impact of those decisions. This shift encourages an approach rooted in sustainable talent management and development, fostering greater stakeholder engagement with a more pluralistic focus.

Digitalisation has provided organisations with tools not only for recruiting the best talent but also for managing, developing, and retaining that talent. In this context, organisations should prioritise efforts to build a positive reputation as an employer brand. This entails creating a workplace culture that is attractive to potential employees and aligns with sustainable and socially responsible practices, contributing to the organisation's overall success and impact.

#### **4. Employee well-being and the active promotion of resilience**

Well-being serves as an antidote to stress, and individuals have become increasingly aware of the importance of taking care of their health. Companies that invest in the well-being of their workforces often experience an increase in overall performance. However, stress levels have also seen a rise, emphasising the need for resilience, which can help mitigate stress and foster a healthier workplace environment. As Casademunt and Dolan state, "resilience can act as a protective factor for avoiding issues of poor mental health." They have developed a "resilience core rings model". This means a "process of six stages where some of the most relevant research in the areas of neurobiology and behavioural therapy are applied to build resilience and recover mental health, with no need for any pharmacological intervention".<sup>11</sup>

In recent years, HR professionals have faced mounting pressures and demands, resulting in a concerning trend of HR burnout. HR burnout is not merely an issue of individual fatigue; it extends to impact the overall efficiency of entire organisations and can pose challenges to talent retention and acquisition. As companies expand, their human resource needs grow, underscoring the urgent need for businesses to recognise HR burnout promptly to ensure the well-being and effectiveness of their teams.

#### **5. The use of complex technological resources such as AI**

Major developments, such as the use and application of AI, process automation, and large-scale data analysis, are reshaping the skills required in the workforce, necessitating continuous knowledge updates. These skills are broadly categorised into cognitive, digital, self-leadership, and interpersonal, reflecting the imperative to adapt to the evolving challenges in the world of work.

The integration of AI requires an expansion of employee skill sets, resulting in the emergence of new roles and responsibilities and, consequently, new jobs. Individuals must adapt to the digital skills essential for survival, life, and work. The European Union's digital competence framework for citizens underscores the

importance of not only knowledge but also skills and attitudes in engaging with the world.

Despite concerns about potential job loss due to the rise of AI, the tech-savvy Gen Z is particularly open to this science of making machines that can think like humans and perceiving it as a career accelerator. This suggests a future workforce that embraces and integrates technology, reflecting a positive stance on the opportunities presented by technological advancements.

## **The challenge of offering quality of working life and enhanced well-being to everyone**

The challenges mentioned above are not confined solely to people management. Rather, they stem from broader societal changes and their inherent evolution. Technological advancements, involving increased investment and confidence in future progress, demand efforts in preparation and the acquisition of new knowledge.

Individuals need to recognise that the future will unfold in a digital environment rather than an analogue one. The proliferation of social relations facilitated by information and communication technologies should promote more extensive and thoughtful interactions. While technology facilitates business transactions such as trade, it is crucial to prevent the social isolation that can arise from excessive reliance on teleworking.

Improved living conditions have led to the convergence of different generations in the same workplace. Collaboration among these diverse generations is increasingly vital for organisational success.

## **Conclusion**

Private as well as public companies are compelled to confront the ongoing challenges posed by global evolution. They cannot afford to ignore the changes occurring around them. To thrive in this dynamic environment, companies must adopt adaptive and flexible organisational models. Articulating and implementing congruent shared values (i.e. sustainable culture) and nurturing trust will play a crucial role in gluing employees, customers, suppliers, and members of the community together. It is essential to recognise that the ultimate beneficiary of these efforts is the individual being, contributing to a harmonious and sustainable workplace.

In the era of automation and digital transformation, the dispelled significance of human creativity, empathy, and collaboration has become increasingly evident. Forward-thinking companies acknowledge this and invest in cultivating a culture that values these human elements. This not only contributes to the company's growth but also nurtures a workspace where individuals feel genuinely appreciated and motivated.

The concept of total well-being encompasses various dimensions, including physical, mental, emotional, social, and financial health. By actively supporting employees' well-being in all these areas, organisations can enhance productivity, reduce absenteeism, and elevate employee morale.

And finally, adopting a holistic approach to actively promoting employee well-being can be regarded as a strategic move for organisations. It not only contributes to a healthier and more engaged workforce, but also fosters a positive work environment, ultimately leading to increased productivity and quality of life for all employees.

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