

A woman with dark hair pulled back, wearing glasses and a light-colored striped button-down shirt, is looking down at a laptop. She is in a server room, with server racks visible in the background. The image is framed by a purple and blue graphic overlay with wavy lines.

The 2024 labor market outlook

How employers can thrive by delivering “win-wins” for workers

 **indeed flex**

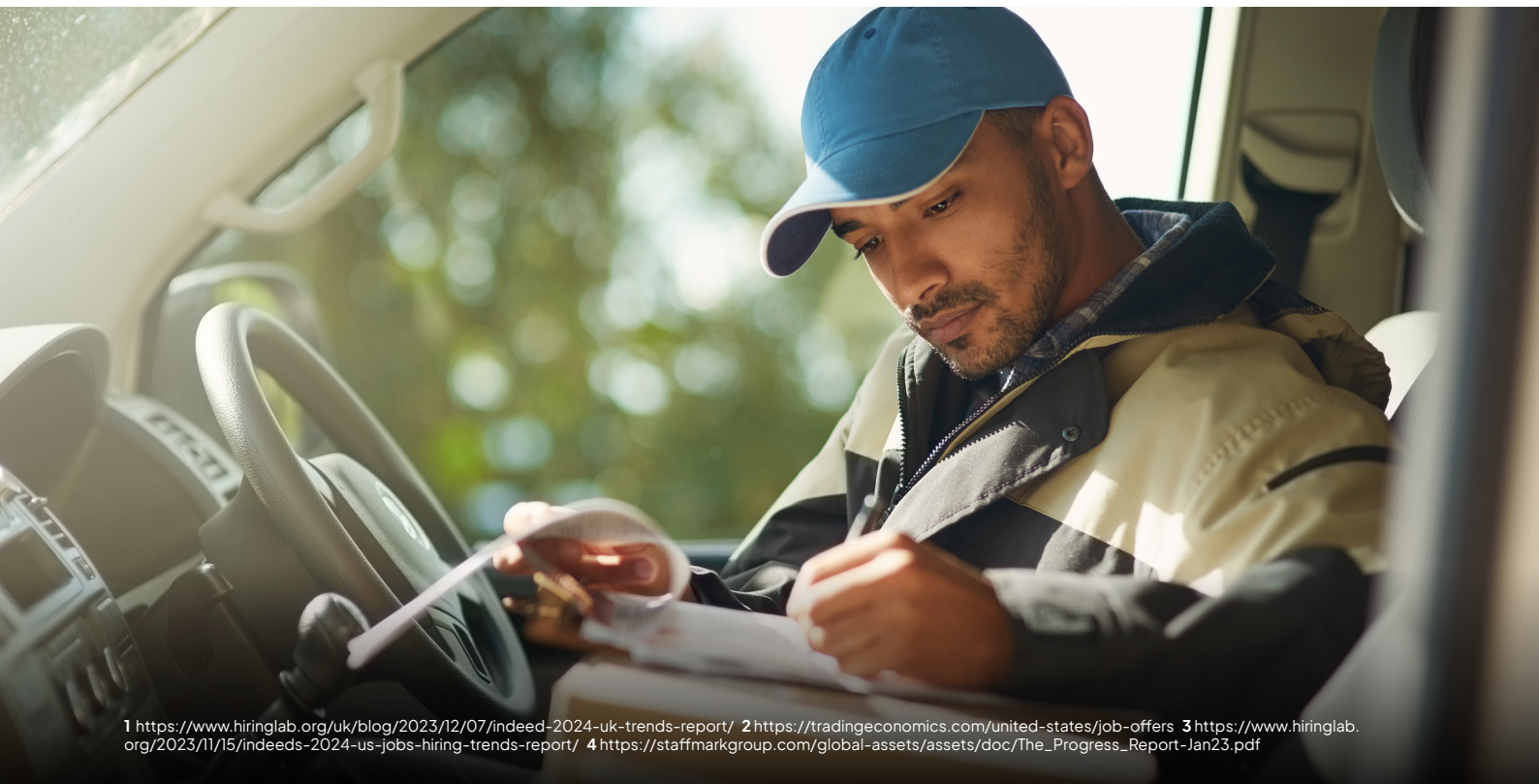
2023 saw a rebalance in the labor market

After several years, the “talent-driven market” finally began to give way in 2023. Wage growth was high across Europe and the USA, but vacancies also continually fell throughout the year – suggesting that employers felt less pressure to hire.

By October, UK vacancies were down 26% from their peak in 2022¹, while US job openings haven’t been so low since March 2021².

Indeed’s analysis suggests that these trends should enable the labor market to cool without creating a spike in unemployment³. In the US, this is being driven by labor participation levels not seen since the early 2000s amongst those aged 25-to-54.⁴

However, the rebalance of power will only be smooth if a series of challenges are addressed – not least of which is the growing tension about the very nature of work.



¹ <https://www.hiringlab.org/uk/blog/2023/12/07/indeed-2024-uk-trends-report/> ² <https://tradingeconomics.com/united-states/job-offers> ³ <https://www.hiringlab.org/2023/11/15/indeeds-2024-us-jobs-hiring-trends-report/> ⁴ https://staffmarkgroup.com/global-assets/assets/doc/The_Progress_Report-Jan23.pdf



Employers are pushing back

A series of related trends has led leaders to rethink their approach to staffing. With slow economic growth, shifting consumer demand and sky-high interest rates, demand for workers has dipped across both the US and UK. This shift towards more favorable labor market conditions has empowered employers to push back against workers' demands, especially in relation to remote working and employee flexibility. But this may be preemptive.

While job vacancies drift down from peaks and labor participation recovers from the pandemic, it's still a fairly tight labor market by historic standards. The data suggests that employees are reluctant to move on from the post-pandemic consensus around flexible arrangements.

Q1. How should employers navigate this growing tension?

Q2. What can they do to ensure long-term staffing resilience?

Q3. And what role does technology play in the equation?

Flex undertook a large survey of leaders across HR, Operations and Procurement to find out. The results reveal that despite the labor market cooling, a series of fundamental challenges persist - and they can only be redressed by a strategic rethink of the way organizations source, train and manage their workers.



Key findings:

Employers are frustrated with their recruitment processes

- **Nearly three-quarters (73%)** of Directors and VPs say they struggle to recruit talent as fast as they would like
- **17.89%** say they also can't find the right talent fast enough
- **35.56%** blame "ineffective hiring and onboarding processes" for poor retention rates

Finding and securing quality workers remains a major hurdle

- **71.25% of Directors and VPs say** it's difficult to find the right quality talent
- **Over a quarter say** they struggle to find workers in the right location (28.42%) and with the right skills (27.37%)
- **89% struggle to integrate their contingent workforce**, with 26.32% saying they can't get the same workers consistently

Leaders struggle to measure, evaluate and improve their staffing strategies

- **83.75% of Directors and VPs** find it difficult to track workforce performance
- **52.24%** say their biggest challenge is a lack of visibility into costs
- **47.76%** say their biggest challenge is visibility into individual worker performance





Understanding the problem

A cooling labor market creates new challenges

The right talent is always hard to find

Organizations have struggled to fill vacancies since the start of the pandemic, but 2023 saw the challenge subtly shift. Nearly two-thirds (62.46%) of organizations say they struggle to fill lower-level positions, while almost half (49.47%) have a hard time recruiting for managerial and senior-level roles. However, the problem is no longer driven by a lack of available talent - it's driven by a lack of the right talent.

Many respondents highlighted the challenge of location and speed, with nearly 30% saying they struggle to find workers in the right location and almost 18% struggling to access staff fast enough. This shows how the post-pandemic shift in labor markets persists: many workers are reluctant to take on long commutes, and fewer are willing to bend to employers' demands for immediate availability.

Another common thread in our findings was the difficulty of finding and retaining quality talent. Nearly 28% of respondents said they struggle to find workers with the right skills, and almost 27% reported not being able to source the same contingent workers consistently.

These are challenges driven not by the availability of talent, but by a change in the way talented workers think about employment - and leaders must avoid making these challenges harder for themselves.

30% saying they struggle to find workers in the right location

Winter is coming

A recent Forrester report illustrates the dangers organizations face. Not only have employee engagement and “culture energy” fallen in 2023, they are projected to fall even further throughout the new year. Companies will cut DEI investment by nearly 50%, and a range of positive trends seen across 2021 and 2022 will be reversed.⁵

This has been dubbed the “Employee Experience Winter”, where companies devalue factors such as flexibility, autonomy, and culture-building initiatives that were emphasized during the pandemic as a means of fighting increased attrition. But our research suggests this trend is not just ill-advised – employers know that employees want more support.

When asked why they believe their company struggles to retain talent, our respondents overwhelmingly cited cultural factors. 46.67% mentioned a “lack of recognition and appreciation”; 44.44% said employees quote a “lack of career development opportunities”; nearly 37.78% described a “lack of competitive compensation and benefits” and “limited opportunities for work-life balance”; and 28.89% said the problem came down to “disengagement and poor morale”.

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a “lack of recognition
and appreciation”



⁵ <https://www.forrester.com/blogs/predictions-2024-future-of-work-employee-experience/>



The data divide

These challenges are compounded by technological problems. Over 60% of UK companies believe data analytics are vital to unlocking staffing improvements⁶, and introducing the right digital tools can dramatically increase both the efficiency and effectiveness of staffing decision-making.

Companies with analytics software are over 2x more likely to report to management about employee motivation and employee commitment, as well as nearly twice as likely to report on the quality, cost, and speed of their hiring process. Our surveys suggest that many organizations still struggle to produce accurate insights into some fundamental metrics.

Taken together, these findings suggest most staffing challenges leaders face in 2024 are questions of strategy.

Organizations will succeed primarily by seeing employees as partners, not opponents, and by understanding the underlying trends that will drive change in labor markets this year.

83.75% of respondents said they find it difficult to track workforce performance, lacking the data and analytics systems to gain a clear picture of their staffing situation.

52.24% said their biggest challenge was a lack of visibility into costs.

47.76% cited visibility into individual worker performance.

⁶ <https://www.sdworx.co.uk/en-gb/press/2022-10-20-61-uk-companies-believe-hr-and-people-analytics-are-vital-business-performance>



Three trends that will define staffing in 2024 and beyond

1. Changing demographics

The headline:

The global workforce is aging, and leaders need to prepare for the cultural changes this brings.

The small print

In the US, most of the rebalancing between labor supply and demand was driven by unusually high labor participation amongst prime-aged workers (25-54)⁷. Without a tremendous surge in immigration in the next few years, the United States will continue to age, as the share of the working-age population aged 65 and above grows to nearly 21% in the coming decade.⁸

Similar trends are true across Europe and the UK, especially in industries like construction that no longer appeal to a majority of young workers. Firms will have to find ways to bring younger workers into the fold, whether through changing their culture or shifting their model to enable greater flexibility - which young workers overwhelmingly favor.

However, other industries may benefit from an opposite approach. Industries like hospitality that primarily employ younger workers may benefit from diversifying their workforce and making room for older workers. This would create a larger talent pool to draw from, as well as relieving the pressure to constantly replace workers that “grow out” of their roles.

⁷ https://staffmarkgroup.com/global-assets/assets/doc/The_Progress_Report-Jan23.pdf ⁸ <https://www.hiringlab.org/2023/11/15/indeeds-2024-us-jobs-hiring-trends-report/>

2. Faster reskilling

The headline:

Employees demand more support adapting to the changing labor market.

The small print

The skills needed for jobs are estimated to change by 65% by 2030, due in large part to technologies like AI⁹. This has created a groundswell of demand for more training, as employees seek to secure their value for the future.

81% of workers say that adding more skills to training programs and making them more in-depth will be important in 2024¹⁰

In fact, over a third (41%) of people now say they will look for another job if their company doesn't provide them with training opportunities¹¹. This creates a challenge for employers, most of whom are still adapting to the sudden rise of generative AI and other recent innovations.

This creates an opportunity for employees to create a “win-win”. By educating their workers in relevant skills for the future, not only will they increase retention - they will avoid the coming skills shortage. However, achieving this will require a short-term investment of both time and capital in prioritizing training, even if it is not directly relevant to productive work.

⁹ <https://www.raconteur.net/talent-culture/hr-talent-trends-2024> ¹⁰ https://staffmarkgroup.com/global-assets/assets/doc/The_Progress_Report-Jan23.pdf ¹¹ <https://techseries.com/learning-and-development/41-of-us-employees-will-look-for-another-job-in-2024-if-their-company-doesnt-provide-them-with-training-opportunities/>



3. Unexpected attrition

The headline:

Declarations that the “Great Resignation” is over may prove pre-emptive in 2024

The small print

As the labor market cooled throughout 2023, many saw it as the end of widespread attrition that had bedeviled employers in the preceding two years. US quit rates stood at 2.3% in September, equal to the average in 2019, and the majority (60.2%) of employers said they expect their total number of permanent staff to remain the same over the next 12 months.¹²

However, other findings suggest things are far less stable. A recent survey from PwC found that 23% of workers expect to change jobs in the first half of 2024, which is 5% points higher than 2023¹³. This suggests that the relative balance of the labor market could shift in a very short period - and employers would be advised to put strong contingency plans in place.

These three trends point to the need for new staffing strategies that serve both parties better

¹² <https://www.raconteur.net/talent-culture/hr-talent-trends-2024> ¹³ <https://www.pwc.co.uk/press-room/press-releases/quarter-of-the-uk-workforce-expect-to-quit-in-the-next-12-months.html>



Four “win-win” workforce strategies for 2024

1. Use data to unlock benefits

Workers want recognition, while employers want to track performance

The right system can deliver both at once, unlocking a powerful source of data on individual workers’ performance that allows workers to earn the rewards they deserve. **Indeed Flex** uses a system that provides Flexers who work consistent hours access to a wide range of benefits and perks.

The result? Workers feel they are being rewarded and recognised for their contribution while employers gain extra visibility into their workforce.

2. Embrace contingent workers

Employees want flexibility, while companies need access to quality workers

The number of contingent workers continues to grow, with nearly 50% of most US companies’ workforce composed of non-traditional employees in 2023¹⁴ - and most of these workers explicitly opt for contingent work as a means to gain greater flexibility and autonomy.¹⁵

Companies that can put the right systems into place to employ contingent workers will accelerate and improve the quality of talent available to them, while giving those workers an inherent level of flexibility. **Indeed Flex** is the perfect platform to achieve this, providing unique access to thousands of quality workers across all locations, ensuring you can fill rotas at short notice with highly skilled and engaged workers.

The result? Employers can fundamentally change their approach to staffing while workers gain control over their own professional lives.

¹⁴ <https://www.forbes.com/sites/magnit/2023/08/31/3-key-reasons-executives-must-prioritize-contingent-workforce-program-maturity/#:~:text=The%20number%20of%20contingent%20workers,2016%2C%20according%20to%20Ardent%20Partners.> ¹⁵ <https://investors.upwork.com/news-releases/news-release-details/upwork-study-finds-64-million-americans-freelanced-2023-adding#:~:text=%E2%80%9CThe%20data%20tells%20us%20that,of%20talent%20solutions%20at%20Upwork.>

3. Expand your talent pool

Workers want new opportunities, while employers need more labor supply

From changing demographics to the need for urgent reskilling, there is huge pressure on employers' current talent pool. Leaders should see this as an opportunity to rethink the limits of their workforce and appeal to underserved groups, such as students, older workers and the disabled.

This is another benefit of contingent workers: many workers from this group are unwilling or unable to commit to full-time roles. But providing them with opportunities to earn and develop new skills will help employers access a whole new world of high-quality talent.

The result? Employers gain a competitive advantage by making their workforce more diverse, while underserved groups gain the kind of flexible work they want.

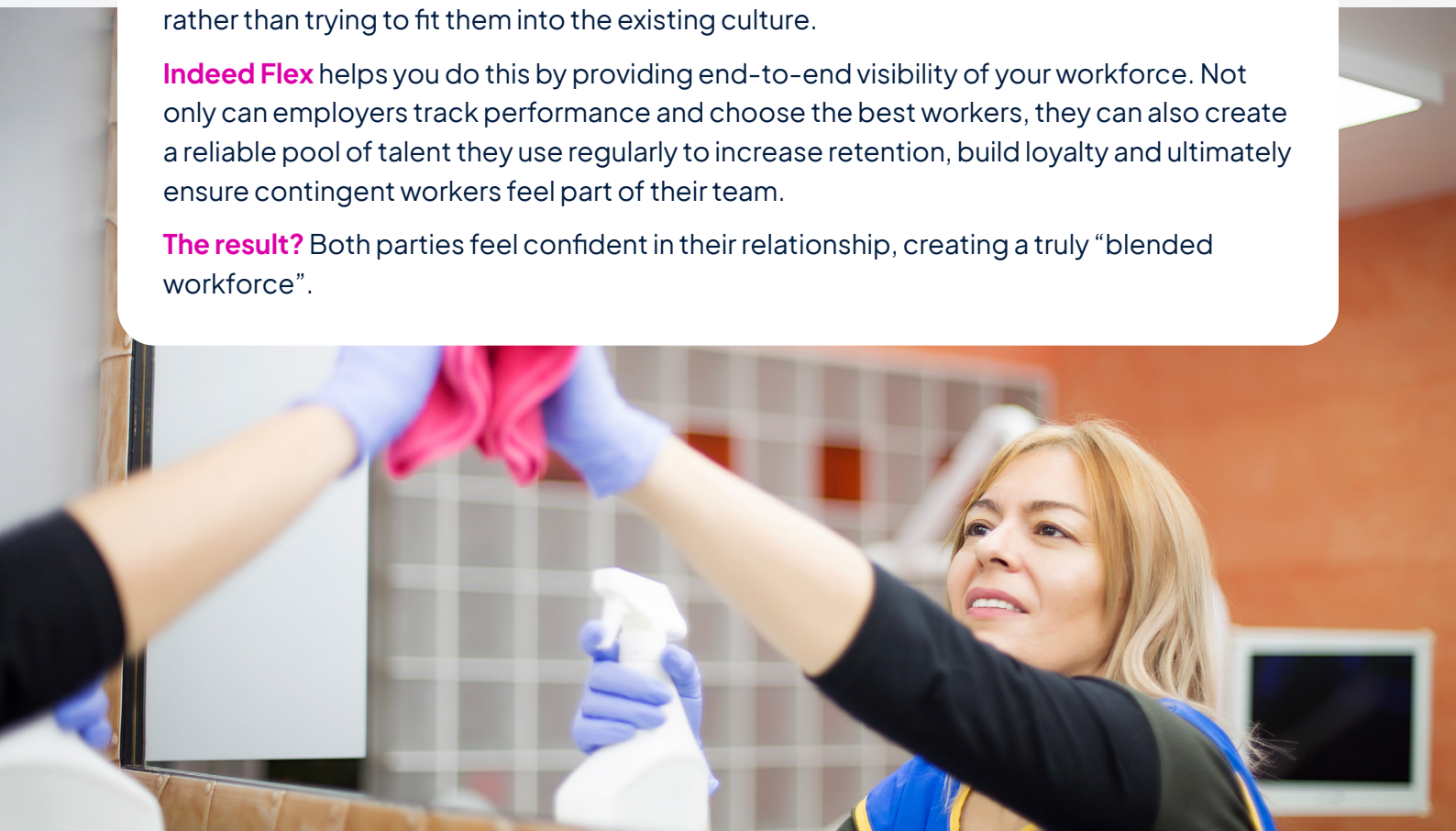
4. Blend your workforce

Contingent workers want a sense of belonging, while employers want higher engagement and retention

Our surveys found that 89% of organizations struggle to integrate contingent talent into their workforce, but both parties want to achieve that level of “blended” culture. The solution is to change the frame, and build your workforce around contingent workers rather than trying to fit them into the existing culture.

Indeed Flex helps you do this by providing end-to-end visibility of your workforce. Not only can employers track performance and choose the best workers, they can also create a reliable pool of talent they use regularly to increase retention, build loyalty and ultimately ensure contingent workers feel part of their team.

The result? Both parties feel confident in their relationship, creating a truly “blended workforce”.



Interested in learning more ?

Book a meeting with one of our experts to discuss how Indeed Flex can help you with your staffing needs today.



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