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THE FUTURE OF LABOR
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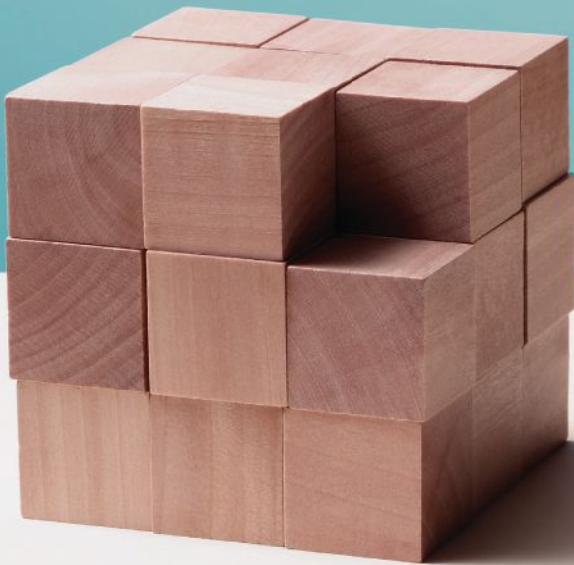
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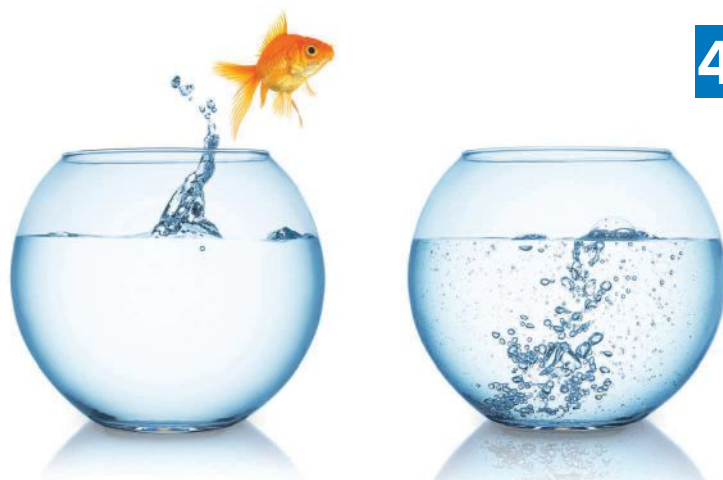
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Message from the President

The Evolution of Labor Needs Strong HR Leadership



If I had to pick one word to describe the workforce today, it would be *evolving*. As the saying goes, change is the only constant in life. Today, we stand on the brink of a new era in the labor landscape, with a world of variables to consider as we make key decisions on behalf of our organizations. One thing is sure: The old rules that once guided us are no longer sufficient to navigate the complexities of today's world of work.

For starters, advances in technology have made us all more connected than we've ever been. We're able to collaborate with team members around the world, as well as recruit

the best and brightest talent from anywhere on the globe. This gives HR and talent acquisition professionals greater recruitment opportunities, and likewise, it offers employees the ability to market themselves globally. But it also requires a greater depth of skill and strategy from our talent acquisition experts as they expand the reach of their searches.

Perhaps the most impactful technology right now is the one we're all talking about: generative AI. Its advancement and adoption will indiscriminately change the world of work as we know it, and we're just starting to pull back the curtain on the possibilities this revolutionary technology brings. We can only imagine what is to come. But as leaders, we must position ourselves on the front line of adoption and start incorporating new technologies into our everyday work. It's our responsibility to prepare our employees for the future so they don't come up short in the high-tech world we're entering. To do so requires upskilling, reskilling, and cross-skilling our employees now, so they're prepared for the future.

If all that weren't enough, add today's unique workforce demographics into the equation. We're seeing an unprecedented six generations in the workforce, each with its own needs, wants, and key motivators. Gone are the days where we can afford to have one-size-fits-all employee engagement efforts and communication tactics.

One look at the declining U.S. birthrate and resulting shrinking workforce tells us that we will need all six generations to actively participate in the world of work—and to be productive and engaged. The only way to get there is to understand the needs of each generation and tailor our policies to them directly, while also getting to know each employee as an individual. This will require creativity and new ideas, but it will be well worth it.

There are simply more ways of doing this thing we call work. More options. More opportunities. But more risks as well—more ways to experiment, and more ways to fail. You see, we're in new territory. We can no longer do work the same way we've done it for the last 30 years and expect to succeed. Change is inevitable. It's already upon us, and we must be ready.

We must be willing to take calculated risks, with strong, forward-thinking leaders at the helm, ready to guide our employees as a steady beacon of light through any storm. ■■

Johnny C. Taylor, Jr., SHRM-SCP
President and CEO, SHRM

CIVILITY INDEX

WE ASKED 1,611 U.S. WORKERS HOW OFTEN THEY EXPERIENCE OR WITNESS UNCIVIL BEHAVIOR IN THEIR DAILY LIVES AND IN THE WORKPLACE.

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The Re-emergence of Labor Signals Something About the *Whole* Workforce

Our jumping-off point for focusing on labor in this issue was a simple observation shared by Ernest Marshall, CHRO of Eaton Corporation and a member of the *People + Strategy* editorial board: Union tactics and strategies are changing, but we're still deploying—and teaching—the same labor relations playbooks. As the editorial board started digging into the topic, the truths underlying that observation became more provocative, not less.

The bulk of industrial relations strategies in use today

emerged from hard-won experiences during labor's peak victories and eventual stagnation from the '70s to the early 1980s. The playbook has persisted so long in part because labor's operating model, for many decades, seemed only to be evolving incrementally, or not at all. Its long, slow, structural decline as an institution made it seem as though, perhaps, unions had made their key contributions to the U.S. workforce in the 20th century and may have outlived their relevance.

Well, things change.

When Google faced small-scale organizing in one of its employee groups just before

the pandemic, the question we asked in these pages was, "Are unions making a comeback?" The answer seemed to be "No." When individual Starbucks stores and several Amazon warehouses went through multiple tug-of-wars over unionization during the pandemic, the answer still seemed to be, "Nothing of broader significance to see here."

But then union organizers started lobbying for three board seats at Starbucks to be occupied by union-friendly directors. And then the UAW strikes last year ended up using a different playbook, including targeting the plants that produced the most profitable vehicles and surprise-striking on their most productive days of the week. And then UPS. And then Costco. And then ...

Is this just a moment for unions to temporarily spike, or is this part of a larger trend? More broadly, is there something in this resurgence of unions that is indicative of a broader trend across the world of people who work—employees, contractors, part-timers? The answer, it appears, is "Yes."

A combination of factors, some cited in our interview with union leader David Rolf (*see page 18*), have hit *all* workers, not just typical union job categories or industries. Specifically, Rolf

Creating trust and open interactions in the workplace has been complicated by the same dynamics that complicate our politics.

cites a study that says between 1975 and 2018, the cumulative increase in income to the top 1% was about \$50 trillion, and the bottom 90% of people lost net income relative to that 1975 baseline. He goes on to cite the implications in terms of price and wage compression. You may disagree with his conclusions about what that dataset means, but the data itself is cause for reflection.

Then in reasonably quick succession, the pandemic hit and race re-emerged as a defining—and separating—issue. Interest rates began climbing. Wars broke out. Tribalism and polarization took deeper root. In this environment, employers that took stands on issues—sometimes willingly, sometimes reluctantly—found themselves being labeled as "them" by their own employees, despite all the efforts by companies to care for their workers' well-being during the tumultuous past few years.

The U.S. labor system, in contrast to the workers councils in much of Europe, is a fundamentally oppositional system. Collaboration isn't easy, as it requires overcoming at least 120 years of muscle memory and distrust. But creating trust and open interactions in the workplace has been complicated by the same dynamics that complicate our politics—it's often the loudest, rather than the most competent, representatives who get elected to union leadership. But we don't get to choose the other team's captain.

These enduring questions of trust and collaboration apply not just to unions, of course, but also to the entire working population. Against this backdrop of a broader re-evaluation of what work means to employees *and* employers, it is important that we entertain discussions about how to evolve our traditional playbooks—not just for industrial relations, but for healthier exchanges with workers overall. Thank you to the contributors and behind-the-scenes thinkers who helped us contextualize that problem set for this issue, and who suggested a few ways for exploring the next stage of the path. ■■

Kind regards,



David Reimer, Executive Editor



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The Resurgence of Unions

How Strong & How Lasting?

The acclaimed longtime labor writer for *The New York Times* highlights what corporate leaders need to understand about the renewed energy behind the U.S. labor movement.

By Steven Greenhouse



From the union victories at more than 400 Starbucks stores to last fall's strike against Detroit's automakers to the Dartmouth men's basketball team voting to unionize, there is no mistaking that a resurgence of union activity and activism is underway across the United States.

Even corporations that many people said would never unionize have seen union victories, including at an 8,300-worker Amazon warehouse in New York City and at tech giant Microsoft, where 600 workers at its Activision video game subsidiary have unionized.

The number of workers involved in major strikes last year (459,000) was more than four times the amount in many years before the pandemic. The number of petitions for unionization elections jumped by more than 50% in fiscal 2022 over fiscal 2021, and that number rose again in the most recent fiscal year.

For years, many workplace experts said that labor was dying—and the overall numbers have been trending downward (*see chart on page 11*). Unions, however, are finding renewed energy and support in many sectors.

A Gallup poll found that the percentage of Americans who approve of unions has climbed to its highest level in more than half a century, to 67% in 2023. That enthusiasm has been particularly strong among younger workers. A poll commissioned by the AFL-CIO found that 88% of Americans under age 30 have a favorable view of unions. That youthful enthusiasm has helped fuel the unionization victories at Starbucks, Amazon, Trader Joe's, Apple, REI, Barnes & Noble, video game companies, universities, museums, and elsewhere.

A big question remains: Will today's union resurgence end labor's decades-long decline and lead to a meaningful increase in unions' membership and power? The jury is out. But what is clear is that corporate leaders need to better understand the reasons behind this resurgence.



High-Profile Gains

The newly energetic labor movement represents just one of the many economic, political, and social crosscurrents of the past few years, a time of historic upheaval for corporations and workers. The pandemic and a greater sense of activism have led to employees' growing expectations of a company's role in society. And even though many corporate leaders—particularly those in HR—feel they have done a lot already for their workers, organizations should understand why many employees want more now and are willing to pursue their desires and demands through labor unions.

There's no denying that unionization efforts can lead to significant shifts in corporations' costs, as well as their cultures. For example:

- **UAW:** In its six-week strike against Ford, General Motors, and Stellantis, the UAW won raises of 25% over four and a half years and the restoration of cost-of-living adjustments, with starting pay soaring by 68%. That 25% raise was more than all the raises the UAW had won (taken together) from Detroit's automakers over the previous 20 years.
- **UPS:** After threatening a nationwide walkout at UPS, the company's 340,000 Teamster members won a five-year contract that includes raises of \$7.50 an hour. UPS drivers will earn \$49 an hour—that comes to \$100,000 a year before overtime—and part-time workers will receive an average pay

increase of 48%. UPS said the higher wage structure was one reason it laid off 12,000 workers just five months after it signed the contract.

- **Hotels.** After a series of on-again, off-again strikes, 10,000 workers at 34 Southern California hotels won raises of \$10 an hour over four years, which means pay hikes of 40% to 50%. Wages for hotel housekeepers will rise to \$35 an hour.

Labor relations experts say the current trend of successful strikes and big contract gains will inevitably inspire more strikes and new rounds of ambitious contract demands.

A New Face for Unions

During the years I covered labor and workplace matters for *The New York Times*—from 1995 to 2014—America's labor leaders talked year after year about their hopes and ambitions for a labor resurgence. But the trend lines suggested they were fighting a losing battle.

In the 1950s, more than one in three American workers belonged to a union. But that dropped to one in six in the 1990s. Today, union participation rates have fallen to just one in 10, with just one in 16 private-sector workers belonging to unions.

Today's numbers represent the lowest rate of unionization since the 1930s, before President Franklin Roosevelt signed the National Labor Relations Act (NLRA), a landmark law that gave private-sector workers a federally backed right to union-



SARAH'S STORY: A CASE STUDY IN TODAY'S MOVEMENT

To better understand what's driving today's generation of workers to unionize, consider the story of Sarah Beth Ryther. After getting a Master of Fine Arts from the University of California at Irvine, Ryther moved back to her hometown of St. Paul, Minn., and took a job at a Trader Joe's supermarket in nearby Minneapolis.

"I heard that Trader Joe's was a great place to work for people who are creative," Ryther told me. When she started, she had no intention of being a labor activist; she was intent on writing a novel and had even won a grant to fund the project.

But Ryther quickly grew dismayed about working conditions at Trader Joe's. "It was immediately the craziest place I ever worked," she said. There were spats between customers and employees that sometimes got physical. Managers tolerated a colleague who sexually harassed several employees, including Ryther, but was allowed to keep working at the store.

To Ryther, it was clear that unionization was the best option to improve things at her store. She spearheaded an organizing drive, and the workers at her Trader Joe's voted 55-5 to unionize.

Dismay among workers like Ryther has often served as a catalyst in today's unionization efforts, whether it's Starbucks workers complaining they're given too few work hours each week, or Amazon employees complaining about their onerous work quotas, or REI workers saying their schedules change too much from week to week. Among many younger workers—especially those who aren't white-collar professionals—there is a strong feeling that companies aren't doing enough to listen to their concerns. —S.G.

ize and bargain collectively. The New Dealers in Congress enacted that law because they were eager to give Depression-battered workers more bargaining power so they could win higher wages to help lift their families out of poverty and, the lawmakers hoped, propel the nation out of the Great Depression.

I'm often asked to speak at universities nowadays, and when I do, I say there is more excitement about unions right now than at any time since the NLRA was passed and the historic Flint sit-down strike succeeded in unionizing General Motors in the 1930s. That strike, along with workers' dismay about Depression-era wages, inspired a wave of additional sit-down strikes and unionization victories across the U.S.

More recently, the landmark unionization victories at Starbucks and Amazon have sparked conversations well beyond executives and workers of those two companies. Employees at many other workplaces are telling themselves that if workers can succeed against those fiercely anti-union companies, then they may have a good shot at unionizing their employers.

As a result, there is a realistic chance of union membership rising in the coming years after decades of decline. And this is not your grandfather's or grandmother's union movement. These are not auto plants in Flint or steel mills in Pittsburgh.

Labor experts point to such union victories as MIT's grad student workers voting 1,785-912 in favor of unionizing and their counterparts at Caltech voting 799-246 to unionize. At the Art Institute of Chicago, workers voted 142-44 in favor of unionizing, while REI workers in Manhattan embraced unionization in an 88-14 vote. And as many of these workers saw their friends enthusiastically embrace unionization, it has created what sociologists call the contagion effect.

There is a realistic chance of union membership rising in the coming years after decades of decline. ... Landmark unionization victories at Starbucks and Amazon have sparked conversations well beyond executives and workers of those two companies. Employees at many other workplaces are telling themselves that if workers can succeed against those fiercely anti-union companies, then they may have a good shot at unionizing their employers.

Restlessness, Resentment, and Political Tailwinds

Over the past few years, I've asked dozens of workplace experts why we're seeing a revival of interest in unions. Many point to a growing restlessness and even anger tied to the pandemic.

I first sensed that something was brewing in March 2020 when I was researching an op-ed for *The New York Times* about how workers were being treated during the pandemic. COVID-19 was beginning to spread rapidly, and many workers were panicked and perplexed about how best to protect themselves. I interviewed Ana Martinez, a McDonald's worker in San Jose, Calif. She complained that management wasn't providing workers with masks, gloves, or hand sanitizer. Martinez was so angry that she led a walkout. "We feel underappreciated and undervalued, so my co-workers and I decided to take this step to fight back," she said.

Something truly different is going on here, I thought. It's rare for McDonald's workers to walk out in protest. Martinez and her co-workers felt management was taking them and their safety for granted at a perilous time, and they started asking a serious question: Why should we risk our lives for a small paycheck? Many workers grew angry that while their companies were doing good business and getting pandemic subsidies, the "essential workers" often weren't receiving raises or hazard pay.

Political tailwinds are also helping create conditions for a unionization surge. Not only is public approval for unions at its highest level since the 1960s, but in Joe Biden, workers arguably

For corporate leaders, this moment of growing support for unions should be a call to action – a time to deal with a more restive, more assertive workforce in a way that works for the company and the worker alike.

have the most pro-union president in American history. At last year's UAW strike, Biden became the first sitting president to join a union picket line.

Many workers have also been swayed by the Bernie Sanders effect. The Vermont senator's pro-union views and crusade against income inequality inspired more interest in unions among young people when he ran for president in 2016 and 2020.

Economic conditions are also fueling the fire. The nation's unemployment rate has remained at 4% or below since early 2022. That gives workers more confidence to stick their necks out to form a union or to go on strike, because it's easier for them to find a job if they lose their job.



Moreover, many workers are feeling strong resentment about America's income inequality. They're seeing statistics online, for example, that say CEOs at the largest public companies earned 344 times as much as the typical worker in 2022. In 1965, those CEOs earned just 21 times what the typical worker earned.

A High-Stakes Tug-of-War

Several young people who support unions have told me they've been surprised, even shocked, by two big obstacles they faced in their efforts to unionize. One was the fierceness of the resistance that Starbucks, Amazon, Trader Joe's, and many other companies have mounted to stop unionization. That can take the form of hiring union-avoidance consultants or firing pro-union workers. (It is illegal to fire workers for backing a union.) Such resistance has likely slowed unionization at many corporations.

A second, arguably bigger obstacle: Workers at various Starbucks, Amazon, Trader Joe's, REI, Apple, and Chipotle facilities all first unionized more than 18 months ago. Yet workers at none of those places have reached a first contract. Without a first contract that delivers improvements, many workers inevitably grow discouraged with the idea of unionization. Seeing the difficulties in winning a contract, workers at nonunion shops may feel less tempted to unionize.

While workers say these companies are dragging their feet to delay reaching a contract, the companies insist they're bargaining in good faith. "There's essentially nothing under labor law that forces employers to bargain," said Kate Bronfenbrenner, a labor expert at Cornell University.

Plus, unions can face headwinds in the courts. On June 13, the U.S. Supreme Court ruled in Starbucks' favor and made it harder for the National Labor Relations Board to win an injunction—for instance, to reinstate a pro-union worker who was fired—when an employer is accused of acting illegally to defeat unionization efforts.

Tensions between labor and corporate leaders are high these days, and they're much higher in the United States than in many other countries. Corporate executives in France, Britain, Germany, Italy, Sweden, and Switzerland don't resent unions the way many American executives do. European executives may not love labor unions, but most see them as legitimate institutions—they often call them social partners.

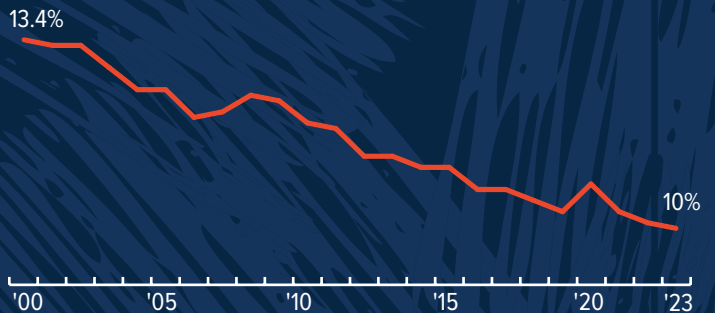
We're at a potentially pivotal moment for the U.S. labor movement. With Americans more enthusiastic about unions than in decades, union leaders hope to ride that energy to widespread unionization. For corporate leaders, this moment of growing support for unions should be a call to action—a time to deal with a more restive, more assertive workforce in a way that works for the company and the worker alike. ■



Steven Greenhouse is a well-known labor journalist. He was a *New York Times* reporter for more than 30 years, including 19 as its leading writer on labor and workplace issues. He has written two books on labor issues and is a frequent speaker on the topic. He is a senior fellow at the Century Foundation.

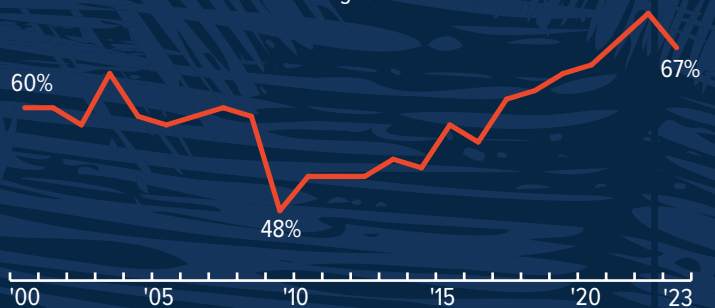
Union membership is still at an all-time low level ...

Even amid the renewed energy for unionization, the overall percentage of U.S. workers who were members of a union fell in 2023 to 10.0%, continuing a steady decades-long decline. The union rate among public-sector workers (32%) is more than five times higher than the rate in the private sector (6.0%). The highest union rates were among workers in education, training, and library jobs.



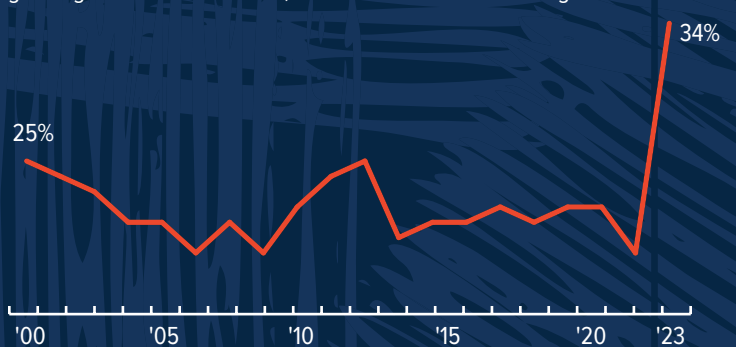
... but Americans these days are viewing unions more favorably ...

The 67% of Americans who said in 2023 that they approve of labor unions is down slightly from a year earlier but marks the fifth straight year this approval rating has exceeded its multi-decade average of 62%. Union approval plunged to an all-time low of 48% in 2009 following the Great Recession. While approval rates have risen since then, they have not returned to the all-time high of 75% in the 1950s.



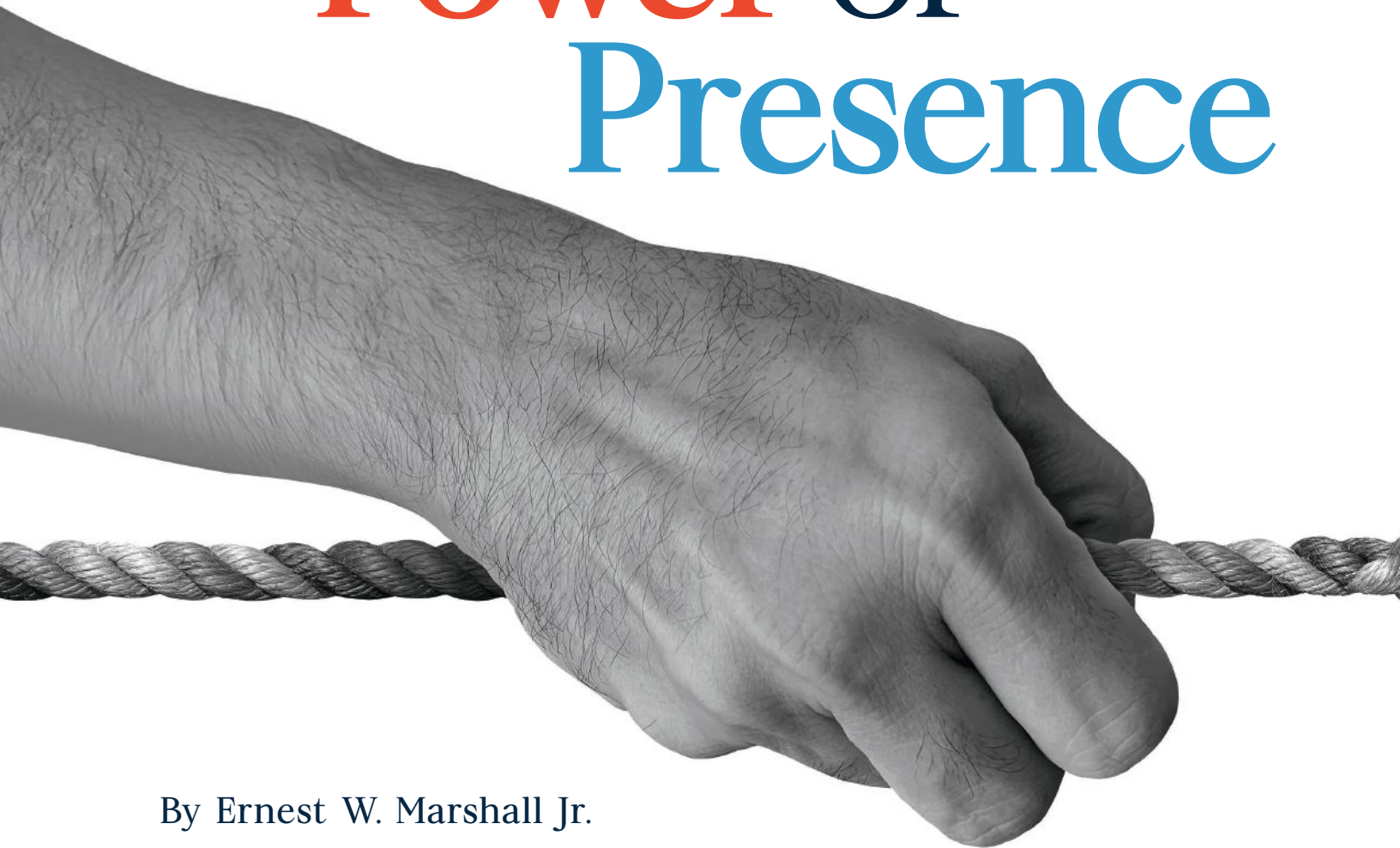
... and record numbers of people foresee unions gaining clout.

Fueled by recent organizing victories and a more pro-union stance among younger people, the percentage of Americans who believe that unions will become stronger in the future has jumped over the past five years to 34%, after holding steady near 20% for the previous two decades. In comparison, 36% percent of Americans foresee unions growing weaker in the future, down from 52% a decade ago.



Sources: Chart 1: U.S. Bureau of Labor Statistics, 2023; Charts 2 and 3: Gallup, 2023.

The Power of Presence



By Ernest W. Marshall Jr.

Why Building Human Connections with Employees Is More Critical Than Ever

The CHRO of a global power management company shares the lessons he's gathered from a career of high-stakes labor negotiations on the growing importance of HR's role in creating trusting, authentic employee relationships.





In late 2023, Costco employees in Norfolk, Va., voted overwhelmingly to unionize, the most successful organizing drive the retailer had seen in two decades. What was most insightful about that news, however, was the response issued by the incoming and outgoing Costco CEOs, who wrote:

“To be honest, we’re disappointed by the result in Norfolk. We’re not disappointed in our employees; we’re disappointed in ourselves as managers and leaders. The fact that a majority of Norfolk employees felt that they wanted or needed a union constitutes a failure on our part.”

This hit home because it gets to the heart of what we must maintain in HR: relationships. As leaders, it is incumbent upon us to know our employees. In the case of Costco, the successful unionization drive reminded us that we must always be aware of what our employees want and need—and what can happen when we lose sight of what’s important.

A Career Built on Connections

I’ve learned this lesson time and again over my 27-plus years in HR. It’s a journey that began in 1997, when I became a notetaker at the national negotiations between General Electric and United Electrical (UE), which represented tens of thousands of employees. The experience gave me a front-row seat at the collective bargaining process and taught me labor nomenclature, as well as how passionate debates can be at the bargaining table. Yet it also taught me that relationships are forged before you sit across from each other at that table. The deals reached are ultimately built on strong, trusting relationships cultivated long beforehand.

A few years later, I had responsibility for my first site at GE Aviation, where our union employees were represented by the International Association of Machinists and Aerospace Workers (IAM) and the United Auto Workers (UAW). Leveraging what I had learned at the national table, I quickly began building relationships for myself, knowing I would soon be tasked with resolving complicated labor disputes, mediations, and arbitrations. This process solidified what I had learned earlier—that strong and trusting relationships matter with your workforce.

The importance of relationship building grew even larger when I was promoted to a role that oversaw multiple sites, both union and nonunion alike. I had the dual responsibility of advising the company on how to build positive employee relations at nonunion sites while working with the unions at sites that had been organized. Over the next 14 years—and in multiple local and national negotiations—I leveraged relationships that I had built at every step.

Develop Trust by Walking the Floor

I’ve now seen employee and labor relations from all sides. And I’ll be the first to admit that much has changed from when I first began in HR. Today, our workforce is more diverse than ever, and technology has revolutionized the way we communicate. Customers, suppliers, stakeholders, and employees demand quick responses to their concerns. The power of social media has convinced many people that employee relations are now a zero-sum game, where one party wins and the other loses. (Please don’t fall into that trap!)

But some things remain the same. Employees want to be treated with dignity and respect—and to know that their needs can be fulfilled in the workplace. They also want to be heard, as well they should be. This is why HR leaders must make it a priority to get out of their offices and walk the floors to develop meaningful, respectful relationships with their employees. This is critical because those floors are where credibility is built, and those conversations remove hierarchical barriers that often prevent real connections.

The challenge of leadership remains, in large part because leadership today is a series of balancing acts. Ensuring positive employee relations requires balancing fairness and profitability while leading with empathy. It means advocating for employees while also recognizing that your role is to help the company stay profitable and grow. Earlier in my career, my ability to balance these needs was incredibly important, even necessary, to building skills that would make me a better HR leader.

How we communicate is another balancing act. Email, text messaging, and videoconferencing certainly make it easier to connect instantaneously. But these tools also deny the bond that only forms through in-person connections. HR leaders will never generate spontaneous, authentic conversations with employees if they connect with them only from afar.

In staying disconnected, they will surely miss valuable information that could prevent future problems. Ideally, there should be a shared sense of reaching both short-term and long-term goals that are in the best interest of both employees and the company in creating a sustainable and prosperous business model.

When you walk the floor, you develop a perspective of what is going on—a sense of how people feel about your company. Many will freely offer their opinion and learn to trust you, positioning you to prevent issues from escalating.

Listen and Explain Your ‘Why’

Eventually, you go beyond surface conversations with employees, keeping you from being lulled into thinking that simply because employees appear to be happy that they are engaged. After all, people are your brand, and boards are now evaluat-



Your culture is the operating system of your company, and it must be constantly monitored and updated because culture is your differentiator.



ing CEOs on how well they connect with their employees and how they can positively impact the culture. These leaders drive stronger engagement because they make clear to employees that they care and listen.

That listening fosters gratitude and empathy, which are fundamentally human and necessary to building strong working relationships. It makes your connections more meaningful. And it makes people more likely to understand your position when you explain why you cannot meet all their demands. It's about basic human dynamics and psychology—and letting people know that you hear them and care.

Issues arise when employees want a problem addressed but sense that their leaders aren't listening—and more importantly, that they don't care. Company leaders must guard against sending signals, explicit or unspoken, suggesting that employees' concerns are not important enough to spend time on. That message translates into the belief that all that matters is maximizing company profits at the expense of employees. That's a dangerous proposition.

As long as you are honest, maintain strong relationships with frequent dialogue, and help people understand the “why” behind your positions and decisions, you will be successful and your employees will place greater trust and faith in your actions.

Building Bridges: 4 Lessons Learned

So what should HR leaders be doing to build those strong employee relationships? Here are some key takeaways from my experience:

1 Understand what your workforce truly values.

Guard against messages that get lost as they move through the hierarchy. Be your own “search scientist” by visiting and creating opportunities for your employees to be seen and heard. Listen and make sure their issues and concerns become part of the culture change. Be an active communicator and strong listener to understand the things employees are most concerned about, such as career growth, working conditions, ability to retire, the company's purpose and mission, and ultimately, why they choose to stay. Understanding and knowing your employees is the first step toward trust.

2 Work to set—and protect—your culture.

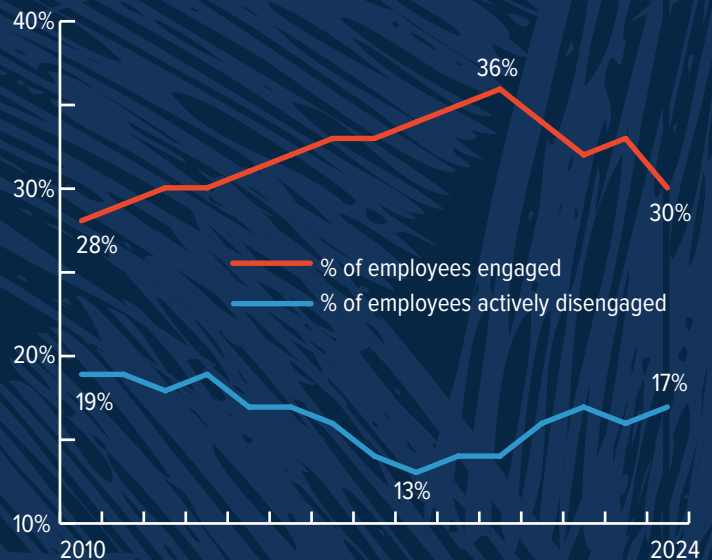
Your culture is the operating system of your company, and it must be constantly monitored and updated because culture is your differentiator. In HR, we must assist our leaders in setting the culture through our behavior in all aspects of the employee experience. Employees have a strong desire to know that their contributions are needed and appreciated. If you can't win in the workplace with your employees, you will struggle to win in the marketplace. Let people know how much they matter!

3 Don't be lulled by strong numbers.

Just because profits are solid and operations are running smoothly does not mean your employees feel appreciated. We have seen some of the most recognizable brands in the world providing market-leading pay and benefits, and yet they face employee unrest. Just as we regularly audit our finances and

The High Cost of Disconnected Employees

Fueled in part by declining human connections in the workplace, employee engagement in 2024 has dropped to its lowest level in more than a decade. Gallup reported that the percentage of U.S. employees saying they were “highly engaged” in their jobs dropped to 30% in the first quarter of 2024, the lowest level since 2013. And the percentage of employees who were “actively disengaged” in their work rose slightly to 17%, tied for the highest level in a decade.



perform preventive maintenance on our manufacturing equipment, we must proactively evaluate our employee engagement the same way.

4 Think about what it means to be a good employer.

In business, some may think that fairness and profitability are diametrically opposed—but they don't have to be. How can you create an environment where people feel good about what they do and where meaningful relationships can exist and flourish? I often remind leaders that employees want our company to be successful, but that they also want to know that they are contributing to that success. Their concerns and ideas may just be the next best way to make your company better. Allow the collective intellect of your employees to serve as a differentiator.

Some of this may sound easy, but it takes time. Never take your eye off the most important part of your business and your culture—your employees. We are in an era where it can feel like an endless tug-of-war between “us” and “them,” of employees versus employers. Yet at our core, we are all just yearning for recognition and understanding. Let's avert problems and tensions before they start through camaraderie and conversation. 🧩



Ernest W. Marshall Jr. is the executive vice president and CHRO of Eaton Corporation, a global power management company. He previously served as the vice president of HR for GE Aviation.

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The Future of Labor



DAVID ROLF

Differing Visions from
Two of America's Leading
Voices on Unions



JOHN F. RING



Are we seeing a true revival of union power, or are a few high-profile organizing victories simply a distraction from the downward trend of America's labor movement? To sort out the truth and identify a sustainable labor strategy for businesses, *People + Strategy* editors David Reimer and Adam Bryant sat down with two of the leading minds on labor issues.

‘This Era Is Not the Same’

People + Strategy: Organized labor seems to be enjoying a tailwind. What’s driving it?

DAVID ROLF: One driving force is a renewed level of militancy among many of the remaining private-sector unions in the United States. This comes after many decades in which nearly 100% of the nation’s economic growth was distributed to the top 1% of income earners. A study by the Rand Corporation says that between 1975 and 2018, the cumulative increase in income to the top 1% was about \$50 trillion, and the bottom 90% lost net income relative to that 1975 baseline.

This had a number of impacts. It caused a race to the bottom on prices, which then became a self-reinforcing dynamic with downward pressure on labor costs and other costs. That led to the impoverishment of non-college-educated workers in the United States and the accumulation of income and wealth at the very top.

Then we had the pandemic that made some workers re-evaluate their relationship to work. So we started to see some employees voting with their feet in many ways—some by going on strike or threatening to go on strike. But a much larger group of private-sector workers who weren’t in a union took advantage of short-term government financial support to take time off or think about going back to school or start their own business or leave the labor force earlier than anticipated.

Then in 2023, we saw a number of successful strikes or threats to strike at many iconic American brands and industries—the Big Three automakers, the Las Vegas Strip, Kaiser Permanente, UPS, Hollywood. That led to some big contract victories for the first time in many years.

What’s not happening yet, though, is net growth in private-sector representation by organized labor beyond the 6% we see now. It’s a national disgrace. It means that the vast majority of American workers in the private sector are left out of any kind of economic democracy and any kind of mechanism designed to create more of a balanced distribution of wealth.

For the first time since the early 1970s, low-wage workers have started to see their pay begin to grow faster than inflation. But that’s just over the last couple of years. A large part of that resulted not from collective bargaining but because of the labor movement’s investment in state and local minimum-wage campaigns. I was honored to help lead the first two \$15-minimum-wage campaigns—first in the small airport city of SeaTac

[in Washington state], and then the following year in the city of Seattle. Because federal labor laws are broken and no longer give employees meaningful access to collective bargaining, you’re seeing more experimentation like that at the city and state level.

P+S: Can you talk more about the evolution we’re seeing in the tactics and strategies of organized labor?

ROLF: Labor movements have existed in some form from the dawn of the American republic, but the power of organized labor as we know it today peaked in the 1940s and 1950s. By the 1980s, labor was on the defense, and we began to see more experimentation and new thinking by labor organizers about what kind of tactics could improve their chances of a win in the next contract fight or the next organizing drive in an increasingly hostile environment.

But the labor campaigns of the past 40 years were generally designed to try to make the existing business model of unions work the way it did at its peak—organizing workers on an enterprise basis and bargaining the best possible contract with individual employers. There was not a wholesale investment in a different set of experiments to create a new model.

Labor organizations are highly constrained by federal law, as well as by the embedded incentives, disincentives, requirements, and prohibitions of the business model that Congress assigned us in 1935 [passage of the National Labor Relations Act].

So experimentation isn’t quite as easy as it might be, say, at a technology company. We don’t have that level of freedom. But, even so, we could have done more to invest in new approaches when we did have our small handful of organizing successes in the 1990s and 2000s. Organized labor should have been taking some of the financial proceeds of that growth and devoting it to innovation and creating new models to replace the ones that are no longer working.

P+S: And yet we are seeing some new tactics, such as labor trying to win board seats at Starbucks. And the recent UAW contract victories represented a new approach, correct?

ROLF: True. Some of these strategies have been around for a while, and some are newer. Capital stewardship strategies in partnership with other institutional investors really began in the 1980s. But the recent Starbucks victory is certainly a break-



DAVID ROLF has been called “the most successful union organizer in America” and has led some of the largest worker organizing efforts since the 1930s, including the first successful local campaigns for a \$15 minimum wage. He is the founder and president emeritus of SEIU 775, the chairman of the nonprofit Living Wage for Us, and the author of the book *The Fight for Fifteen*.

through. And if the old tools become less effective, then, as with any ecosystem, you need diversity as a survival strategy.

With the UAW, we saw a shift to focus on striking plant by plant, rather than company by company. “#RedforEd”—bottom-up job actions even in states with no collective bargaining laws—is another example.

So we are seeing new tactics for existing unionized workers, as well as experimentation in state and local employment laws. But we are not seeing a wholesale reinvention of the labor movement, at least not yet. Even with the exciting win for Volkswagen workers in Tennessee, there aren't enough big organizing drives in the pipeline now to meaningfully impact the decline of what we call union density, which is our term for market share.

P+S: You mentioned the increase in union experimentation we're seeing at the state and local level. For HR executives, this creates a big challenge in terms of different policies and rules across the country, rather than a blanket federal approach. How would you respond to that concern?

ROLF: I'm skeptical that it's a real problem. Companies routinely comply with different labor law systems around the world, different union contracts in different facilities, different tax rates and insurance policies in different jurisdictions, differing government mandates around health care or workplace safety, and so on. If you can figure out how to pay company taxes in states with different state tax laws, you should be able to figure out how to compensate and respect workers under different laws as well.

P+S: What other advice would you give to corporate leaders in terms of how they think about organized labor?

ROLF: Companies should stop thinking about being unionized as some sort of referendum on their leadership or their personal integrity. Having a strong union movement is good for society, in the same way that having good utilities, good school systems, and good law enforcement helps build strong communities.

A strong union movement helps increase wages for the bottom 90% of income earners. That reduces inequality within society and within workplaces. It more broadly shares the fruits of our collective economic labor with more people, so they ultimately have the stability to be better citizens, because they actually have enough freedom and security to live their lives without economic panic and fear as constant motivators. And a well-paid workforce with money to spend makes for great customers. Seventy percent of our economy is sales of goods and services to consumers. The more money workers make, the more money consumers can spend.

P+S: What other important trends are on your radar?

ROLF: Something interesting is happening on the political right of center. Essentially, the last pro-union Republican president was Richard Nixon. But we are now seeing people on the political right of center start to wake up to the fact that their new electoral majority is no longer upper-middle-class voters in the suburbs. It is now the working class.

“ We are seeing new tactics for existing unionized workers, as well as experimentation in state and local employment laws. But we are not seeing a wholesale reinvention of the labor movement, at least not yet. ”

So there is an awakening on the political right of center that being merely indifferent to the fate of organized labor or to workers no longer aligns with the political interests of their own voting base. Some of the new signals include Sen. Josh Hawley (R-Mo.) joining a UAW picket line and reversing his position on right-to-work laws, and think tanks like American Compass aggressively pushing a pro-labor set of policies within the Republican coalition.

It used to be that one political party would write off the labor movement while the other would take it for granted. And the result was very predictable—that organized labor would shrink faster under a Republican [administration] than a Democratic one. But it would shrink either way. So the emergence of a pro-labor right of center is really interesting.

Finally, we need to set aside our continuous and somewhat ridiculous attempts to build a time machine to re-create the exact bargaining model that my great-grandfather's Distillery Workers union had in the 1930s. Instead, we need to think about how to solve for power, scale, and sustainability, and we need to create a new generation of labor institutions that arguably shouldn't look exactly like the ones from that earlier era. Because this era is not the same, industry is not the same, and the world is not the same.

P+S: As a union leader, what advice would you give to a room full of CHROs on how to work best with labor?

ROLF: One is to treat your labor partner like you would any other partner. People negotiate with their fellow senior managers, their suppliers, and many others. The presumption in all those relationships is that there is a way to get to a win-win deal that everyone's happy with. That doesn't mean everyone got 100% of what they wanted, but people feel good enough about the result that they want to do business with the partner again.

So my advice to CHROs is to treat labor with respect and figure out how to come to agreement so the business relationship works for everyone. We have an economy and legal system that incentivizes employers to fight unions. But if your company employs union labor, you want it to be a strong union because they have to be able to deliver on what they committed to during bargaining.

It's in everyone's interest for labor-management relationships to be strong and successful, and not relationships where people just nitpick each other. Employers tend to get the quality of labor relations they deserve.

Work Your Culture and Have Regular Dialogue with Employees

People + Strategy: What do you think is driving all the activity around organized labor in recent years?

JOHN F. RING: There are a number of factors playing out right now. One is that we're seeing a lot of employee activism coming out of the pandemic. Employees are just more willing to stand up and say what they are thinking. And if they don't feel like they are being heard, then they take it to another level, whether that is through organizing, posting on social media, or some other avenue.

Second, unions have also been pretty successful in their organizing efforts recently, and there's been a lot of favorable press on that. There have been times in the past when the union movement said there was a renaissance for labor after a few organizing successes, and then they kind of peter out. This time feels different.

Finally, we have the most pro-union-labor administration in history. The [Biden] administration believes people should be in a union. Many of the policies of the current administration focus on that. And the National Labor Relations Board [NLRB] has done extraordinary things in the last couple of years to make organizing easier and faster.

P+S: Many employers feel like they are already doing a lot for workers in the last few years, and so they might be surprised by a push among their employees to organize.

RING: We do have more employee activism, and all the polling shows that unions are being viewed much more favorably now than they have been in the last 20 to 30 years. There is a perception now, and I think it's generational, that unions are cool, and that people want to belong to them.

In the past, people wanted to organize in reaction to bad leadership or because they weren't being treated properly, and they needed a third party to intervene. That is not always the case now. People may like working at their company but still want to be part of organized labor because they want more. They worked very hard during the pandemic, and they feel like they deserve something. The expectations are high. It's a very different mindset.

P+S: How do you see the tactics changing by labor?

RING: We are seeing more organizing efforts being driven organically by employees. Union organizing is not necessarily limited to traditional unions like the Teamsters or Machinists coming in and saying, "We want to organize you." There's still some of that, but we are also seeing more instances where a group of employees read or hear about union collective bargaining successes, for example, and they say, "We want to be part of a union." Often, they eventually will reach out to get some kind of support or guidance from a traditional union. But, in effect, we are seeing more homegrown unions.

We're also seeing union leaders facing the same kind of pressure from their members that CEOs are getting from their employees. The expectations from members are very high, so we're seeing, for example, multiple contracts not getting immediately ratified. If the union leaders are seen as too cozy with employers, or they are just not meeting their members' expectations, they get voted out, and they are often replaced by people who are the loudest voice in the group. Unfortunately, many of these new leaders do not have experience negotiating collective bargaining agreements.

P+S: To pick up on that theme of the loudest voice, what is your advice to HR leaders about how to separate the signal from the noise as they listen to their employees, so that they understand what's really going on inside their companies?

RING: The companies that are most successful in terms of separating the signal from the noise are the ones that have a strong culture, they stick to that culture, and they are truly engaged with their employees. They don't think in terms of temporary solutions to problems. It's a relentless focus on positive employee relations.

Over the years, HR and employee relations were sometimes seen as a "necessary evil." It wasn't on the top five list of what a CEO was thinking about. But today, if employee well-being is not on the CEO's mind, then it's a real problem. It's about making sure that the business leaders understand what their



JOHN F. RING is one of America's best-known management-side employment lawyers. From 2018 to 2021, Ring served as chairman of the National Labor Relations Board, an independent federal agency that protects the rights of employees to organize. Before his time on the NLRB, Ring was co-chair of the labor-management relations practice at Morgan Lewis, where he is now a partner.

“ There have been such dramatic changes in the law from the NLRB, and there have been enough successes by unions of late that it’s going to be hard for this to just revert back to the normal trough of a cycle. And I do think this next generation views unions differently. ”

employee relations culture is, and then sticking to it and not being dragged into what somebody said online today. You have to know what you stand for, know how you treat your employees, and have a regular cadence of dialogue with employees.

P+S: What are your predictions about the trajectory and momentum of the current labor movement?

RING: Organized labor has typically moved in cycles in the past. We may see some successes, and then it kind of fizzles out and union density ticks down a bit. That said, there have been such dramatic changes in the law from the NLRB, and there have been enough successes by unions of late that it’s going to be hard for this to just revert back to the normal trough of a cycle. And I do think this next generation views unions differently. If the union movement can meet those employees where they are, then I think we won’t see the usual slipping of union density after some of the union successes that we’re seeing now.

P+S: For companies that already have a union, are there strategies they can start using two to three years before a contract renewal to de-escalate some of the built-in tensions in the process?

RING: Employee communication is key. That means not allowing the union to be in control of all the messaging and ensuring that workers hear the company’s point of view directly.

It’s also important for employers to educate their union leaders on their business and make sure they understand what’s particularly important to them. In cases where there are inexperienced union leaders, you have to make sure they understand the business—not just in terms of its profitability, but also the real pressures that the business may be facing.

In other cases, there may be a long-standing and mature relationship with a union. But you have to beware of the trap of assuming that the productive relationship will last forever. There may be new pressures from the rank and file that results in a change of union leadership, and management finds itself having to deal with completely different union leaders. So you have to make sure that the leverage dynamic that is inherent in a bargaining relationship doesn’t get lost.

P+S: What advice would you give to a CEO who is about to head into a tough all-hands meeting? How should they lower the temperature?

RING: My question to the CEO would be, “What have you been doing before walking onto the stage here today?” That’s really going to tell me whether or not you’re going to be successful. In the old days, maybe 10 years ago, you could wheel out the CEO at an all-hands meeting and they could say some nice things about how much they appreciate employees, and everyone would happily go back to work. These days, there has to be some real ongoing work to build up trust. You have to walk the talk and show through your actions that you care about employees and about what they say.

Employees are on the front lines and can help make your products and services better. There are ways to make employees feel like they are not only heard but valued.

P+S: What were some early influences for you personally that led you into this field?

RING: I come from a very blue-collar background. What I really love about what I do in collective bargaining is learning how people do their jobs and then, in negotiations, trying to find that middle ground without intervention by the federal government. How do we solve the problems that the workforce has while also making sure that we don’t put the company out of business? It’s been interesting throughout my career to learn how different businesses operate and then to negotiate to find solutions for problems that sometimes seem intractable.

P+S: From the business perspective, what advice would you share with a group of newly elected union leaders?

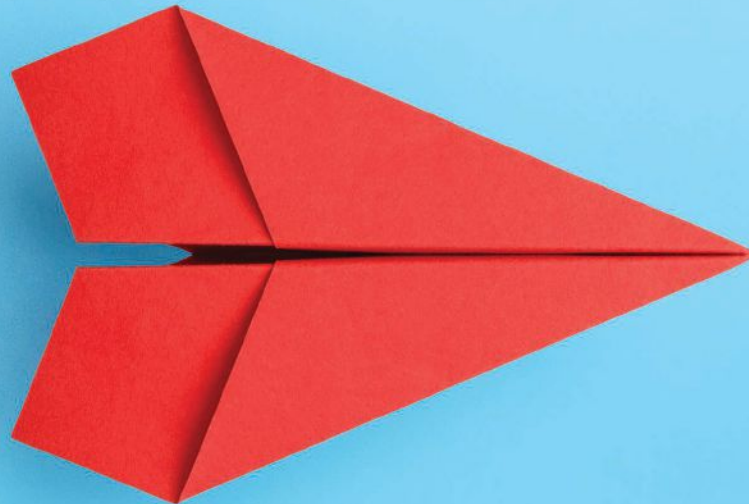
RING: It’s similar to the advice that I would give to the CEOs. You have to talk to your membership, understand what they really need, and also be able to tell them what’s achievable and what’s not, what’s realistic and what’s not.

Sometimes the easy route for any union leader is to be a mouthpiece for the loudest voices. To be successful, you have to be a leader who can say, “That sounds good, but that’s not going to work,” and be able to explain why. Some of the most successful union leaders I’ve ever dealt with are the ones that can go back to their membership and give them the worst news but still get re-elected because their people trust them. The membership has confidence in them, and they know that the union official has their best interests at heart. ■■

Interviews conducted by executive editor David Reimer and articles editor Adam Bryant.

Sustainable Agility

How HR Can Survive the Rapid Pace of Change



The age-old HR goal of supporting the business by aligning with strategy has become untenable. Business strategies now change too fast for supporting practices to keep up, and the demand from business leaders to become agile with faster change is heaping major stress on employees. The director of The Wharton School's Center for Human Resources and a veteran HR executive detail how HR leaders can straddle the apparently conflicting goals of advocating for employees' interests and helping their organizations pursue agility.

By Peter Cappelli and Ranya Nehmeh

Human resources as a serious function arguably began with the U.S. Army's psychological studies during World War I on morale and other topics. But it didn't blossom into something we would recognize today until employers were confronted with unionization. Employers responded both by fighting unions aggressively and by trying to buy out workers' interest in having a union. The system known as "welfare capitalism" created a role in companies for finding out what employees wanted and trying to give it to them. In other words, advocating for employees.

The 1980s saw a change in the way organizations operated. Employers began crushing unions and became so successful at it that the "industrial relations" departments that dealt with unions—which were common in virtually every large company—disappeared altogether. Personnel departments, which had reported to industrial relations, were now responsible for all employee needs and issues. But personnel departments' role as advocates for employees also became unnecessary with the decline of interest in keeping unions out. It also put them at odds with the new cost-cutting, shareholder value-oriented business leaders.

The U.S. also moved from a period of labor scarcity following the post-World War II economic boom to a decades-long buyers' market for labor. That began in the 1970s and accelerated with the 1981 recession, leading to white-collar layoffs for the first time and waves of corporate restructuring, which frankly never ended. Things improved a bit in the 1990s, with unemployment averaging 5.3%. But then from 2000 to 2018, unemployment rose again to average 6.2%. It wasn't hard to hire or retain employees when so many people were looking for jobs. Rather than advocating for employees, it was more common for companies to be taking things from them.

Since 1980, top management has clearly been pushing HR departments to stop advocating for employees and do more to help the business. (That's partly why the function's name shifted during that decade from "personnel" to the more business-sounding "human resources"¹). The most attractive option was to be a "strategic partner" supporting business strategy.

But what did it mean to be a partner? One answer was to be "the perfect agent of the CEO," as former GE Executive Vice President Frank Doyle once put it. That meant moving away from policies that HR thought was best toward whatever the CEO wanted—and that rarely focused on looking out for employees. Jack Welch's fixation on forced rankings was arguably the best-known example of a policy the CEO wanted but HR did not.²

The field of business strategy provided a more sophisticated answer with the idea that companies needed to differentiate what they did in order to compete. They could do that by developing a competency—in some cases a central "core competency"—that made them better than competitors at some aspect of their business.

From there, companies had a straightforward focus on supporting that strategy. For example, an airline like Southwest was going to compete by having a more productive workforce,

Nordstrom with push-the-limits customer service, Chubb Insurance by getting the best underwriting, and so forth. To support those strategies, companies hire people with the dispositions to fit those needs, develop the behaviors associated with the needs, and create cultures that support them. This was the notion of "alignment" that HR leaders still refer to as the central part of their mission.

Supporting Strategy Goes Away

It was never clear how many companies ever had those clear and consistent strategies based on an obvious competency—nor how well HR actually did at supporting them. But these days, the notion of competing by having one clear strategy and executing it consistently seems quaint.

A 2022 Conference Board C-suite survey found that "modifying their business model" had moved up to the No. 2 business priority for executives. Another survey found that more than half of managers (58%) said they need to "reinvent" their business every three years or less just to survive. In other words, evidence suggests that it pays for CEOs to take this broader view, shifting from execution to looking for new opportunities.³

What does it take to support business strategy when that strategy changes every few years and when it may differ across lines of business? It is simply not possible to do this by aligning traditional HR practice with the new strategy. If we hire different people who "fit" the new model every few years, it will take a very long time before the workforce as a whole changes, and the different cohorts will likely be in conflict with one another. Training and then changing management practices to get existing employees to behave differently takes a huge amount of time and resources. Organizational cultures simply don't change quickly, and then only if fundamental policies and practices change.

More importantly, HR professionals report that every restructuring creates winners and losers and a sense of crisis among much of the organization's talent. For example, when GM announced a couple years ago that it plans to phase out its



One of the biggest employee complaints is 'change fatigue' and the stress it causes to be in a near-constant state of flux. Studies show that this has caused employees to be far less interested in supporting new company initiatives.





gas and diesel manufacturing in a decade, what will that mean for the legions of employees who work on internal combustion engines? As one CHRO put it, their main challenge when these directions change is just to keep the current workforce from panicking. (*Will we still have a role after this new direction? Are we likely to lose our jobs?*)

The belief that HR should be aligning employees and their behavior to each new direction rarely worked that well in any case, because HR didn't have the power to do so. Cutting recruiter jobs and pushing hiring decisions to line managers meant that HR no longer controlled hiring. Training budgets were stripped bare, and with them, the ability to mold employees. The ability to shape career paths was constrained by the growing reluctance of line managers to allow their employees to move. Organizational culture was never driven by HR; it is shaped by what the top executives do—and changing culture requires changing overall practices, which executives are often not inclined to do.

The Need for Speed—and Agility

The consistent theme in what top executives say they want from their organizations now reflects the constant pace of change, and that is to be agile. Not the project management practice of agile, but simply the ability to change and respond quickly.

A McKinsey & Company survey found that three-quarters of business leaders said that organizational agility was among their top three priorities. Furthermore, those leaders believed more of their employees should undertake agile ways of working. On average, respondents believed 68% of their companies' employees should be working in agile ways, compared with the 44% of employees who currently do.⁴

A Conference Board survey of HR leaders indicates that HR is getting the message. A full 94% of HR leaders say it is

important for HR to be able to “reconfigure its capabilities and resources rapidly.” In ranking their own most important needs for change, “more flexible deployment” and “adopting agile methods” took two of the top three positions, beaten only by leveraging AI.

But HR leaders still think their organizations have quite a way to go when it comes to actually making the necessary changes. A Gartner survey of HR leaders found that only 19% feel their workforce is capable of changing direction in the face of changing needs and priorities.

The reason for needing agility is to respond to uncertainty. We don't know what the next business opportunity will be, so we don't know which competencies it will require. We don't know which of our management practices would support or fight those needs. The traditional HR focus on planning and then aligning with the plan is simply at odds with any serious attempt to deal with uncertainty. It was hard enough to develop competencies even when strategy was stable. How we go about developing them when strategy may be in continuous change is not at all obvious.

The Labor Market Strikes Back

If the rapid pace of change wasn't enough of a challenge, the labor market now has pushed back, reinforcing the need to pay a lot of attention to the most traditional HR task of getting and keeping talent.

As a result, talent issues of the most fundamental kind—how to get and hold employees—are at the very top of most CEO concerns, as several surveys show:

- The Conference Board's 2023 C-suite survey has CEOs ranking employees ahead of shareholders as important stakeholders. CEOs also say that talent, especially acquiring it, is the No. 1 factor affecting their business. But the priority of



Top executives need to realize they cannot have an organization that is constantly changing its strategies without paying a big price for it in the stress and mental health of employees, the ability to recruit and retain, and the engagement of employees in their work. ... One of the best ways to reduce the stress on employees from uncertainty and change is to give them more control, which means more choice.



changing their approach to strategy—“modify our business model”—is in second place.⁵

- In Deloitte’s C-level survey in 2023, those two goals were tied for the top position: transform the core business and get better at talent acquisition.⁶
- PwC’s equivalent survey had CEOs reporting that hiring talent and a digital transformation of the business were tied as No. 1 priorities. Just behind those two is increasing agility.

The goal of executives is clear: to keep changing the organization, and to focus on keeping and attracting talent. How to do both is the challenge because they are in conflict.

One of the biggest employee complaints is “change fatigue” and the stress it causes to be in a near-constant state of flux. Studies show that this has caused employees to be far less interested in supporting new company initiatives. A Gartner survey revealed that employees’ willingness to support change plummeted to 43% in 2022, down dramatically from 74% in 2016.⁷ When *Harvard Business Review* cited this survey, it floated the idea that organizations should take periodic breaks from change to allow employees to recoup. That’s not something we suspect CEOs are likely to embrace.

The tight labor market not only means it’s harder to hire and retain employees. It also means current employees have more bargaining power and are more willing to push back against problematic aspects of work. Constant restructuring is one of those problems because the uncertainty it creates causes stress. The real fear of layoffs has been accompanied by fewer prospects for internal advancement—causing ambitious employees to look outside—and pay increases that lag inflation.

Another stress point: the rising belief that good mental health is a right for which employers are responsible. A McKinsey survey found that 80% of employers reported company-level concerns about employee mental health, and half indicated it

was a top CEO priority for them to address.⁸ But so far, employers have focused more on treating the consequences, rather than the root causes of work-induced mental health problems.

We saw other new employee concerns as well, from the #Me-Too movement, the growing field of diversity, and a focus on societal issues that sees employees as stakeholders.

When we roll all these issues together, we see the re-emergence of the employee advocacy role for human resources.

The conundrum for HR is simple: For 40 years, HR was told to stop advocating for employees and instead concentrate on how to support the business by supporting its strategy. Now there is a business need to be an employee advocate again. Will HR move forcefully in that direction? Can it do that and be supportive of an agile strategy that likely harms employees?

Going Forward: Making Agility Sustainable

One obvious conclusion for the HR function is that the common view among senior HR leaders that outsourcing the basic HR tasks allows us to focus on the “strategic stuff” has been stood on its head. The basic stuff—keeping the organization together and getting jobs filled—is the strategic need.

A 2023 survey of HR leaders by Sapient Insights Group suggests HR feels somewhat in limbo, despite being in charge of the No. 1 business issue—talent acquisition. Only 46% of HR leaders reported that their HR function is viewed as contributing strategic value to the organization. That level has not changed in recent years, even with HR’s apparent success in getting organizations through the pandemic.⁹ And that 46% is roughly a third lower than the share of other functions that are viewed as being strategically valuable.

It is hard to be seen as contributing strategic value if you cannot demonstrate with credible evidence how important the problem is, i.e., what it really cost us if someone quits, the total

value of a good hire, and so forth. It's also hard to be seen as valuable if what you are doing is just outsourcing the solutions to someone else.

Top executives need to realize they cannot have an organization that is constantly changing its strategies without paying a big price for it, namely harming the stress levels and mental health of employees, the ability to recruit and retain, and the engagement of employees in their work.

Is there a way to balance those two demands? The irony is that the pre-1980s generation of corporations made the case that the lifetime employment and generous perks to support changes that might move them into new jobs and new locations were precisely how to overcome resistance to change and achieve agility.¹⁰ That was the model corporations have abandoned since the 1980s.

Another option is to find resilient employees who are willing to absorb the stress of constant agility by overpaying them, a tactic used by the investment world that is unlikely to be considered by most. Nor do we think that leaders can be persuaded to back off the agility goal, because that goal is so strongly seen as a business requirement for survival.

However, it may be possible to get leaders to pick their change battles more carefully by persuading them how costly the agility goal is to their goals for talent acquisition, talent retention, and mental health. For example, some employers announce more layoffs than they ultimately carry out because they think investors like it. Is it worth the cost to employees to do that?

So is there a way to produce *sustainable* agility?

The focus on organizational change has been on making the change successful, which meant getting to the new model as quickly as possible. In part, that meant piling pressure on employees, such as the “burning platform” idea in which we either adapt or die. But *sustainable* agility should mean being able to make changes again, not just ram through the current change. This is different from the notion of resiliency, which is how well organizations can take a punch or a shock. We are thinking instead about how they can avoid so many self-inflicted punches.

We also know that one of the best ways to reduce the stress on employees from uncertainty and change is to give them more control, which means more choice. For example, expanding “bidding and posting” systems to allow employees to at least apply to work on the new projects generated by new business strategies reduces stress, even for those who choose to stay where they are. The more employees can be engaged in at least shaping some of the decisions to be made with new business directions, the better. Employees know a lot about what is likely to work well, and they are more committed to the decisions when they have some input into them.

Nor should we forget that managing organizational change begins with managing expectations and better communication. Employees should know that the organization will keep changing directions, so they shouldn't expect their current roles to last forever. Communicating early on about why the change is happening and what it means prevents employees from making up their own answers, which are almost always

worse. Also, letting them know that there will be training and support to move in the new direction helps reduce anxiety. Yes, that will cost some money.

Bottom line: The 40-year run of downplaying employee issues appears to be over as tight labor markets and social concerns have elevated those issues to the No. 1 ranking in business needs. Those issues are the strategic imperatives now. HR needs to adjust: It is hard to imagine marketing, operations, or any other function finding that their traditional domain had become the top concern of the CEO and continuing to focus their attention elsewhere.

Advocating for employee interests in the wake of demands for the organization to be agile has to begin by raising awareness of the costs of the associated stress on employees. We are not in the 1980s anymore; those costs have consequences now. How to both improve employee outcomes and gain agility will also require different approaches than 1980s-style restructuring. There is no time to wait in getting started. ■■



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THE HUMAN FIREWALL



Why CHROs Need to Play a Larger Role in Cybersecurity Defense

With cyberattacks increasingly targeting human—rather than tech-based—vulnerabilities, HR leaders must step up their efforts to craft training initiatives, collaborate on policies, and build a locked-down culture of security.

By Dave Zielinski

Common wisdom holds that the responsibility for protecting an organization's computer networks and sensitive data from cybercriminals falls almost exclusively to a chief information security officer (CISO) or chief technology officer (CTO)—executives who have such defenses as a central part of their job descriptions.

Yet cyberattacks are growing ever more sophisticated, and they're more likely now to be directed at an organization's employee base than at some weakness in its technology stack. As a result, experts say the CHRO's role in cybersecurity needs to grow more pronounced and integral to fully protect the organization.

The arrival of deepfake technology and generative AI (GenAI) tools, coupled with the growing scale and severity of ransomware,





phishing, and business email compromise attacks, requires a new level of awareness and education in the workforce that falls squarely under the purview of CHROs. Cybersecurity experts say that CHROs—working in closer concert with CISOs and CTOs—need an expanded role in crafting training initiatives, collaborating on policies, and building a security culture that constructs stronger “human firewalls” within organizations.

A People Problem

The great majority of cybersecurity problems (95%) can be traced back to human error, according to a 2022 World Economic Forum global risks study. And insider threats represent 43% of all data breaches. These cybercrimes are increasingly costly to businesses: An IBM study says the average cost of a data breach to organizations in 2023 was \$4.45 million, up 15% over the past three years.

Consider these two recent ransomware attacks. They weren’t accomplished via shadowy dark-web hacking, but largely through “social engineering” strategies that prey on employee emotions or failures by unsuspecting workers:

- MGM Resorts was hit with a ransomware attack in September 2023 that cost the company an estimated \$100 million in lost revenue. Hackers accessed MGM’s computer system by impersonating an MGM employee and calling the company’s IT help desk to convince workers there to reset a password.
- Change Healthcare, part of UnitedHealth Group, experienced an unprecedented ransomware attack early in 2024 when cybercriminals stole credentials that allow employees to remotely access company systems. The company eventually paid a ransom estimated at more than \$20 million.

As technology has evolved, so too has the nature of today’s cyberattacks. For example, garden-variety cybercrimes such as phishing—where bad actors try to trick employees into clicking on malicious links so they can steal login credentials or other sensitive data—have spread far beyond email and now regularly involve such links being embedded in QR codes, social media content, or text messages. Plus, the arrival of GenAI

has allowed cyberattackers to create more believable phishing scripts at greater speed and volume.

Business is trying hard to keep up. A 2024 global study from security company LogRhythm found that 95% of organizations have altered their cybersecurity strategies within the past year because of ever-changing cyberthreats and regulatory mandates. The study also found that the perception of cybersecurity has shifted from a purely technical issue to a more central element of business strategy and corporate governance—a change that requires more involvement from non-IT executives, including CHROs.

The Value of Strong CHRO-CISO Partnerships

Many CHROs have found that increasing the collaboration between themselves and IT executives allows them to build more knowledge of emerging threats into their HR training initiatives and workforce communication tied to security.

“An organization’s people are at the heart of cybersecurity,” says Katya Laviolette, chief people officer for IPassword, an information security firm in Montreal. “You can have all of the systems and technology protections in place that you want, but human error remains critical from a data security standpoint.”

Perry Carpenter, chief evangelist and strategy officer for cybersecurity company KnowBe4 in Clearwater, Fla., and co-author of *The Security Culture Playbook* (Wiley, 2022), says a strong relationship between a CHRO and CISO is increasingly important in today’s threat environment.

“There is a lot that can be broken in terms of cybersecurity when the relationship between a CHRO and CISO or CTO isn’t what it needs to be,” Carpenter says. “Conversely, there is a lot that can go right when that relationship is healthy.”

CHROs have four increasingly vital roles to play when it comes to cybersecurity, experts say:

- Modernizing and improving employee training to contend with evolving cyberthreats,
- Bolstering recruiting of cybersecurity professionals, where there is an ongoing labor shortage in many industries,

- Enhancing the organization’s security culture and policies, and
- Collaborating with legal and IT to communicate key details to the workforce when a cyberattack strikes a company.

Rethink Your Cybersecurity Training

Employee training is a key element of making organizations more immune to cyberattacks—and more resilient when one does occur.

More than half of employees (54%) admit to being lax about their company’s security policies, typically because of a desire to get things done faster, according to a 2024 study by IPassword. And a full one-third of employees in the survey admitted to using “shadow” tech tools on the job—unapproved apps or tools, including GenAI technology such as ChatGPT—a trend that poses daunting security challenges for cybersecurity teams.

While organizations have long used employee training as a means to mitigate risky security behaviors, cybersecurity experts say the strategies many companies employ today fall far short of best practices.

“CHROs are instrumental in cultivating a culture where security awareness is engrained in a workforce,” says LeeAnne Pelzer, director of the cyber risk management consulting team at Palo Alto Networks, a cybersecurity company in Santa Clara, Calif. “One of the biggest ways they can do that is by creating continuous education that is engaging, tied to real-world threats, and not just check-the-box in nature. That training also can’t be static, because security threats are constantly evolving and it’s important for employees to stay ahead of the curve.”



While you don’t want to punish workers for making honest mistakes like clicking once on a convincing phishing email, you do want to make sure there are clearly communicated policies that address negligence for repeated actions that deliberately flout cybersecurity policies.”

—Brandon Johnson, Korn Ferry’s chief information officer



Pelzer says it’s important to think of employees as “human firewalls” capable of defeating things like even the most skilled social engineering attempts that hit MGM Resorts and many other organizations.

“But just as a technical firewall requires regular updates and configuration to guard against new cyber threats, employees also must be continuously educated and engaged to create a strong defense,” she says.

The way many organizations conduct cybersecurity training—as a once- or twice-yearly event meant primarily to meet compliance requirements—makes employees vulnerable to the evolving tactics of bad actors.

Research from KnowBe4 found that if a phishing email is sent to an “unprepared” or poorly trained workforce, about 35% of employees will click on it. But when the frequency and quality of that training improves—when one phishing simulation is conducted each month combined with a short, related training event—within three months, the number of employees clicking on the email drops to about 15%. Within a year, that number is typically down to 5%.

“Doing regular phishing and social engineering simulations for the workforce gives them a chance to build muscle memory and gut instinct that significantly drives down their propensity to fall for scams,” says Carpenter.

Employees also remain vulnerable to an old-school tactic making a comeback: the cold call or “vishing” attempt from a bad actor, the strategy used with success at MGM Resorts. In these scenarios, hackers masquerading as company executives or co-workers make a phone call to an lower-level employee, asking them to share sensitive information or to transfer funds.

“Most employees aren’t trained to defend against that, because most of the focus is on email, text or social media, not on the phone,” Carpenter says. “People don’t get a chance to ‘fire drill’ a sophisticated social engineering phone call and thus haven’t built up a strong defense.”

Rather than relying only on periodic training to change employee behavior, some organizations instead have begun to use real-time, AI-based coaching to help instantly flag risky worker actions. Tools embedded in technology systems automatically deliver feedback and coaching to employees via email, text, or chat at the moment of their risky behavior, providing tips on how to avoid such actions in the future.

Build a Security Culture and Revise Policies

There’s also room for CHROs to play an expanded role in establishing an organization’s security culture. One way is by helping to cultivate a culture of openness that ensures employees feel free to report problems or concerns.

“CHROs can work with CISOs and also CEOs to help cultivate safe spaces where employees feel comfortable speaking up and saying, ‘I think there’s something suspicious or a potential problem here,’” says Laviolette of IPassword.

Brandon Johnson, CIO for global organizational consulting firm Korn Ferry, believes CHROs have an integral role to play in building a security culture that encourages employees to “see something, say something” when they spot red flags in the workplace.

DATA SECURITY IN HR: LOCK YOUR DOOR FIRST



CHROs who are taking on a bigger role in their organization's cybersecurity initiatives may want to start those efforts in their own backyards. Recent research shows that the security practices of HR professionals often fall short of best practices, putting sensitive employee data in danger of falling into the wrong hands (see statistics below).

HR departments also have become a growing target for cybercriminals who've discovered that email phishing attacks containing HR-themed subject lines can have high success rates. Fake emails that pique employee interest by referencing things such as vacation policies, performance reviews, or benefits changes in subject lines often trick employees into clicking on malicious links that steal their credentials or install malware.

Perry Carpenter, chief evangelist for KnowBe4, says CHROs can combat phishing by working with CISOs to create tactics that help employees more easily differentiate between HR communication that is authentic and emails that are fraudulent.

"For example, HR might use subtle branding in its emails that employees could be taught to look for, such as a logo with specific colors or font that may change at different intervals," he says. "In addition, emails can be sent without including those important links.

You might instead direct employees to more a secure corporate intranet or Slack channel to click on links that allow them to do things like sign up for benefits or participate in training."

Anita Grantham, head of HR at BambooHR, says her group strives to practice what it preaches by requiring all HR staff to complete quarterly online data security training to ensure they're aware of things such as the latest phishing tactics.

"We've also created an open culture where all employees can share questions or concerns they have about emails or software pop-ups they receive on channels like Slack to make sure they're getting input when they aren't sure about things," she says.

HR's Lax Data Management: By the Numbers

While 65% of workers trust their employer's HR department to manage their personal data properly, more than a third (34%) of employees say they trust a direct manager, work friend, or even AI more than HR, according to a 2023 survey by BambooHR. Unfortunately, employees' lack of trust may be justified. In that same survey, 80% of HR professionals admit to witnessing or even participating in questionable data management practices, including:

53%

of HR professionals have accessed employee information from a personal computer.

47%

used a personal cell-phone to capture an employee's personal info (such as a photo ID) and forgot to delete the image.

47%

leave personal employee information in public spaces in the office.

45%

share personal employee information with family or friends in conversation.

“You want your people to look for and report things like phishing or social engineering attempts,” he says. “You also want them to feel comfortable reporting what they see as processes or policies that make the company more vulnerable to cyberattacks.”

It’s also a “missed opportunity” when CHROs don’t collaborate with CISOs or CTOs to help write and communicate cybersecurity policies, Johnson says.

“For example, one of the things not typically well understood by employees are the various categories of unacceptable behavior around cybersecurity and consequences for not following policy,” he explains. “While you don’t want to punish workers for making honest mistakes like clicking once on a convincing phishing email, you do want to make sure there are clearly communicated policies that address negligence for repeated actions that deliberately flout cybersecurity policies.”

HR leaders can help ensure security policies are written in a way that is more understandable and meaningful for nontechnical employees, Johnson says: “A lot of cybersecurity policies are written too broadly, and it’s easy for employees to miss the parts that are relevant to them and what they should be doing.”

Recruit and Upskill Cybersecurity Staff

CHROs also have a growing role to play in recruiting and training cybersecurity staff, particularly given the ongoing shortages of those professionals. Currently, the global workforce is facing a shortage of almost 4 million cyber professionals, with 71% of organizations reporting unfilled cybersecurity positions, according to a 2024 study by the World Economic Forum.

Experts say CHROs and talent acquisition leaders can address this talent gap with strategies such as:

- Expanding labor pools to historically underrepresented groups,
- Targeting workers recently laid off from tech firms who may have skills transferrable to cybersecurity roles,
- Having HR managers work with hiring managers to create more attractive job descriptions and salary or benefit packages, and
- Training entry-level cybersecurity staff in more advanced skills, including AI and machine learning.

“HR executives should work closely with CISOs and CTOs to define not just the changing competencies required of cybersecurity professionals, but of all roles in an organization,” Pelzer of Palo Alto Networks says. “Recruiting efforts need to be more robust and creative to address the cybersecurity workforce skills gap, and those who are hired without the necessary skills need to be upskilled once on board.”

Combat Emerging Threats

While tactics like phishing remain the bread-and-butter approaches of many cybercriminals, new threats have emerged that bring greater urgency to employee awareness and training efforts spearheaded by CHROs and chief learning executives.

One growing tactic is the use of deepfakes, in which AI technology is used to mimic audio or video of other people with the goal of stealing sensitive data or getting workers to transfer large sums of money to hackers. One example of a successful



There is a lot that can be broken in terms of cybersecurity when the relationship between a CHRO and CISO or CTO isn’t what it needs to be. Conversely, there is a lot that can go right when that relationship is healthy.”

—Perry Carpenter, chief evangelist and strategy officer, KnowBe4



deepfake occurred early in 2024 when a low-level finance worker at a multinational firm in Hong Kong was tricked into paying \$25 million to cybercriminals during a deepfake video-conference.

The worker was persuaded to attend a Zoom call with what he thought were real co-workers, but who were actually deepfake re-creations. He agreed to transfer the \$25 million because the deepfakes in attendance looked and sounded like colleagues he recognized.

“The deepfake scam could have been stopped if the worker had known to ask for some type of formal authorization process for the transfer,” Carpenter says. “The reality is the technical sophistication of AI keeps ratcheting up, and companies have to be prepared for deepfakes and other AI-driven cyberattacks.”

Carpenter says technology that’s now widely available and inexpensive enables anyone with access to as little as 30 seconds of quality audio of someone’s voice to create a convincing “audio clone” of the voice. “And with about two minutes of publicly available video, someone could create a very convincing deepfake video from it,” he says.

Employees have to be more cautious than ever today about what they’re clicking on or what phone calls they’re taking. Cybersecurity and HR pros also have their work cut out for them in this new threat environment.


“The world of cybercrime moves very quickly, and there are always new threats,” Laviolette says. “And the more employees introduce their personal devices and shadow IT into a technology ecosystem, the more gaps and cracks you will have.” ■■

Dave Zielinski is a business journalist based in Minneapolis and the lead technology writer for SHRM’s *HR Quarterly*.

WHEN POLITICS COMES TO WORK

**4 Ways HR Executives Can
Promote Civility Amid Division**





As political discord heats up in this election year, how can HR executives prevent uncivil behavior from spilling over into the workplace? Veteran HR leaders share the steps they're taking to navigate these turbulent times. **BY SUZANNE LYKINS**

Divisive. Polarized. Toxic. It's no surprise these are among the top words Americans use to describe the current state of politics in the U.S., according to a recent Pew Research Center survey. And in the workplace, HR executives are on the front lines of setting the tone—and the policies—to make sure political polarization doesn't spark rude behavior, conflict, or even violence among employees. That's never

been easy for HR, and it is particularly challenging in 2024.

According to a 2024 SHRM Research survey, more than half of U.S. workers (57%) say they've experienced or witnessed incivility at work within the past week. And many expect the tension to ratchet even higher as the election nears: More than a third of workers (34%) say they believe the November election will trigger additional incivility in the workplace. That's on top of previous SHRM research finding

that 20% of employees said they had been mistreated at work by their co-workers or peers due to their political views.

"Employees feel much more comfortable voicing their opinions on everything, including politics, at work," says Kelly Dobbs Bunting, an employment lawyer with Greenberg Traurig in Philadelphia. Bunting says she has never seen anything like the volatility of political debates in workplaces in recent years.

"I think norms regarding respect for different opinions have also weakened, and employees will [now] say something out loud when before they may have just walked away," she adds. "It seems it's growing harder for managers to prevent these conflicts."

Political discussions at work were once frowned upon, but today, that line is blurred. A survey by career website Zety found a whopping 83% of people say they've discussed politics at work. And 61% of people in a recent Pew poll say it's stressful and frustrating to have political discussions with people they disagree with. That's an increase from 2019, when only 50% found it stressful.

"People have such deeply personal connections to political issues these days. Their identities are so intertwined with these topics," says Amber Favuzzi, senior vice president of HR at Ohio-based Express Wash Concepts.

Favuzzi says that because political views are more engrained in people, it's more difficult to prevent the topic from coming up organically in discussions among co-workers. And in today's divisive culture, what one employee may consider a casual remark could cause resentment, anger, or worse.

Bring Your 'Professional Self' to Work

What's at stake if political discussions cause a disruptive or toxic culture? One big risk is attrition. Workers who rate their workplace as uncivil are three times more likely to say they are dissatisfied with their jobs and twice as likely to say they will leave their jobs over the next 12 months, according to SHRM's civility research.

"Retention is always at risk," says Sonja Southerland, SHRM-SCP, CHRO at Innovate Human Capital Solutions. "You want to create environments where people feel included, heard and valued." But Southerland advocates for balance when it comes to expression at work, saying it "cannot be in a way that's disrespectful, harmful, illegal, or unethical toward others."

Indeed, most companies don't actually want their employees to bring their *whole* selves into the workplace. They really want them to bring their *professional* selves to work.

"I really worry about the 'Bring your whole self to work' mantra because it demands more than what most managers have the capacity for. There is an expectation that managers are not merely coaches, but now counselors as well," says Carolyn Wang, senior vice president of global corporate communications at Ultragenyx, a California-based biopharma company. "The current social environment is amplifying existing politics within companies because now you're on one side or another, and more employees are trying to recruit people to their side."

Political divisiveness is also putting a strain on organizations' efforts at inclusivity.



"Civility or lack thereof is not synonymous with misalignment or disagreement. It's our responsibility in HR to create the conditions by which you can have messy but healthy debates and discussions. And you can do that in a civil way, even if you're not aligned and on the same page."

- Julie Lodge-Jarrett

CHIEF PEOPLE AND PURPOSE OFFICER,
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"Although we are implementing practices that give guidance to be more inclusive, when you're in this political environment, it challenges that impact," says Southerland. "The risk is that we lose some of that inclusivity because we don't want to go too far into the weeds with issues that could be divisive. ... Then that challenges the whole concept of that harmony and integration of how we work."

Perhaps the most elusive threat could be employee silence about all forms of uncivil behavior at work. The SHRM civility survey found that nearly half of uncivil acts (49%) go unreported at work. That means relying on official complaints as an indication of workplace incivility could hide some problematic trends.

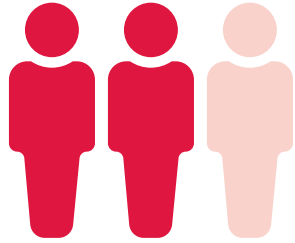
4 Steps to Create a Civil Workplace in an Election Year

While HR executives can't change the cultural tides, they can take the following steps to promote a civil workplace against the current political backdrop:

1. Proactively Prepare for Difficult Conversations

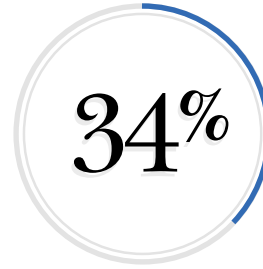
HR leaders can't simply sit back and hope this issue doesn't flare up in their workplace. It's important to acknowledge that difficult political and social discussions will be occurring in your workplace this year and to prepare leaders for the unique challenges they could face.

Workplace Incivility and Election-Year Politics



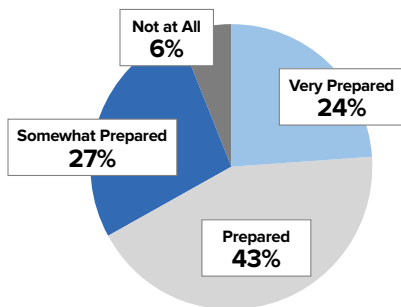
Uncivil behavior at work is common—and it's hurting job satisfaction and retention

Nearly two-thirds of U.S. workers (**65%**) say they have experienced or witnessed incivility in their workplace within the past month. Workers who rate their workplace as uncivil are three times more likely to be dissatisfied with their jobs and twice as likely to leave their jobs in the next year.



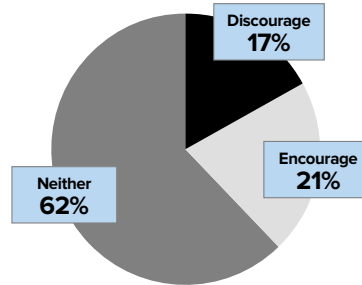
The election will stir the pot, especially at larger companies and public employers

More than a third (**34%**) of employees believe the 2024 election will create more incivility in their workplace, while **64%** believe incivility will stay the same. People who work for larger organizations and in the public sector are more likely to believe the election will generate added incivility.



Two-thirds of HR departments say they're prepared or very prepared for election fallout

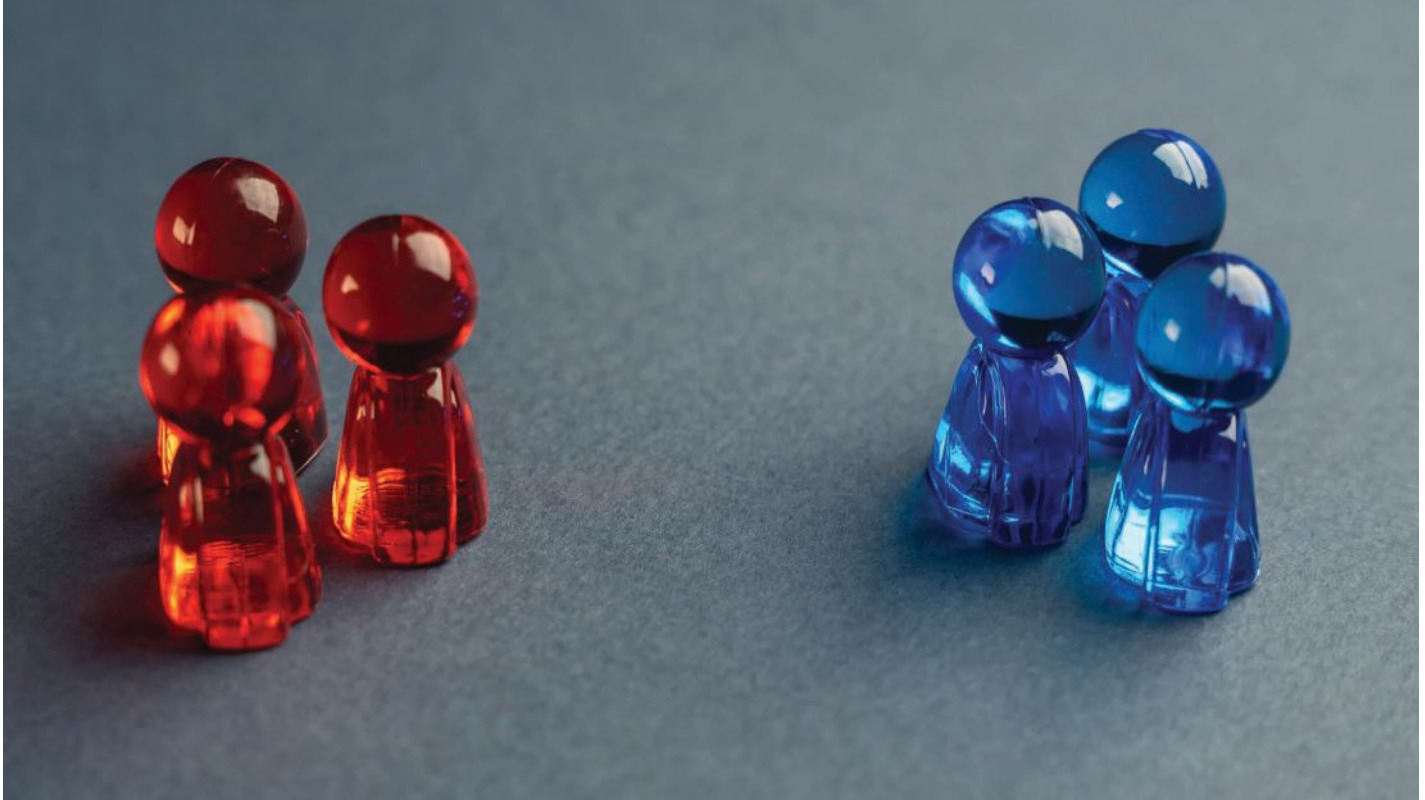
HR leaders are fairly confident that their departments are ready to manage negative employee interactions leading up to and after Election Day. Roughly two-thirds say their HR department is very prepared (**24%**) or prepared (**43%**), while **27%** say it's somewhat prepared and **6%** say it's not prepared at all.



Few organizations actively encourage respectful discussions about politics

Only 1 in 5 HR professionals (**21%**) said their organization strongly or somewhat encourages respectful and civil discussions of federal, state, or local politics. In comparison, nearly two-thirds (**62%**) of organizations neither encourage nor discourage such discussions. Another **17%** explicitly discourage political discussions.

SOURCES: SHRM Research, *Civility, Conflict and Expression* (February 2024) and SHRM's *Voice of Work Pulse* survey (October 2023).



“The initial challenge will hinge upon whether the HR team and leadership are capable and equipped to have crucial and difficult conversations on these matters as they arise, rather than point to a specific policy as the answer,” says Paula Walcott, SHRM-SCP, CHRO at Sagicor Life. “The dynamic nature of politically skewed discussions almost invites opposing views. Therefore, leaders must be willing to use these teachable moments as they arise to have these difficult conversations.”

Southerland recommends starting at the executive level. In 2020, her company scheduled an executive meeting amid the racial tensions triggered by the murder of George Floyd. Executive team members were all asked to read a specific book on how to discuss racial issues, and then they spent time discussing it as a team.

“It was uncomfortable, but it was very helpful because we left there with some understanding about each other’s perspectives,” says Southerland.

“Although we may not have agreed totally, we could at least align on what our strategy was going to be. We didn’t wait until we had complaints from a manager that this broke out in the team,” she says. “It helped us to develop talking points to give insights to the managers about here’s where the organization is, this is our position on it, and this is how you should handle these conversations moving forward.”

HR leaders need to be especially focused on listening—not just talking—during these tense times.

“Listening more and talking less is a powerful tool,” says Southerland. “If you can just be quiet long enough to listen, a lot of times you’ll get more information than if you’re presenting a case. ... Listening helps us understand what people are really afraid of, and then we can approach it more strategically.”

2. Facilitate Hard Discussions

It’s unrealistic to think that hot-button issues aren’t being discussed among employees. That’s why many HR leaders try to head off conflicts by giving workers opportunities to openly discuss these topics. Example: Use employee resource groups to facilitate constructive conversations among people who already have a shared experience, such as veterans or single parents.

“They’re in a space where they feel safe with colleagues who may or may not agree, but they already have common ground somewhere else,” says Southerland. “It’s very important when there’s conflict to find common ground. If you have places in your organization where that already exists—particularly cross-functionally—I think that’s a good place to introduce those conversations.”

Workers welcome this approach. In a recent survey of 2,000 U.S. professionals by HR software firm HiBoB, almost half (48%) agree that respectful sociopolitical discourse should be encouraged as part of a company’s culture of inclusion and diversity. Over 80% think these issues need to be addressed in a safe space.

“Civility or lack thereof is not synonymous with misalignment or disagreement,” said Julie Lodge-Jarrett, chief people and purpose officer at Dick’s Sporting Goods, during a recent *People + Strategy* podcast. “It’s our responsibility in HR to create the conditions by which you can have messy but healthy debates and discussions. And you can do that in a civil way, even if you’re not aligned and on the same page.”

To encourage those conversations, Dick’s started a program in 2020 called Dialogue Circles. It brought employees together in small groups—either in person or online—for facilitator-led conversations on topics that historically would’ve been seen as taboo in the workplace, such as gun control and racial conflict.

Dick's will not, however, be holding Dialogue Circles specifically about the 2024 presidential election. Employees will be able to discuss general issues in these gatherings, but not candidates. And the company is actively reminding workers this year to avoid the hot-button red-versus-blue debate.

"We are doubling down on reinforcing our zero-tolerance stance," Lodge-Jarrett said. "Everyone deserves to be treated with dignity and respect, agnostic of whether you're a Republican or a Democrat or support one candidate or the other. ... When the nation feels so divided, we're at least creating a culture where we feel more united and feel like we belong, at least inside our four walls."

3. Drive Home Your Company Values

Many organizations have invested years in creating a corporate culture underpinned by a set of guiding values. Now's the time to lean into those values and clarify your company policies regarding respectful and disruptive behavior.

"Companies with strong cultures will confidently navigate the increasingly divided political atmosphere because they already have a foundation of how employees are to treat each other," says Walcott. "In situations that are escalated to HR, the ensuing conversations and the decisions are easy to make because accountability was front-loaded and everyone knows the expectations."

Veronica Knuth, chief people officer at Ohio-based Quantum Health, takes a long view when it comes to reinforcing values. "Make sure that all employees, from the minute they become a candidate, understand what the core values are and then be really vocal about reinforcing them," she says. "When we have divergent points of view, we can at least come together



"The door has been opened too wide for us to now come in and say, 'Sorry, you can't talk about politics in the workplace.' We don't have to agree; we just need to be willing to respect."

- Veronica Knuth

CHIEF PEOPLE OFFICER, QUANTUM HEALTH

and say we may not agree on the same political affiliation, but can we have a mutual purpose and a mutual respect around our company's mission [and] around the clients and members that we serve?"

4. Clarify Policies and Know the Law

It can be tempting to tell workers to refrain from all political discourse at work. But that's not a realistic (or wise) policy.

Executives need to familiarize themselves with the legal protections for certain types of speech. Many employees wrongly believe the First Amendment gives them free rein to express their political views at work. This free-speech protection only applies (in a limited way) in the public sector. But this doesn't mean businesses can curb all employee speech. For example, federal law does give private-sector workers the right to organize and engage in concerted activities regarding their working conditions.

And even when workers are off-duty, their political speech and social media activity can upset co-workers and may violate employer policies against harassment or discrimination. Company leaders should instruct people managers to acquaint themselves with company policies that spell out when employee comments or interactions cross the line.

Limiting misconduct is typically more effective than banning specific political discussions or comments.

Bunting recalls a worker who repeatedly told colleagues that his political party was superior to theirs. Co-workers complained that he was continually interrupting their work. After the worker ignored HR's warnings about his behavior, he was disciplined for violating the company's "disruption of the workplace" policy.

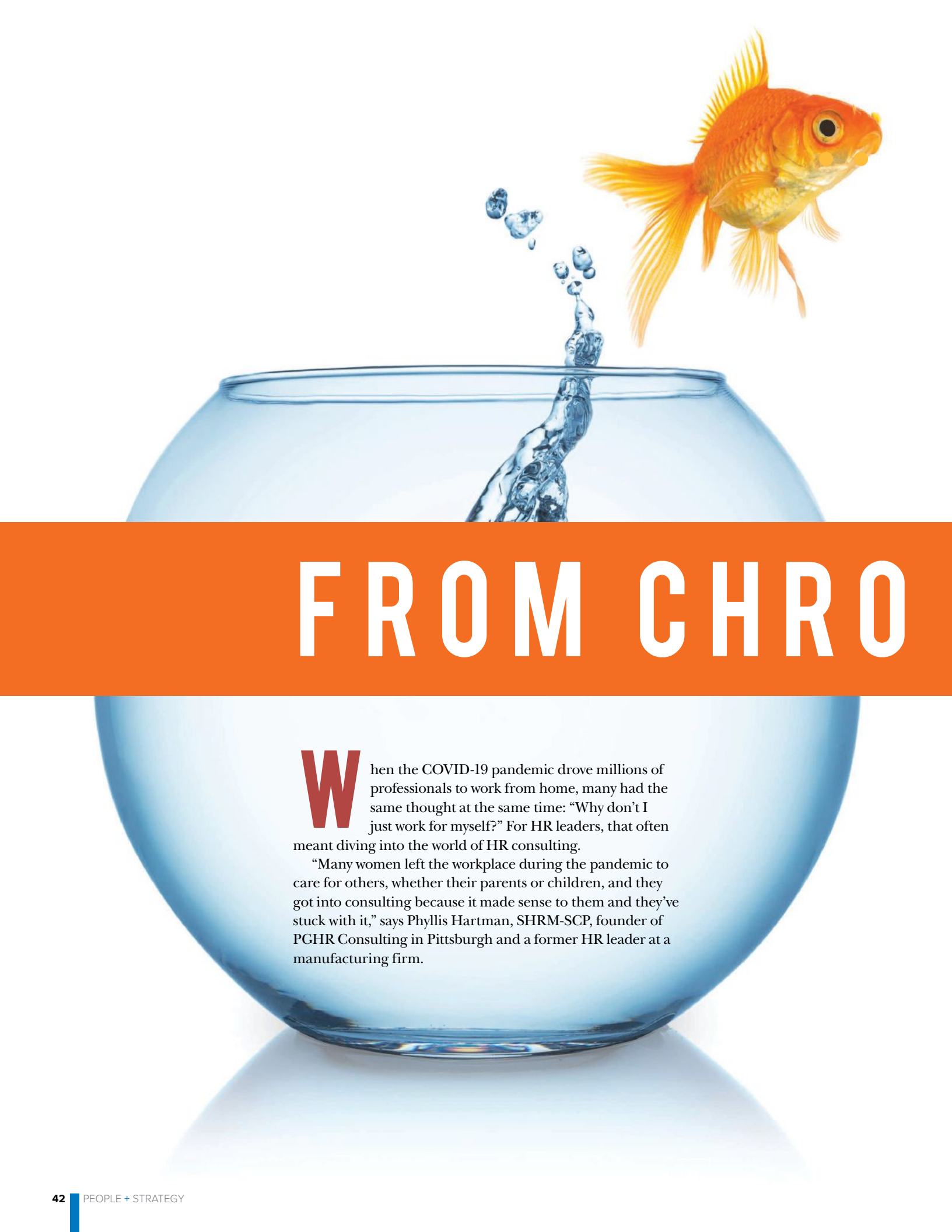
"I go back to that policy, which allows for discipline if an employee is interrupting the work of others for any reason—not just to discuss politics," says Bunting. "As we have the election coming up, I would create that policy and conduct training."

Front-line managers and HR staff need clear direction that politically charged discussions may become problematic, and what to do if this occurs.

Although the 2024 election is putting workplace political chatter in the spotlight, it's not a one-and-done issue that will end on Nov. 5. If anything, political headbutting at work may temporarily worsen as emotions run high after the election and through the inauguration season. Take every opportunity to remind workers about your company values and your requirements for civil and respectful behavior.

"Everybody comes to work with an invisible suitcase that is packed with things such as where we grew up, what kind of family and neighborhood we're from, our political views, or our educational experience. Those are all things that make a healthy workplace," says Knuth. "We have to be open to listen, to learn, and to understand where somebody might be coming from. The door has been opened too wide for us to now come in and say, 'Sorry, you can't talk about politics in the workplace.' We don't have to agree; we just need to be willing to respect." ■■

Suzanne Lykins is a freelance author and former communications leader at PwC.



FROM CHRO

When the COVID-19 pandemic drove millions of professionals to work from home, many had the same thought at the same time: “Why don’t I just work for myself?” For HR leaders, that often meant diving into the world of HR consulting.

“Many women left the workplace during the pandemic to care for others, whether their parents or children, and they got into consulting because it made sense to them and they’ve stuck with it,” says Phyllis Hartman, SHRM-SCP, founder of PGHR Consulting in Pittsburgh and a former HR leader at a manufacturing firm.

**Hanging out your own shingle
after an executive HR career
is about more than just “being
your own boss.” Here are
some lessons from people who
have made the jump.**

BY PAUL BERGERON



TO CONSULTANT

The pandemic also fueled the HR consulting fire in other ways: All the workplace disruptions caused by the pandemic increased the demand for HR services, and consultants were often the quickest way to meet these new needs. Today, with the focus on employee well-being, HR consultants are increasingly helping organizations gauge and address workers' mental health.

Now, the explosion of artificial intelligence is triggering a new demand for consultants who can help HR departments integrate AI into their workflows.

Find Your Why—and Your Where

Whether working independently or with a firm, consulting can be an ideal arrangement for people who want flexible schedules or who are easing into retirement but don't want to say goodbye to HR leadership for good.

"But you really have to ask yourself, 'Is it for me?'" Consulting sounds great, but you must understand what you are getting into," says Hartman. The decision and timing for making this move vary greatly, based on an individual's flexibility, appetite for risk, business acumen and ability to network, she said.

"If you are competitive with an entrepreneurial drive, consulting is very rewarding and gratifying," says Stacey Berk, a former HR leader at Sodexo and founder of Expand HR Consulting in Rockville, Md. "Being your own boss and having a flexible schedule are certainly pluses. The pride and satisfaction in watching your business change and grow over time is unmatched, and profitability can be reached."

But if "being your own boss" is the only reason you want to become an HR consultant, it's probably not a good career move, many consultants say. To be successful, you must commit to learning the other responsibilities of a consulting career beyond the hands-on HR work.

That leads to another decision: Should you fly solo or join an established HR consulting firm?

"If it's just you, you need to be able to do the administrative work. For example, you might not love accounting, but it is necessary in running a business. So you either need to learn it or hire someone to do it," says Hartman. She also notes that independent consultants need to spend a good amount of time on business development tasks to gain clients.

"Maybe that's not something you'd enjoy. You can't focus on doing the work you do enjoy if you are out looking for work," Hartman warns.

Bring the Right Experience

To be a successful consultant, Berk says, it helps to have several years of CHRO-level experience in different settings, such as corporate, government and nonprofit work.

"I strongly suggest experience at the director level or above, including strategic planning, managing a budget, developing a team and marketing/branding the HR function," she says. "This allows you to develop an understanding of different company cultures, how to work with many types of people in various settings, and how to lead and manage a team."

Before going into consulting, consider if you have the necessary skills, including vision, strategic planning, marketing, technology, and social media.



"Understanding the difference between starting a business and growing a business is important."

- Stacey Berk

"Managing your own firm calls for innovation; being a thought leader; having a defined area of technical expertise in addition to generalist experience; financial acumen; and accounting skills," Berk says. "It is also necessary to possess strong project management skills with the ability to envision problems and stick to timelines."

Competitively Differentiate Yourself

HR consultant Valerie Keels, SHRM-SCP, says the biggest question she faced when venturing out on her own was how to differentiate herself from other HR consultants. She agrees that, before jumping into consulting, CHROs need to take a hard look at whether they have the appropriate education and experience to be credible and marketable.

Keels started a consulting firm that focused on executive coaching and emotional intelligence testing. She began that training under her previous employer and took it a step further, getting certified through courses offered at a local university. It was enough for her to make the jump.

"I'd call that my 'moving into a retirement plan,'" says Keels, 62, who plans to retire in 2028. She says that having the freedom to determine her own projects, enjoying more autonomy with her schedule and undertaking work that speaks directly to her strongest skill sets make each day worth it.

"As a consultant, I started as an HR generalist and had a few contracts," Keels says. "But I began to wonder if I could drum up enough business, so I maintained my full-time job and focused less on consulting when things got busy there."

She says that specializing in EQI 2.0 assessment and coaching has helped her build up enough contacts that she doesn't have to "shake the bushes" when looking for clients. In contrast, marketing yourself as an HR generalist consultant can be challenging.

“It’s better to lean in to what you like best about HR. Identify it and then determine who needs it and go after it,” Keels says. “If you’re going to burn the midnight oil doing extra work, you might as well be doing something you love, something that gets you in a zone. By building up that reputation, people will trust in what you say.”

Take Control of Your Day—and Your Career

As a consultant, you control your own schedule. Or do you? It’s important to realize that sometimes your clients will control your schedule, especially if you are hired on a retainer. Then you’ll need to be available on-call, and sometimes at odd hours.

In recent years, much more consulting work is done over Zoom, which has been a huge benefit to consultants, says Keels.

“You don’t have to factor in being onsite [at an office] and can much more easily serve multiple clients simultaneously,” she says. “That said, there are times when consultants must be onsite with a client and be mindful of their schedules and workloads to not fall into that trap of overpromising and underdelivering.”

One key point that consultants agree on: Don’t stick around in toxic relationships. Some clients are overdemanding, unpredictable, abusive, or don’t pay their bills. It’s important to know when to walk away and “fire” these clients.

Be Patient When Starting Out

As with any small business, the risk of failure is high with a consulting business.

“Understanding the difference between starting a business and growing a business is important,” Berk says. “Possessing the unique ability to run a business, build and maintain a client base, and deliver on projects is crucial.”



“You really have to ask yourself, ‘Is it for me?’ Consulting sounds great, but you must understand what you are getting into.”

- Phyllis Hartman, SHRM-SCP



HOW TO ESTABLISH FEES AND LEGAL PROTECTION

When setting client fees, you’re looking to land in the sweet spot—not too high, not too low. Phyllis Hartman, SHRM-SCP, founder of PGHR Consulting in Pittsburgh, suggests setting base rates for fees depending on the type of work offered. (SHRM’s Compensation Data Center can help determine average rates.)

For recruiting, for example, determine what the per-hour rate would be based on the salary of an employee in a similar role, then add between 35% and 40%.

“Remember, by hiring a consultant, the company won’t have to pay benefits or employment taxes, but you might,” Hartman says. “If the potential client is unable to pay what you ask, you can always negotiate. You can even ask them how much they budgeted for the work.”

In addition, she says it’s crucial to emphasize to clients that the advice being given is not legal advice, unless you are an attorney.

“To protect your personal assets, you should set your company up as a business entity, either as an LLC or S corp,” Hartman says. “LLC is the simpler, less expensive option.”

Having “LLC” beside your company name can also add extra credibility and show you are in it for the long run. Also, invest in business insurance.

Adam Calli, SHRM-SCP, of Arc Human Capital recommends that when starting an HR consulting firm, consider copyrighting your company name so your intellectual property is protected.

“If you are running your own consulting company and have hired supporting staff, you also need to think forwardly about if and when you might sell the company,” he adds. “Know the proper arrangements to be bought out by your fellow workers [so you] earn some money from the company you created.”



“It’s better to lean in to what you like best about HR. Identify it and then determine who needs it and go after it.”

- Valerie Keels, SHRM-SCP

Being able to lean on strong, lasting relationships that you built throughout your career goes a long way when it’s time to hang out your shingle. Tap into those contacts early to help you identify potential clients.

“At the same time, you have to be patient. It takes awhile to establish and maintain a thriving business,” says Berk. “Along with that, you must maintain a very high level of self-motivation and commit to working six or seven days per week, responding quickly and succinctly to client inquiries.”

At times, your income will be uncertain, and that can increase your personal stress levels. It’s wise to plan for the income drop that usually comes when starting out.

“Build a war chest of funds while you are still full-time employed in HR to help you be more secure financially” when you go out on your own, suggests Adam Calli, SHRM-SCP, a former CHRO and founder of Arc Human Capital in the Washington, D.C. area.

Calli suggests that whatever level of 401(k) contribution you were making at your full-time job should instead be placed in a savings account that can be used as a fallback.

Another startup factor to consider is buying office products or software. Calli says it’s best to purchase those before starting your consulting gig to avoid draining your finances early on.

Always Be Hunting for the Next Client

Even when they’re deep into a project, consultants need to be thinking about obtaining their next gigs. Referrals play a vital role—you refer clients to others and they’ll often do the same for you. In all of this, networking is crucial.

“You need to continually develop your network to either gain new clients or gain advocates who can recommend you to other clients,” Calli says. “You not only need to build your network, but you must also continually maintain it, staying in touch with your key contacts.”

Calli has found his local chamber of commerce to be a good source for networking. “Attend their events. Every company in the room has HR needs, and there’s a chance they could hire you,” he says.

Also, nonprofits frequently need HR consulting help. They are often so focused on their mission that they don’t always have the right people in place to handle HR issues. Some consultants offer free ser-



vices to nonprofits to build up testimonials and referrals. Small businesses that can't afford a dedicated HR position are also potential clients.

In addition, you can build your consulting brand by attending local SHRM chapter programs and writing blog posts and LinkedIn articles on HR issues.

Structure Your Workflow

After serving as a tech company HR executive, Sarah Henze became an HR consultant with the TPO consulting firm in Arlington, Va. She says consulting is a continuous job of brain work and solving problems.

"It can be a wide range of clients and types of HR functions all at once," Henze says. "No two days are ever the same. On any given day, I can be in three or four working 'environments,' based on different clients and tracking different topics."

She says her firm's consultants can have four clients at once, each with differing time commitments, such as twice a week, to once a month, to simply being on call.

"It's become engrained in my day," Henze says. "I enjoy the chance to solve so many different puzzles for each client group."

Because many HR consultants work from home, it's wise to establish consistent work times and a professional work setting.

"You need to develop a disciplined routine if you're working from home," Calli says. "You should have a true office setup from which you do your work—not the kitchen table."

Finally, don't expect that consulting work will automatically mean lower expectations and fewer headaches. As Calli notes, "You have billed yourself as a subject matter expert, so there can be more pressure on you to perform. If you slip up or are late on a project, clients—especially new ones—won't be as forgiving as supervisors would be in a corporate HR setting." ■■

Paul Bergeron is a freelance writer and reporter who lives in Herndon, Va.



"You need to continually develop your network to either gain new clients or gain advocates who can recommend you to other clients."

- Adam Calli, SHRM-SCP

6 Truths About the Current State of HR Consulting

Competition

The HR consulting market is highly competitive, with many large consulting firms and smaller boutique firms vying for a share of the market.

Lack of standardization

The HR consulting industry is not regulated, which means there is no standardization in terms of the quality and scope of services offered.

Data privacy and security

The handling of sensitive employee data, such as compensation and benefits information, is a concern for organizations. HR consulting firms need to have strong data privacy and security practices in place to protect this information.

Digital transformation

The increasing adoption of digital technologies is creating new opportunities for HR consulting firms to help organizations transform their HR processes and practices.

Globalization

As organizations expand globally, there is growing demand for HR consulting services that can help organizations navigate the complexities of managing a multinational workforce.

The gig economy

The rise of the gig economy is leading to new opportunities for HR consulting firms to help organizations manage their contingent workforce.

Source: "The Evolving World of HR Consulting," SHRM.org, 2023, by HR consultants Matthew W. Burr, SHRM-SCP, and Sarah Hamilton-Gill.

Fiona Cicconi is the chief people officer at Google. Cicconi joined Google at the start of 2021 after leading the HR function at AstraZeneca for the previous six years. Before that, she was an HR executive at Roche, Cisco Systems, and GE Oil & Gas.

As part of *People + Strategy* articles editor Adam Bryant's "Strategic CHRO" series on LinkedIn, he sat down with Cicconi to discuss her views on leadership, AI, and board-CHRO relationships.

Leadership Lessons from Google's HR Chief: Be Accessible, Be Authentic, and Have People's Backs

People + Strategy: What are some top-of-mind HR issues for you now?

Cicconi: One is the role of the CEO and how it's evolved, given the massive upheaval we've had with the pandemic, macroeconomic changes, and geopolitical tensions. Over and above managing and leading a company, they have to deliver for employees, shareholders, and other stakeholders. The CEO job has become several jobs in one.

And what should be top of mind for a board? What should be discussed in the boardroom, and what's the role of the people function in those discussions? We've been catapulted into the driver's seat. And then you've got the AI revolution on top of all of that. It's going to be pervasive across companies. What does that mean in your company? What does it mean for our function?

P+S: What's your take on how AI can and will transform HR?

Cicconi: AI is the biggest technology revolution we've seen in our lives. It's as big as when the internet was invented, maybe bigger. AI is going to be pervasive and powerful, and it

will change a lot of how we work. We should embrace it, just like we've done with many changes over the decades. I'm an optimist, and I think it will change our lives for the better, though we do need to make sure that we are handling it responsibly.

As our AI products mature and grow and learn, they'll become more accurate and we'll be able to use them, for example, as help desks. And we'll

be able to use generative AI to simplify a lot of information and what we write. In terms of the HR function, AI will help us be even more present and be people first. Because we'll have a lot of help from AI, we can really be there for those moments where we need to be there, rather than having to wade through a lot of administrative and operational work.

P+S: You're a board director—at Stellantis—in addition to your CHRO role. What is it that CHROs need to understand about boards, and what do boards need to understand about the CHRO role?

Cicconi: CHROs need to understand that boards are not management. Boards are there to really help when management needs them. Of course, there's an important governance role as well, but they are not management. And if board members ever do try to start getting into issues of management, it's confusing. It's important to stick to your role as a board member and find the right balance as you serve as a sponsor and cheer on the management team and give them strength and knowledge and expertise.



Fiona Cicconi

And I am seeing a trend of more CHROs sitting on boards, which makes sense because there are massive cultural themes that come up in every organization.

P+S: What were early influences that shaped your ability to navigate all the challenges that come up every day in your role?

Cicconi: Early in my career, I worked in GE for a number of years, and Jack Welch believed that a CEO needed to have both a strong CFO and a strong people person. Through them, you see the flow of money and the people, organizational and cultural issues.

That was formative because he didn't see HR as an administrative role. It was much more of a strategic function. That really shaped how I run the people function. You don't do talent management just for the sake of talent management. You do it because the company needs to have a specific talent strategy in order to be successful.

P+S: Let's shift the timeline to earlier in your life. What were important influences from when you were a kid?

Cicconi: I was a terrible rebel. As a child, I was sent to boarding school. At the time, we were living in Rome, Italy. My mom was working for the United Nations, and I loved the diverse international school I was in. It was a big shock to end up in England on the freezing cliffs of the North Sea. After two weeks, I realized I needed to be a rebel to be included, so I started breaking all the school rules. I quickly became popular, was in constant punishment, and ended up being voted head girl when I was 18.

But that difficulty I have in adhering to rules has actually helped me in

“In terms of the HR function, AI will help us be even more present and be people first. Because we'll have a lot of help from AI, we can really be there for those moments where we need to be there, rather than having to wade through a lot of administrative and operational work.”

the business world, because I've often looked at policies and wondered if they could be simplified or whether they are necessary in the first place.

P+S: What are the key leadership lessons you've learned over your career?

Cicconi: One is to surround yourself with a great team. That is one thing you should not rush. And check the references yourself when you're hiring for your team. You will make some mistakes, but you should go deep to build that team really carefully.

Second, I would say be accessible and authentic. Get rid of the layers of shoe polish that we're told we need in the corporate world in the name of things like executive presence. Just be yourself, because that's what's made you successful. Be generous with your time and energy and listen to the organization, listen to employees.

Third, it's so important as a leader to have people's backs. Of course, you have to give feedback to people, and it can be done in a constructive way. People have big jobs and they are dealing with a lot of challenges, and you've got to stick together and have each other's backs because things will go awry, and everybody makes mistakes sometimes. You can't succeed in an environment of fear or not knowing whether your leader has your back.

P+S: Leadership in general has become more difficult these last few years. How do you think about the specific challenges facing front-line managers?

Cicconi: It is a complicated role. You're dealing with a lot, including macro-economic uncertainty and navigating the challenges of hybrid work policies. Before someone becomes a manager, we want them to know what they are signing up for. It's not an easy job. It's a serious responsibility, and you can get it seriously wrong and make people miserable. Not everybody's good at it as well. And that's fine.

P+S: When you coach and mentor leaders, are there a couple of themes that come up more often?

Cicconi: Across all generations, genders and countries, I would say it's a problem of self-confidence. It's quite chronic, whether it's based on a fear of being judged or other things. Obviously, everybody's different, but in general I have found that people can be so unkind to themselves. There are these voices in your head that just bring you down.

It's as if you're trying to swim freestyle in the ocean, because you do have big waves to tackle in your job, but you've got this underwater seaweed around your ankles trying to pull you under the water. Those are the voices that are pulling you down, and you have to put a stop to those voices.

Think instead about where you can put that energy to a greater purpose, whether it's somebody who needs your help or a situation that really requires your attention. Imagine chopping away at all that underwater seaweed so that you can swim stronger and faster to tackle the waves. ■■

“Get rid of the layers of shoe polish that we're told we need in the corporate world in the name of things like executive presence. Just be yourself, because that's what's made you successful.”

Artificial L&D: How AI Will Rewire Employees' Critical Thinking Skills—for Better and Worse

By Neal Sample, Angie Emrey and Brad Winn

In our rapidly advancing digital age, individuals, leaders, and organizations are all hoping to harness the potential of artificial intelligence to increase efficiency, accelerate learning, and empower their teams through advanced insights.

While we may not yet fully realize the full breadth of AI's capabilities or where

it has the potential to fail us, the AI age is already upon us. We're all using AI agents in our everyday lives, and we'll soon have an ever-present "AI assistant" in our pocket, all while developers continue to miniaturize these devices and move from ones that require explicit requests to performance devices that are "always on and available."

At the Intersection of Reluctance and Inevitability

As history is apt to repeat itself, we find ourselves once again at the intersection of reluctance and inevitability. Much like past technological advances, AI both excites and unnerves us as we embark into the unknown. Take the pocket calculator as an analogue to



AI. The decades-old innovation was initially met with deterrence. While students embraced the technological cheat code to bypass arithmetic, teachers and parents everywhere said, “You won’t always have a calculator in your pocket!” We could go further back to find more examples. The dying art of map reading—a skill once of utmost importance—is perhaps only still vital to hikers and Scout troops.

With the rise of ubiquitous AI agents and AI tools, will tomorrow’s employees be better or worse off? Will AI be an indispensable aid to knowledge workers, or will it create a generation of employees who lack the capacity to generate or leverage knowledge without help? In this article, we explore some potential impacts of AI on the competencies of knowledge workers and our organization’s learning and development (L&D) models.

While AI has the potential to affect our ability to use critical thinking, it’s likely that (as with the advances of the past) we may diminish some very basic tasks in favor of overwhelming improvements.

Revisiting the calculator example, while it is possible that the average person’s ability to perform mental math has decreased, our ability to quickly solve equations with a machine did not thwart a global improvement in data literacy. In fact, the capacity gained with these tools has furthered our ability to understand, assess, and rely on complex data.

Much of the consternation around AI hinges on the need to maintain and refine one core capability of knowledge workers: human intelligence in the form of critical thinking skills. How might artificial intelligence impact human intelligence, learning, and development?

Since the arrival of the internet, we have increasingly gained access to more information with fewer filters. Take news, for example. It was historically delivered through a few channels and held to regulation and standards. Today, users can choose to watch cable news channels filled with unfiltered opinions or read misconstrued and one-sided headlines reposted by friends on Facebook. Without critical think-

“Will AI be an indispensable aid to knowledge workers, or will it create a generation of employees who lack the capacity to generate or leverage knowledge without help?”

ing, both sets of information suddenly become equal in their truth and relevance.

The Rise of AI Agents

The next phase of AI—after web-based portals and embedded tools—is the rise of personalized AI agents. Simply put, these devices would act as an ever-present assistant with a level of autonomy to watch and listen to everything we see and hear. Powered by generative artificial intelligence (GenAI), an AI agent is (seemingly) capable of reasoning, planning, and acting autonomously to interpret and decipher data, make decisions, and adapt to changing environments. Current versions of these AI companions—from virtual assistants to smart home devices—offer convenience and efficiency. They can be programmed for a specific project, pull from private data, and, if given permission, take actions on your behalf using your credentials.

Perhaps critical thinking will become even more necessary (not less) as these AI agents become more advanced over time, making them more reliable and effective. At the outset, AI cannot operate independently. It relies on human intelligence and human interventions (and humans’ critical thinking!) to learn new things that generate high-quality and accurate outputs.

The drive to incorporate AI agents has already been justified in several ways. For the HR professional, there

are many potential benefits of incorporating AI tools into training resources and programs, including more customization, increased accessibility, and time and cost savings. Where we once needed to plan, record, and produce training videos, we can now use AI-generated videos with human avatars. We can also use AI to rapidly create adaptive learning experiences tailored to specific employee needs.

However, organizations and leaders must also be aware of the drawbacks of AI. It’s important to create a strategy for implementing AI agents that accounts for their potential positive and negative effects on critical thinking skills, providing insights to optimize use and ultimately improve L&D strategies.

Positive Effects of AI Agents on Critical Thinking Skills

The ability to analyze information and make reasoned decisions is crucial in problem-solving, decision-making, and innovation in the workplace. Personalized AI agents can quickly mine and organize data, learn from it, and make decisions to help knowledge workers achieve specific goals.

When used by L&D teams, AI can assist with problem-solving using data-driven insights, build topic-specific curriculum, and deliver tailored learning experiences by audience in minimal time. Teams can save time and quickly create hyper-specific and niche curriculum as needed.

THE BRIGHT SIDE

Personalized AI agents and AI tools can have a potential positive impact on employees’ problem-solving and critical thinking skills by:

- Providing efficient access to vast quantities of information.
- Promoting analytical thinking through organized presentation.
- Delivering tailored learning and development experiences.
- Improving employees’ effectiveness in asking questions and providing direction.

People + Technology

Artificial L&D: How AI Will Rewire Employees' Critical Thinking Skills—for Better and Worse

Often, our training programs are reliant on some of the most in-demand people on our teams—our subject matter experts (SMEs). By educating our SMEs on available AI tools and incorporating AI-assisted authoring, we can streamline the time-consuming effort of content creation and make it easier for teams to access our experts and their knowledge. A training process that previously took weeks or even months can now be accomplished in days or even hours. We can create more content, more frequently, and more easily.

In addition to the efficiency gains in data analysis and fact-checking, AI assistants can promote analytical thinking by presenting information in organized and digestible formats. With an ability to digest more information more quickly, users often find increased capacity to consider multiple perspectives before drawing conclusions. This was previously a laborious and time-consuming task when completed by a single human.

AI is also improving the ability to present information in different models, which creates a more effective learning tool for your audience, no matter their preferred style of learning. Through adaptive learning algorithms, AI creates content tailored to individualized preferences and learning styles. This personalized curriculum allows facilitators to quickly adjust content with a specialized lens for each individual audience. Plans can also be accommodated for users' personal learning style through targeted exercises to reinforce understanding, regardless of potential weaknesses or challenges.

While we directly benefit from the outputs of AI, the process of getting to those outputs can potentially improve the critical thinking skills of the humans making the request. "Prompt engineering" (the request to the AI tool) is a novel form of critical thinking. An AI user's prompts should improve over time as they learn to be more explicit, provide clearer direction, and begin anticipating exactly how to best delegate a request.

"Teaching digital literacy skills in the age of AI encourages individuals to question information sources and discern between credible and unreliable sources."

In that regard, asking questions of an AI tool is like learning how to communicate and make requests of an international colleague. Over time, we learn to accommodate for language barriers, cultural differences, and ways of working to ask meaningful questions that ultimately improve the deliverable.

Negative Effects of AI Agents on Critical Thinking Skills

While AI carries potential positives, overreliance on AI for decision-making may diminish critical analysis, potentially leading to complacency. Questioning assumptions, applying logic, and seeking diversity of perspectives have always been essential human skills that are imperative to workplace success. But they'll be even more needed in the coming years as we ensure that personal AI produces accurate and reliable results.

Continuous reliance on personal AI agents for information retrieval and decision-making may lead to reduced effort in critical analysis. Employees may become complacent, relying solely on AI recommendations without also engaging in independent thinking or problem-solving. As with most emerging technology, AI still requires a human

element to ensure true understanding of the content by the facilitator.

While AI can increase exposure to multiple perspectives, the very way in which it learns is informed by user preferences and past interactions. Because of this, AI algorithms can reinforce existing biases by filtering information through this lens. That can limit exposure to diverse perspectives, potentially skewing decision-making processes and inhibiting critical thinking. Users must consider multiple points of view to counter bias and preconceived notions.

As with many technological advances, the instant gratification provided by AI agents can shorten people's attention spans and diminish their ability to focus and engage in deep, critical thought. Relying on these tools for memory recall tasks may also lead to the erosion of human memory capabilities.

How AI Can Accelerate L&D

How can organizations maximize the positive effects and minimize the negative effects of AI on L&D?

They must start by educating employees on how AI operates—especially the known limitations—to empower them to critically evaluate AI-generated content. Teaching digital literacy skills

THE DARK SIDE

Here are some of the potential downsides of AI on employees' critical thinking abilities:

- Overreliance may diminish critical analysis efforts, leading to complacency.
- Biased information that's filtered through AI may limit employees' exposure to diverse perspectives.
- The instant gratification provided by AI agents may shorten employees' attention spans and impede critical thinking.
- Relying on AI tools for memory recall may lead to the erosion of human memory capabilities.

in the age of AI encourages individuals to question information sources and discern between credible and unreliable sources. AI tools are continuously improving and becoming smarter. However, in their current state, we still need to spend a significant amount of time teaching users about the tools and how to effectively prompt AI systems to deliver the solutions they seek.

Educating employees about AI is equally as important to enabling its success as it is to preventing its downfall. Knowing a tool's capabilities and limitations is helpful. But truly understanding which AI results you can trust or shouldn't trust is critical.

Much like a manager would review the work of an intern, AI-generated content should be reviewed by knowledge workers to ensure accuracy. Reinforcing the need for human oversight in decision-making processes ensures that an AI assistant will complement, rather than replace, human critical thinking skills. By viewing AI as a tool rather than a crutch, employees can maintain control over the technology and actively engage in complex problem-solving tasks.

Implementing guidelines for unbiased algorithms and ensuring transparency in AI systems are essential steps in mitigating negative effects. Ethical AI development can help promote fairness, accountability, and the preservation of diverse perspectives. Together, this creates and reinforces an environment conducive to critical thinking.

In summary, when using AI to accelerate L&D tasks, three primary objectives remain the same:

- Promote digital literacy skills for your employees.
- Use AI as a tool and supplement, not as a crutch or substitute for critical thinking.
- Support and enforce ethical development of your AI tools.

Conclusion

The integration of personal AI agents into daily life presents both opportunities and challenges for developing human intelligence and critical thinking skills. While these technologies offer unparalleled access to information



“By viewing AI as a tool rather than a crutch, employees can maintain control over the technology and actively engage in complex problem-solving tasks.”

and cognitive support, they also pose risks of dependency, bias, and cognitive decline.

To harness the benefits of AI for knowledge workers while safeguarding critical-thinking abilities, it is crucial to promote digital literacy, balance AI assistance with human engagement, and prioritize ethical AI development and regulation. By taking proactive measures, you can ensure that personal AI agents serve as tools for empowerment, rather than impediments to independent thought.

AI will undeniably revolutionize how we approach training and development, and it will create opportunities for L&D professionals to spend more time consulting with their partners and learning the business. As we continue to navigate the evolving landscape of technology, it is imperative that leaders understand the nuances of this new technology, invest in the education of their teams, and create plans for thoughtful integration of this powerful tool.



Neal Sample is a tech-focused business enhancer who has served as a board director, CIO, startup advisor and executive coach. He is currently focused on AI and its impact on innovation, leadership, and productivity.



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How Boards Navigate the New State of Labor

New trends in the U.S. labor landscape are forcing corporations and boards of directors to rethink their goals, tactics, and strategies surrounding the employer-employee relationship. Dawn Zier sat down with three experienced board members to discuss how directors should respond in this era of change.

Participants

Bob Fornaro, director at WestJet and Avianca; advisor at Southwest Airlines

Martin Kuehne, senior managing director, FTI Consulting

Nat Ricciardi, director at Prestige Consumer Healthcare and Rapid Micro Biosystems

Moderator

Dawn Zier, former CEO of Nutrisystem; director at Hain Celestial Group, Prestige Consumer Healthcare and Acorns

DAWN ZIER: What trends are you seeing in the labor movement that directors need to be aware of?

MARTIN KUEHNE: There's a resurgence of labor that we haven't seen in the last 25 years. We're going to see more union elections and certifications. It's not going to get back to the heyday of the '60s and '70s, but it's certainly coming back.

There's an increase in pattern bargaining. If you're in an industry where this type of bargaining is done, it's tough. For example, the UAW took the renegotiated contract from one auto company and used it as the base for the next one. The same thing is happening in the airline industry.

Advancements in technology and use of social media are making it much easier for union leaders to mobilize groups and spread targeted, hard-hitting messages to large constituencies. A well-organized, focused small group can have tremendous influence on the broader population. It's akin to a political campaign.

BOB FORNARO: There is a shortage of skilled labor, and the Gen Z workers are prioritizing their flexibility and personal time much more than prior generations of workers, which is leading to increased productivity costs. Workers on the whole have moved to a more contractual mindset. The rhetoric and aggressiveness around negotiations have also amped up over the last year. Employees are viewing themselves as key stakeholders and want to get what they consider to be their fair share or more of corporate profits.

NAT RICCIARDI: We're all competing for a limited workforce of available tal-

ent because the sources of quality labor are drying up. Birth rates have been on the decline, and the United States does not offer any incentive for immigrants to come into the country legally to help build the economy, build the technology, and build the skill level. The fewer people you have in the labor force, the more demands they can make around wages and benefits.

We used to say, "We make what we sell, we sell what we make." Outsourcing and globalization were not part of our vocabulary. But as we outsourced our manufacturing to third parties in the pursuit of lower-cost labor, we diminished our ability to control the production and quality of our products. This was magnified during the pandemic, where supply chain challenges drove significant disruption, and we are still grappling with these issues today.

ZIER: Is the balance of power shifting away from the corporation?

FORNARO: Currently, the balance has tilted more towards pro-labor settlements because of the tight labor market, coupled with changes in attitude around work/life balance and what a fair exchange looks like.

However, if you look at some recent labor agreements, the question is whether they will be sustainable over time. As it gets harder for companies to control costs and businesses go through natural economic cycles, we could see increased job losses, shutdowns, and significant price increases for consumers. We need to get back to a negotiating table where it isn't about how much one party can get in the moment, but rather how do we get a fair deal that works for both sides.

KUEHNE: In a tighter labor market like we're experiencing, unions have more leverage. That's been evident in the most recent UAW contract negotiations. UAW ran a highly effective campaign. Probably 2% or 3% of the union workers were incredibly active on social media and were able to energize the broader constituents. Ten years ago, they couldn't have done that. Also, with public data widely available on executive compensation, it's easy for labor to posture around pay differential. The sensationalized headlines often revolve around high CEO pay with no acknowledgment that, in most instances, 75% or more of the pay is highly variable and tied to performance.

RICCIARDI: I'll address this through a manufacturing lens. Today, we're working with more third parties. At the end of the day, these outsourced partners will tell you what they need to tell you to preserve their business. They're not going to tell you that we may have a problem a month from now. They'll tell you once the problem comes to a head. But that doesn't give the company time to plan and react. This results in lower inventory, out-of-stock products, customer penalties, and consumer dissatisfaction. Companies are much more effective when they control the entire end-to-end process.

ZIER: Most directors are not labor experts. How should board members stay informed about labor relations, and what questions should they be asking of management?

FORNARO: When it comes to union negotiations, it's incumbent upon

“Workers on the whole have moved to a more contractual mindset. ... Employees are viewing themselves as key stakeholders and want to get what they consider to be their fair share or more of corporate profits.”

Bob Fornaro



Directors Roundtable

How Boards Navigate the New State of Labor

management to educate the board, show them the work rules that are likely to get renegotiated, set the business context, and provide visibility around the cost drivers. The board needs to understand the negotiations and bargaining of others in the industry and why their situation is the same or different.

Then the board and management need to create a financial mandate that establishes guidelines and sets targets around what the company can agree to. Creating a mandate keeps the board appropriately involved throughout the negotiations and gives them a measuring stick: Here is what we thought we could get in a fair deal, and this is where we came out.

KUEHNE: First, directors need to understand the broad terms of the contract, including the duration and key elements. Second, they need to understand the three or four cost drivers—medical, block hours, pensions, for example. Then finally, what is the strategy for the next round of negotiations and what are



they willing to live with? Are they going to live with a higher wage cost because they're going to try to control medical? Are they going to try to freeze the pension plan and introduce a defined contribution plan? What concessions are they willing to make? And over what time frame?

RICCIARDI: From a supply chain perspective, when the company is working with an assortment of contract manu-

facturing organizations (CMOs), the board should seek to understand the KPIs that the vendor is being held accountable for. For example: Are we getting our committed volumes on time? What other products are being produced in the plant, and is this a threat to us (i.e., private-label manufacturers)? How often does the chief supply officer visit or talk to major suppliers? Is the company creating joint accountability and win-win opportunities that give preferred customer status?

Also having a clear negotiation strategy around cost and quality control is important. And this has to be balanced with realities of the operating environment, such as persistent inflationary pressures, labor shortages, and quality of the workforce. Asking about second source suppliers is also important.

In the case of company-owned manufacturing plants, one of the most valuable things a board can do is to visit the operations. When doing so, observe



“The negotiation is rarely about wages. The pressure points are often around medical benefits, because that’s a rising and unpredictable cost. It doesn’t matter what the industry is ... If you can trade a dollar today of compensation wage for a dollar of medical, that’s a win.”

Martin Kuehne

the manufacturing process, ask to see the safety reports, ask workers questions about the environment and culture, and evaluate the level of employee commitment and engagement. Time spent on the manufacturing floor provides insight much more vividly than reading through reports.

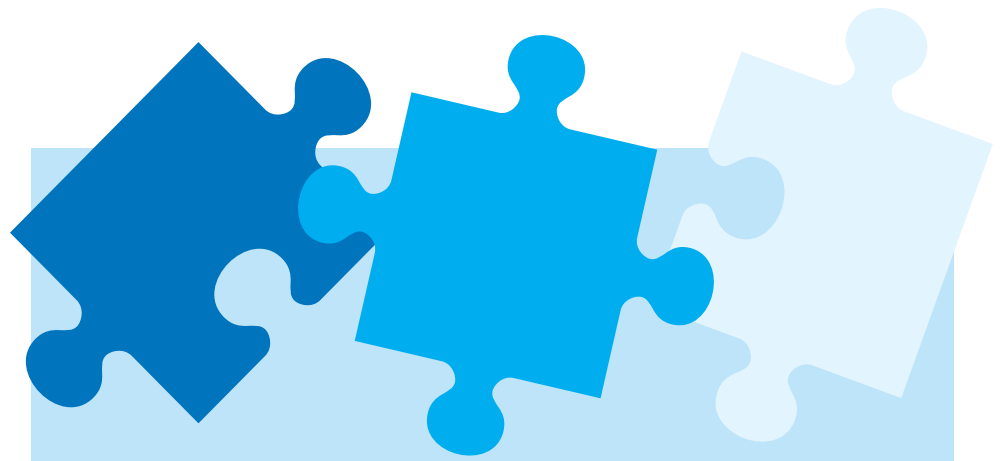
ZIER: What framework should directors and management be thinking through on how to engage and respond during the negotiation process?

FORNARO: Alignment between management and the board around the financial mandate and guidelines is critical. This forces management to adhere to a predefined construct and allows them to say during negotiations that they aren't sure the board will approve the ask if it's outside the bracketed parameters.

Also, I am of the school that the CEO never directly negotiates. There's a lot of give-and-take in these negotiations, and things may get proposed that you later pull back on because of other concessions. It's nearly impossible for a CEO to directly renege on something that's been put on the table because it erodes credibility. Instead, it's more effective to have the negotiating team be the head of operations accompanied by outside legal counsel. The management team sets the strategic objectives, and then the professional legal advisors—who can draw from other broad cases and developments—help get to the “how.” It's a powerful combination.

KUEHNE: There are things that make you a more viable candidate politically for union leadership. And just like in everyday politics, you tend to get those people who are a bit more extreme in these roles. Management can posture around this. I always advise my clients:

1. Don't withhold information, because labor will assume that it's twice as bad and they'll communicate that critically.
2. Don't suboptimize a decision because you think it will play better



Labor 2029: How to Plan Ahead

We asked our roundtable of board directors to fast forward to five years from now. What do they see as the future state of employer-employee, corporate-union, or corporate-third party supplier relations?

RICCIARDI: Corporations will start rethinking how they can better control the drivers of the P&L, and we will begin to see some reshoring and return to in-house manufacturing, especially in complex technology products. The ripple effect of supply issues impacts both the top line and bottom line, and the failures of the system have been highlighted over the last few years. I'll go back to what I said earlier: If you can make what you sell and sell what you make, you have better control of your destiny, rather than leaving it to the different motivations of third-party suppliers that may not prioritize your needs ahead of others.

While I don't think we'll see a big increase in unionized workers, we will see the unionization of more professional ranks, most likely in the health care and hospital sectors.

KUEHNE: I think unions grow somewhat over the next five years and become more active. The cost pressures are going to be tremendous on the companies that have them.

I think we'll see some sort of consortium that meets the benefit needs of gig and contract workers. Already, some vendors are saying that they'll put together private medical plans that provide access to the growing number of people who choose this work lifestyle.

With Boomers aging out [of the workplace], so is the social contract between employees and the company. Millennials and Gen Z don't see things the same way as they did. There's less of an emotional connection and less interest in going the extra mile without a clear benefit. If they are getting paid for a 40-hour workweek, they are not going to work 60. They are much more protective of their time. We're seeing the shift to a more transactional relationship continue among those who have graduated college within the last five to 10 years.

FORNARO: A lot of businesses are cyclical, so what works today may not work in perpetuity. When you're signing agreements in somewhat better times or under conditions of stress, the agreements tend not to be balanced or sustainable. There likely is going to be a lot of contracts that will need to be adjusted as we go forward. Again, these negotiations should be about getting a fair, equitable deal. Some of today's contracts are not set up for long-term success because of the cost, productivity, and flexibility constraints they put on the operating model.

Directors Roundtable

How Boards Navigate the New State of Labor



“In company-owned manufacturing situations, it’s critically important to have a strong culture that instills treating each employee with respect and dignity, no matter the level. There’s no reason for a union to be able to take care of your employees better than the company itself can.”

Nat Ricciardi

with labor. Management almost never gets any concessions in that exchange.

RICCIARDI: From a nonunionized perspective, the best protection a corporation can have in an outsourced environment is to have alternative supply sources that can be leveraged during a negotiation. Also having volume commitments and limitations around cost increases that tie to material/ingredient inflation is key. But at the end of the day, it has to be a trusting, win-win relationship.

ZIER: How should directors and management be thinking through balancing short-term needs versus being able to compete effectively in the long term? How do we prevent today’s challenges from leading to unsustainable operating models in the future?

KUEHNE: Historically, in the airline and automotive industries, the longer it took to get a contract, the better, because it meant the company had a longer duration at the lower cost base. Now with pattern negotiations, delaying your labor contract might result in higher costs.

Also, the negotiation is rarely about wages. The pressure points are often around medical benefits, because that’s a rising and unpredictable cost. It doesn’t matter what the industry is—auto, hotel, casino, airline—if you can trade a dollar today of compensation wage for a dollar of medical, that’s a win.

You need to have benefits consultants provide you with benchmarks that you can then use as negotiation points.

FORNARO: People tend to think negotiations are all about wages. But the reality is that it’s much more about work rules, productivity, and flexibility. These areas of focus often provide a much greater benefit or pain point than actual wage rates.

The best way to prevent today’s challenges from upending you is to ensure that management thinks about what really matters to employees (union and nonunion) and attempts to address them in an equitable way. The CEO needs to be visible and needs to understand what matters to employees and work hard to build trust.

It’s important for the different workgroups to know who the company leaders are and to have forums in which they can engage. As an executive, you need to listen to what the workgroups are telling you because they may be telling you things that your staff isn’t communicating.

Changing and fixing a few issues can go a long way, and people will notice. Setting the right tone and culture is time well spent as it can pay massive dividends.

RICCIARDI: In company-owned manufacturing situations, it’s critically important to have a strong culture that instills treating each employee with respect and dignity, no matter the level. There’s no reason for a union to be able to take care of your employees better than the company itself can.

It gets harder when you’re reliant on third-party suppliers because it can become a purely transactional relationship, absent of culture and shared long-term commitments. If the CMO is supplying 30 other customers, how do you become a preferred customer? How do you get vendors committed to your vision, mission, and goals, in the same way as the internal organization is? How do you align the corporation’s need for quality with the supplier’s mandate around profit and continuous improvement? It’s not easy.

ZIER: A quick question for you, Martin, based on what you’re seeing with your client base. Do you think there’s going to be a push by union leadership to get director seats to ensure representation in the boardroom?

KUEHNE: There may be pushes for this sometimes at the local level. But it’s really not in the best interest at the national level, where the negotiations take place, because it changes the dynamic. Unions want to be able to point out what the company is doing wrong or could be doing better. A director’s fiduciary duty of care is to the corporation, not the corporation’s stakeholders. Having a union member as a director is a leverage-losing play for labor. ■■

The Directors Roundtable was hosted by



Dawn Zier, the former CEO of Nutrisystem and a current board member at Hain Celestial Group, Prestige Consumer Healthcare, and Acorns.

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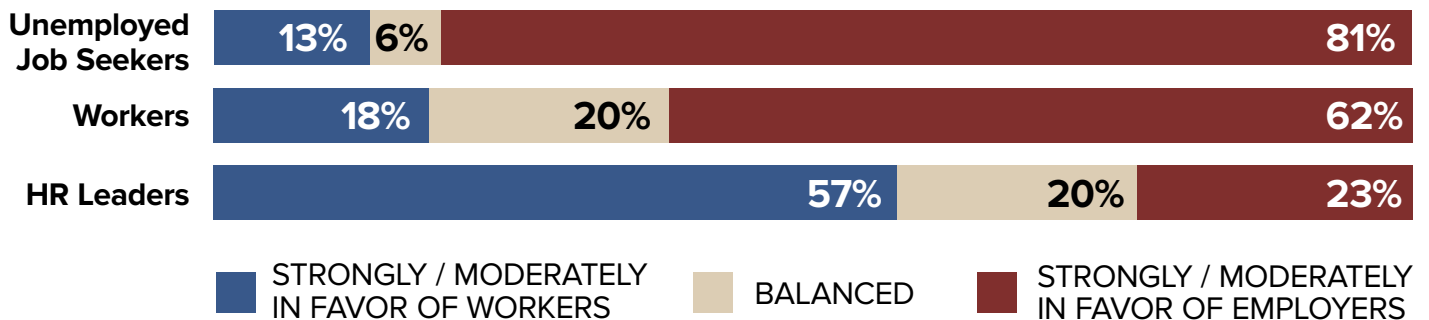
Power Dynamics in the U.S. Labor Market: Exploring Employer-Employee Relationships

The balance of power between workers and employers is a complex issue that can influence job security, wage levels, working conditions, and employee satisfaction. To understand the current state of employer-employee relationships in the U.S. labor market, SHRM Research surveyed 1,327 workers, 464 unemployed job seekers, and 980 HR leaders in May 2024.

The research revealed that perceptions of power vary significantly depending on one’s position in the market. Specifically, employers believe the labor market currently favors employees, while employees believe it favors employers. Despite these opposing views, both employers and employees are actively adjusting their strategies to navigate the current market.

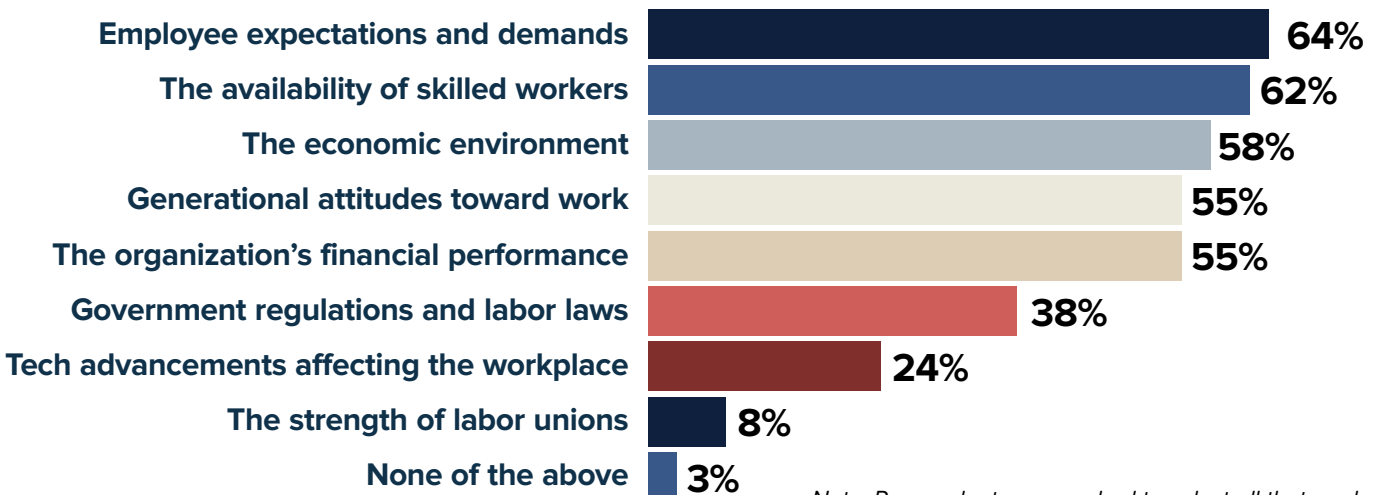
WHO HOLDS MORE POWER TODAY: WORKERS OR EMPLOYERS?

The perception of power heavily depends on who you ask. Here’s how the three groups—workers, unemployed job seekers, and HR leaders—perceive where the balance of power sits in today’s labor market.



WHICH FACTORS DRIVE THE BALANCE OF POWER?

The percentage of HR leaders who say the following factors affect the balance of power in the labor market:

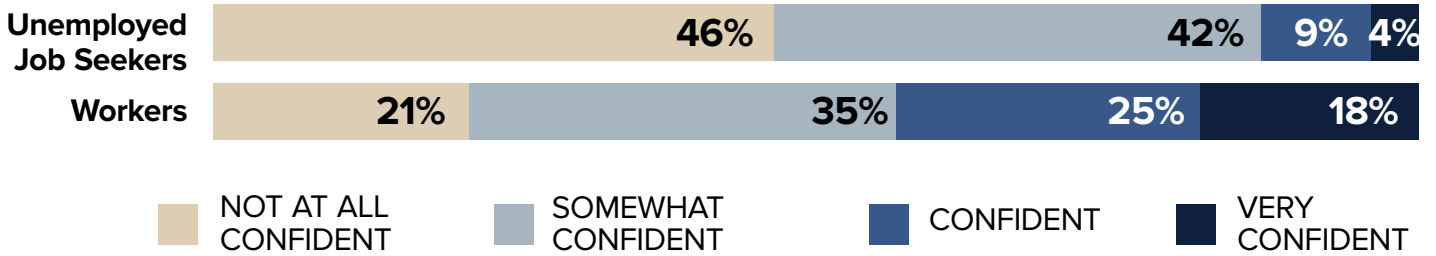


Note: Respondents were asked to select all that apply.

U.S. Workers' View

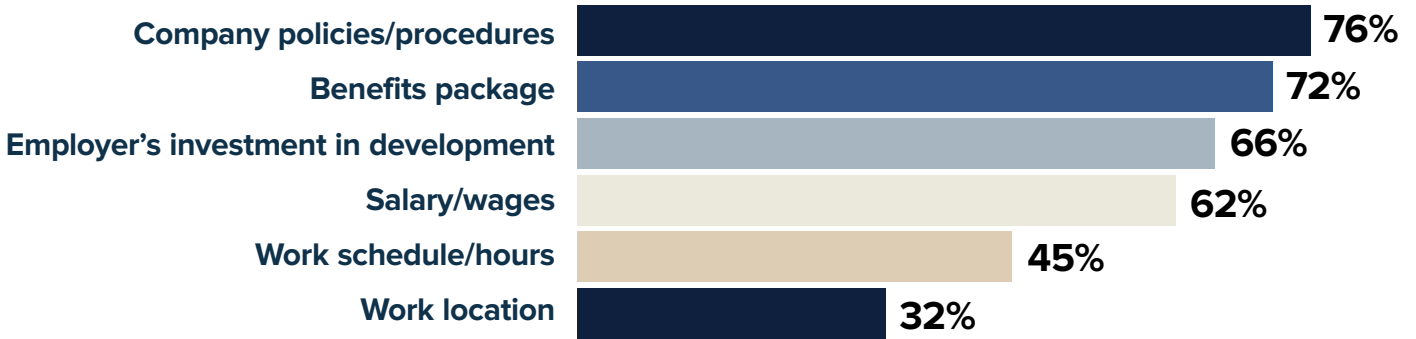
A LACK OF CONFIDENCE IN FINDING COMPARABLE JOBS

How confident are you in your ability to find a new job with similar pay and benefits within three months?



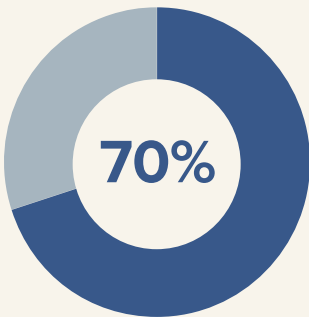
WORKERS PERCEIVE LIMITED BARGAINING POWER AT WORK

Percentage of workers who say they have either “no influence” or “a little influence” over the following aspects of their current job:

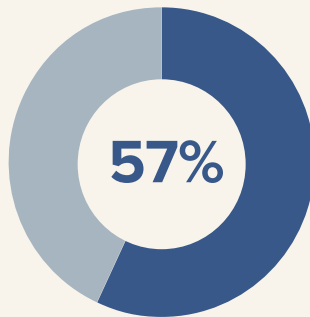


DO PERCEPTIONS ALWAYS MATTER?

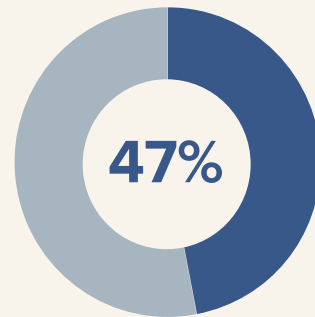
Even in a labor market where employers hold the upper hand, workers would still leave their organization if their expectations remained unmet in certain areas.



of workers say they’d be likely/very likely to leave if their **compensation** didn’t meet their expectations in an **employer-driven market**.



of workers say they’d be likely/very likely to leave if their **benefits** didn’t meet their expectations in an **employer-driven market**.

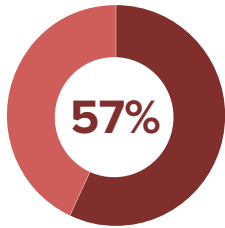


of workers say they’d be likely/very likely to leave if their **opportunities for career advancement** didn’t meet their expectations in an **employer-driven market**.

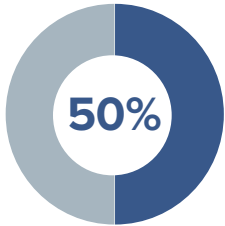
The Impact of Power Perceptions

POWER DYNAMICS AFFECT DECISIONS AND BEHAVIOR AT WORK

Employer-employee power dynamics play a large role in workplace behavior:



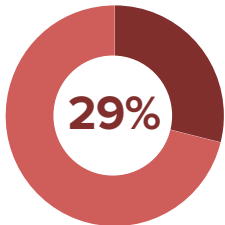
of HR leaders say the power dynamics in the labor market significantly influence their **employer's decisions**.



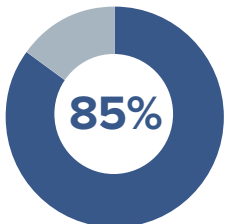
of workers say the power dynamics in the labor market significantly influence **how they behave at work**.

THE TALENT GAP AND RISING EXPECTATIONS

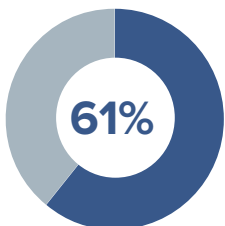
While HR leaders are still struggling to find qualified candidates, workers are expecting more from their employers than ever before:



of HR leaders are satisfied with **the availability of qualified candidates** when filling open positions at their organization.



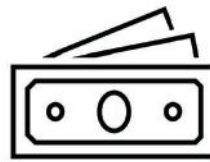
of workers say that workers should feel comfortable **demanding more** from their employers.



of workers say they hold organizations to a **higher standard** now compared with five years ago.

ORGANIZATIONS ARE MOTIVATED TO ADAPT

In response to the evolving balance of power in the labor market, organizations have responded in the following ways:



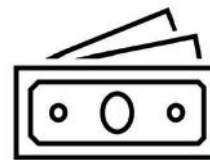
42%

increased **starting salaries** or wages beyond standard annual adjustments.



41%

increased investment in **training** and development programs.



38%

increased **base salaries** or wages beyond standard annual adjustments for current employees.



32%

increased the quality and/or quantity of **benefit** offerings.



27%

increased **flexibility** options (e.g., remote work, hybrid, compressed workweeks).

Despite Labor Shortages, Many Workers Feel Employers Hold the Power

By Justin Ladner, Ph.D., and Ragan Decker, Ph.D.

An analysis of traditional labor market metrics reveals ongoing favorable conditions for workers. For example, at the end of April 2024, there were about 8.1 million job openings in the U.S. labor market, according to the U.S. Bureau of Labor Statistics. Although that number has fallen significantly from its March 2022 peak of 12.2 million, it is still high by historical standards (see figure).

Furthermore, there continue to be more job openings than there are unemployed people, the quit rate among employees remains elevated, and concerns about labor shortages persist among employers. It is intuitive to assume that this tilt in favor of workers would strongly influence power dynamics in the workplace. New research from SHRM explores this question, with findings that underscore the critical role that perceptions play in shaping employer-employee relationships.

Views of Job Market Vary Based on Age and Job Level

During May 2024, SHRM surveyed U.S. workers, unemployed job seekers, and HR leaders on their beliefs about cur-

rent employer-employee power dynamics. As noted in the charts on the prior three pages, attitudes across these three groups are deeply divided regarding the balance of power among employers and employees.

The attitudes of HR leaders largely align with the realities of the tight labor market conditions described in the numbers above. In other words, labor is scarce, and workers are able to capitalize on this scarcity when engaging with their employers.

As one might expect, unemployed job seekers do not share this view. More than 80% of this group stated that the current balance of power in the labor market moderately or strongly favors employers. More surprisingly, over 60% of U.S. workers agree with this opinion, and only 18% feel that current labor market conditions moderately or strongly favor workers.

The collective perception of U.S. workers is clearly that employers have the upper hand. However, it is important to note differences in views among various subpopulations of workers.

Most notably, workers ages 50 and older are significantly more likely

to view the labor market as favoring workers (26%) relative to their younger counterparts ages 18-34 (18%) and ages 35-49 (14%). Similarly, managers (22%) are somewhat more likely than individual contributors (15%) to feel that labor market conditions currently favor employees. Older workers and managers are correspondingly less likely to feel that employers are moderately or strongly favored in the labor market, though a clear majority do in both cases.

Power Is Perception

Why are workers so likely to feel that current labor market conditions favor employers, and why do we observe these differences across age and experience levels?

It is critical to consider that—although workers may be aware that the labor market is tight and their skills are in demand—perceptions of power are likely based on a complex mix of expectations, personal experience, and other factors that are not captured in official statistics.

For example, older workers may have lived through periods with fewer worker protections and less control over their working conditions, which makes the current labor market seem comparatively favorable. Similarly, the lack of power that workers feel in general may reflect broader economic concerns, such as inflation.

Understanding these nuances is a key area for future research efforts. In the meantime, our findings underscore the reality that—for all their value—the metrics most commonly used to measure U.S. labor market health do not necessarily align with the perceptions of individual workers. Organizations should be mindful of this gap when developing strategies to attract and retain talent. ■

Justin Ladner, Ph.D., is SHRM's senior labor economist. Ragan Decker, Ph.D., is the manager of EN/ES Research at SHRM.

MONTHLY TOTAL NONFARM JOB OPENINGS: 2020-2024



Source: U.S. Bureau of Labor Statistics Job Openings and Labor Turnover Survey.

Insights from the leaders featured in recent episodes
of the monthly *People + Strategy* podcast.

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HR Needs to Embrace AI with Training, Transparency, and ‘Thoughtful Pacing’



I have learned that no good comes from moving too quickly,” said **Andrea Gill, CHRO of global financial firm Capital Group**. “When I talk about GenAI internally, the headline is ‘thoughtful pacing.’ We’re not going to move too fast here. It’s too nascent. There’s too much risk in moving too quickly. I’m confident we’ll pace it appropriately and weave it into our organization.

“With all technology, the most important thing is don’t be afraid of it. Think about AI as a way to make our lives more productive, more strategic, more effective. What I tell everyone is, ‘Play with GenAI every day.’ I forced myself, and now it’s fun. I go in and try something different every week so I’m comfortable. And that’s what I would tell everybody to do.”

Civility in the Retail Sector: The Customer Is *Not* Always Right



The reality is that there are many times when the customer isn’t right, where the customer isn’t treating employees with the civility and respect they deserve,” said **Julie Lodge-Jarrett, chief people and purpose officer at Dick’s Sporting Goods**.

In the past, she said, Dick’s managers would respond to customer conflicts by apologizing to the customer “whether or not we did anything wrong.” The company revamped its customer intervention policy a couple of years ago to demand customers either be respectful to employees or leave the store.

“That one small step paid big dividends to create greater civility within our stores and to create that reciprocal agreement between employees and customers.” she said.



‘Everything Is Going to Change’: Focus on Reskilling and Communication



Every time there’s been a giant technological transition, there’s actually been a net number of new jobs,” said **Nichol Bradford, SHRM’s Executive In Residence for AI+HI enablement**. “The danger, disruption, and fear [around AI] is really about the people who cannot transition and how do we support them. How do we actually change the way that we upskill and retain people?

“Everything is going to change. And the most important thing is your change management and your communication. Do you involve people in the process? Are they inspired? Do they trust you?”

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Melinda McAfee

**Chief Human Resources Officer
and Chief Legal Officer
Victoria's Secret & Co.
Reynoldsburg, Ohio**

Many CHROs deal with compliance and legal issues as part of their jobs. But Melinda “Mel” McAfee is one of the few C-suite leaders who serves as the head of both the HR and legal departments at a global organization.

McAfee is a lawyer by training and spent most of her career on a legal path, first at an employment law firm and then in general counsel roles at Express and Abercrombie & Fitch. She was hired as the chief legal officer at Victoria's Secret & Co. in 2021 and was asked a year later to temporarily lead the HR team during a transition period. In October 2022, she took on the additional role of CHRO.

What led to HR being brought under your umbrella at Victoria's Secret?

I had been helping to guide the brand transformation at VS&Co as chief legal officer. That work has been grounded in inside-out design, beginning with deepening our sense of inclusion and belonging for associates and instilling a culture of collaboration and mutual respect.

When it came time to reimagine our HR function, I believe my connection to the transformation and the chance to ensure stability and continuity—along with my previous HR leadership experience—made transitioning HR to me the best thing for the business. I am lucky to have strong teams in HR and legal that make it possible.

What are one or two HR initiatives at Victoria's Secret that you are proud of?

The first is establishing the company's values. I am particularly proud of the culture we've created where our associates feel they belong and are encouraged to speak up when they experience or observe behaviors that don't match our values. The second is the re-envisioning of our talent program. We are completely transforming every element, from recruiting to hiring, performance management, development, and succession planning. I believe we're setting the business up for long-term success.

What is the greatest challenge you see for HR leaders right now?

Building agile workforces and preparing for AI in the workplace are two significant challenges. However, I'm most concerned with the forces impacting the health and well-being of talent. The pandemic largely erased the lines between home and work, and day-to-day life is more frequently coming into work. Employees carry the pressures of their personal lives, the anxiety brought on by political and social issues, the economy, and so much more.

Helping our teams stay mentally well, physically healthy, energetic, and engaged feels more challenging and more critical than ever. Finding ways to support our employees through well-being offerings, mental health services, and even providing outlets for expressing their feelings about external issues going on in the world are critically important to maintaining a happy and productive workforce.

What advice would you give to a rising HR leader?

I think many people would be inclined to say, “Understand the business intimately,” and I don't think I'd argue the value there. But my advice to emerging HR leaders is that your emotional intelligence is one of your most important differentiators.

Knowing the business and being strategic are table stakes for high-level HR professionals. Where you can stand out, enhance your value, and, frankly, be less stressed and more satisfied, is by developing your ability to relate and to see through others' eyes. When you understand that everyone lives in their own slightly different world from yours—which is real to them and determines their worries and passions—you can build real connections and be a better partner, counselor, advocate, leader, and teammate. Ultimately, that will help you crack some of the toughest challenges you'll face.

What do you like to do in your spare time?

I have a craft and art studio in my home where I immerse myself in all kinds of creative pursuits. I can't say I create anything of significant artistic value. For me, it's less about the outcome and more about the process. Spending time being creative is cathartic. I find it soothing to get lost in the process, even if the end result isn't gallery worthy. ■■



“Knowing the business and being strategic are table stakes for high-level HR professionals. Where you can stand out, enhance your value, and, frankly, be less stressed and more satisfied, is by developing your ability to relate and to see through others’ eyes.”



by Rhonda Morris

Amplify Your Culture

How integrating music in your workplace can crank up employee morale—and good vibes.

Music is always with me. In my home. In my car. In my office at work. On airplanes and in hotel rooms. Rhythms and melodies have helped me manage my energy, alleviate stress, and create joy, fun, and connections. And, yes, music helps me write. Coldplay; Earth, Wind & Fire; Harry Styles; and a few other artists kept me company as I wrote this.

I love how songs and music alter moods and trigger vivid memories. I remember a Prince song playing on the radio when I was 16 years old, driving my first car—a red Honda Civic—alone for the first time.

Decades later, music's powers provided relief to my husband and me when we were new parents. Our infant daughter was magically and inexplicably calmed by a Simply Red song, "Sunrise." No matter the time or place, hearing Mick Hucknall's voice stopped her tears and took her to a peaceful place. When she was a teenager and was angry about something, I told her while

they approach the stage. Not one has refused, including our CEO. What better way to break the ice with the audience than to explain why they chose the song and how it aligns with our business performance?

Fleetwood Mac's "Don't Stop Thinking About Tomorrow," Kendrick Lamar's "Humble," and Twisted Sister's "We're Not Gonna Take It" were featured in past meetings. These walk-up songs let our HR team see these leaders in a different light, and the shared laughs build connective tissue. (My walk-up song is the "Mission Impossible" theme. It reminds me of the challenges HR and business leaders faced in the past few years, and it's a confidence booster as we take on new challenges.)

I always notice when other companies give music a starring role in their culture. Several tech companies I've visited play music in their lobbies at mood-setting levels, not just in the background. Imagine hearing catchy songs as you start your day or head out for lunch. Imagine the pleasant surprise for visitors as they hear a song in the lobby that gives them a pep in their step just before an important meeting.

A song or playlist curated for a meeting or dinner can create magical and memorable moments. A colleague recently started a meeting with TLC's "Don't Go Chasing Waterfalls" to set expectations for a certain agenda topic. Years ago, on the day Tom Petty passed away, "Free Fallin'" was played before we launched into our agenda, and we all sang along to honor the life of a great musician.

We've used playlists to energize our offsites and at dinners to celebrate retirements and project milestones. Before a recent retirement event in our executive dining room, I put on a playlist as our dinner staff set up the room. "This dinner will be different," one person said, as everyone smiled, swayed, and sang quietly as they worked.

As I said, my agenda is not hidden. I think more people should play music at work. Develop a playlist for team dinners. People will share stories about a song and let their guard down to sing along. Music has transformative powers to bring people together, including in the workplace. ■■

Music has transformative powers to bring people together, including in the workplace.

we were driving that I could change her mood with one song. Her eye roll motivated me to prove my point. At a red light, I found Bon Jovi's "Livin' on a Prayer" and watched her fight a smile. She laughed and said, "That is so unfair."

I think music deserves a bigger role in the workplace too, and I've made it my not-so-hidden-agenda to play music as often as possible during office gatherings. Some of my inspiration to do so comes from what I see and hear when I go to baseball games (and I go to a lot of baseball games). The stadium always plays a new batter's walk-up song on their way to home plate, serving as a musical signature and a great way to pump up the player and the crowd.

So I often ask Chevron leaders who speak at our larger HR leadership team meetings to choose their own walk-up song to be played as

Rhonda Morris is vice president and CHRO at Chevron.

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