



FEBRUARY 2024

# HR BRIEF

## 3 HR Trends to Monitor in 2024

In today's market, HR professionals must adapt to the changing expectations of organizations and employees amid difficult economic conditions. To aid HR professionals in meeting these challenges, here are three HR trends to follow in 2024.

### 1. Artificial Intelligence

In 2023, many employers adopted artificial intelligence (AI) to streamline operations, enhance workflows and improve customer experience. Looking forward, employers will increasingly leverage AI in workforce and organizational operations. As such, AI will likely play a greater role in helping HR professionals make employment decisions, complete repetitive tasks and evaluate organizational data. However, as AI becomes commonplace, employers will have to shift their focus to prioritize ethics and compliance-related issues associated with this technology.

### 2. Skill Gaps and Skills-based Hiring

Going into 2024, employers are still struggling to find talent with the right skill sets. Pervasive skill gaps continue to challenge employers looking to attract top

talent. This year, employers will likely refocus their hiring efforts on finding employees with the right skills rather than a specific experience or education.

Organizations that provide robust learning and development initiatives can consider hiring workers who are an excellent cultural fit and training them on specific skills or tasks later. By recognizing workers' abilities to learn and develop, this hiring method allows organizations to find skilled candidates for their open roles instead of trying to mold candidates to a set job profile.

### 3. Competitive Compensation

Although the labor market has eased somewhat from previous years, employers predict attraction and retention challenges will persist into 2024. Many employers will respond with competitive raises to help their workforce manage the increasingly high cost of living. Employers are also embracing benefits, such as workplace flexibility and broad health care coverage, to improve the employee experience and boost attraction and retention.

## DOL Issues Independent Contractor Final Rule

On Jan. 9, 2024, the U.S. Department of Labor (DOL) released a [final rule](#), effective March 11, 2024, revising the agency's guidance on how to analyze who is an employee or independent contractor under the Fair Labor Standards Act (FLSA). This final rule rescinds the current independent contractor [rule](#) that was published on Jan. 7, 2021, and mirrors the DOL's [proposed rule](#).

### 2021 Independent Contractor Rule

The DOL published the 2021 Independent Contractor Rule on Jan. 7, 2021. The 2021 rule reasserted the economic realities test (ERT) as the DOL's preferred method to determine whether a worker should be classified as an employee or independent contractor under the FLSA. In doing so, the 2021 rule focused on two core factors: the nature and degree of the worker's control over the work; and the worker's opportunity for profit and loss based on initiative and/or investment. These factors carried more weight in determining the status of independent contractors.

### Final Rule

The final rule rescinds the 2021 Independent Contractor Rule and returns to the pre-2021 rule precedent. In doing so, the final rule restores the multifactor, totality-of-the-circumstances analysis to assess whether a worker is an employee or an independent contractor under the FLSA. The final rule ensures all ERT factors are analyzed equally. These six factors include the opportunity for profit or loss depending on managerial skill, investments by the worker and the potential employer, the degree of permanence of the work relationship, the nature and degree of control, the extent to which the work performed is an integral part of the potential employer's business, and the worker's skill and initiative.

The final rule may result in classifying a greater number of workers as employees rather than independent contractors. The DOL has released [guidance](#) to help employers comply with the final rule. Contact us today for additional information.

